

BARBADOS
SEGREGATED
PENSIONS FUND


Stronger Together

2020 ANNUAL REPORT

OUR VISION

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

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
BARBADOS
SEGREGATED
PENSION FUNDS
POLICY





BARBADOS SEGREGATED PENSIONS FUNDS POLICY

Under this policy, Sagicor manages and administers Pension Funds registered in Barbados and facilitates investments in diversified portfolios of securities. Sagicor allows investment in either or both of the two Unit Trusts, in proportions chosen by the client.

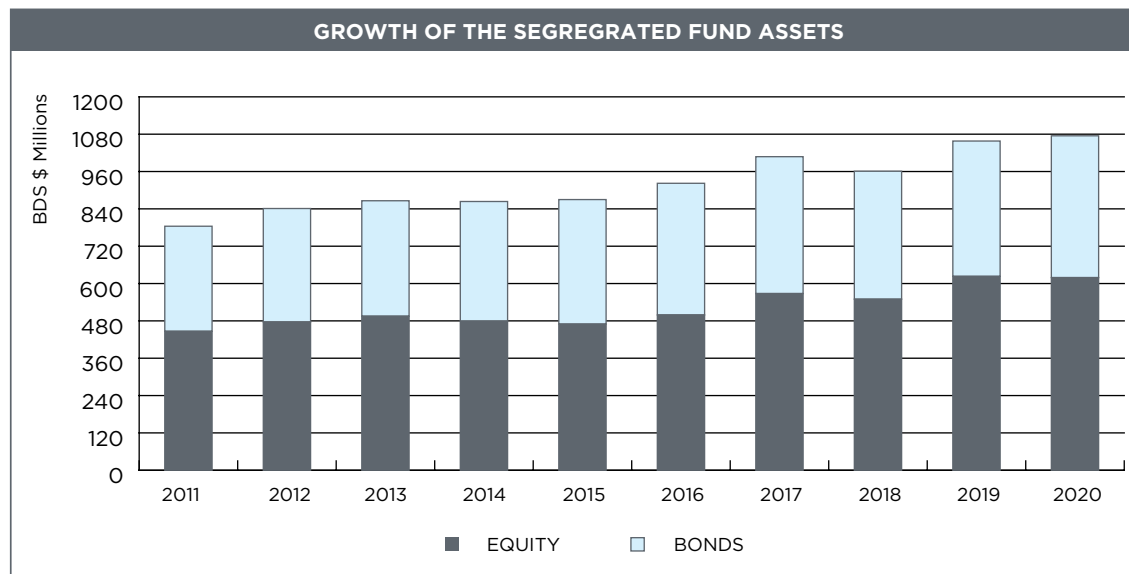
Administration services include design of plans, computerized record keeping, regular monthly billing, payment of pension and other benefits and optional provision of actuarial advice.

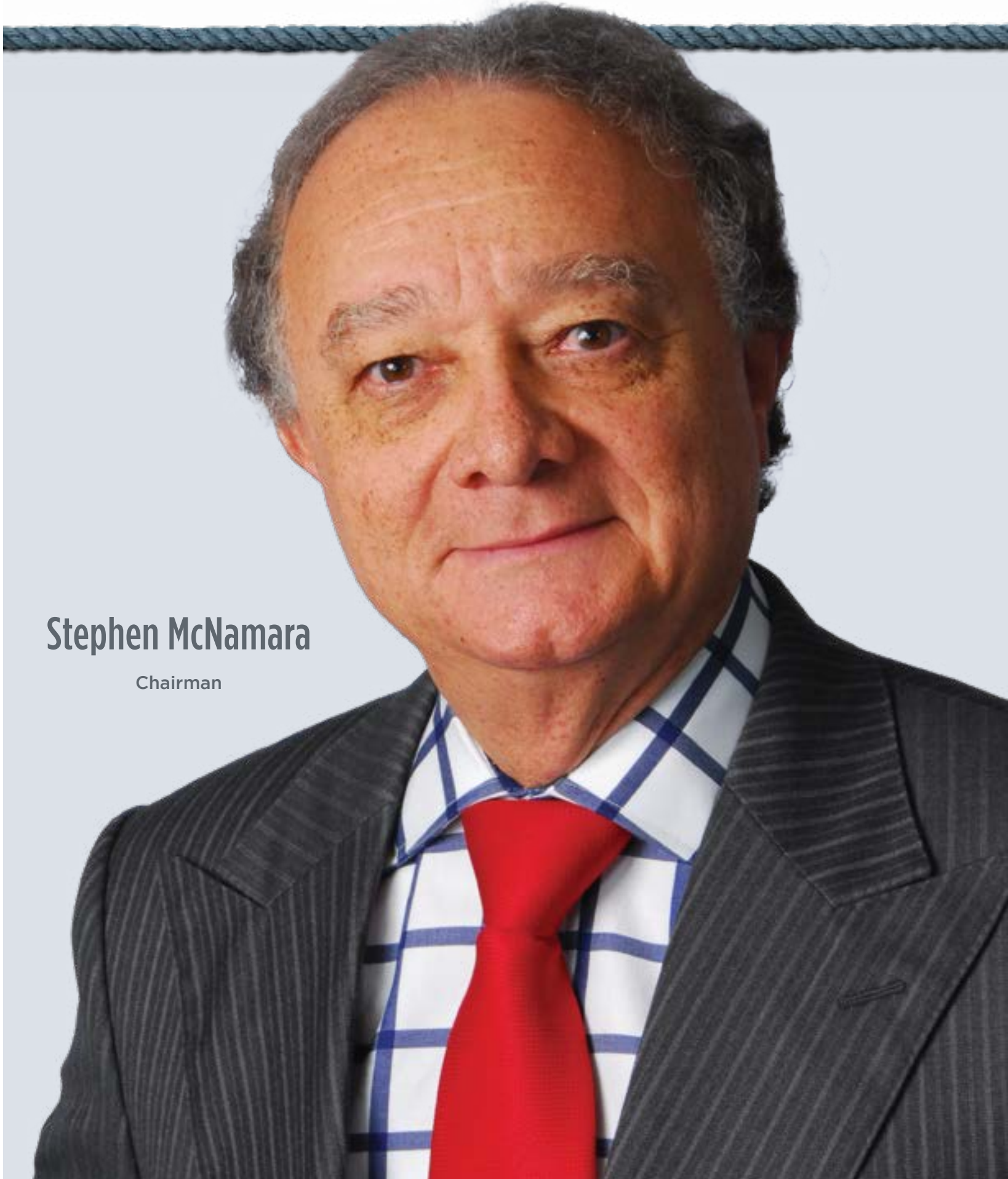
Actuarial advice is provided through our actuary, Sylvain Goulet, FSA, FCIA,MAAA, Affiliate Member of the (British) Institute of Actuaries.

At Present, Pension Funds of 237 companies in Barbados amounting to approximately \$1.074 billion are invested in these segregated funds; all but 81 of these Pension Plans are also administered by Sagicor. The total membership stood at 4,616 which includes 814 Pensioners.

FINANCIAL HIGHLIGHTS

EQUITY & BONDS FUNDS - NET ASSETS, UNIT VALUE, YIELD						
	Equity Fund			Bonds Fund		
	Assets	Unit Value	Change	Assets	Unit Value	Change
2011	\$446,569	\$42.74	-1.79%	\$337,633	\$20.12	4.14%
2012	\$476,581	\$45.67	6.86%	\$364,525	\$21.63	7.54%
2013	\$495,060	\$47.76	4.58%	\$371,004	\$22.51	4.05%
2014	\$479,484	\$47.73	-0.05%	\$383,091	\$23.97	6.79%
2015	\$469,767	\$48.15	0.88%	\$400,108	\$24.89	3.80%
2016	\$499,022	\$51.23	6.39%	\$423,156	\$25.36	1.89%
2017	\$567,830	\$58.05	13.37%	\$439,872	\$26.72	5.36%
2018	\$549,787	\$56.41	-2.88%	\$411,197	\$25.03	-6.32%
2019	\$623,129	\$64.68	14.70%	\$434,847	\$27.20	8.80%
2020	\$619,153	\$65.93	1.93%	\$455,648	\$28.60	5.15%





Stephen McNamara

Chairman

CHAIRMAN'S REVIEW

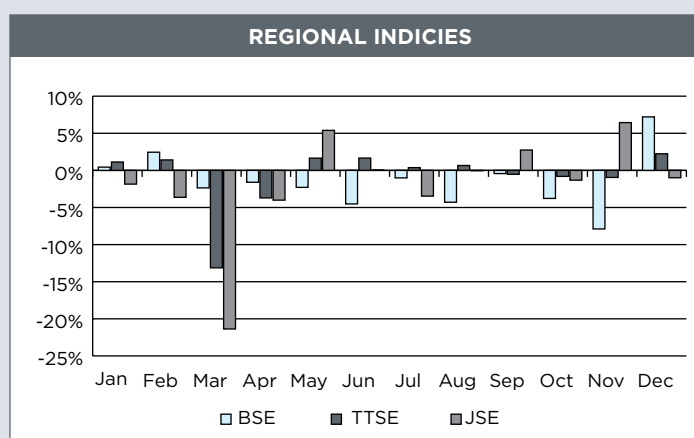
ECONOMIC ENVIRONMENT - GLOBAL, US, EM, BARBADOS, EC, TRINIDAD

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 of 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. Similar to 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%, 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%. 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.

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

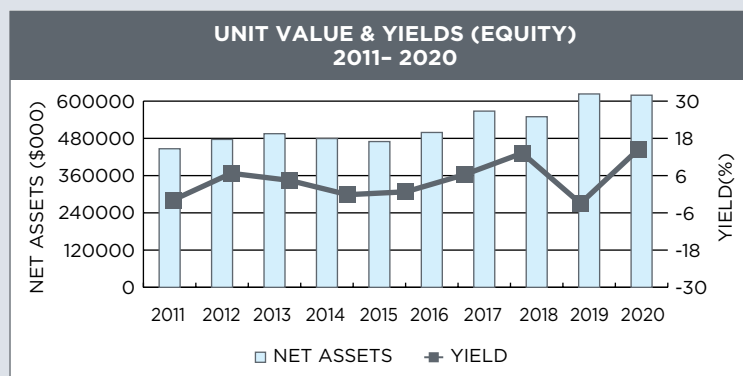
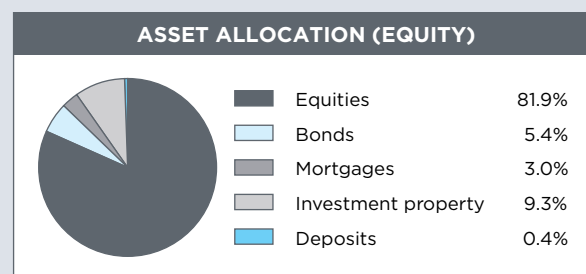
14.0%, a reduction in the Repo rate from 5.00% to 3.50%, and moratoria or deferrals on loan payments to customers holding mortgages with public sector agencies

SAGICOR (EQUITY) FUND

Global equities carried momentum through to year end as investor confidence was fueled by a market friendly response to the change in the US presidency and the unveiling of a \$1.9 trillion USD economic stimulus plan which was subsequently passed by the US House and Senate. This combined with the outlook for vaccine rollouts across the US and other developed markets drove bull market sentiment into 2021. In the final quarter of the year saw a rebound in the most heavily impacted sectors of the market such as energy, financials and consumer cyclical stocks, as investors attempted to diversify their portfolios into sectors that would benefit most from stimulus funding and markets segments that would be correlated to the vaccine driven economic recovery. At the year end, the S&P 500, Nasdaq, indices returned 18.4% and 43.6% while the Dow Jones Industrial Index and the a MSCI All Country World Index gained 9.7% and 16.8% respectively. The MSCI EM returned 15.8% for the year as emerging markets mostly rallied in the second half of 2020 driven by the rebound of the Chinese economy and markets. Conversely, regional indices all reflected declines as the BSE and TTSE declined 17.3% and 10.5% and the JSE fell 22.4%.

In this context the Fund returned 1.9% driven by the 6.16% return in the final quarter of the year with improved investor sentiment and outlook for a global economic recovery from the pandemic. This was a tempered performance in comparison to the robust return of 14.7% in 2019. The Fund's Net Asset Value increased to \$65.93 as at December 31, 2020 when compared to \$64.68 at year end 2019. The Fund's exposure to local and regional equities most notably Goddard Enterprises Ltd and CIBC First Caribbean International Bank weighed on Fund performance. The former like most Caribbean and LATAM business segments, was heavily exposed to the stricken tourism sector with one of its core business lines surrounding Airline Catering. An uneven recovery is expected in regional and South American markets. However, this impact was contained by the Fund's well diversified portfolio with international equities counteracting losses in the local and regional segments.

As at December 31, 2020, net assets decreased to \$619.2 million BBD when compared to \$623.1 million in 2019. The Fund's international portfolio remained strategically allocated with its exposure to global equities, international

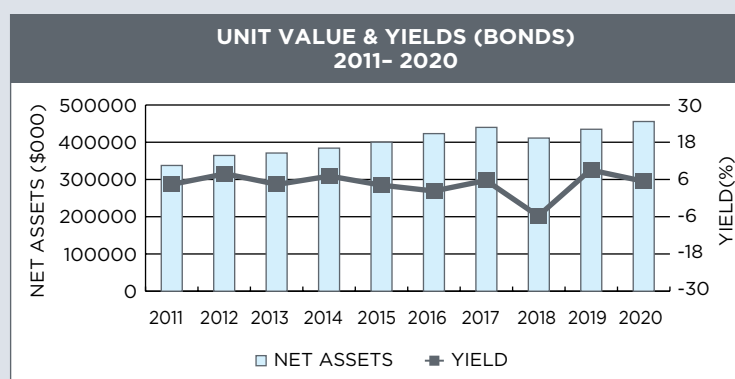
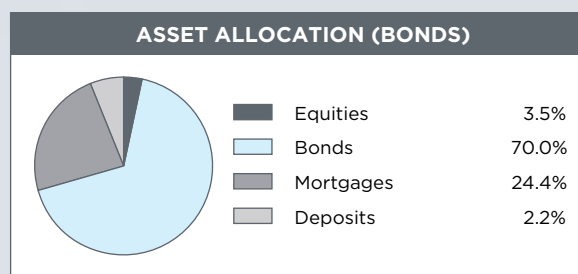


fixed income and alternative investment strategies to provide enhanced diversification, to mitigate downside risk and improve the Fund's overall expected long-term risk adjusted returns. Investment in real estate which predominantly comprises commercial property, returned 3.27% and increased by 2.63% to \$54.8 million at year end when compared to 2019. The mortgage portfolio reflected a robust performance within a challenging credit environment as this asset class increased by 13.9% and now represents 3% of total invested assets. Net investment gains on financial investments totaled \$8 million, while interest and dividend income totaled \$10.3 million. Net gains and total comprehensive income attributable to unit holders amounted to \$11.7 million for the year. Notwithstanding the economic environment, management remains keen for long term, sustainable, profit-yielding assets across all allocations.

