MERCHANT BANK LIMITED

ANSA SECURED FUND

FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER, 2023

EXPRESSED IN
TRINIDAD & TOBAGO DOLLARS

EY
Building a better working world

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INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF ANSA SECURED FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ANSA Secured Fund ("the Fund"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in Unitholders' capital and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 Fund in accordance with the International Ethics Standards Board for Accountants' ("IESBA") International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Trustee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund'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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund'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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT (continued)

- Conclude on the appropriateness of management's 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 Fund's ability to continue as a going concern. If we conclude that a 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 Fund 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 Trustee 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.

EY

Port of Spain,
TRINIDAD:
27 March 2024

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)

	Notes	2023	2022
Assets			
Cash and cash equivalents	4	5,595	13,592
Interest receivable		1,142	690
Investment securities	5	121,967	114,759
Total assets		128,704	129,041
Liabilities			
Management fee payable		2,050	–
Trustee fees payable		48	50
Distributions payable		397	403
Other payables		459	421
Total liabilities		2,954	874
Net assets		**125,750**	**128,167**
Unitholders' Capital			
Unitholders' balances	6	125,339	127,943
Retained fund surplus		411	224
		125,750	**128,167**

The financial statements were approved by the Trustee and authorised for issue on 25 March 2024 and signed on their behalf by:

: Trustee

: Trustee

The accompanying notes form an integral part of these financial statements.

ANSA SECURED FUND

FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER, 2023

EXPRESSED IN
TRINIDAD & TOBAGO DOLLARS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)
(Continued)

Income			
Interest and dividend income	7	5,554	5,199
Net foreign exchange translation and other gains		17	437
Impairment write back		188	289
Net realised and unrealised gains/(losses) on investment securities	8	620	(3,674)
Total income		6,379	2,251
Expenses			
Management fees	9	(4,300)	–
Trustee fees	9	(189)	(205)
Other expenses		(125)	(132)
Total expenses		(4,614)	(337)
Total comprehensive income for the year		**1,765**	**1,914**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN UNITHOLDERS' CAPITAL

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)

	Unitholders' balances	Retained fund surplus	Total
Balance as at 1 January 2022	144,635	15	144,650
Total comprehensive income for the year	–	1,914	1,914
Redemption of units	(16,692)	–	(16,692)
Distribution to Unitholders	–	(1,705)	(1,705)
Balance as at 31 December 2022	127,943	224	128,167
Total comprehensive income for the year	–	1,765	1,765
Redemption of units	(2,604)	–	(2,604)
Distribution to Unitholders	–	(1,578)	(1,578)
Balance as at 31 December 2023	**125,339**	**411**	**125,750**

The accompanying notes form an integral part of these financial statements.

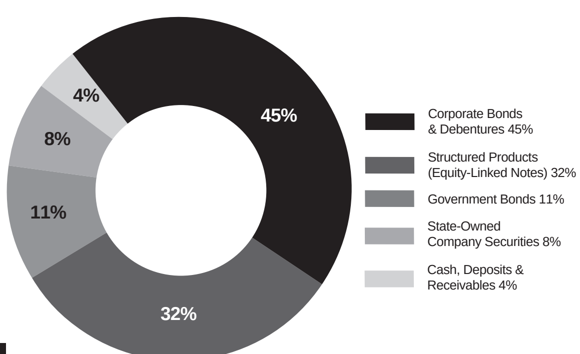
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)

	Notes	2023	2022
Cash flows from operating activities			
Total comprehensive income for the year		1,765	1,914
Adjustments:			
Interest capitalised		–	(223)
Amortisation on investment securities		(282)	159
(Gains)/losses on sale of investment securities	8	(620)	1,621
Unrealised losses on investment securities	8	–	2,053
Impairment write back		(188)	(289)
Foreign exchange losses		356	391
Surplus before working capital changes		1,031	5,626
Changes in assets/liabilities:			
(Increase)/decrease in interest receivable		(452)	527
Increase/(decrease) in payables		2,080	(753)
Net cash flows provided by operating activities		2,659	5,400
Cash flows from investing activities			
Purchase of investments		(68,604)	(18,084)
Proceeds from maturity/sale of investments		62,130	40,221
Net cash flows (used in)/provided by investing activities		(6,474)	22,137
Cash flows from financing activities			
Redemption of units		(2,604)	(16,692)
Distribution to Unitholders		(1,578)	(1,705)
Net cash flows used in financing activities		(4,182)	(18,397)
Net (decrease)/increase in cash and cash equivalents		(7,997)	9,140
Cash and cash equivalents at the beginning of the year		13,592	4,452
Cash and cash equivalents at the end of the year	4	**5,595**	**13,592**
Supplemental information:			
Interest received		4,814	5,886
Distributions paid		1,584	1,757

The accompanying notes form an integral part of these financial statements.

PORTFOLIO MIX



TOP 10 HOLDINGS

SECURITY	% OF PORTFOLIO
BARCLAYS BANK PLC EQUITY LINKED NOTE 7.5% DUE 2024	22.10%
ANSA MERCHANT BANK 3% FIXED DEPOSIT DUE 2024	7.05%
AMERICAN ELECTRIC POWER COMPANY 2.031% DUE 2024	6.01%
GOLDMAN SACHS 3% DUE 2024	5.50%
HESS CORPORATION 3.5% DUE 2024	5.48%
GENERAL MOTORS 4% DUE 2025	4.81%
MASCO CORP (MAS) 7.75% DUE 2029	4.65%
CAL FIXED RATE LOAN 5.875% USD64.2M DUE 2029	4.52%
GUARDIAN HOLDINGS LIMITED 4.83% FRB DUE 2028	4.24%
HSBC BANK PLC 9.00% DUE 2024	3.95%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)

1. Description of the Fund

The following brief description of the ANSA Secured Fund (the 'Fund') is provided for general information purposes only. Reference should be made to the Trust Deed and Prospectus of the Fund for more complete information.

General

The Fund is an open-ended mutual fund registered in Trinidad and Tobago, and established by ANSA Merchant Bank Limited (the 'Bank' or 'Fund Manager') under a Trust Deed dated 28 August 2005. The Bank whose registered address is 11C Maraval Road, Port of Spain, Trinidad and Tobago, is the Sponsor, Investment Manager, Administrator and Distributor of the Fund.

The principal activity of the Fund is to provide investors having similar investment objectives the opportunity to access professional investment management in achieving maximum income returns, minimisation of risk and reasonable safety of capital values.

It is the objective of the Fund to maintain a price of TT$1,000 per Unit.

The Unitholders of the Fund have the right to vote with respect to certain matters related to the Fund.

At Unitholder meetings, Unitholders are entitled, inter alia, to:

(i) require the removal of the Trustee and/or approve the appointment of a new Trustee; and
(ii) sanction any modification, alteration or addition to the provisions of the Trust Deed unless the Trustee and the Sponsor certify in writing that they are of the opinion that the modification (a) does not materially prejudice the interests of the Unitholders, does not operate to release the Trustee from any material obligation to the Unitholders and does not materially increase the amount of expenses chargeable on the assets of the Fund; or (b) is necessary in order to make possible compliance with any fiscal, statutory or official requirement; or (c) is made to correct a manifest error.

The Bank has guaranteed 100% return of the principal invested in the Fund (not including distributions which have been re-invested in units) subject to a minimum period of investment, and a fixed minimum yield on the units held subject to a defined period of time established at the time of purchase. All initially invested units in the Fund have met the minimum period of investment for the principal guarantee and all units are beyond the definite period of time for the fixed minimum yield and are therefore not subject to the fixed minimum yield.

The Trustee of the Fund is FirstCaribbean International Bank (Trinidad & Tobago) Limited.

As at 30 September 2009, subscriptions to the Fund were suspended as a result of the prevailing market conditions. This was carried out in line with the provisions set out in the prospectus.

2. Accounting policies

i) Basis of preparation

These financial statements have been prepared on a historical cost basis, except for the fair value measurement of trading investment securities and other financial assets not held in a business model whose objective is to hold assets to collect contractual cash flows or whose contractual terms do not give rise solely to payments of principal and interest (SPPI).

The financial statements are presented in Trinidad and Tobago Dollars (TTD) which is the functional currency and all values are rounded to the nearest thousand, except when otherwise indicated.

Statement of compliance

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Presentation of financial statements

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Income and expenses will not be offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Fund.

2. Accounting policies (continued)

ii) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2022 except for the adoption of new standards and interpretations noted below.

New and amended standards and interpretations

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the financial statements of the Fund. These are described in more detail below. The Fund has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the impact of each new standard or amendment is described below:

Definition of Accounting Estimates – Amendments to IAS 8 – Effective 1 January 2023

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.
These amendments had no impact on the Fund.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 – Effective 1 January 2023

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Fund's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Fund's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 – Effective 1 January 2023

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.
These amendments had no impact on the financial statements of the Fund.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these standards, if applicable, when they become effective.

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback. In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

  The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

  The amendments are not expected to have a material impact on the Fund's financial statements.
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current. In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)
(Continued)

2. **Accounting policies** (continued)

ii) **Changes in accounting policies and disclosures** (continued)

Standards issued but not yet effective (continued)

- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Fund is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7. In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Fund's financial statements.

- Amendments to IAS 21: The Effects of Changes in Foreign Exchanges Rates - Effective 1 January 2025.

iii) **Cash and cash equivalents**

Cash and cash equivalents are defined as cash on hand and at bank, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash with original maturities of three months or less and subject to insignificant risks of change in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts. Bank overdrafts, should they exist, are disclosed separately under 'liabilities' on the statement of financial position.

iv) **Financial instruments**

Financial assets

a. ***Initial recognition and subsequent measurement***

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Amortised cost and effective interest method

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised separately in the statement of comprehensive income and is included in 'interest income'.

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through statement of income on initial recognition):

2. **Accounting policies** (continued)

iv) **Financial instruments** (continued)

Financial assets (continued)

a. ***Initial recognition and subsequent measurement*** (continued)

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding ("the SPPI test").

Financial assets at fair value through statement of income (FVSI)

Investments in equity instruments are classified as at FVSI, unless the Fund designates an investment that is not held for trading as at FVOCI on initial recognition. The Fund has designated all investments in equity instruments that are held for trading as FVSI on initial application of IFRS 9.

Debt instruments that do not meet the amortised cost criteria are measured at FVSI. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVSI are measured at FVSI. A debt instrument may be designated as at FVSI upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Fund has not designated any debt instrument as FVSI.

Debt instruments are reclassified from amortised cost to FVSI when the business model is changed such that the amortised cost criteria is no longer met. Reclassification of debt instruments that are designated as at FVSI on initial recognition is not allowed. The Fund has not designated any debt instrument as FVSI.

Financial assets at FVSI are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of comprehensive income. The net gain or loss recognised in the statement of comprehensive income is included in the 'investment income' line item.

Interest income on debt instruments as at FVSI is included in the net gain or loss described above.

Dividend income on investments in equity instruments at FVSI is recognised in the statement of comprehensive income when the Fund's right to receive the dividends is established in accordance with IFRS 15 - *Revenue* and is included in the net gain or loss described above.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss.

Therefore,

- for financial assets that are classified as at FVSI, the foreign exchange component is recognised in the statement of comprehensive income; and
- for foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the 'other gains and losses' line item in the statement of comprehensive income.

b. ***Impairment of financial assets***

The Fund records an allowance for expected credit losses (ECLs) for debt financial assets not held at FVSI, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The Fund uses the general probability of default approach when calculating ECLs. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Fund's policies for determining if there has been a significant increase in credit risk are set out below.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)
(Continued)

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

b. Impairment of financial assets (continued)

The Fund has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Significant increase in credit risk

The Fund continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Fund assesses whether there has been a significant increase in credit risk since initial recognition.

The Fund also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving an investment to the watch list, to non-investment grade, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

Definition of default and cure

The Fund considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Fund also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Fund carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Fund's policy to consider a financial instrument as ‘cured’ and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Calculation of Expected Credit Losses (ECLs)

When estimating the ECLs, the Fund considers among other factors the risk rating category and aging of the financial asset. Each of these is associated with different PDs, EADs and LGDs. When relevant, it also incorporates how defaulted financial assets are expected to be recovered.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- *Probability of Default (PD):*

  The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

- *Exposure at Default (EAD):*

  The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

  The EAD represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

- *Loss Given Default (LGD):*

  The LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. It is usually expressed as a percentage of the EAD.

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

b. Impairment of financial assets (continued)

Calculation of Expected Credit Losses (ECLs) (continued)

For investments, the Fund primarily relies on international external credit rating agencies to provide data for PDs and LGDs.

Forward-looking information

In its ECL models, the Fund relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Inflation rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The mechanics of the ECL method are summarised below:

Stage 1

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Fund calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2

When a financial instrument has shown a significant increase in credit risk since origination, the Fund records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3

For financial instruments considered credit-impaired (as defined in Note 2 above), the Fund recognises the LTECLs for these financial instruments. The method is similar to that for Stage 2 assets, with the PD set at 100%.

In most instances, LGDs are determined on an individual investment basis, including discounting the expected cash flows at the original EIR.

c. Derecognition of financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in the statement of comprehensive income. On derecognition of an equity instrument that is classified as FVOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to the statement of comprehensive income, but is reclassified to retained earnings. On derecognition of debt instruments at FVOCI, cumulative gains or losses previously recognised in other comprehensive income are reclassified from other comprehensive income to profit and loss.

Financial liabilities

a. Initial recognition and subsequent measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through the statement of comprehensive income, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge as appropriate. The Fund determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)
(Continued)

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial liabilities (continued)

a. Initial recognition and subsequent measurement (continued)

The Fund's financial liabilities include fees payable, distributions payable, amounts due to related parties and other payables.

b. Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognising of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

v) Fair valuation of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs at the close of business at the end of the reporting period for listed instruments.

For financial instruments not traded in an active market, the fair value is determined using appropriate internal valuation techniques. These pricing models consider, among other factors, contractual and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The estimated fair values of certain financial instruments have been determined using available market information or other appropriate valuation methodologies that require judgement in interpreting market data and developing estimates.

Consequently, estimates made do not necessarily reflect the amounts that the Fund would realise in a current market exchange. The use of different assumptions and/or different methodologies may have a material effect on the fair values estimated.

Short-term financial assets and liabilities

The carrying amount of short-term financial assets and liabilities comprising cash and cash equivalents, interest and other receivables, management fee payable, distributions payable, trustee fees payable, and other payables are a reasonable estimate of their fair values because of the short maturity of these instruments.

Investment securities

The fair value of trading investments is based on market quotations, when available. When market quotations are not readily available, fair values are based on discounted cash flows or estimated using quoted market prices of similar investments. In the absence of a market value, discounted cash flows will approximate fair value. This process relies on available market data to generate a yield curve for each country in which valuations were undertaken, using interpolated results where there were no market observable rates.

In pricing callable bonds, where information is available, the price of a callable bond is determined as at the call date using the Yield to Worst. For bonds with irregular cash flows (sinking funds, capitalisation of interest, moratoria, amortisations or balloon payments) a process of iteration using the Internal Rate of Return is used to arrive at bond values. Yields on all tax-free bonds are grossed-up to correspond to similar taxable bonds at the prevailing rate of corporation tax.

Determination of fair value and fair values hierarchy

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

2. Accounting policies (continued)

v) Fair valuation of financial instruments (continued)

Determination of fair value and fair values hierarchy (continued)

- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1

Included in the Level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in the Level 2 category are financial assets that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Fund's own models whereby the majority of assumptions are market observable.

Level 3

Included in the Level 3 category are financial assets and liabilities that are not quoted as there are no active markets to determine a price. These financial instruments are held at cost, being the fair value of the consideration paid for the acquisition of the investment, and are regularly assessed for impairment.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Fund has determined classes of assets on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

vi) Revenue recognition

Revenue for the Fund is generated from interest as well as dividend income on investments held on behalf of the unitholders.

The effective interest rate method

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and financial instruments designated at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Fund recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the instrument. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

Interest income is accrued until the investment contractually becomes three months in arrears at which time the interest is suspended and then accounted for on a cash basis until the investment is brought up to date.

Investment income

The Fund calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVSI is recognised using the contractual interest rate in net trading income and net gains/(losses) on financial assets at fair value through statement of income, respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)
(Continued)

2. Accounting policies (continued)

vi) Revenue recognition (continued)

Dividend income

Dividend income is recognised when the Fund's right to receive payment is established.

