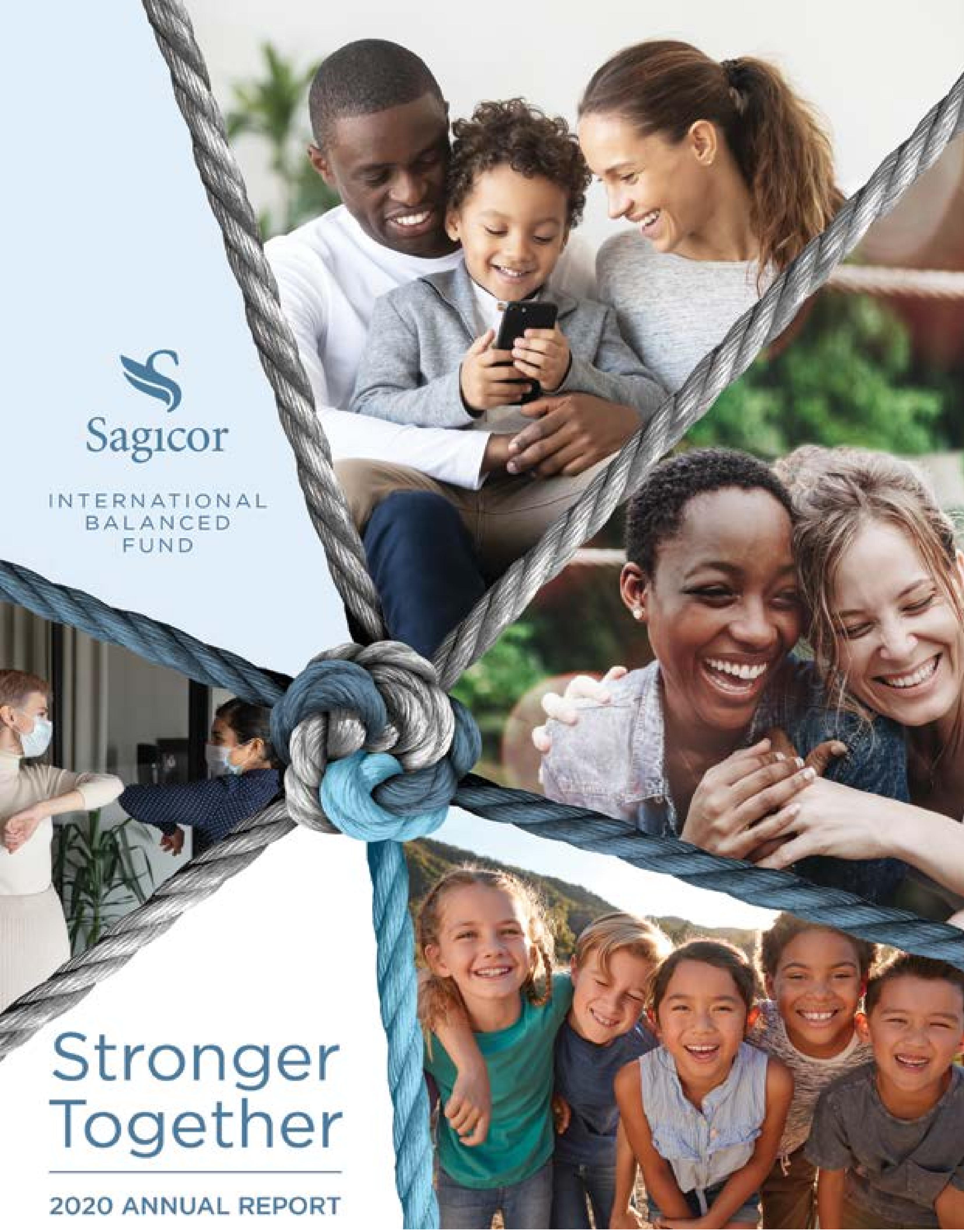

Sagicor

INTERNATIONAL BALANCED FUND

Stronger Together

2020 ANNUAL REPORT

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OUR VISION

To be a great company, committed to improving the lives of people in the communities in which we operate.

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Stronger Together

For 180 years, Sagicor's business has been based on long-term relationships with its customers, employees, and communities, who entrust us with their financial well-being. Our name and reputation draw on the strength, stability and financial prudence that are our heritage, and this identity defines the flexibility that wise financial thinking can bring to our customers throughout their lives. Through local expertise, and in partnerships with world-class asset managers, reinsurers, together with sound risk management practices, Sagicor is able to provide wise financial advice, and continue to meet the needs of our customers now and in the future.

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SAGICOR INTERNATIONAL BALANCED FUND

The most important element in pension funding is the investment return on the pension fund. However, the pension fund has to be substantial to provide such diversification of assets as would provide adequate capital security.

This is the principle around which the Sagicor International Balanced Fund Pension Policy was written. In April 2001, The Barbados Mutual Life Assurance Society, now Sagicor Life Inc, established a Unit Trust in the Eastern Caribbean, namely, The Mutual (Eastern Caribbean) Fund. The Fund was subsequently renamed the Sagicor(Eastern Caribbean) Fund and effective June 1 2016 was renamed the Sagicor International Balanced Fund. Investment in this Unit Trust is restricted to Eastern Caribbean registered Pension Plans, giving the Unit Trust tax exempt status in most territories. The assets of the Unit Trust are held apart from Sagicor's general life fund.

Sagicor International Balanced Fund Pension Policy

Under this policy, Sagicor manages and administers Pension Funds registered in the Eastern Caribbean and facilitates investments in a diversified portfolio of securities.

At Present, Pension Funds of 92 companies in the Eastern Caribbean amounting to approximately $212.4 million are invested in this fund; all but six of these Pension Plans are also administered by Sagicor. The total membership stood at 3,544 which includes 139 Pensioners.

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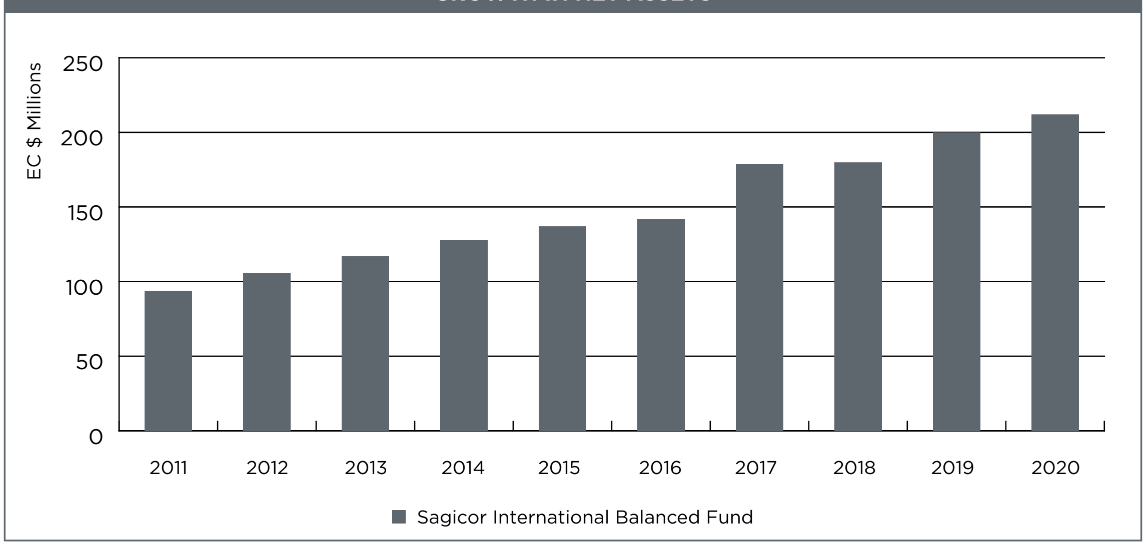
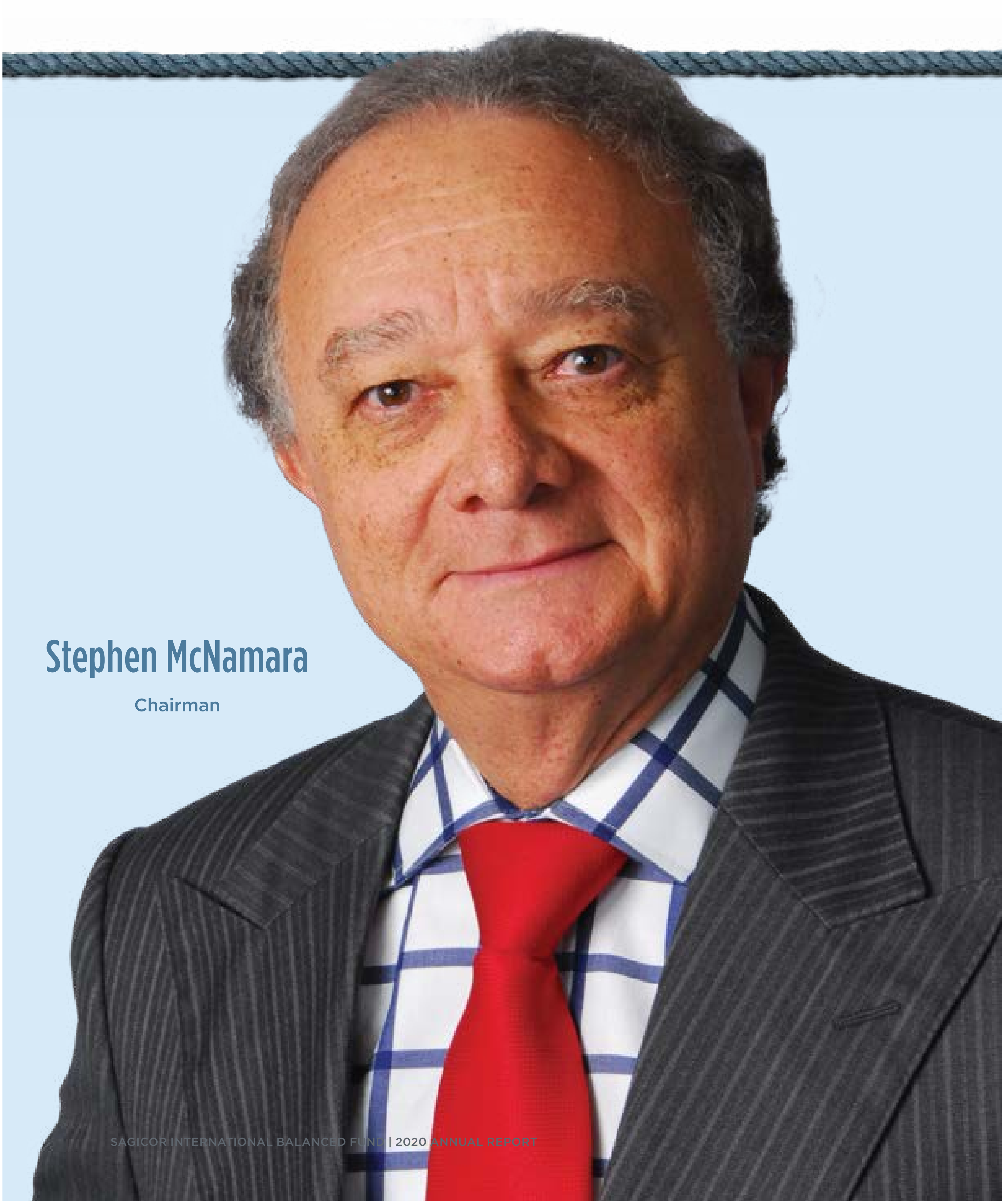
Sagicor International Balanced Fund			
	Net Assets (EC$ millions)	**Unit Value**	**Change**
2011	94	1.641	0.61%
2012	106	1.759	7.32%
2013	117	1.815	3.41%
2014	128	1.895	4.40%
2015	137	1.949	2.63%
2016	142	2.050	5.13%
2017	179	2.180	6.34%
2018	180	2.083	-4.59%
2019	200	2.280	9.62%
2020	212	2.395	4.82%

