2022

SAGICOR BARBADOS SEGREGATED PENSION FUNDS ANNUAL REPORT




Sagicor

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OUR VISION

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

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For 181 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

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, record keeping, member education and retirement counselling, regulatory reporting, benefits and pensioner payment and income tax reporting. Actuarial services include actuarial valuations, IAS valuations, benefit scenarios and recommendations for benefit enhancements.

At present, Pension Funds of 231 companies in Barbados amounting to approximately $1.08 billion are invested in these segregated funds; all but 66 of these Pension Plans are also administered by Sagicor. The total membership stood at 5,072 which includes 870 Pensioners.

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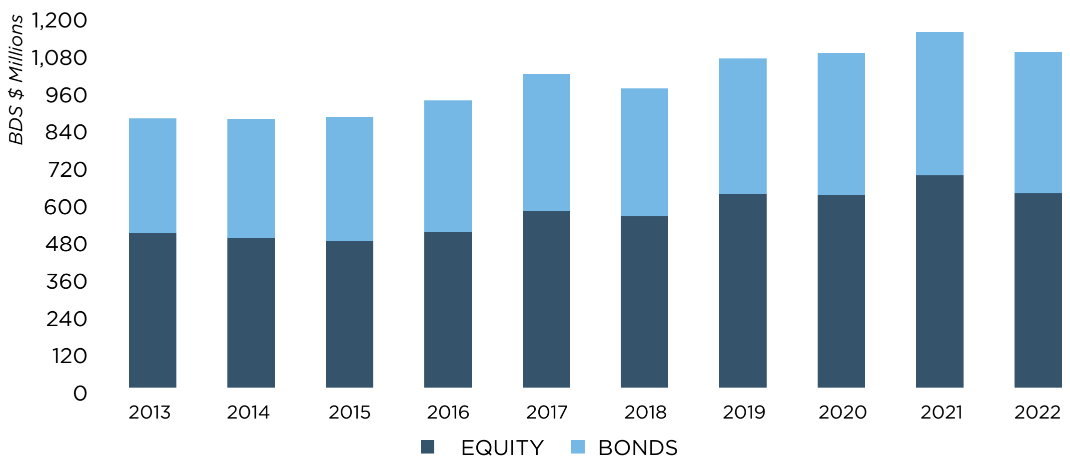
Financial Highlights

EQUITY & BONDS FUNDS - NET ASSETS, UNIT VALUE, YIELD						
	Equity Fund			Bonds Fund		
2013	$495,060	$47.76	4.6%	$371,004	$22.51	4.1%
2014	$479,484	$47.73	-0.1%	$383,091	$23.97	6.8%
2015	$469,767	$48.15	0.9%	$400,108	$24.89	3.8%
2016	$499,022	$51.23	6.4%	$423,156	$25.36	1.9%
2017	$567,830	$58.05	13.4%	$439,872	$26.72	5.4%
2018	$549,787	$56.41	-2.9%	$411,197	$25.03	-6.3%
2019	$623,129	$64.68	14.7%	$434,847	$27.20	8.8%
2020	$619,153	$65.93	1.9%	$455,648	$28.60	5.1%
2021	$682,364	$74.32	12.7%	$459,740	$29.45	3.0%
2022	$624,544	$68.71	-7.55%	$454,670	$29.46	0.03%

GROWTH OF THE SEGREGRATED FUND ASSETS



Chairman's Statement

Stephen McNamara, Chairman

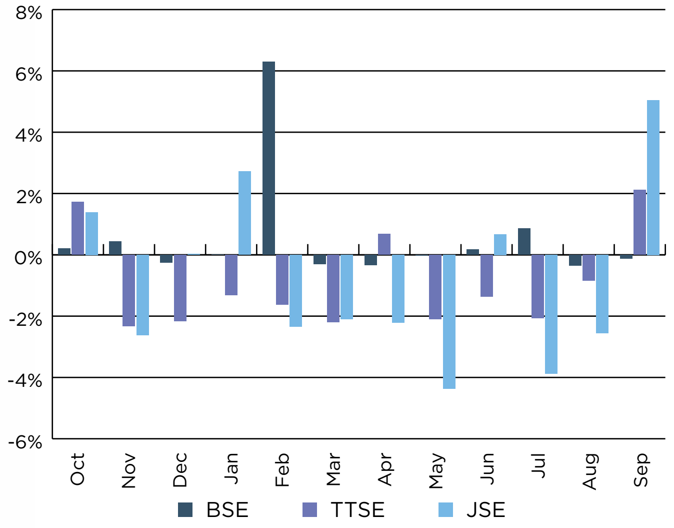
2022 was characterized by continued volatility and significant downside risks. Notably in 2022, investors contended with several outlier events including, the war in Ukraine, rising inflation in goods & services, slowing economic growth and extreme monetary policy action by central banks globally which contributed to the market volatility and an unpredictable investment environment.

US equities came under significant pressure as the Consumer Price Index (CPI) peaked as high as 9.1% and drove a historic monetary policy reaction by the Federal Reserve. The US Central Banker instituted a record seven (7) interest rate hikes, effectively raising the policy rate from a range of 0% to 4.50% all within a 12-month period. The Fed's goal of bringing inflation down through policy action, brought significant volatility as markets displayed disordered attributes prior to a late fourth quarter rally when most asset classes observed a lift in valuations through favourable economic data which pointed towards a downward trajectory in inflation and a strong case for a pause or slowing of interest rate hikes.

The S&P 500 which tracks the 500 largest US companies across all sectors by market cap declined 18.1%, while the Nasdaq Composite was down 32.5% against the detracting technology sector which returned practically all the gains earned during the early pandemic era. Emerging markets remained a challenging space for investors as China's zero Covid policy constrained large parts of their economy for most of the year and the ripple effects were felt throughout global markets. A shift in Chinese Government's view on Covid saw a strong fourth quarter rally but ultimately, the MSCI Emerging Market Index reported a 20% decline in 2022. Global equities did not fear any better as there were very few places to hide to avoid market volatility in 2022 with the MSCI All Country World Index declining by 18.3%.

For the first time in over 20 years, both bonds and equities equally suffered, as uncommon as it is, both asset classes felt the effects of an unprecedented pace of global quantitative tightening, signaling the end of multi-decade period of low rates (i.e. cheap money) and accommodative measures which supported economic activity. The US yield curve remained inverted for most of 2022 as the 2-year yield eclipsed the US 10-year as bond markets cautioned of a difficult economic outlook. The typical 60:40 (equity:bonds) balanced portfolio produced negative returns of 16% in 2022, presenting worries for investors who rely on this balanced and hedged investment approach. Primary bond investors faced strong headwinds with rising rates, as this resulted in a slide in valuations due to their inverse relationship. Moreover, bond investors along the yield curve saw their coupons get eroded by outlier inflation as real returns were effectively negative in 2022 for many longer dated instruments. The Bloomberg Global Aggregate, a broad-based measure of global investment grade fixed income, declined 16.2% in 2022.

REGIONAL STOCK INDICIES 2022



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The International Monetary Fund (IMF) estimated that the world economy grew by 3.4% in 2022, down from 6.1% in 2021 as the world continued to chart its path beyond the Covid-19 pandemic. The IMF cited that the balance of risks tilted to the downside in 2022 but moderated beyond October as plausible upside stemmed from pent-up demand in numerous economies and that a downward trend in inflation is conceivable.

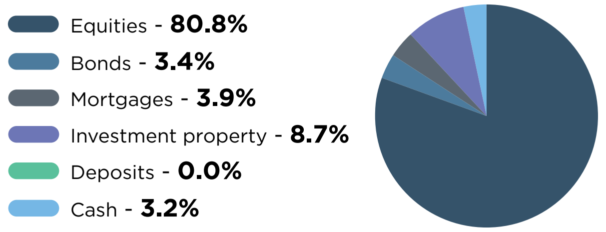
Two years removed from the Covid-19 pandemic; the US economy grew 2.1%, reflective of a resilient but slowing economy, that has been tempered by the Federal Reserve's aggressive efforts to control inflation. The Consumer Price Index (CPI) peaked at 9.1% y-o-y in June 2022 as prices of commodities, goods & services surged across most sectors as businesses benefited from a resilient US consumer. The US labour market remained tight throughout 2022 as unemployment was at a record low 3.5% and the insufficient labour to meet jobs drove up wage growth which augmented inflation pressures.

The UK's economy slowed as growth reduced from 7.1% to from 4.1% in 2022 while the Euro area similarly contracted from 5.3% to 3.5%, mainly attributable to runway inflation and consequent policy action which tempered economic activity in these developed markets. China recorded its slowest GDP growth (3%) in nearly half of a century as the Government's rigid covid policy restricted economic activity as exports fell and this played a key role in global supply inflation.

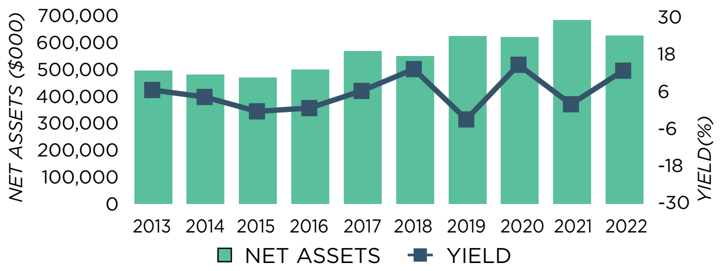
From a regional standpoint, the IMF estimated growth of 4% within the Latin American & Caribbean region buoyed by robust tourism growth and elevated commodity prices, boosting some regional players and Latin American commodity exporters. The Barbadian economy was lifted by a robust tourism market following the continued relaxation of covid protocols. This, along with increased local demand and improving unemployment ultimately supported GDP growth of 10% in 2022 despite high inflation of 8.5%. International USD reserves stood at $2.7 billion or the equivalent of 29 weeks of import cover.

Regional markets reported mixed results as the Barbados Stock Exchange (BSE) was the only covered index to advance among composite indices within Trinidad & Tobago, Jamaica & the Eastern Caribbean. The BSE advanced 6.59%, largely driven by notably strong returns for Goddard's Enterprises Limited, which saw its share price increase by 46% in 2022. The Trinidad & Tobago Stock Exchange (TTSE) and the Jamaica Stock Exchange (JSE) both declined by 11% and 10% respectively, with some of our equity holdings reporting mixed returns in these markets during 2022. While we note that our equity portfolio is diversified geographically and by currency, underlying market risks presented contagion to most markets and we observed underperformance of the asset class throughout.

ASSET ALLOCATION (EQUITY)



UNIT VALUE & YIELDS (EQUITY) 2013- 2022



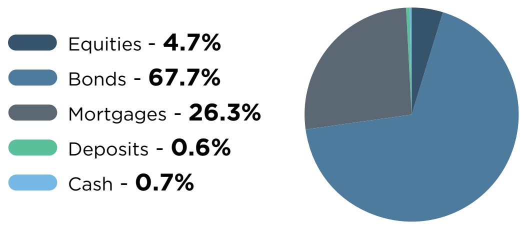
Sagicor (Equity) Fund

The Sagicor (Equity) Fund returned positive 3.59% in the final quarter of 2022 as equity markets gained momentum, buoyed by the reopening of the Chinese Economy and prospects for growth in emerging markets. Moreover, economic data showed signs that inflation was on a downward trend and policy action was moderate and this supported the asset class. The Fund performance fell by 7.55%, as high inflation, geopolitical tensions and aggressive interest rate policy presented uncertainty to markets and heavily weighed on valuations during 2022.