SAGICOR (BONDS) FUND

The Sagicor (Bonds) Fund remained resilient, returning 5.1% for the year with net assets increasing by \$21 million to \$456 million when compared to \$435 million at December 31st, 2019. Relative to the onset of the pandemic, invested assets recovered approximately \$29.2 million or 7.1% from March 31st, 2020 for the final three quarters. The net asset value stood at \$28.60 up from \$27.20 in 2019. The outsized liquidity support of the global financial system by both monetary and fiscal policies narrowed credit spreads and benefited all segments of the fixed income asset class. As a result, the most notable bond benchmark, the Bloomberg Barclays U.S. Aggregate Total Return index, returned 9.2% for the year while the U.S. yield on the 10-year Treasury notes fell to 0.93% when compared to 1.92% at the end of 2019.

Fixed income remains the primary invested asset class with exposure of 65.9% predominantly weighted to regional sovereign exposure such as Barbados, Bermuda and Trinidad & Tobago. Notably, sovereign credit ratings for debt held in the portfolio remained unchanged at year end, however, we maintained a cautionary eye on possible downgrades given the protracted impact of the pandemic on the tourism dependent region. The Fund remains diversified with international sovereign and corporate exposures of 33.9% and 9.5% respectively. The yield on the bond portfolio was 6.2% representing an improved performance when compared to the yield of 4.3% in 2019 and was influenced by a strong yielding mortgage book. Investment in mortgages grew to \$100.5 million and represents 24.4% of the portfolio, the second largest asset class. Net investment gains on financial investments



and interest income totaled \$8 million and \$16.7 million respectively. Net gains and total comprehensive income attributable to unit holders amounted to \$22.3 million for the year.

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.

In Barbados, economic output contracted by 19.8% in the first quarter of 2021 as new lockdown protocols surrounding reduced movement and curfews were instituted at the beginning of the year for containment measures for a second wave of the virus. This resulted in a weakened tourism sector during the period with output declining up to 96% for the quarter. The Central Bank of Barbados has scaled back its economic forecast for the Barbados economy from 5% to a range of 1% - 3% for fiscal 2021; citing the downside risks of the variants and challenging access to vaccines to achieve the much sought herd immunity.

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

We are stronger together.

Stronger Together



TRUSTEES OF
THE SEGREGATED
PENSION FUNDS



TRUSTEES OF THE SEGREGATED PENSION FUNDS

SLI DIRECTORS

Stephen McNamara - Chairman, CBE, Barrister-at-Law, LLD (Hon)

Andrew Aleong, MBA

Professor Sir Hilary Beckles, KA, BA, PhD

Ian St Clair Carrington, MPA, FCGA

Peter Clarke, BA (History), BA (Law)

Dr. L Jeannine Comma, BA, MA, Ed.D.

William Lucie-Smith, MA (Oxon), FCA

Dodridge Miller, FCCA, MBA, LLM, LLD (Hon)

David Wright, FFA, FAIA

Julian Mair, BBA

Timothy Hodgson BCom, MBA, FIPA, ICD.D

TRUSTEES OF THE SEGREGATED PENSION FUNDS

PENSION TEAM

Stephen Robinson, BMath (Hons)

Vice President

Patricia Greenidge, FCGA, ACIS, CSE, FCPA, 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

Dawn Jordan, BSc (Hons)

Manager

INVESTMENT TEAM

Dexter Moe, BSc, MBA, ACIS, CFA

Vice President

Michael Millar, BSc, MSc, CFA (resigned November 6, 2020)

Assistant Vice President

Nicolette Bell, BSc

Manager

Nicholas Neckles, BSc, CFA, OLY

Portfolio Manager

AUDITORS

PricewaterhouseCoopers SRL

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FINANCIAL
STATEMENTS
(BONDS) FUND





Independent auditor's report

To the Unit holders of Sagicor (Bonds) Fund

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sagicor (Bonds) 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 *Auditor's 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 Fund 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.



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.

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.
- 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 is made solely to the Fund's unit holders as a body. Our audit work has been undertaken so that we might state to the Fund's unit holders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law *and subject to any enactment or rule of law to the contrary*, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unit holders as a body, for our audit work, for this report, or for the opinion we have formed.

PricewaterhouseCoopers SRL

PricewaterhouseCoopers SRL
Bridgetown, Barbados
May 14, 2021

Statement of Financial Position

As of December 31, 2020

Sagicor (Bonds) Fund

Amounts expressed in Barbados Dollars

	Notes	2020	2019
ASSETS			
Due from Sagicor Life Inc	4	1,928,119	310,949
Due from Sagicor (Equity) Fund	4	7,685,909	2,428,980
Due from Sagicor International Balanced Fund	4	60,282	1,384,136
Income tax assets	5	6,898,873	7,160,117
Interest and other receivables	6	1,584,554	1,503,788
Financial investments	7	412,533,722	395,247,907
Cash resources		25,689,457	27,285,546
Total assets		456,380,916	435,321,423
LIABILITIES			
Due to Sagicor Asset Management Inc	4	16,522	16,522
Accounts payable	9	715,949	457,101
Total liabilities		732,471	473,623
Net assets attributable to unit holders		455,648,445	434,847,800
Represented by:			
UNIT HOLDERS' EQUITY		455,648,445	434,847,800
No. of units outstanding at end of year		15,932,361	15,985,331
Net asset value per unit at end of year		28.60	27.20
Increase in net asset value per unit for year		5.1%	8.8%

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

Approved by the Board of Directors on May 14, 2021



Chairman



Director

Statement of Changes in Net Assets Attributable to Unit Holders

For the year ended December 31, 2020

Sagicor (Bonds) Fund

Amounts expressed in Barbados Dollars

	2020		2019	
	Number of Units	Total \$	Number of Units	Total \$
Balance, beginning of year	15,985,331	434,847,800	16,429,184	410,589,593
Proceeds from issue of units	771,308	21,183,765	1,060,101	27,693,308
Redemption of units	(824,278)	(22,732,361)	(1,503,954)	(39,039,117)
Net decrease from unit transactions	(52,970)	(1,548,596)	(443,853)	(11,345,809)
Net income and total comprehensive income for the year available to unit holders	-	22,349,241	-	35,604,016
Balance, end of year	15,932,361	455,648,445	15,985,331	434,847,800

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

Statement of Comprehensive Income
For the year ended December 31, 2020

Sagicor (Bonds) Fund
Amounts expressed in Barbados Dollars

	Notes	2020	2019
REVENUE			
Interest income	10	16,655,141	15,934,265
Dividend income		270,799	303,313
Net investment gains	11	7,982,215	21,549,322
		<u>24,908,155</u>	<u>37,786,900</u>
EXPENSES			
Management fee	12	2,199,581	2,118,291
Allowance for impairment losses on income tax assets		271,000	2,600
Investment expenses		58,763	41,378
Bank and interest charges		6,276	10,531
Exchange loss		22,628	10,084
		<u>2,558,248</u>	<u>2,182,884</u>
Total operating expenses		2,558,248	2,182,884
INCOME BEFORE TAXES		22,349,907	35,604,016
Withholding taxes		(666)	-
NET INCOME AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR AVAILABLE TO UNIT HOLDERS		<u>22,349,241</u>	<u>35,604,016</u>

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

	2020	2019
Cash flows from operating activities:		
Income before taxes	22,349,907	35,604,016
Adjustments for:		
Interest income	(16,655,141)	(15,934,265)
Dividend income	(270,799)	(303,313)
Allowance for impairment losses on income tax assets	271,000	2,600
Net gains on financial investments	(5,403,931)	(22,589,341)
Allowances for impairment losses	(2,703,651)	542,541
Loss on bond restructure	125,367	497,478
	<u>(2,287,248)</u>	<u>(2,180,284)</u>
Changes in operating assets and liabilities		
Due from Sagicor Life Inc	(1,617,170)	(310,949)
Due from Sagicor International Balanced Fund	1,323,854	(1,341,043)
Due from Sagicor (Equity) Fund	(5,256,929)	3,405,345
Issue of mortgage loans	(19,321,385)	(24,474,853)
Repayment of mortgage loans	7,456,723	8,715,829
Purchase of debt securities	(15,013,211)	(33,427,416)
Redemption of debt securities	11,866,147	24,420,962
Purchase of equity securities	(21,990,334)	(50,668)
Sale of equity securities	13,807,177	-
Amounts deposited	(9,907,847)	(29,769,382)
Deposits redeemed	17,963,769	56,259,842
Other receivables	486,678	3,720,650
Due to Sagicor Life Inc	-	(400,136)
Due to Sagicor Asset Management Inc	-	10,264
Accounts payable	258,848	(612,715)
Cash (used in)/generated from operations	<u>(22,230,928)</u>	<u>3,965,446</u>
Interest received	21,923,059	15,526,252
Dividends received	270,799	303,313
Taxes paid	(10,423)	(13,498)
	<u>(47,493)</u>	<u>19,781,513</u>
Net cash (used in)/generated from operating activities carried forward		

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

Sagicor (Bonds) Fund
Amounts expressed in Barbados Dollars

	2020	2019
Net cash (used in)/generated from operating activities brought forward	(47,493)	19,781,513
Cash flows from financing activities		
Proceeds from issue of units	21,183,765	27,693,308
Redemption of units	(22,732,361)	(39,039,117)
Net cash used in financing activities	(1,548,596)	(11,345,809)
Net (decrease)/increase in cash and cash equivalents	(1,596,089)	8,435,704
Cash and cash equivalents - beginning of year	27,285,546	18,849,842
Cash and cash equivalents - end of year	25,689,457	27,285,546
Cash and cash equivalents comprise:		
Cash resources	25,689,457	27,285,546
	25,689,457	27,285,546

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

1. REGISTRATION, PRINCIPAL ACTIVITY AND REGISTERED OFFICE

Sagicor (Bonds) Fund (“The Fund”) was registered in April 1969 as a Unit Trust, responsible for the management of investments of Barbados registered pension plans.

The Fund’s objective is to generate income and preserve capital through investment in competitively yielding fixed income securities including mortgages, bonds and other debt instruments.

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 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 Barbados dollars unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.1 Basis of preparation (continued)**Amendments to existing IFRS and IAS effective 1 January 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 Group'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 in 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

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.

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 Barbados dollars, which is the Fund's functional and presentational currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency at 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 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 Barbados dollars at the pegged rates. Currencies which float are converted to the Barbados dollar by reference to the average of buying and selling rates quoted by the respective central banks.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Foreign currency translation (continued)**(b) Transactions and balances (continued)

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

	2020 closing rate	2020 average rate	2019 closing rate	2019 average rate
Eastern Caribbean dollar	1.35	1.35	1.35	1.35
Trinidad & Tobago dollar	3.3806	3.3730	3.3812	3.3747
United States dollar	0.50	0.50	0.50	0.50

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 mortgages, 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.3 Financial assets (continued)****(b) Classification of debt instruments (continued)****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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.3 Financial assets (continued)****(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.3 Financial assets (continued)****(g) The general approach to recognising and measuring ECL (continued)****Measurement (continued)**

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.

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) Modification of loans

The Fund sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers and debt instruments. When this happens, the Fund assesses whether or not the new terms are substantially different to the original terms. The Fund does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flow to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.3 Financial assets (continued)****(h) Modification of loans (continued)**

If the terms are substantially different, the Fund derecognises the original financial asset and recognises a new asset at fair value and recalculates the new effective interest rate for the asset. The date of negotiation is consequently considered to be the date of initial recognition for impairment calculation purposes and the purpose of determining if there has been a significant increase in credit risk. At this point the Fund will assess if the asset is POCL.

(i) 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.

(j) Classification of equity instruments

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

(k) Presentation in the statement of income and 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.

Financial instruments measured at amortised cost

Interest income is included in interest income earned from financial assets measured at amortised cost in the interest income.

Credit impairment losses are included in the statement of income and comprehensive income.

2.4 Cash and cash equivalents

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

- cash balances,
- call deposits,
- other liquid balances with maturities of three months or less from the acquisition date.

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.

2.6 Interest income and expenses

Interest income (expense) is computed by applying the effective interest rate based on 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Taxation

The Fund is exempt from Barbados taxation.

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 and the related tax imposed is recorded as receivable until the amounts are recoverable or expensed as incurred.

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 0.5% 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 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 Fund adopts a forward pricing policy of valuing transactions. The consideration received or paid for units issued or repurchased respectively is converted to units based on the Fund's net asset value per unit at the next valuation period.

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) Establishing staging for mortgage loans and other assets measured at amortised cost and loan commitments

Exposures are considered to have resulted in a significant increase in credit risk and are moved to stage 2 when:

Qualitative test

- accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

Backstop Criteria

- accounts that are 30 calendar days or more past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into stage 2.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**3.1 Impairment of financial assets (continued)****(c) Forward looking information**

When management determines the macro-economic factors that impacts 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 Barbados and 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.

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. Related party transactions are disclosed in Note 12.

5. INCOME TAX ASSETS

Income tax assets arise from deductions of withholding tax at source on interest income on local financial investments. The Fund's tax-exempt status entitles it to a refund of these taxes by the Barbados Revenue Authority.