GROWTH IN NET ASSETS





Stephen McNamara

Chairman

CHAIRMAN'S REVIEW

ECONOMIC ENVIRONMENT

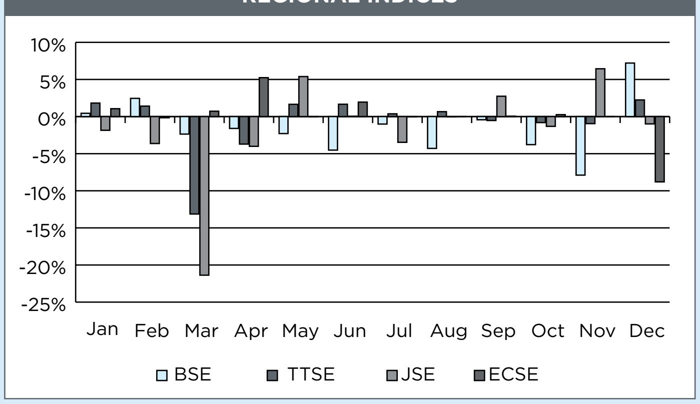
Global equity markets experienced one of its most volatile years since the 2008 financial crisis as bear market lows were observed at the end of March 2020, driven by the heavy economic fallout from shutdowns to curb the spread of the Covid-19 virus. This was followed up by an unprecedented recovery in equity markets as investor confidence turned bullish around the final quarter of the year. For perspective, the S&P 500 Index, NASDAQ and DOW Jones all reported quarterly declines of 20%, 14.8% and 23.2% respectively by the end of Q1 at the onset of the pandemic before rallying between March 23rd, 2020 and year end with thriving returns of 67.8%, 87.8% and 64.6% respectively. The tailwind behind the rebound and surge in the indices which reported record highs was centered around equities in the Technology sector with investors sensing a behavioral shift in business practices following the pandemic.

The US GDP at year end declined by 2.4% when compared to 2019 but reflected a V-shaped economic recovery following the economic contraction of 9% observed in June 2020. The US Federal Reserve was decisively accommodative and maintained low interest rates, ranging between 0% and 0.25% at the onset of the pandemic as part of its quantitative easing program, a policy expected to continue for the foreseeable future given the sizable economic fallout from the pandemic. The Federal Reserve was resolute with its aggressive bond buy-back programme as a method of stabilizing fixed income markets and sustaining asset prices as markets found confidence in these accommodative measures. Notably, China - USA trade tensions persisted and continue to present geopolitical risks.

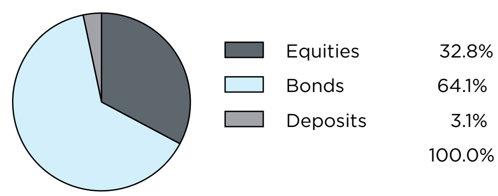
The UK economy recorded one if its most historic declines when its economy shrunk by 9.9% while its previous EU counterparts combined reported a decline of 6.6%. China was the lone major developed market to record a positive economic outturn of 2.3% for the year 2020, albeit the slowest growth rate since 1976. This was driven by infrastructural investment and a growing trading surplus as the Chinese economy benefited significantly from the high demand for PPE (Personal Protective Equipment) and electronics during the pandemic. Early positive returns of the MSCI EM indicate investor confidence, largely fueled by a rebound in economic activity out of China and successful rollout of vaccines. With the approval of additional vaccines namely the Moderna, Johnson & Johnson and the Sputnik; global supply chains are expected to ramp up and drive positive returns across the emerging markets albeit with a cautionary view as virus variants have led to additional waves of the virus and containment shutdowns, most notably in India and Brazil.

Economic activity in Barbados declined by approximately 18% during 2020 as international travel and tourism activity was significantly reduced. Like other countries, the Barbadian Government instituted a 10-week lockdown measure which practically halted business activity in the country in the interest of public health. Following a phased reopening of the country, international carriers resumed travel to Barbados in late August 2020, notwithstanding the significantly reduced passenger loads compared to customary levels. The Government of Barbados through its home-grown BERT (Barbados Economic Recovery and Transformation) programme introduced two variations to the recovery plan namely the BEST (Barbados Employment and Sustainable Transformation) and BOSS (Barbados Optional Savings Scheme) programmes, which made available financing to primarily re-engage employment in the stricken tourism sector and the latter plan to restructure public finances to provide much needed fiscal space for the Government. Gross reserves rose to $2.7 billion or the equivalent of 40 weeks of import cover by the year end, predominantly influenced by funding from International Financial Institutions which cushioned the notable loss of tourism receipts during the year. The increased borrowing led to a reversal of the downward trajectory of Debt-to-GDP which increased to 144%,

REGIONAL INDICES



SAGICOR INTERNATIONAL BALANCED FUND



up from 120% in the prior year. As at late March 2020, Barbados had met all stipulated conditions under the BERT programme and its sovereign credit rating remained unchanged at B-.

The pandemic posed similar economic and health related challenges in 2020 for Eastern Caribbean States as severe disruption in tourism, manufacturing and export resulted in the ECCU economy contracting by 14.0%. As a result, member Governments undertook various strategies comprising the provision of social safety nets, new digital transformation initiatives and additional direct support for businesses, including launching a guarantee scheme to provide partial credit guarantees to businesses. The total stock of outstanding public sector debt of the ECCU rose by 7.3% to $14,983.7million at the end of December 2020, extending the debt to GDP ratio upwards to 85.6% from 67.2% in 2019.

Preliminary estimates for Trinidad and Tobago indicate that Real Economic Activity contracted by 8.7% (y-o-y) during the third quarter of 2020, primarily based on a relatively large drop in energy output further evident by the 14.8% decline in the Central Bank of Trinidad and Tobago's Energy Commodity Price Index between July 2020 to January 2021. The Government along with the Central Bank of Trinidad & Tobago implemented several measures to increase access to credit and liquidity in the financial system, some of which included; a reduction in the reserve requirement for commercial banks from 17.0% to 14.0%, a reduction in the Repo rate from 5.00% to 3.50%, and moratoria or deferrals on loan payments to customers holding mortgages with public sector agencies.