Other income and expenditure

Other income and expenditure are brought into account on the accruals basis.

vii) Subscriptions and redemptions

Subscriptions and redemptions are accounted for on the accruals basis. Subscriptions and redemptions to the Fund are made by investors at a price of $1,000 per unit. Units may be subscribed at a minimum initial value of $50,000 and thereafter, the minimum amount of an additional investment is $5,000 in value, except in the instance of reinvestment of distributions. There are no limits as to the number of units that can be redeemed at any one time.

viii) Expenses

Fees are recognised on an accrual basis. Refer to Note 9 for management, administration and distribution fees. Audit fees are included within other expenses.

ix) Distributions to Unitholders

Distributions to Unitholders are recognised when they are ratified by the Trustee and are paid out quarterly.

x) Taxation

With respect to dividends which are derived locally, no income tax is payable by residents of Trinidad and Tobago.

xi) Functional and presentation currency

The Fund's functional currency is the Trinidad and Tobago Dollar (TTD), which is the currency of the primary economic environment in which it operates. The Fund’s performance is evaluated and its liquidity is managed in TTD. Therefore, the TTD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's presentation currency is also the TTD.

xii) Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago Dollars at rates of exchange ruling at the statement of financial position date. Non-monetary assets and liabilities are translated using exchange rates that existed at the date of the initial transaction. All revenue and expenditure transactions denominated in foreign currencies are translated at mid-exchange rates and the resulting profits and losses on exchange from these trading activities are dealt with in the statement of comprehensive income.

xiii) Unitholders' Capital

Classification of redeemable shares

Redeemable shares are classified as equity instruments when:

- The redeemable shares entitle the holder to a pro rata share of the Fund’s net assets in the event of the Fund’s liquidation.
- The redeemable shares do not include any contractual obligation to deliver cash or another financial asset other than the holder’s rights to a pro rata share of the Fund’s net assets.
- The total expected cash flows attributable to the redeemable shares over the life of the instrument are based substantially on the statement of income, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

In addition to the redeemable shares having all of the above features, the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund.
- The effect of substantially restricting or fixing the residual return to the redeemable Unitholders.

The issuance, acquisition and cancellation of redeemable shares are accounted for as equity transactions.

3. Significant accounting judgements and estimates

The preparation of the Fund’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Fund’s exposure to risks and uncertainties include:

- Financial instruments' risk management (Note 11)
- Fund management (Note 14)

i) Judgement

In the process of applying the Fund’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of financial instruments

The measurement of impairment losses under IFRS 9 across all categories of financial instruments requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Fund's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Fund’s criteria for assessing if there has been a significant increase in credit risk and if so allowances for financial instruments should be measured on a LTECL basis and the qualitative assessment
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macro-economic scenarios and economic inputs and the effect on PDs, EADs and LGDs
- Selection of forward-looking macro-economic scenarios and their probability weightings, to derive the economic inputs into the ECL models

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Valuation of investments

Fair values are based on quoted market prices for the specific instrument, comparisons with other similar financial instruments, or the use of valuation models. Establishing valuations where there are no quoted market prices inherently involves the use of judgement and applying judgement in establishing reserves against indicated valuations for aged positions, deteriorating economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity, model risk itself and other factors.

4. Cash and cash equivalents

	2023	2022
Cash at bank	3,648	13,376
Short-term funds	1,947	216
	5,595	**13,592**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Fund, and earn interest at the respective short-term deposit rate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023
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5. Investment securities

	2023	2022
Investment securities designated at fair value through statement of income	–	11,366
Investment securities designated at amortised cost	121,967	103,393
Total investment securities	**121,967**	**114,759**

Investment securities designated at fair value through statement of income

	2023	2022
Managed Funds	–	11,366
	–	**11,366**

Investment securities designated at amortised cost

	2023	2022
Government securities	13,505	4,761
State-owned company securities	10,341	26,232
Corporate bonds and debentures	98,121	72,400
	121,967	**103,393**

Impairment allowance for investment securities

The following table shows the credit quality and the maximum exposure to credit risk based on the Fund's credit rating system, aging and year-end stage classification.

Investment securities designated at amortised cost

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 31 December 2023	122,040	–	–	122,040
ECL allowance as at 31 December 2023	(73)	–	–	(73)
Net exposure as at 31 December 2023	**121,967**	**–**	**–**	**121,967**
ECL allowance as at 1 January 2023	(260)	–	–	(260)
ECL on new instruments issued during the year	(16)	–	–	(16)
Credit loss income	203	–	–	203
At 31 December 2023	**(73)**	**–**	**–**	**(73)**
Gross carrying amount as at 31 December 2022	103,653	–	–	103,653
ECL allowance as at 31 December 2022	(260)	–	–	(260)
Net exposure as at 31 December 2022	**103,393**	**–**	**–**	**103,393**
ECL allowance as at 1 January 2022	(344)	(205)	–	(549)
ECL on new instruments issued during the year	(2)	–	–	(2)
Credit loss income	86	205	–	291
At 31 December 2022	**(260)**	**–**	**–**	**(260)**

6. Unitholders' balances

	2023	2022
Authorised:		
Unlimited number of units		
Reconciliation of Unitholders' balances:		
Units outstanding at the beginning of the year	127,943	144,635
Units redeemed	(2,604)	(16,692)
Units outstanding at the end of the year	**125,339**	**127,943**
Guaranteed net asset value per unit	1,000	1,000
Total Unitholders' balances	**125,339**	**127,943**

7. Interest and dividend income

	2023	2022
Interest income from financial assets designated at amortised cost	5,407	4,421
Dividend income	147	778
	5,554	**5,199**

8. Net realised and unrealised gains/(losses) on investment securities

	2023	2022
Realised gain/(losses) on sale of investment securities	620	(1,621)
Unrealised losses on investments held at year end designated at fair value through statement of income	–	(2,053)
	620	**(3,674)**

9. Fees

The Investment Manager is paid quarterly from the assets of the Fund in the form of management fees, administrator fees and distributor fees, calculated on the basis of the average net asset value in that quarter, pro-rated where necessary on the basis of number of days remaining or elapsed in the quarter, according to an annual rate not to exceed a cumulative total of 5.50% on the average net asset value of the Fund.

The Trustee is paid from the assets of the Fund a fee not exceeding an annual rate of 0.20% on the average net asset value and such fee shall be subject to a minimum annual fee of $10,000, exclusive of VAT.

	2023	2022
Management fees	4,300	–
Trustee fees	189	205
	4,489	**205**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)
(Continued)

10. Fair value of financial instruments

i) Carrying amounts and fair values

The following table summarises the carrying amounts and fair values of the Fund's financial assets and liabilities as at 31 December.

2023	Carrying values	Fair values	Unrecognised loss
Financial assets			
Cash and cash equivalents	5,595	5,595	–
Investment securities	121,967	121,066	(901)
Interest receivable	1,142	1,142	–
Total financial assets	**128,704**	**127,803**	**(901)**
Financial liabilities			
Management fee payable	2,050	2,050	–
Trustee fees payable	48	48	–
Distributions payable	397	397	–
Other payables	459	459	–
Total financial liabilities	**2,954**	**2,954**	**–**
2022			
Financial assets			
Cash and cash equivalents	13,592	13,592	–
Investment securities	114,759	108,688	(6,071)
Interest receivable	690	690	–
Total financial assets	**129,041**	**122,970**	**(6,071)**
Financial liabilities			
Trustee fees payable	50	50	–
Distributions payable	403	403	–
Other payables	421	421	–
Total financial liabilities	**874**	**874**	**–**

ii) Determination of fair value and fair value hierarchies

2023	Level 1	Level 2	Level 3	Total
Investment securities designated at amortised cost for which fair values are disclosed				
Government securities	9,857	3,777	–	13,634
State-owned company securities	–	10,425	–	10,425
Corporate bonds and debentures	37,077	59,768	162	97,007
	46,934	**73,970**	**162**	**121,066**

2022	Level 1	Level 2	Level 3	Total
Investment securities designated at amortised cost for which fair values are disclosed				
Government securities	1,069	3,822	–	4,891
State-owned company securities	–	26,418	–	26,418
Corporate bonds and debentures	21,990	43,840	183	66,013
	23,059	**74,080**	**183**	**97,322**
Investment securities designated at fair value through statement of income				
Managed Funds	11,366	–	–	11,366
	11,366	**–**	**–**	**11,366**

10. Fair value of financial instruments (continued)

ii) Determination of fair value and fair value hierarchies (continued)

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant un-observable inputs	Range (weighted average)	Sensitivity of the input to fair value
Unquoted securities	Discounted cashflows	Rate of return	8% to 12%	2% increase/(decrease) in the rate of return would result in decrease/(increase) in fair value by $40/($40)

iii) Transfers between Level 1 and 2

For the years ended 31 December 2023 and 31 December 2022, there were no transfer of assets between Level 1 and Level 2.

iv) Movements in Level 3 financial instruments	2023	2022
Balance at 1 January	183	285
Losses recognised	(21)	(102)
Balance at 31 December	**162**	**183**

11. Risk management

Introduction

Risk is inherent in the Fund's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls.

This process of risk management is critical to the Fund's continuing profitability. The Fund is exposed to credit risk, liquidity risk and market risk.

Role of the Trustee

The Trustee is the custodian of the Fund and their responsibility is that of safeguarding Unitholders' interests. The Trustee approves all distribution of income from the Fund and ensures that the Fund is externally audited every year. They also ensure that all provisions within the prospectus are followed by the Investment Manager and all regulatory requirements are fulfilled.

Risk management structure

The Bank which acts as the Fund Sponsor, Distributor, Administrator and Investment Manager, is ultimately responsible for identifying and controlling risks. The Bank is also responsible for the overall risk management approach and for approving the risk strategies, principles, policies and procedures. Day to day adherence to risk principles is carried out by the executive management of the Bank in compliance with the policies approved by the Board of Directors.

Treasury management

The Fund employs the Treasury function of the Bank, which is responsible for managing the Fund's assets and liabilities and the overall financial structure. The Treasury function is also primarily responsible for the funding and liquidity risks of the Fund.

Concentrations of risk

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Fund's results to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Fund's procedures include specific monitoring control to focus on the maintenance of a diversified portfolio.

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)
(Continued)

11. Risk management (continued)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise credit risk, interest rate risk, currency risk and equity price risk each of which are considered below and include, where relevant, the sensitivity of the Fund's financial result on movements in certain market risk variables.

Credit risk management

Credit risk to the Fund is the potential that a counterparty will fail to meet its stated obligations in accordance with agreed terms. It is the Fund's policy to enter into financial arrangements with a variety of creditworthy counterparties and monitor the size of the exposure to any one issuer and the duration of the investment. The Fund's exposure to credit risk is limited to the value of its investment securities portfolio. The Bank, in its capacity as Investment Manager, is responsible for identifying and controlling credit risk.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

Significant changes in the economy, or in the state of a particular industry segment that represents a concentration in the Fund's portfolio, could result in losses that are different from those provided at the statement of financial position date. Management therefore carefully manages its exposure to credit risk.

The following table shows the maximum exposure to credit risk which represents a worst case scenario of credit risk exposure, without taking account of any collateral held or other credit enhancements. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

	Gross maximum exposure	
	2023	**2022**
Cash and cash equivalents	5,595	13,592
Interest receivable	1,142	690
Investment securities	121,967	114,759
	128,704	**129,041**

Cash and cash equivalents

These funds are placed with highly rated local banks. Management therefore considers the risk of default of these counterparties to be very low.

Credit quality

PDs and LGDs for traded instruments were based on the global credit ratings assigned to the instruments or the country for sovereign exposures. PDs and LGDs for non-traded instruments as well as local debt instruments were based on three notches below the credit rating of the sovereign in which the instrument is issued or on company ratings where they existed. EAD equals the amortised security balance plus accrued interest.

Analysis of gross carrying amount and the corresponding ECLs are as follows:

Investment debt securities

Stage 1	**2023**	**2022**
Gross balance	122,040	103,653
ECL	(73)	(260)
	121,967	**103,393**
ECL as a % of Gross balance	0.06%	0.25%

There were no investment debt securities classified as stage 2 and 3 for the years ended 31 December 2023 and 31 December 2022.

11. Risk management (continued)

Currency risk

The Fund takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its statement of financial position and cash flows. The Bank in its capacity as Investment Manager sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

The table below summarises the Fund's exposure to foreign currency exchange rate risk at 31 December, arising primarily from monetary financial assets denominated in United States Dollars (USD). The Fund had no financial liabilities denominated in currencies other than the reporting currency.

The final line of the table, illustrates the effect of a reasonably possible movement of the USD against the TTD, with all other variables held constant on the statement of comprehensive income.

Financial assets	**USD 2023**	**USD 2022**
Cash and cash equivalents	2,624	894
Interest receivable	704	544
Investment securities	94,015	92,915
Net currency risk exposure	**97,343**	**94,353**
Reasonably possible change in currency rate	5%	5%
Effect on income for the year	**4,867**	**4,718**

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Fund manages its interest rate exposure by investing in fixed and variable rate instruments.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Bank, in its capacity as Investment Manager, sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by the Bank's Treasury department.

There was no impact of interest rate risk to the Fund as no floating rate non-trading financial assets and financial liabilities were held in 2023 and 2022.

Liquidity risk

Liquidity risk is the risk that the Fund will be unable to liquidate positions to satisfy commitments to Unitholders for redemptions due to market conditions. This is managed by maintaining an adequate position in assets with maturities of less than one year.

The table analyses the Fund's financial liabilities into the relevant maturity funding based on the remaining period as at 31 December to the contractual maturity date.

2023	**Up to one year**	**Over one year**	**Total**
Financial liabilities			
Management fee payable	2,050	–	2,050
Trustee fees payable	48	–	48
Distributions payable	397	–	397
Other payables	459	–	459
Total financial liabilities	**2,954**	**–**	**2,954**
2022			
Financial liabilities			
Trustee fees payable	50	–	50
Distributions payable	403	–	403
Other payables	421	–	421
Total financial liabilities	**874**	**–**	**874**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)
(Continued)

11. Risk management (continued)

Equity price risk

Equity price risk is the risk that the fair value of equities will decrease as a result of decreases in equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Fund's investment portfolio.

There was no impact of equity price risk to the Fund as no equities were held in 2023 and 2022.

12. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled based on contractual undiscounted cashflows.

	2023			2022		
	Less than 12 months	**Over 12 months**	**Total**	**Less than 12 months**	**Over 12 months**	**Total**
Assets						
Cash and cash equivalents	5,595	–	5,595	13,592	–	13,592
Investment securities	76,054	45,913	121,967	32,368	82,391	114,759
Interest receivable	1,142	–	1,142	690	–	690
Total assets	**82,791**	**45,913**	**128,704**	**46,650**	**82,391**	**129,041**
Liabilities						
Management fee payable	2,050	–	2,050	–	–	–
Trustee fees payable	48	–	48	50	–	50
Distributions payable	397	–	397	403	–	403
Other payables	459	–	459	421	–	421
Total liabilities	**2,954**	**–**	**2,954**	**874**	**–**	**874**

13. Related party transactions and balances

Parties are considered to be related if one has the ability to control or exercise significant influence over the other party in making financial or operational decisions. Related party transactions are carried out on commercial terms and at market rates. The related assets, liabilities, income and expenses from these transactions are as follows:

	2023	2022
Assets		
Sponsor company	**9,000**	**–**
Liabilities		
Sponsor company	**2,080**	**–**
Unitholders' balances		
Sponsor company	1,295	1,295
Other related parties	63,091	63,091
	64,386	**64,386**
Income		
Sponsor company	**217**	**–**
Expenses		
Sponsor company	**4,300**	**–**
Distributions		
Sponsor company	16	16
Other related parties	788	788
	804	**804**

14. Fund management

When managing capital, which is represented by Unitholders' balances, the objectives of the Fund Manager are:

- To comply with the requirements set out in the Fund's prospectus and Trust Deed;
- To safeguard the Fund's ability to continue as a going concern so that it can continue to provide returns for Unitholders; and
- To maintain a strong capital base to support the development of its business.

The Fund endeavours to invest in appropriate investments while maintaining sufficient liquidity to meet redemptions where necessary, such liquidity being augmented by short-term borrowings or disposal of investment securities where necessary.

The Fund complied with the requirements set out in the Prospectus and Trust Deed during the reported financial periods and no changes were made to the Fund's objectives, policies and processes from the previous year.

15. Commitments and contingencies

The Fund has no capital commitments nor any contingencies for the years ended 31 December 2023 and 31 December 2022.

As Sponsor, ANSA Merchant Bank Limited will guarantee a 100% return of the principal invested in Units of the Fund by investors subject to a minimum period of investment provided that and so long as ANSA Merchant Bank Limited is the Investment Manager.

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF ANSA US$ SECURED FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ANSA US$ Secured Fund ("the Fund"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income/(loss), statement of changes in Unitholders' capital and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 Fund in accordance with the International Ethics Standards Board for Accountants' ("IESBA") International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Trustee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund'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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund'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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT (continued)

- Conclude on the appropriateness of management's 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 Fund's ability to continue as a going concern. If we conclude that a 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 Fund 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 Trustee 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.

EY

Port of Spain,
TRINIDAD:
27 March 2024

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)

	Notes	2023	2022
Assets			
Cash and cash equivalents	4	371	899
Investment securities	5	8,281	8,887
Interest receivable		49	40
Total assets		8,701	9,826
Liabilities			
Management fee payable		100	–
Trustee fees payable		3	4
Distributions payable		74	78
Other payables		4	3
Total liabilities		181	85
Net assets		**8,520**	**9,741**
Unitholders' Capital			
Unitholders' balances	6	8,422	9,845
Retained fund surplus/(deficit)		98	(104)
		8,520	**9,741**

The financial statements were approved by the Trustee and authorised for issue on 25 March 2024 and signed on their behalf by:

: Trustee

: Trustee

The accompanying notes form an integral part of these financial statements.

