

ANNUAL REPORT 2021





YOUR SHARE OF WEALTH

- Financial Select Fund
- Manufacturing & Distribution Select Fund

Sagicor SELECT FUNDS

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FORM OF PROXY









Cost Efficient
Broad Diversification

ABOUT US

Sagicor Select Funds Limited is a publicly traded company which has the primary purpose of trading in securities listed on recognised exchanges. The Company comprises five (5) classes of shares, each representing a separate fund within the Company.

The Financial Select Fund (SELECTF) and the Manufacturing & Distribution Select Fund (SELECTMD) represent the Class B and Class C shares, respectively. These are two of the five classes of ordinary shares in Sagicor Select Funds Limited. Both share classes are Listed Equity Fund (LEF) that primarily owns stocks listed on the Jamaica Stock Exchange (JSE).

The objective of the LEF is to provide exposure to price and yield performance of the stated index. The SELECTF and SELECTMD are expected to track the JSE Financial Index, as well as JSE Manufacturing and Distribution Index, respectively. These are indices established by the Jamaica Stock Exchange.

The current funds provide a low cost and efficient means of investing in a diverse pool of companies on the stock market. The holdings in each fund is dependent on the proportion of each stock in the indices. This ensures that diversity is maintained over time.

STATEMENT FROM THE CHAIRMAN

Challenges and uncertainty that emerged with the COVID-19 pandemic during 2020 persisted into 2021. While there was optimism heading into 2021, new variants and rising COVID-19 cases hampered expected reopening activities which should have supported strong recovery. Notwithstanding, most economies experienced recovery relative to the deep fall-off in 2020.

Investors would have seen some level of appreciation in Jamaican equities, albeit concentrated in some sectors. Another positive in 2021 was improvement in dividend payout per share by companies. In 2020, companies would have reserved payment based on the level of uncertainty in the market.

Similar to other listed companies, Sagicor Select Funds (SSF) made adjustments during the period of crisis. In the latter part of 2020, the company was able to negotiate lower fees, resulting in a lower cost for some line items. This reflected efforts to maintain shareholder value within a climate of lower equity valuations. The discount at which both funds trade on the Jamaica Stock Exchange is not lost on the Board. And we have been working with the Fund managers to engage in promotion of the funds with an aim to educate investors about its value. However, we do understand the general market conditions that factor into the valuation of the stock prices.

After a year of not making any dividend payments, the Board of Directors declared two dividend payments in 2021. The fund's ability to make payments was supported by higher dividend income. It is the intention of the Board to continue making distributions to shareholders from cash received as dividend.

The company has kept its investment in the major financial institutions and some of the largest manufacturing and distribution companies across the Caribbean. Additionally, one of the funds gained exposure to a large player in the financial landscape following a cross-listing during the year. This is in keeping with the primary objectives of SSF, which includes tracking an established index and investing in the stocks that comprised the index.

At the end of 2020, the company managed assets totalling J$8.2 billion on behalf of 22,776 shareholders across two classes of shares:

- **Class B shares** – Financial Select Fund
- **Class C shares** – Manufacturing & Distribution Select Fund

For 2022, the economic outlook remains uncertain, particularly as inflationary pressures continue from the highs in 2021. The local central bank started to increase policy rate toward the end of 2021, with an aim to curtail demand and slow the rise in prices. This type of action is



expected to continue into the new year and should have varying impact by sectors. While uncertainty persists, there remains upside possibilities as economies continue to reopen supporting a rebound in some areas.

The Board of Sagicor Select Funds Limited looks forward to continuing with the execution of plans to benefit shareholders and investors. We remain committed to developing new funds and keeping the promise of providing innovative investing options for investors.

Colin Steele
Chairman



"The company has kept its investment in the major financial institutions and some of the largest manufacturing and distribution companies across the Caribbean."

OWNERSHIP

CLASS A SHARES

Class A shares are wholly owned by Sagicor Investments Jamaica Limited (SIJL).

Class A shares bring special rights.

CLASS B SHARES

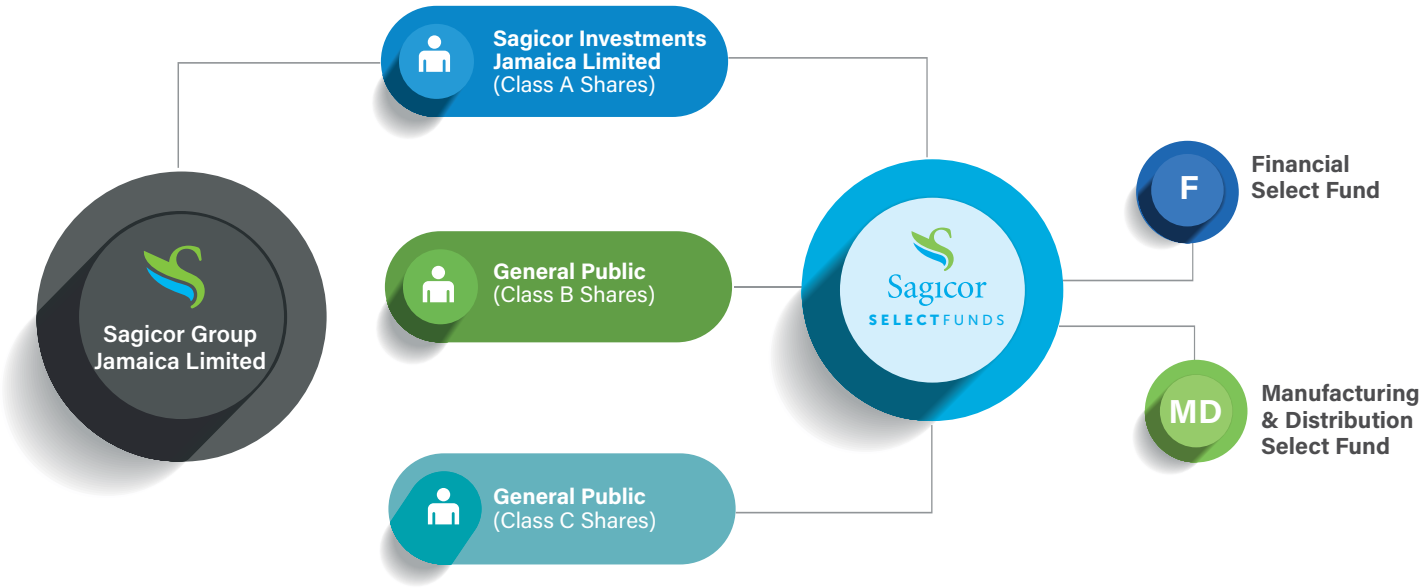
Class B shares represent those offered to the General Public as an IPO in August 2019.

Class B shares provide rights over all the assets being purchased by the Financial Select Fund.

CLASS C SHARES

Class C shares represent shares offered to the General Public as an IPO in December 2019.

Class C shares provide rights over all the assets being purchased by the M&D Select Fund.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Third Annual General Meeting of Sagicor Select Funds Limited will be held at The Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5, on Thursday, May 26, 2022, at 3:00 p.m., to consider, and if thought fit, pass the following Ordinary Resolutions:

1. **TO RECEIVE THE AUDITED ACCOUNTS**

To receive the Audited Accounts of the Company in respect of Sagicor Select Funds Limited – Financial Select Fund and in respect of Sagicor Select Funds Limited – Manufacturing and Distribution Fund for the year ended 31 December 2021, together with the Reports of the Directors and Auditors thereon.

Resolution No. 1

"THAT the Audited Accounts of the Company for the year ended 31 December 2021, together with the Reports of the Directors and Auditors thereon be and are hereby adopted".

2. **DIVIDENDS**

To declare the interim dividends paid on July 2, 2021 and December 16, 2021, as final for the year under review.

Resolution No. 2

"THAT as recommended by the Directors, the interim dividends paid on July 2, 2021, and December 16, 2021, be and are hereby declared as final for the year ended December 31, 2021."

3. **RE-ELECTION OF DIRECTORS**

In accordance with Article 44.1 of the Company's Articles of Incorporation, one-third of the Directors shall retire from office at each Annual General Meeting of the Company, accordingly, Mrs. Daniella Silvera and Mr. Colin Steele retire from office and, being eligible, offer themselves for re-election.

Resolution No. 3 (a)

"THAT the Directors retiring by rotation and offering themselves for re-election be re-elected en bloc."

Resolution No. 3 (b)

"THAT Mrs. Daniella Silvera and Mr. Colin Steele be and are hereby re-elected Directors of the Company."

4. **REMUNERATION OF DIRECTORS**

Resolution No. 4

To approve the Directors' fees and authorise the Board of Directors to fix the remuneration of Directors.

Resolution No. 4 (a)

"THAT the amount shown in the Audited Accounts of the company for the year ended December 31, 2021 as Directors' fees for their services as Directors be and is hereby approved."

Resolution No. 4 (b)

"THAT the Directors be and are hereby authorised to fix their remuneration for the ensuing year."

5. **RE-APPOINTMENT AND REMUNERATION OF AUDITORS**

To appoint the Auditors and authorise the Board of Directors to fix the remuneration of the Auditors.

Resolution No. 5

"THAT PricewaterhouseCoopers, Chartered Accountants, having agreed to continue in office as Auditors, be and are hereby appointed Auditors for the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

Dated this 21st day of February, 2022

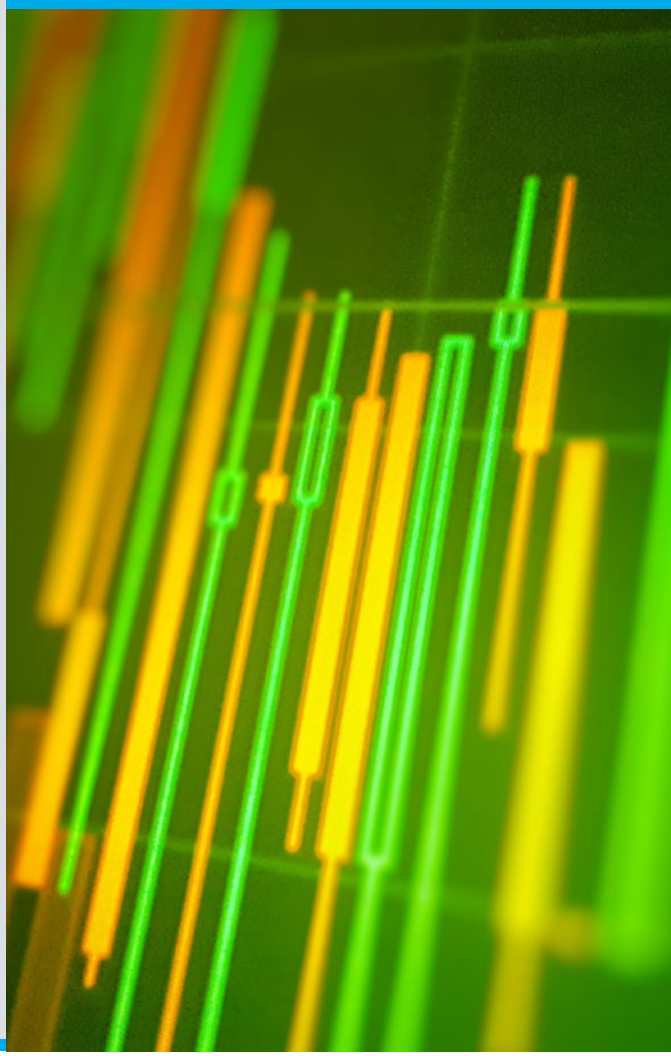
BY ORDER OF THE BOARD

JANICE A.M. GRANT TAFFE
COMPANY SECRETARY

NOTE: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A Proxy need not be a member of the Company. If you are unable to attend, we enclose a Form of Proxy for your convenience. This should be completed and deposited with the Registrar of the Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston, Jamaica, W.I. not less than forty-eight (48) hours before the time appointed for the meeting. The Proxy Form should bear stamp duty of $100.00 before being signed. The stamp duty may be paid by adhesive stamps and cancelled by the person signing the Proxy.