Income tax assets are reported at the gross value of \$9,779,873, net of an estimated impairment of \$2,881,000 (2019 - gross value of \$9,770,117; impairment of \$2,610,000).

Sensitivity Analysis

At December 31, 2020, the carrying value of the balance due from the Barbados Revenue Authority amounted to \$6,898,873. In the absence of specific information about the timing of receipt of the amount receivable management has made a judgement based on their overall experience that this amount will be collected within four years and applied an appropriate discount rate of 4.50% to determine the carrying value. The calculation of the carrying value is sensitive to the time to collect and the discount rate used. The sensitivity of the carrying value to a longer time to collect and the discount rate implied by the time is disclosed below:

Time to Collect	Discount Rate	Carrying Value Adjustment
Five Years	4.88%	(685,170)
Six Years	5.00%	(1,030,640)

Withholding tax incurred on extra-regional financial investments is not collectable by the Fund, and is therefore written off as an expense.

6. INTEREST AND OTHER RECEIVABLES

	2020 \$	2019 \$
Bond interest due	730,230	162,786
Unsettled transactions	-	395,965
Net advances to unit holders	-	278,016
Other	854,324	667,021
	1,584,554	1,503,788

7. 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 - Unlisted Local	88,793,445	88,793,445	87,751,493	87,751,493
Bonds - Unlisted Regional	26,069,956	26,069,956	26,243,498	26,243,498
Bonds - Listed International	173,859,227	173,859,227	166,481,529	166,481,529
Total debt securities	288,722,628	288,722,628	280,476,520	280,476,520
Common shares - Listed	2,646,378	2,646,378	940,882	940,882
Preferred shares - Unlisted	-	-	1,500,000	1,500,000
Mutual funds - Listed	8,052,392	8,052,392	-	-
Mutual funds - Unlisted	3,751,970	3,751,970	3,471,503	3,471,503
Total equity securities	14,450,740	14,450,740	5,912,385	5,912,385
Investments at amortised cost:				
Deposits	8,884,231	8,884,231	16,696,271	16,696,271
Mortgage loans, net	100,476,123	103,340,367	92,162,731	94,429,204
Total	109,360,354	112,224,598	108,859,002	111,125,475
Total financial investments	412,533,722	415,397,966	395,247,907	397,514,380

7. FINANCIAL INVESTMENTS (continued)**Analysis of financial investments (continued)**

Mortgage loans are reported at the gross principal of \$102,437,925, net of impairment of \$1,961,802 (2019 - gross principal of \$117,280,985, net of impairment of \$25,118,254). The fair value of the fixed rate mortgage loans is \$39,093,087 (2019 - \$31,901,219) and the carrying value is \$36,228,843 (2019 - \$29,634,746). All other amounts approximate their fair value.

Debt securities comprise:

	2020	2019
	\$	\$
Government debt securities – Listed International	139,910,450	136,565,583
Government debt securities – Unlisted Local	88,793,445	87,751,493
Government debt securities – Unlisted Regional	20,764,341	20,949,952
Corporate debt securities – Listed International	33,948,777	29,915,946
Corporate debt securities – Unlisted Regional	5,305,615	5,293,546
	<u>288,722,628</u>	<u>280,476,520</u>

Debt securities classified at fair value through profit or loss and valued using internally developed valuation models amounted to \$114,863,401 (2019 - \$113,994,991).

8. 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 custodians.

The overriding objective of the Fund's risk management framework is to enhance its capital base through investment in competitively yielding income securities and to protect 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.

8. FINANCIAL RISK (continued)**8.1 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 and advancing loans only after careful assessment of the borrower, obtaining collateral before advancing loans 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 stock 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 two categories of exposures:

- Investment portfolios, comprising debt securities, deposits and cash;
- Lending portfolios, comprising mortgages

For lending portfolios, the three default ratings of 8, 9 and 10 are utilised, while for investment portfolios, one default rating (8) is utilised.

In sections 8.2 and 8.3 below, we set out various credit risks and exposures in accordance of assets measured in accordance with IFRS 9.

8. FINANCIAL RISK (continued)**8.2 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	288,722,628		280,476,520	
Deposits at amortised cost	8,884,231		16,696,271	
Investment portfolio	297,606,859	68	297,172,791	69
Mortgage loans, net, at amortised cost	100,476,123		92,162,731	
Lending portfolio	100,476,123	23	92,162,731	21
Due from Sagikor Life Inc	1,928,119		310,949	
Due from Sagikor (Equity) Fund	7,685,909		2,428,980	
Due from Sagikor International Balanced Fund	60,282		1,384,136	
Interest and other receivable	1,584,554		1,503,788	
Cash resources	25,689,457		27,285,546	
Other financial assets	36,948,321	8	32,913,399	8
Total balance sheet exposures	435,031,303	99	422,248,921	98
Mortgage loan commitments	3,161,914	1	8,355,266	2
Total	438,193,217	100	430,604,187	100

8. FINANCIAL RISK (continued)**8.2 Credit risk exposure – financial assets subject to impairment (continued)**Credit Risk Exposure – financial investments subject to impairment

Financial assets carried at amortised 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.

	Mortgages loans – amortised cost				
	2020				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
December 31:					
Credit grade:					
Investment	60,700,837	5,981,802	-	-	66,682,639
Non-Investment	19,124,838	3,453,870	-	-	22,578,708
Watch	79,147	20,236	10,161,846	-	10,261,229
Default	-	-	2,915,349	-	2,915,349
Gross carrying amount	79,904,822	9,455,908	13,077,195	-	102,437,925
Loss allowance	(140,633)	(63,241)	(1,757,928)	-	(1,961,802)
Carrying amount	79,764,189	9,392,667	11,319,267	-	100,476,123
Mortgages loans – amortised 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	55,209,167	5,311,777	-	-	60,520,944
Non-Investment	15,040,944	2,971,244	-	-	18,012,188
Watch	-	-	10,801,507	-	10,801,507
Default	-	-	27,946,346	-	27,946,346
Gross carrying amount	70,250,111	8,283,021	38,747,853	-	117,280,985
Loss allowance	(340,783)	(92,538)	(24,684,933)	-	(25,118,254)
Carrying amount	69,909,328	8,190,483	14,062,920	-	92,162,731

8. FINANCIAL RISK (continued)**8.2 Credit risk exposure - financial assets subject to impairment (continued)**

Credit Risk Exposure - financial investments subject to impairment (continued)

Term Deposits - amortised cost					
2020					
ECL Staging					
Stage 1	Stage 2	Stage 3	POCI	Total	
12-month	life-time	life-time			
ECL	ECL	ECL			

December 31:

Credit grade:

Investment	3,804,580	-	-	-	3,804,580
Non-Investment	2,817,990	-	-	-	2,817,990
Watch	2,267,163	-	-	-	2,267,163
Default	-	-	-	-	-
Gross carrying amount	8,889,733	-	-	-	8,889,733
Loss allowance	(5,502)	-	-	-	(5,502)
Carrying amount	8,884,231	-	-	-	8,884,231

Term Deposits - amortised cost					
2019					
ECL Staging					
Stage 1	Stage 2	Stage 3	POCI	Total	
12-month	life-time	life-time			
ECL	ECL	ECL			

December 31:

Credit grade:

Investment	3,742,734	-	-	-	3,742,734
Non-Investment	8,189,080	-	-	-	8,189,080
Watch	5,124,591	-	-	-	5,124,591
Default	-	-	-	-	-
Gross carrying amount	17,056,405	-	-	-	17,056,405
Loss allowance	(360,134)	-	-	-	(360,134)
Carrying amount	16,696,271	-	-	-	16,696,271

8. FINANCIAL RISK (continued)**8.3 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.

LOSS ALLOWANCES	Mortgage loans - amortised cost				
	2020				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
Loss allowance, beginning of year	340,783	92,538	24,684,933	-	25,118,254
Transfers:					
Stage 1 to Stage 2	(19,301)	19,301	-	-	-
Stage 1 to Stage 3	(4,993)	-	4,993	-	-
Stage 2 to Stage 1	39,008	(39,008)	-	-	-
Stage 2 to Stage 3	-	(36,592)	36,592	-	-
Stage 3 to Stage 2	-	26,674	(26,674)	-	-
Stage 3 to Stage 1	-	-	-	-	-
Loans originated or purchased	14,834	22,534	211,260	-	248,628
Loans fully derecognised	(7,216)	(250)	-	-	(7,466)
Write-offs	-	-	(23,679,622)	-	(23,679,622)
Changes in ECL inputs, models and/or assumptions	(222,482)	(21,956)	526,446	-	282,008
Loss allowance, end of year	140,633	63,241	1,757,928	-	1,961,802
Credit impairment loss recorded in income					2,349,019

8. FINANCIAL RISK (continued)

8.3 Credit impairment losses - financial assets subject to impairment (continued)

LOSS ALLOWANCES	Mortgage loans - amortised cost				
	2019				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
Loss allowance, beginning of year	362,301	22,250	23,729,890	-	24,114,441
Transfers:					
Stage 1 to Stage 2	(33,325)	33,325	-	-	-
Stage 1 to Stage 3	(15,993)	-	15,993	-	-
Stage 2 to Stage 1	2,570	(2,570)	-	-	-
Stage 2 to Stage 3	-	(2,981)	2,981	-	-
Stage 3 to Stage 2	7,655	(7,655)	-	-	-
Stage 3 to Stage 1	1,655	-	(1,655)	-	-
Loans originated or purchased	105,875	13,058	-	-	118,933
Loans fully derecognised	(22,957)	-	-	-	(22,957)
Changes in ECL inputs, models and /or assumptions	(59,343)	21,801	945,379	-	907,837
Loss allowance, end of year	340,783	92,538	24,684,933	-	25,118,254
Credit impairment loss recorded in income					(1,003,813)

LOSS ALLOWANCES	Term Deposits - amortised cost				
	2020				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
Loss allowance, beginning of year	360,134	-	-	-	360,134
Term deposits originated or purchased	5,502	-	-	-	5,502
Term deposits fully derecognised	(360,134)	-	-	-	(360,134)
Loss allowance, end of year	5,502	-	-	-	5,502
Credit impairment loss recorded in income					354,632

8. FINANCIAL RISK (continued)

8.3 Credit impairment losses - financial assets subject to impairment (continued)

LOSS ALLOWANCES	Term Deposits - amortised cost				
	2019				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
Loss allowance, beginning of year	821,406	-	-	-	821,406
Term deposits originated or purchased	360,134	-	-	-	360,134
Term deposits fully derecognised	(821,406)	-	-	-	(821,406)
Loss allowance, end of year	360,134	-	-	-	360,134
Credit impairment loss recorded i n income					461,272

(a) Impaired Mortgages

Balances relating to impaired financial investments are summarised in the following table. The accumulated allowance for impairment losses reflects the Fund's assessment of total individually impaired investments at date of the financial statements.

	Gross carrying value \$	Accumulated allowances for impairment \$	Net carrying value \$	Estimated fair value of collateral \$
Mortgage Loans				
As of December 31, 2020				
Commercial sector	2,990,823	-	2,990,823	14,025,000
Residential sector	10,086,372	1,757,928	8,328,444	25,194,978
Total	13,077,195	1,757,928	11,319,267	39,219,978
Mortgage Loans				
As of December 31, 2019				
Commercial sector	29,935,427	22,909,904	7,025,523	16,993,320
Residential sector	8,812,426	1,775,029	7,037,397	19,477,078
Total	38,747,853	24,684,933	14,062,920	36,470,398

8. FINANCIAL RISK (continued)**8.3 Credit impairment losses – financial assets subject to impairment (continued)**(b) Reposessed assets

The Fund may foreclose on overdue mortgage loans by repossession of the pledged asset. In some instances, the Fund may provide re-financing to a new purchaser on customary terms.

No assets were reposessed during the year (2019 - Nil).

(c) Renegotiated assets

The Fund may renegotiate the terms of any financial investment to facilitate borrowers in financial difficulty. Arrangements to waive, adjust or postpone scheduled amounts due may be entered into. The Fund classifies these amounts as past due, unless the original agreement is formally revised, modified or substituted, in which case, the financial investment is classified as renegotiated.

(d) 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.

These are as follows:

2021	As of December 31, 2020			As of December 31, 2019		
	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%

The preceding economic variable assumptions relate to term deposits carried at amortised cost.

The Fund's lending operations in Barbados has limited readily available information regarding economic forecasts. Management has examined the information within the market and selected economic drivers that have the best correlation to the portfolio's performance. Economic state is assigned to reflect the driver's impact on ECL.

Barbados	Expected state for the next 12 months	Scenario
Unemployment rate	Base	Negative
	Upside	Stable
	Downside	Super Negative
GDP growth	Base	Negative
	Upside	Stable
	Downside	Super Negative

8. FINANCIAL RISK (continued)**8.3 Credit impairment losses – financial assets subject to impairment (continued)****(e) Credit impairment loss and de-recognition of original \$USD debt securities – Events in 2019**External Debt

The negotiations for the exchange of the external debt were completed on December 11, 2019. In exchange for its debt, the Group has accepted the following:

- Cash in the amount of \$91,692.
- Government of Barbados 6.5% 2021 bond offered in exchange for the accrued or past due interest outstanding (PDI). The interest rate on the bond is 6.5% per annum from October 1, 2019 to, but excluding February 1, 2021 with interest payable on October 1, 2020 and February 1, 2021. The final maturity date on this bond is February 1, 2021.
- Government of Barbados 6.5% 2029 bond offered in exchange for the principal outstanding. The interest rate on the bond is 6.5% per annum from October 1, 2019 to, but excluding October 1, 2029 with interest payable each on April 1 and October 1, commencing on April 1, 2020. The final maturity date on this bond is October 1, 2029.