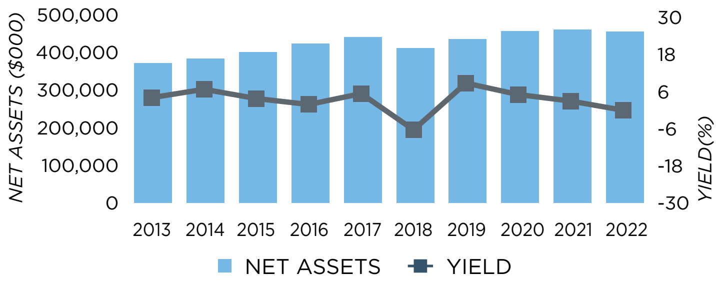
Despite the decline in the Fund's growth rate, when compared against a common barometer for global equities such as the MSCI ACWI which declined 18.3% in 2022, the Sagicor (Equity) Fund performed well on a relative basis, primarily due to its broad diversified construct which includes exposure to local real estate and a mortgage book. The Fund faced unavoidable headwinds from systemic market risks and observed declines in valuations to its mega cap equity exposure that was exposed to US Technology and Real Estate, while emerging market stocks were also a detractor. Notwithstanding this, key attribution to performance came from the Fund's strategic allocations to global energy and selective commodities which were supported by elevated spot prices as well as global healthcare stocks which preserved capital for investors.

The Equity Fund's long-term structured allocation to alternative investments and private markets, adequately preserved capital during the year while the Fund's domestic real estate and mortgage portfolios were stable contributors of income and preserved capital despite high volatility. The Fund ended the year with a unit value of $68.71 and total net assets of $624.5 million invested capital across a diverse pool of investments.

ASSET ALLOCATION (BONDS)



UNIT VALUE & YIELDS (BONDS) 2013- 2022



SAGICOR (BONDS) FUND

The Sagicor (Bonds) Fund exemplified resilience during 2022, as demonstrated by a positive return of 0.03% in a market that otherwise, a comparatively yielded benchmark of investment grade bonds incurred a loss of -16% according to the Bloomberg Global Aggregate Index during the same investment period.

The Fund reported a net unit value of $29.46 to close the year with total net assets of $454.7 million. An early year sentiment of overweight cash positions aided the portfolio's performance as the US dollar outperformed in 2022. As the year progressed and rate hike cycles fastened, yields on short-dated instruments provided useful value to our funds as capital was relatively preserved in a volatile market and yield capture was much improved to prior years.

The portfolio management team made a concerted effort to maintain a short duration strategy, as generally higher the duration, the more sensitive bonds are to movements in interest rates. We note that the mortgage portfolio remained a key contributor of income to the Fund against a robust pipeline of local credit within a competitive market space. As global central banks move to pivot from their monetary policy action, we see tailwinds for fixed income instruments which are now at attractive valuations and have greater prospect for capital appreciation with recession risks apparent.

OUTLOOK

The year 2022 will be remembered in financial markets as one of the most volatile years in recent memory as it became the catalyst for the end of the "free money" era in markets. Bank to bank lending saw its largest 12-month increase since the 1980s and the effect is a restrictive and tight economic landscape where the cost of capital is prohibitive markets face similar headwinds of elevated inflation, geopolitical divisions and softening economic progress that ultimately would lead to adverse pricing on assets.

Locally, the platform for growth in Barbados and regional peers is still occurring as the Central Bank of Barbados estimates economic growth in the 4%-5% range in 2023. There is sentiment that public sector investment will be critical to drive growth in the energy transition and meet 2030 sustainability goals but equally met with public sector fiscal and policy support to incentivize and maintain momentum in the space. The Government of Barbados on multiple occasions has mentioned several tourism projects to bolster economic activity including new hotel plants associated with global brands and new infrastructure to the marine ports to enhance the blue economy. They continue to support the energy & green transition through the necessary fiscal and tax policies which is expected to augment growth. Commodity prices are still elevated and this is expected to support regional peers such as Guyana and Trinidad & Tobago as oil and gas exports will bolster near their term fiscal position.

As it relates to financial markets, investors should remain cautious as the impact of 2022's policies will be evident in 2023. The softening economic landscape has increased the chances or likelihood of an economic recession which is negative for stocks as investors tend to move away from riskier assets during this economic period. Conversely, a softening economic environment supports fixed income markets, as the mood turns to a "flight to safety", as investors tend to move capital into safer more predictable instruments during periods of heightened uncertainty. Nevertheless, we believe our investment strategies provide great potential for upside in the event of a soft economic landing as equities in some segments of the market are favourably priced and our philosophy of maintaining appropriate diversification and sound asset allocation will protect and preserve capital optimally in a converse downside scenario.

We thank our shareholders for the continued confidence in our management of these funds and we remain committed to delivering value to our investors.

Stephen McNamara
Chairman

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TRUSTEES OF THE SEGREGATED PENSION FUNDS

Trustees of the Segregated Pension Funds

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Trustees of the Segregated Pension Funds

PENSION TEAM

James Camacho, B.A., F.I.A.	Vice President
Nadia Chandler-Guy, BSc (Hons), FCCA	Assistant Vice President
Dawn Jordan, BSc (Hons)	Manager, Pension Actuarial
Donna Gibbs, MSc, FLMI, ALHC, HIA, ACS, CAMS	Manager, Client Relations
Marcella Sobers, CERT, AAPA, AIAA, AIRC	Manager, Pension Administration
Shakeila Marshall, BSc (Hons), FCCA	Corporate Accountant
Susan Mendez, FLMI, AIAA, ACS	Manager, Pension Administration

INVESTMENT TEAM

Dexter Moe, BSc, MBA, ACIS, CFA	Vice President
Michael Millar, BSc, MSc, CFA,	Head of Wealth Management
Liandra Sankar-Cassie, BSc, MBA, ALMI, ACS	Assistant Vice President
Nicholas Neckles, BSc, CFA, OLY	Portfolio Manager
Kareem Manning, BSc, MSc	Portfolio Manager

AUDITORS

PricewaterhouseCoopers SRL

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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, 2022, 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 at December 31, 2022;
- 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.

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

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

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.

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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

Bridgetown, Barbados
April 28, 2023

Statement of Financial Position | **Sagicor (Bonds) Fund**

As of December 31, 2022 | Amounts expressed in Barbados Dollars

	Notes	2022	2021
ASSETS			
Due from Sagicor Life Inc.	4	8,260,463	800,271
Due from Sagicor International Balanced Fund	4	209,028	148,314
Income tax assets	5	6,915,367	6,907,117
Interest and other receivables	6	2,154,291	598,351
Financial investments	7	436,658,661	432,027,082
Cash resources		3,238,752	25,753,382
Total assets		457,436,562	466,234,517
LIABILITIES			
Due to Sagicor Asset Management Inc	4	16,522	16,522
Due to Sagicor (Equity) Fund	4	1,869,766	586,080
Accounts payable	9	880,278	5,891,455
Total liabilities		2,766,566	6,494,057
Net assets attributable to unit holders		454,669,996	459,740,460
Represented by:			
UNIT HOLDERS' EQUITY		454,669,996	459,740,460
No. of units outstanding at end of year		15,433,507	15,609,490
Net asset value per unit at end of year		29.46	29.45
Increase in net asset value per unit for year		0.03%	2.97%

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

Approved by the Board of Directors on April 28, 2023

Chairman

Director

Statement of Changes in Net Assets Attributable to Unit Holders | **Sagicor (Bonds) Fund**

For the year ended December 31, 2022 | Amounts expressed in Barbados Dollars

	2022		2021	
	Number of Units	**Total $**	**Number of Units**	**Total $**
Balance, beginning of year	15,609,490	459,740,460	15,932,361	455,648,445
Proceeds from issue of units	1,125,210	32,897,050	828,401	23,968,068
Redemption of units	(1,301,193)	(37,982,225)	(1,151,272)	(33,236,467)
Net decrease from unit transactions	(175,983)	(5,085,175)	(322,871)	(9,268,399)
Net income and total comprehensive income for the year available to unit holders	-	14,711	-	13,360,414
Balance, end of year	15,433,507	454,669,996	15,609,490	459,740,460

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

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Statement of Income and Comprehensive Income

Sagicor (Bonds) Fund

For the year ended December 31, 2022

Amounts expressed in Barbados Dollars

	Notes	2022	2021
REVENUE			
Interest income	10	16,349,466	16,089,386
Dividend income		137,833	90,676
Net investment losses	11	(13,889,949)	(1,222,181)
Credit impairment losses		(242,633)	826,566
		2,354,717	15,784,447
EXPENSES			
Management fee	12	2,271,160	2,292,504
Charge for impairment losses on income tax assets		1,500	1,500
Investment expenses		42,767	135,929
Bank and interest charges		9,011	3,997
Exchange loss/(gains)		15,555	(9,950)
Total operating expenses		2,339,993	2,423,980
INCOME BEFORE TAXES		14,724	13,360,467
Withholding taxes		(13)	(53)
NET INCOME AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR AVAILABLE TO UNIT HOLDERS		14,711	13,360,414

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

Statement of Cash Flows

Sagicor (Bonds) Fund

For the year ended December 31, 2022

Amounts expressed in Barbados Dollars

	2022	2021
Cash flows from operating activities:		
Income before taxes	14,724	13,360,467
Adjustments for:		
Interest income	(16,349,466)	(16,089,386)
Dividend income	(137,833)	(90,676)
Charge for impairment losses on income tax assets	1,500	1,500
Net losses on financial investments	13,889,949	575,906
Allowance for impairment losses/(reduction) of allowances for impairment losses	242,633	(826,566)
Impairment loss	-	646,275
	(2,338,493)	(2,422,480)
Changes in operating assets and liabilities		
Due from Sagicor Life Inc.	(7,460,192)	1,127,848
Due from Sagicor International Balanced Fund	(60,714)	(88,032)
Due to/from Sagicor (Equity) Fund	1,283,686	8,271,989
Issue of mortgage loans	(16,619,092)	(13,145,568)
Repayment of mortgage loans	9,611,471	5,415,165
Purchase of debt securities	(53,360,412)	(63,847,594)
Redemption of debt securities	36,233,357	59,399,394
Purchase of equity securities	(6,080,604)	(14,991,671)
Sale of equity securities	7,918,221	3,922,078
Amounts deposited	(6,025,128)	(10,339,519)
Deposits redeemed	9,438,631	13,203,032
Other receivables	(1,915,536)	643,290
Accounts payable	(5,011,177)	5,175,506
Cash used in operations	(34,385,982)	(7,676,562)
Interest received	16,828,457	16,928,006
Dividends received	137,833	90,676
Taxes paid	(9,763)	(9,796)
Net cash (used in)/ generated from operating activities carried forward	(17,429,455)	9,332,324

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	2022	2021
Net cash (used in)/ generated from operating activities brought forward	(17,429,455)	9,332,324
Cash flows from financing activities		
Proceeds from issue of units	32,897,050	23,968,068
Redemption of units	(37,982,225)	(33,236,467)
Net cash used in financing activities	(5,085,175)	(9,268,399)
Net (decrease)/ increase in cash and cash equivalents	(22,514,630)	63,925
Cash and cash equivalents - beginning of year	25,753,382	25,689,457
Cash and cash equivalents - end of year	3,238,752	25,753,382
Cash and cash equivalents comprise:		
Cash resources	3,238,752	25,753,382

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.

New Standards and Amendments

Certain new standards and amendments to existing standards have been issued.The changes in standards and interpretations which may have an effect on future presentation,measurement or disclosure of the Fund's financial statements are summarised in the following tables.

Amendments to existing IFRS and IAS effective January 1, 2022

None of these amendments have a material effect on the Fund's financial statements.

Standard	Description of amendment
IFRS 3 – Business combinations	These amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
Amendments to IAS 37 – Provisions, contingent liabilities and contingent assets	These amendments specify which costs a company includes when assessing whether a contract will be loss-making.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Amendments to existing IFRS and IAS effective January 1, 2022 (continued)

The annual improvements set out below are effective January 1, 2022. None of these amendments have a material effect on the Fund's financial statements.