SAGICOR INTERNATIONAL BALANCED FUND

Against this backdrop, the net asset value increased from $2.28 as at December 31st, 2019 to $2.39 at the end of 2020. This resulted in the Fund's return of 4.82% for the year 2020 continuing its momentum from last year's return of 9.62%. Net assets attributable to unit holders increased by 6.3% relative to the end of the prior year and totaled $212.4 million for the year 2020.

As at December 31st, 2020, bonds remained the leading asset class and accounted for 64.1% of financial investments. Of the bond portfolio which totaled $119.6 million, 86.0% was allocated to sovereign debt while 10.4% was allocated to corporate issuances. This asset class remained geographically diversified with a relatively balanced allocation of 48.4% to local and regional bonds and 51.6% to international debt instruments. The average interest yield on the bond portfolio was relatively stable at 4.6% in 2020 compared to 4.8% in 2019.

Equity investments totaled $61.2 million and accounted for 32.8% of the financial investments as at December 31st, 2020. The equity portfolio remained well diversified with 60.6% allocated internationally while 39.4% was allocated locally and regionally. The major equity holdings of the Fund primarily experienced price appreciation by year end. However, the share prices of the its regional holdings St. Lucia Electricity Services Limited and of S.L.Horsford & Co. Ltd, remained relatively unchanged by the end of year. As at December 31st, 2020, the international portfolio consisted of 62.5% of fixed income strategies, 18.2% of common and preferred shares and 19.3% of alternative investment strategies and remained well positioned to mitigate downside risk and enhance long-term risk adjusted returns.

Net investment gains on financial investments for the year totaled $5.0 million and $6.7 million of interest and dividend income were earned during 2020. Net profit and total comprehensive income attributed to the unit holders for the year totaled $10.0 million.

OUTLOOK

The International Monetary Fund ("IMF") expects the global economy to grow 5.5% in 2021 and a further 4.2% in 2022, with estimates based on the successful rollout of vaccination programmes globally and continued policy support in the developed and developing economies. Downside risks relative to growth remain in the form of new variants across various parts of the world i.e. India, Brazil, UK, South Africa and more recently in the neighboring Trinidad & Tobago. Surging infections in early 2021 and the spread of variants of the virus have resulted in renewed lockdowns, production shortage and disruption as well as continued supply challenges vaccine access and distribution, with the latter primarily affecting lesser developed nations. Quantitative easing to the tune of $7.5 trillion USD globally, has been the primary tool

explored by central banks across the world to cushion the impact of the pandemic and this is expected to continue into 2021 in an effort to reduce core socio-economic challenges brought on by the pandemic and provide much needed financial aid.

The ECCB projected that the ECCU tourism industry is not expected to recover to pre-pandemic levels until 2023, although the recovery is uneven across member countries. The study noted that all markets are not expected to reach pre-pandemic activity levels until the fourth quarter of 2023. Notably, a surge in cases in the early months of 2021 in some ECCU member countries may have slowed regional economic activity. Notwithstanding these initial setbacks at the start of 2021, the ongoing deployment of vaccines is likely to improve the overall outlook. The volcanic eruption in Saint Vincent and the Grenadines is likely to exacerbate the economic, social and health impacts from the pandemic, which would necessitate elevated fiscal spending and significant long-term humanitarian needs. The associated uncertainty would result in a more precarious regional economic recovery.

The pandemic has left an indelible mark in the history of the world and lifestyle changes for us all, many of which we may not have foreseen. From the onset of the pandemic we advised that as your investment manager, that we will avoid panic induced behaviours and will remain focused on long-term strategic asset allocation in an effort to seek long term risk adjusted returns for optimum growth and preservation of capital. This year markets saw substantial volatility and declines but ultimately showed resilience to rebound and surge past a pre-pandemic bull market, signaling investor's confidence in a global recovery. We remind our pension clients to focus on the long term which guides our investment policy as short-term volatility can often misguide investors. We thank you for your continued confidence in the Directors, management team and staff as we remain committed to financially improving the lives of all our clients.

Stephen McNamara
Chairman

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Together

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TRUSTEES OF THE INTERNATIONAL BALANCED FUND

DIRECTORS OF SAGICOR LIFE INC

Stephen McNamara – Chairman
Andrew Aleong, MBA
Professor Sir Hilary Beckles, PhD
Ian St Clair Carrington, MPA, FCGA
Peter Clarke, BA, LLB
Dr. L Jeannine Comma, Ed.D.
Dr. Marjorie Patricia Downes-Grant, CBE, MA,MBA, DBA, LLD (Hons)
William Lucie-Smith, MA (Oxon), FCA
Dodridge Miller, FCCA, MBA, LLM, LLD (Hon)
David Wright, FFA, FAIA

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TRUSTEES OF THE INTERNATIONAL BALANCED FUND

PENSION SERVICES DEPARTMENT MANAGEMENT

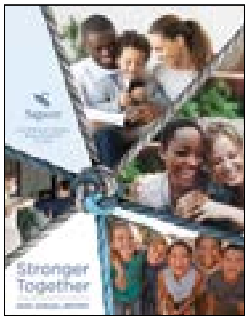
Stephen Robinson, BMath (Hons)	Vice President
Patricia Greenidge, FCPA, ACIS, CSE, MBA	Vice President
Donna Gibbs, MSc, FLMI, ALHC, HIA, ACS	Manager
Marcella Sobers, CERT, AAPA, AIAA, AIRC	Manager
Nadia Chandler-Guy, BSc (Hons), FCCA	Corporate Accountant

PORTFOLIO MANAGEMENT TEAM

Dexter Moe, BSc, MBA, ACIS, CFA	Vice President
Michael Millar, BSc, MSc, CFA (resigned November 6, 2020)	Assistant Vice President
Nicolette Bell, BSc	Portfolio Manager
Nicholas Neckles, BSc, CFA, CRPC, OLY	Portfolio Manager

AUDITOR

PricewaterhouseCoopers East Caribbean



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Independent auditors' report

To the Unitholders of Sagicor International Balance Fund

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sagicor International Balance Fund (the Fund) as at December 31,2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as of December 31, 2020;
- the statement of income and comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unit holders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 *Auditors' responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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.

PricewaterhouseCoopers East Caribbean, P.O. Box 535, Ram's Complex, Bird Rock, St. Kitts
T: (246) 626 6700, F: (246) 436 1275, www.pwc.com/bb

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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.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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

Other Matter

This report, including the opinion, has been prepared for and only for the Fund in accordance with the terms of our engagement letter and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

April 30, 2021


Stronger Together

Statement of Financial Position

As of December 31, 2020

Sagicor International Balanced Fund

Amounts expressed in Eastern Caribbean Dollars

	Notes	2020	2019
ASSETS			
Due from Sagicor Life Inc	4	519,715	-
Due from Sagicor (Equity) Fund	4	-	18,093
Interest and other receivables	5	1,493,895	2,516,590
Financial investments	6	186,606,262	182,603,297
Cash resources		24,522,334	23,441,597
Total assets		213,142,206	208,579,577
LIABILITIES			
Due to Sagicor Life Inc	4	-	6,317,103
Due to Sagicor (Bonds) Fund	4	82,893	1,870,095
Due to Sagicor (Equity) Fund	4	146,367	-
Accounts payable		466,628	491,618
Total liabilities		695,888	8,678,816
Net assets attributable to unit holders		212,446,318	199,900,761
Represented by:			
UNIT HOLDERS' EQUITY		212,446,318	199,900,761
No. of units outstanding at end of year		88,706,481	87,554,410
Net asset value per unit at end of year		$2.39	$ 2.28
Increase in net asset value per unit for year		4.82%	9.62%

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

Approved by the Board of Directors on April 30, 2021

Director

Director

	2020		2019	
	Number of Units	Total $	Number of Units	Total $
Balance, beginning of year	87,554,410	199,900,761	86,246,443	179,678,244
Proceeds from issue of units	5,094,102	11,574,290	6,110,269	13,279,315
Redemption of units	(3,942,031)	(9,008,212)	(4,802,302)	(10,514,191)
Net increase from unit transactions	1,152,071	2,566,078	1,307,967	2,765,124
Net income and total comprehensive income for the year attributable to unit holders	-	9,979,479	-	17,457,393
Balance, end of year	88,706,481	212,446,318	87,554,410	199,900,761

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

	Notes	2020	2019
REVENUE			
Interest income	8	5,361,725	5,463,347
Dividend income		1,345,087	1,719,358
Other income		60,768	47,780
Net investment gains	9	5,034,109	11,997,447
		11,801,689	19,227,932
EXPENSES			
Management fee	10	1,508,599	1,431,874
Bank and interest charges		11,129	9,021
Broker fees		225,355	233,805
		1,745,083	1,674,700
INCOME BEFORE TAXES		10,056,606	17,553,232
Withholding taxes		(77,127)	(95,839)
NET INCOME AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO UNIT HOLDERS		9,979,479	17,457,393