ANSA US$ SECURED FUND

FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER, 2023

EXPRESSED IN
UNITED STATES DOLLARS

MERCHANT BANK LIMITED

STATEMENT OF INCOME/(LOSS)

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)

	Notes	2023	2022
Income			
Interest and dividend income	7	477	466
Other gains		19	2
Impairment write back		44	7
Net realised and unrealised gains/(losses) on investment securities	8	64	(536)
Total income		604	(61)
Expenses			
Management fees	9	(300)	–
Trustee fees	9	(13)	(16)
Other expenses		(11)	(7)
Total expenses		(324)	(23)
Total comprehensive income/(loss) for the year		**280**	**(84)**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN UNITHOLDERS' CAPITAL

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)

	Unitholders' balances	Retained fund (deficit)/surplus	Total
Balance as at 1 January 2022	11,385	77	11,462
Total comprehensive loss for the year	–	(84)	(84)
Redemption of units	(1,540)	–	(1,540)
Distribution to Unitholders	–	(97)	(97)
Balance as at 31 December 2022	9,845	(104)	9,741
Total comprehensive income for the year	–	280	280
Redemption of units	(1,423)	–	(1,423)
Distribution to Unitholders	–	(78)	(78)
Balance as at 31 December 2023	**8,422**	**98**	**8,520**

The accompanying notes form an integral part of these financial statements.

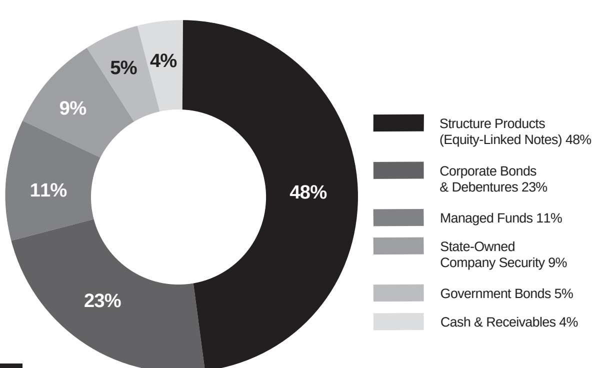
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)

	Notes	2023	2022
Cash flows from operating activities			
Total comprehensive income/(loss) for the year		280	(84)
Adjustments:			
Interest capitalised		(9)	(19)
Impairment write back		(44)	(7)
Amortisation on investment securities		(14)	18
Unrealised (gains)/losses on investment securities	8	(50)	398
(Gains)/losses on sale of investment securities	8	(14)	138
Surplus before working capital changes		149	444
Changes in assets/liabilities:			
(Increase)/decrease in interest receivable		(9)	26
Increase/(decrease) in payables		96	(108)
Net cash flows provided by operating activities		236	362
Cash flows from investing activities			
Purchase of investments		(859)	(1,098)
Proceeds from maturity/sale of investments		1,596	2,970
Net cash flows provided by investing activities		737	1,872
Cash flows from financing activities			
Redemption of units		(1,423)	(1,540)
Distribution to Unitholders		(78)	(97)
Net cash flows used in financing activities		(1,501)	(1,637)
Net (decrease)/increase in cash and cash equivalents		(528)	597
Cash and cash equivalents at the beginning of the year		899	302
Cash and cash equivalents at the end of the year	4	**371**	**899**
Supplemental information:			
Interest received		455	510
Distributions paid		81	100

The accompanying notes form an integral part of these financial statements.

PORTFOLIO MIX



TOP 10 HOLDINGS

SECURITY	% OF PORTFOLIO
CITIGROUP GLOBAL MARKET FUND 9.1% DUE 2024	21.50%
MORGAN STANLEY EQUITY LINKED NOTE 8.25% DUE 2026	17.33%
PIMCO INVESTMENT GRADE CREDIT FUND	11.01%
CAL FIXED RATE LOAN 5.875% USD64.2M DUE 2029	8.76%
BARCLAYS BANK PLC EQUITY LINKED NOTE 7.5% DUE 2024	8.09%
GENERAL MOTORS 4% DUE 2025	7.12%
AES GENER SA 5% DUE 2025	5.82%
AMERICAN ELECTRIC POWER COMPANY 2.031% DUE 2024	5.74%
US TREASURY BILL DUE DEC 2023	4.11%
KINDER MORGAN INC 4.30% DUE 2025	4.01%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)

1. Description of the Fund

The following brief description of the ANSA US$ Secured Fund (the 'Fund') is provided for general information purposes only. Reference should be made to the Trust Deed and Prospectus of the Fund for more complete information.

General

The Fund is an open-ended mutual fund registered in Trinidad and Tobago, established by ANSA Merchant Bank Limited (the 'Bank' or 'Fund Manager') under a Trust Deed dated 1 September 2007. The Bank whose registered address is 11c Maraval Road, Port of Spain, Trinidad and Tobago is the Sponsor, Investment Manager, Administrator and Distributor of the Fund.

The principal activity of the Fund is to provide investors having similar investment objectives the opportunity to access professional investment management in achieving maximum income returns, minimisation of risk and reasonable safety of capital values.

It is the objective of the Fund to maintain a price of US$200 per Unit.

The Fund's capital is made up of two classes of Units. Class A Units which will be issued to investors pursuant to the terms of the Prospectus and the Trust Deed and the Class B Units which will be issued to the Fund Sponsor (ANSA Merchant Bank Limited).

The Class B Unitholder is not entitled to receive any dividends and has no rights to the Fund's assets upon termination of the Fund, save and except for its original investment and any accretion thereto.

The Unitholders of the Fund have the right to vote with respect to certain matters related to the Fund. Voting by Class A Unitholders takes place at meetings which may be convened annually by the Trustee or which may be called by the Trustee at the request of a Unitholder or Unitholders holding not less than 25% of the outstanding units of the Fund.

At Unitholder meetings, Unitholders are entitled, inter alia, to:

(i) require the removal of the Trustee and/or approve the appointment of a new Trustee; and
(ii) sanction any modification, alteration or addition to the provisions of the Trust Deed unless the Trustee and the Sponsor certify in writing that they are of the opinion that the modification (a) does not materially prejudice the interests of the Unitholders, does not operate to release the Trustee from any material obligation to the Unitholders and does not materially increase the amount of expenses chargeable on the assets of the Fund; or (b) is necessary in order to make possible compliance with any fiscal, statutory or official requirement; or (c) is made to correct a manifest error.

The Bank has guaranteed 100% return of the principal invested in the Fund (not including distributions which have been re-invested in units) subject to a minimum period of investment, and a fixed minimum yield on the units held subject to a defined period of time established at the time of purchase. All initially invested units in the Fund have met the minimum period of investment for the principal guarantee and all units are beyond the definite period of time for the fixed minimum yield and are therefore not subject to the fixed minimum yield.

The Trustee of the Fund is FirstCaribbean International Bank (Trinidad & Tobago) Limited.

As at 30 June 2009, subscriptions to the Fund were suspended as a result of the prevailing market conditions. This was carried out in line with the provisions set out in the prospectus.

2. Accounting policies

i) Basis of preparation

These financial statements have been prepared on a historical cost basis, except for the fair value measurement of trading investment securities and other financial assets not held in a business model whose objective is to hold assets to collect contractual cash flows or whose contractual terms do not give rise solely to payments of principal and interest (SPPI).

The financial statements are presented in United States Dollars (USD) which is the functional currency and all values are rounded to the nearest thousand, except when otherwise indicated.

Statement of compliance

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Presentation of financial statements

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Income and expenses will not be offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Fund.

2. Accounting policies (continued)

ii) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2022 except for the adoption of new standards and interpretations noted below.

New and amended standards and interpretations

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the financial statements of the Fund. These are described in more detail below. The Fund has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the impact of each new standard or amendment is described below:

Definition of Accounting Estimates – Amendments to IAS 8 – Effective 1 January 2023

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

These amendments had no impact on the Fund.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 – Effective 1 January 2023

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Fund's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Fund's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 – Effective 1 January 2023

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

These amendments had no impact on the financial statements of the Fund.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these standards, if applicable, when they become effective.

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback. In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

  The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

  The amendments are not expected to have a material impact on the Fund's financial statements.
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current. In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)
(Continued)

2. Accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

Standards issued but not yet effective (continued)

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Fund is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7. In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

  Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

  The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

  The amendments are not expected to have a material impact on the Fund's financial statements.

- Amendments to IAS 21: The Effects of Changes in Foreign Exchanges Rates - Effective 1 January 2025.

iii) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand and at bank, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash with original maturities of three months or less and subject to insignificant risks of change in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts. Bank overdrafts, should they exist, are disclosed separately under 'liabilities' on the statement of financial position.

iv) Financial instruments

Financial assets

a. Initial recognition and subsequent measurement

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised separately in the statement of comprehensive income and is included in 'interest income'.

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through statement of income on initial recognition):

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

a. Initial recognition and subsequent measurement (continued)

Amortised cost and effective interest method (continued)

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding ("the SPPI test").

Financial assets at fair value through statement of income (FVSI)

Investments in equity instruments are classified as at FVSI, unless the Fund designates an investment that is not held for trading as at FVOCI on initial recognition. The Fund has designated all investments in equity instruments that are held for trading as FVSI on initial application of IFRS 9.

Debt instruments that do not meet the amortised cost criteria are measured at FVSI. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVSI are measured at FVSI. A debt instrument may be designated as at FVSI upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Fund has not designated any debt instrument as at FVSI.

Debt instruments are reclassified from amortised cost to FVSI when the business model is changed such that the amortised cost criteria is no longer met. Reclassification of debt instruments that are designated as at FVSI on initial recognition is not allowed. The Fund has not designated any debt instrument as FVSI.

Financial assets at FVSI are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of comprehensive income. The net gain or loss recognised in the statement of comprehensive income is included in the 'investment income' line item.

Interest income on debt instruments as at FVSI is included in the net gain or loss described above.

Dividend income on investments in equity instruments at FVSI is recognised in the statement of comprehensive income when the Fund's right to receive the dividends is established in accordance with IFRS 15 - Revenue and is included in the net gain or loss described above.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss.

Therefore,

- for financial assets that are classified as at FVSI, the foreign exchange component is recognised in the statement of comprehensive income; and
- for foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the 'other gains and losses' line item in the statement of comprehensive income.

b. Impairment of financial assets

The Fund records an allowance for expected credit losses (ECLs) for debt financial assets not held at FVSI, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The Fund uses the general probability of default approach when calculating ECLs. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Fund's policies for determining if there has been a significant increase in credit risk are set out below.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)
(Continued)

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

b. Impairment of financial assets (continued)

Both LTECLs and 12mECLs are calculated on an individual basis.

The Fund has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Significant increase in credit risk

The Fund continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Fund assesses whether there has been a significant increase in credit risk since initial recognition.

The Fund also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving an investment to the watch list, to non-investment grade, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

Definition of default and cure

The Fund considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Fund also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Fund carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Fund's policy to consider a financial instrument as ‘cured’ and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Calculation of Expected Credit Losses (ECLs)

When estimating the ECLs, the Fund considers among other factors the risk rating category and aging of the financial asset. Each of these is associated with different PDs, EADs and LGDs. When relevant, it also incorporates how defaulted financial assets are expected to be recovered.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- *Probability of Default (PD):*

  The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

- *Exposure at Default (EAD):*

  The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

  The EAD represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

- *Loss Given Default (LGD):*

  The LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. It is usually expressed as a percentage of the EAD.

For investments, the Fund primarily relies on international external credit rating agencies to provide data for PDs and LGDs.

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

b. Impairment of financial assets (continued)

Forward-looking information

In its ECL models, the Fund relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Inflation rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The mechanics of the ECL method are summarised below:

Stage 1

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Fund calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2

When a financial instrument has shown a significant increase in credit risk since origination, the Fund records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3

For financial instruments considered credit-impaired (as defined in Note 2 above), the Fund recognises the LTECLs for these financial instruments. The method is similar to that for Stage 2 assets, with the PD set at 100%.

In most instances, LGDs are determined on an individual investment basis, including discounting the expected cash flows at the original EIR.

c. Derecognition of financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in the statement of comprehensive income. On derecognition of an equity instrument that is classified as FVOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to the statement of comprehensive income, but is reclassified to retained earnings. On derecognition of debt instruments at FVOCI, cumulative gains or losses previously recognised in other comprehensive income are reclassified from other comprehensive income to profit and loss.

Financial liabilities

a. Initial recognition and subsequent measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through the statement of comprehensive income, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge as appropriate. The Fund determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)
(Continued)

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial liabilities

a. Initial recognition and subsequent measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through the statement of comprehensive income, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge as appropriate. The Fund determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Fund's financial liabilities include fees payable, distributions payable, amounts due to related parties and other payables.

b. Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognising of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

v) Fair valuation of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs at the close of business at the end of the reporting period for listed instruments.

For financial instruments not traded in an active market, the fair value is determined using appropriate internal valuation techniques. These pricing models consider, among other factors, contractual and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The estimated fair values of certain financial instruments have been determined using available market information or other appropriate valuation methodologies that require judgement in interpreting market data and developing estimates.

Consequently, estimates made do not necessarily reflect the amounts that the Fund would realise in a current market exchange. The use of different assumptions and/or different methodologies may have a material effect on the fair values estimated.

Short-term financial assets and liabilities

The carrying amount of short-term financial assets and liabilities comprising cash and cash equivalents, interest and other receivables, management fee payable, distributions payable, trustee fees payable, and other payables are a reasonable estimate of their fair values because of the short maturity of these instruments.

Investment securities

The fair value of trading investments is based on market quotations, when available. When market quotations are not readily available, fair values are based on discounted cash flows or estimated using quoted market prices of similar investments. In the absence of a market value, discounted cash flows will approximate fair value. This process relies on available market data to generate a yield curve for each country in which valuations were undertaken, using interpolated results where there were no market observable rates.

2. Accounting policies (continued)

v) Fair valuation of financial instruments (continued)

Investment securities (continued)

In pricing callable bonds, where information is available, the price of a callable bond is determined as at the call date using the Yield to Worst. For bonds with irregular cash flows (sinking funds, capitalisation of interest, moratoria, amortisations or balloon payments) a process of iteration using the Internal Rate of Return is used to arrive at bond values. Yields on all tax-free bonds are grossed-up to correspond to similar taxable bonds at the prevailing rate of corporation tax.

Determination of fair value and fair values hierarchy

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

<u>Level 1</u>

Included in the Level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

<u>Level 2</u>

Included in the Level 2 category are financial assets that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Fund's own models whereby the majority of assumptions are market observable.

<u>Level 3</u>

Included in the Level 3 category are financial assets and liabilities that are not quoted as there are no active markets to determine a price. These financial instruments are held at cost, being the fair value of the consideration paid for the acquisition of the investment, and are regularly assessed for impairment.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Fund has determined classes of assets on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)
(Continued)

2. Accounting policies (continued)

vi) Revenue recognition

Revenue for the Fund is generated from interest as well as dividend income on investments held on behalf of the unitholders.

The effective interest rate method

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and financial instruments designated at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Fund recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the instrument. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

Interest income is accrued until the investment contractually becomes three months in arrears at which time the interest is suspended and then accounted for on a cash basis until the investment is brought up to date.

Investment income

The Fund calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVSI is recognised using the contractual interest rate in net trading income and net gains/(losses) on financial assets at fair value through statement of income, respectively.

Dividend income

Dividend income is recognised when the Fund's right to receive payment is established.

Other income and expenditure

Other income and expenditure are brought into account on the accruals basis.

vii) Subscriptions and redemptions

Subscriptions and redemptions are accounted for on the accruals basis. Subscriptions and redemptions to the Fund are made by investors at a price of $200 per unit. Units may be subscribed at a minimum initial value of $5,000 and thereafter, the minimum amount of an additional investment is $500 in value, except in the instance of reinvestment of distributions. There are no limits as to the number of units that can be redeemed at any one time.

viii) Expenses

Fees are recognised on an accrual basis. Refer to Note 9 for management, administration and distribution fees. Audit fees are included within other expenses.

ix) Distributions to Unitholders

Distributions to Unitholders are recognised when they are ratified by the Trustee and are paid out quarterly.

x) Taxation

With respect to dividends which are derived locally, no income tax is payable by residents of Trinidad and Tobago.

xi) Functional and presentation currency

The Fund's functional currency is the United States Dollar (USD), which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in USD. Therefore, the USD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's presentation currency is also the USD.

2. Accounting policies (continued)

xii) Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are expressed in United States dollars at rates of exchange ruling at the statement of financial position date. Non-monetary assets and liabilities are translated using exchange rates that existed at the date of the initial transaction. All revenue and expenditure transactions denominated in foreign currencies are translated at mid-exchange rates and the resulting profits and losses on exchange from these trading activities are dealt with in the statement of comprehensive income.

xiii) Unitholders' Capital

Classification of redeemable shares

Redeemable shares are classified as equity instruments when:

- The redeemable shares entitle the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.
- The redeemable shares do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Fund's net assets.
- The total expected cash flows attributable to the redeemable shares over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

In addition to the redeemable shares having all of the above features, the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund.
- The effect of substantially restricting or fixing the residual return to the redeemable Unitholders.

The issuance, acquisition and cancellation of redeemable shares are accounted for as equity transactions.