OUR COMMITMENT

The Board is committed to maintaining high standards of corporate disclosure and transparency and ensures that all shareholders are provided with adequate and timely information on the performance of the Funds.



DIRECTORS' REPORT

SELECT FINANCIAL FUND

The Directors are pleased to submit their report along with the Audited Financial Statements of the Sagicor Select Financial Fund for the year ended December 31, 2021.

ACCOUNTS

Sagicor Select Funds Limited – Financial Select Fund	2021	2020
	$000s	$000s
(Deficit)/Income attributable to Stockholders	(148,514)	(1,582,556)
Dividends and distribution	86,701	-
Transfers, net	-	-
Accumulated deficit at the end of the year	(903,520)	(668,305)

DIVIDENDS

The Directors have recommended that the interim dividends of $0.0056 per share and $0.0114 per share paid on July 2, 2021 and December 16, 2021 respectively, be declared as final for the year ended December 31, 2021.

DIRECTORS

The Directors of the Company as at December 31, 2021 were:

Colin Steele	Chairman (Independent)
Janene Shaw	Independent Director
Omar Brown	Non-Executive Director
Faith Vincent	Non-Executive Director
Daniella Silvera	Independent Director
Dr. Warren Chin	Independent Director

In accordance with Article 44.1 of the Company's Articles of Incorporation, one-third of the Directors shall retire from office at each Annual General Meeting. Accordingly, Mrs. Daniella Silvera and Mr. Colin Steel retire by rotation and, being eligible, offer themselves for re-election.

AUDITORS

PricewaterhouseCoopers has expressed its willingness to continue in office in accordance with the provisions of Section 154(2) of the Companies Act.

Dated 21st April, 2022,

BY ORDER OF THE BOARD

JANICE A.M. GRANT TAFFE
COMPANY SECRETARY

DIRECTORS' REPORT

SELECT MANUFACTURING AND DISTRIBUTION FUND

The Directors are pleased to submit their report along with the Audited Financial Statements of the Sagicor Select Manufacturing and Distribution Fund for the year ended December 31, 2021.

ACCOUNTS

Sagicor Select Funds Limited – Manufacturing & Distribution Select Fund	2021	2020
	$000s	$000s
(Deficit)/Income attributable to Stockholders	866,777	(677,585)
Dividends and distribution	(69,462)	0
Transfers, net	-	-
(Accumulated deficit)/Retained Profits at the end of the year	280,274	(517,041)

DIVIDENDS

The Directors have recommended that the interim dividends of $0.0105 per share and $0.0077 per share paid on July 2, 2021 and December 16, 2021 respectively, be declared as final for the year ended December 31, 2021."

DIRECTORS

The Directors of the Company as at December 31, 2021 are:

Colin Steele	Chairman (Independent)
Janene Shaw	Independent Director
Omar Brown	Non-Executive Director
Faith Vincent	Non-Executive Director
Daniella Silvera	Independent Director
Dr. Warren Chin	Independent Director

In accordance with Article 44.1 of the Company's Articles of Incorporation, one-third of the Directors shall retire from office at each Annual General Meeting. Accordingly, Mrs. Daniella Silvera and Mr. Colin Steele retire by rotation and, being eligible, offer themselves for re-election.

AUDITORS

PricewaterhouseCoopers has expressed its willingness to continue in office in accordance with the provisions of Section 154(2) of the Companies Act.

Dated April 21, 2022

BY ORDER OF THE BOARD

JANICE A.M. GRANT TAFFE

COMPANY SECRETARY

OUR BOARD OF DIRECTORS



Colin Steele

Board Chairman
Independent Non-Executive Director

Colin Steele is a real estate developer who began his career as a Certified Public Accountant. He is experienced in lending, capital markets and investment banking. He is the chairman of Sagicor Select Funds Limited and has served as a Director of several Government companies including the Port Authority of Jamaica and the University Hospital of the West Indies. He also served as Chairman of the Economic Policy Committee of the Private Sector Organisation of Jamaica.



Omar Brown

Non-Executive Director and Member of the Corporate Governance Committee

Omar Brown is an experienced career banker and has been serving in the financial sector for over 20 years. A dedicated and diligent professional, Omar has risen through the ranks of his profession and currently has oversight for the Treasury Unit as an Assistant Vice President at Sagicor Bank Jamaica Limited. He is a CFA Charter holder, a Certified Financial Modelling Specialist and holds an honours degree in Banking and Finance from the University of the West Indies. Omar is also a director of Chain of Hope Jamaica and is a member of the CFA Society of Jamaica.



Faith Vincent

Non-Executive Director

Faith Vincent is Assistant Vice President, Treasury & Investment Operations of Sagicor Life Jamaica Limited in the Group Treasury and Asset Management Division. Faith has over 25 years of experience in the financial sector, having started her career in banking with Manufacturers Merchant Bank. She later moved to Dehring Bunting and Golding Limited where she worked in Corporate and Investment Banking. In 2001, she joined the Investment Division at Sagicor Life Jamaica Limited (formerly Life of Jamaica Limited) as an Investment Analyst. She was promoted to AVP in 2017 having had responsibility for managing the treasury and investment operations since 2010. Faith is a graduate of the American University with a degree in Biology, and received an MBA from Howard University.



Janene Shaw

Chairman of the Audit Committee

Independent Non-Executive Director

Janene Shaw, a Chartered Accountant with over 25 years' experience in auditing, accounting and finance is currently engaged in providing consultancy services. She is a former Finance Director and Company Secretary of Carreras Limited where she also served as a member of the Board of Directors. Prior to joining Carreras, she held various management positions at J. Wray & Nephew Limited and Lascelles deMercado & Co. Limited including Group Financial Officer and Accounting and Treasury Director. In the formative years of her career, Janene gained progressive audit experience to the level of Audit Manager at PriceWaterhouseCoopers (formerly Price Waterhouse). Janene is a Fellow of both the Institute of Chartered Accountants of Jamaica and the Association of Chartered Certified Accountants (U.K.). She currently serves as a director on the Board of IronRock Insurance Company Limited.



Daniella Silvera

Chairman of the Corporate Governance Committee and Member of the Audit Committee
Independent Non-Executive Director

Daniella Silvera is an Attorney-at-Law and a Partner in the law firm Livingston, Alexander & Levy. She was admitted to practice in Jamaica in 1994 and in England and Wales in 2002. Daniella obtained a Bachelor of Arts degree from the University of the West Indies and her LLB (with Honours) from the University of Dundee in Scotland.

Daniella practises in the areas of civil and commercial litigation, commercial law and banking and finance.

She is the current Chairman of the Disciplinary Committee of The General Legal Council and is a member of the Jamaican Bar Association and the Law Society of England and Wales.

She has served as a director of the Pegasus Hotel and the Urban Development Corporation. She is a director of Mustard Seed Communities.



Dr. Warren Chin

Member of the Audit Committee
Independent Non-Executive Director
Member of the Corporate Governance Committee

Dr. Warren Chin is a consultant urologist with subspecialty training in endourology. He is a founding partner and director of Island Medical Specialist as well as a consultant at Kingston Public Hospital for over a decade. Currently, he serves as the President of the Jamaica Urological Society and is a member of several medical associations located in Jamaica, Europe and the United States. He has a Bachelor of Surgery and a Doctor of Medicine in Urology from the University of the West Indies, where he is an Associate Lecturer.

CORPORATE DATA

DIRECTORS:

Colin Steele
Chairman

Omar Brown
Faith Vincent
Janene Shaw
Daniella Silvera
Dr Warren Chin

Investment Manager:
Sagicor Investments Jamaica Limited

Corporate Secretary:

Janice Grant Taffe

Auditors:
PricewaterhouseCoopers

Bankers:
Sagicor Bank Jamaica Limited

Attorneys:

MH&CO. Attorneys-at-Law

Registered Office:
85 Hope Road,
Kingston 6,
Jamaica W.I.





MANAGEMENT DISCUSSIONS & ANALYSES

DOMESTIC MARKET OVERVIEW

Despite the spread of the contagious Omicron variant towards the latter part of 2021, consumer and business confidence improved as the country begun the transition from pandemic to endemic.



The Jamaican economy continued to rebound due to the easing of COVID-19 containment measures. Upside risks to growth include further easing of containment measures supported by higher-than-expected tourism arrivals and resilience in remittances.

THE ECONOMY

Despite the spread of the contagious Omicron variant towards the latter part of 2021, consumer and business confidence improved as the country begun the transition from pandemic to endemic. There was an increase in the level of aggregate demand when compared to 2021 as the government gradually eased containment measures on the domestic economy. GDP for 2021 is estimated to have increased by 4.6% relative to a contraction of 9.9% in 2020. The outturn for 2021 was driven by growth in all industries except for Mining & Quarrying. The 'Hotel and Restaurant' industry has the largest projected year-over-year growth of 36.4%. This reflected the gradual opening of Jamaica's major trading partners which increased external demand.

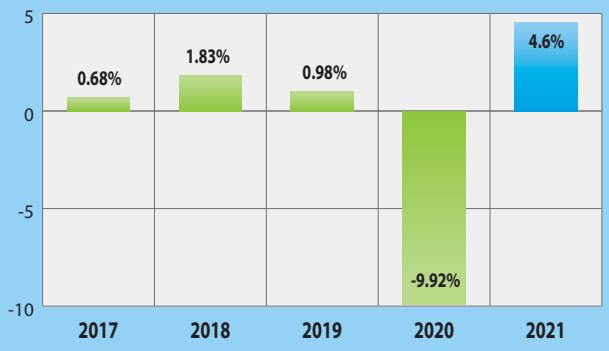
According to the Statistical Institute of Jamaica preliminary estimates, real value added for 2021 grew by 4.6%. The outturn was driven by a 4.7% growth in the Services industry and an increase of 4.3% in the Goods Producing industry.