The consequential movement in the carrying values of \$USD GOB debt for the period referred to above is summarised as follows:

GOB Debt Securities	USD
Net carrying value at December 12, 2019	9,339,104
Accrued interest, ECL and other adjustments	1,585,484
Carrying value as of December 12, 2019	10,924,588
Fair value on recognition of replacement securities	10,335,418
Cash Received	91,692
Loss on de-recognition of original securities	(497,478)

8. FINANCIAL RISK (continued)**8.4 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.

	Mortgage loans - amortised cost				
	2020				
	ECL Staging			POCI	Total
	Stage 1	Stage 2	Stage 3		
12-month ECL	life-time ECL	life-time ECL			
Gross carrying amount, beginning of year	70,250,111	8,283,021	38,747,853	-	117,280,985
Transfers:					
Stage 1 to Stage 2	(3,978,798)	3,978,798	-	-	-
Stage 1 to Stage 3	(1,029,282)	-	1,029,282	-	-
Stage 2 to Stage 1	3,491,600	(3,491,600)	-	-	-
Stage 2 to Stage 3	-	(3,275,291)	3,275,291	-	-
Stage 3 to Stage 2	-	589,173	(589,173)	-	-
Stage 3 to Stage 1	-	-	-	-	-
Loans originated or purchased	8,428,147	3,369,277	762,610	-	12,560,034
Loans fully derecognised	(1,487,606)	(22,351)	(727,699)	-	(2,237,656)
Write-offs	-	-	(29,339,124)	-	(29,339,124)
Changes in principal and interest	4,230,650	24,881	(81,845)	-	4,173,686
Effect of exchange rate changes	-	-	-	-	-
Gross carrying amount, end of year	79,904,822	9,455,908	13,077,195	-	102,437,925

8. FINANCIAL RISK (continued)

8.4 Gross Carrying Values - financial investments subject to impairment (continued)

	Mortgage loans - amortised cost				
	2019				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
Gross carrying amount, beginning of year	61,615,840	1,915,948	38,095,320	-	101,627,108
Transfers:					
Stage 1 to Stage 2	(5,667,562)	5,667,562	-	-	-
Stage 1 to Stage 3	(2,719,891)	-	2,719,891	-	-
Stage 2 to Stage 1	221,336	(221,336)	-	-	-
Stage 2 to Stage 3	-	(256,688)	256,688	-	-
Stage 3 to Stage 2	-	589,802	(589,802)	-	-
Stage 3 to Stage 1	359,528	-	(359,528)	-	-
Loans originated or purchased	21,825,300	1,168,792	-	-	22,994,092
Loans fully derecognised	(3,904,182)	-	(900,949)	-	(4,805,131)
Write-offs	-	-	-	-	-
Changes in principal and interest	(1,480,258)	(581,059)	(473,767)	-	(2,535,084)
Effect of exchange rate changes	-	-	-	-	-
Gross carrying amount, end of year	70,250,111	8,283,021	38,747,853	-	117,280,985

	Term Deposits - amortised cost				
	2020				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
Gross carrying amount, beginning of year	17,056,405	-	-	-	17,056,405
Deposits originated or purchased	8,889,733	-	-	-	8,889,733
Deposits fully derecognised	(17,056,405)	-	-	-	(17,056,405)
Gross carrying amount, end of year	8,889,733	-	-	-	8,889,733

8. FINANCIAL RISK (continued)**8.4 Gross Carrying Values - financial investments subject to impairment (continued)**

	Term Deposits - amortised cost				
	2019				
	ECL Staging			POCI	Total
	Stage 1	Stage 2	Stage 3		
12-month ECL	life-time ECL	life-time ECL			
Gross carrying amount, beginning of year	43,834,843	-	-	-	43,834,843
Deposits originated or purchased	17,056,405	-	-	-	17,056,405
Deposits fully derecognised	(43,834,843)	-	-	-	(43,834,843)
Gross carrying amount, end of year	17,056,405	-	-	-	17,056,405

8.5 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 opportunities 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.

8. FINANCIAL RISK (continued)**8.5 Liquidity risk (continued)**(a) Financial liabilities

As of December 31, 2020	On demand \$	Within 1 year \$	1 to 5 years \$	After 5 years \$	Total \$
Accounts payable	715,949	-	-	-	715,949
Due to Sagicor					
Asset Management Inc.	16,522	-	-	-	16,522
Off balance sheet commitments:					
Mortgage loan commitments	-	3,161,914	-	-	3,161,914
Total	732,471	3,161,914	-	-	3,894,385

As of December 31, 2019	On demand \$	Within 1 year \$	1 to 5 years \$	After 5 years \$	Total \$
Accounts payable	457,101	-	-	-	457,101
Due to Sagicor					
Asset Management Inc.	16,522	-	-	-	16,522
Off balance sheet commitments:					
Mortgage loan commitments	-	8,355,266	-	-	8,355,266
Total	473,623	8,355,266	-	-	8,828,889

8. FINANCIAL RISK (continued)**8.5 Liquidity risk (continued)**(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	1,928,119	-	-	1,928,119
Due from Sagicor (Equity) Fund	7,685,909	-	-	7,685,909
Due from Sagicor International Balanced Fund	60,282	-	-	60,282
Interest and other receivables	1,584,554	-	-	1,584,554
Debt securities	5,967,765	54,128,623	228,626,240	288,722,628
Deposits	8,884,231	-	-	8,884,231
Mortgage loans, net	3,733,662	4,880,963	91,861,498	100,476,123
Cash resources	25,689,457	-	-	25,689,457
Total	55,533,979	59,009,586	320,487,738	435,031,303

As of December 31, 2019	Maturing within 1 year \$	Maturing within 1 to 5 years \$	Maturing after 5 years \$	Total \$
Due from Sagicor Life Inc	310,949	-	-	310,949
Due from Sagicor (Equity) Fund	2,428,980	-	-	2,428,980
Due from Sagicor International Balanced Fund	1,384,136	-	-	1,384,136
Interest and other receivables	1,503,788	-	-	1,503,788
Debt securities	3,159,435	59,016,286	218,300,799	280,476,520
Deposits	16,696,271	-	-	16,696,271
Mortgage loans, net	2,479,796	7,439,519	82,243,416	92,162,731
Cash resources	27,285,546	-	-	27,285,546
Total	55,248,901	66,455,805	300,544,215	422,248,921

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 completely redeem their units as they typically hold them for the long-term. At December 2020, an individual unit holder, Sagicor Life Inc, held 15% of the fund's units (2019 Sagicor Life Inc 14%). The fund manages its liquidity risk by investing in securities that it expects to be able to liquidate within a short period.

8. FINANCIAL RISK (continued)**8.5 Liquidity risk (continued)**(b) Financial assets (continued)

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

As of December 31, 2020	Less than			More than	
	7 days	Monthly	Quarterly	1 Year	1 year
Funds and Alternative Investments	8,052,392	-	3,751,970	-	-
As of December 31, 2019	Less than			More than	
	7 days	Monthly	Quarterly	1 Year	1 year
Funds and Alternative Investments	-	-	3,471,503	-	-

8.6 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.

8. FINANCIAL RISK (continued)**8.6 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 Life Inc	-	-	-	1,928,119	1,928,119
Due from Sagicor (Equity) Fund	-	-	-	7,685,909	7,685,909
Due from Sagicor International Balanced Fund	-	-	-	60,282	60,282
Interest and other receivables	-	-	-	1,584,554	1,584,554
Debt securities	5,765,674	53,228,179	226,580,625	3,148,150	288,722,628
Equity securities	-	-	-	14,450,740	14,450,740
Deposits and other loans	8,779,062	-	-	105,169	8,884,231
Mortgage loans	3,106,369	4,686,165	91,333,048	1,350,541	100,476,123
Cash resources	-	-	-	25,689,457	25,689,457
Total	17,651,105	57,914,344	317,913,673	56,002,921	449,482,043
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 Life Inc	-	-	-	310,949	310,949
Due from Sagicor (Equity) Fund	-	-	-	2,428,980	2,428,980
Due from Sagicor International Balanced Fund	-	-	-	1,384,136	1,384,136
Interest and other receivables	-	-	-	1,503,788	1,503,788
Debt securities	3,133,118	57,952,336	216,293,228	3,097,838	280,476,520
Equity securities	-	-	-	5,912,385	5,912,385
Deposits and other loans	16,480,352	-	-	215,919	16,696,271
Mortgage loans	-	1,219,513	81,401,315	9,541,903	92,162,731
Cash resources	-	-	-	27,285,546	27,285,546
Total	19,613,470	59,171,849	297,694,543	51,681,444	428,161,306

8. FINANCIAL RISK (continued)**8.6 Market risk (continued)****Interest Rate Risk (continued)**

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

	2020	2019
Debt securities	4.2%	4.5%
Deposits	2.0%	2.1%
Mortgage loans	5.0%	4.4%

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	285,574,478
The fair value impact of an increase in interest rates:	(21,734,223)
The fair value impact of a decrease in interest rates:	19,092,681

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 as the US and EC rates are fixed to the functional currency.

8. FINANCIAL RISK (continued)**8.6 Market risk (continued)****Foreign exchange risk (continued)**

Monetary assets and liabilities by currency are summarised in the following table.

As of December 31, 2020	Balances denominated in				Total \$
	Barbados \$	Trinidad \$	US \$	EC \$	
ASSETS					
Due from Sagikor Life Inc.	1,928,119	-	-	-	1,928,119
Due from Sagikor (Equity) Fund	7,685,909	-	-	-	7,685,909
Due from Sagikor					
International Balanced Fund	-	-	-	60,282	60,282
Interest and other receivables	1,021,825	20,655	475,907	66,167	1,584,554
Financial investments	196,457,628	1,260,134	205,980,935	8,835,025	412,533,722
Cash resources	1,181,742	-	24,507,715	-	25,689,457
Total assets	208,275,223	1,280,789	230,964,557	8,961,474	449,482,043
LIABILITIES					
Due to Sagikor					
Asset Management Inc.	16,522	-	-	-	16,522
Accounts payable	715,949	-	-	-	715,949
Total liabilities	732,471	-	-	-	732,471
Net position	207,542,752	1,280,789	230,964,557	8,961,474	448,749,572

8. FINANCIAL RISK (continued)

8.6 Market risk (continued)

Foreign exchange risk (continued)

As of December 31, 2019	Balances denominated in				
	Barbados \$	Trinidad \$	US \$	EC \$	Total \$
ASSETS					
Due from Sagicor Life Inc.	310,949	-	-	-	310,949
Due from Sagicor (Equity) Fund	2,428,980	-	-	-	2,428,980
Due from Sagicor International Balanced Fund	-	-	-	1,384,136	1,384,136
Interest and other receivables	945,174	-	558,614	-	1,503,788
Financial investments	194,964,426	1,277,610	190,047,514	8,958,357	395,247,907
Cash resources	418,160	-	26,867,386	-	27,285,546
Total assets	199,067,689	1,277,610	217,473,514	10,342,493	428,161,306
LIABILITIES					
Due to Sagicor Asset Management Inc.	16,522	-	-	-	16,522
Accounts payable	457,101	-	-	-	457,101
Total liabilities	473,623	-	-	-	473,623
Net position	198,594,066	1,277,610	217,473,514	10,342,493	427,687,683

8. FINANCIAL RISK (continued)**8.6 Market risk (continued)****Other 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 the 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 not 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.

Sensitivity

The effects of an across the board 20% decline in equity prices of the Fund's fair value through income equity securities on income is as follows.

	Fair value \$	Effect of a 20% decline at Dec 31, 2020 \$
Fair value through profit or loss equity securities:		
Listed on Caribbean and US stock exchanges and markets	2,646,378	(529,276)
Mutual funds - Listed	8,052,392	(1,610,478)
Mutual funds - Unlisted	3,751,970	(750,394)
	14,450,740	(2,890,148)

8.7 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:

(a) 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.

8. FINANCIAL RISK (continued)**8.7 Fair value of financial instruments (continued)**

(b) 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 frequent 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.

(c) 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 quoted prices of similar instruments that are observable which would be classified as Level 2; or
- The fair value is derived from inputs that are not based on observable market data.

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 are carried at fair value at December 31 on a security basis by level of the fair value hierarchy.

2020	Level 1	Level 2	Level 3	Total
Financial assets classified at fair value through profit or loss:	\$	\$	\$	\$
Debt securities	4,198,078	169,661,149	114,863,401	288,722,628
Common shares	2,630,808	15,570	-	2,646,378
Mutual funds	8,052,392	-	3,751,970	11,804,362
Total assets	14,881,278	169,676,719	118,615,371	303,173,368
Total assets by percentage	5%	56%	39%	100%
2019	Level 1	Level 2	Level 3	Total
Financial assets classified at fair value through profit or loss:	\$	\$	\$	\$
Debt securities	-	166,481,529	113,994,991	280,476,520
Common shares	930,066	10,816	-	940,882
Mutual funds	-	-	3,471,503	3,471,503
Preferred shares	-	-	1,500,000	1,500,000
Total assets	930,066	166,492,345	118,966,494	286,388,905
Total assets by percentage	0%	58%	42%	100%

8. FINANCIAL RISK (continued)**8.7 Fair value of financial instruments (continued)****(c) Level 3 - inputs for the instrument that are not based on observable market data (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	114,863,401	113,994,991	Discounted Cash Flows	Risk Adjusted Market Yields	1.5% - 9.6% Avg (2.4%)	1.5% - 7.7% Avg (2.4%)	The effect of a 1% increase in interest rates would decrease the fair value by (\$13,050,192) and a 1% decrease in interest rates would increase the fair values by \$9,580,728
Mutual funds	3,751,970	3,471,503	Par Value	N/A	N/A	N/A	N/A
Preferred shares	-	1,500,000	Par Value	N/A	N/A	N/A	N/A

There have been no material transfers between Level 1 and Level 2 during 2020 and 2019.

8. FINANCIAL RISK (continued)**8.7 Fair value of financial instruments (continued)****(c) Level 3 - inputs for the instrument that are not based on observable market data (continued)**

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

	2020 \$	2019 \$
Balance, beginning of year	118,966,494	112,846,345
Fair value changes recorded in income	1,531,063	7,419,943
Additions	3,506,359	2,350,246
Disposals	(5,388,869)	(3,597,643)
Effect of accrued income changes	324	(52,397)
Balance, end of year	118,615,371	118,966,494

Unrealised gains of \$1,531,063 (2019 - \$7,419,943) on level 3 assets held at the end of the period are included in Net gains/(losses) on financial investments.