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

	2020	2019
Cash flows from operating activities:		
Income before taxes	10,056,606	17,553,232
Adjustments for:		
Interest income	(5,361,725)	(5,463,347)
Dividend income	(1,345,087)	(1,719,358)
Net investment (gains)	(4,855,852)	(12,040,225)
Expected credit losses movement	(180,862)	(65,823)
	(1,686,920)	(1,735,521)
Changes in operating assets and liabilities		
Due from Sagicor Life Inc	(519,715)	-
Due from Sagicor (Equity) Fund	18,093	(2,624)
Other receivables	1,156,649	(1,188,491)
Due to Sagicor Life Inc	(6,317,102)	6,231,162
Due to Sagicor (Bonds) Fund	(1,787,203)	1,810,407
Due to Sagicor (Equity) Fund	146,367	-
Accounts payable	(24,990)	(102,817)
Purchase of debt securities	(25,995,222)	(76,622,174)
Redemption of debt securities	21,919,561	68,186,528
Purchase of equity securities	(26,330,028)	(23,747,979)
Sale of equity securities	23,758,836	23,533,212
Amounts deposited	(9,142,418)	(17,116,743)
Deposits redeemed	16,783,678	21,179,587
Cash generated (used in)/ from operations	(8,020,414)	424,547
Interest received	5,342,128	5,347,700
Dividends received	1,270,072	1,734,055
Taxes paid	(77,127)	(95,839)
Net cash (used in)/ from operating activities	(1,485,341)	7,410,463
Cash flows from financing activities:		
Proceeds from issue of units	11,574,290	13,279,315
Redemption of units	(9,008,212)	(10,514,191)
Net cash generated from financing activities	2,566,078	2,765,124
Net increase in cash and cash equivalents - carried forward	1,080,737	10,175,587

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Statement of Cash Flows
For the year ended December 31, 2020

Sagicor International Balanced Fund
Amounts expressed in Eastern Caribbean Dollars

	2020	2019
Net increase in cash and cash equivalents - brought forward	1,080,737	10,175,587
Cash and cash equivalents - beginning of year	23,441,597	13,266,010
Cash and cash equivalents - end of year	24,522,334	23,441,597
Cash and cash equivalents comprise:		
Cash resources	24,522,334	23,441,597
	24,522,334	23,441,597

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

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1. REGISTRATION, PRINCIPAL ACTIVITY AND REGISTERED OFFICE

Sagicor (Eastern Caribbean) Fund ("The Fund") was registered in St. Christopher and Nevis on March 26, 2001 as a Unit Trust, responsible for the management of investments of registered pension plans of Eastern Caribbean Companies.

The Fund has a balanced objective with a focus on income generation and long term capital growth.

Sagicor Life Inc. acts as Asset Manager and Trustee of the fund. Sagicor Life Inc. has subcontracted out certain asset management and custodian arrangements with Oppenheimer & Co. Inc, UBS Financial Services and Morgan Stanley Private Wealth Management. The registered office of the Fund is located at the Cecil F. de Caires Building, Wildey, St. Michael.

If required, these financial statements can be amended after issue, at the recommendation of the Audit Committee and with the approval of the Board of Directors of the Trustee.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial investments held at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

All amounts in these financial statements are shown in Eastern Caribbean dollars unless otherwise stated.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Amendments to existing IFRS and IAS effective January 1, 2020

The Fund has adopted the amendments to IFRS and IAS set out in the following tables. None of these amendments have a material effect on the Fund's financial statements.

Standard	**Description of amendment**
IFRS 3 – Definition of a Business	This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
IAS 1 and IAS 8 – The Definition of Material	These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance is IAS 1 about immaterial information.
IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform	These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.
Conceptual Framework for Financial Reporting	The Conceptual Framework was revised because important issues were not addressed, and some indications were outdated or unclear. This revised version includes, among other things, a new chapter on valuation, guidance on the presentation of financial performance and improved definitions of an asset and a liability and guidance in support of those definitions. The Conceptual Framework helps entities to develop their accounting method when no IFRS is applicable to a specific situation

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Future accounting developments and reporting changes

Certain new standards and amendments to existing standards have been issued but are not effective for the periods covered by these financial statements. The changes in standards and interpretations which may have a significant effect on future presentation, measurement or disclosure of the Fund's financial statements are summarised in the following tables.

Amendments to IAS 1 – Liabilities as current or non-current, effective January 1, 2022
Subject / Comments
In January 2020, the IASB made amendments to IAS 1 'Presentation of financial statements' to clarify the criteria for classifying a liability as non-current. These are to be applied retroactively.
The impact of this standard on the Fund is currently being analysed.

Amendments to IFRS 3 – Business combinations, effective January 1, 2022
Subject / Comments
These amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
This standard will have no material effect on the Fund.

Amendments to IAS 37 – Provisions, contingent liabilities and contingent assets, effective January 1, 2022
Subject / Comments
These amendments specify which costs a company includes when assessing whether a contract will be loss-making.
This standard will have no material effect on the Fund.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which it operates (the functional currency). The financial statements are presented in Eastern Caribbean dollars, which is the Fund's functional and presentational currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date.

Foreign exchange gains and losses which result from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

Translation differences on debt securities and other monetary financial assets measured at fair value are included in under investment expenses. Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the net investment gains or losses in the statement of income.

Currency exchange rates are determined by reference to the respective central banks. Currencies which are pegged to the United States dollar are converted into Eastern Caribbean dollars at the pegged rates. Currencies which float are converted to the Eastern Caribbean dollar by reference to the average of buying and selling rates quoted by the respective central banks.

Exchange rates of the other principal operating currencies to the Eastern Caribbean dollar were as follows:

	2020 closing rate	2020 average rate	2019 closing rate	2019 average rate
Barbados dollar	0.741	0.741	0.741	0.741
Jamaica dollar	52.7605	52.7638	49.0861	49.3413
Trinidad & Tobago dollar	2.5041	2.4985	2.5046	2.4998
United States dollar	0.370	0.370	0.370	0.370

2.3 Financial assets

(a) Classification of financial assets

The Fund utilises a principles-based approach to the classification of financial assets. Debt instruments, including hybrid contracts, are measured at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortized cost based on the nature of the cash flows of these assets and the Fund's business model. Equity instruments are measured at FVTPL, unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at FVOCI with no subsequent reclassification to profit or loss.

Financial assets are measured on initial recognition at fair value and are classified as and subsequently measured either at amortised cost, at FVOCI or at FVTPL. Financial assets and liabilities are recognised when the Fund becomes a party to the contractual provision of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Fund commits to purchase or sell the asset.

Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest, such as deposits, due from other funds and other loans, are measured at amortised cost. In addition all financial liabilities are measured at amortised cost. The carrying value of these financial assets at initial recognition includes any directly attributable transaction costs.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Foreign currency translation (continued)

(b) Classification of debt instruments

Classification and subsequent measurement of debt instruments depend on:

- the Fund's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Fund classifies its debt instruments into the following measurement category.

Measured at fair value through profit and loss (FVTPL)

Debt instruments are classified in this category if they meet one or more of the criteria set out below and are so designated irrevocably at inception:

- the use of the designation removes or significantly reduces an accounting mismatch;
- when the performance of a portfolio of financial assets is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy;
- when the debt instruments are held for trading and are acquired principally for the purpose of selling in the short-term or if they form part of a portfolio of financial assets in which there is evidence of short-term profit taking.

Business model assessment

Business models are determined at the level which best reflects how the Fund manages portfolios of assets to achieve business objectives. Judgement is used in determining business models, which is supported by relevant, objective evidence including:

- The nature of liabilities, if any, funding a portfolio of assets;
- The nature of the market of the assets in the country of origination of a portfolio of assets;
- How the Fund intends to generate profits from holding a portfolio of assets;
- The historical and future expectations of asset sales within a portfolio.

Solely repayments of principal and interest ("SPPI")

Where the business model is hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets are classified and measured at FVTPL.

(c) Impairment of financial assets measured at amortized cost

At initial recognition, allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECL resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) ('12-month ECL').

In the event of a significant increase in credit risk (SICR), an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL are recognised are defined as 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment so are defined as being in default or otherwise credit-impaired are in 'stage 3'. Purchased or originated credit-impaired financial assets ("POCI") are treated differently as set out below.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Foreign currency translation (continued)

(c) Impairment of financial assets measured at amortized cost (continued)

To determine whether the life-time credit risk has increased significantly since initial recognition, the Fund considers reasonable and supportable information that is available including information from the past and forward-looking information. Factors such as whether payments of principal and interest are in default, an adverse change in credit rating of the borrower and adverse changes in the borrower's industry and economic environment are considered in determining whether there has been a significant increase in the credit risk of the borrower.

(d) Purchased or originated credit-impaired assets (POCI)

Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are considered to be POCI. These financial assets are credit-impaired on initial recognition. The Fund calculates the credit adjusted effective interest rate, which is calculated based on the fair value origination of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows. Their ECL is always measured on a life-time basis.

At each reporting date, the Fund shall recognise in profit or loss the amount of the change in lifetime expected credit losses as an impairment gain or loss. The Fund will recognize favorable changes in lifetime expected credit losses as an impairment gain, the gain occurs when the lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

(e) Definition of default

The Fund determines that a financial instrument is credit-impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- contractual payments of either principal or interest are past due for 90 days or more;
- there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- the financial asset is otherwise considered to be in default.

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due.