3. Significant accounting judgements and estimates

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Fund's exposure to risks and uncertainties includes:

- Financial instruments' risk management (Note 11)
- Fund management (Note 14)

i) Judgement

In the process of applying the Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial instruments requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Fund's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Fund's criteria for assessing if there has been a significant increase in credit risk and if so allowances for financial instruments should be measured on a LTECL basis and the qualitative assessment
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macro-economic scenarios and economic inputs, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macro-economic scenarios and their probability weightings, to derive the economic inputs into the ECL models

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)
(Continued)

3. Significant accounting judgements and estimates (continued)

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Valuation of investments

Fair values are based on quoted market prices for the specific instrument, comparisons with other similar financial instruments, or the use of valuation models. Establishing valuations where there are no quoted market prices inherently involves the use of judgement and applying judgement in establishing reserves against indicated valuations for aged positions, deteriorating economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity, model risk itself and other factors.

4. Cash and cash equivalents

	2023	2022
Cash at bank	129	625
Short-term funds	242	274
	371	**899**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Fund, and earn interest at the respective short-term deposit rate.

5. Investment securities

	2023	2022
Investment securities designated at fair value through statement of income	952	1,794
Investment securities designated at amortised cost	7,329	7,093
Total investment securities	**8,281**	**8,887**
Investment securities designated at fair value through statement of income		
Managed Funds	952	1,794
	952	**1,794**
Investment securities designated at amortised cost		
Government bonds	423	–
State-owned company securities	755	1,339
Corporate bonds and debentures	6,151	5,754
	7,329	**7,093**

5. Investment securities (continued)

Impairment allowance for investment securities

The table below shows the credit quality and the maximum exposure to credit risk based on the Fund's credit rating system, aging and year-end stage classification.

Investment securities designated at amortised cost

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 31 December 2023	7,335	–	–	7,335
ECL allowance as at 31 December 2023	(6)	–	–	(6)
Net exposure as at 31 December 2023	**7,329**	**–**	**–**	**7,329**
ECL allowance as at 1 January 2023	(51)	–	–	(51)
Other credit loss movements, repayments etc.	45	–	–	45
At 31 December 2023	**(6)**	**–**	**–**	**(6)**
Gross carrying amount as at 31 December 2022	7,144	–	–	7,144
ECL allowance as at 31 December 2022	(51)	–	–	(51)
Net exposure as at 31 December 2022	**7,093**	**–**	**–**	**7,093**
ECL allowance as at 1 January 2022	(39)	(19)	–	(58)
Other credit loss movements, repayments etc.	5	28	–	33
Credit loss expense	(17)	(9)	–	(26)
At 31 December 2022	**(51)**	**–**	**–**	**(51)**

6. Unitholders' balances

	2023	2022
Authorised:		
Unlimited number of units		
Reconciliation of Unitholders' balances:		
Units outstanding at the beginning of the year	49,225	56,926
Units redeemed	(7,116)	(7,701)
Units outstanding at the end of the year	**42,109**	**49,225**
Guaranteed net asset value per unit	200	200
Total Unitholders' balances	**8,422**	**9,845**

7. Interest and dividend income

	2023	2022
Interest income from financial assets designated at amortised cost	434	379
Dividend income	43	87
	477	**466**

8. Net realised and unrealised gains/(losses) on investment securities

	2023	2022
Realised gains/(losses) on sale of investment securities	14	(138)
Unrealised gains/(losses) on investments held at year end designated at fair value through statement of income	50	(398)
	64	**(536)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)
(Continued)

9. Fees

The Investment Manager is paid quarterly from the assets of the Fund in the form of management fees, administrator fees and distributor fees, calculated on the basis of the average net asset value in that quarter, pro-rated where necessary on the basis of number of days remaining or elapsed in the quarter, according to an annual rate not to exceed a cumulative total of 5.50% on the average net asset value of the Fund.

The Trustee is paid from the assets of the Fund a fee not exceeding an annual rate of 0.15% on the average net asset value and such fee shall be subject to a minimum annual fee of TT$10,000, exclusive of VAT.

	2023	2022
Management fees	300	–
Trustee fees	13	16
	313	**16**

10. Fair value of financial instruments

i) Carrying amounts and fair values

The following table summarises the carrying amounts and fair values of the Fund's financial assets and liabilities as at 31 December.

2023	Carrying values	Fair values	Unrecognised gain/(loss)
Financial assets			
Cash and cash equivalents	371	371	–
Investment securities	8,281	8,368	87
Interest receivable	49	49	–
Total financial assets	**8,701**	**8,788**	**87**
Financial liabilities			
Management fee payable	100	100	–
Trustee fees payable	3	3	–
Distributions payable	74	74	–
Other payables	4	4	–
Total financial liabilities	**181**	**181**	**–**
2022			
Financial assets			
Cash and cash equivalents	899	899	–
Investment securities	8,887	8,560	(327)
Interest receivable	40	40	–
Total financial assets	**9,826**	**9,499**	**(327)**
Financial liabilities			
Trustee fees payable	4	4	–
Distributions payable	78	78	–
Other payables	3	3	–
Total financial liabilities	**85**	**85**	**–**

10. Fair value of financial instruments (continued)

ii) Determination of fair value and fair value hierarchies

2023	Level 1	Level 2	Level 3	Total
Investment securities designated at amortised cost for which fair values are disclosed				
Government securities	426	–	–	426
State-owned company securities	–	754	–	754
Corporate bonds and debentures	1,933	4,115	188	6,236
	2,359	**4,869**	**188**	**7,416**
Investment securities designated at fair value through statement of income				
Managed Funds	–	952	–	952
	–	**952**	**–**	**952**

2022	Level 1	Level 2	Level 3	Total
Investment securities designated at amortised cost for which fair values are disclosed				
State-owned company securities	–	1,318	–	1,318
Corporate bonds and debentures	1,553	3,679	216	5,448
	1,553	**4,997**	**216**	**6,766**
Investment securities designated at fair value through statement of income				
Managed Funds	699	1,095	–	1,794
	699	**1,095**	**–**	**1,794**

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant un-observable inputs	Range (weighted average)	Sensitivity of the input to fair value
Unquoted securities	Discounted cashflows	Rate of return	5.5% to 12.00%	2% increase/(decrease) in the rate of return would result in decrease/(increase) in fair value by $323/($323)

iii) Transfers between Level 1 and 2

For the years ended 31 December 2023 and 31 December 2022, there were no transfer of assets between Level 1 and Level 2.

iv) Movements in Level 3 financial instruments	**2023**	**2022**
Balance at 1 January	216	333
Losses recognised	(28)	(117)
Balance at 31 December	**188**	**216**

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)
(Continued)

11. Risk management

Introduction

Risk is inherent in the Fund's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls.

This process of risk management is critical to the Fund's continuing profitability. It is exposed to credit risk, liquidity risk and market risk.

Role of the Trustee

The Trustee is the custodian of the Fund and their responsibility is that of safeguarding Unitholders' interests. The Trustee approves all distribution of income from the Fund and ensures that the Fund is externally audited every year. They also ensure that all provisions within the prospectus are followed by the Investment Manager and all regulatory requirements are fulfilled.

Risk management structure

The Bank which acts as the Fund Sponsor, Distributor, Administrator and Investment Manager, is ultimately responsible for identifying and controlling risks. The Bank is also responsible for the overall risk management approach and for approving the risk strategies, principles, policies and procedures. Day to day adherence to risk principles is carried out by the executive management of the Bank in compliance with the policies approved by the Board of Directors.

Treasury management

The Fund employs the Treasury function of the Bank, which is responsible for managing the Fund's assets and liabilities and the overall financial structure. The Treasury function is also primarily responsible for the funding and liquidity risks of the Fund.

Concentrations of risk

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Fund's results to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Fund's procedures include specific monitoring control to focus on the maintenance of a diversified portfolio.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise credit risk, interest rate risk, currency risk and equity price risk each of which are considered below and include, where relevant, the sensitivity of the Fund's financial result on movements in certain market risk variables.

Credit risk management

Credit risk to the Fund is the potential that a counterparty will fail to meet its stated obligations in accordance with agreed terms. It is the Fund's policy to enter into financial arrangements with a variety of creditworthy counterparties and monitor the size of the exposure to any one issuer and the duration of the investment. The Fund's exposure to credit risk largely arises from its investment securities portfolio. The Bank, in its capacity as Investment Manager, is responsible for identifying and controlling credit risk.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

Significant changes in the economy, or in the state of a particular industry segment that represents a concentration in the Fund's portfolio, could result in losses that are different from those provided at the statement of financial position date. Management therefore carefully manages its exposure to credit risk.

11. Risk management (continued)

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements (continued)

The following table shows the maximum exposure to credit risk which represents a worst case scenario of credit risk exposure, without taking account of any collateral held or other credit enhancements. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

	Gross maximum exposure	
	2023	**2022**
Cash and cash equivalents	371	899
Interest receivable	49	40
Investment securities	8,281	8,887
	8,701	**9,826**

Cash and cash equivalents

These funds are placed with highly rated local banks. Management therefore considers the risk of default of these counterparties to be low.

Credit quality

PDs and LGDs for traded instruments were based on the global credit ratings assigned to the instruments or the country for sovereign exposures. PDs and LGDs for non-traded instruments as well as local debt instruments were based on three notches below the credit rating of the sovereign in which the instrument is issued or on company ratings where they existed. EAD equals the amortised security balance plus accrued interest.

Analysis of gross carrying amount and the corresponding ECLs are as follows:

Investment debt securities

Stage 1	**2023**	**2022**
Gross balance	7,335	7,144
ECL	(6)	(51)
	7,329	**7,093**
ECL as a % of Gross balance	0.08%	0.71%

There were no investment debt securities classified as stage 2 and 3 for the years ended 31 December 2023 and 31 December 2022.

Currency risk

As at 31 December 2023 and 31 December 2022, all of the Fund's assets and liabilities are denominated in United States Dollars and therefore the Fund has no exposure to foreign currency risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Fund manages its interest rate exposure by investing in fixed and variable rate instruments.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Bank, in its capacity as Investment Manager, sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily by the Bank's Treasury department.

There was no impact of interest rate risk to the Fund as no floating rate non-trading financial assets and financial liabilities were held in 2023 and 2022.

Liquidity risk

Liquidity risk is the risk that the Fund will be unable to liquidate positions to satisfy commitments to Unitholders for redemptions due to market conditions. This is managed by maintaining an adequate position in assets with maturities of less than one year.

The table analyses the Fund's financial liabilities into the relevant maturity funding based on the remaining period as at 31 December to the contractual maturity date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)
(Continued)

11. Risk management (continued)

Liquidity risk (continued)

2023	**Up to one year**	**Over one year**	**Total**
Financial liabilities			
Management fee payable	100	–	100
Trustee fees payable	3	–	3
Distributions payable	74	–	74
Other payables	4	–	4
Total financial liabilities	**181**	**–**	**181**

2022			
Financial liabilities			
Trustee fees payable	4	–	4
Distributions payable	78	–	78
Other payables	3	–	3
Total financial liabilities	**85**	**–**	**85**

Equity price risk

Equity price risk is the risk that the fair value of equities will decrease as a result of decreases in equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Fund's investment portfolio.

There was no impact of equity price risk to the Fund as no equities were held in 2023 and 2022.

12. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled based on contractual undiscounted cashflows.

	2023			**2022**		
	Less than 12 months	**Over 12 months**	**Total**	**Less than 12 months**	**Over 12 months**	**Total**
Assets						
Cash and cash equivalents	371	–	371	899	–	899
Investment securities	4,207	4,074	8,281	2,380	6,507	8,887
Interest receivable	49	–	49	40	–	40
Total assets	**4,627**	**4,074**	**8,701**	**3,319**	**6,507**	**9,826**
Liabilities						
Management fee payable	100	–	100	–	–	–
Trustee fees payable	3	–	3	4	–	4
Distributions payable	74	–	74	78	–	78
Other payables	4	–	4	3	–	3
Total liabilities	**181**	**–**	**181**	**85**	**–**	**85**

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)
(Continued)

13. Related party transactions and balances

Parties are considered to be related if one has the ability to control or exercise significant influence over the other party in making financial or operational decisions. Related party transactions are carried out on commercial terms and at market rates. The related assets, liabilities, income and expenses from these transactions are as follows:

	2023	2022
Liabilities		
Sponsor company	**100**	–
Unitholders' balances		
Sponsor company	1,000	1,000
Other related parties	694	694
	1,694	**1,694**
Expenses		
Sponsor company	**300**	–
Distributions		
Other related parties	**7**	**7**

14. Fund management

When managing capital, which is represented by Unitholders' balances, the objectives of the Fund Manager are:

- To comply with the requirements set out in the Fund's prospectus and Trust Deed;
- To safeguard the Fund's ability to continue as a going concern so that it can continue to provide returns for Unitholders; and
- To maintain a strong capital base to support the development of its business.

The Fund endeavours to invest in appropriate investments while maintaining sufficient liquidity to meet redemptions where necessary, such liquidity being augmented by short-term borrowings or disposal of investment securities where necessary.

The Fund complied with the requirements set out in the Prospectus and Trust Deed during the reported financial periods and no changes were made to the Fund's objectives, policies and processes from the previous year.

15. Commitments and contingencies

The Fund has no capital commitments nor any contingencies for the years ended 31 December 2023 and 31 December 2022.

As Sponsor, ANSA Merchant Bank Limited will guarantee a 100% return of the principal invested in Units of the Fund by investors subject to a minimum period of investment provided that and so long as ANSA Merchant Bank Limited is the Investment Manager.

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INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF ANSA TT$ INCOME FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ANSA TT$ Income Fund ("the Fund"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income/(loss), statement of changes in Unitholders' capital and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 Fund in accordance with the International Ethics Standards Board for Accountants' ("IESBA") International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Trustee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund'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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 Fund'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 management's 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 Fund's ability to continue as a going concern. If we conclude that a 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 Fund to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (continued)

- 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 Trustee 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.

EY

Port of Spain,
TRINIDAD:
27 March 2024

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)

	Notes	2023	2022
Assets			
Cash and cash equivalents	4	18,204	16,499
Interest receivable		2,406	2,111
Investment securities	5	333,105	387,663
Total assets		353,715	406,273
Liabilities			
Management fee payable		946	562
Trustee fees payable		136	156
Distributions payable		116	108
Other payables		43	35
Total liabilities		1,241	861
Net assets		**352,474**	**405,412**
Unitholders' Capital			
Unitholders' balances at par	6	325,498	370,515
Capital reserve/(deficit)		430	(151)
Retained fund surplus		26,546	35,048
		352,474	**405,412**

The financial statements were approved by the Trustee and authorised for issue on 25 March 2024 and signed on their behalf by:

: Trustee

: Trustee

The accompanying notes form an integral part of these financial statements.

ANSA TT$ INCOME FUND

FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER, 2023

EXPRESSED IN
TRINIDAD & TOBAGO DOLLARS

ANSA MERCHANT BANK LIMITED

ansa TT$ INCOME FUND

STATEMENT OF INCOME/(LOSS)

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)

	Notes	2023	2022
Income			
Interest and dividend income	7	20,282	15,319
Impairment write back/(expense)		1,123	(855)
Total income		21,405	14,464
Expenses			
Net realised and unrealised losses on investment securities	8	(10,907)	(15,884)
Net foreign exchange translation and other losses		(830)	(686)
Management fees	9	(6,228)	(7,165)
Trustee fees	9	(582)	(634)
Other expenses		(350)	(159)
Total expenses		(18,897)	(24,528)
Total income/(expense) for the year		**2,508**	**(10,064)**
Other comprehensive income/(loss) that may be reclassified subsequently to profit and loss			
Debt instruments at fair value through other comprehensive income			
Net change in fair value during the year		581	(170)
Changes in allowance for expected credit losses		(64)	69
		517	(101)
Total comprehensive income/(loss) for the year		**3,025**	**(10,165)**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN UNITHOLDERS' CAPITAL

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)

	Note	Unitholders' balances at par	Retained fund surplus	Capital (deficit)/reserve	Total
Balance as at 1 January 2022		355,875	50,189	19	406,083
Issue of units	6	87,832	–	–	87,832
Redemption of units	6	(70,977)	–	–	(70,977)
Distribution to Unitholders		–	(7,361)	–	(7,361)
Unitholders' transfer of gains	6	(2,215)	2,215	–	–
Revaluation of FVOCI investments		–	69	(170)	(101)
Total loss for the year		–	(10,064)	–	(10,064)
Balance as at 31 December 2022		370,515	35,048	(151)	405,412
Issue of units	6	23,864	–	–	23,864
Redemption of units	6	(73,245)	–	–	(73,245)
Distribution to Unitholders		–	(6,582)	–	(6,582)
Unitholders' transfer of losses	6	4,364	(4,364)	–	–
Revaluation of FVOCI investments		–	(64)	581	517
Total income for the year		–	2,508	–	2,508
Balance as at 31 December 2023		**325,498**	**26,546**	**430**	**352,474**

The accompanying notes form an integral part of these financial statements.