The fair value hierarchy of other financial instruments of the fixed rate mortgages not carried at fair value but for which fair value disclosure is required is set out in the following table. Due to their nature, the carrying value of variable rate mortgages approximate fair value.

As at December 31, 2020	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Mortgage loans	-	-	39,093,087	39,093,087
	-	-	39,093,087	39,093,087
As at December 31, 2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Mortgage loans	-	-	31,901,219	31,901,219
	-	-	31,901,219	31,901,219

8.8 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.

9. ACCOUNTS PAYABLE

	2020 \$	2019 \$
Pension benefits and other payables	715,949	457,101

10. INTEREST INCOME

The Fund manages its financial investments by the type of financial instrument (i.e. debt securities, deposits, mortgage loans, etc.) and the income therefrom is presented accordingly.

	2020 \$	2019 \$
Debt securities	11,734,581	11,626,403
Deposits	252,932	634,653
Mortgage loans	4,662,974	3,628,569
Other loans	4,654	44,640
Total interest income	16,655,141	15,934,265

11. NET INVESTMENT GAINS/(LOSSES)

	2020 \$	2019 \$
Net gains on financial investments	5,403,931	22,589,341
Loss on bond restructure	(125,367)	(497,478)
Allowances for impairment losses	2,703,651	(542,541)
	7,982,215	21,549,322

12. RELATED PARTY TRANSACTIONS**(a) Material related party transactions**

	2020 \$	2019 \$
Management fee – Sagicor Life Inc.	2,199,581	2,118,291

(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	48,848,778	44,961,168
Net value of transactions for the year	4,800,811	3,887,610
Value of units at December 31	53,649,589	48,848,778

Sagicor General Inc.	2020 \$	2019 \$
Value of units held at January 1	6,164,757	5,671,191
Net value of transactions for the year	573,527	493,566
Value of units at December 31	6,738,284	6,164,757

13. 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 Sagicor (Bonds) Fund returned 5.1% for the year ended December 31, 2020. The Fund's NAV increased to \$28.60 as at December 31, 2020 up from \$27.20 as at December 31, 2019. Net assets increased to \$455.6 million as at December 31, 2020 from \$434.8 million as at December 31, 2019.

As at December 31, 2020, the Fund remained predominantly allocated to debt securities, which accounted for 63.4% of net assets while mortgages represented 22.1% of net assets.

In absolute terms, the Sagicor (Bonds) Fund marginally grew by 0.03% for the first quarter of 2021. The Fund's NAV increased to \$28.61 as at March 31, 2021 from \$28.60 as at December 31, 2020 while net assets declined to \$453.7 million.

We will continue to monitor the evolving situation.

Stronger Together



FINANCIAL
STATEMENTS
(EQUITY) FUND





Independent auditor's report

To the Unit holders of Sagicor (Equity) Fund

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sagicor (Equity) 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 *Auditor's 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 Fund 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.



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.

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.
- 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 is made solely to the Fund's unit holders as a body. Our audit work has been undertaken so that we might state to the Fund's unit holders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law *and subject to any enactment or rule of law to the contrary*, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unit holders as a body, for our audit work, for this report, or for the opinion we have formed.

PricewaterhouseCoopers SRL

PricewaterhouseCoopers SRL
Bridgetown, Barbados
May 14, 2021

Statement of Financial Position

As of December 31, 2020

Sagicor (Equity) Fund

Amounts expressed in Barbados Dollars

	Notes	2020	2019
ASSETS			
Investment property	4, 11	54,811,353	53,408,333
Property, plant and equipment		1,364,321	1,333,030
Investment in associated companies	5	5,313,525	4,887,546
Due from Sagicor Life Inc	6	3,488	274,252
Due from Sagicor International Balanced Fund	6	108,420	-
Due from associated company	5	22,663	22,663
Income tax assets	7	1,076,592	1,283,358
Real estate developed for resale	8	1,379,014	327,547
Accounts receivable	9	4,511,397	5,530,296
Financial investments	10	534,625,760	531,585,359
Cash resources		25,657,731	28,985,694
Total assets		628,874,264	627,638,078
LIABILITIES			
Deposits received on real estate developed for resale	8	5,600	5,600
Due to Sagicor (Bonds) Fund	6	8,007,197	2,446,123
Due to Sagicor International Balanced Fund	6	-	13,402
Due to Sagicor Global Balanced Fund	6	22,191	10,746
Accounts payable	13	1,686,183	2,032,219
Total liabilities		9,721,171	4,508,090
Net assets attributable to unit holders		619,153,093	623,129,988
Represented by:			
UNIT HOLDERS' EQUITY		619,153,093	623,129,988
		2020	2019
No. of units outstanding at end of year		9,391,496	9,633,711
Net asset value per unit at end of year		\$65.93	\$64.68
Increase in net asset value per unit for year		1.9%	14.7%

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

Approved by the Board of Directors on May 14, 2021



Chairman



Director

Statement of Changes in Net Assets Attributable to Unit Holders

For the year ended December 31, 2020

Sagicor (Equity) Fund

Amounts expressed in Barbados Dollars

	2020		2019	
	Number of Units	Total \$	Number of Units	Total \$
Balance, beginning of year	9,633,711	623,129,988	9,746,444	549,787,191
Proceeds from issue of units	383,588	24,189,422	461,471	28,369,389
Redemption of units	(625,803)	(39,910,574)	(574,204)	(35,228,050)
Net decrease from unit transactions	(242,215)	(15,721,152)	(112,733)	(6,858,661)
Net income and total comprehensive income for the year available to unit holders	-	11,744,257	-	80,201,458
Balance, end of year	9,391,496	619,153,093	9,633,711	623,129,988

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

Statement of Comprehensive Income
For the year ended December 31, 2020

Sagicor (Equity) Fund
Amounts expressed in Barbados Dollars

	Notes	2020	2019
REVENUE			
Interest income	14	2,003,569	2,560,338
Dividend income		8,330,864	10,721,490
Net rental income	15	1,718,201	1,762,537
Share of operating income of associated companies	5	425,979	319,545
Net investment gains	16	8,005,095	72,928,951
		<u>20,483,708</u>	<u>88,292,861</u>
EXPENSES			
Management fee	17	4,443,688	4,481,236
Investment expenses		268,729	131,110
Commissions and brokers' fees		3,165,181	2,728,733
Allowance for impairment losses on income tax assets		207,264	-
		<u>8,084,862</u>	<u>7,341,079</u>
Total operating expenses			
		<u>8,084,862</u>	<u>7,341,079</u>
INCOME BEFORE TAXES		12,398,846	80,951,782
Withholding taxes		(654,589)	(750,324)
		<u>(654,589)</u>	<u>(750,324)</u>
NET INCOME AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR AVAILABLE TO UNIT HOLDERS		<u>11,744,257</u>	<u>80,201,458</u>

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

	2020	2019
Cash flows from operating activities:		
Income/(loss) before taxes	12,398,846	80,951,782
Adjustments for:		
Interest income	(2,003,569)	(2,560,338)
Dividend income	(8,330,864)	(10,721,490)
Net gains on financial investments	(8,803,614)	(75,455,491)
Depreciation in fair value of investment property	608,333	2,583,334
Depreciation in property, plant and equipment	63,203	60,270
Allowance for impairment losses on income tax assets	207,264	-
Allowances for impairment losses	190,186	(56,794)
Share of operating gain of associated company	(425,979)	(319,545)
	<u>(6,096,194)</u>	<u>(5,518,272)</u>
Changes in operating assets and liabilities		
Accounts receivable	529,506	2,401,010
Due from Sagicor Life Inc	270,764	(224,480)
Due from Sagicor International Balanced Fund	(108,420)	
Due to Sagicor Global Balanced Fund	11,445	(17,932)
Due to Sagicor (Bonds) Fund	5,561,074	(3,390,888)
Due to Sagicor International Balanced Fund	(13,402)	1,943
Accounts payable	(346,036)	399,811
Issue of mortgage loans	(3,949,935)	(2,391,265)
Repayment of mortgage loans	1,619,144	6,810,180
Purchase of debt securities	(19,759,516)	-
Redemption of debt securities	21,800,967	8,286,122
Proceeds from sale of equity securities	151,409,773	248,142,454
Purchase of equity securities	(143,552,963)	(240,587,975)
Additions to investment property	(2,011,353)	-
Additions to equipment	(94,494)	(143,980)
Real estate developed for resale	(1,051,467)	-
Amounts deposited	(4,265,017)	(3,104,133)
Deposits redeemed	2,255,681	3,918,170
Cash generated from operations	2,209,557	14,580,765

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

Sagicor (Equity) Fund
Amounts expressed in Barbados Dollars

	2020	2019
Interest received	2,018,461	2,649,382
Dividends received	8,820,258	10,439,958
Taxes paid	(655,087)	(760,879)
Net cash generated from operating activities	12,393,189	26,909,226
Cash flows from financing activities		
Proceeds from issue of units	24,189,422	28,369,389
Redemptions of units	(39,910,574)	(35,228,050)
Net cash used in financing activities	(15,721,152)	(6,858,661)
Net (decrease)/increase in cash and cash equivalents	(3,327,963)	20,050,565
Cash and cash equivalents - beginning of year	28,985,694	8,935,129
Cash and cash equivalents - end of year	25,657,731	28,985,694
Cash resources comprise:		
Cash	22,172,721	26,798,135
Cash held under managed properties	3,485,010	2,187,559
	25,657,731	28,985,694

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

1. REGISTRATION, PRINCIPAL ACTIVITY AND REGISTERED OFFICE

Sagicor (Equity) Fund (“The Fund”) was registered in April 1969 as a Unit Trust, responsible for the management of investments of Barbados registered pension plans.

The Fund’s objective is to provide long-term capital growth through investment in a diversified portfolio of equity securities including real estate.

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 applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all 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 and investment property.

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 Barbados dollars unless otherwise stated.

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 in 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.

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.

Amendments to IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform, Phase 2, effective January 1, 2021
Subject/Comments
The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.
This standard will have no material effect on the Fund.

Amendments to IAS 16 - Property, plant and equipment, effective January 1, 2022
Subject/Comments
These amendments prohibit a company from deducting from the cost of property, plant and equipment, amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
This standard will have no material effect on the Fund.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Investments in other entities****(a) Joint operations**

Joint operations arise when the Fund has rights to the assets and obligations for liabilities of an arrangement. The Fund accounts for its interests in the assets, liabilities and revenues and expenses of jointly controlled operations.

(b) Investment in associated companies

The investments in associated companies, which are not majority-owned or controlled but where significant influence exists, are included in these financial statements using the equity method of accounting. Investments in associated companies are originally recorded at cost and include intangible assets identified on acquisition.

The Fund recognises in income its share of associated companies' post acquisition income and its share of the amortisation and impairment of any intangible assets which were identified on acquisition. Unrealised gains or losses on transactions between the Fund and its associates are eliminated to the extent of the Fund's interest in the associates. The Fund recognises in other comprehensive income, its share of associated companies' post acquisition other comprehensive income.

2.3 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 Barbados 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 re-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 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 Barbados dollars at the pegged rates. Currencies which float are converted to the Barbados 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 Barbados dollar were as follows:

	2020 closing rate	2020 average rate	2019 closing rate	2019 average rate
Eastern Caribbean dollar	1.35	1.35	1.35	1.35
Jamaica dollar	71.2267	71.2886	66.2662	66.6525
Trinidad & Tobago dollar	3.3806	3.3730	3.3812	3.3747
United States dollar	0.50	0.50	0.50	0.50

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.4 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 mortgages, 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.4 Financial assets (continued)****(b) Classification of debt instruments (continued)****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.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.4 Financial assets (continued)**(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.

(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 lifetime 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.4 Financial assets (continued)****(g) The general approach to recognising and measuring ECL (continued)***Measurement (continued)*

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.

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) Modification of loans

The Fund sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers and debt instruments. When this happens, the Fund assesses whether or not the new terms are substantially different to the original terms. The Fund does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flow to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Fund derecognises the original financial asset and recognises a new asset at fair value and recalculates the new effective interest rate for the asset. The date of negotiation is consequently considered to be the date of initial recognition for impairment calculation purposes and the purpose of determining if there has been a significant increase in credit risk. At this point the Fund will assess if the asset is POCI.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Financial assets (continued)

(i) 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.

(j) Classification of equity instruments

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

(k) Presentation in the statement of income and 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.

Financial instruments measured at amortised cost

Interest income is included in interest income earned from financial assets measured at amortised cost in the statement of income and comprehensive income.

Credit impairment losses are included in the statement of income and comprehensive income.

2.5 Investment property

Investment property consists of freehold lands and freehold properties not occupied by the Fund which are held for rental income and/or capital appreciation.

Investment property is recorded initially at cost and subsequently at fair value determined by independent valuers, with the appreciation or depreciation in value being taken to investment income. Fair value represents the price (or estimates thereof) that would be agreed upon in an orderly transaction between market participants at the valuation date. Fair values are derived using the market value approach and the income capitalisation approach, which reference market-based evidence, using comparable prices adjusted for specific factors such as nature, location and condition of property. Investment property includes property partially owned by the Fund and held under joint operations with third parties for which the Fund recognises its share of the joint operation's assets, liabilities, revenues, expenses and cash flows. On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to income.

Transfers to or from investment properties are recorded when there is a change in use of the property. Transfers to real estate developed for resale are recorded at their fair value at the date of change in use.

Rental income is recognised on an accrual basis.

2.6 Real estate developed for resale

Lands being made ready for resale along with the cost of infrastructural works are classified as real estate held for resale and are stated at the lower of carrying value and fair value less cost to sell.

Gains and losses realised on the sale of real estate are included in income at the time of sale.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.7 Cash and cash equivalents**

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

- cash balances,
- call deposits,
- proportionate interests in cash balances of managed joint operations.

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

2.8 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.

2.9 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.

2.10 Taxation

The Fund is exempt from Barbados taxation.

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 and the related tax imposed is recorded as a receivable until these amounts are recoverable or expensed as incurred.

2.11 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.

2.12 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 assets representing the value of units redeemed.
- The rights and features attached to each unit are identical.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.13 Net asset value per unit**

The Fund adopts a forward pricing policy of valuing transactions. The consideration received or paid for units issued or repurchased respectively is converted to units based on the Fund's net asset value per unit at the next valuation period.