(f) Write-off

Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Foreign currency translation (continued)

(g) The general approach to recognising and measuring ECL

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money;
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Measurement

Expected credit losses are calculated by multiplying three main components, being the probability of default ("PD"), loss given default ("LGD") and the exposure at default ("EAD"), discounted at the original effective interest rate. Management has calculated these inputs based on the historical experience of the portfolios adjusted for the current point in time. A simplified approach to calculating the ECL is applied to contract and other receivables which do not contain a significant financing component. Generally, these receivables are due within 12 months unless there are extenuating circumstances. Under this approach, an estimate is made of the life-time ECL on initial recognition (i.e. Stage 3). For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a Fund are homogeneous.

The PD, LGD and EAD models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience; but given that IFRS 9 requirements have only been applied since January 1, 2018, the historical period for such review is limited. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions remain subject to review and refinement. This is particularly relevant for lifetime PDs, which have not been previously used in regulatory modelling and for the incorporation of 'downside scenarios' which have not generally been subject to experience gained through stress testing. The exercise of judgement in making estimations requires the use of assumptions which are highly subjective and sensitive to the risk factors, and particularly to changes in economic and credit conditions across wide geographical areas. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances are sensitive.

Therefore, sensitivities are considered in relation to key portfolios which are particularly sensitive to a few factors and the results should not be further extrapolated.

The main difference between Stage 1 and Stage 2 expected credit losses is the respective PD horizon. Stage 1 estimates will use a maximum of a 12-month PD while Stage 2 estimates will use a lifetime PD. Stage 3 estimates continue to leverage existing processes for estimating losses on impaired loans, however, these processes have been updated to reflect the requirements of IFRS 9, including the requirement to consider multiple forward-looking scenarios. An expected credit loss estimate is produced for each individual exposure, including amounts which are subject to a more simplified model for estimating expected credit losses.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.

For defaulted financial assets, based on management's assessment of the borrower, a specific provision of expected life-time losses which incorporates collateral recoveries, is calculated and recorded as the ECL. The resulting ECL is the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Foreign currency translation (continued)

(g) The general approach to recognising and measuring ECL (continued)

Forward looking information

The estimation and application of forward-looking information requires significant judgment. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

Each macroeconomic scenario used in the expected credit loss calculation has forecasts of the relevant macroeconomic variables – including, but not limited to, gross domestic product, for a three- year period, subsequently reverting to long-run averages. Our estimation of expected credit losses in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. Our base case scenario is based on macroeconomic forecasts where available. Upside and downside scenarios is set relative to our base case scenario based on reasonably possible alternative macroeconomic conditions.

Scenario design, including the identification of additional downside scenarios occurs on at least an annual basis and more frequently if conditions warrant. Scenarios are probability-weighted according to our best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights are updated on a quarterly basis.

(h) Re-classified balances

The Fund reclassifies debt instruments when and only where its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

(i) Classification of equity instruments

The Fund classifies and subsequently measures all equity investments at FVTPL.

(j) Presentation in the statement of comprehensive income

Debt and equity instruments measured at FVTPL

Realised changes in fair value, unrealised changes in fair value, interest income and dividend income are included in revenue.

2.4 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise:

- cash balances,
- call deposits

Cash equivalents are subject to an insignificant risk of change in value.

2.5 Provisions

Provisions are recognised when the Fund has a legal or constructive obligation, as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Interest income and expenses

Interest income (expense) is computed by applying the effective interest rate based to the gross carrying amount of a financial asset (liability), except for financial assets that are purchased, originated or subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (i.e. after deduction of the loss allowance). Interest includes coupon interest and accrued discount and premium on financial instruments. Dividend income is recorded when declared.

2.7 Taxation

The Fund is exempt from taxation within the Eastern Caribbean.

The Fund currently incurs withholding taxes imposed by certain countries or financial institutions on investment income. Such income is recorded gross of withholding tax in the statement of income and comprehensive income.

2.8 Management fee

As a result of serving as Trustee and Manager of the Fund, Sagicor Life Inc receives a management fee based on the Net Asset Value of the Fund, calculated at a rate of 0.75% per annum.

2.9 Units

The Fund issues units which are redeemable at the holder's option. Units are carried at the redemption amount that is payable at the statement of financial position date should the holder exercise the right to redeem the shares. Units redeemed may be put back to the Fund for cash or transfer of assets representing the value of the units redeemed.

Units are classified as equity as they meet the following criteria:

- They entitle the holder to a pro-rata share of the net assets of the Fund.
- The total expected cash flows attributable to the units over their life are based substantially on the profits or loss of the Fund.
- The Fund is contractually obliged to deliver cash to unit holders on the repurchase of units or transfer of assets representing the value of units redeemed.
- The rights and features attached to each unit are identical.

2.10 Net asset value per unit

The consideration received or paid for units issued or repurchased respectively is based on the Fund's net asset value per unit for the preceding month.

The net asset value per unit is calculated by dividing the net assets by the number of units.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Fund's reported assets, liabilities, revenues and expenses. The items which may have the most effect on the Fund's financial statements are set out below.

3.1 Impairment of financial assets

In determining ECL (defined in note 2.3(c)), management is required to exercise judgement in defining what is considered a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Further information about the judgements involved is included in note 2.3 'Measurement' and 'Forward-looking information'.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.1 Impairment of financial assets (continued)

(a) Establishing staging for debt securities and deposits

The Fund's internal credit rating model is a 10-point scale which allows for distinctions in risk characteristics and is referenced to the rating scale of international credit rating agencies.

The scale is set out in the following table:

Category		Sagicor Risk Rating	Classification	S&P	Moody's	Fitch	AM Best
Non-default	Investment grade	1	Minimal risk	AAA, AA	Aaa, Aa	AAA, AA	aaa, aa
		2	Low risk	A	A	A	a
		3	Moderate risk	BBB	Baa	BBB	bbb
	Non-investment grade	4	Acceptable risk	BB	Ba	BB	bb
		5	Average risk	B	B	B	b
	Watch	6	Higher risk	CCC, CC	Caa, Ca	CCC, CC	ccc, cc
		7	Special mention	C	C	C	c
Default		8	Substandard			DDD	
		9	Doubtful	D	C	DD	d
		10	Loss			D	

The Fund uses its internal credit rating model to determine which of the three stages an asset is to be categorized for the purposes of ECL.

Once the asset has experienced a significant increase in credit risk the investment will move from Stage 1 to Stage 2. Sagicor has assumed that the credit risk of a financial instruments has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial asset that is investment grade or Sagicor risk rating of 1-3 is considered low credit risk.

Stage 1 investments are rated (i) investment grade, or (ii) below investment grade at origination and have not been downgraded more than 2 notches since origination. Stage 2 investments are assets which (i) have been downgraded from investment grade to below investment grade, or (ii) are rated below investment grade at origination and have been downgraded more than 2 notches since origination. Stage 3 investments are assets in default.

(b) Forward looking information

When management determines the macro-economic factors that impact the portfolios of financial assets, they first determine all readily available information within the relevant market. Portfolios of financial assets are segregated based on product type, historical performance and homogenous country exposures. There is often limited timely macro-economic data for Eastern Caribbean. Management assesses data sources from local government, International Monetary Fund (IMF) and other reputable data sources. A regression analysis is performed to determine which factors are most closely correlated with the credit losses for each portfolio. Where projections are available, these are used to look into the future up to three years and subsequently the expected performance is then used for the remaining life of the product. These projections are re-assessed on a quarterly basis.

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3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.2 Fair value of securities not quoted in an active market

The fair value of securities not quoted in an active market may be determined using reputable pricing sources (such as pricing agencies), indicative prices from bond/debt market makers or other valuation techniques. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Fund exercises judgement on the quality of pricing sources used. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The inputs into these models are primarily discounted cash flows.

The models used to determine fair values are periodically reviewed by experienced personnel. The models used for debt securities are based on net present value of estimated future cash flows, adjusted as appropriate for liquidity, and credit and market risk factors.

4. RELATED PARTY BALANCES

These balances are interest free, unsecured and have no fixed terms of repayment.

5. INTEREST AND OTHER RECEIVABLES

	2020 $	2019 $
Debt securities interest receivable	850,836	791,897
Unsettled transactions	368,888	1,455,443
Other	274,171	269,250
Balance, end of year	1,493,895	2,516,590

6. FINANCIAL INVESTMENTS

Analysis of financial investments

	2020		2019	
	Carrying Value $	**Fair Value $**	**Carrying Value $**	**Fair Value $**
Investments at FVTPL				
Fair value through profit and loss:				
Bonds – Local	253,738	253,738	257,656	257,656
Bonds – Regional	57,528,095	57,528,095	59,619,955	59,619,955
Bonds – International listed	61,742,623	61,742,623	55,099,750	55,099,750
Treasury bills – Regional	100,021	100,021	100,124	100,124
Total debt securities	**119,624,477**	**119,624,477**	**115,077,485**	**115,077,485**
Common shares – Regional unlisted	2,451	2,451	2,451	2,451
Common shares – Local listed	2,000,000	2,000,000	2,000,000	2,000,000
Common shares – Regional listed	22,136,581	22,136,581	23,390,630	23,390,630
Common shares – International listed	17,983,925	17,983,925	15,014,649	15,014,649
Preferred shares – International listed	-	-	21,378	21,378
Alternative investments – International unlisted	19,106,216	19,106,216	13,732,213	13,732,213
Total equity securities	**61,229,173**	**61,229,173**	**54,161,321**	**54,161,321**
Investments at amortised cost:				
Deposits	5,752,612	5,752,612	13,364,491	13,364,491
Total financial investments	**186,606,262**	**186,606,262**	**182,603,297**	**182,603,297**

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6. FINANCIAL INVESTMENTS (continued)

Analysis of financial investments (continued)

Debt securities comprise:

	2020 $	2019 $
Government debt securities – International	49,341,428	44,560,867
Government debt securities – Local	253,738	257,656
Government debt securities – Regional	53,495,858	55,597,350
Corporate debt securities – International	12,401,195	10,538,883
Corporate debt securities – Regional	4,132,258	4,122,729
	119,624,477	115,077,485

Debt securities classified at fair value through profit or loss and valued using internally developed valuation models amounted to $57,881,854 (2019 - $59,977,735).