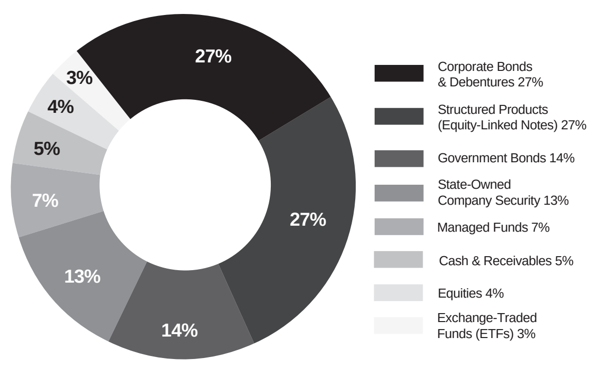
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)

	Notes	2023	2022
Cash flows from operating activities			
Total income/(expense) for the year		2,508	(10,064)
Adjustments:			
Interest capitalised		(4,024)	(294)
Impairment (write back)/expense		(1,123)	855
Amortisation on investment securities		(91)	753
Unrealised losses on investment securities	8	6,431	14,353
Losses on sale of investment securities	8	4,476	1,531
Foreign exchange losses		893	105
Surplus before working capital changes		9,070	7,239
Changes in assets/liabilities:			
(Increase)/decrease in interest receivable		(295)	1,464
Increase/(decrease) in payables		380	(10,243)
Net cash flows provided by/(used in) by operating activities		9,155	(1,540)
Cash flows from investing activities			
Purchase of investments		(154,708)	(95,724)
Proceeds from maturity/sale of investments		203,221	90,027
Net cash flows provided by/(used in) investing activities		48,513	(5,697)
Cash flows from financing activities			
Issue of units	6	23,864	87,832
Redemption of units	6	(73,245)	(70,977)
Distribution to Unitholders		(6,582)	(7,361)
Net cash flows (used in)/provided by financing activities		(55,963)	9,494
Net increase in cash and cash equivalents		1,705	2,257
Cash and cash equivalents at the beginning of the year		16,499	14,242
Cash and cash equivalents at the end of the year	4	**18,204**	**16,499**
Supplemental information:			
Interest and dividend received		19,890	16,556
Distributions paid		6,589	7,313

The accompanying notes form an integral part of these financial statements.

PORTFOLIO MIX



TOP 10 HOLDINGS

SECURITY	% OF PORTFOLIO
BARCLAYS BANK PLC EQUITY LINKED NOTE 7.5% DUE 2024	7.84%
MORGAN STANLEY 8.25% EQUITY LINKED NOTE DUE 2026	7.21%
CITIGROUP GLOBAL MARKET FUND 9.1% DUE 2024	7.21%
PIMCO INVESTMENT GRADE CREDIT FUND	7.14%
GUARDIAN HOLDINGS LIMITED 4.83% DUE 2028	4.66%
NIPDEC FIXED RATE BOND 5.15% DUE 2025	3.99%
KINDER MORGAN 6.95% DUE 2038	3.91%
iSHARES INVESTMENT QUALITY EXCHANGE TRADED FUND	3.29%
US TREASURY BILL DUE JAN 2024	3.07%
GENERAL MOTORS 4% DUE 2025	3.01%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)

1. Description of the Fund

The following brief description of the ANSA TT$ Income Fund (the 'Fund') is provided for general information purposes only. Reference should be made to the Trust Deed and Prospectus of the Fund for more complete information.

General

The Fund is an open-ended mutual fund registered in Trinidad and Tobago, and established by ANSA Merchant Bank Limited (the 'Bank' or 'Fund Manager') under a Trust Deed dated 23 November 2010. The Bank whose registered address is 11C Maraval Road, Port of Spain, Trinidad & Tobago, is the Sponsor, Investment Manager, Administrator and Distributor of the Fund.

The principal activity of the Fund is to provide investors having similar investment objectives the opportunity to access professional investment management in achieving maximum income returns, minimisation of risk and reasonable safety of capital values.

The Fund may invest in securities and contracts, including sovereign debt, issued in countries other than Trinidad and Tobago, which are expected to provide high income yield and not expected to cause deterioration in capital values.

The Fund's capital is made up of two classes of Units. Class A Units which are issued to investors pursuant to the terms of the Prospectus and the Trust Deed and Class B Units which were issued to the Fund Sponsor (ANSA Merchant Bank Limited).

The Class B Unitholder is not entitled to receive any dividends and has no rights to the Fund's assets upon termination of the Fund, save and except for its original investment and any accretion thereto.

The Unitholders of the Fund have the right to vote with respect to certain matters related to the Fund. Voting by Class A Unitholders takes place at meetings which may be convened annually by the Trustee or which may be called by the Trustee at the request of the Class B Unitholder or a Unitholder(s) holding not less than 25% of the outstanding units of the Fund.

At Unitholder meetings, Unitholders are entitled, inter alia, to:

(i) require the removal of the Trustee and/or approve the appointment of a new Trustee; and
(ii) sanction any modification, alteration or addition to the provisions of the Trust Deed unless the Trustee and the Sponsor certify in writing that they are of the opinion that the modification (a) does not materially prejudice the interests of the Unitholders, does not operate to release the Trustee from any material obligation to the Unitholders and does not materially increase the amount of expenses chargeable on the assets of the Fund; or (b) is necessary in order to make possible compliance with any fiscal, statutory of official requirement; or (c) is made to correct a manifest error.

The Trustee of the Fund is First Citizens Trustee Services Limited.

2. Accounting policies

i) Basis of preparation

These financial statements have been prepared on a historical cost basis, except for the fair value measurement of trading investment securities and other financial assets not held in a business model whose objective is to hold assets to collect contractual cash flows or whose contractual terms do not give rise solely to payments of principal and interest (SPPI).

The financial statements are presented in Trinidad and Tobago Dollars (TTD) which is the functional currency and all values are rounded to the nearest thousand, except when otherwise indicated.

Statement of compliance

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Presentation of financial statements

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Income and expenses will not be offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Fund.

2. Accounting policies (continued)

ii) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2022 except for the adoption of new standards and interpretations noted below.

New and amended standards and interpretations

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the financial statements of the Fund. These are described in more detail below. The Fund has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the impact of each new standard or amendment is described below:

Definition of Accounting Estimates – Amendments to IAS 8 – Effective 1 January 2023

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

These amendments had no impact on the Fund.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 – Effective 1 January 2023

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Fund's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Fund's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 – Effective 1 January 2023

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

These amendments had no impact on the financial statements of the Fund.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these standards, if applicable, when they become effective.

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback. In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

  The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

  The amendments are not expected to have a material impact on the Fund's financial statements.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current. In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

  The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Fund is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)
(Continued)

2. Accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

Standards issued but not yet effective (continued)

- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7. In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

  Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

  The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

  The amendments are not expected to have a material impact on the Fund's financial statements.
- Amendments to IAS 21: The Effects of Changes in Foreign Exchanges Rates - Effective 1 January 2025.

iii) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand and at bank, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash with original maturities of three months or less and subject to insignificant risks of change in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts. Bank overdrafts, should they exist, are disclosed separately under 'liabilities' on the statement of financial position.

iv) Financial instruments

Financial assets

a. Initial recognition and subsequent measurement

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Amortised cost and effective interest method

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised separately in the statement of comprehensive income and is included in 'interest income'.

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through statement of income on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding ("the SPPI test").

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

a. Initial recognition and subsequent measurement (continued)

Financial assets at fair value through other comprehensive income (FVOCI)

Equity instruments at fair value through other comprehensive income (FVOCI)

On initial recognition, the Fund can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of re-sale in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Fund manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to the statement of income on disposal of the investments.

Debt instruments at fair value through other comprehensive income (FVOCI)

The Fund applies the category under IFRS 9 of debt instruments measured at fair value through other comprehensive income when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- the contractual cash flows of an asset give rise to payments on specified dates that are SPPI on the principal amount outstanding ("the SPPI test").

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income. Interest income is recognised in profit or loss in the same manner as for financial assets measured at amortised cost.

The Fund does not have any equity instruments that are carried at FVOCI on initial application of IFRS 9 – *Financial Instruments.*

Financial assets at fair value through statement of income (FVSI)

Investments in equity instruments are classified as at FVSI, unless the Fund designates an investment that is not held for trading as at FVOCI on initial recognition. The Fund has designated all investments in equity instruments that are held for trading as FVSI on initial application of IFRS 9.

Debt instruments that do not meet the amortised cost criteria are measured at FVSI. In addition, debt instruments that meet the amortised cost criteria but are designated at FVSI are measured at FVSI. A debt instrument may be designated as at FVSI upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Fund has not designated any debt instrument as at FVSI.

Debt instruments are reclassified from amortised cost to FVSI when the business model is changed such that the amortised cost criteria is no longer met. Reclassification of debt instruments that are designated as at FVSI on initial recognition is not allowed. The Fund has not designated any debt instrument as FVSI.

Financial assets at FVSI are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of comprehensive income. The net gain or loss recognised in the statement of comprehensive income is included in the 'investment income' line item.

Interest income on debt instruments as at FVSI is included in the net gain or loss described above.

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)
(Continued)

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

a. Initial recognition and subsequent measurement (continued)

Financial assets at fair value through statement of income (FVSI) (continued)

Dividend income on investments in equity instruments at FVSI is recognised in the statement of comprehensive income when the Fund's right to receive the dividends is established in accordance with IFRS 15 - *Revenue* and is included in the net gain or loss described above.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss.

Therefore,

- for financial assets that are classified as at FVSI, the foreign exchange component is recognised in the statement of comprehensive income;
- for equity instruments that are designated as at FVOCI, any foreign exchange component is recognised in other comprehensive income;
- for debt instruments that are designated as at FVOCI, any foreign exchange component is recognised in the statement of comprehensive income; and
- for foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the 'other gains and losses' line item in the statement of comprehensive income.

b. Impairment of financial assets

The Fund records an allowance for expected credit losses (ECLs) for debt financial assets not held at FVSI, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The Fund uses the general probability of default approach when calculating ECLs. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Fund's policies for determining if there has been a significant increase in credit risk are set out below.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on an individual basis.

The Fund has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Significant increase in credit risk

The Fund continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Fund assesses whether there has been a significant increase in credit risk since initial recognition.

The Fund also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving an investment to the watch list, to non-investment grade, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

Definition of default and cure

The Fund considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Fund also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Fund carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

b. Impairment of financial assets (continued)

Definition of default and cure (continued)

It is the Fund's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Calculation of Expected Credit Losses (ECLs)

When estimating the ECLs, the Fund considers among other factors the risk rating category and aging of the financial asset. Each of these is associated with different PDs, EADs and LGDs. When relevant, it also incorporates how defaulted financial assets are expected to be recovered.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- *Probability of Default (PD):*

  The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

- *Exposure at Default (EAD):*

  The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

  The EAD represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

- *Loss Given Default (LGD):*

  The LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. It is usually expressed as a percentage of the EAD.

For investments, the Fund primarily relies on international external credit rating agencies to provide data for PDs and LGDs.

Forward-looking information

In its ECL models, the Fund relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Inflation rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)
(Continued)

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

b. Impairment of financial assets (continued)

The mechanics of the ECL method are summarised below:

Stage 1

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Fund calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2

When a financial instrument has shown a significant increase in credit risk since origination, the Fund records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3

For financial instruments considered credit-impaired (as defined in Note 2 above), the Fund recognises the LTECLs for these financial instruments. The method is similar to that for Stage 2 assets, with the PD set at 100%.

In most instances, LGDs are determined on an individual investment basis, including discounting the expected cash flows at the original EIR.

c. Derecognition of financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of comprehensive income. On derecognition of an equity instrument that is classified as FVOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to the statement of comprehensive income, but is reclassified to retained earnings. On derecognition of debt instruments at FVOCI, cumulative gains or losses previously recognised in other comprehensive income are reclassified from other comprehensive income to profit and loss.

Financial liabilities

a. Initial recognition and subsequent measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through the statement of comprehensive income, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge as appropriate. The Fund determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Fund's financial liabilities include fees payable, distributions payable, amounts due to related parties and other payables.

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial liabilities (continued)

b. Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognising of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

v) Fair valuation of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs at the close of business at the end of the reporting period for listed instruments.

For financial instruments not traded in an active market, the fair value is determined using appropriate internal valuation techniques. These pricing models consider, among other factors, contractual and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The estimated fair values of certain financial instruments have been determined using available market information or other appropriate valuation methodologies that require judgement in interpreting market data and developing estimates.

Consequently, estimates made do not necessarily reflect the amounts that the Fund would realise in a current market exchange. The use of different assumptions and/or different methodologies may have a material effect on the fair values estimated.

Short-term financial assets and liabilities

The carrying amount of short-term financial assets and liabilities comprising cash and cash equivalents, interest and other receivables, management fee payable, distributions payable, trustee fees payable, and other payables are a reasonable estimate of their fair values because of the short maturity of these instruments.

Investment securities

The fair value of trading investments is based on market quotations, when available. When market quotations are not readily available, fair values are based on discounted cash flows or estimated using quoted market prices of similar investments. In the absence of a market value, discounted cash flows will approximate fair value. This process relies on available market data to generate a yield curve for each country in which valuations were undertaken, using interpolated results where there were no market observable rates.

In pricing callable bonds, where information is available, the price of a callable bond is determined as at the call date using the Yield to Worst. For bonds with irregular cash flows (sinking funds, capitalisation of interest, moratoria, amortisations or balloon payments) a process of iteration employing the Internal Rate of Return is used to arrive at bond values. Yields on all tax-free bonds are grossed-up to correspond to similar taxable bonds at the prevailing rate of corporation tax.

Determination of fair value and fair value hierarchies

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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FOR THE YEAR ENDED 31 DECEMBER 2023
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2. Accounting policies (continued)

v) Fair valuation of financial instruments (continued)

Determination of fair value and fair value hierarchies (continued)

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1

Included in the Level 1 category are financial assets that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in the Level 2 category are financial assets that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Fund's own models whereby the majority of assumptions are market observable.

Level 3

Included in the Level 3 category are financial assets and liabilities that are not quoted as there are no active markets to determine a price. These financial instruments are held at cost, being the fair value of the consideration paid for the acquisition of the investment, and are regularly assessed for impairment.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Fund has determined classes of assets on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

vi) Revenue recognition

Revenue for the Fund is generated from interest as well as dividend income on investments held on behalf of the unitholders.

The effective interest rate method

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and financial instruments designated at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Fund recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the instrument. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

Interest income is accrued until the investment contractually becomes three months in arrears at which time the interest is suspended and then accounted for on a cash basis until the investment is brought up to date.

Investment income

The Fund calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVSI is recognised using the contractual interest rate in net trading income and net gains/(losses) on financial assets at fair value through statement of income, respectively.

2. Accounting policies (continued)

vi) Revenue recognition (continued)

Dividend income

Dividend income is recognised when the Fund's right to receive payment is established.

Other income and expenditure

Other income and expenditure are brought into account on the accruals basis.

vii) Subscriptions and redemptions

Subscriptions and redemptions are accounted for at the Net Asset Value calculated on the business day prior to the date of the subscription or redemption. Units may be subscribed at a minimum initial value of $25,000 and thereafter, the minimum amount of an additional investment is $5,000 in value, except in the instance of reinvestment of distributions. There are no limits as to the number of units that can be redeemed at any one time.

viii) Expenses

Fees are recognised on an accrual basis. Refer to Note 9 for management, administration and trustee fees. Audit fees are included within other expenses.

ix) Distributions to Unitholders

Distributions to Unitholders are recognised when they are ratified by the Trustee and are paid out quarterly.

x) Taxation

With respect to dividends which are derived locally, no income tax is payable by residents of Trinidad and Tobago.

xi) Functional and presentation currency

The Fund's functional currency is the Trinidad and Tobago Dollar (TTD), which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in TTD. Therefore, the TTD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's presentation currency is also the TTD.

xii) Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling as at the statement of financial position date. Non-monetary assets and liabilities are translated using exchange rates that existed at the date of the initial transaction. All revenue and expenditure transactions denominated in foreign currencies are translated at mid-exchange rates and the resulting profits and losses on exchange from these trading activities are dealt with in the statement of comprehensive income.

xiii) Unitholders' Capital

Unitholders' subscriptions and redemptions measured at par value are recognised in the 'Unitholders' balance' line in the statement of financial position. The differences between the net asset value (NAV) of the Fund and its par value is recorded in the 'retained fund'.

Classification of redeemable shares

Redeemable shares are classified as equity instruments when:

- The redeemable shares entitle the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.
- The redeemable shares do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Fund's net assets.
- The total expected cash flows attributable to the redeemable shares over the life of the instrument are based substantially on the statement of income, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

In addition to the redeemable shares having all of the above features, the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund.
- The effect of substantially restricting or fixing the residual return to the redeemable Unitholders.

The issuance, acquisition and cancellation of redeemable shares are accounted for as equity transactions.

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3. Significant accounting judgements and estimates

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Fund's exposure to risks and uncertainties include:

- Financial instruments' risk management (Note 11)
- Fund management (Note 14)

i) Judgement

In the process of applying the Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of financial instruments

The measurement of impairment losses under IFRS 9 across all categories of financial instruments requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Fund's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Fund's criteria for assessing if there has been a significant increase in credit risk and if so allowances for financial instruments should be measured on a LTECL basis and the qualitative assessment
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and economic inputs and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Valuation of investments

Fair values are based on quoted market prices for the specific instrument, comparisons with other similar financial instruments, or the use of valuation models. Establishing valuations where there are no quoted market prices inherently involves the use of judgement and applying judgement in establishing reserves against indicated valuations for aged positions, deteriorating economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity, model risk itself and other factors.