The estimated growth in the Services industry was driven by the 'Hotels & Restaurant' industry. All industries in the Services segment recorded higher output for 2021. This improvement reflected the relaxation of Covid-19 containment measures. The Finance and Insurance industry grew by 1.9% in 2021, and was influenced by increased profitability of deposit-taking

There was an increase in the level of aggregate demand when compared to 2021 as the government gradually eased containment measures on the domestic economy.

GDP Annual Growth Rate

2017 - 2021 (year over year)



Source: Statistical Institute of Jamaica

JSE Main Market 5-Year Performance

PERCENTAGE (%)



institutions, reflecting a rise in economic activities, employment and growth in business and consumer confidence. Growth in the Goods Producing Industry was due to higher output levels in agriculture, manufacturing and construction. Specifically, the Manufacturing sector grew by 3.0% during the year. This outturn was supported by growth in related industries, Agriculture (up 8.3%) and Construction (up 9.0%). Within the manufacturing sector output fluctuated throughout the year. Growth in real value added was recorded for Q2 and Q3, stemming from improved performance in food processing and production of non-metallic products such as cement. There was a decline in Q4 due to lower production of petroleum products due to closure of the refinery for maintenance.

The unemployment rate fell by 3.7 percentage points to 7.1% for October 2021 relative to October 2020. According to the Statistical Institute of Jamaica (STATIN), the increase in employment was more than twice the increase in the labour force for the period.

Domestic inflation rate surpassed the BOJ's 4% to 6% inflation target for 5 out of the 12 months in 2021. The highest point-to-point inflation for 2021 was recorded in October with the inflation outturn at 8.5%. Higher prices in 2021 reflected stronger pass-through of international commodity and shipping prices; as well as adverse weather on agricultural food prices.

The Jamaican dollar depreciated by 8.72% at the end of December 2021 to close at J$155.09 relative to J$142.65 at the start of the year. The depreciation was driven

Growth in GDP

+4.6%

Unemployment Rate

7.1%

Inflation Rate

8.5%

Currency Depreciation

8.72%

NIR

US$4.0B

The price performance of the stocks on the JSE Main Market, as measured by the advance to decline ratio, was 20:26 for the calendar year 2021, an improvement compared to a ratio of 11:32 for 2020.

J$1.72B

JSE MARKET CAP

Top 10 Performer: JSE Combined Index

As at December 2021

	Close price ($)		
Security	Dec-20	Dec-21	% Change
CPJ	$2.58	$13.04	405.43%
CBNY	$0.22	$0.79	259.09%
FOSRICH	$4.11	$9.05	120.19%
SALF	$3.06	$6.61	116.01%
LUMBER	$1.54	$3.02	96.10%
ISP	$19.50	$38.00	94.87%
JAMT	$1.97	$3.81	93.40%
RJR	$1.71	$3.07	79.53%
DCOVE	$8.78	$15.33	74.60%
HONBUN	$5.31	$9.27	74.58%

by lower inflows of foreign currency, primarily stemming from lower external demand from the tourism sector. In addition, strong demand for the currency by authorized dealers further weakened the Jamaican dollar which prompted multiple interventions by the BOJ via its B-FXITT program. The depreciation of the Jamaican dollar, however, was tempered by an increase in net remittance of 21.73% to US$3,260.0M in 2021 relative to 2020.

The Net International Reserves (NIR) remained stable for 2021 averaging US$3,535.1B. At the end of December 2021, the NIR recorded its highest balance for the year of US$4.0B. The NIR at the end of December 2021 represents the country's ability to purchase 33.5 weeks of imported goods and services, well above the international benchmark of 12 weeks of imports.

THE MARKETS

The local equity markets had mixed performance in 2021. For 2021, the Junior Market Index grew by 29.68%, while the Main Market was sluggish eking growth of 0.14%. Throughout 2021, the market was dominated by retail investors which was reflected in lower volumes being traded relative to prior years. Institutional investors remained cautious for much of 2021, however, in December 2021 there was an increase in volumes which likely stemmed from portfolio balancing by institutional investors.

The value for the JSE Main Index as at end December 2021 was 396,155 points with market capitalization of J$ 1,721.11 million.

The price performance of the stocks on the JSE Main Market, as measured by the advance to decline ratio, was 20:26 for the calendar year 2021. This represented an improvement compared to a ratio of 11:32 for 2020. Average stock price appreciation of 15.5% was spread across all sectors and reflects the overall recovery in the local equities market. In 2021, the main market had a price depreciation of 3%. For the sector-specific indices, the JSE Manufacturing & Distribution Index

Top 10 Performer: Financial Companies

As at December 2021

Security	Close price ($) Dec-20	Dec-21	% Change
ISP	$19.50	$38.00	94.87%
SSLVC	$0.57	$0.94	64.91%
MIL	$6.00	$7.85	30.83%
EPLY	$28.00	$35.95	28.39%
CABROKERS	$1.89	$2.28	21.28%
BIL	$81.89	$98.12	19.82%
LASF	$2.54	$3.00	18.11%
QWI	$0.76	$0.89	17.11%
JMMBGL	$34.69	$39.44	13.68%
MJE	$7.99	$9.01	12.77%

Top 10 Performer: Manufacturing Companies

As at December 2021

Security	Close price ($) Dec-20	Dec-21	% Change
CPJ	$2.58	$13.04	405.74%
FOSRICH	$4.11	$9.05	120.20%
SALF	$3.06	$6.61	116.01%
LUMBER	$1.54	$3.02	96.10%
JAMT	$1.97	$3.81	93.40%
HONBUN	$5.31	$9.27	74.58%
GK	$62.68	$100.02	59.57%
MDS	$4.22	$6.49	53.97%
SOS	$4.54	$6.39	40.75%
AMG	$1.58	$2.20	39.24%

increased by 21.2% relative to the end of December 2019, while the JSE Financial Index was down 4.0% year-over-year.

Similar to the prior year, the outturn for manufacturing companies faired better than those in the financial industry. This largely reflected the consumer staples nature of most of the manufacturing companies which tend to outperform during periods of downturn. In addition, manufacturing and distribution companies which supply tourism and entertainment segments recorded recovery in 2021 due to general reopening. Despite a decline and reversal in expected credit losses for financial companies, investor sentiments remained depressed for these financial companies. During 2020, the financial category accounted for one of the list of top ten advancing stocks, while there were 4 Manufacturing companies on the list.

For 2022, it is expected that there should remain some level of pessimism around trading even as containment measures continue to ease. Notwithstanding, anticipated increase in local and global economic demand is expected to positively drive investor sentiments. Of note is that the risks to a fully reopened economy remained skewed to the upside.

Elevated inflation, high interest rates and the depreciation of the Jamaican dollar are expected to influence investment decisions. The supply-chain bottleneck should continue to impact demand-supply dynamics in the commodities market. However, this should ease in the latter part of 2022. It is anticipated that inflation should remain elevated for much of 2022, hovering around a range of 4.0% to 8.0%. Additionally, geo-political tension in Europe and the possible impact on oil prices and global inflation should increase uncertainty in the market.

Growth in Junior Market

29.68%

Growth in Main Market

0.14%

JSE Manufacturing & Distribution Index

↑21.2%

JSE Financial Index

↓4.0%

FINANCIAL SELECT FUND



INVESTMENT MANAGER'S REPORT

FINANCIAL HIGHLIGHTS

The Financial Select Fund recorded a net deficit of J$148.5 million for the year ended December 2021. This outturn was largely due to unrealized depreciation of J$230 million in the value of financial assets. Relative to the previous financial year, the JSE Financial Index declined by 4.0% in 2021.

During the year, there was a general slowdown in economic momentum, stemming from persistent supply chain disruptions and continued resurgences of COVID-19 cases.

The composition of cash revenue during the year was largely realized gain on the sale of investments and dividend income. Dividend income amounted to J$80.7 million, an increase of 18% relative to 2020. Gain on sale of financial assets, $40.4 million, was due to the rebalancing activities of the fund.

The relisting of Guardian Holdings Limited (GHL) in May 2021 resulted in a revision in percentage weighting of the constituents of the JSE Financial index.

Total expenses for FY2021 amounted to J$40.6 million, with management fees to the fund manager, legal and professional fees, and transaction costs accounting for 78% of total expenses. Management fees stood at J$12.7 million relative to $15.7 million for the comparable year. Legal and professional fees decreased by J$1.6 million and transaction costs

Dividend Income
J$80.7 million

Total Expenses
J$40.6 million

Total Assets
J$4.1 billion

Expense Ratio
0.98 %

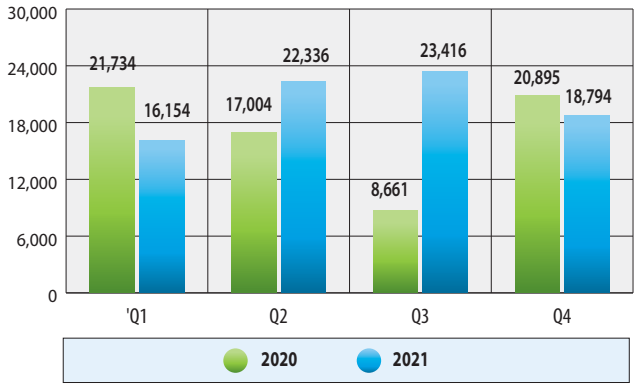
PERFORMANCE

KEY FACTS	
Net Assets as of Dec 31, 2021	4,120,411,000
Listing Date	8-Aug-19
Asset Class	Equity
Benchmark Index	JSE Financial Index
JSE Ticker	SELECTF
Shares Outstanding	5,100,000,000
Number of Holdings as of Dec 31, 2021	26
Bid Price as of Dec 31, 2021	J$ 0.50
Expense Ratio	0.98%

Sagicor Select Financial

Dividend Income

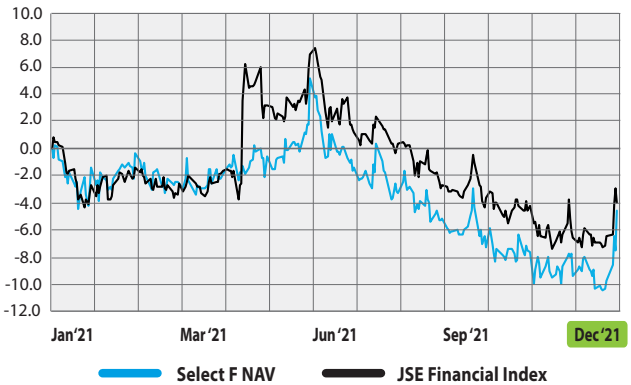
JA $'000



Sagicor Select Financial

Net Asset Value Performance

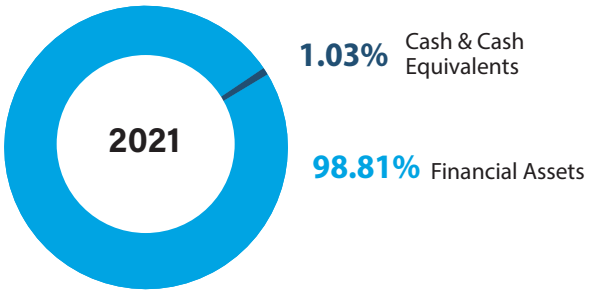
PERCENTAGE (%)



Sagicor Select Financial

Asset Breakdown

PERCENTAGE (%)



increased by J$7.7 million, corresponding with the need for the rebalancing of the Fund's portfolio. The lower management fee stemmed from lower rate charged by the Fund manager. The expense ratio for 2021 was 0.98%, relative to 0.79% for 2020. This increase stemmed from higher expenses in 2021, while fund assets declined.