Annual Improvements to Standards	Description of amendment
IFRS 1 - First-time Adoption of International Financial Reporting Standards	To simplify the application of IFRS 1 by a subsidiary that becomes a first- time adopter of IFRS after its parent company has already adopted them. The amendment relates to the measurement of cumulative translation differences.
IFRS 9 - Financial Instruments	To clarify the fees a company includes in assessing the terms of a new or modified financial liability to determine whether to derecognise a financial liability.
Illustrative Examples accompanying IFRS 16 Leases	To remove the potential for confusion regarding lease incentives by amending an Illustrative Example accompanying IFRS 16.
IAS 41 - Agriculture	To align the fair value measurement in IAS 41 with those in other IFRS

The annual amendments set out below are effective January 1, 2023/2024. None of these amendments would have a material effect on the Fund's financial statements.

Amendments to IAS 8 – Definition of accounting estimates, effective January 1, 2023
Subject / Comments
In February 2021, this amendment was issued to assist entities in distinguishing between accounting policies and accounting estimates

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies, effective January 1, 2023
Subject / Comments
In February 2021, this amendment was issued to assist preparers of financial statements in making decisions related to which accounting policies to disclose in financial statements.

Amendments to IAS 1 – Liabilities as current or non-current, effective January 1, 2024
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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Foreign currency translation (continued)

(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.

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

	2022 closing rate	2022 average rate	2021 closing rate	2021 average rate
Eastern Caribbean dollar	1.35	1.35	1.35	1.35
Trinidad & Tobago dollar	3.3707	3.3692	3.3813	3.3713
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.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial assets (continued)

(b) Classification of debt instruments

Classification and subsequent measurement of debt instruments depend on:

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

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

Measured at fair value through profit and loss (FVTPL)

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

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

Business model assessment

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

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

Solely repayments of principal and interest ("SPPI")

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

(c) Impairment of financial assets measured at amortized cost

The Fund measures its financial investments in deposits and mortgages at amortized cost. At initial recognition, allowance (or provision in the case of some loan commitments and financial guarantees) is required for Expected Credit Losses (ECL) resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) ('12- month ECL').

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

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial assets (continued)

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

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

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

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

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

(e) Definition of default

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

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

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

(f) Write-off

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

(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.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial assets (continued)

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

Measurement

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

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

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

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

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial assets (continued)

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

Forward looking information (continued)

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 the 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.

(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.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.7 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 significant 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'.

(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.

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3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.1 Impairment of financial assets (continued)

(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.

(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, the Eastern Caribbean and Trinidad. 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.

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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 $9,799,367, net of an estimated impairment of $2,884,000 (2021 - gross value of $9,789,617; impairment of $2,882,500)

Sensitivity Analysis

At December 31, 2022, the carrying value of the balance due from the Barbados Revenue Authority amounted to $6,915,367. 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%	416,799
Six Years	5.00%	763,087

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

	2022 $	2021 $
Bond interest due	27,720	387,317
Net advances to unit holders	1,921,712	-
Other	204,859	211,034
	2,154,291	598,351

The net advances balance represents net redemptions paid to unit holders, which at year-end, are awaiting conversion to units in the subsequent year.

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7. FINANCIAL INVESTMENTS

Analysis of financial investments

	2022		2021	
	Carrying Value $	Fair Value $	Carrying Value $	Fair Value $
Investments at FVTPL				
Fair value through profit and loss:				
Bonds – Unlisted Local	100,715,311	100,715,311	95,203,262	95,203,262
Bonds – Unlisted Regional	33,568,267	33,568,267	30,994,952	30,994,952
Bonds – Listed International	138,001,356	138,001,356	165,557,306	165,557,306
Treasury Bills – Listed International	25,725,260	25,725,260	-	-
Total debt securities	**298,010,194**	**298,010,194**	**291,755,520**	**291,755,520**
Common shares – Listed	1,923,874	1,923,874	2,672,506	2,672,506
Mutual funds – Listed	15,349,658	15,349,658	19,036,962	19,036,962
Mutual funds – Unlisted	3,224,636	3,224,636	3,694,218	3,694,218
Total equity securities	**20,498,168**	**20,498,168**	**25,403,686**	**25,403,686**
Investments at amortised cost:				
Deposits	2,524,664	2,524,664	5,950,667	5,950,667
Mortgage loans, net	115,625,635	115,754,632	108,917,209	111,372,867
Total	**118,150,299**	**118,279,296**	**114,867,876**	**117,323,534**
Total financial investments	**436,658,661**	**436,787,658**	**432,027,082**	**434,482,740**

Mortgage loans are reported at the gross principal of $117,172,616, net of impairment of $1,546,981 (2021 - gross principal of $110,056,776, net of impairment of $1,139,567). The fair value of the fixed rate mortgage loans is $38,323,809 (2021 - $40,249,438) and the carrying value is $38,194,812 (2021 - $37,793,780). All other amounts approximate their fair value.

Debt securities comprise:

	2022 $	2021 $
Government debt securities – Listed International	131,075,985	132,426,278
Government debt securities – Unlisted Local	100,715,311	95,203,262
Government debt securities – Unlisted Regional	19,794,125	20,185,626
Corporate debt securities – Listed International	32,650,631	33,131,028
Corporate debt securities – Unlisted Regional	13,774,142	10,809,326
	298,010,194	291,755,520

Debt securities classified at fair value through profit or loss and valued using internally developed valuation models amounted to $134,283,578 (2021 - $126,198, 214).

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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.

8.1 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.

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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.

	2022		2021	
	$	%	$	%
Bonds at FVTPL	298,010,194	68	291,755,520	67
Deposits at amortised cost	2,524,664	1	5,950,667	1
Investment portfolio	**300,534,858**	**69**	**297,706,187**	**68**
Mortgage loans, net, at amortised cost	115,625,635	27	108,917,209	25
Lending portfolio	**115,625,635**	**27**	**108,917,209**	**25**
Due from Sagicor Life Inc.	8,260,463	2	800,271	0
Due from Sagicor International Balanced Fund	209,028	0	148,314	0
Interest and other receivables	2,154,291	0	598,351	0
Cash resources	3,238,752	1	25,753,382	6
Other financial assets	**13,862,534**	**3**	**27,300,318**	**6**
Total balance sheet exposures	430,023,027	99	433,923,714	99
Mortgage loan commitments	5,039,992	1	3,872,355	1
Total	**435,063,019**	**100**	**437,796,069**	**100**

8. **FINANCIAL RISK (continued)**

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

Financial assets carried at amortised cost are subject to credit impairment losses which are recognised in the statement of income and comprehensive 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				
	2022				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
December 31:					
Credit grade:					
Investment	69,934,423	4,982,805	-	-	74,917,228
Non-Investment	28,700,864	3,095,294	-	-	31,796,158
Watch	-	-	6,449,794	-	6,449,794
Default	-	-	4,009,436	-	4,009,436
Gross carrying amount	98,635,287	8,078,099	10,459,230	-	117,172,616
Loss allowance	(116,311)	(19,135)	(1,411,535)	-	(1,546,981)
Net carrying amount	98,518,976	8,058,964	9,047,695	-	115,625,635

	Mortgages loans – amortised cost				
	2021				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
December 31:					
Credit grade:					
Investment	68,671,701	2,949,343	-	-	71,621,044
Non-Investment	22,304,442	6,097,826	-	-	28,402,268
Watch	-	66,721	6,400,559	-	6,467,280
Default	-	-	3,566,184	-	3,566,184
Gross carrying amount	90,976,143	9,113,890	9,966,743	-	110,056,776
Loss allowance	(96,071)	(26,754)	(1,016,742)	-	(1,139,567)
Net carrying amount	90,880,072	9,087,136	8,950,001	-	108,917,209

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8. FINANCIAL RISK (continued)

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

	Term Deposits – amortised cost				
	2022				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
December 31:					
Credit grade:					
Investment	2,016,384	-	-	-	2,016,384
Non-Investment	509,661	-	-	-	509,661
Watch	-	-	-	-	-
Default	-	-	-	-	-
Gross carrying amount	2,526,045	-	-	-	2,526,045
Loss allowance	(1,381)	-	-	-	(1,381)
Net carrying amount	2,524,664	-	-	-	2,524,664

	Term Deposits – amortised cost				
	2021				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
December 31:					
Credit grade:					
Investment	4,017,035	-	-	-	4,017,035
Non-Investment	1,934,803	-	-	-	1,934,803
Watch	-	-	-	-	-
Default	-	-	-	-	-
Gross carrying amount	5,951,838	-	-	-	5,951,838
Loss allowance	(1,171)	-	-	-	(1,171)
Net carrying amount	5,950,667	-	-	-	5,950,667

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				
	2022				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Loss allowance, beginning of year	96,071	26,754	1,016,742	-	1,139,567
Transfers:					
Stage 1 to Stage 2	(5,894)	5,894	-	-	-
Stage 1 to Stage 3	-	-	-	-	-
Stage 2 to Stage 1	10,996	(10,996)	-	-	-
Stage 2 to Stage 3	-	(5,336)	5,336	-	-
Stage 3 to Stage 2	-	-	-	-	-
Stage 3 to Stage 1	-	-	-	-	-
Loans originated or purchased	15,361	-	-	-	15,361
Loans fully derecognised	(3,162)	(3,851)	-	-	(7,013)
Write-offs	-	-	-	-	-
Changes in ECL inputs, models and / or assumptions	2,939	6,670	389,457	-	399,066
Loss allowance, end of year	116,311	19,135	1,411,535	-	1,546,981
Credit impairment losses recorded in income					(407,414)

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8. FINANCIAL RISK (continued)

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

LOSS ALLOWANCES	Mortgage loans – amortised cost				
	2021				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Loss allowance, beginning of year	140,633	63,241	1,757,928	-	1,961,802
Transfers:					
Stage 1 to Stage 2	(8,118)	8,118	-	-	-
Stage 1 to Stage 3	(304)	-	304	-	-
Stage 2 to Stage 1	41,778	(41,778)	-	-	-
Stage 2 to Stage 3	-	(504)	504	-	-
Stage 3 to Stage 2	-	389,423	(389,423)	-	-
Stage 3 to Stage 1	374,506	-	(374,506)	-	-
Loans originated or purchased	6,903	-	-	-	6,903
Loans fully derecognised	(465)	(5,766)	-	-	(6,231)
Write-offs	-	-	-	-	-
Changes in ECL inputs, models and / or assumptions	(458,862)	(385,980)	21,935	-	(822,907)
Loss allowance, end of year	96,071	26,754	1,016,742	-	1,139,567
Credit impairment losses reduction recorded in income					822,235

LOSS ALLOWANCES	Term Deposits – amortised cost				
	2022				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Loss allowance, beginning of year	1,171	-	-	-	1,171
Term deposits originated or purchased	1,381	-	-	-	1,381
Term deposits fully derecognised	(1,171)	-	-	-	(1,171)
Loss allowance, end of year	1,381	-	-	-	1,381
Credit impairment losses recorded in income					(210)

8. FINANCIAL RISK (continued)

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

LOSS ALLOWANCES	Term Deposits – amortised cost				
	2021				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Loss allowance, beginning of year	5,502	-	-	-	5,502
Term deposits originated or purchased	1,171	-	-	-	1,171
Term deposits fully derecognised	(5,502)	-	-	-	(5,502)
Loss allowance, end of year	1,171	-	-	-	1,171
Credit impairment losses reduction recorded in income					4,331

(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.