4. Cash and cash equivalents

	2023	2022
Cash at bank	9,768	13,333
Short-term funds	8,436	3,166
	18,204	**16,499**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Fund, and earn interest at the respective short-term deposit rate.

5. Investment securities

	2023	2022
Investment securities designated at fair value through statement of income	90,038	161,121
Investment securities designated at amortised cost	164,404	204,013
Investment securities designated at fair value through other comprehensive income	78,663	22,529
Total investment securities	**333,105**	**387,663**
Investment securities designated at fair value through statement of income		
Equity securities	14,681	43,310
Managed Funds	36,655	45,629
Government securities	7,865	10,133
State-owned company securities	16,769	45,407
Corporate bonds and debentures	14,068	16,642
	90,038	**161,121**
Investment securities designated at amortised cost		
Government securities	10,669	13,044
State-owned company securities	29,761	54,564
Corporate bonds and debentures	123,974	136,405
	164,404	**204,013**
Investment securities designated at fair value through other comprehensive income		
Government securities	32,828	5,458
Corporate bonds and debentures	45,835	17,071
	78,663	**22,529**

Impairment allowance for investment securities

The table below shows the credit quality and the maximum exposure to credit risk based on the Fund's credit rating system, aging and year-end stage classification.

Investment securities designated at amortised cost

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 31 December 2023	164,519	–	–	164,519
ECL allowance as at 31 December 2023	(115)	–	–	(115)
Net exposure as at 31 December 2023	**164,404**	**–**	**–**	**164,404**
ECL allowance as at 1 January 2023	(1,172)	–	–	(1,172)
Credit loss income	1,057	–	–	1,057
At 31 December 2023	**(115)**	**–**	**–**	**(115)**

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 31 December 2022	205,185	–	–	205,185
ECL allowance as at 31 December 2022	(1,172)	–	–	(1,172)
Net exposure as at 31 December 2022	**204,013**	**–**	**–**	**204,013**
ECL allowance as at 1 January 2022	(400)	(47)	–	(447)
Translation adjustments	2	–	–	2
Other credit loss movements, repayments, etc.	(5)	–	–	(5)
Credit loss (expense)/income	(769)	47	–	(722)
At 31 December 2022	**(1,172)**	**–**	**–**	**(1,172)**

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FOR THE YEAR ENDED 31 DECEMBER 2023
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5. Investment securities (continued)

Impairment allowance for investment securities (continued)

Investment securities designated at FVOCI

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 31 December 2023	78,663	–	–	78,663
ECL allowance as at 31 December 2023	(39)	–	–	(39)
Net exposure as at 31 December 2023	**78,624**	**–**	**–**	**78,624**
ECL allowance as at 1 January 2023	(103)	–	–	(103)
ECL on new instruments issued during the year	11	–	–	11
Other credit loss movements, repayments etc.	53	–	–	53
At 31 December 2023	**(39)**	**–**	**–**	**(39)**

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 31 December 2022	22,529	–	–	22,529
ECL allowance as at 31 December 2022	(103)	–	–	(103)
Net exposure as at 31 December 2022	**22,426**	**–**	**–**	**22,426**
ECL allowance as at 1 January 2022	(35)	–	–	(35)
ECL on new instruments issued during the year	(70)	–	–	(70)
Other credit loss movements, repayments etc.	2	–	–	2
At 31 December 2022	**(103)**	**–**	**–**	**(103)**

6. Unitholders' balances at par

	2023	
	Units	**$**
Authorised:		
Unlimited number of units		
Reconciliation of Unitholders' balances:		
Units outstanding at the beginning of the year	741,031	370,515
Units issued	43,449	23,864
Units redeemed	(133,485)	(73,245)
Value of units above par issued and redeemed in the year	–	4,364
Units outstanding at the end of the year (value of units at par)	**650,995**	**325,498**
Unitholders' earnings above par		31,962
Unitholders' balance		357,461
Net asset value per unit on Unitholders' balance		549.10
Other Unitholder movements		(4,988)
Total net asset value of fund		352,473
Adjusted net asset value per unit		541.44

6. Unitholders' balances at par (continued)

	2022	
	Units	**$**
Authorised:		
Unlimited number of units		
Reconciliation of Unitholders' balances:		
Units outstanding at the beginning of the year	711,751	355,875
Units issued	156,718	87,832
Units redeemed	(127,438)	(70,977)
Value of units below par issued and redeemed in the year	–	(2,215)
Units outstanding at the end of the year (value of units at par)	**741,031**	**370,515**
Unitholders' earnings above par		39,586
Unitholders' balance		410,101
Net asset value per unit on Unitholders' balance		553.42
Other Unitholder movements		(4,689)
Total net asset value of fund		405,412
Adjusted net asset value per unit		547.09

7. Interest and dividend income

	2023	**2022**
Interest income from investments designated at fair value through statement of income	6,355	4,229
Interest income from investments designated at fair value through through other comprehensive income	1,732	570
Interest income from financial assets designated at amortised cost	10,335	7,957
Dividend income	1,860	2,563
	20,282	**15,319**

8. Net realised and unrealised losses on investment securities

Realised losses on sale of investment securities	4,476	1,531
Unrealised losses on investments held at year end designated at fair value through statement of income	6,431	14,353
	10,907	**15,884**

9. Fees

The Investment Manager is paid quarterly from the assets of the Fund in the form of management fees, administrator fees and distributor fees, calculated on the basis of the average net asset value in that quarter, pro-rated where necessary on the basis of number of days remaining or elapsed in the quarter, according to an annual rate not to exceed a cumulative total of 4.25% on the average net asset value of the Fund.

The Trustee is paid from the assets of the Fund a fee not exceeding an annual rate of 0.15% on the average net asset value and such fee shall be subject to a minimum annual fee of $75,000, exclusive of VAT.

	2023	**2022**
Management fees	6,228	7,165
Trustee fees	582	634
	6,810	**7,799**

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10. Fair value of financial instruments

i) Carrying amounts and fair values

The following table summarises the carrying amounts and the fair values of the Fund's financial assets and liabilities as at 31 December.

2023	Carrying values	Fair values	Unrecognised loss
Financial assets			
Cash and cash equivalents	18,204	18,204	–
Investment securities	333,105	330,552	(2,553)
Interest receivable	2,406	2,406	–
Total financial assets	**353,715**	**351,162**	**(2,553)**
Financial liabilities			
Management fee payable	946	946	–
Trustee fees payable	136	136	–
Distributions payable	116	116	–
Other payables	43	43	–
Total financial liabilities	**1,241**	**1,241**	**–**
2022			
Financial assets			
Cash and cash equivalents	16,499	16,499	–
Investment securities	387,663	374,732	(12,931)
Interest receivable	2,111	2,111	–
Total financial assets	**406,273**	**393,342**	**(12,931)**
Financial liabilities			
Management fee payable	562	562	–
Trustee fees payable	156	156	–
Distributions payable	108	108	–
Other payables	35	35	–
Total financial liabilities	**861**	**861**	**–**

ii) Determination of fair value and fair value hierarchies

2023	Level 1	Level 2	Total
Investment securities designated at fair value through statement of income			
Equity securities	14,681	–	14,681
Managed Funds	11,565	25,090	36,655
Government securities	3,084	4,781	7,865
State-owned company securities	–	16,769	16,769
Corporate bonds and debentures	10,733	3,335	14,068
	40,063	**49,975**	**90,038**
Investment securities designated at amortised cost for which fair values are disclosed			
Government securities	–	10,610	10,610
State-owned company securities	–	29,907	29,907
Corporate bonds and debentures	3,465	117,869	121,334
	3,465	**158,386**	**161,851**
Investment securities designated at fair value through other comprehensive income			
Government securities	27,298	5,530	32,828
Corporate bonds and debentures	45,835	–	45,835
	73,133	**5,530**	**78,663**

10. Fair value of financial instruments (continued)

ii) Determination of fair value and fair value hierarchies (continued)

2022	Level 1	Level 2	Total
Investment securities designated at fair value through statement of income			
Equity securities	43,310	–	43,310
Managed Funds	22,568	23,061	45,629
Government securities	5,319	4,814	10,133
State-owned company securities	–	45,407	45,407
Corporate bonds and debentures	13,306	3,336	16,642
	84,503	**76,618**	**161,121**
Investment securities designated at amortised cost for which fair values are disclosed			
Government securities	2,940	10,023	12,963
State-owned company securities	–	55,085	55,085
Corporate bonds and debentures	11,858	111,176	123,034
	14,798	**176,284**	**191,082**
Investment securities designated at fair value through other comprehensive income			
Government securities	–	5,458	5,458
Corporate bonds and debentures	17,071	–	17,071
	17,071	**5,458**	**22,529**

iii) Transfers between Level 1 and 2

For the years ended 31 December 2023 and 31 December 2022, there were no transfer of assets between Level 1 and Level 2.

iv) Movements in Level 3 financial instruments

For the years ended 31 December 2023 and 31 December 2022, there were no Level 3 financial instruments.

11. Risk management

Introduction

Risk is inherent in the Fund's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls.

This process of risk management is critical to the Fund's continuing profitability. The Fund is exposed to credit risk, liquidity risk and market risk.

Role of the Trustee

The Trustee is the custodian of the Fund and their responsibility is that of safeguarding Unitholders' interests. The Trustee approves all distribution of income from the Fund and ensures that the Fund is externally audited every year. They also ensure that all provisions within the prospectus are followed by the Investment Manager and all regulatory requirements are fulfilled.

Risk management structure

The Bank which acts as the Fund Sponsor, Distributor, Administrator and Investment Manager, is ultimately responsible for identifying and controlling risks. The Bank is also responsible for the overall risk management approach and for approving the risk strategies, principles, policies and procedures. Day to day adherence to risk principles is carried out by the executive management of the Bank in compliance with the policies approved by the Board of Directors.

Treasury management

The Fund employs the Treasury function of the Bank, which is responsible for managing the Fund's assets and liabilities and the overall financial structure. The Treasury function is also primarily responsible for the funding and liquidity risks of the Fund.

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11. Risk management (continued)

Concentrations of risk

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Fund's results to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Fund's procedures include specific monitoring control to focus on the maintenance of a diversified portfolio.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises credit risk, interest rate risk, currency risk and equity price risk each of which are considered below and include, where relevant, the sensitivity of the Fund's financial result on movements in certain market risk variables.

Credit risk management

Credit risk to the Fund is the potential that a counterparty will fail to meet its stated obligations in accordance with agreed terms. It is the Fund's policy to enter into financial arrangements with a variety of creditworthy counterparties and monitor the size of the exposure to any one issuer and the duration of the investment. The Fund's exposure to credit risk is limited to the value of its investment securities portfolio. The Bank, in its capacity as Investment Manager, is responsible for identifying and controlling credit risk.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

Significant changes in the economy, or in the state of a particular industry segment that represents a concentration in the Fund's portfolio, could result in losses that are different from those provided at the statement of financial position date. Management therefore carefully manages its exposure to credit risk.

The following table shows the maximum exposure to credit risk which represents a worst case scenario of credit risk exposure, without taking account of any collateral held or other credit enhancements. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

	Gross maximum exposure	
	2023	**2022**
Cash and cash equivalents	18,204	16,499
Interest receivable	2,406	2,111
Investment securities	318,385	344,353
	338,995	**362,963**

Cash and cash equivalents

These funds are placed with highly rated local banks. Management therefore considers the risk of default of these counterparties to be very low.

Credit quality

PDs and LGDs for traded instruments were based on the global credit ratings assigned to the instruments or the country for sovereign exposures. PDs and LGDs for non-traded instruments as well as local debt instruments were based on three notches below the credit rating of the sovereign in which the instrument is issued or on company ratings where they existed. EAD equals the amortised security balance plus accrued interest.

Analysis of gross carrying amount and the corresponding ECLs are as follows:

Investment debt securities

Stage 1	**2023**	**2022**
Gross balance	243,182	227,714
ECL	(154)	(1,275)
	243,028	**226,439**
ECL as a % of Gross balance	0.06%	0.56%

There were no investment debt securities classified as stage 2 and 3 for the years ended 31 December 2023 and 31 December 2022.

11. Risk management (continued)

Currency risk

The Fund takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its statement of financial position and cash flows. The Bank in its capacity as Investment Manager sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

The table below summarises the Fund's exposure to foreign currency exchange rate risk at 31 December, arising primarily from monetary financial assets denominated in United States Dollars (USD). The Fund had no financial liabilities denominated in currencies other than the reporting currency.

The final line of the table, illustrates the effect of a reasonably possible movement of the USD against the TTD, with all other variables held constant on the statement of comprehensive income.

	USD 2023	**USD 2022**
Financial assets		
Cash and cash equivalents	8,436	3,166
Investment securities	235,757	225,716
Interest receivable	1,550	1,166
Net currency risk exposure	**245,743**	**230,048**
Reasonably possible change in currency rate	5%	5%
Effect on income for the year	**12,287**	**11,502**

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Fund manages its interest rate exposure by investing in fixed and variable rate instruments.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Bank, in its capacity as Investment Manager, sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by the Bank's Treasury department.

There was no impact of interest rate risk to the fund as no floating rate non-trading financial assets and liabilities were held in 2023 and 2022.

Liquidity risk

Liquidity risk is the risk that the Fund will be unable to liquidate positions to satisfy commitments to Unitholders for redemptions due to market conditions. This is managed by maintaining an adequate position in assets with maturities of less than one year.

The table analyses the Fund's financial liabilities into the relevant maturity funding based on the remaining period as at 31 December to the contractual maturity date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)
(Continued)

11. Risk management (continued)

Liquidity risk (continued)

2023	**Up to one year**	**Over one year**	**Total**
Financial liabilities			
Management fee payable	946	–	946
Trustee fees payable	136	–	136
Distributions payable	116	–	116
Other payables	43	–	43
Total financial liabilities	**1,241**	**–**	**1,241**
2022			
Financial liabilities			
Management fee payable	562	–	562
Trustee fees payable	156	–	156
Distributions payable	108	–	108
Other payables	35	–	35
Total financial liabilities	**861**	**–**	**861**

Equity price risk

Equity price risk is the risk that the fair value of equities will decrease as a result of decreases in equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Fund’s investment portfolio. The effect on equity due to a reasonably possible change in equity indices is as follows:

Market indices	**Change in equity price**	**Effect on income 2023** + / -	**Effect on income 2022** + / -
TTSE	+ / - 3%	440	1,299

12. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled based on contractual undiscounted cashflows.

	2023			**2022**		
	Less than 12 months	**Over 12 months**	**Total**	**Less than 12 months**	**Over 12 months**	**Total**
Assets						
Cash and cash equivalents	18,204	–	18,204	16,499	–	16,499
Investment securities	155,741	177,364	333,105	158,770	228,893	387,663
Interest receivable	2,406	–	2,406	2,111	–	2,111
Total assets	**176,351**	**177,364**	**353,715**	**177,380**	**228,893**	**406,273**
Liabilities						
Management fee payable	946	–	946	562	–	562
Trustee fees payable	136	–	136	156	–	156
Distributions payable	116	–	116	108	–	108
Other payables	43	–	43	35	–	35
Total liabilities	**1,241**	**–**	**1,241**	**861**	**–**	**861**

13. Related party transactions and balances

Parties are considered to be related if one has the ability to control or exercise significant influence over the other party in making financial or operational decisions. Related party transactions are carried out on commercial terms and at market rates. The related assets, liabilities, income and expenses from these transactions are as follows:

	2023	**2022**
Liabilities		
Sponsor company	**946**	**562**
Income		
Sponsor company	**–**	**122**
Expenses		
Sponsor company	**6,228**	**7,165**
Unitholders' balances		
Sponsor company	6,437	6,096
Directors and key management personnel	62,068	61,742
Other related parties	36,326	34,284
	104,831	**102,122**
Distributions		
Directors	1,080	1,093
Other related parties	616	593
	1,696	**1,686**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Fund management

When managing capital, which is represented by Unitholders' balances, the objectives of the Fund Manager are:

- To comply with the requirements set out in the Fund's prospectus and Trust Deed;
- To safeguard the Fund's ability to continue as a going concern so that it can continue to provide returns for Unitholders; and
- To maintain a strong capital base to support the development of its business.

The Fund endeavours to invest the proceeds from the issue of units in appropriate investments while maintaining sufficient liquidity to meet redemptions where necessary, such liquidity being augmented by short-term borrowings or disposal of investment securities where necessary.

The use of proceeds from the issue of units is monitored on a daily basis by the Fund Manager, based on guidelines set out in the Prospectus and the Trust Deed. The Fund complied with the requirements set out in the Prospectus and Trust Deed during the reported financial periods and no changes were made to the Fund's objectives, policies and processes from the previous year.

15. Commitments and contingencies

The Fund has no capital commitments nor any contingencies for the years ended 31 December 2023 and 31 December 2022.

EY
Building a better working world

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INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF ANSA US$ INCOME FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ANSA US$ Income Fund ("the Fund"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income/(loss), statement of changes in Unitholders' capital and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 Fund in accordance with the International Ethics Standards Board for Accountants' ("IESBA") International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Trustee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund'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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund'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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT (continued)

- Conclude on the appropriateness of management's 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 Fund's ability to continue as a going concern. If we conclude that a 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 Fund 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 Trustee 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.