The Fund's assets as at the end of December 2021 was J$4.1 billion, a decline of 5% relative to the end of 2020. These assets are primarily financial holdings held by the company (98.81%) and cash & cash equivalents (1.03%). The decline in assets reflected a reduction in financial assets held by the fund and lower cash and cash equivalents. The assets held by the company were mainly financed by equity of J$4.12 billion. While liabilities stood at J$26.9 million.

INVESTMENT OBJECTIVE

The Fund invests in a representative sample of securities included in the respective indices that collectively has an investment profile similar to the indices. Due to the use of representative sampling, the Fund may or may not hold all of the securities that are included in the respective indices.

More specifically, the Financial Select Fund seeks to track the investment results of an index composed of Jamaican equities in the financial sector. The Fund and the index consist of publicly traded financial stocks that are listed on the JSE.

PORTFOLIO INFORMATION – CLASS B SHARE: SELECTF

Security Name	Number of Units	Position Cost	Capital Value	Unrealised Gains/(Losses)
NCB FINANCIAL GROUP LTD	8,807,137	1,681,971,363	1,144,487,453	(537,483,909)
SAGICOR GROUP JAMAICA LTD	13,787,731	695,831,396	803,135,331	107,303,935
SCOTIA GROUP JAMAICA	12,578,986	685,973,650	457,749,301	(228,224,350)
GUARDIAN HOLDINGS LTD	700,000	539,000,000	358,750,000	(180,250,000)
JMMB GROUP LTD	7,918,810	332,726,565	312,397,055	(20,329,510)
PAN JAMAICA INVESTMENT TRUST LTD	4,561,955	441,998,353	307,931,963	(134,066,391)
BARITA INVESTMENTS LTD	2,900,747	179,469,859	285,781,594	106,311,735
JAMAICA STOCK EXCHANGE LTD	3,328,641	61,709,910	56,986,334	(4,723,576)
MAYBERRY JAMAICAN EQUITY LTD	6,482,385	78,305,797	51,859,080	(26,446,717)
PROVEN INVESTMENTS LTD	1,349,090	48,470,321	43,845,425	(4,624,896)
MAYBERRY INVESTMENTS LTD	5,206,681	46,248,742	41,653,448	(4,595,294)
VM WEALTH INVESTMENTS LIMITED	6,135,970	38,595,154	37,429,417	(1,165,737)
EPPLEY LTD	835,000	14,195,000	30,018,250	15,823,250
GENERAL ACCIDENT INSURANCE JAMAICA LIMITED	5,066,798	21,027,212	29,894,108	8,866,897
PROVEN INVESTMENTS LTD	750,000	25,557,656	26,570,304	1,012,648
ACCESS FINANCIAL SERVICES LTD	993,805	31,801,760	20,810,277	(10,991,483)
SYGNUS CREDIT INVESTMENTS LTD SCIJMD	1,349,219	24,419,217	20,103,363	(4,315,854)
LASCO FINANCIAL SERVICES LTD	5,500,000	25,850,000	15,950,000	(9,900,000)
SYGNUS CREDIT INVESTMENTS LTD SCIJA	794,875	10,381,068	14,692,223	4,311,156
KEY INSURANCE CO. LTD	2,743,705	9,634,824	10,508,390	873,566
PORTLAND JSX LTD	1,486,257	11,543,515	10,284,898	(1,258,617)
QWI INVESTMENTS LIMITED	5,874,627	6,147,105	5,228,418	(918,687)
STERLING INVESTMENTS LTD	1,623,516	6,370,640	4,545,845	(1,824,796)
IRONROCK INSURANCE CO LTD	1,000,000	4,500,000	3,110,000	(1,390,000)
CARIBBEAN ASSURANCE BROKERS LIMITED	1,140,933	2,179,182	2,395,959	216,777
SSL VENTURE CAPITAL JAMAICA	2,109,741	3,476,141	1,983,157	(1,492,984)

MANUFACTURING AND DISTRIBUTION SELECT FUND



INVESTMENT MANAGER'S REPORT

FINANCIAL HIGHLIGHTS

The Manufacturing & Distribution Select Fund recorded a net surplus of J$866.8 million for FY2021, reflecting a positive net change in the fair value on financial assets.

Underlying stocks held by the Fund recovered during the year from the sharp decline in value a year prior. The prior year decline was a result of market uncertainty surrounding the impact of COVID-19 on equity prices in 2020.

The Fund received higher dividend income during the year, compared to the year prior, increasing to J$92.2 million in 2021, compared to J$68.6 million in 2020.

Analysis by quarter showed that dividend income was highest in the third quarter followed by the fourth quarter.

Management fees and legal and professional fees were the two largest expenses during the year. Combined, both accounted for 61% of total expenses. The expense ratio for 2021 was 0.69%, a decline compared to 0.85% for 2020. This decline stemmed from an increase in the Fund's net value.

The Fund's assets as at the end of December 2021 was J$4.082 billion. These assets are largely financial holdings held by the company (98.5%) and cash & cash equivalents (1.4%). The assets held by the company were mainly financed by equity of J$4.02 billion.

Net Surplus
J$866.8 million

Dividend Income
J$92.2 million

Total Assets
J$4.082 billion

Expense Ratio
0.69 %

PERFORMANCE	
KEY FACTS	
Net Assets as of Dec 31, 2021	4,063,717,000
Listing Date	18-Dec-19
Asset Class	Equity
Benchmark Index	JSE Manufacturing & Distribution Index
JSE Ticker	SELECTMD
Shares Outstanding	3,816,612,000
Number of Holdings as of Dec 31, 2021	28
Bid Price as of Dec 31, 2021	J$ 0.75
Expense Ratio	0.69%

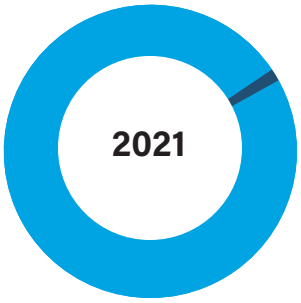
INVESTMENT OBJECTIVE

The Manufacturing & Distribution Select Fund seeks to track the investment results of an index composed of Jamaican equities in the Manufacturing & Distribution sector. The Fund and the index consist of publicly traded Manufacturing and Distribution stocks that are listed on the JSE.

Sagicor Select Manufacturing & Distribution

Asset Breakdown

PERCENTAGE (%)



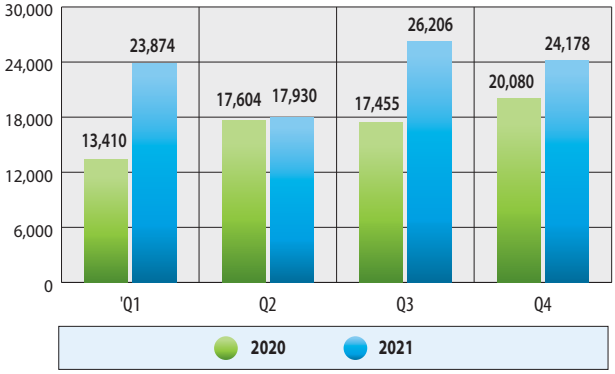
1.42% Cash & Cash Equivalents

98.51% Financial Assets

Sagicor Select Manufacturing & Distribution

Dividend Income

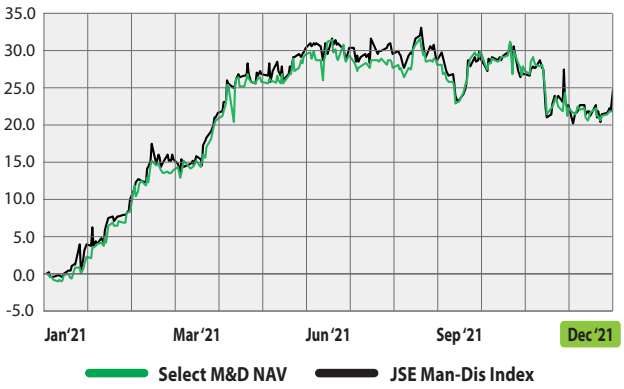
JA $'000



Sagicor Select Manufacturing & Distribution

Net Asset Value Performance

PERCENTAGE (%)



The JSE Manufacturing & Distribution Index increased by 21.2% relative to the end of December 2019. Similar to the prior year, the outturn for manufacturing companies faired better than those in the financial industry.

PORTFOLIO INFORMATION – CLASS C SHARE: SELECTMD

Description	Number of Units	Position Cost	Capital Value	Unrealised Gains/(Losses)
GRACEKENNEDY LTD	8,264,637	546,520,465	830,596,019	284,075,553
WISYNCO GROUP LTD	30,964,303	718,392,903	541,875,303	(176,517,601)
CARIBBEAN CEMENT CO LTD	6,827,319	510,559,664	494,980,628	(15,579,036)
CARRERAS LTD	51,556,419	409,116,994	415,029,173	5,912,179
SEPROD LTD	5,879,298	297,102,182	383,624,195	86,522,013
JAMAICA BROILERS GROUP LTD	9,882,806	352,596,602	296,286,524	(56,310,079)
JAMAICA PRODUCERS GROUP	8,591,613	210,144,986	201,816,989	(8,327,996)
LASCO MANUFACTURING LTD	32,816,914	172,350,164	149,316,959	(23,033,206)
CARIBBEAN PRODUCERS JAMAICA	10,917,106	50,922,215	140,830,667	89,908,452
LASCO DISTRIBUTORS LTD	27,753,880	94,668,214	92,975,498	(1,692,716)
DERRIMON TRADING CO LTD	36,111,055	89,138,999	83,055,427	(6,083,573)
FONTANA LIMITED	10,028,143	70,205,444	74,208,258	4,002,814
JAMAICAN TEAS LTD	16,726,656	33,313,390	64,397,626	31,084,236
FOSRICH CO LTD	4,028,960	17,324,528	41,095,392	23,770,864
INDIES PHARMA JAMAICA LTD	10,688,828	35,566,249	37,410,898	1,844,649
HONEY BUN 1982 LTD	3,780,227	24,487,755	34,022,043	9,534,288
SALADA FOODS LTD	4,083,620	11,773,698	28,544,504	16,770,805
BERGER PAINTS JAMAICA LTD	1,719,169	30,773,125	21,489,613	(9,283,513)
LUMBER DEPOT LIMITED	5,800,000	9,517,966	17,458,000	7,940,034
CARIBBEAN CREAM LTD	3,121,508	10,314,958	16,387,917	6,072,959
CARIBBEAN FLAVOURS & FRAGRANCES	7,212,860	9,376,718	13,704,434	4,327,716
AMG PACKAGING & PAPER CO LTD	4,029,679	8,462,326	8,784,700	322,374
CAC 2000 LTD	1,035,021	14,037,029	8,228,417	(5,808,612)
EVERYTHING FRESH LTD	7,727,500	7,727,500	7,109,300	(618,200)
MEDICAL DISPOSABLES & SUPPLIES	1,009,026	7,032,801	6,114,698	(918,104)
TROPICAL BATTERY COMPANY LIMITED	4,222,222	4,276,856	5,404,444	1,127,588
PARAMOUNT TRADING (JAMAICA) LIMITED	2,844,270	5,670,343	3,583,780	(2,086,563)
CONSOLIDATED BAKERIES JAMAICA	1,547,510	2,570,767	1,841,537	(729,230)
BLUE POWER GROUP LTD	454,816	1,683,241	1,355,352	(327,889)

RISK MANAGEMENT

Select Funds' goal in risk management is to ensure that it understands, measures, and monitors the various risks that arise, and that it adheres strictly to the policies and procedures which address these potential risks.