Mortgage Loans	Gross carrying value $	Accumulated allowances for impairment $	Net carrying value $	Estimated fair value of collateral $
As of December 31, 2022				
Commercial sector	2,640,924	-	2,640,924	9,006,000
Residential sector	7,818,306	(1,411,535)	6,406,771	19,985,000
Total	10,459,230	(1,411,535)	9,047,695	28,991,000

Mortgage Loans	Gross carrying value $	Accumulated allowances for impairment $	Net carrying value $	Estimated fair value of collateral $
As of December 31, 2021				
Commercial sector	2,619,020	-	2,619,020	9,006,000
Residential sector	7,347,723	(1,016,742)	6,330,981	22,310,000
Total	9,966,743	(1,016,742)	8,950,001	31,316,000

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8. FINANCIAL RISK (continued)

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

(b) Repossessed assets

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

No assets were repossessed during the year (2021 – 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 the following 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, 2022			As of December 31, 2021		
	2023	2024	2025	2022	2023	2024
World GDP						
Base	2.7%	3.2%	3.4%	4.9%	3.6%	3.4%
Upside	4.1%	4.8%	5.1%	7.4%	5.4%	5.1%
Downside	1.9%	2.3%	2.4%	2.6%	2.6%	2.4%

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 Upside Downside	Negative Stable Super Negative
GDP growth	Base Upside Downside	Negative Stable Super Negative

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 mortgages, term deposits and in the ECL classifications for the year. Gross carrying amounts represent the maximum exposure to credit risk.

	Mortgage loans – amortised cost				
	2022				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Gross carrying amount, beginning of year	90,976,143	9,113,890	9,966,743	-	110,056,776
Transfers:					
Stage 1 to Stage 2	(5,581,762)	5,581,762	-	-	-
Stage 1 to Stage 3	-	-	-	-	-
Stage 2 to Stage 1	3,675,185	(3,675,185)	-	-	-
Stage 2 to Stage 3	-	(1,920,068)	1,920,068	-	-
Stage 3 to Stage 2	-	748,618	(748,618)	-	-
Stage 3 to Stage 1	616,134	-	(616,134)	-	-
Loans originated or purchased	13,026,618	-	-	-	13,026,618
Loans fully derecognised	(2,994,481)	(1,286,977)	(17,886)	-	(4,299,344)
Write-offs	-	-	-	-	-
Changes in principal and interest	(1,082,551)	(483,940)	(44,943)	-	(1,611,434)
Gross carrying amount, end of year	98,635,286	8,078,100	10,459,230	-	117,172,616

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8. FINANCIAL RISK (continued)

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

	Mortgage loans – amortised cost				
	2021				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Gross carrying amount, beginning of year	79,904,822	9,455,908	13,077,195	-	102,437,925
Transfers:					
Stage 1 to Stage 2	(4,612,356)	4,612,356	-	-	-
Stage 1 to Stage 3	(172,790)	-	172,790	-	-
Stage 2 to Stage 1	6,246,704	(6,246,704)	-	-	-
Stage 2 to Stage 3	-	(75,320)	75,320	-	-
Stage 3 to Stage 2	-	2,054,063	(2,054,063)	-	-
Stage 3 to Stage 1	686,803	-	(686,803)	-	-
Loans originated or purchased	6,536,659	-	-	-	6,536,659
Loans fully derecognised	(264,124)	(862,163)	(491,201)	-	(1,617,488)
Write-offs	-	-	-	-	-
Changes in principal and interest	2,650,425	175,750	(126,495)	-	2,699,680
Gross carrying amount, end of year	90,976,143	9,113,890	9,966,743	-	110,056,776

	Term Deposits – amortised cost				
	2022				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Gross carrying amount, beginning of year	5,951,838	-	-	-	5,951,838
Deposits originated or purchased	2,526,045	-	-	-	2,526,045
Deposits fully derecognised	(5,951,838)	-	-	-	(5,951,838)
Gross carrying amount, end of year	2,526,045	-	-	-	2,526,045

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8. FINANCIAL RISK (continued)

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

	Term Deposits – amortised cost				
	2021				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Gross carrying amount, beginning of year	8,889,733	-	-	-	8,889,733
Deposits originated or purchased	5,951,838	-	-	-	5,951,838
Deposits fully derecognised	(8,889,733)	-	-	-	(8,889,733)
Gross carrying amount, end of year	5,951,838	-	-	-	5,951,838

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.

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8. FINANCIAL RISK (continued)

8.5 Liquidity risk (continued)

(a) Financial liabilities

As of December 31, 2022	On demand $	Within 1 year $	1 to 5 years $	After 5 years $	Total $
Accounts payable	880,278	-	-	-	880,278
Due to Sagicor					
Asset Management Inc.	16,522	-	-	-	16,522
Due to Sagicor (Equity) Fund	1,869,766	-	-	-	1,869,766
Off balance sheet commitments:					
Mortgage loan commitments	-	5,039,992	-	-	5,039,992
Total	2,766,566	5,039,992	-	-	7,806,558

As of December 31, 2021	On demand $	Within 1 year $	1 to 5 years $	After 5 years $	Total $
Accounts payable	5,891,455	-	-	-	5,891,455
Due to Sagicor					
Asset Management Inc.	16,522	-	-	-	16,522
Due to Sagicor (Equity) Fund	586,080	-	-	-	586,080
Off balance sheet commitments:					
Mortgage loan commitments	-	3,872,355	-	-	3,872,355
Total	6,494,057	3,872,355	-	-	10,366,412

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, 2022	Maturing within 1 year $	Maturing within 1 to 5 years $	Maturing after 5 years $	Total $
Due from Sagicor Life Inc.	8,260,463	-	-	8,260,463
Due from Sagicor International				
Balanced Fund	209,028	-	-	209,028
Interest and other receivables	2,154,291	-	-	2,154,291
Debt securities	44,401,522	112,673,672	140,935,000	298,010,194
Deposits	2,524,664	-	-	2,524,664
Mortgage loans, net	4,270,264	3,583,275	107,772,096	115,625,635
Cash resources	3,238,752	-	-	3,238,752
Total	65,058,984	116,256,947	248,707,096	430,023,027

As of December 31, 2021	Maturing within 1 year $	Maturing within 1 to 5 years $	Maturing after 5 years $	Total $
Due from Sagicor Life Inc.	800,271	-	-	800,271
Due from Sagicor International				
Balanced Fund	148,314	-	-	148,314
Interest and other receivables	598,351	-	-	598,351
Debt securities	4,148,240	56,171,599	231,435,681	291,755,520
Deposits	5,950,667	-	-	5,950,667
Mortgage loans, net	3,726,739	4,203,796	100,986,674	108,917,209
Cash resources	25,753,382	-	-	25,753,382
Total	41,125,964	60,375,395	332,422,355	433,923,714

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 2022, an individual unit holder, Sagicor Life Inc., held 12% of the fund's units (2021 - Sagicor Life Inc. held 12%). The fund manages its liquidity risk by investing in securities that it expects to be able to liquidate within a short period.

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8. FINANCIAL RISK (continued)

8.5 Liquidity risk (continued)

(b) Financial assets (continued)

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

As of December 31, 2022	Less than 7 days	Monthly	Quarterly	1 Year	More than 1 year
Funds	15,349,658	-	3,224,636	-	-

As of December 31, 2021	Less than 7 days	Monthly	Quarterly	1 Year	More than 1 year
Funds	19,036,962	-	3,694,218	-	-

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.

8. FINANCIAL RISK (continued)

8.6 Market risk (continued)

Interest Rate Risk (continued)

(a) Financial liabilities

As of December 31, 2022 and 2021 all of the Fund's financial liabilities were non-interest bearing and therefore not exposed to interest rate risk.

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

As of December 31, 2022	Exposure within 1 year $	Exposure of 1 to 5 years $	Exposure after 5 years $	Not exposed to interest $	Total $
Due to Sagicor Asset Management Inc	-	-	-	16,522	16,522
Due to Sagicor (Equity) Fund	-	-	-	1,869,766	1,869,766
Accounts payable	-	-	-	880,278	880,279
Total	-	-	-	2,766,566	2,766,566

As of December 31, 2022	Exposure within 1 year $	Exposure of 1 to 5 years $	Exposure after 5 years $	Not exposed to interest $	Total $
Due to Sagicor Asset Management Inc	-	-	-	16,522	16,522
Due to Sagicor (Equity) Fund	-	-	-	586,080	586,080
Accounts payable	-	-	-	5,891,455	5,891,455
Total	-	-	-	6,494,057	6,494,057

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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, 2022	Exposure within 1 year $	Exposure of 1 to 5 years $	Exposure after 5 years $	Not exposed to interest $	Total $
Due from Sagicor Life Inc.	-	-	-	8,260,463	8,260,463
Due from Sagicor International Balanced Fund	-	-	-	209,028	209,028
Interest and other receivables	-	-	-	2,154,291	2,154,291
Debt securities	44,102,857	111,165,943	139,953,349	2,788,045	298,010,194
Equity securities	-	-	-	20,498,168	20,498,168
Deposits	2,506,167	-	-	18,497	2,524,664
Mortgage loans	3,420,949	3,586,897	107,435,573	1,182,216	115,625,635
Cash resources	-	-	-	3,238,752	3,238,752
Total	50,029,973	114,752,840	247,388,922	38,349,460	450,521,195

As of December 31, 2021	Exposure within 1 year $	Exposure of 1 to 5 years $	Exposure after 5 years $	Not exposed to interest $	Total $
Due from Sagicor Life Inc.	-	-	-	800,271	800,271
Due from Sagicor International Balanced Fund	-	-	-	148,314	148,314
Interest and other receivables	-	-	-	598,351	598,351
Debt securities	4,138,986	55,288,153	229,490,004	2,838,377	291,755,520
Equity securities	-	-	-	25,403,686	25,403,686
Deposits	5,919,881	-	-	30,786	5,950,667
Mortgage loans	3,042,210	4,056,071	100,579,939	1,238,989	108,917,209
Cash resources	-	-	-	25,753,382	25,753,382
Total	13,101,077	59,344,224	330,069,943	56,812,156	459,327,400

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8. FINANCIAL RISK (continued)

8.6 Market risk (continued)

Interest Rate Risk (continued)

(b) Financial assets (continued)

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

	2021	2020
Debt securities	4.8%	3.9%
Deposits	1.9%	0.9%
Mortgage loans	4.4%	4.7%

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, 2022	$
Total interest bearing financial assets carried at fair value	295,222,149
The fair value impact of an increase in interest rates:	(25,388,917)
The fair value impact of a decrease in interest rates:	8,111,996

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.

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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.

	Balances denominated in				
As of December 31, 2022	**Barbados $**	**Trinidad $**	**US $**	**EC $**	**Total $**
ASSETS					
Due from Sagicor Life Inc.	8,260,463	-	-	-	8,260,463
Due from Sagicor International Balanced Fund	-	-	-	209,028	209,028
Interest and other receivables	2,126,709	17,076	10,506	-	2,154,291
Financial investments	225,342,043	1,231,529	201,594,764	8,490,325	436,658,661
Cash resources	1,271,210	-	1,967,542	-	3,238,752
Total assets	237,000,425	1,248,605	203,572,812	8,699,353	450,521,195
LIABILITIES					
Due to Sagicor Asset Management Inc.	16,522	-	-	-	16,522
Due to Sagicor (Equity) Fund	1,869,766	-	-	-	1,869,766
Accounts payable	880,278	-	-	-	880,278
Total liabilities	2,766,566	-	-	-	2,766,566
Net position	234,233,859	1,248,605	203,572,812	8,699,353	447,754,629

8. FINANCIAL RISK (continued)

8.6 Market risk (continued)

Foreign exchange risk (continued)

	Balances denominated in				
As of December 31, 2021	**Barbados $**	**Trinidad $**	**US $**	**EC $**	**Total $**
ASSETS					
Due from Sagicor Life Inc.	800,271	-	-	-	800,271
Due from Sagicor International Balanced Fund	-	-	-	148,314	148,314
Interest and other receivables	270,101	26,341	301,909	-	598,351
Financial investments	208,350,912	1,250,704	213,747,321	8,678,145	432,027,082
Cash resources	1,179,442	-	24,573,940	-	25,753,382
Total assets	210,600,726	1,277,045	238,623,170	8,826,459	459,327,400
LIABILITIES					
Due to Sagicor Asset Management Inc.	16,522	-	-	-	16,522
Due to Sagicor (Equity) Fund	586,080	-	-	-	586,080
Accounts payable	5,891,455	-	-	-	5,891,455
Total liabilities	6,494,057	-	-	-	6,494,057
Net position	204,106,669	1,277,045	238,623,170	8,826,459	452,833,343

Sensitivity

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.