Significant concentrations of equity securities, exceeding 2.5% of total exposures, are as follows:

	% of Total	2020 $	% of Total	2019 $
St. Lucia Electricity Services Limited	26.36%	16,142,860	29.81%	16,142,860
AA Global Growth Ltd	6.40%	3,917,775	4.79%	2,596,257
Ironwood Intl Ltd	5.35%	3,273,409	5.38%	2,915,626
Investec Global Franchise AA Fund	3.76%	2,303,463	-	-
Morgan Stanley Global Quality Fund CL 1	3.62%	2,218,588	-	-
CIBC FirstCaribbean International Bank	3.50%	2,144,477	5.50%	2,978,441
S.L. Horsford & Co. Ltd	3.27%	2,000,000	3.69%	2,000,000
JPM US Select Equity Plus Fund Class	3.07%	1,879,903	-	-
Ishares MSCI Emerging Markets ETF	2.56%	1,566,547	-	-

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7. FINANCIAL RISK

Financial risk factors

The Fund's activities of accepting funds from unit holders and investing these funds in a variety of financial and other assets expose the Fund to various financial risks.

Financial risks include credit, liquidity and market risks. Market risks arise from changes in interest rates, equity prices, currency exchange rates or other market factors. The effects of these risks are disclosed in the sections below.

The fund is also exposed to operations such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian.

The overriding objective of the Fund's risk management framework is to enhance its capital base through a focus on income generation by investment in competitively yielding income securities, long term capital growth and protection of capital against inherent business risks. This means that the Fund accepts certain levels of risk in order to generate returns, and the Fund manages the levels of risk assumed through risk management policies and procedures. Identified risks are assessed as to their potential financial impact and as to their likelihood of occurrence.

The effects of financial risks are disclosed in the sections below.

7.1 Credit risk

Credit risk is the exposure that the counterparty to a financial instrument is unable to meet an obligation, thereby causing a financial loss to the Fund. Credit risks are primarily associated with financial investments held.

Credit risk from financial investments is minimised through holding a diversified portfolio of investments, purchasing securities only after careful assessment of the borrower, and placing deposits with financial institutions with a strong capital base. Limits may be placed on the amount of risk accepted in relation to one borrower.

All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as the local and regional exchanges act as clearing facilitators, ensuring that monies are placed in the clearing accounts.

In accordance with the Fund's policy, the Fund Manager and the Board of Directors of the Trustee monitor the Fund's credit position on a quarterly basis.

Rating of financial assets

The Fund's credit rating model (note 3.1) applies a rating scale to the Fund's investment portfolios, comprising debt securities, deposits and cash;

In sections 7.2 and 7.3 below, we set out various credit risks and exposures in accordance of assets measured in accordance with IFRS 9.

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7. FINANCIAL RISK (continued)

7.2 Credit risk exposure – financial assets subject to impairment

The maximum exposures of the Fund to credit risk are set out in the following table.

	2020 $	%	2019 $	%
Bonds at FVTPL	119,524,456		14,977,361	
Deposits at amortised cost	5,752,612		13,364,491	
Treasury bills	100,021		100,124	
Investment portfolio	125,377,089	83	128,441,976	83
Due from Sagicor Life Inc	519,715		-	
Due from Sagicor (Equity) Fund	-		18,093	
Interest receivable and other receivables	1,493,895		2,516,590	
Cash resources	24,522,334		3,441,597	
Other financial assets	26,535,944	17	25,976,280	17
Total balance sheet exposures	151,913,033	100	154,418,256	100

Credit Risk Exposure – financial investments subject to impairment

Financial assets carried at amortized cost are subject to credit impairment losses which are recognised in the statement of income.

The following tables contain analyses of the credit risk exposure of financial investments for which an ECL allowance is recognised.

Term Deposits – amortized cost

	2020				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
December 31:					
Credit grade:					
Investment	4,065,241	-	-	-	4,065,241
Non-Investment	1,694,424	-	-	-	1,694,424
Watch	-	-	-	-	-
Unrated	-	-	-	-	-
Gross carrying amount	5,759,665	-	-	-	5,759,665
Loss allowance	(7,053)	-	-	-	(7,053)
Carrying amount	5,752,612	-	-	-	5,752,612

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7. FINANCIAL RISK (continued)

7.2 Credit risk exposure – financial assets subject to impairment (continued)

	Term Deposits – amortized cost				
	2019				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
December 31:					
Credit grade:					
Investment	4,513,544	-	-	-	4,513,544
Non-Investment	1,673,070	-	-	-	1,673,070
Watch	7,365,792	-	-	-	7,365,792
Unrated	-	-	-	-	-
Gross carrying amount	13,552,406	-	-	-	13,552,406
Loss allowance	(187,915)	-	-	-	(187,915)
Carrying amount	13,364,491	-	-	-	13,364,491

7.3 Credit impairment losses – financial assets subject to impairment

The allowance for ECL is recognised in each reporting period and is impacted by a variety of factors, as described below:

- Transfers between stages due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired during the period;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to inputs used in the calculation including the effect of 'step-up' (or 'step down') between 12-month and life-time ECL;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements;

The following tables contain analyses of the movement of loss allowances in respect of financial investments subject to impairment.

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7. FINANCIAL RISK (continued)

7.3 Credit impairment losses – financial assets subject to impairment (continued)

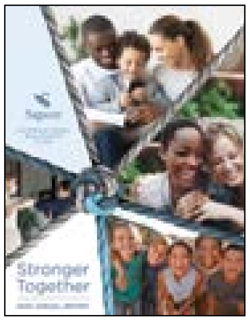
LOSS ALLOWANCES	Term Deposits – amortized cost				
	2020				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Loss allowance, beginning of year	187,915	-	-	-	187,915
Term deposits originated or purchased	7,053	-	-	-	7,053
Term deposits fully derecognised	(187,915)	-	-	-	(187,915)
Loss allowance, end of year	7,503	-	-	-	7,053
Credit impairment loss recorded in income					180,862

LOSS ALLOWANCES	Term Deposits – amortized cost				
	2019				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Loss allowance, beginning of year	253,738	-	-	-	253,738
Term deposits originated or purchased	187,915	-	-	-	187,915
Term deposits fully derecognised	(253,738)	-	-	-	(253,738)
Loss allowance, end of year	187,915	-	-	-	187,915
Credit impairment loss recorded i n income					65,823

(a) Economic variable assumptions

The fund has selected one economic factor which provide the overall macroeconomic environment in considering forward looking information for base, upside and downside forecasts. This is as follows:

	As of December 31, 2020			As of December 31, 2019		
	2021	**2022**	**2023**	**2020**	**2021**	**2022**
World GDP						
Base	5.2%	4.2%	3.8%	3.4%	3.6%	3.6%
Upside	7.8%	6.3%	5.7%	5.0%	5.3%	5.3%
Downside	2.6%	2.6%	2.6%	2.5%	2.7%	2.7%



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7. FINANCIAL RISK (continued)

7.4 Gross Carrying Values – financial investments subject to impairment

The following tables explain the movement in the gross carrying amounts of investments and in the ECL classifications for the year. Gross carrying amounts represent the maximum exposure to credit risk.

	Term Deposits – amortised cost 2020				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Gross carrying amount,					
beginning of year	13,552,406	-	-	-	13,552,406
Deposits originated or purchased	5,759,665	-	-	-	5,759,665
Deposits fully derecognised	(13,552,406)	-	-	-	(13,552,406)
Gross carrying amount, end of year	5,759,665	-	-	-	5,759,665

	Term Deposits – amortised cost 2019				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	POCI	Total
Gross carrying amount,					
beginning of year	17,649,339	-	-	-	17,649,339
Deposits originated or purchased	13,552,406	-	-	-	13,552,406
Deposits fully derecognised	(17,649,339)	-	-	-	(17,649,339)
Gross carrying amount, end of year	13,552,406	-	-	-	13,552,406

7.5 Liquidity risk

The Fund is exposed to daily calls on its available cash resources for redemptions and operating expenses. Liquidity risk is the exposure that the Fund may have insufficient cash resources to meet these obligations as they become due. Liquidity risk also arises when excess funds accumulate resulting in the loss of opportunity to increase investment returns.