In addition to other information set forth in this Annual Report, investors should be mindful of the risks described. These risks are not the only ones facing shareholders. Additional risks not presently known to the Directors or that the Directors may presently consider being immaterial may also impair Select Funds' operations. Select Funds' actual results could differ materially from those anticipated as a result of certain factors, including the following risks faced by Select Funds.

ORDINARY STOCK PRICE FLUCTUATIONS

The trading price of Select Funds' shares has fluctuated since its listing on the JSE Stock Exchange. Some of the reasons for fluctuations in the price of the shares include but are not limited to:

- **General conditions in the economy and the local stock market;**
- **Changes in the law regarding several matters including but not limited to taxation, planning and the environment.**

In addition, prices on the stock market may be particularly subject to volatility. In many cases, the fluctuations may be unrelated to the operating performance of the affected companies. As a result, the price of the shares could fluctuate in the future without regard to operating performance.

CHANGES IN GOVERNMENT POLICIES

The Government of Jamaica may from time to time affect macroeconomic conditions through fiscal and monetary policies, which may have an adverse impact on the local companies, the stock market and the performance of Select Funds. The Select Funds' shares, listed on the Jamaica Stock Exchange, may not be readily saleable and shareholders who may want to "cash out" may not be able to do so or may only be able to do so at a discount.

TAXATION RISKS

The transaction model is tax-sensitive. Changes in the tax treatment of Select Funds in Jamaica or of companies listed on the Jamaica Stock Exchange could materially affect the profitability of Select Funds.

FOREIGN CURRENCY RISKS

Certain costs may be increased as a result of the devaluation of the Jamaican dollar relative to the United States dollar and other foreign currencies. Accordingly, the fund may be exposed to the risk that the value of the future cash flows may fluctuate because of changes in foreign exchange rates. The fund does not, at this point, hedge its foreign exchange risks, and it has no current plans to do so.

OPERATIONAL RISKS

In the execution of its business functions, Select Funds is exposed to operational risks arising from failures in systems and the processes through which it operates. Critical areas of operational risks include:

- **Employee errors – Trading and administration errors;**
- **Accounting errors, data entry errors; and**
- **Fraud (internal and external) or other criminal activity.**

THIN MARKET IN COMPANY'S SHARES

The Jamaican stock market is relatively small, and the market in Select Funds' shares may be relatively thin compared to broader capital markets. That means that trade in small quantities of Select Funds' shares can trigger wide swings (up or down) in the market price of the shares and make it easier for the stock price to be manipulated.

SALE OF A SUBSTANTIAL BLOCK OF SHARES MAY CAUSE THE MARKET PRICE TO DECLINE

Select Funds' shares are freely tradable. Sagicor Investments Jamaica Limited (SIJL) and Sagicor Sigma Global Funds are not restricted in the manner or timing of the disposal of any of their shares. Pension funds and institutional investors may acquire relatively large blocks of shares. A sale of a substantial block of shares by any one or more shareholders may cause the market price of the shares to decline materially.

IMPACT OF COVID-19

The risk around the novel coronavirus (COVID-19) has reduced toward the end of 2021. However, the risk has not been totally removed. The threat of new strains remains, which could result in a return to some restrictive measures. Although the measures employed to limit the spread of the virus are expected to lessen, economies will take some time to return to pre-COVID levels. As the funds are market based, they will be impacted by the overall performance of the economy and investors' assessment of market conditions. However, the investment policy has guidelines on how to treat holdings that fall outside set thresholds. The investment manager is tasked to monitor the funds and its holdings.

RELATED PARTY & POTENTIAL CONFLICT OF INTEREST

Sagicor Select Funds Limited is managed by Sagicor Investments Jamaica Limited (SIJL). Sagicor Investments Jamaica Limited is also providing investment management services to the Sigma Global Funds, substantial investors in Select Funds. Despite the multiple roles which Sagicor Investments will play, the interests of the various parties are generally aligned. Notwithstanding that the parties all share a common interest in the success of Select Funds, it is possible that conflicts of interest would arise in the day-to-day operations of Select Funds. Select Funds has a robust Corporate Governance Committee which includes non-executive directors.

That Committee is charged with ensuring adherence to best practice standards of corporate governance and ethics within the Group. This Board Committee, among other responsibilities, reviews related party transactions and monitors conflict of interest situations to ensure that all such transactions are carried out on an arm's length basis with the utmost integrity.

In addition, Select Funds has appointed an independent director to chair its Audit Committee. The Audit Committee also monitors and reviews related party transactions and other potential conflict of interest scenarios to ensure strict compliance with best practice benchmarks. Select Funds' goal in risk management is to ensure that it understands, measures, and monitors the various risks that arise, and that it adheres strictly to the policies and procedures which are established to address these potential risks.

AUDIT COMMITTEE REPORT

The Audit Committee established by the Board of Directors comprises three independent non-executive directors and maintains responsibility for monitoring the effectiveness of the company's internal control systems and compliance with applicable regulations and laws.

The purpose of the Committee is to assist the Board in the oversight of:

(a) the integrity of the company's financial statements,
(b) the company's compliance with legal and regulatory requirements,
(c) the Independent Auditors' qualifications and independence,
(d) the performance of the company's internal audit function and Independent Auditors,
(e) internal controls,
(f) the company's systems of risk management,
(g) monitoring of the company's investment portfolios and investment strategies.

The Audit Committee held four (4) meetings during the year and had a good attendance of its members at these meetings. The Engagement Partner of PwC, the company's external auditors, is a permanent invitee to meetings of the Audit Committee. The key activities of the Audit Committee for the financial year included:

- Reviewing and recommending for the Board's approval the quarterly unaudited financial statements and submissions to the JSE.
- Reviewing and recommending for approval by the Board the audited financial statements of the company for the year ended December 31, 2021, and the Auditor's reports thereon.
- Reviewing the quarterly Risk Report and Investment Report and reporting thereon to the Board.
- Reviewing and recommending for approval by the Board the external Auditor's proposed audit strategy, audit plan and audit fees.
- Engaging with the Group Internal Auditor regarding the Internal Audit Plan and held meetings with the Internal Auditor independent of the management team.
- Considered management's proposal for two (2) dividend payments in 2021, which were recommended and subsequently approved by the Board.
- Submitted Audit Committee Quarterly Reports by the Chairman of the Audit Committee to the Board.

EXTERNAL AUDITORS

The external auditors, Pricewaterhouse-Coopers (PwC), were recommended by the Audit Committee and Board and approved by the shareholders at the Annual General Meeting in 2021. PwC, as independent auditors, are responsible for planning and carrying out, in accordance with professional standards, an audit of the company's annual financial statements.

The Audit Committee managed the relationship with the company's external auditors on behalf of the Board. It assessed the cost-effectiveness of the audit process, together with the auditor's independence, approach to audit quality and transparency in making its recommendation.

Having undertaken a review of the specific guidelines which govern the conduct of non-audit work by the external auditors, the Audit Committee remains confident that the objectivity and independence of the external auditors are not in any way impaired.

INTERNAL AUDITORS

With oversight from the Audit Committee, the Group Internal Audit Department reviews and assesses the company's systems of internal controls and regulatory compliance through discussions with management and external auditors. The External Auditors and the Group Internal Audit Department maintain separate independent auditing and reporting functions.

Signed,

Mrs Janene Shaw
Chairman
SSFL Audit Committee

CORPORATE GOVERNANCE

The Board is collectively responsible for directing the affairs of the Company, ensuring corporate integrity and the Company's ability to achieve its strategic and operational objectives.



As the Company experienced another unprecedented year, the Board is assured that the robust corporate governance processes have placed the Company in a strong position to navigate the significant challenges faced in managing the operations during the ongoing COVID-19 pandemic.

The Sagicor Select Funds Limited, an affiliate of the Sagicor Jamaica Group of companies, continues to adhere to a high standard of corporate governance appropriate to the nature of the Company's operation and is guided by the principles and guidelines set out in the Company's Corporate Governance Policy, which is available on the Sagicor website at sagicor.com [INSERT LINK].

The Board is collectively responsible for directing the affairs of the Company and is mindful of its duty to promote its long-term success.

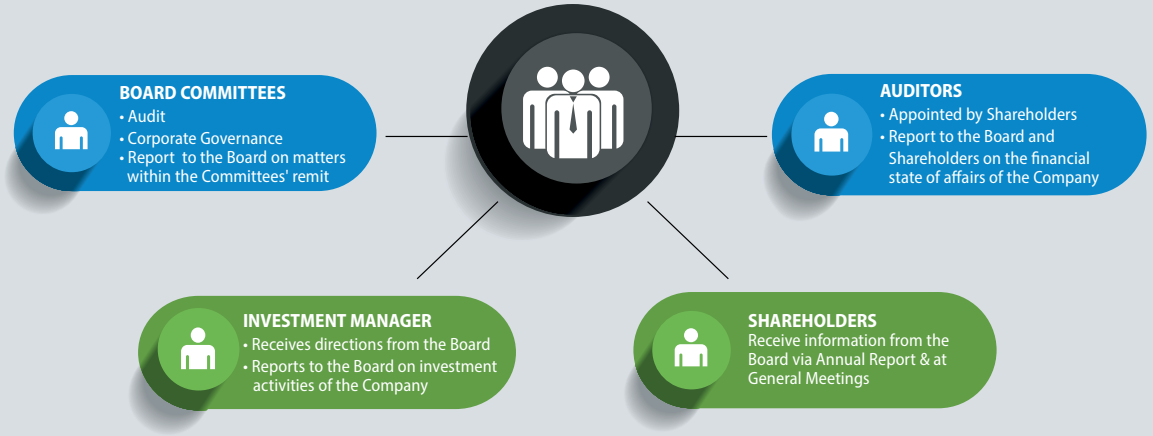
BOARD OF DIRECTORS

The Board is collectively responsible for the long-term success of the Company and provides strategic leadership within a framework of prudent and effective controls which enables risks to be assessed and managed. In this role, the Board is pivotal in the governance structure of the Company and oversees the management of the longer-term interest of stakeholders.