EY

Port of Spain,
TRINIDAD:

27 March 2024

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)

	Notes	2023	2022
Assets			
Cash and cash equivalents	4	557	970
Interest receivable		75	51
Investment securities	5	9,114	8,368
Total assets		9,746	9,389
Liabilities			
Management fee payable		23	12
Trustee fees payable		4	4
Distributions payable		3	3
Other payables		44	4
Total liabilities		74	23
Net assets		**9,672**	**9,366**
Unitholders' Capital			
Unitholders' balances at par	6	8,968	8,998
Capital reserve/(deficit)		2	(11)
Retained fund surplus		702	379
		9,672	**9,366**

The financial statements were approved by the Trustee and authorised for issue on 25 March 2024 and signed on their behalf by:

: Trustee

: Trustee

The accompanying notes form an integral part of these financial statements.

ANSA US$ INCOME FUND

FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER, 2023

EXPRESSED IN
UNITED STATES DOLLARS

STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)

	Notes	2023	2022
Income			
Interest and dividend income	7	472	401
Net realised and unrealised gains/(losses) on investment securities	8	53	(451)
Net foreign exchange translation and other gains/(losses)		7	(1)
Impairment write back/(expense)		61	(48)
Total income		593	(99)
Expenses			
Management fees	9	(121)	(117)
Trustee fees	9	(14)	(16)
Other expenses		(6)	(23)
Total expenses		(141)	(156)
Total income/(expense) for the year		**452**	**(255)**
Other comprehensive income/(loss) that may be reclassified subsequently to profit and loss			
Debt instruments at fair value through other comprehensive income			
Net change in fair value during the year		13	(11)
Changes in allowance for expected credit losses		(2)	5
		11	(6)
Total comprehensive income/(loss) for the year		**463**	**(261)**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN UNITHOLDERS' CAPITAL

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)

	Note	Unitholders' balances at par	Retained fund surplus	Capital (deficit)/ reserve	Total
Balance as at 1 January 2022		10,580	857	–	11,437
Issue of units	6	1,331	–	–	1,331
Redemption of units	6	(2,996)	–	–	(2,996)
Distribution to Unitholders		–	(145)	–	(145)
Unitholders' transfer of losses	6	83	(83)	–	–
Revaluation of FVOCI investments		–	5	(11)	(6)
Total loss for the year		–	(255)	–	(255)
Balance as at 31 December 2022		8,998	379	(11)	9,366
Issue of units	6	1,158	–	–	1,158
Redemption of units	6	(1,188)	–	–	(1,188)
Distribution to Unitholders		–	(127)	–	(127)
Revaluation of FVOCI investments		–	(2)	13	11
Total income for the year		–	452	–	452
Balance as at 31 December 2023		**8,968**	**702**	**2**	**9,672**

The accompanying notes form an integral part of these financial statements.

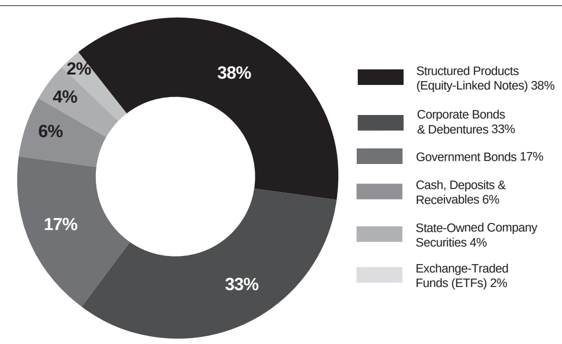
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)

	Notes	2023	2022
Cash flows from operating activities			
Total income/(expense) for the year		452	(255)
Adjustments:			
Interest capitalised		–	(49)
Impairment (write back)/expense		(61)	48
Amortisation on investment securities		(66)	7
Unrealised (gains)/losses on investment securities	8	(22)	222
(Gains)/losses on sale of investment securities	8	(31)	229
Surplus before working capital changes		272	202
Changes in assets/liabilities:			
(Increase)/decrease in interest receivable		(24)	22
Increase/(decrease) in payables		51	(11)
Net cash flows provided by operating activities		299	213
Cash flows from investing activities			
Purchase of investments		(7,366)	(2,725)
Proceeds from maturity/sale of investments		6,811	2,670
Net cash flows used in investing activities		(555)	(55)
Cash flows from financing activities			
Issue of units	6	1,158	1,331
Redemption of units	6	(1,188)	(2,996)
Distribution to Unitholders		(127)	(145)
Net cash flows used in financing activities		(157)	(1,810)
Net decrease in cash and cash equivalents		(413)	(1,652)
Cash and cash equivalents at the beginning of the year		970	2,622
Cash and cash equivalents at the end of the year	4	**557**	**970**
Supplemental information:			
Interest and dividend received		381	391
Distributions paid		127	148

The accompanying notes form an integral part of these financial statements.

PORTFOLIO MIX



TOP 10 HOLDINGS

SECURITY	% OF PORTFOLIO
CITIGROUP GLOBAL MARKET FUND 9.1% DUE 2024	13.58%
CREDIT SUISSE LONDON EQUITY LINKED NOTE 8.15% DUE 2026	11.37%
GENERAL MOTORS 4% DUE 2025	8.23%
HESS CORPORATION 3.5% DUE 2024	7.45%
US TREASURY BILL DUE JAN 2024	6.77%
BARCLAYS BANK PLC EQUITY LINKED NOTE 7.5% DUE 2024	5.17%
BARCLAYS BANK PLC EQUITY LINKED NOTE 10.3% DUE 2027	5.17%
UBS AG 5.125% FIXED RATE BOND DUE 2024	5.13%
AMERICAN ELECTRIC POWER COMPANY 2.031% DUE 2024	5.13%
KINDER MORGAN INC 6.95% DUE 2038	5.05%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)

1. Description of the Fund

The following brief description of the ANSA US$ Income Fund (the 'Fund') is provided for general information purposes only. Reference should be made to the Trust Deed and Rules of the Fund for more complete information.

General

The Fund is an open-ended mutual fund registered in Trinidad and Tobago, and established by ANSA Merchant Bank Limited (the 'Bank' or 'Fund Manager') under a Trust Deed dated 23 November 2010. The Bank whose registered office is 11C Maraval Road, Port of Spain, Trinidad and Tobago, is the Sponsor, Investment Manager, Administrator and Distributor of the Fund.

The principal activity of the Fund is to provide investors having similar investment objectives the opportunity to access professional investment management in achieving maximum income returns, minimisation of risk and reasonable safety of capital values.

The Fund may invest in securities and contracts, including sovereign debt, issued in countries other than Trinidad and Tobago, which are expected to provide high income yield and not expected to cause deterioration in capital values.

The Fund's capital is made up of two classes of Units. Class A Units which are issued to investors pursuant to the terms of the Prospectus and the Trust Deed and Class B Units which were issued to the Fund Sponsor (ANSA Merchant Bank Limited).

The Class B Unitholder is not entitled to receive any dividends and has no rights to the Fund's assets upon termination of the Fund, save and except for its original investment and any accretion thereto.

The Unitholders of the Fund have the right to vote with respect to certain matters related to the Fund. Voting by Class A Unitholders takes place at meetings which may be convened annually by the Trustee or which may be called by the Trustee at the request of the Class B Unitholder or a Unitholder(s) holding not less than 25% of the outstanding units of the Fund.

At Unitholder meetings, Unitholders are entitled, inter alia, to:

(i) require the removal of the Trustee and/or approve the appointment of a new Trustee; and

(ii) sanction any modification, alteration or addition to the provisions of the Trust Deed unless the Trustee and the Sponsor certify in writing that they are of the opinion that the modification (a) does not materially prejudice the interests of the Unitholders, does not operate to release the Trustee from any material obligation to the Unitholders and does not materially increase the amount of expenses chargeable on the assets of the Fund; or (b) is necessary in order to make possible compliance with any fiscal, statutory of official requirement; or (c) is made to correct a manifest error.

The Trustee of the Fund is First Citizens Trustee Services Limited.

2. Accounting policies

i) Basis of preparation

These financial statements have been prepared on a historical cost basis, except for the fair value measurement of trading investment securities and other financial assets not held in a business model whose objective is to hold assets to collect contractual cash flows or whose contractual terms do not give rise solely to payments of principal and interest (SPPI).

The financial statements are presented in United States Dollars (USD) which is the functional currency and all values are rounded to the nearest thousand, except when otherwise indicated.

Statement of compliance

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Presentation of financial statements

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Income and expenses will not be offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Fund.

2. Accounting policies (continued)

ii) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2022 except for the adoption of new standards and interpretations noted below.

New and amended standards and interpretations

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the financial statements of the Fund. These are described in more detail below. The Fund has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the impact of each new standard or amendment is described below:

Definition of Accounting Estimates – Amendments to IAS 8 – Effective 1 January 2023

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

These amendments had no impact on the Fund.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 – Effective 1 January 2023

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Fund's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Fund's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 – Effective 1 January 2023

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

These amendments had no impact on the financial statements of the Fund.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these standards, if applicable, when they become effective.

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback. In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

  The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

  The amendments are not expected to have a material impact on the Fund's financial statements.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current. In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)
(Continued)

2. Accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

Standards issued but not yet effective (continued)

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Fund is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7. In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

  Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

  The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

  The amendments are not expected to have a material impact on the Fund's financial statements.
- Amendments to IAS 21: The Effects of Changes in Foreign Exchanges Rates - Effective 1 January 2025.

iii) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand and at bank, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash with original maturities of three months or less and subject to insignificant risks of change in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts. Bank overdrafts, should they exist, are disclosed separately under 'liabilities' on the statement of financial position.

iv) Financial instruments

Financial assets

a. Initial recognition and subsequent measurement

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Amortised cost and effective interest method

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised separately in the statement of comprehensive income and is included in 'interest income'.

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through statement of income on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding ("the SPPI test").

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

a. Initial recognition and subsequent measurement (continued)

Financial assets at fair value through other comprehensive income (FVOCI)

Equity instruments at fair value through other comprehensive income (FVOCI)

On initial recognition, the Fund can make an irrevocable election (on an instrument-by instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of re-sale in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Fund manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to the statement of income on disposal of the investments.

Debt instruments at fair value through other comprehensive income (FVOCI)

The Fund applies the category under IFRS 9 of debt instruments measured at fair value through other comprehensive income when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- the contractual cash flows of an asset give rise to payments on specified dates that are SPPI on the principal amount outstanding ("the SPPI test").

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income. Interest income is recognised in profit or loss in the same manner as for financial assets measured at amortised cost.

The Fund does not have any equity instruments that are carried at FVOCI on initial application of IFRS 9 – *Financial Instruments.*

Financial assets at fair value through statement of income (FVSI)

Investments in equity instruments are classified as at FVSI, unless the Fund designates an investment that is not held for trading as at FVOCI on initial recognition. The Fund has designated all investments in equity instruments that are held for trading as FVSI on initial application of IFRS 9.

Debt instruments that do not meet the amortised cost criteria are measured at FVSI. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVSI are measured at FVSI. A debt instrument may be designated as at FVSI upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Fund has not designated any debt instrument as at FVSI.

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)
(Continued)

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

a. Initial recognition and subsequent measurement (continued)

Financial assets at fair value through statement of income (FVSI) (continued)

Debt instruments are reclassified from amortised cost to FVSI when the business model is changed such that the amortised cost criteria is no longer met. Reclassification of debt instruments that are designated as at FVSI on initial recognition is not allowed. The Fund has not designated any debt instrument as FVSI.

Financial assets at FVSI are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of comprehensive income. The net gain or loss recognised in the statement of comprehensive income is included in the 'investment income' line item.

Interest income on debt instruments as at FVSI is included in the net gain or loss described above.

Dividend income on investments in equity instruments at FVSI is recognised in the statement of comprehensive income when the Fund's right to receive the dividends is established in accordance with IFRS 15 - *Revenue* and is included in the net gain or loss described above.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss.

Therefore,

- for financial assets that are classified as at FVSI, the foreign exchange component is recognised in the statement of comprehensive income;
- for equity instruments that are designated as at FVOCI, any foreign exchange component is recognised in other comprehensive income;
- for debt instruments that are designated as at FVOCI, any foreign exchange component is recognised in the statement of comprehensive income; and
- for foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the 'other gains and losses' line item in the statement of comprehensive income.

b. Impairment of financial assets

The Fund records an allowance for expected credit losses (ECLs) for debt financial assets not held at FVSI, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The Fund uses the general probability of default approach when calculating ECLs. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Fund's policies for determining if there has been a significant increase in credit risk are set out below.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on an individual basis.

The Fund has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

b. Impairment of financial assets (continued)

Significant increase in credit risk

The Fund continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Fund assesses whether there has been a significant increase in credit risk since initial recognition.

The Fund also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving an investment to the watch list, to non-investment grade, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

Definition of default and cure

The Fund considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Fund also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Fund carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Fund's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Calculation of Expected Credit Losses (ECLs)

When estimating the ECLs, the Fund considers among other factors the risk rating category and aging of the financial asset. Each of these is associated with different PDs, EADs and LGDs. When relevant, it also incorporates how defaulted financial assets are expected to be recovered.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- *Probability of Default (PD):*

  The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

- *Exposure at Default (EAD):*

  The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

  The EAD represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

- *Loss Given Default (LGD):*

  The LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. It is usually expressed as a percentage of the EAD.

For investments, the Fund primarily relies on international external credit rating agencies to provide data for PDs and LGDs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023
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(Continued)

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

b. Impairment of financial assets (continued)

Forward-looking information

In its ECL models, the Fund relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Inflation rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The mechanics of the ECL method are summarised below:

Stage 1
The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Fund calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2
When a financial instrument has shown a significant increase in credit risk since origination, the Fund records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3
For financial instruments considered credit-impaired (as defined in Note 2 above), the Fund recognises the LTECLs for these financial instruments. The method is similar to that for Stage 2 assets, with the PD set at 100%.

In most instances, LGDs are determined on an individual investment basis, including discounting the expected cash flows at the original EIR.

c. Derecognition of financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of comprehensive income. On derecognition of an equity instrument that is classified as FVOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to the statement of comprehensive income, but is reclassified to retained earnings. On derecognition of debt instruments at FVOCI, cumulative gains or losses previously recognised in other comprehensive income are reclassified from other comprehensive income to profit and loss.

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial liabilities

a. Initial recognition and subsequent measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through the statement of comprehensive income, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge as appropriate. The Fund determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Fund's financial liabilities include fees payable, distributions payable, amounts due to related parties and other payables.

b. Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognising of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

v) Fair valuation of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs at the close of business at the end of the reporting period for listed instruments.

For financial instruments not traded in an active market, the fair value is determined using appropriate internal valuation techniques. These pricing models consider, among other factors, contractual and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The estimated fair values of certain financial instruments have been determined using available market information or other appropriate valuation methodologies that require judgement in interpreting market data and developing estimates.

Consequently, estimates made do not necessarily reflect the amounts that the Fund would realise in a current market exchange. The use of different assumptions and/or different methodologies may have a material effect on the fair values estimated.

Short-term financial assets and liabilities

The carrying amount of short-term financial assets and liabilities comprising cash and cash equivalents, interest and other receivables, management fee payable, distributions payable, trustee fees payable, and other payables are a reasonable estimate of their fair values because of the short maturity of these instruments.

Investment securities

The fair value of trading investments is based on market quotations, when available. When market quotations are not readily available, fair values are based on discounted cash flows or estimated using quoted market prices of similar investments. In the absence of a market value, discounted cash flows will approximate fair value. This process relies on available market data to generate a yield curve for each country in which valuations were undertaken, using interpolated results where there were no market observable rates.

In pricing callable bonds, where information is available, the price of a callable bond is determined as at the call date using the Yield to Worst. For bonds with irregular cash flows (sinking funds, capitalisation of interest, moratoria, amortisations or balloon payments) a process of iteration employing the Internal Rate of Return is used to arrive at bond values. Yields on all tax-free bonds are grossed-up to correspond to similar taxable bonds at the prevailing rate of corporation tax.

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FOR THE YEAR ENDED 31 DECEMBER 2023
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(Continued)

2. Accounting policies (continued)

v) Fair valuation of financial instruments (continued)

Determination of fair value and fair value hierarchies

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1

Included in the Level 1 category are financial assets that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in the Level 2 category are financial assets that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Fund's own models whereby the majority of assumptions are market observable.

Level 3

Included in the Level 3 category are financial assets and liabilities that are not quoted as there are no active markets to determine a price. These financial instruments are held at cost, being the fair value of the consideration paid for the acquisition of the investment, and are regularly assessed for impairment.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Fund has determined classes of assets on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. Accounting policies (continued)

vi) Revenue recognition

Revenue for the Fund is generated from interest as well as dividend income on investments held on behalf of the unitholders.

The effective interest rate method

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and financial instruments designated at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Fund recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the instrument. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

Interest income is accrued until the investment contractually becomes three months in arrears at which time the interest is suspended and then accounted for on a cash basis until the investment is brought up to date.

Investment income

The Fund calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVSI is recognised using the contractual interest rate in net trading income and net gains/(losses) on financial assets at fair value through statement of income, respectively.

Dividend income

Dividend income is recognised when the Fund's right to receive payment is established.