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

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8. FINANCIAL RISK (continued)

8.6 Market risk (continued)

Foreign exchange risk (continued)

The effect of a 10% depreciation in the TTD relative to the BDS arising from TTD financial investments as of December 31, 2021 and for the year then ended is considered below.

	Balances denominated in TTD $	Effect of a 10% depreciation on income as of Dec 31, 2022 $
Financial Assets	1,231,529	(123,153)

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

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, 2022 $
Fair value through profit or loss equity securities:		
Listed on Caribbean and US stock exchanges and markets	1,923,874	(384,775)
Mutual funds - Listed	15,349,658	(3,069,932)
Mutual funds - Unlisted	3,224,636	(644,927)
	20,498,168	(4,099,634)

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8. FINANCIAL RISK (continued)

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.

(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 not 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 inputs that are not based on observable market data.

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

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

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

2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets classified at fair value through profit or loss:	$	$	$	$
Debt securities	49,020,664	114,705,952	134,283,578	298,010,194
Common shares	1,911,937	11,937	-	1,923,874
Mutual funds	15,349,658	-	3,224,636	18,574,294
Total assets	66,282,259	114,717,889	137,508,214	318,508,362
Total assets by percentage	21%	36%	43%	100%

2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets classified at fair value through profit or loss:	$	$	$	$
Debt securities	21,226,631	144,330,675	126,198,214	291,755,520
Common shares	2,661,737	10,769	-	2,672,506
Mutual funds	19,036,962	-	3,694,218	22,731,180
Total assets	42,925,330	144,341,444	129,892,432	317,159,206
Total assets by percentage	14%	46%	40%	100%

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

Description	**Fair Value at December 31**		**Valuation Tec`hnique**	**Unobservable Inputs**	**Range of Inputs**		**Relationship of Unobservable Inputs to fair value**
	2022 $	**2021 $**			**2022**	**2021**	
Debt securities	134,283,578	126,198,214	Discounted Cash Flows	Risk Adjusted Market Yields	1.1% - 8.9% Avg (2.8%)	1.1% - 7.5% Avg (2.4%)	The effect of a 1% increase in interest rates would decrease the fair value by ($10,417,435) and a 1% decrease in interest rates would increase the fair values by $12,116,529
Mutual funds	3,224,636	3,694,218	Par Value	N/A	N/A	N/A	N/A

There have been no material transfers between Level 1 and Level 2 during 2022 and 2021.

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.

	2022 $	**2021 $**
Balance, beginning of year	129,892,432	118,615,371
Fair value changes recorded in income	4,711,190	6,533,553
Additions	4,880,011	12,476,823
Disposals	(2,022,025)	(7,666,978)
Effect of accrued income changes	46,606	(66,337)
Balance, end of year	137,508,214	129,892,432

Unrealised gains of $4,711,190 (2021 – $6,533,553) on level 3 instruments held at the end of the period are included in Net investment losses on financial investments.

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

As at December 31, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	$	$	$
Mortgage loans	-	-	38,323,809	38,323,809
	-	-	38,323,809	38,323,809

As at December 31, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	$	$	$
Mortgage loans	-	-	40,249,438	40,249,438
	-	-	40,249,438	40,249,438

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.

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9. ACCOUNTS PAYABLE

	2022 $	2021 $
Pension benefits and other payables	880,278	5,891,455

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.

	2022 $	2021 $
Debt securities	11,407,407	11,115,055
Deposits	79,049	69,521
Mortgage loans	4,862,965	4,904,633
Other loans	45	177
Total interest income	16,349,466	16,089,386

11. NET INVESTMENT LOSSES

	2022 $	2021 $
Net losses on financial investments	(13,889,949)	(575,906)
Impairment loss	-	(646,275)
	(13,889,949)	(1,222,181)

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12. RELATED PARTY TRANSACTIONS

(a) Material related party transactions

	2022 $	2021 $
Management fee – Sagicor Life Inc.	2,271,160	2,292,504

(b) Units held by related parties

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

Sagicor Life Inc.	2022 $	2021 $
Value of units held at January 1	71,103,187	53,649,589
Net value of transactions for the year	(4,515,999)	17,453,598
Value of units at December 31	66,587,188	71,103,187

Sagicor General Inc.	2022 $	2021 $
Value of units held at January 1	7,128,707	6,738,284
Net value of transactions for the year	(203,631)	390,423
Value of units at December 31	6,925,076	7,128,707

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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, 2022, 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 at December 31, 2022;
- 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.

PricewaterhouseCoopers SRL, The Financial Services Centre, Bishop's Court Hill, P.O. Box 111, St. Michael, BB14004, Barbados, West Indies
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In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

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.

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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

Bridgetown, Barbados
April 28, 2023

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Statement of Financial Position

Sagicor (Equity) Fund

As of December 31, 2022

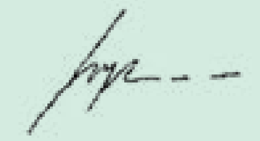
Amounts expressed in Barbados Dollars

	Notes	2022	2021
ASSETS			
Investment property	4, 11	53,200,000	54,033,333
Property, plant and equipment		1,274,826	1,329,375
Investment in associated companies	5	6,231,805	5,469,242
Due from Sagicor (Bonds) Fund	6	1,822,538	615,075
Due from Sagicor International Balanced Fund	6	81,158	160,447
Due from associated company	5	22,663	22,663
Income tax assets	7	1,077,720	1,077,157
Real estate developed for resale	8	2,016,107	1,982,636
Accounts receivable	9	8,924,468	6,757,431
Financial investments	10	536,166,188	589,741,447
Cash resources		19,279,464	27,843,960
Total assets		630,096,937	689,032,766
LIABILITIES			
Deposits received on real estate developed for resale	8	5,600	5,600
Due to Sagicor Life Inc.	6	2,653,712	236,731
Due to Sagicor Global Balanced Fund	6	83,000	46,609
Accounts payable	13	2,810,904	6,379,425
Total liabilities		5,553,216	6,668,365
Net assets attributable to unit holders		624,543,721	682,364,401
Represented by:			
UNIT HOLDERS' EQUITY		624,543,721	682,364,401

	2022	2021
No. of units outstanding at end of year	9,088,951	9,181,358
Net asset value per unit at end of year	$68.71	$74.32
(Decrease)/Increase in net asset value per unit for year	(7.55)%	12.73%

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

Approved by the Board of Directors on April 28, 2023



Chairman

Director

Statement of Changes in Net Assets Attributable to Unit Holders

Sagicor (Equity) Fund

For the year ended December 31, 2022

Amounts expressed in Barbados Dollars

	2022		2021	
	Number of Units	**Total $**	**Number of Units**	**Total $**
Balance, beginning of year	9,181,358	682,364,401	9,391,496	619,153,093
Proceeds from issue of units	573,810	40,523,135	433,647	30,467,258
Redemption of units	(666,217)	(46,832,630)	(643,785)	(44,976,437)
Net decrease from unit transactions	(92,407)	(6,309,495)	(210,138)	(14,509,179)
Net (loss)/income and total comprehensive (loss)/income for the year available to unit holders	-	(51,511,185)	-	77,720,487
Balance, end of year	9,088,951	624,543,721	9,181,358	682,364,401

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

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Amounts expressed in Barbados Dollars

	Notes	2022	2021
REVENUE			
Interest income	14	1,665,011	2,058,098
Dividend income		10,188,321	10,086,402
Net rental income	15	2,101,480	1,911,412
Share of operating income of associated companies	5	762,563	155,717
Net investment (losses)/gains	16	(56,995,440)	73,133,139
Credit impairment losses		(12,437)	201,076
		(42,290,502)	87,545,844
EXPENSES			
Management fee	17	4,795,790	4,875,045
Investment expenses		209,860	92,766
Commissions and brokers' fees		3,497,339	4,189,286
Total operating expenses		8,502,989	9,157,097
(LOSS)/INCOME BEFORE TAXES		(50,793,491)	78,388,747
Withholding taxes		(717,694)	(668,260)
NET (LOSS)/INCOME AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR AVAILABLE TO UNIT HOLDERS		(51,511,185)	77,720,487

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

	2022	2021
Cash flows from operating activities:		
(Loss)/income before taxes	(50,793,491)	78,388,747
Interest income	(1,665,011)	(2,058,098)
Dividend income	(10,188,321)	(10,086,402)
Net losses/(gains) on financial investments	56,162,107	(73,911,159)
Reduction in fair value of investment property	833,333	778,020
Depreciation of property, plant and equipment	60,770	74,268
Allowance for impairment losses/(reduction) of allowances for impairment losses	12,437	(201,076)
Share of operating gain of associated company	(762,563)	(155,717)
	(6,340,739)	(7,171,417)
Changes in operating assets and liabilities		
Accounts receivable	(2,995,294)	(366,383)
Due from Sagicor Life Inc.	-	3,488
Due from Sagicor (Bonds) Fund	(1,207,463)	(615,075)
Due from Sagicor International Balanced Fund	79,289	(52,027)
Due to Sagicor Life Inc.	2,416,981	236,731
Due to Sagicor Global Balanced Fund	36,391	24,418
Due to Sagicor (Bonds) Fund	-	(8,007,197)
Accounts payable	(3,568,521)	4,693,242
Issue of mortgage loans	(6,484,602)	(2,250,011)
Repayment of mortgage loans	1,997,300	745,764
Purchase of debt securities	(632,094)	-
Redemption of debt securities	-	10,757,190
Proceeds from sale of equity securities	140,810,534	156,940,116
Purchase of equity securities	(138,326,524)	(149,950,924)
Additions to equipment	(6,221)	(39,321)
Real estate developed for resale	(33,471)	(603,622)
Amounts deposited	-	(1,787,451)
Deposits redeemed	-	4,375,498
Cash (used in)/generated from operations	(14,254,434)	6,933,019
Interest received	1,701,113	2,224,464
Dividends received	11,016,577	8,206,750
Taxes paid	(718,257)	(668,825)
Net cash (used in)/generated from operating activities carried forward	(2,255,001)	16,695,408

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	2022	2021
Net cash (used in) generated from operating activities brought forward	(2,255,001)	16,695,408
Cash flows from financing activities		
Proceeds from issue of units	40,523,135	30,467,258
Redemptions of units	(46,832,630)	(44,976,437)
Net cash used in financing activities	(6,309,495)	(14,509,179)
Net (decrease)/increase in cash and cash equivalents	(8,564,496)	2,186,229
Cash and cash equivalents - beginning of year	27,843,960	25,657,731
Cash and cash equivalents - end of year	19,279,464	27,843,960
Cash resources comprise:		
Cash	13,758,106	23,419,669
Cash held under managed properties	5,521,358	4,424,291
	19,279,464	27,843,960

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.

New Standards and Amendments

Certain new standards and amendments to existing standards have been issued. The changes in standards and interpretations which may have an effect on future presentation, measurement or disclosure of the Fund's financial statements are summarised in the following tables.

Amendments to existing IFRS and IAS effective January 1, 2022

None of these amendments have a material effect on the Fund's financial statements.