The Board of Directors has the following responsibilities:

- establishing the strategic direction of Sagicor Select Funds which involves setting business objectives and the plans for achieving them
- execution of the approved business objectives through adequate management, leadership and resources
- monitoring the performance of the Funds to achieve the strategic objectives and ensure compliance with all applicable legal and regulatory regimes
- due and proper accounting to all stakeholders of the Company, including, in particular, the stockholders.
- formulating and monitoring investment portfolios and investment strategies for the Company.

The Company's corporate governance framework is best illustrated by the diagram below:



BOARD COMPOSITION AND STRUCTURE

The Board comprises six (6) directors, two (2) Non-Executive Directors and four (4) Independent Non-Executive Directors. The Board delegates authority for the Company's day-to-day management to the fund managers - Sagicor Investments Jamaica Limited (SIJL), thereby maintaining a clear division of responsibilities between the Board and the executive. Board members are selected from diverse businesses and professional background with an appropriate mix of knowledge, skill and experience relevant to the business of Sagicor Select Funds. The Company has in place a management agreement with SIJL, who acts as Manager of the Funds.

The diagram below illustrates the diverse skill set of the Directors.

SKILLS & EXPERTISE	BOARD MEMBERS					
	Colin Steele	Janene Shaw	Omar Brown	Warren Chin	Daniella Silvera	Faith Vincent
GENERAL MANAGEMENT		*				
STRATEGIC MANAGEMENT	*	*	*			*
ENTREPRENEURSHIP	*			*		
INVESTMENTS	*	*		*		*
CAPITAL MARKETS	*					
FINANCE	*	*				
TREASURY MANAGEMENT		*	*			*
FINANCIAL MODELLING			*			*
ASSET MANAGEMENT		*				
CORPORATE GOVERNANCE				*	*	
ECONOMICS						
CORPORATE LAW					*	
BANKING			*			*
CORPORATE FINANCE (MERGERS & ACQUISITIONS)		*	*			
PROPERTY	*					
REGULATORY EXPERIENCE		*			*	
FUND MANAGEMENT			*			*
MARKET ANALYSIS			*			*

CHAIRMAN

The Board is chaired by an Independent Non-Executive Director, Mr. Colin Steele. This structure provides for the clear division of responsibilities between the running of the Board and the executive responsibility for the running of the Company's business. In this role, he is principally responsible for the effective operation of the Board and for ensuring that information it receives is sufficient to make informed judgments.

ATTENDEES TO THE MEETING

Senior representatives of SIJL attend Board meetings and report on the management of the Funds as well as provide additional insight into the Company's operations as required by the Board in its deliberation of strategic matters and its decision-making process.

DIRECTOR INDEPENDENCE

In accordance with the Corporate Governance Policy, the Board maintains a structure that includes four (4) independent directors to add objectivity and transparency in the management and dealings of the Company. The term 'independent' means a Director who has no material relationship with the Company, except that he receives remuneration for holding office as Director.

Independent directors should be free from any interest and any business or other relationship, other than an interest or relationship arising purely from their shareholding or a customer relationship being strictly in accordance with the Company's normal business practices.

Other considerations to determine the independence of a director are:

- whether the director has been an employee of the Company within the last three years
- whether the director has or has had within the last three years, a material business relationship with the Company either directly as a director, shareholder, or senior employee of a body that has such a relationship with the Company
- whether the director receives additional remuneration from the Company or participates in a performance-related pay scheme
- whether the director has close family ties with any of the Company's directors or senior employees
- whether the director (or a related party) holds 5% or more of the total shareholdings in the Company

Directors' independence is continually assessed, and directors are required to submit to an annual self-assessment of their compliance with these criteria and any conflict of interest requirements.

In 2021, the Directors who met the independent criteria were:

- Colin Steele, *Chairman*
- Janene Shaw
- Daniella Silvera
- Dr. Warren Chin

BOARD APPOINTMENT, TERM, ELECTION & RETIREMENT

The Company's Articles of Incorporation set out the basis on which directors are appointed. A director may hold office until he/she ceases to be a director. At the first Annual General Meeting of the Company held in 2020, all the directors retired from office and were re-elected. Annually, at least one-third of the directors will be retired at the Company's Annual General Meeting and said directors are eligible for re-election.

BOARD, COMMITTEES AND ATTENDANCE RECORDS AND ACTIVITIES FOR THE YEAR ENDED 2021

The Board met five times in 2021, and all meetings were held virtually as Government restrictions to curb the spread of the COVID-19 virus continued. The key agenda items deliberated during the year included:

- Review and approval of the quarterly unaudited financial statements and full-year audited financial statements and reports to the stockholders
- Discussion on the performance of the Funds, major investments/ operations, strategic business initiatives, Directors' Fees and Audit Plan
- Review of the Company's management accounts
- Consideration of the payment of dividends, and approving management's recommendation for Board approval.
- Preparation for Annual General Meeting
- Review of Committee Reports, Risk Reports and Management Reports
- Approval of the Auditors' Fees

In addition to the scheduled Board Meetings held during the year, the Board consulted with management on an ongoing basis as was required.

BOARD COMMITTEES

The Board has delegated certain of its responsibilities to Committees to focus on complex and specialized issues. The Board has established two (2) Committees - Audit Committee and the Corporate Governance Committee - to ensure an ongoing review of its corporate integrity and the Company's ability to achieve its strategic and operational objectives.

The Committee Members are appointed by the Board of Directors and hold office until otherwise determined by the Board or until they cease to be directors. The Committees comprise a majority of independent non-executive directors. Representatives of the Fund Managers attend Committee meetings as invitees and participate in the meetings through the presentation of discussion documents and the development of strategies. The CEO of SIJL is a permanent invitee to all meetings of the Board.

AUDIT COMMITTEE

The Audit Committee comprises three (3) independent non-executive directors, namely, Mrs. Janene Shaw, Chairperson, Mrs. Daniella Silvera, and Dr. Warren Chin. The Committee has responsibility for safeguarding the shareholders' investments and the Company's value. It has overall responsibility for ensuring the Company maintains an ongoing system of internal control and risk management framework in relation to risks faced by the Funds, to provide it with reasonable assurance regarding the effective and efficient operation, internal financial control and compliance with laws and regulations.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee is chaired by Mrs. Daniella Silvera, who is supported by Dr. Warren Chin and Mr. Omar Brown **as committee members. The Committee's key areas of oversight include:**

- Review of transactions between the Company and its subsidiaries and/or related parties to ensure compliance with established policies and procedures;
- Establish and ensure adherence to procedures designed to identify potential conflicts of interest, prevent conflicts of interest and resolve them if they occur;
- Review the annual Board Evaluation and initiate and assess the outcome against best practices and the identified needs of the Board.
- Establish and ensure adherence to procedures regarding disclosure in accordance with legislation, regulations and the JSE.

Attendance at meetings of the Board as at December 31, 2021 is summarized below:

Board Members	Non-Executive (NE)/ Independent Non-Executive INE)	Board	Audit Committee	Corporate Governance Committee
Mr. Colin Steele	INE	5/5	-	-
Dr. Warren Chin	INE	5/5	4/4	2/2
Mrs. Janene Shaw	INE	5/5	4/4	
Mrs. Daniella Silvera	INE	3/5	3/4	2/2
Mr. Omar Brown	NE	4/5		2/2
Mrs. Faith Vincent	NE	5/5		

DIRECTORS' REMUNERATION

The Board determines the level and structure of fees paid to the independent non-executive directors; the other non-executive directors do not receive fees in respect of their office as directors of the Company. Directors are authorized by a resolution passed at the Company's Annual General Meeting to fix their remuneration, and for the year, there were no changes in the fees paid to directors.

The Directors' fees comprise a basic retainer fee, and additional fees for appointment to board committees. The Chairperson of each board committee is also paid a higher fee compared with the members of the respective committees, given the greater responsibility carried by that office. Directors do not receive any share-based compensation and are entitled to purchase shares on the open market subject to the Company's policy on Securities Transactions by Directors and Officers.

Having regard to the prevailing market conditions and referencing director's fees with that of the peer group (i.e. other listed companies), the fees paid to directors for the year ended December 31, 2021, were as follows:

Board/Committee ($J)	Annual Retainer	Audit	Corporate Governance
Board Chairman	$681,345.00		
Board Members	$454,230.00		
Committee Chair		$476,941.50	$476,941.50
Members		$317,961.00	$317,961.00

BOARD EVALUATION

In accordance with the Company's Corporate Governance Policy, the Board Evaluation exercise was undertaken in the third quarter of 2021 and had a participation rating of 100%. The process evaluated the Board's performance and that of its individual directors to determine the effectiveness of the respective directors, the Board as a whole and its Committees. The questionnaires were based on Corporate Governance best practices and were reviewed by the Corporate Governance Committee, which maintains responsibility for Board Evaluations. The evaluation process consists of three elements:

(i) Self-Assessment
(ii) Board Assessment
(iii) Peer Assessment

The assessment is a key part of the process of reviewing the functioning and effectiveness of the Board and identifying possible paths for improvement. Each Director was requested to evaluate the effectiveness of the Board dynamics and relationships, information flow, decision-making of the directors, Company performance and strategy, and the effectiveness of the whole Board and its committees. The evaluation of the Fund Managers and the Company Secretary were also covered under this review process. Led by the Corporate Governance Committee and the Chairman, an action plan was established based on the survey to improve the Board's overall performance. The Corporate Governance Committee will monitor the progress and resolution of the action items.

DIRECTOR ORIENTATION AND TRAINING

The Company's Corporate Governance policy provides for directors' orientation upon appointment and recognizes the importance of continuing education for its Directors. Continuing educational training is usually scheduled in collaboration with the Sagicor Group ("the Group") Directors' Training Programme. All new directors inducted to the Board are introduced to the business through a formal orientation process including an overview of the Company's operations, the organizational structure, services, group structure and subsidiaries, constitution, Board procedures, the major risks and risk management strategy.

For the year under review, no Directors' Training Session was held; additional sessions would be offered to directors in 2022. As part of the education of the directors, the Chair of the Corporate Governance Committee had provided a review of the key areas of the Company's Insider Trading Policy dealing in particular with the black out periods during which directors and senior officers of the Company are prohibited from dealing in the Company's shares.