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

2.14 Property, plant and equipment

Property, plant and equipment comprise mainly furnishings and office equipment and represent the Fund's proportionate interest in joint operations. These assets are initially recorded at cost and subsequent expenditure is capitalised if future economic benefits are expected.

Depreciation is calculated on property, plant and equipment on the straight-line basis at rates calculated to allocate the cost of the assets concerned over their estimated useful lives. The estimated useful lives for this purpose are as follows:

Plant and equipment, furniture and fittings	10 years
Computer software and equipment	3 -10 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Any gain or loss on disposal included in the statement of comprehensive income is determined by comparing proceeds to the asset's carrying value at the time of disposal.

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 2.4(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 2.4 '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
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) Establishing staging for mortgage loans and other assets measured at amortised cost, lease receivables and loan commitments

Exposures are considered to have resulted in a significant increase in credit risk and are moved to stage 2 when:

Qualitative test

- accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

Backstop Criteria

- accounts that are 30 calendar days or more past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into stage 2.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**3.1 Impairment of financial assets (continued)****(c) 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 Barbados and 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.

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.

3.3 Valuation of investment property

The Fund utilises professional valuers to determine the fair value of its investment properties. Valuations are determined through the application of a variety of different valuation methods which are all sensitive to the underlying assumptions chosen. Direct sales comparisons, when such data is available, and income capitalisation methods, when appropriate, are included in the assessment of fair values.

For some tracts of land which are currently un-developed, the fair value may reflect the potential for development within a reasonable period of time. Information about fair value technique is disclosed in Note 11.

4. INVESTMENT PROPERTY

Investment property is carried at fair value as determined by independent valuers using internationally recognised valuation techniques.

The movement in investment property for the year is as follows:

	2020 \$	2019 \$
Balance, beginning of year	53,408,333	55,991,667
Additions at cost	2,011,353	-
Fair value loss recorded in income	(608,333)	(2,583,334)
Balance, end of year	54,811,353	53,408,333

Wholly owned properties:

Letchworth Complex, Garrison, St. Michael
 Letchworth Cottage, Garrison, St. Michael
 CIBC First Caribbean International Bank, Rendezvous, Christ Church
 City Centre, Bridgetown
 Land at Plum Tree, St. Thomas

Investment property includes \$21,600,000 (2019 - \$21,833,333) which represents the Fund's proportionate interest in joint operations in Barbados summarized in the following table.

Description of property	Percentage ownership
Land at Fort George Heights, Upton, St. Michael	50.0%
United Nations House, Marine Gardens, Christ Church	50.0%
Trident House Properties, Lower Broad Street, Bridgetown	33.3%

A related party owns a 50% interest in Fort George Heights and United Nations House, respectively and a 33% interest in Trident House Properties.

Other balances included in the financial statements in respect of the above joint operations are as follows:

	2020 \$	2019 \$
Real estate developed for resale	327,547	327,547
Accounts receivable	2,039,902	2,686,545
Property, plant and equipment	552,185	499,627
Cash resources	3,183,499	1,640,366
Deposits received on real estate developed for resale	5,600	5,600
Accounts payable	992,159	993,820
Net rental income	1,191,850	1,217,600
Depreciation in fair value of investment property	(233,333)	(983,334)

5. INVESTMENT IN ASSOCIATED COMPANIES

The movements in the investment in associated companies during the year are summarised in the following table.

	Primo Holdings Limited 2020 \$	Haggatt Hall Holdings Limited 2020 \$	Total 2020 \$
Investment at the beginning of the year	599,582	4,287,964	4,887,546
Share of (loss)/income	(11,527)	437,506	425,979
Investment at the end of the year	588,055	4,725,470	5,313,525

	Primo Holdings Limited 2019 \$	Haggatt Hall Holdings Limited 2019 \$	Total 2019 \$
Investment at the beginning of the year	611,109	3,956,892	4,568,001
Share of (loss)/income	(11,527)	331,072	319,545
Investment at the end of the year	599,582	4,287,964	4,887,546

The Fund holds interests in two property investment companies. Proportionate interests are as follows:

- 7.5% (2019 - 37.5%) in Primo Holdings Limited, incorporated in Barbados
- 33.3% (2019 - 33.3%) in Haggatt Hall Holdings Limited, incorporated in Barbados

The amount of \$22,663 (2019 - \$22,663) due from associated company Primo Holdings Limited, is interest free, unsecured and has no fixed terms of repayment.

5. INVESTMENT IN ASSOCIATED COMPANIES (continued)

The aggregate balances and results in respect of the associated companies for the year are set out below:

	Haggatt Hall Holdings Limited		Primo Holding Limited	
	2020	2019	2020	2019
ASSETS				
Property, Plant and Equipment 28,854,958	29,495,865	-	-	-
Cash Resources	2,181,641	1,294,051	-	-
Other Investments and Assets	918,876	834,452	2,000,000	2,000,000
Total Assets	31,955,475	31,624,368	2,000,000	2,000,000
LIABILITIES				
Current liabilities	17,934,314	18,915,725	532,880	502,140
Net Assets	14,021,161	12,708,643	1,467,120	1,497,860
Summarised Statement of Comprehensive Income				
REVENUE				
Net Rental Income	2,531,269	2,456,404	-	-
Other Income	1,375,944	1,279,926	-	-
Total Revenue	3,907,213	3,736,330	-	-
EXPENSES				
Finance Charges	730,988	783,631	-	-
Depreciation	661,962	685,097	-	-
Repairs & Maintenance	486,873	498,669	-	-
Income Tax Expenses	31,816	63,631	-	-
Deferred Tax Expenses	-	(6,916)	-	-
Other	683,056	719,001	30,740	30,740
Total Expenses	2,594,695	2,743,113	30,740	30,740
Total Comprehensive Income	1,312,518	993,217	(30,740)	(30,740)

5. INVESTMENT IN ASSOCIATED COMPANIES (continued)**Reconciliation to carrying amounts**

	Haggatt Hall Holdings Limited		Primo Holdings Limited	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Opening net assets 1 January	12,708,643	11,715,426	1,497,860	1,528,600
Profit/(loss) for the period	1,312,518	993,217	(30,740)	(30,740)
Closing net assets	14,021,161	12,708,643	1,467,120	1,497,860
Fund's share in %	33.3%	33.3%	37.5%	37.5%
Fund's Share in \$	4,673,720	4,236,214	550,170	561,697
Capitalisation of Acquisition costs	51,750	51,750	37,885	37,885
Carrying Amount	4,725,470	4,287,964	588,055	599,582

6. RELATED PARTY BALANCES

These balances are interest free, unsecured and have no fixed terms of repayment. A summary of related party transactions is disclosed in note 17.

7. INCOME TAX ASSETS

Income tax assets arise from deductions of withholding tax at source on interest income from local financial investments. The Fund's tax-exempt status entitles it to a refund of these taxes from the Barbados Revenue Authority.

Income tax assets are reported at the gross value of \$1,283,856, net of an estimated impairment of \$207,264 (2019 - gross value of \$1,283,358; impairment nil) Sensitivity Analysis

At December 31, 2020, the carrying value of the balance due from the Barbados Revenue Authority amounted to \$1,076,592. In the absence of specific information about the timing of receipt of the amount receivable management has made a judgement based on their overall experience that this amount will be collected within four years and applied an appropriate discount rate of 4.50% to determine the carrying value. The calculation of the carrying value is sensitive to the time to collect and the discount rate used. The sensitivity of the carrying value to a longer time to collect and the discount rate implied by the time is disclosed below:

Time to Collect	Discount Rate	Carrying Value Adjustment
Five Years	4.88%	(271,912)
Six Years	5.00%	(325,823)

Withholding tax incurred on extra-regional financial investments is not collectable by the Fund and is therefore written off as an expense in the year in which it is incurred.

8. REAL ESTATE DEVELOPED FOR RESALE, DEPOSITS RECEIVED ON REAL ESTATE DEVELOPED FOR RESALE

Real estate developed for resale and deposits received on real estate developed for resale represent the Fund's proportionate interests in joint operations as set out below:

Description of property	Percentage owned by the Fund
Land at Fort George Heights, Upton, St. Michael	50%

9. ACCOUNTS RECEIVABLE

	2020	2019
	\$	\$
Rent receivable	2,553,651	3,121,665
Dividend receivable	408,980	898,374
Unsettled transactions	-	898,476
Other receivables	1,548,766	1,301,462
Total accounts receivable	4,511,397	6,219,977
Less: Provision for impairment of receivables	-	(689,681)
	4,511,397	5,530,296

10. FINANCIAL INVESTMENTS

10.1 Analysis of financial investments

	2020		2019	
	Carrying Value \$	Fair Value \$	Carrying Value \$	Fair Value \$
Investments at FVTPL				
Fair value through profit and loss:				
International - Listed	18,522,701	18,522,701	19,988,953	19,988,953
Local - Unlisted	5,600,583	5,600,583	5,391,258	5,391,258
Regional - Unlisted	7,695,829	7,695,829	7,638,965	7,638,965
Total debt securities	31,819,113	31,819,113	33,019,176	33,019,176
Common Shares - Local Listed	67,114,354	67,114,354	98,750,572	98,750,572
Common Shares - Regional Listed	56,169,636	56,169,636	57,975,276	57,975,276
Common Shares - International Listed	162,581,550	162,581,550	189,571,443	189,571,443
Common Shares - Unlisted	84,976	84,976	87,383	87,383
Alternative Investments - Listed	189,358,775	189,358,775	108,558,123	108,558,123
Alternative Investments - Unlisted	7,406,698	7,406,698	25,560,486	25,560,486
Mutual Funds - Listed	-	-	2,120,656	2,120,656
Mutual Funds - Unlisted	2,823	2,823	2,823	2,823
Total equity securities	482,718,812	482,718,812	482,626,762	482,626,762
Investments at amortised cost:				
Deposits	2,596,219	2,596,219	582,992	582,992
Mortgage loans	17,491,616	17,788,913	15,356,429	15,618,142
Total investments at amortised cost:	20,087,835	20,385,132	15,939,421	16,201,134
Total financial investments	534,625,760	534,923,057	531,585,359	531,847,072

Mortgage loans are reported at the gross principal of \$17,757,789, net of impairment of \$266,173 (2019 - gross principal of \$15,432,436, net of \$76,007). The fair value of the fixed rate mortgage loans is \$5,447,959 (2019 - \$3,517,461) and the carrying value is \$5,150,662 (2019 - \$3,255,747). All other amounts approximate their fair value.

10. FINANCIAL INVESTMENTS (continued)**10.1 Analysis of financial investments (continued)**

See note 12.4 for the fair value of investments at amortised cost.

Debt securities comprise:	2020	2019
	\$	\$
Government debt securities - Listed International	16,356,302	17,851,044
Government debt securities - Unlisted Local	5,600,583	5,391,258
Government debt securities - Unlisted Regional	2,186,151	2,141,821
Corporate debt securities - Listed	2,166,399	2,137,909
Corporate debt securities - Unlisted	5,509,678	5,497,144
	<u>31,819,113</u>	<u>33,019,176</u>

Equity securities include shares in Sagicor Financial Company Ltd, a related party, of \$3,535,557 (2019 - \$5,265,990).

Debt securities classified at fair value through profit or loss and valued using internally developed models amounted to \$13,296,412 (2019 - \$13,030,223).

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

	2020		2019	
	% of		% of	
	Total	\$	Total	\$
Goddard Enterprises Limited	8.62%	44,594,087	13.14%	67,824,496
Massy Holdings Ltd	7.04%	36,410,787	7.10%	36,638,572
CIBC First Caribbean International Bank (Barbados) Ltd	4.19%	21,660,770	5.83%	30,084,403
Morgan Stanley Global Quality Fund	3.76%	19,458,655	-	-
RBC Royal Bank of Canada	5.36%	27,709,270	5.16%	26,614,259
Neuberger Berman Uncorrelated	3.22%	16,641,993	-	-
Investec Global Franchise	2.74%	14,172,078	-	-
AQR U.S Defensive Quality Fund	2.75%	14,195,605	-	-
Franklin K2 Alternative Strategies	2.65%	13,722,389	-	-
MFS Meridian European Research Fund	2.82%	14,579,575	2.91%	15,037,689

11. FAIR VALUE OF INVESTMENT PROPERTY

Investment property is carried at fair value as determined by independent valuations using internationally recognised valuation techniques. Direct sales comparisons, when such data is available, and income capitalisation methods, when appropriate, are included in the assessment of fair values. The highest and best use of a property is also considered in determining its fair value.

Some tracts of land are currently un-developed or are leased to third parties. In determining the fair value of all lands, their potential for development within a reasonable period is assessed, and if such potential exists, the fair value reflects that potential. These lands are located in Barbados and the Fund has adopted a policy of orderly development and transformation to realise their full potential over time.

The fair value hierarchy has been applied to the valuations of the Fund's property. The different levels of the hierarchy are as follows:

- Level 1 - fair value is determined by quoted un-adjusted prices in active markets for identical assets;
- Level 2 - fair value is determined by inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly;
- Level 3 - fair value is determined from inputs that are not based on observable market data.

The results of applying the fair value hierarchy to the Fund's property are as follows:

As of December 31, 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Investment property	-	-	54,811,353	54,811,353

As of December 31, 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Investment property	-	-	53,408,333	53,408,333

A summary of the valuation techniques used is presented as follows:

	Fair Value \$ 2020	Fair Value \$ 2019	Valuation Technique	Unobservable Inputs	Range of Inputs 2020	Range of Inputs 2019	Relationship of Unobservable Inputs to Fair value
Land	11,150,000	11,150,000	Sales Comparison	Price per square foot	\$1.55 to \$10.66	\$1.55 to \$10.66	The higher the price per square foot, the higher the value.
Commercial property	4,711,353	2,775,000	Sales Comparison	Price per square foot	\$28.91 to \$104.47	\$29.95 to \$57.32	The higher the price per square foot, the higher the value.
Commercial property	38,950,000	39,483,333	Discounted cash flows	Discount rate, capitalisation rate	8.0% to 10.0%	8.0% to 10.0%	The lower the capitalisation rate or discount rate, the higher the fair value.
Total	54,811,353	53,408,333					

11. FAIR VALUE OF INVESTMENT PROPERTY (continued)

Commercial properties valued at \$4,711,353 (2019 - \$2,775,000) are mature and under-tenanted. These properties are therefore not in their highest and best use. Under these circumstances, the discounted cash flows technique was not considered to offer a good indicator of value. Fair values for these properties were derived from the use of the sales comparison method.