Standard	**Description of amendment**
IFRS 3 – Business combinations	These amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
Amendments to IAS 16 – Property, plant and equipment	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.
Amendments to IAS 37 – Provisions, contingent liabilities and contingent assets	These amendments specify which costs a company includes when assessing whether a contract will be loss-making.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Amendments to existing IFRS and IAS effective January 1, 2022 (continued)

The annual improvements set out below are effective January 1, 2022. None of these amendments have a material effect on the Fund's financial statements.

Annual Improvements to Standards	Description of amendment
IFRS 1 - First-time Adoption of International Financial Reporting Standards	To simplify the application of IFRS 1 by a subsidiary that becomes a first-time adopter of IFRS after its parent company has already adopted them. The amendment relates to the measurement of cumulative translation differences.
IFRS 9 - Financial Instruments	To clarify the fees a company includes in assessing the terms of a new or modified financial liability to determine whether to derecognise a financial liability.
Illustrative Examples accompanying IFRS 16 Leases	To remove the potential for confusion regarding lease incentives by amending an Illustrative Example accompanying IFRS 16.
IAS 41 - Agriculture	To align the fair value measurement in IAS 41 with those in other IFRS.

The annual amendments set out below are effective January 1, 2023/2024. None of these amendments would have a material effect on the Fund's financial statements.

Amendments to IAS 8 – Definition of accounting estimates, effective January 1, 2023
Subject / Comments
In February 2021, this amendment was issued to assist entities in distinguishing between accounting policies and accounting estimates.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies, effective January 1, 2023
Subject / Comments
In February 2021, this amendment was issued to assist preparers of financial statements in making decisions related to which accounting policies to disclose in financial statements.

Amendments to IAS 1 – Liabilities as current or non-current, effective January 1, 2024
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.

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:

	2022 closing rate	2022 average rate	2021 closing rate	2021 average rate
Eastern Caribbean dollar	1.35	1.35	1.35	1.35
Jamaica dollar	75.5041	76.5264	76.9600	75.5845
Trinidad & Tobago dollar	3.3707	3.3692	3.3813	3.3713
United States dollar	0.50	0.50	0.50	0.50

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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

The Fund measures its financial investments in deposits and mortgages at amortized cost. At initial recognition, allowance (or provision in the case of some loan commitments and financial guarantees) is required for Estimated Credit Losses (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. The ECL of these assets 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 favourable 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Financial assets (continued)

(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 the 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.

(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. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.7 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,
- 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.

2.8 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.13 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 income and 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 significant effect on the Fund's financial statements is 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'.

(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.

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3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.1 Impairment of financial assets (continued)

(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.

(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, Eastern Caribbean, Trinidad and Jamaica. 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.

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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:

	2022 $	2021 $
Balance, beginning of year	54,033,333	54,811,353
Fair value loss recorded in income	(833,333)	(778,020)
Balance, end of year	53,200,000	54,033,333

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
Allder House, Corner of George Street and First Avenue Belleville

Investment property includes $20,850,000 (2021 - $21,433,333) 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:

	2022 $	2021 $
Real estate developed for resale	327,547	327,547
Accounts receivable	4,054,579	3,337,113
Property, plant and equipment	531,217	524,996
Cash resources	5,704,728	4,416,422
Deposits received on real estate developed for resale	5,600	5,600
Accounts payable	1,471,579	1,195,697
Net rental income	1,383,724	1,314,583
Reduction in fair value of investment property	(583,333)	(166,667)

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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 2022 $	Haggatt Hall Holdings Limited 2022 $	Total 2022 $
Investment at the beginning of the year	573,692	4,895,550	5,469,242
Share of (loss)/income	(14,363)	287,861	273,498
Property revaluation surplus	-	489,065	489,065
Investment at the end of the year	559,329	5,672,476	6,231,805

	Primo Holdings Limited 2021 $	Haggatt Hall Holdings Limited 2021 $	Total 2021 $
Investment at the beginning of the year	588,055	4,725,470	5,313,525
Share of (loss)/income	(14,363)	170,080	155,717
Investment at the end of the year	573,692	4,895,550	5,469,242

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

- 37.5% (2021 - 37.5%) in Primo Holdings Limited, incorporated in Barbados
- 33.3% (2021 - 33.3%) in Haggatt Hall Holdings Limited, incorporated in Barbados

The amount of $22,663 (2021 - $22,663) due from associated company Primo Holdings Limited, is interest free, unsecured and has no fixed terms of repayment.

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	
ASSETS	**2022**	**2021**	**2022**	**2021**
Property, Plant and Equipment	1,347	28,336,062	-	-
Cash Resources	1,221,533	1,695,517	-	-
Other Investments and Assets	31,220,939	1,256,240	2,000,000	2,000,000
Total Assets	32,443,819	31,287,819	2,000,000	2,000,000
LIABILITIES				
Current liabilities	15,581,641	16,756,418	609,480	571,180
Net Assets	**16,862,178**	**14,531,401**	**1,390,520**	**1,428,820**

5. INVESTMENT IN ASSOCIATED COMPANIES (continued)

Summarised Statement of Comprehensive Income

	Haggatt Hall Holdings Limited		Primo Holding Limited	
REVENUE	2022	2021	2022	2021
Net Rental Income	1,613,680	1,975,630	-	-
Other Income	891,192	1,136,078	-	-
Total Revenue	2,504,872	3,111,708	-	-
EXPENSES				
Finance Charges	634,976	674,317	-	-
Depreciation	(177,086)	699,388	-	-
Repairs & Maintenance	505,124	465,950	-	-
Income Tax Expenses	21,453	61,339	-	-
Deferred Tax Expenses	4,546	6,286	-	-
Other	652,277	694,188	38,300	38,300
Total Expenses	1,641,290	2,601,468	38,300	38,300
Total Comprehensive Income	863,582	510,240	(38,300)	(38,300)

Reconciliation to carrying amounts

	Haggatt Hall Holdings Limited		Primo Holdings Limited	
	31 Dec 2022	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Opening net assets 1 January	14,531,401	14,021,161	1,428,820	1,467,120
Profit/(loss) for the period	863,582	510,240	(38,300)	(38,300)
Revaluation Surplus	1,467,195	-	-	-
Closing net assets	**16,862,178**	**14,531,401**	**1,390,520**	**1,428,820**
Fund's share in %	33.33%	33.33%	37.5%	37.5%
Fund's Share in $	5,620,726	4,843,800	521,444	535,807
Capitalisation of Acquisition costs	51,750	51,750	37,885	37,885
Carrying Amount	**5,672,476**	**4,895,550**	**559,329**	**573,692**

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.

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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 $1,284,984, net of an estimated impairment of $207,264 (2021 - gross value of $1,284,421, impairment $207,264) Sensitivity Analysis

Sensitivity Analysis

At December 31, 2022, the carrying value of the balance due from the Barbados Revenue Authority amounted to $1,077,720. 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%	64,887
Six Years	5.00%	118,845

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:

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

9. ACCOUNTS RECEIVABLE

	2022 $	2021 $
Rent receivable	4,310,717	3,111,187
Dividend receivable	1,460,374	2,288,632
Net advances to unit holders	1,339,737	-
Other receivables	1,813,640	1,357,612
Total accounts receivable	8,924,468	6,757,431

The net advances balance represents net redemptions paid to unit holders, which at year-end, are awaiting conversion to units in the subsequent year.

10. FINANCIAL INVESTMENTS

10.1 Analysis of financial investments

	2022		2021	
	Carrying Value $	Fair Value $	Carrying Value $	Fair Value $
Investments at Fair value through profit and loss (FVTPL):				
International - Listed	12,184,009	12,184,009	12,141,971	12,141,971
Local - Unlisted	6,311,723	6,311,723	5,947,112	5,947,112
Regional - Unlisted	2,210,369	2,210,369	2,210,658	2,210,658
Total debt securities	**20,706,101**	**20,706,101**	**20,299,741**	**20,299,741**
Common Shares - Local Listed	83,877,848	83,877,848	66,359,879	66,359,879
Common Shares - Regional Listed	74,504,584	74,504,584	83,948,385	83,948,385
Common Shares - International Listed	148,823,901	148,823,901	205,677,943	205,677,943
Common Shares - Unlisted	87,343	87,343	83,384	83,384
Alternative Investments - Listed	174,184,485	174,184,485	191,324,225	191,324,225
Alternative Investments - Unlisted	2,501,150	2,501,150	2,829,676	2,829,676
Mutual Funds – Local Listed	7,824,000	7,824,000	-	-
Total equity securities	**491,803,311**	**491,803,311**	**550,223,492**	**550,223,492**
Total investments at FVPTL	**512,509,412**	**512,509,412**	**570,523,233**	**570,523,233**
Investments at amortised cost:				
Deposits	160	160	160	160
Mortgage loans	23,656,616	23,665,049	19,218,054	19,580,964
Total investments at amortised cost	**23,656,776**	**23,665,209**	**19,218,214**	**19,581,124**
Total financial investments	**536,166,188**	**536,174,621**	**589,741,447**	**590,104,357**

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10. FINANCIAL INVESTMENTS (continued)

10.1 Analysis of financial investments (continued)

Mortgage loans are reported at the gross principal of $23,734,202, net of provisions for impairment of $77,586 (2021 - gross principal of $19,283,203, provisions for impairment of $65,149). The fair value of the fixed rate mortgage loans is $11,818,880 (2021 - $6,693,166) and the carrying value is $11,810,448 (2021 - $6,330,255).

See Note 12.7 for the fair value of investments at amortised cost.

Debt securities comprise:	2022 $	2021 $
Government debt securities - Listed International	10,215,110	10,046,562
Government debt securities - Unlisted Local	6,311,723	5,947,112
Government debt securities - Unlisted Regional	2,210,369	2,210,658
Corporate debt securities - Listed	1,968,899	2,095,409
	20,706,101	20,299,741

Equity securities include shares in Sagicor Financial Company Ltd, a related party, of $2,850,510 (2021 - $3,447,807).

Debt securities classified at fair value through profit or loss and valued using internally developed models amounted to $8,522,092 (2021 - $8,157,769).

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

	2022 % of Total	2022 $	2021 % of Total	2021 $
Goddard Enterprises Limited	12.9%	63,468,794	7.35%	43,349,601
Massy Holdings Ltd	11.0%	53,984,300	10.68%	63,004,467
RBC Royal Bank of Canada	5.2%	25,717,582	6.02%	35,516,839
Schwab US Divid Equity ETF	4.4%	21,870,945	-	-
CIBC First Caribbean International Bank (Barbados) Ltd	4.0%	19,581,395	3.76%	22,192,247
Pictet – PTR Atlas Fund Class 1	3.7%	17,982,482	-	-
Morgan Stanley Global Quality Fund	3.3%	16,194,464	3.57%	21,070,143
Neuberger Berman Uncorrelated	3.2%	15,681,793	2.90%	17,116,227
MFS Meridian European Research Fund	2.6%	12,642,228	2.48%	14,620,641
Energy Select Sector SPDR Fund	2.7%	13,252,279	-	-
Aspect Diversified Trends USD Fund	2.5%	12,137,354	-	-
Investec Global Franchise	-	-	2.84%	16,783,776
Franklin K2 Alternative Strategies	-	-	2.38%	14,042,832

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, 2022	Level 1 $	Level 2 $	Level 3 $	Total $
Investment property	-	-	53,200,000	53,200,000

As of December 31, 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Investment property	-	-	54,033,333	54,033,333

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

	Fair Value $ 2022	Fair Value $ 2021	Valuation Technique	Unobservable Inputs	Range of Inputs 2022	Range of Inputs 2021	Relationship of Unobservable Inputs to Fair value
Land	10,975,000	11,150,000	Sales Comparison	Price per square foot	$1.55 to $8.88	$1.55 to $10.66	The higher the price per square foot, the higher the value.
Commercial property	4,016,667	4,366,667	Sales Comparison	Price per square foot	$22.72 to $76.20	$26.85 to $93.50	The higher the price per square foot, the higher the value.
Commercial property	38,208,333	38,516,666	Discounted cash flows	Discount rate, capitalisation rate	8.0% to 10.5%	8.0% to 10.0%	The lower the capitalisation rate or discount rate, the higher the fair value.
Total	**53,200,000**	**54,033,333**					

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11. FAIR VALUE OF INVESTMENT PROPERTY (continued)

Commercial properties valued at $4,016,667 (2021 - $4,366,667) 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 which 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 with 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.