During the year, all directors participated in the annual mandatory AML/CFT (Anti Money Laundering & Counter Finance Terrorist Activity) training, which examined key trends and compliance in these areas. All directors were required to score at a preset level to complete the course. Directors also underwent the Group's mandatory online training in Data Privacy and Cybersecurity.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

The Board is committed to maintaining high standards of corporate disclosure and transparency and ensures that all shareholders are provided with adequate and timely information on the performance of the Funds. Shareholders also have the opportunity to participate effectively through a question and answer session at the Company's Annual General Meeting, which minutes are posted on the Group's website.

CORPORATE VALUES

Corporate Governance is the task of a company's Board to provide entrepreneurial leadership, guidance, and oversight to the Company for maximizing shareholder wealth within the constraints of law and community standards of ethical behaviour. The direction and momentum assumed by the Governance process are driven by a value system that permeates the enterprise to ensure business priority alignment between Board and management. The Sagicor value system is guided by the following policies:

Code of Conduct

The Company is guided by the provisions of its Articles of Incorporation in dealing with directors' interests to avoid any exploitation of property, information or opportunity, whether or not the Company could take advantage of it.

Being a related entity of Sagicor Group Jamaica, SSFL is governed by the Sagicor Code of Business Conduct and Ethics which governs the behaviour of Directors, officers, agents, and employees of the Group. The standards contained in the Code emphasize the deterrence of wrongdoing that could lead to fraud and misconduct, and address the following essential areas:

- Conflicts of interest
- Corporate opportunities
- Confidentiality
- Fair dealing
- Protection and use of company assets
- Compliance with laws
- Rules and regulations, including insider trading laws, and
- Encouraging and reporting of any illegal or unethical behaviour

The Board has adopted the Code applicable to the Group.

Conflict of Interest

Under the Code, the Directors are required to complete an Internal Disclosure Certificate annually to declare any personal interest he or she may have (whether directly or indirectly) which may have an impact on any matters being considered by the Board. The completed disclosure certificates are submitted to the Corporate Governance Committee for onward transmission to the Group Compliance Officer (Sagicor Group).

Daniella Silvera
Chair
Corporate Governance Committee

21st February 2022



FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

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MANUFACTURING AND DISTRIBUTION SELECT FUND

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Independent auditor's report

To the Members of Sagicor Select Funds Limited – Financial Select Fund

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Sagicor Select Funds Limited – Financial Select Fund (the Fund) as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity 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.

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L.A. McKnight B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore T.N. Smith DaSilva K.D. Powell.



Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Fund, the accounting processes and controls, and the industry in which the Fund operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments. Refer to notes 2 (c) and 6 to the financial statements for disclosures of related accounting policies and balances.	
The investment portfolio totalling $ 4.098 Billion at 31 December 2021 is comprised of listed equity securities. We focused on the valuation and existence of investment because investments represent the principal element of the net asset value as disclosed in the statement of financial position in the financial statements.	We tested the valuation of the investment portfolio of listed equity securities by comparing the prices used by the Fund to prices reported by the Jamaica Stock Exchange. We tested the existence of the investment portfolio by agreeing the holdings to a custodian confirmation from Jamaica Central Securities Depository Limited. No adjustments were identified as a result of the audit procedures performed.



Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Recardo Nathan.



Chartered Accountants
Kingston, Jamaica
25 February 2022

FINANCIAL SELECT FUND

Statement of Comprehensive Income

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Income			
Interest income		1,200	1,229
Dividend income		80,700	68,294
Gain on sale of financial assets at fair value through profit or loss		40,405	-
Other income		279	132
Net foreign currency gains on cash and cash equivalents		291	67
Other net changes in fair value on financial assets at fair value through profit or loss		(230,836)	(1,617,908)
		(107,961)	(1,548,186)
Expenses			
Auditors' remuneration		1,759	1,675
Legal and professional fees		7,391	8,950
Director's fees		1,976	1,976
Bank charges		36	26
Transaction costs		8,074	362
Loan interest		396	-
Management fees to fund manager		12,711	15,732
Irrecoverable General Consumption Tax		4,499	3,928
Trustee fees		3,160	1,089
Other expenses		551	632
		40,553	34,370
Net Loss, being Total Comprehensive Loss for the Year		(148,514)	(1,582,556)
Earnings per stock unit			
Basic and diluted (expressed in $)	10	(0.03)	(0.31)

FINANCIAL SELECT FUND

Statement of Financial Position

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
ASSETS			
Current Assets			
Financial assets at fair value through profit or loss	6	4,098,080	4,289,444
Receivables		6,417	7,700
Withholding tax recoverable		22	22
Cash and cash equivalents	7	42,778	69,962
		4,147,297	4,367,128
EQUITY			
Capital and Reserves Attributable to Equity Holders of the Fund			
Share capital	9	5,023,931	5,023,931
Accumulated loss		(903,520)	(668,305)
		4,120,411	4,355,626
LIABILITIES			
Current Liabilities			
Payables		18,120	11,502
Withholding tax payable		8,766	-
		26,886	11,502
		4,147,297	4,367,128
Net assets value per stock unit ($)	10	0.81	0.85

Approved for issue by the Board of Directors on 25 February 2022 and signed on its behalf by:



Colin Steele Chairman



Janene Shaw Director

FINANCIAL SELECT FUND

Statement of Changes in Equity

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Retained Earnings/ (Accumulated Loss)	Total
		$'000	$'000	$'000
Balance at 1 January 2020		5,023,931	914,251	5,938,182
Total comprehensive loss for the year		-	(1,582,556)	(1,582,556)
Balance at 31 December 2020		5,023,931	(668,305)	4,355,626
Total comprehensive loss for the year		-	(148,514)	(148,514)
Transaction with owners:-				
Dividend paid	11	-	(86,701)	(86,701)
Balance at 31 December 2021		5,023,931	(903,520)	4,120,411

FINANCIAL SELECT FUND

Statement of Cash Flows

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Cash Flows from Operating Activities			
Net loss for the year		(148,514)	(1,582,556)
Adjustments to determine net cash flows provided by operating activities:			
Interest income		(1,200)	(1,229)
Exchange gains on cash and cash equivalents		(291)	(67)
Dividend income		(80,700)	(68,294)
Interest expense		396	-
		(230,309)	(1,652,146)
Change in operating assets and liabilities			
Decrease in financial assets at fair value through profit or loss		191,364	1,574,315
Payables		6,617	4,999
Receivable		1,284	(5,937)
Withholding tax payable		8,766	(8,434)
Cash used in operations		(22,278)	(87,203)
Dividend received		80,700	68,294
Interest received		1,200	1,229
Net cash used in operating activities		59,622	(17,680)
Cash Flows from Financing Activities			
Dividends paid to equity holders	11	(86,701)	-
Related party loan received	8	166,521	-
Related party loan repaid	8	(166,521)	-
Interest paid		(396)	-
Net cash provided by financing activities		(87,097)	-
Net decrease in cash and cash equivalents		(27,475)	(17,680)
Effects of exchange rate changes on cash and cash equivalents		291	67
Cash and cash equivalents at beginning of year		69,962	87,575
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 7)		42,778	69,962

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

Sagicor Select Funds Limited (the Company) was incorporated on the 11th of January 2019 as a public company. The principal activity of the Company is the operation of listed equity funds that track various indexes established by the Jamaica Stock Exchange.

Each fund is close-ended and is represented by a separate class of share in the Company. The assets of the Company are specifically owned and segregated for each share class. The Company has five (5) classes of shares with 'Class A" being the "Management Share" and is issued to Sagicor Investments Jamaica Limited (SIJL), the investment manager of the funds. The other shares of the Company represent four (4) segregated classes being the "Class B", "Class C", "Class D" and "Class E" shares.

At 31 December 2021, "Class B", The Financial Select Fund (the Fund) was one of two classes which were operational. A public invitation for subscription in the Fund was made by Sagicor Select Funds Limited via prospectus dated 12 June 2019, in Jamaica. The offer closed on 16 July 2019.

The Company maintains its registered office at 85 Hope Road, Kingston 6, St. Andrew, Jamaica and its operations takes place out of the office of the Sagicor Investments Jamaica Limited which also maintains its registered office at 85 Hope Road, Kingston 6, St. Andrew.

The Company entered into a management agreement with SIJL to act as manager of the Fund.

The financial statements were authorised for issue by the Directors of the Fund on 25 February 2022. The Directors have the power to amend and reissue the financial statements.

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of 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.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments at fair value through profit 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. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. 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 4.

Standards, interpretations and amendments to published standards effective in the current year
There were no new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year that is relevant to The Fund's operations.

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Fund

The Fund has concluded that the following standards, which are published but not yet effective, are relevant to its operations. These pronouncements are effective for annual periods beginning on or after year end dates noted and will be applied by the Fund as of those dates unless otherwise indicated.

Amendments to IAS 1 'Presentation of financial statements' on classification of liabilities, (effective for annual periods beginning on or after 1 January 2024*)*. These amendments to IAS 1 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectation of the entity or evens after the reporting date. The amendment also clarifies what IAS 1 means when it refer to the 'settlement' of a liability. The adoption of this standard is not expected to have a significant impact on the Fund.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023) The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The adoption of this standard is not expected to have a significant impact on the Fund.

(b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the statement of financial position date, assets and liabilities denominated in the foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of comprehensive income.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within 'other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss'.

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(c) Financial assets at fair value through profit or loss

(i) Classification

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed, and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund's policy requires the investment manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other net changes in fair value of financial assets at fair value through profit or loss in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income when the Fund's right to receive payments is established. Interest on debt securities at fair value through profit or loss is recognised in the statement of comprehensive income.

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(c) Financial assets at fair value through profit or loss (continued)

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the reporting date. The Fund utilises the closing bid price for financial assets.

If a significant movement in fair value occurs subsequent to the close of trading up to midnight in Jamaica on the year end date, valuation techniques will be applied to determine the fair value. A significant event is any event that occurs after the last market price for a security, close of market or close of the foreign exchange, but before the Fund's valuation time that materially affects the integrity of the closing prices for any security, instrument, currency or securities affected by that event so that they cannot be considered 'readily available' market quotations.

(iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(d) Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method. In addition to management fees, the Fund is responsible for the payment of all direct expenses relating to its operations.

(e) Transaction costs

Transactions costs are costs incurred to acquire financial assets at fair value through profit or loss. They include fees and commission paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(g) Share capital

Ordinary stock units are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of new ordinary stock units are included in the cost of acquisition as part of the purchase consideration.

The shares of the Fund are redeemable at the issuer's option. Such shares are classified as equity as they are redeemable for cash equal to a proportionate share of the Fund's net asset value attributable to the share class. The Fund's net asset value per stock unit is calculated by dividing the capital and reserves attributable to equity holders of the Fund with the total number of outstanding stock units in issue for the respective share class. In accordance with the provisions of the Fund's regulations, investment positions are valued based on the closing bid price for the purpose of determining the net asset value per stock unit for redemptions.

Where the Fund re-purchases its stock units, the consideration paid, including any directly attributable incremental costs is deducted from capital and reserves attributable to equity holders of the Fund's until the ordinary stock units are cancelled, reissued or disposed of. Where such stock units are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Fund's equity holders.