Valuation Process

The Fund engages external independent and qualified valuers to determine the fair value of the Fund's investment properties at the end of the year. The main level 3 inputs used by the Fund are determined and evaluated as follows - discount rate, terminal yield, expected vacancy rates and rental growth rates are estimated by the valuer based on comparable transactions.

12. 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 custodians.

The overriding objective of the Fund's risk management framework is to enhance its capital base through long term capital growth and to protect 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.

12.1 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 and advancing loans only after careful assessment of the borrower, obtaining collateral before advancing loans, 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 stock exchanges act as the clearing facilitator, 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.

12. FINANCIAL RISK (continued)**12.1 Credit risk (continued)**Rating of financial assets

The Fund's credit rating model (note 3.1) applies a rating scale to four categories of exposures:

- Investment portfolios, comprising debt securities, deposits and cash;
- Lending portfolios, comprising mortgages

For lending portfolios, the three default ratings of 8, 9 and 10 are utilised, while for investment portfolios, one default rating (8) is utilised.

In sections 12.2 and 12.3 below, we set out various credit risks and exposures in accordance of assets measured in accordance with IFRS 9.

12.2 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	31,819,113	39	33,019,176	39
Deposits at amortised cost	2,596,219	3	582,992	1
Investment portfolio	34,415,332	42	33,602,168	40
Mortgage loans, net, at amortised cost	17,491,616	21	15,356,429	18
Lending portfolio	17,491,616	21	15,356,429	18
Due from Sagicor Life Inc	3,488	0	274,252	0
Due from Sagicor International Balanced Fund	108,420	0	-	0
Due from associated company	22,663	0	22,663	0
Accounts receivable	4,511,397	5	5,530,296	7
Cash resources	25,657,731	31	28,985,694	34
Other financial assets	30,303,699	36	34,812,905	41
Total balance sheet exposures	82,210,647	99	83,771,502	99
Mortgage loan commitments	661,351	1	300,687	1
Total	82,871,998	100	84,072,189	100

12. FINANCIAL RISK (continued)**12.2 Credit risk exposure - financial assets subject to impairment (continued)**Credit Risk Exposure - financial investments subject to impairment

Financial assets carried at amortised 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.

	Mortgage loans - amortised cost				
	2020				
	ECL Staging			POCI	Total
	Stage 1	Stage 2	Stage 3		
12-month	life-time	life-time			
	ECL	ECL	ECL		
December 31:					
Credit grade:					
Investment	12,760,885	-	-	-	12,760,885
Non-Investment	3,767,821	510,329	-	-	4,278,150
Watch	-	-	718,754	-	718,754
Default	-	-	-	-	-
Gross carrying amount	16,528,706	510,329	718,754	-	17,757,789
Loss allowance	(29,090)	(3,413)	(233,670)	-	(266,173)
Carrying amount	16,499,616	506,916	485,084	-	17,491,616

	Mortgage loans - amortised cost				
	2019				
	ECL Staging			POCI	Total
	Stage 1	Stage 2	Stage 3		
12-month	life-time	life-time			
	ECL	ECL	ECL		
December 31:					
Credit grade:					
Investment	11,791,751	290,148	-	-	12,081,899
Non-Investment	1,745,354	635,297	-	-	2,380,651
Watch	-	-	969,886	-	969,886
Default	-	-	-	-	-
Gross carrying amount	13,537,105	925,445	969,886	-	15,432,436
Loss allowance	(65,668)	(10,339)	-	-	(76,007)
Carrying amount	13,471,437	915,106	969,886	-	15,356,429

12. FINANCIAL RISK (continued)

12.2 Credit risk exposure - financial assets subject to impairment (continued)

	Term Deposits - amortised cost				
	2020				
	ECL Staging			POCI	Total
	Stage 1	Stage 2	Stage 3		
12-month	life-time	life-time			
	ECL	ECL	ECL		
December 31:					
Credit grade:					
Investment	2,596,111	-	-	-	2,596,111
Non-Investment	-	-	-	-	-
Watch	-	-	-	-	-
Default	160	-	-	-	160
Gross carrying amount	2,596,271	-	-	-	2,596,271
Loss allowance	(52)	-	-	-	(52)
Carrying amount	2,596,219	-	-	-	2,596,219

	Term Deposits - amortised cost				
	2019				
	ECL Staging			POCI	Total
	Stage 1	Stage 2	Stage 3		
12-month	life-time	life-time			
	ECL	ECL	ECL		
December 31:					
Credit grade:					
Investment	582,864	-	-	-	582,864
Non-Investment	-	-	-	-	-
Watch	-	-	-	-	-
Default	160	-	-	-	160
Gross carrying amount	583,024	-	-	-	583,024
Loss allowance	(32)	-	-	-	(32)
Carrying amount	582,992	-	-	-	582,992

12. FINANCIAL RISK (continued)**12.3 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.

<u>LOSS ALLOWANCES</u>	<u>Mortgage loans - amortised cost</u>				
	<u>2020</u>				
	<u>ECL Staging</u>			<u>POCI</u>	<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>		
<u>12-month</u>	<u>life-time</u>	<u>life-time</u>			
	<u>ECL</u>	<u>ECL</u>	<u>ECL</u>		
Loss allowance, beginning of year	65,668	10,339	-	-	76,007
Transfers:					
Stage 1 to Stage 2	(1,277)	1,277	-	-	-
Stage 2 to Stage 3	(7,098)	7,098	-	-	-
Loans originated or purchased	6,354	-	-	-	6,354
Loans fully derecognised	-	(3,242)	-	-	(3,242)
Changes in ECL inputs, models and/or assumptions	(41,665)	2,137	226,572	-	187,054
Loss allowance, end of year	29,080	3,413	233,670	-	266,173
Credit impairment loss recorded in income					(190,166)

12. FINANCIAL RISK (continued)

12.3 Credit impairment losses - financial assets subject to impairment (continued)

LOSS ALLOWANCES	Mortgage loans - amortised cost				
	2019				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
Loss allowance, beginning of year	115,468	-	-	-	115,468
Transfers:					
Stage 1 to Stage 2	(1,878)	1,878	-	-	-
Stage 1 to Stage 3	(5,462)	-	5,462	-	-
Loans originated or purchased	4,486	3,242	-	-	7,728
Loans fully derecognised	(32,835)	-	-	-	(32,835)
Changes in ECL inputs, models and/or assumptions	(14,111)	5,219	(5,462)	-	(14,354)
Loss allowance, end of year	65,668	10,339	-	-	76,007
Credit impairment loss recorded in income					39,461

LOSS ALLOWANCES	Term Deposits - amortised cost				
	2020				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
Loss allowance, beginning of year	32	-	-	-	32
Term deposits originated or purchased	52	-	-	-	52
Term deposits fully derecognised	(32)	-	-	-	(32)
Loss allowance, end of year	52	-	-	-	52
Credit impairment loss recorded in income					(20)

12. FINANCIAL RISK (continued)

12.3 Credit impairment losses - financial assets subject to impairment (continued)

LOSS ALLOWANCES	Term Deposits - amortised cost				
	2019				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
Loss allowance, beginning of year	17,365	-	-	-	17,365
Term deposits originated or purchased	32	-	-	-	32
Term deposits fully derecognised	(17,365)	-	-	-	(17,365)
Loss allowance, end of year	32	-	-	-	32
Credit impairment loss recorded in income					17,333

(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. These are 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%

The preceding economic variable assumptions relate to term deposits carried at amortised cost.

The Fund's lending operations in Barbados has limited readily available information regarding economic forecasts. Management has examined the information within the market and selected economic drivers that have the best correlation to the portfolio's performance. Economic state is assigned to reflect the driver's impact on ECL.

Barbados	Expected state for the next 12 months	Scenario
Unemployment rate	Base	Negative
	Upside	Stable
	Downside	Super Negative
GDP growth	Base	Negative
	Upside	Stable
	Downside	Super Negative

12. FINANCIAL RISK (continued)

12.4 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.

	Mortgage loans - amortised cost				
	2020				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
Gross carrying amount, beginning of year	13,537,105	925,445	969,886	-	15,432,436
Transfers:					
Stage 1 to Stage 2	(263,150)	263,150	-	-	-
Stage 2 to Stage 3		(635,297)	635,297	-	-
Stage 3 to Stage 1	101,264		(101,264)		
Loans originated or purchased	3,610,002	-	-	-	3,610,002
Loans fully derecognised	-	(290,148)	(776,567)	-	(1,066,715)
Changes in principal and interest	(456,515)	247,179	(8,598)	-	(217,934)
Effect of exchange rate changes	-	-	-	-	-
Gross carrying amount, end of year	16,528,706	510,329	718,754	-	17,757,789

	Mortgage loans - amortised cost				
	2019				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
Gross carrying amount, beginning of year	19,729,528	-	104,968	-	19,834,496
Transfers:					
Stage 1 to Stage 2	(321,040)	321,040	-	-	-
Stage 1 to Stage 3	(929,544)	-	929,544	-	-
Loans originated or purchased	924,829	290,148	-	-	1,214,977
Loans fully derecognised	(5,621,591)	-	-	-	(5,621,591)
Changes in principal and interest	(245,077)	314,257	(64,626)	-	4,554
Effect of exchange rate changes	-	-	-	-	-
Gross carrying amount, end of year	13,537,105	925,445	969,886	-	15,432,436

12. FINANCIAL RISK (continued)**12.4 Gross Carrying Values – financial investments subject to impairment (continued)**

	Term Deposits – amortised cost				
	2020				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
Gross carrying amount, beginning of year	583,024	-	-	-	583,024
Deposits originated or purchased	2,596,271	-	-	-	2,596,271
Deposits fully derecognised	(583,024)	-	-	-	(583,024)
Gross carrying amount, end of year	2,596,271	-	-	-	2,596,271

	Term Deposits – amortised cost				
	2019				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
Gross carrying amount, beginning of year	1,422,818	-	-	-	1,422,818
Deposits originated or purchased	583,024	-	-	-	583,024
Deposits fully derecognised	(1,422,818)	-	-	-	(1,422,818)
Gross carrying amount, end of year	583,024	-	-	-	583,024

12.5 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.

12. FINANCIAL RISK (continued)

12.5 Liquidity risk (continued)

(a) Financial liabilities

As of December 31, 2020	On demand \$	Within 1 year \$	1 to 5 years \$	After 5 years \$	Total \$
Deposits received on real estate developed for sale	5,600	-	-	-	5,600
Due to Sagikor (Bonds) Fund	8,007,197	-	-	-	8,007,197
Due to Sagikor					
Global Balanced Fund	22,191	-	-	-	22,191
Accounts payable	1,686,183	-	-	-	1,686,183
	9,721,171	-	-	-	9,721,171
As of December 31, 2019	On demand \$	Within 1 year \$	1 to 5 years \$	After 5 years \$	Total \$
Deposits received on real estate developed for sale	5,600	-	-	-	5,600
Due to Sagikor (Bonds) Fund	2,446,123	-	-	-	2,446,123
Due to Sagikor					
International Balanced Fund	13,402	-	-	-	13,402
Due to Sagikor					
Global Balanced Fund	10,746	-	-	-	10,746
Accounts payable	2,032,219	-	-	-	2,032,219
	4,508,090	-	-	-	4,508,090

12. FINANCIAL RISK (continued)

12.5 Liquidity risk (continued)

(b) Financial assets

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 associated company	22,663	-	-	22,663
Due from Sagicor Life Inc.	3,488	-	-	3,488
Due from Sagicor				
International Balanced Fund	108,420	-	-	108,420
Accounts receivable	4,511,397	-	-	4,511,397
Debt securities	-	16,558,506	15,260,607	31,819,113
Deposits	2,596,219	-	-	2,596,219
Mortgage loans	-	156,496	17,335,120	17,491,616
Cash resources	25,657,731	-	-	25,657,731
Total	32,899,918	16,715,002	32,595,727	82,210,647

As of December 31, 2019	Maturing within 1 year \$	Maturing within 1 to 5 years \$	Maturing after 5 years \$	Total \$
Due from associated company	22,663	-	-	22,663
Due from Sagicor Life Inc.	274,252	-	-	274,252
Accounts receivable	5,530,296	-	-	5,530,296
Debt securities	1,501,321	14,762,265	16,755,590	33,019,176
Deposits	582,992	-	-	582,992
Mortgage loans	-	967,758	14,388,671	15,356,429
Cash resources	28,985,694	-	-	28,985,694
Total	36,897,218	15,730,023	31,144,261	83,771,502

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 completely redeem their units as they typically hold them for the long-term. At December 2020, the largest unitholder holds 13% of the fund's units (2019 17.7%). The fund manages its liquidity risk by investing in security that is expected to be able to liquidate within a short period.

12. FINANCIAL RISK (continued)**12.5 Liquidity risk (continued)**(b) Financial assets (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 Annual	1 - 5 Years	More than 5 years
Funds and Alternative Investments	186,262,941	1,460,043	1,793,715	3,358,366	3,893,231	-
As of December 31, 2019	Less than 7 Days	Monthly	Quarterly	Semi Annual	1 - 5 Years	More than 5 years
Funds and Alternative Investments	123,009,499	2,733,636	3,168,152	102,611	7,228,190	-

12.6 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.

The table below summarises the exposures to interest rate of the Fund's financial liabilities.