	2022		2021	
	$	%	$	%
Bonds at FVTPL	20,706,101	28	20,299,741	27
Deposits at amortised cost	160	0	160	0
Investment portfolio	**20,706,261**	**28**	**20,299,901**	**27**
Mortgage loans, net, at amortised cost	23,656,616	31	19,218,054	26
Lending portfolio	**23,656,616**	**31**	**19,218,054**	**26**
Due from Sagicor (Bonds) Fund	1,822,538	2	615,075	1
Due from Sagicor International Balanced Fund	81,158	0	160,447	0
Due from associated company	22,663	0	22,663	0
Accounts receivable	8,924,468	12	6,757,431	9
Cash resources	19,279,464	26	27,843,960	37
Other financial assets	**30,130,291**	**40**	**35,399,576**	**47**
Total balance sheet exposures	**74,493,168**	**99**	**74,917,531**	**100**
Mortgage loan commitments	997,559	1	164,362	0
	75,490,727	**100**	**75,081,893**	**100**

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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 and comprehensive 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				
	2022				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
December 31:					
Credit grade:					
Investment	14,703,100	612,344	-	-	15,315,444
Non-Investment	7,909,678	-	-	-	7,909,678
Watch	-	-	509,080	-	509,080
Default	-	-	-	-	-
Gross carrying amount	22,612,778	612,344	509,080	-	23,734,202
Loss allowance	(26,665)	(1,455)	(49,466)	-	(77,586)
Net carrying amount	22,586,113	610,889	459,614	-	23,656,616

	Mortgage loans – amortised cost				
	2021				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
December 31:					
Credit grade:					
Investment	13,855,382	-	-	-	13,855,382
Non-Investment	4,429,797	459,364	-	-	4,889,161
Watch	-	-	538,660	-	538,660
Default	-	-	-	-	-
Gross carrying amount	18,285,179	459,364	538,660	-	19,283,203
Loss allowance	(19,309)	(1,374)	(44,466)	-	(65,149)
Net carrying amount	18,265,870	457,990	494,194	-	19,218,054

12. FINANCIAL RISK (continued)

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

	Term Deposits – amortised cost				
	2022				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
December 31:					
Credit grade:	-	-	-	-	-
Investment	-	-	-	-	-
Non-Investment	-	-	-	-	-
Watch	-	-	-	-	-
Default	160	-	-	-	160
Gross carrying amount	160	-	-	-	160
Loss allowance	-	-	-	-	-
Net carrying amount	160	-	-	-	160

	Term Deposits – amortised cost				
	2021				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
December 31:					
Credit grade:					
Investment	-	-	-	-	-
Non-Investment	-	-	-	-	-
Watch	-	-	-	-	-
Default	160	-	-	-	160
Gross carrying amount	160	-	-	-	160
Loss allowance	-	-	-	-	-
Net carrying amount	160	-	-	-	160

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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 lifetime 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				
	2022				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Loss allowance, beginning of year	19,309	1,374	44,466	-	65,149
Transfers:					
Stage 1 to Stage 2	(664)	664	-	-	-
Stage 1 to Stage 3	-	-	-	-	-
Stage 2 to Stage1	1,374	(1.374)	-	-	-
Stage 3 to Stage 1	-	-	-	-	-
Loans originated or purchased	7,374	-	-	-	7,374
Loans fully derecognised	(1,099)	-	-	-	(1,099)
Changes in ECL inputs, models and/or assumptions	371	791	5,000	-	6,162
Loss allowance, end of year	26,665	1,455	49,466	-	77,586
Credit impairment loss recorded in income					(12,437)

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12. FINANCIAL RISK (continued)

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

LOSS ALLOWANCES	Mortgage loans – amortised cost				
	2021				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Loss allowance, beginning of year	29,090	3,413	233,670	-	266,173
Transfers:					
Stage 1 to Stage 2	(844)	844	-	-	-
Stage 1 to Stage 3	(839)	-	839	-	-
Stage 2 to Stage 1	3,413	(3,413)	-	-	-
Stage 3 to Stage 1	233,670	-	(233,670)	-	-
Loans originated or purchased	1,658	-	-	-	1,658
Changes in ECL inputs, models and/or assumptions	(246,839)	530	43,627	-	(202,682)
Loss allowance, end of year	19,309	1,374	44,466	-	65,149
Credit impairment losses reduction recorded in income					201,024

LOSS ALLOWANCES	Term Deposits – amortised cost				
	2022				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Loss allowance, beginning of year	-	-	-	-	-
Term deposits originated or purchased	-	-	-	-	-
Term deposits fully derecognised	-	-	-	-	-
Loss allowance, end of year	-	-	-	-	-
Credit impairment losses recorded in income					-

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12. FINANCIAL RISK (continued)

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

LOSS ALLOWANCES	Term Deposits – amortised cost				
	2021				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Loss allowance, beginning of year	52	-	-	-	52
Term deposits originated or purchased	-	-	-	-	-
Term deposits fully derecognised	(52)	-	-	-	(52)
Loss allowance, end of year	-	-	-	-	-
Credit impairment losses reduction recorded in income					52

(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.

Mortgage Loans	Gross carrying value $	Accumulated allowances for impairment $	Net carrying value $	Estimated fair value of collateral $
As of December 31, 2022				
Residential sector	509,080	(49,466)	459,614	1,179,700
Total	509,080	(49,466)	459,614	1,179,700
As of December 31, 2021				
Residential sector	538,660	(44,466)	494,194	1,179,700
Total	538,660	(44,466)	494,194	1,179,700

(b) Repossessed assets

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

No assets were repossessed during the year (2021 – Nil).

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12. FINANCIAL RISK (continued)

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

(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 the following 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, 2022			As of December 31, 2021		
	2023	2024	2025	2022	2023	2024
World GDP						
Base	2.7%	3.2%	3.4%	4.9%	3.6%	3.4%
Upside	4.1%	4.8%	5.1%	7.4%	5.4%	5.1%
Downside	1.9%	2.3%	2.4%	2.6%	2.6%	2.4%

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

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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 mortgages, term deposits and in the ECL classifications for the year. Gross carrying amounts represent the maximum exposure to credit risk.

	Mortgage loans – amortised cost				
	2022				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Gross carrying amount, beginning of year	18,285,179	459,364	538,660	-	19,283,203
Transfers:					
Stage 1 to Stage 2	(628,614)	628,614	-	-	-
Stage 1 to Stage 3	-	-	-	-	-
Stage 2 to Stage 1	459,364	(459,364)	-	-	-
Stage 3 to Stage 1	-	-	-	-	-
Loans originated or purchased	6,253,072	-	-	-	6,253,072
Loans fully derecognized	(1,040,985)	-	-	-	(1,040,985)
Changes in principal and interest	(715,238)	(16,270)	(29,580)	-	(761,088)
Gross carrying amount, end of year	22,612,778	612,344	509,080	-	23,734,202

	Mortgage loans – amortised cost				
	2021				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Gross carrying amount, beginning of year	16,528,706	510,329	718,754	-	17,757,789
Transfers:					
Stage 1 to Stage 2	(479,404)	479,404	-	-	-
Stage 1 to Stage 3	(476,440)	-	476,440	-	-
Stage 2 to Stage 1	510,329	(510,329)	-	-	-
Stage 3 to Stage 1	644,203	-	(644,203)	-	-
Loans originated or purchased	222,722	-	-	-	222,722
Changes in principal and interest	1,335,063	(20,040)	(12,331)	-	1,302,692
Gross carrying amount, end of year	18,285,179	459,364	538,660	-	19,283,203

12. FINANCIAL RISK (continued)

12.4 Gross Carrying Values – financial investments subject to impairment (continued)

	Term Deposits – amortised cost				
	2022				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Gross carrying amount, beginning of year	160	-	-	-	160
Deposits originated or purchased	-	-	-	-	-
Deposits fully derecognised	-	-	-	-	-
Gross carrying amount, end of year	160	-	-	-	160

	Term Deposits – amortised cost				
	2021				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Gross carrying amount, beginning of year	2,596,271	-	-	-	2,596,271
Deposits originated or purchased	160	-	-	-	160
Deposits fully derecognised	(2,596,271)	-	-	-	(2,596,271)
Gross carrying amount, end of year	160	-	-	-	160

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.

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12. **FINANCIAL RISK (continued)**

12.5 Liquidity risk (continued)

(a) Financial liabilities

As of December 31, 2022	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 Sagicor Life Inc.	2,653,712	-	-	-	2,653,712
Due to Sagicor					
Global Balanced Fund	83,000	-	-	-	83,000
Accounts payable	2,810,904	-	-	-	2,810,904
5	,553,216	-	-	-	5,553,216

As of December 31, 2021	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 Sagicor Life Inc.	236,731	-	-	-	236,731
Due to Sagicor					
Global Balanced Fund	46,609	-	-	-	46,609
Accounts payable	6,379,425	-	-	-	6,379,425
	6,668,365	-	-	-	6,668,365

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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, 2022	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 (Bonds) Fund	1,822,538	-	-	1,822,538
Due from Sagicor				
International Balanced Fund	81,158	-	-	81,158
Accounts receivable	8,924,468	-	-	8,924,468
Debt securities	633,690	13,760,688	6,311,723	20,706,101
Deposits	-	160	-	160
Mortgage loans net	-	75,772	23,580,844	23,656,616
Cash resources	19,279,464	-	-	19,279,464
Total	30,763,981	13,836,620	29,892,567	74,493,168

As of December 31, 2021	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 (Bonds) Fund	615,075	-	-	615,075
Due from Sagicor				
International Balanced Fund	160,447	-	-	160,447
Accounts receivable	6,757,431	-	-	6,757,431
Debt securities	-	18,179,724	2,120,017	20,299,741
Deposits	-	160	-	160
Mortgage loans net	-	116,804	19,101,250	19,218,054
Cash resources	27,843,960	-	-	27,843,960
Total	35,399,576	18,296,688	21,221,267	74,917,531

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 2022, an individual unitholder, Goddard Enterprises Ltd., holds 15% of the fund's units (2021 Goddard Enterprises Ltd. Held 16%). The fund manages its liquidity risk by investing in security that is expects to be able to liquidate within a short period.