Other income and expenditure

Other income and expenditure are brought into account on the accruals basis.

vii) Subscriptions and redemptions

Subscriptions and redemptions are accounted for at the Net Asset Value calculated on the business day prior to the date of the subscription or redemption. Units may be subscribed at a minimum initial value of $3,000 and thereafter, the minimum amount of an additional investment is $500 in value, except in the instance of reinvestment of distributions. There are no limits as to the number of units that can be redeemed at any one time.

viii) Expenses

Fees are recognised on an accrual basis. Refer to Note 9 for management, administration and trustee fees. Audit fees are included within other expenses.

ix) Distributions to Unitholders

Distributions to Unitholders are recognised when they are ratified by the Trustees and are paid out quarterly.

x) Taxation

With respect to dividends which are derived locally, no income tax is payable by residents of Trinidad and Tobago.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023
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2. Accounting policies (continued)

xi) Functional and presentation currency

The Fund's functional currency is the United States Dollar (USD), which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in USD. Therefore, the USD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's presentation currency is also the USD.

xii) Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are expressed in United States dollars at rates of exchange ruling at the statement of financial position date. Non-monetary assets and liabilities are translated using exchange rates that existed at the date of the initial transaction. All revenue and expenditure transactions denominated in foreign currencies are translated at mid-exchange rates and the resulting profits and losses on exchange from these trading activities are dealt with in the statement of comprehensive income.

xiii) Unitholders' Capital

Unitholders' subscriptions and redemptions measured at par value are recognised in the 'Unitholders' balance' line in the statement of financial position. The differences between the net assets (NAV) of the Fund and its par value is recorded in the 'retained fund'.

Classification of redeemable shares

Redeemable shares are classified as equity instruments when:

- The redeemable shares entitle the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.
- The redeemable shares do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Fund's net assets.
- The total expected cash flows attributable to the redeemable shares over the life of the instrument are based substantially on the statement of income, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

In addition to the redeemable shares having all of the above features, the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund.
- The effect of substantially restricting or fixing the residual return to the redeemable Unitholders.

The issuance, acquisition and cancellation of redeemable shares are accounted for as equity transactions.

3. Significant accounting judgements and estimates

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Fund's exposure to risks and uncertainties include:

- Financial instruments' risk management (Note 11)
- Fund management (Note 14)

i) Judgement

In the process of applying the Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of financial instruments

The measurement of impairment losses under IFRS 9 across all categories of financial instruments requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

3. Significant accounting judgements and estimates (continued)

i) Judgement (continued)

Impairment of financial instruments (continued)

The Fund's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Fund's criteria for assessing if there has been a significant increase in credit risk and if so allowances for financial instruments should be measured on a LTECL basis and the qualitative assessment
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and economic inputs, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Valuation of investments

Fair values are based on quoted market prices for the specific instrument, comparisons with other similar financial instruments, or the use of valuation models. Establishing valuations where there are no quoted market prices inherently involves the use of judgement and applying judgement in establishing reserves against indicated valuations for aged positions, deteriorating economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity, model risk itself and other factors.

4. Cash and cash equivalents

	2023	2022
Cash at bank	468	723
Short-term funds	89	247
	557	**970**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Fund, and earn interest at the respective short-term deposit rate.

5. Investment securities

	2023	2022
Investment securities designated at fair value through statement of income	1,303	1,935
Investment securities designated at amortised cost	3,662	5,157
Investment securities designated at fair value through other comprehensive income	4,149	1,276
Total investment securities	**9,114**	**8,368**
Investment securities designated at fair value through statement of income		
Managed Funds	166	514
State-owned company securities	402	394
Corporate bonds and debentures	735	1,027
	1,303	**1,935**
Investment securities designated at amortised cost		
State-owned company securities	–	1,285
Corporate bonds and debentures	3,662	3,872
	3,662	**5,157**
Investment securities designated at fair value through other comprehensive income		
Government bonds	1,648	–
Corporate bonds and debentures	2,501	1,276
	4,149	**1,276**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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5. **Investment securities** (continued)

Impairment allowance for investment securities

The table below shows the credit quality and the maximum exposure to credit risk based on the Fund's credit rating system, aging and year-end stage classification.

Investment securities designated at amortised cost

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 31 December 2023	3,663	–	–	3,663
ECL allowance as at 31 December 2023	(1)	–	–	(1)
Net exposure as at 31 December 2023	**3,662**	**–**	**–**	**3,662**
ECL allowance as at 1 January 2023	(60)	–	–	(60)
Other credit loss movements, repayments etc.	39	–	–	39
Credit loss income	20	–	–	20
At 31 December 2023	**(1)**	**–**	**–**	**(1)**
Gross carrying amount as at 31 December 2022	5,217	–	–	5,217
ECL allowance as at 31 December 2022	(60)	–	–	(60)
Net exposure as at 31 December 2022	**5,157**	**–**	**–**	**5,157**
ECL allowance as at 1 January 2022	(24)	(3)	–	(27)
Other credit loss movements, repayments etc.	1	4	–	5
Credit loss expense	(37)	(1)	–	(38)
At 31 December 2022	**(60)**	**–**	**–**	**(60)**
Gross carrying amount as at 31 December 2023	4,149	–	–	4,149
ECL allowance as at 31 December 2023	(3)	–	–	(3)
Net exposure as at 31 December 2023	**4,146**	**–**	**–**	**4,146**
ECL allowance as at 1 January 2023	(5)	–	–	(5)
ECL on new instruments issued during the year	(1)	–	–	(1)
Other credit loss movements, repayments etc.	3	–	–	3
At 31 December 2023	**(3)**	**–**	**–**	**(3)**

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 31 December 2022	1,276	–	–	1,276
ECL allowance as at 31 December 2022	(5)	–	–	(5)
Net exposure as at 31 December 2022	**1,271**	**–**	**–**	**1,271**
ECL allowance as at 1 January 2022	–	–	–	–
ECL on new instruments issued during the year	(5)	–	–	(5)

6. **Unitholders' balances at par**

	2023	
Authorised:	**Units**	**$**
Unlimited number of units		
Reconciliation of Unitholders' balances:		
Units outstanding at the beginning of the year	89,986	8,998
Units issued	10,876	1,158
Units redeemed	(11,172)	(1,188)
Units outstanding at the end of the year (value of units at par)	**89,690**	**8,968**
Unitholders' earnings above par		754
Unitholders' balance		9,722
Net asset value per unit on Unitholders' balance		108.40
Other Unitholder movements		(50)
Total net asset value of fund		9,672
Adjusted net asset value per unit		107.84

	2022	
Authorised:	**Units**	**$**
Unlimited number of units		
Reconciliation of Unitholders' balances:		
Units outstanding at the beginning of the year	105,807	10,580
Units issued	12,522	1,331
Units redeemed	(28,343)	(2,996)
Value of unit below par issued and redeemed in the year	–	83
Units outstanding at the end of the year (value of units at par)	**89,986**	**8,998**
Unitholders' earnings above par		425
Unitholders' balance		9,423
Net asset value per unit on Unitholders' balance		104.72
Other Unitholder movements		(57)
Total net asset value of fund		9,366
Adjusted net asset value per unit		104.08

7. **Interest and dividend income**

	2023	**2022**
Interest income from investments designated at fair value through statement of income	74	85
Interest income from investments designated at fair value through through other comprehensive income	76	20
Interest income from financial assets designated at amortised cost	307	229
Dividend income	15	67
	472	**401**

8. **Net realised and unrealised gains/(losses) on investment securities**

Realised gains/(losses) on sale of investment securities	31	(229)
Unrealised gains/(losses) on investments held at year end designated at fair value through statement of income	22	(222)
	53	**(451)**

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9. Fees

The Investment Manager is paid quarterly from the assets of the Fund in the form of management fees, administrator fees and distributor fees, calculated on the basis of the average net asset value in that quarter, pro-rated where necessary on the basis of number of days remaining or elapsed in the quarter, according to an annual rate not to exceed a cumulative total of 4.25% on the average net asset value of the Fund.

The Trustee is paid from the assets of the Fund a fee not exceeding an annual rate of 0.15% on the average net asset value and such fee shall be, subject to a minimum annual fee of $12,000, exclusive of VAT.

	2023	2022
Management fees	121	117
Trustee fees	14	16
	135	**133**

10. Fair value of financial instruments

i) Carrying amounts and fair values

The following table summarises the carrying amounts and the fair values of the Fund's financial assets and liabilities as at 31 December.

2023	Carrying values	Fair values	Unrecognised loss
Financial assets			
Cash and cash equivalents	557	557	–
Investment securities	9,114	9,030	(84)
Interest receivable	75	75	–
Total financial assets	**9,746**	**9,662**	**(84)**
Financial liabilities			
Management fee payable	23	23	–
Trustee fees payable	4	4	–
Distributions payable	3	3	–
Other payables	44	44	–
Total financial liabilities	**74**	**74**	**–**
2022			
Financial assets			
Cash and cash equivalents	970	970	–
Investment securities	8,368	7,676	(692)
Interest receivable	51	51	–
Total financial assets	**9,389**	**8,697**	**(692)**
Financial liabilities			
Management fee payable	12	12	–
Trustee fees payable	4	4	–
Distributions payable	3	3	–
Other payables	4	4	–
Total financial liabilities	**23**	**23**	**–**

10. Fair value of financial instruments (continued)

ii) Determination of fair value and fair value hierarchies

2023	**Level 1**	**Level 2**	**Total**
Investment securities designated at fair value through statement of income			
Managed Funds	166	–	166
State-owned company securities	–	402	402
Corporate bonds and debentures	238	497	735
	404	**899**	**1,303**
Investment securities designated at amortised cost for which fair values are disclosed			
Corporate bonds and debentures	**–**	**3,578**	**3,578**
Investment securities designated at fair value through other comprehensive income			
Government bonds	1,648	–	1,648
Corporate bonds and debentures	2,501	–	2,501
	4,149	**–**	**4,149**

2022	**Level 1**	**Level 2**	**Total**
Investment securities designated at fair value through statement of income			
Managed Funds	514	–	514
State-owned company securities	–	394	394
Corporate bonds and debentures	532	495	1,027
	1,046	**889**	**1,935**
Investment securities designated at amortised cost for which fair values are disclosed			
State-owned company securities	–	1,301	1,301
Corporate bonds and debentures	248	2,916	3,164
	248	**4,217**	**4,465**
Investment securities designated at fair value through other comprehensive income			
Corporate bonds and debentures	**1,276**	**–**	**1,276**

iii) Transfers between Level 1 and Level 2

For the years ended 31 December 2023 and 31 December 2022, there were no transfer of assets between Level 1 and Level 2.

iv) Movements in Level 3 financial instruments

For the years ended 31 December 2023 and 31 December 2022, there were no Level 3 financial instruments.

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11. Risk management

Introduction

Risk is inherent in the Fund's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls.

This process of risk management is critical to the Fund's continuing profitability. The Fund is exposed to credit risk, liquidity risk and market risk.

Role of the Trustee

The Trustee is the custodian of the Fund and their responsibility is that of safeguarding Unitholders' interests. The Trustee approves all distribution of income from the Fund and ensures that the Fund is externally audited every year. They also ensure that all provisions within the prospectus are followed by the Investment Manager and all regulatory requirements are fulfilled.

Risk management structure

The Bank which acts as the Fund Sponsor, Distributor, Administrator and Investment Manager, is ultimately responsible for identifying and controlling risks. The Bank is also responsible for the overall risk management approach and for approving the risk strategies, principles, policies and procedures. Day to day adherence to risk principles is carried out by the executive management of the Bank in compliance with the policies approved by the Board of Directors.

Treasury management

The Fund employs the Treasury function of the Bank, which is responsible for managing the Fund's assets and liabilities and the overall financial structure. The Treasury function is also primarily responsible for the funding and liquidity risks of the Fund.

Concentrations of risk

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Fund's results to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Fund's procedures include specific monitoring control to focus on the maintenance of a diversified portfolio.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise credit risk, interest rate risk, currency risk and equity price risk each of which are considered below and include, where relevant, the sensitivity of the Fund's financial result on movements in certain market risk variables.

Credit risk management

Credit risk to the Fund is the potential that a counterparty will fail to meet its stated obligations in accordance with agreed terms. It is the Fund's policy to enter into financial arrangements with a variety of creditworthy counterparties and monitor the size of the exposure to any one issuer and the duration of the investment. The Fund's exposure to credit risk largely arises from its investment securities portfolio. The Bank, in its capacity as Investment Manager, is responsible for identifying and controlling credit risk.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

Significant changes in the economy, or in the state of a particular industry segment that represents a concentration in the Fund's portfolio, could result in losses that are different from those provided at the statement of financial position date. Management therefore carefully manages its exposure to credit risk.

The following table shows the maximum exposure to credit risk which represents a worst case scenario of credit risk exposure, without taking account of any collateral held or other credit enhancements. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

11. Risk management (continued)

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements (continued)

	Gross maximum exposure	
	2023	**2022**
Cash and cash equivalents	557	970
Interest receivable	75	51
Investment securities	9,114	8,368
	9,746	**9,389**

Cash and cash equivalents

These funds are placed with highly rated local banks. Management therefore considers the risk of default of these counterparties to be very low.

Credit quality

PDs and LGDs for traded instruments were based on the global credit ratings assigned to the instruments or the country for sovereign exposures. PDs and LGDs for non-traded instruments as well as local debt instruments were based on three notches below the credit rating of the sovereign in which the instrument is issued or on company ratings where they existed. EAD equals the amortised security balance plus accrued interest.

Analysis of gross carrying amount and the corresponding ECLs are as follows:

Investment debt securities

Stage 1	**2023**	**2022**
Gross balance	7,812	6,493
ECL	(4)	(65)
	7,808	**6,428**
ECL as a % of Gross balance	0.05%	1.00%

There were no investment debt securities classified as stage 2 and 3 for the years ended 31 December 2023 and 31 December 2022.

Currency risk

As at 31 December 2023 and 31 December 2022, all of the Fund's assets and liabilities are denominated in United States Dollars and therefore the Fund has no exposure to foreign currency risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Fund manages its interest rate exposure by investing in fixed and variable rate instruments.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Bank, in its capacity as Investment Manager, sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by the Bank's Treasury department.

There was no impact of interest rate risk to the Fund as no floating rate non-trading financial assets and liabilities were held in 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States dollars)
(Continued)

11. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Fund will be unable to liquidate positions to satisfy commitments to Unitholders for redemptions due to market conditions. This is managed by maintaining an adequate position in assets with maturities of less than one year.

The table analyses the Fund's financial liabilities into the relevant maturity funding based on the remaining period as at 31 December to the contractual maturity date.

	Up to one year	Over one year	Total
2023			
Financial liabilities			
Management fee payable	23	–	23
Trustee fees payable	4	–	4
Distributions payable	3	–	3
Other payables	44	–	44
Total financial liabilities	**74**	**–**	**74**
2022			
Financial liabilities			
Management fee payable	12	–	12
Trustee fees payable	4	–	4
Distributions payable	3	–	3
Other payables	4	–	4
Total financial liabilities	**23**	**–**	**23**

Equity price risk

Equity price risk is the risk that the fair value of equities will decrease as a result of decreases in equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Fund's investment portfolio.

There was no impact of equity price risk to the Fund as no equities were held in 2023 and 2022.

12. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled based on contractual undiscounted cashflows.

	2023			2022		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Assets						
Cash and cash equivalents	557	–	557	970	–	970
Investment securities	5,254	3,860	9,114	2,334	6,034	8,368
Interest receivable	75	–	75	51	–	51
Total assets	**5,886**	**3,860**	**9,746**	**3,355**	**6,034**	**9,389**
Liabilities						
Management fee payable	23	–	23	12	–	12
Trustee fees payable	4	–	4	4	–	4
Distributions payable	3	–	3	3	–	3
Other payables	44	–	44	4	–	4
Total liabilities	**74**	**–**	**74**	**23**	**–**	**23**

13. Related party transactions and balances

Parties are considered to be related if one has the ability to control or exercise significant influence over the other party in making financial or operational decisions. Related party transactions are carried out on commercial terms and at market rates. The related assets, liabilities, income and expenses for these transactions are as follows:

	2023	2022
Unitholders' balances		
Sponsor company	1,084	1,047
Directors and key management personnel	74	71
Other related parties	82	13
	1,240	**1,131**
Expense		
Sponsor company	**121**	**117**
Distributions		
Directors and key management personnel	1	1
Other related parties	1	–
	2	**1**

14. Fund management

When managing capital, which is represented by Unitholders' balances, the objectives of the Fund Manager are:

- To comply with the requirements set out in the Fund's prospectus and Trust Deed;
- To safeguard the Fund's ability to continue as a going concern so that it can continue to provide returns for Unitholders; and
- To maintain a strong capital base to support the development of its business.

The Fund endeavours to invest the proceeds from the issue of units in appropriate investments while maintaining sufficient liquidity to meet redemptions where necessary, such liquidity being augmented by short-term borrowings or disposal of investment securities where necessary.

The use of proceeds from the issue of units is monitored on a daily basis by the Fund Manager, based on guidelines set out in the Prospectus and the Trust Deed. The Fund complied with the requirements set out in the Prospectus and Trust Deed during the reported financial periods and no changes were made to the Fund's objectives, policies and processes from the previous year.

15. Commitments and contingencies

The Fund has no capital commitments nor any contingencies for the years ended 31 December 2023 and 31 December 2022.