As of December 31, 2020	Exposure within 1 year	Exposure of 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total
	\$	\$	\$	\$	\$
Deposits received on real estate developed for resale	5,600	-	-	-	5,600
Due to Sagicor (Bonds) Fund	-	-	-	8,007,197	8,007,197
Due to Sagicor Global Balanced Fund	-	-	-	22,191	22,191
Accounts payable	-	-	-	1,686,183	1,686,183
Total	5,600	-	-	9,715,571	9,721,171

12. FINANCIAL RISK (continued)

12.6 Market risk (continued)

Interest rate risk (continued)

As of December 31, 2019	Exposure within 1 year \$	Exposure of 1 to 5 years \$	Exposure after 5 years \$	Not exposed to interest \$	Total \$
Deposits received on real estate developed for resale	5,600	-	-	-	5,600
Due to Sagicor (Bonds) Fund	-	-	-	2,446,123	2,446,123
Due to Sagicor International Balanced Fund	-	-	-	13,402	13,402
Due to Sagicor Global Balanced Fund	-	-	-	10,746	10,746
Accounts payable	-	-	-	2,032,219	2,032,219
Total	5,600	-	-	4,502,490	4,508,090

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 Life	-	-	-	3,488	3,488
Due from Sagicor International Balanced Fund	-	-	-	108,420	108,420
Due from associated company	-	-	-	22,663	22,663
Accounts receivable	-	-	-	4,511,397	4,511,397
Debt securities	-	16,380,219	15,043,966	394,928	31,819,113
Equity securities	-	-	-	482,718,812	482,718,812
Deposits	2,588,154	-	-	8,065	2,596,219
Mortgage loans	-	156,404	17,304,596	30,616	17,491,616
Cash resources	-	-	-	25,657,731	25,657,731
Total	2,588,154	16,536,623	32,348,562	513,456,120	564,929,459

12. FINANCIAL RISK (continued)

12.6 Market risk (continued)

Interest rate risk (continued)

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 Life	-	-	-	274,252	274,252
Due from associated company	-	-	-	22,663	22,663
Accounts receivable	-	-	-	5,530,296	5,530,296
Debt securities	1,494,015	14,590,994	16,525,874	408,293	33,019,176
Equity securities	-	-	-	482,626,762	482,626,762
Deposits	578,838	-	-	4,154	582,992
Mortgage loans	-	945,479	14,374,894	36,056	15,356,429
Cash resources	1,554,681	-	-	27,431,013	28,985,694
Total	3,627,534	15,536,473	30,900,768	516,333,489	566,398,264

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

	2020	2019
Debt securities	3.77%	4.29%
Deposits	0.94%	3.48%
Mortgage loans	4.73%	5.71%

The effect of a 1% increase or decrease 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	31,424,185
The fair value impact of a decrease in interest rates:	1,724,649
The fair value impact of an increase in interest rates:	(1,552,191)

Foreign exchange risk

The Fund is exposed to foreign exchange risk as a result of fluctuations in exchange rates since its financial instruments 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.

12. FINANCIAL RISK (continued)**12.6 Market risk (continued)****Foreign exchange risk (continued)**

Financial assets and liabilities by currency are summarised in the following table.

As of December 31, 2020	Balances denominated in						
	Barbados \$	Jamaica \$	Trinidad \$	US \$	CAD \$	EC \$	Total \$
ASSETS							
Due from associated companies	22,663	-	-	-	-	-	22,663
Due from Sagicor Life	3,488	-	-	-	-	-	3,488
Sagicor International Balanced Fund	108,420	-	-	-	-	-	108,420
Accounts receivable	4,083,646	-	292,969	59,438	-	75,344	4,511,397
Debt securities	5,600,583	-	-	24,032,378	-	2,186,152	31,819,113
Equity securities	103,830,881	333,366	16,000,749	359,493,947	-	3,059,869	482,718,812
Deposits	592,519	-	-	2,003,700	-	-	2,596,219
Mortgage loans	17,491,616	-	-	-	-	-	17,491,616
Cash resources	4,701,021	-	-	20,436,430	520,280	-	25,657,731
Total	136,434,837	333,366	16,293,718	406,025,893	520,280	5,321,365	564,929,459

12. FINANCIAL RISK (continued)

12.6 Market risk (continued)

Foreign exchange risk (continued)

Balances denominated in

As of December 31, 2020	Barbados \$	Jamaica \$	Trinidad \$	US \$	CAD \$	EC \$	Total \$
LIABILITIES							
Deposits received on real estate developed for resale	5,600	-	-	-	-	-	5,600
Due to Sagicor (Bonds) Fund	8,007,197	-	-	-	-	-	8,007,197
Due to Sagicor Global Balanced Fund	-	-	-	22,191	-	-	22,191
Accounts payable	1,686,183	-	-	-	-	-	1,686,183
Total liabilities	9,698,980	-	-	22,191	-	-	9,721,171
Net position	126,735,857	333,366	16,293,718	406,003,702	520,280	5,321,365	555,208,288

12. FINANCIAL RISK (continued)

12.6 Market risk (continued)

Foreign exchange risk (continued)

Balances denominated in

As of December 31, 2019	Barbados \$	Jamaica \$	Trinidad \$	US \$	CAD \$	EC \$	Total \$
ASSETS							
Due from associated companies	22,663	-	-	-	-	-	22,663
Due from Sagikor Life	274,252	-	-	-	-	-	274,252
Accounts r eivable	4,333,374	-	239,876	918,951	-	38,095	5,530,296
Debt securities	5,391,258	-	-	25,486,099	-	2,141,819	33,019,176
Equity securities	124,812,126	441,247	28,546,572	325,813,530	-	3,013,287	482,626,762
Deposits	582,992	-	-	-	-	-	582,992
Mortgage loans	15,356,429	-	-	-	-	-	15,356,429
Cash resources	2,646,494	-	-	26,088,588	250,612	-	28,985,694
Total	153,419,588	441,247	28,786,448	378,307,168	250,612	5,193,201	566,398,264

12. FINANCIAL RISK (continued)

12.6 Market risk (continued)

Foreign exchange risk (continued)

Balances denominated in

As of December 31, 2019	Barbados \$	Jamaica \$	Trinidad \$	US \$	CAD \$	EC \$	Total \$
LIABILITIES							
Deposits received on real estate developed for resale	5,600	-	-	-	-	-	5,600
Due to Sagikor (Bonds) Fund	2,446,123	-	-	-	-	-	2,446,123
Due to Sagikor Life Inc.	-	-	-	-	-	-	-
Due to Sagikor International Balanced Fund	-	-	-	-	-	13,402	13,402
Due to Sagikor Global Balanced Fund	-	-	-	10,746	-	-	10,746
Accounts payable	2,032,219	-	-	-	-	-	2,032,219
Total liabilities	4,483,942	-	-	10,746	-	13,402	4,508,090
Net position	148,935,646	441,247	28,786,448	378,296,422	250,612	5,179,799	561,890,174

The Fund is exposed to currency risk in respect of financial investments denominated in currencies whose values have noticeably fluctuated against the Barbados 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 16.

12. FINANCIAL RISK (continued)**12.6 Market risk (continued)****Foreign exchange risk (continued)**

The currencies whose values have noticeably fluctuated against the Barbados dollar (BDS) are the Trinidad dollar (TTD) and the Jamaica dollar (JMD). The theoretical impacts of the TTD and the JMD on reported results are considered below.

The effects of a 10% depreciation in both the TTD and the JMD relative to the BDS arising from TTD and JMD financial investments as of December 31, 2020 and for the year then ended are considered below.

	Balances denominated in TTD	Effect of a 10% depreciation on income as of Dec 31, 2020	Balances denominated in JMD	Effect of a 10% depreciation on income as of Dec 31, 2020
	\$	\$	\$	\$
Assets	16,000,749	(1,600,075)	333,366	(33,337)

A 10% appreciation in both the TTD and the JMD relative to the BDS would have equal and opposite effects to those disclosed above.

Price Risk

The fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. 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 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.

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 on income is as follows.

	Fair value \$	Effect of a 20% decline at Dec 31, 2020 \$
Fair value through profit or loss equity securities:		
Common and preference shares - Listed	285,865,540	(57,173,108)
Common and preference shares - Unlisted	84,976	(16,995)
Alternative Investments - Listed	189,358,775	(37,871,755)
Alternative Investments - Unlisted	7,406,698	(1,481,340)
Mutual Funds - Unlisted	2,823	(565)
	482,718,812	(96,543,763)

12. FINANCIAL RISK (continued)**12.7 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:

(a) 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.

(b) 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 frequent 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

(c) 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 quoted prices of similar instruments that are observable which would be classified as Level 2; or
- The fair value is derived from inputs that are not based on observable market data.

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 at December 31 on a recurring basis by level of the fair value hierarchy.

2020	Level 1	Level 2	Level 3	Total
Financial assets classified at fair value through profit or loss:	\$	\$	\$	\$
Debt securities	-	18,522,701	13,296,412	31,819,113
Common Shares	282,162,122	3,703,418	84,976	285,950,516
Alternative Investments	187,725,685	1,633,090	7,406,698	196,765,473
Mutual Funds	-	-	2,823	2,823
Total assets	469,887,807	23,859,209	20,790,909	514,537,925
Total assets by percentage	91%	5%	4%	100%

12. FINANCIAL RISK (continued)

12.7 Fair value of financial instruments (continued)

(c) Level 3 - inputs for the instrument that are not based on observable market data (continued)

2019	Level 1	Level 2	Level 3	Total
Financial assets classified at fair value through profit or loss:				
	\$	\$	\$	\$
Debt securities	-	19,988,953	13,030,223	33,019,176
Common Shares	342,673,926	3,623,365	87,383	346,384,674
Alternative Investments	119,378,987	6,575,837	8,163,785	134,118,609
Mutual Funds	-	2,120,656	2,823	2,123,479
Total assets	462,052,913	32,308,811	21,284,214	515,645,938
Total assets by percentage	90%	6%	4%	100%

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	13,296,412	13,030,223	Discounted Cash Flows	Risk Adjusted Market Yields	1.5% - 5.75% Avg 3.04%	1.5% - 5.56% Avg 3.37%	The effect of a 1% increase in interest rates would decrease the fair value by \$728,824 and a 1% decrease in interest rates would increase the fair values by \$848,338.
Common Shares	84,976	87,383	Book Value per share	Net Assets divided by number of shares issued.	\$0.01 - \$0.89 Avg. \$0.45	\$0.01 - \$1.51 Avg. \$0.76	The higher the Net Assets, the higher the book value.
			Third Party Valuation	N/A			Reliance is placed on third party information, which is not readily available for disclosure.
Alternative Investments	7,406,698	8,163,785	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.

12. FINANCIAL RISK (continued)**12.7 Fair value of financial instruments (continued)****(c) Level 3 - inputs for the instrument that are not based on observable market data (continued)**

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

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

	2020 \$	2019 \$
Balance, beginning of year	21,284,214	28,471,627
Fair value changes recorded in income	(351,420)	658,036
Additions	2,438,564	189,506
Disposals	(2,580,159)	(8,003,552)
Effect of accrued income changes	(290)	(31,403)
Balance, end of year	20,790,909	21,284,214

Unrealised gains/(losses) on level 3 assets held at the end of the period are included in net gains on financial investments and amount to \$311,575 (2019 - \$80,592).

The fair value hierarchy of other financial instruments of the fixed rate mortgages not carried at fair value but for which fair value disclosure is required is set out in the following table. Due to their nature, the carrying value of variable rate mortgages approximate fair value.

2020	Level 1	Level 2	Level 3	Total
Investment at Amortized cost:	\$	\$	\$	\$
Mortgage loans	-	-	5,447,959	5,447,959

2019	Level 1	Level 2	Level 3	Total
Loans and receivables:	\$	\$	\$	\$
Mortgage loans	-	-	3,517,461	3,517,461

12.8 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 unit holders' equity.

13. ACCOUNTS PAYABLE

	2020 \$	2019 \$
Funds on deposit	-	542,509
Investment property expenses payable	1,216,402	1,247,909
Other	469,781	241,801
Total accounts payable	1,686,183	2,032,219

Funds on deposit include pension receipts for which units were subsequently issued in the subsequent year.

14. INTEREST INCOME

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

	2020 \$	2019 \$
Debt securities	1,199,323	1,505,809
Deposits	45,188	80,829
Mortgage loans	759,058	973,700
Total interest income	2,003,569	2,560,338

15. NET RENTAL INCOME

	2020 \$	2019 \$
Rental income from investment property	4,217,460	4,443,839
Direct operating expenses of investment property	(2,499,259)	(2,681,302)
	1,718,201	1,762,537

16. NET INVESTMENT GAINS

	2020 \$	2019 \$
Net gains on financial investments	8,803,614	75,455,491
Depreciation in fair value of investment property	(608,333)	(2,583,334)
Allowances for impairment losses	(190,186)	56,794
Net investment gains	8,005,095	72,928,951

17. RELATED PARTY TRANSACTIONS**(a) Material related party transactions**

	2020 \$	2019 \$
Management fee – Sagicor Life Inc	4,443,688	4,481,236

(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	64,040,376	58,171,704
Net value of transactions for the year	2,658,517	5,868,672
Value of units at December 31	66,698,893	64,040,376
Sagicor General Inc.	2020 \$	2019 \$
Value of units held at January 1	6,687,082	6,008,820
Net value of transactions for the year	252,713	678,262
Value of units at December 31	6,939,795	6,687,082

18. COMMITMENTS

At December 31, 2020, the Fund's total committed capital to private equity strategies was \$5,650,000 (2019 - \$10,003,093). At that date, \$1,421,422 (2019 - \$969,237) of this commitment remained undrawn.

19. 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 Sagicor (Equity) Fund returned 1.9% for the year ended December 31, 2020. The Fund's NAV increased to \$65.93 as at December 31, 2020 up from \$64.68 as at December 31, 2019. Net assets declined to \$619.2 million as at December 31, 2020 from \$623.1 million as at December 31, 2019.

As at December 31, 2020, the Fund remained predominantly allocated to equities, which accounted for 78.5% of net assets while domestic real estate represented 8.9% of net assets.

In absolute terms, the Sagicor (Equity) Fund moderately grew by 1.9% for the first quarter of 2021. The Fund's NAV increased to \$67.20 as at March 31, 2021 up from \$65.93 as at December 31, 2020 while net assets grew to \$628.9 million.

We will continue to monitor the evolving situation.



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