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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, 2022	Less than 7 Days	Monthly	Quarterly	Semi Annual	1 – 5 Years	More than 5 years
Funds and Alternative Investments	179,854,137	-	-	-	4,655,498	-
As of December 31, 2021	**Less than 7 Days**	**Monthly**	**Quarterly**	**Semi Annual**	**1 – 5 Years**	**More than 5 years**
Funds and Alternative Investments	189,885,535	-	1,585,970	-	2,682,396	-

12.6 Market risk Interest rate 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

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

As of December 31, 2022	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 Life	-	-	-	2,653,712	2,653,712
Due to Sagicor					
Global Balanced Fund	-	-	-	83,000	83,000
Accounts payable	-	-	-	2,810,904	2,810,904
Total	5,600	-	-	5,547,616	5,553,216

12. FINANCIAL RISK (continued)

12.6 Market risk Interest rate risk (continued)

(a) Financial liabilities (continued)

As of December 31, 2021	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 Life	-	-	-	236,731	236,731
Due to Sagicor					
Global Balanced Fund	-	-	-	46,609	46,609
Accounts payable	-	-	-	6,379,425	6,379,425
Total	5,600	-	-	6,662,765	6,668,365

(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, 2022	Exposure within 1 year $	Exposure of 1 to 5 years $	Exposure after 5 years $	Not exposed to interest $	Total $
Due from Sagicor Bonds Fund	-	-	-	1,822,538	1,822,538
Due from Sagicor					
International Balanced Fund	-	-	-	81,158	81,158
Due from associated company	-	-	-	22,663	22,663
Accounts receivable	-	-	-	8,924,468	8,924,468
Debt securities	633,488	13,554,169	6,302,782	215,662	20,706,101
Equity securities	-	-	-	491,803,311	491,803,311
Deposits	-	160	-	-	160
Mortgage loans	-	75,711	23,565,425	15,480	23,656,616
Cash resources	17,270	-	-	19,262,194	19,279,464
Total	650,758	13,630,040	29,868,207	522,147,474	566,296,479

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12. FINANCIAL RISK (continued)

12.6 Market risk Interest rate risk (continued)

(b) Financial assets (continued)

As of December 31, 2021	Exposure within 1 year $	Exposure of 1 to 5 years $	Exposure after 5 years $	Not exposed to interest $	Total $
Due from Sagicor Bonds Fund	-	-	-	615,075	615,075
Due from Sagicor International Balanced Fund	-	-	-	160,447	160,447
Due from associated company	-	-	-	22,663	22,663
Accounts receivable	-	-	-	6,757,431	6,757,431
Debt securities	-	17,979,612	2,104,670	215,459	20,299,741
Equity securities	-	-	-	550,223,492	550,223,492
Deposits	-	160	-	-	160
Mortgage loans	116,708	-	19,049,562	51,784	19,218,054
Cash resources	9,673,357	-	-	18,170,603	27,843,960
Total	9,790,065	17,979,772	21,154,232	576,216,954	625,141,023

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

	2022	2021
Debt securities	3.88%	4.71%
Deposits	0%	0.76%
Mortgage loans	4.14%	4.48%

Sensitivity

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, 2022	$
Total interest bearing financial assets carried at fair value	20,490,439
The fair value impact of a decrease in interest rates:	1,129,531
The fair value impact of an increase in interest rates:	(1,010,864)

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. 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.

12. FINANCIAL RISK (continued)

12.6 Market risk Interest rate risk (continued)

Foreign exchange risk (continued)

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

	Balances denominated in						
As of December 31, 2022	Barbados $	Jamaica $	Trinidad $	US $	CAD $	EC $	Total $
ASSETS							
Due from associated companies	22,663	-	-	-	-	-	22,663
Due from Sagicor Bonds Fund	1,822,538	-	-	-	-	-	1,822,538
Sagicor International Balanced Fund	-	-	-	-	-	81,158	81,158
Accounts receivable	8,021,420	-	568,629	287,837	-	46,582	8,924,468
Debt securities	6,311,723	-	-	12,184,009	-	2,210,369	20,706,101
Equity securities	146,112,124	288,864	16,818,265	325,686,294	-	2,897,764	491,803,311
Deposits	160	-	-	-	-	-	160
Mortgage loans	23,656,616	-	-	-	-	-	23,656,616
Cash resources	9,703,121	-	-	9,282,925	293,418	-	19,279,464
Total	195,650,365	288,864	17,386,894	347,441,065	293,418	5,235,873	566,296,479

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12.6 Market risk Interest rate risk (continued)

Foreign exchange risk (continued)

	Balances denominated in						
As of December 31, 2022	**Barbados $**	**Jamaica $**	**Trinidad $**	**US $**	**CAD $**	**EC $**	**Total $**
LIABILITIES							
Deposits received on real estate developed for resale	5,600	-	-	-	-	-	5,600
Due from Sagicor Life	2,653,712	-	-	-	-	-	2,653,712
Due to Sagicor Global Balanced Fund	-	-	-	83,000	-	-	83,000
Accounts payable	2,803,550	-	-	7,354	-	-	2,810,904
Total liabilities	5,462,862	-	-	90,354	-	-	5,553,216
Net position	190,187,503	288,864	17,386,894	347,350,711	293,418	5,235,873	560,743,263

12. FINANCIAL RISK (continued)

12.6 Market risk Interest rate risk (continued)

Foreign exchange risk (continued)

	Balances denominated in						
As of December 31, 2021	**Barbados $**	**Jamaica $**	**Trinidad $**	**US $**	**CAD $**	**EC $**	**Total $**
ASSETS							
Due from associated companies	22,663	-	-	-	-	-	22,663
Due from Sagicor Bonds Fund	615,075	-	-	-	-	-	615,075
Sagicor International Balanced Fund	160,447	-	-	-	-	-	160,447
Accounts receivable	6,229,300	-	467,558	60,573	-	-	6,757,431
Debt securities	5,947,112	-	-	12,141,971	-	2,210,658	20,299,741
Equity securities	66,443,263	285,978	80,486,277	400,041,269	-	2,966,705	550,223,492
Deposits	160	-	-	-	-	-	160
Mortgage loans	19,218,054	-	-	-	-	-	19,218,054
Cash resources	5,156,397	-	-	22,425,007	262,556	-	27,843,960
Total	103,792,471	285,978	80,953,835	434,668,820	262,556	5,177,363	625,141,023

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12. FINANCIAL RISK (continued)

12.6 Market risk Interest rate risk (continued)

Foreign exchange risk (continued)

	Balances denominated in						
As of December 31, 2021	**Barbados $**	**Jamaica $**	**Trinidad $**	**US $**	**CAD $**	**EC $**	**Total $**
LIABILITIES							
Deposits received on real estate developed for resale	5,600	-	-	-	-	-	5,600
Due from Sagicor Life	236,731	-	-	-	-	-	236,731
Due to Sagicor Global Balanced Fund	-	-	-	46,609	-	-	46,609
Accounts payable	6,362,623	-	-	16,802	-	-	6,379,425
Total liabilities	6,604,954	-	-	63,411	-	-	6,668,365
Net position	97,187,517	285,978	80,953,835	434,605,409	262,556	5,177,363	618,472,658

Sensitivity

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.

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.

12. FINANCIAL RISK (continued)

12.6 Market risk Interest rate risk (continued)

Foreign exchange risk (continued)

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, 2022 and for the year then ended are considered below.

	Balances denominated in TTD $	Effect of a 10% depreciation on income as of Dec 31, 2022 $	Balances denominated in JMD $	Effect of a 10% depreciation on income as of Dec 31, 2022 $
Financial Assets	16,818,265	(1,681,826)	288,864	(28,886)

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, 2022 $
Fair value through profit or loss equity securities:		
Common and preference shares - Listed	307,206,333	(61,441,267)
Common and preference shares - Unlisted	87,343	(17,469)
Alternative Investments - Listed	174,184,485	(34,836,897)
Alternative Investments - Unlisted	2,501,150	(500,230)
Mutual Funds - Unlisted	7,824,000	(1,564,800)
	491,803,311	(98,360,663)

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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 not 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 inputs that are not based on observable market data.

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

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

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12. FINANCIAL RISK (continued)

12.7 Fair value of financial instruments (continued)

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.

2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets classified at fair value through profit or loss:	**$**	**$**	**$**	**$**
Debt securities	633,690	11,550,319	8,522,092	20,706,101
Common Shares	303,690,599	3,515,734	87,343	307,293,676
Alternative Investments	172,030,137	2,154,348	2,501,150	176,685,635
Mutual Funds	7,824,000	-	-	7,824,000
Total assets	484,178,426	17,220,401	11,110,585	512,509,412
Total assets by percentage	95%	3%	2%	100%

2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets classified at fair value through profit or loss:	**$**	**$**	**$**	**$**
Debt securities	-	12,141,972	8,157,769	20,299,741
Common Shares	352,408,030	3,578,177	83,384	356,069,591
Alternative Investments	189,507,519	1,816,706	2,829,676	194,153,901
Mutual Funds	-	-	-	-
Total assets	541,915,549	17,536,855	11,070,829	570,523,233
Total assets by percentage	95%	3%	2%	100%

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12. FINANCIAL RISK (continued)

12.7 Fair value of financial instruments (continued)

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

Description	Fair Value at December 31 2022 $	Fair Value at December 31 2021 $	Valuation Technique	Unobservable Inputs	Range of Inputs 2022	Range of Inputs 2021	Relationship of Unobservable Inputs to fair value
Debt Securities	8,522,090	8,157,769	Discounted Cash Flows	Risk Adjusted Market Yields	1.5% - 4.64% Avg 4.28%	1.5% - 7% Avg 4.25%	The effect of a 1% increase in interest rates would decrease the fair value by $692,551 and a 1% decrease in interest rates would increase the fair values by $804,020.
Common Shares	87,343	83,384	Book Value per share	Net Assets divided by number of shares issued.	$0.01 - $1.50 Avg $0.76	$0.01 - $0.48 Avg $0.25	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	2,501,150	2,829,676	Third Party Valuation	Share of Partners' Equity	N/A	N/A	Reliance is placed on third party information, which is not readily available for disclosure.

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

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12. FINANCIAL RISK (continued)

12.7 Fair value of financial instruments (continued)

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

	2022 $	2021 $
Balance, beginning of year	11,070,829	20,790,909
Fair value changes recorded in income	415,770	862,257
Additions	3,436	4,691,211
Disposals	(379,450)	(15,174,098)
Effect of accrued income changes	-	(99,450)
Balance, end of year	11,110,585	11,070,829

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 a gain of $424,427 (2021 – a loss of $(1,237,850)).

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.

2022	Level 1	Level 2	Level 3	Total
Investment at Amortized cost:	$	$	$	$
Mortgage loans	-	-	11,818,880	11,818,880

2021	Level 1	Level 2	Level 3	Total
Loans and receivables:	$	$	$	$
Mortgage loans	-	-	6,693,166	6,693,166

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.

Amounts expressed in Barbados Dollars

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13. ACCOUNTS PAYABLE

	2022 $	2021 $
Funds on deposit	-	4,161,330
Investment property expenses payable	2,297,739	1,595,249
Other	513,165	622,846
Total accounts payable	2,810,904	6,379,425

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.

	2022 $	2021 $
Debt securities	779,662	1,199,062
Other	14,836	54,152
Mortgage loans	870,513	804,884
Total interest income	1,665,011	2,058,098

15. NET RENTAL INCOME

	2022 $	2021 $
Rental income from investment property	5,156,682	5,098,083
Direct operating expenses of investment property	(3,055,202)	(3,186,671)
	2,101,480	1,911,412

16. NET INVESTMENT (LOSSES)/GAINS

	2022 $	2021 $
Net (losses)/ gains on financial investments	(56,162,107)	73,911,159
Reduction in fair value of investment property	(833,333)	(778,020)
Net investment (losses)/gains	(56,995,440)	73,133,139

17. RELATED PARTY TRANSACTIONS

(a) Material related party transactions

	2022 $	2021 $
Management fee – Sagicor Life Inc.	4,795,790	4,875,045

(b) Units held by related parties

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

Sagicor Life Inc.	2022 $	2021 $
Value of units held at January 1	93,616,032	66,698,893
Net value of transactions for the year	(10,916,279)	26,917,139
Value of units at December 31	82,699,753	93,616,032

Sagicor General Inc.	2022 $	2021 $
Value of units held at January 1	8,160,091	6,939,795
Net value of transactions for the year	(784,444)	1,220,296
Value of units at December 31	7,375,647	8,160,091

18. COMMITMENTS

At December 31, 2022, the Fund's total committed capital to private equity strategies was $2,386,391 (2021 - $3,416,674). At that date, $1,496,202 (2021 - $1,493,465) of this commitment remained undrawn.

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