In order to manage liquidity risks, management seeks to maintain levels of cash and deposits which are sufficient to meet reasonable expectations of its short term obligations. If necessary, the Fund's secondary source of liquidity is its highly liquid instruments in its investment portfolio.

In accordance with the Fund's policy, the Fund Manager and the Board of Directors of the Trustee monitor the Fund's liquidity position on a quarterly basis.

Contractual cash flow obligations of the Fund in respect of its financial liabilities are summarised in the following table. Amounts are analysed by their earliest contractual maturity dates and consist of the contractual un-discounted cash flows. Where the interest rate of an instrument for a future period has not been determined as of the date of the financial statements, it is assumed that the interest rate then prevailing continues until final maturity.

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7. FINANCIAL RISK (continued)

7.5 Liquidity risk (continued)

(a) Financial liabilities

As of December 31, 2020 and 2019, all of the Fund's financial liabilities are due on demand.

(b) Financial assets

The Fund's monetary financial assets mature in periods which are summarised in the following tables. Amounts are stated at their carrying values recognised in the financial statements and are analysed by their contractual maturity dates.

As of December 31, 2020	**Maturing within 1 year $**	**Maturing within 1 to 5 years $**	**Maturing after 5 years $**	**Total $**
Due from Sagicor Life Inc	519,715	-	-	519,715
Interest and other receivables	1,493,895	-	-	1,493,895
Debt securities	1,776,020	38,483,984	79,364,473	119,624,477
Deposits	5,752,612	-	-	5,752,612
Cash resources	24,522,334	-	-	24,522,334
Total	34,064,576	38,483,984	79,364,473	151,913,033

As of December 31, 2019	**Maturing within 1 year $**	**Maturing within 1 to 5 years $**	**Maturing after 5 years $**	**Total $**
Due from Sagicor (Equity) Fund	18,093	-	-	18,093
Interest and other receivables	2,516,590	-	-	2,516,590
Debt securities	8,306,593	26,856,384	79,914,508	115,077,485
Deposits	13,364,491	-	-	13,364,491
Cash resources	23,441,597	-	-	23,441,597
Total	47,647,364	26,856,384	79,914,508	154,418,256

Redeemable units are redeemed at the option of the holder. However, the Board of Directors of the Trustee does not envisage that unit holders will redeem their units as they typically hold them for the long-term. At December 2020, one individual unit holder held more than 9% of the fund's units. The fund manages its liquidity risk by investing in securities that it expects to be able to liquidate within a short period.

7. FINANCIAL RISK (continued)

7.5 Liquidity risk (continued)

The following table shows the ordinary redemption periods of the funds and alternative investments held.

As of December 31, 2020	**Less than 7 Days**	**Monthly**	**Quarterly**	**Semi Annually**	**1-5 Years**
Funds and Alternative Investments	9,421,938	4,899,002	815,494	3,273,409	696,373

As of December 31, 2019	**Less than 7 Days**	**Monthly**	**Quarterly**	**Semi Annually**	**1-5 Years**
Funds and Alternative Investments	4,984,490	3,350,220	783,254	2,915,626	1,698,623

7.6 Market risk

Interest Rate Risk

The Fund is exposed to interest rate risks. Cash flow interest rate risk is the risk that 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 fair value of a financial instrument will fluctuate because of changes in market interest rates.

The return on financial investments may be variable, fixed for a term or fixed to maturity. On reinvestment of a matured investment, the returns available on the new investment may be significantly different from the returns formerly achieved. This is known as reinvestment risk.

The Fund is therefore exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase or decrease as a result of such changes.

In accordance with the Fund's policy, the Fund Manager and the Board of Directors of the Trustee monitor and review the Fund's overall interest sensitivity on a quarterly basis.

(a) Financial liabilities

As of December 31, 2020 and 2019, all of the Fund's financial liabilities were non-interest bearing and therefore not exposed to interest rate risk.

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7. FINANCIAL RISK (continued)

7.6 Market risk (continued)

Interest Rate Risk (continued)

(b) Financial assets

The table below summarises the exposures to interest rate risks of the Fund's financial assets. It includes assets at carrying amounts categorised by the earlier of contractual repricing or maturity dates.

As of December 31, 2020	**Exposure within 1 year $**	**Exposure of 1 to 5 years $**	**Exposure after 5 years $**	**Not exposed to interest $**	**Total $**
Due from Sagicor (Equity) Fund	-	-	-	519,715	519,715
Interest and other receivables	-	-	-	1,493,895	1,493,895
Debt securities	1,763,136	37,804,870	78,508,866	1,547,605	119,624,477
Equity securities	-	-	-	61,229,173	61,229,173
Deposits	5,666,250	-	-	86,362	5,752,612
Cash resources	-	-	-	24,522,334	24,522,334
Total	7,429,386	37,804,870	78,508,866	89,399,084	213,142,206

As of December 31, 2019	**Exposure within 1 year $**	**Exposure of 1 to 5 years $**	**Exposure after 5 years $**	**Not exposed to interest $**	**Total $**
Due from Sagicor (Equity) Fund	-	-	-	18,093	18,093
Interest and other receivables	-	-	-	2,516,590	2,516,590
Debt securities	8,245,568	26,343,757	79,052,694	1,435,466	115,077,485
Equity securities	-	-	-	54,161,321	54,161,321
Deposits	13,126,648	-	-	237,843	13,364,491
Cash resources	-	-	-	23,441,597	23,441,597
Total	21,372,216	26,343,757	79,052,694	81,810,910	208,579,577

The table below summarises the average interest yields on financial assets held during the year.

	2020	**2019**
Debt securities	4.6%	4.8%
Deposits	1.2%	2.2%

7. FINANCIAL RISK (continued)

7.6 Market risk (continued)

Interest Rate Risk (continued)

Sensitivity

The effect of a 1% change in interest rates, with all other variables remaining constant, to the fair value of the interest bearing financial assets at the date of the financial statements is as follows.

As of December 31, 2020	$
Total interest bearing financial assets carried at fair value	118,076,872
The fair value impact of an increase in interest rates:	(6,356,570)
The fair value impact of a decrease in interest rates:	7,241,836

Foreign exchange risk

The Fund is exposed to foreign exchange risk as a result of fluctuations in exchange rates since its financial assets are denominated in a number of different currencies. In order to manage foreign exchange risk, the Fund monitors the fluctuation in foreign exchange rates on a periodic basis. The Fund's exposure to foreign exchange risk is however not considered to be significant.

Assets and liabilities by currency are summarised in the following table.

	Balances denominated in				
As of December 31, 2020	**EC $**	**Barbados $**	**US $**	**TT $**	**Total $**
ASSETS					
Due from Sagicor Life Inc	519,715	-	-	-	519,715
Interest and other receivables	1,357,647	-	124,590	11,658	1,493,895
Financial investments	43,300,041	28,748,107	113,509,854	1,048,260	186,606,262
Cash resources	4,334,482	604,090	19,583,762	-	24,522,334
Total assets	49,511,885	29,352,197	133,218,206	1,059,918	213,142,206
LIABILITIES					
Due to Sagicor (Bonds) Fund	82,893	-	-	-	82,893
Due to Sagicor (Equity) Fund	146,367	-	-	-	146,367
Accounts payable	466,628	-	-	-	466,628
Total liabilities	695,888	-	-	-	695,888
Net position	48,815,997	29,352,197	133,218,206	1,059,918	212,446,318

7. FINANCIAL RISK (continued)

7.6 Market risk (continued)

Foreign exchange risk (continued)

	Balances denominated in				
As of December 31, 2019	**EC $**	**Barbados $**	**US $**	**TT $**	**Total $**
ASSETS					
Due from Sagicor (Equity) Fund	10,049	-	8,044	-	18,093
Interest and other receivables	1,430,962	1,005,165	80,463	-	2,516,590
Financial investments	45,567,396	37,259,100	98,549,057	1,227,744	182,603,297
Cash resources	9,099,379	93,850	14,248,368	-	23,441,597
Total assets	56,107,786	38,358,115	112,885,932	1,227,744	208,579,577
LIABILITIES					
Due to Sagicor Life Inc	6,317,103	-	-	-	6,317,103
Due to Sagicor (Bonds) Fund	1,870,095	-	-	-	1,870,095
Accounts payable	491,618	-	-	-	491,618
Total liabilities	8,678,816	-	-	-	8,678,816
Net position	47,428,970	38,358,115	112,885,932	1,227,744	199,900,761

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7. FINANCIAL RISK (continued)

7.6 Market risk (continued)

Foreign exchange risk (continued)

Sensitivity

The Fund is exposed to currency risk in respect of financial investments denominated in currencies whose values have noticeably fluctuated against the Eastern Caribbean dollar.

The exposure to currency risk may arise in relation to the future cash flows of a financial instrument.

The most common example of this occurring in the Fund is a financial investment which is denominated in a currency other than the functional currency. In this instance, a change in currency exchange rates results in the financial investment being retranslated and the exchange gain or loss is taken to income and is included in note 9.

The currency whose value has noticeably fluctuated against the Eastern Caribbean dollar (ECD) is the Trinidad dollar (TTD). The theoretical impact of the TTD on reported results is considered below.

The effect of a 10% depreciation in the TTD relative to the ECD arising from TTD financial investments as of December 31, 2020 and for the year then ended is considered below.

	Balances denominated in TTD $	Effect of a 10% depreciation on income as of Dec 31, 2020 $
Assets	1,059,918	(105,992)

Price Risk

The Fund is exposed to other price risk arising from changes in equity prices. The Fund mitigates this risk by holding a diversified portfolio and by selection of securities and other financial instruments within specified limits set by the Board of Directors of the Trustee.

The Fund's policy also limits individual equity securities to no more than 10% of the full portfolio.

The majority of the Fund's equity investments are publicly traded. The Fund's policy requires that the overall market position is monitored on a daily basis by the Fund Manager and reviewed on a quarterly basis by the Board of Directors of the Trustee.

7. FINANCIAL RISK (continued)

7.6 Market risk (continued)

Price Risk (continued)

Sensitivity

The effects of an across the board 20% decline in equity prices of the Fund's fair value through profit or loss equity securities, at balance sheet date is set out below.

	Fair value $	Effect of a 20% decline at Dec 31, 2020 $
Fair value through profit or loss equity securities:		
Common and preference shares - listed	42,120,506	(8,424,101)
Common shares - unlisted	2,451	(490)
Alternative investments - unlisted	19,106,216	(3,821,243)
	61,229,173	(12,245,835)

7.7 Fair value of financial instruments

Financial instruments carried at fair value in the financial statements are measured in accordance with a fair value hierarchy. This hierarchy is as follows:

(i) Level 1 – unadjusted quoted prices in active markets for identical instruments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other independent source, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Fund considers that market transactions should occur with sufficient frequency that is appropriate for the particular market, when measured over a continuous period preceding the date of the financial statements. If there is no data available to substantiate the frequency of market transactions of a financial instrument, then the instrument is not classified as Level 1.

(ii) Level 2 – inputs that are observable for the instrument, either directly or indirectly

A financial instrument is classified as Level 2 if:

- The fair value is derived from quoted prices of similar instruments which would be classified as Level 1; or
- The fair value is determined from quoted prices that are observable but there is no data available to substantiate market trading of the instrument.

In estimating the fair value of non-traded financial assets, the Fund uses a variety of methods such as obtaining dealer quotes and using discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are discounted at market-derived rates for government securities in the same country of issue as the security; for non-government securities, an interest spread is added to the derived rate for a similar government security rate according to the perceived additional risk of the non-government security.

In assessing the fair value of non-traded financial liabilities, the Fund uses a variety of methods including obtaining dealer quotes for specific or similar instruments and the use of internally developed pricing models, such as the use of discounted cash flows. If the non-traded liability is backed by a pool of assets, then its value is equivalent to the value of the underlying assets.

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7. FINANCIAL RISK (continued)

7.7 Fair value of financial instruments (continued)

(iii) Level 3 – inputs for the instrument that are not based on observable market data.

A financial instrument is classified as Level 3 if:

- The fair value is derived from inputs that are not based on observable market data.

Level 3 financial assets designated at fair value through profit or loss comprise primarily of corporate, government agency and government sovereign debt instruments issued in the Caribbean. The fair values of these instruments have been derived from December 31 market yields of government instruments of similar durations in the country of issue of the instruments.

The techniques and methods described in the preceding section for non-traded financial assets and liabilities are used in the determination of the fair values of Level 3 instruments.

The following table shows the financial assets carried at fair value as of December 31 on a recurring basis by level of the fair value hierarchy.

2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss:	**$**	**$**	**$**	**$**
Debt securities	11,039,525	50,703,098	57,881,854	119,624,477
Common shares	22,160,756	19,959,750	2,451	42,122,957
Alternative investments	3,019,983	9,082,368	7,003,865	19,106,216
Total assets	36,220,264	79,745,216	64,888,170	180,853,650
Total assets by percentage	20%	44%	36%	100%

2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss:	**$**	**$**	**$**	**$**
Debt securities	10,538,882	44,560,868	59,977,735	115,077,485
Common shares	20,629,545	19,775,734	2,451	40,407,730
Alternative investments	3,465,736	4,868,974	5,397,503	13,732,213
Preferred shares	21,378	-	-	21,378
Total assets	34,655,541	69,205,576	65,377,689	169,238,806
Total assets by percentage	20%	41%	39%	100%

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7. FINANCIAL RISK (continued)

7.7 Fair value of financial instruments (continued)

The table below provides information about the fair value measurements using significant unobservable inputs (level 3).

Description	Fair Value at December 31		Valuation Technique	Unobservable Inputs	Range of Inputs		Relationship of Unobservable Inputs to fair value
	2020 $	2019 $			2020	2019	
Debt securities	57,881,854	59,977,735	Discounted Cash Flows	Risk Adjusted Market Yields	3.6% - 9.9% Avg (7.0%)	3.5% - 9.7% Avg (7.0%)	The effect of a 1% increase in interest rates would decrease the fair value by ($3,741,314) and a 1% decrease in interest rates would increase the fair values by $4,359,594.
Common shares	2,451	2,451	Book Value Per Share	Net Assets divided by number of shares issued	$0.01	$0.01	The higher the Net Assets, the higher the book value.
Alternative investments	7,003,865	5,397,503	Third Party Valuation	Share of Partners' Equity	N/A	N/A	Reliance is placed on third party information, which is not readily available for disclosure.

The fair values of the equities securities in Level 3 are based upon prices determined by the investee fund managers and administrators.

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7. FINANCIAL RISK (continued)

7.7 Fair value of financial instruments (continued)

The following table presents the movement in Level 3 instruments for the year:

	2020 $	2019 $
Balance, beginning of year	65,377,689	68,423,761
Fair value changes recorded in income	1,886,334	2,771,116
Additions	8,869,710	6,512,306
Disposals	(11,229,658)	(12,259,386)
Effect of accrued interest	(15,905)	(70,108)
Balance, end of year	64,888,170	65,377,689

Unrealised gains of $1,832,524 (2019 - $2,786,796) on level 3 assets held at the end of the period are included in Net investment gains on financial investments.

7.8 Capital risk management

The capital of the Fund is represented by unit holders' equity. Unit holders' equity changes on a daily basis as the Fund is subject to the redemption and issue of units at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to redeem and issue units in accordance with the terms of the trust deed which includes the ability to restrict redemptions.

The Board of Directors of the Trustee and Fund Manager monitor capital on the basis of unit holders' equity.

8. INTEREST INCOME

The Fund manages its financial investments by the type of financial instrument (i.e. debt securities, equity securities, deposits, etc) and the income there-from is presented accordingly.

	2020 $	2019 $
Debt securities	5,244,267	5,076,193
Deposits	117,458	387,154
Total interest income	5,361,725	5,463,347

9. NET INVESTMENT GAINS

	2020 $	2019 $
Foreign exchange losses	(2,605)	(108,601)
Net gains on financial investments	4,855,852	12,040,225
ECL Movement	180,862	65,823
Net investment gains/ (losses)	5,034,109	11,997,447

10. RELATED PARTY TRANSACTIONS

(a) Material related party transactions

	2020 $	2019 $
Management fee – Sagicor Life Inc	1,508,599	1,431,874

(b) Units held by related parties

Parties related to the Fund held units in the Fund during the year as follows:

Sagicor Life Inc.	2020 $	2019 $
Value of units held at January 1	10,503,811	11,019,995
Net value of transactions for the year	1,049,267	(516,184)
Value of units at December 31	11,553,078	10,503,811

Sagicor Finance Inc.	2020 $	2019 $
Value of units held at January 1	255,031	218,047
Net value of transactions for the year	29,982	36,984
Value of units at December 31	285,013	255,031

11. COMMITMENTS

At December 31, 2020, the Fund's total committed capital to private equity strategies was $380,000 (2019 - $380,000). At that date, $26,339 (2019 - $122,705 of this commitment remained undrawn.

12. DEVELOPMENTS DURING THE YEAR

On March 11, 2020, the World Health Organisation declared the emergence of COVID-19 coronavirus, a global pandemic. This pandemic has affected many countries and all levels of society and has affected our economic environment in significant ways. The COVID-19 situation continues to evolve and many of the markets in which the Fund operates have implemented public health safety protocols. At various stages during the year, most Caribbean countries have shut down air and sea traffic. Similar procedures have also been applied in the United States, Canada and elsewhere. The COVID-19 pandemic has caused significant economic and financial turmoil and uncertainty, both in the U.S. and around the world, and has fuelled concerns that have led to a global recession.

The pandemic has not cause significant deteriorations in the Fund. The Fund has not experienced an increase in the level of redemptions since the onset of the COVID-19 pandemic, as there is continuing growth in the number of units outstanding, which increased to 88,706,481 as at December 31, 2020, from 87,554,410 at the previous year-end. The number of units outstanding increased to 88,966,026 at February 28, 2021. Therefore the Fund's breadth of portfolio diversification and overall relatively conservative asset allocation is expected to augur well for the portfolio's stability long-term.

We will continue to monitor the evolving situation.

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