(h) Net asset value per stock and earnings per stock unit

The net asset value per stock unit is calculated by dividing the net assets of each share class by the number of outstanding stock units.

Basic earnings per stock unit is calculated by dividing the profit for the year by the weighted average number of ordinary stock units in issue during the year, excluding the average number of ordinary stock units purchased by the Fund and held as treasury shares.

The Fund has not issued any stock units or other instruments that are considered to have dilutive potential.

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(i) Interest income and interest from financial assets at fair value through profit or loss
Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss includes interest from debt securities.

(j) Dividend income
Dividend income is recognised when the right to receive payment is established.

(k) Dividend distribution
Dividend distribution to the Fund's stockholders is recognised as a liability in the Fund's financial statements in the period in which the dividends are approved by the Fund's stockholders.

(l) Receivables
Receivables represent amounts due from brokers and dividend receivables. Amounts due from brokers represent receivables for securities sold that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. Receivable balances are held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the customer, probability that the customer will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired. Details about the Fund's impairment policies and the calculation of the loss allowance are provided in Note 3(b).

(m) Payables
Payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(n) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors who makes the strategic decisions.

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management

The Fund's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Fund's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Fund's financial performance.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

The Fund's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Fund regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The management of these risks is carried out by the investment manager under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and the investment of excess liquidity. The investment manager has established committees/departments for managing and monitoring risks, as follows:

(i) Audit Committee

The Audit Committee is responsible for the development of credit and investment policies and standards that conform to applicable law, regulations and corporate policies; approving credit proposal requests; reviewing and approving exceptions to core credit and investment policies that may represent unusual risk; and ensuring that aggregate credit risk exposure are within the Fund's risk taking capacity. This Committee is also responsible for formulating and monitoring investment portfolios and investment strategies for the Fund. In addition, this Committee is responsible for approval and monitoring of appropriate trading limits, reports and compliance controls to ensure that the mandate is properly followed. The Committee's decisions receive final ratification at Board Meetings.

The Audit Committee also oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The Audit Committee is assisted in its oversight role by the Internal Audit Department of the investment manager. Internal Audit Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee. The Audit Committee ensures adherence to internal policies and procedures, and regulatory rules and guidelines.

(ii) The Asset Management Division

The Asset Management Division of the investment manager is responsible for managing the Fund's assets and liabilities and the overall financial structure. It is also primarily responsible for the Funding and liquidity risks of the Fund.

The most important types of risks faced by the Fund are market risk, credit risk, liquidity risk and operational risk. Market risk includes equity price risk, currency risk and interest rate.

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Market risk

The Fund takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rate, credit spreads, foreign exchange rates and equity prices. Market risk is monitored by the Audit Committee which carries out research and monitors the price movement of financial assets on the local markets. Market risk exposures are measured using sensitivity analysis and historical value-at-risk.

There has been no change to the Fund's exposure to market risks or the manner in which it manages and measures the risk.

(i) Equity price risk

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

The Fund's equity investments are publicly traded on the Jamaica Stock Exchange.

The Fund's policy is to track the Financial Index of the JSE and therefore manages the investment portfolio to hold equities in similar weightings to that of the index. There is no limit placed on the value of any one stock in the investment portfolio.

The table below summarizes the sensitivity of the Fund's net income to equity price movement as at 31 December. The analysis is based on the assumption of a 5% (2020- 5%) increase or 5% (2020- 10%) decrease in equity prices, with all other variables held constant.

	Effect on capital and reserves attributable to equity holders of the fund 2021 $'000	Effect on capital and reserves attributable to equity holders of the fund 2020 $'000
5% (2020- 5%) increase	204,904	214,472
5% (2020- 10%) decrease	(204,904)	(428,944)

The sensitivity analysis presented is based upon the portfolio composition as at 31 December.

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk occurs when the Fund takes on open position in a currency. To control this exchange risk, the Fund ensures that the net exposure in US dollar is kept to an acceptable level by monitoring currency positions.

The Fund also has transactional currency exposure. This exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to settle. The Fund ensures that its net exposure is kept at approved levels. The Fund does not have any significant currency risk exposure with this exposure being $38,000 (2020- $25,000) representing a US dollar cash balance at the year end.

(iii) Cash flow and fair value Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. Floating rate instruments expose the Fund to cash flow interest risk, whereas fixed rate instruments expose the Fund to fair value interest risk.

The Fund's exposure to interest rate risk is limited to securities purchased under agreements to resell which totalled $26,263,000 (2020 - $43,748,000) at the year end and all mature within one month.

Interest rate sensitivity

The Fund's interest rate risk arises from its securities purchased under agreements to resell. There is no sensitivity to interest rate risk as securities purchased under agreements to resell are short term and are at fixed interest rates.

(b) Credit risk

The Fund takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the Fund by failing to discharge their contractual obligations. Credit risk is an important risk for the Fund's business; management therefore carefully monitors its exposure to credit risk. The Fund credit exposures arise principally from cash and cash equivalents, amounts due from brokers and other receivable balances. The Fund structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Credit risk (continued)

The following tables summarise the Fund's maximum credit exposure for financial assets at their carrying amounts, as categorised by issuer:

	2021 $'000	2020 $'000
Receivables	6,417	7,700
Cash and cash equivalents	42,778	69,962
	49,195	77,662

At 31 December, all receivables, securities purchased under agreements to resell and cash at bank are held with reputable financial institutions and are due to be settled within 60 days. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

(c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Liquidity risk management process

The Fund's liquidity management process, as carried out within the Fund and monitored by the investment manager largely includes optimising cash returns on investments which are used to settle financial liabilities which include payables and amounts due to related parties. These were all contractually payable within one month.

(d) Capital management

The capital of the Fund is represented by the capital and reserves attributable to equity holders of the Fund. The investment manager's objective when managing the Fund's capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for holders of stock units, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund.

The Fund is close ended, and capital is deployed to track the Financial Index of the JSE in order to earn the market return on listed equities representing the financial sector of Jamaica.

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value estimation

The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the year-end date. The Fund utilises the closing bid price for financial assets. If a significant movement in fair value occurs subsequent to the close of trading up to midnight in Jamaica on the year-end date, valuation techniques will be applied to determine the fair value.

An active market is a market in which transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The carrying value less impairment provision of cash and cash equivalents, other receivables and payables are assumed to approximate their fair values.

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Fund's accounting policies

In the process of applying the Fund's accounting policies, management has made no significant judgements regarding the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

In the process of applying the Fund's accounting policies, management has made no significant estimate on the amounts recognised in the financial statements.

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

5. Financial Instruments by Category

(a) Financial assets

	2021 $'000	2020 $'000
Financial assets at fair value through profit or loss	4,098,080	4,289,444
Financial assets at amortised cost -		
Receivables	6,417	7,700
Cash and cash equivalents	42,778	69,962
	4,147,275	4,367,106

(b) Financial liabilities

	2021 $'000	2020 $'000
Financial liabilities at amortised cost -		
Payables	26,886	11,502

The Fund's financial instruments resulted in the following income, expenses and gains and losses recognised in the statement of comprehensive income:

	2021 $'000	2020 $'000
Fair value through profit or loss:		
Dividend income	80,700	68,294
Gains on sale of financial assets at fair value through profit or loss	40,405	-
Unrealised depreciation in value of financial assets at fair value through profit or loss	(230,836)	(1,617,908)
	(109,731)	(1,549,614)
Amortised cost:		
Foreign exchange gains	291	67
Interest income	1,200	1,229
	1,491	1,296

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

6. Financial Assets at Fair Value through Profit or Loss

	2021 $'000	2020 $'000
Quoted equity securities	4,098,080	4,289,444

	2021 $'000	2020 $'000
Net changes in fair value on financial assets at fair value through profit or loss comprise:		
Realised	40,405	-
Unrealised	(230,836)	(1,617,908)
Net losses	(190,431)	(1,617,908)

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

6. Financial Assets at Fair Value through Profit or Loss (Continued)

	31 December 2021		
	No. of Stock units	Carrying Value $'000	% of portfolio
Investments			
Quoted equities:			
Access Financial Services Limited	993,805	20,810	0.51%
Barita Investments Limited	2,900,747	285,782	6.97%
Caribbean Assurance Brokers Limited	1,140,933	2,396	0.06%
Eppley Limited	835,000	30,018	0.73%
General Accident Insurance Company Limited	5,066,798	29,894	0.73%
Guardian Holdings Limited	700,000	358,750	8.75%
Ironrock Insurance Company Limited	1,000,000	3,115	0.08%
Jamaica Stock Exchange Limited	3,328,641	56,986	1.39%
JMMB Group Limited	7,918,810	312,397	7.62%
Key Insurance Company Limited	2,743,705	10,508	0.26%
Lasco Financial Services Limited	5,500,000	15,950	0.39%
Mayberry Investments Limited	5,206,681	41,653	1.02%
Mayberry Jamaican Equities Limited	6,482,385	51,859	1.27%
NCB Financial Group Limited	8,807,137	1,144,487	27.93%
PanJam Investment Limited	4,561,955	307,932	7.51%
Portland JSX Limited	1,486,257	10,285	0.25%
Proven Investments Limited	1,349,090	43,845	1.07%
Proven Investments Limited (USD)	750,000	26,551	0.65%
QWI Investment Limited	5,874,627	5,228	0.13%
Sagicor Group Jamaica Limited	13,787,731	803,135	19.60%
Scotia Group Jamaica Limited	12,578,986	457,749	11.17%
SSL Venture Capital Jamaica	2,109,741	1,983	0.05%
Sterling Investments Limited	1,623,516	4,546	0.11%
Sygnus Credit Investments Limited (USD)	794,875	14,689	0.36%
Sygnus Credit Investments Limited	1,349,219	20,103	0.49%
Victoria Mutual Investments Limited	6,135,970	37,429	0.90%
Total quoted equities	105,026,609	4,098,080	100%

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

6. Financial Assets at Fair Value through Profit or Loss (Continued)

	31 December 2020		
	No. of Stock units	Carrying Value $'000	% of portfolio
Investments			
Quoted equities:			
Access Financial Services Limited	993,805	23,354	0.54%
Barita Investments Limited	3,482,317	293,211	6.84%
Caribbean Assurance Brokers Limited	1,140,933	1,997	0.05%
Eppley Limited	835,000	21,251	0.50%
General Accident Insurance Company Limited	5,066,798	31,262	0.73%
Ironrock Insurance Company Limited	1,000,000	2,880	0.07%
Jamaica Stock Exchange Limited	3,328,641	67,638	1.58%
JMMB Group Limited	8,368,810	284,121	6.62%
Key Insurance Company Limited	63,706	382	0.01%
Lasco Financial Services Limited	5,500,000	14,850	0.35%
Mayberry Investments Limited	5,206,681	28,897	0.67%
Mayberry Jamaican Equities Limited	6,482,385	48,618	1.13%
NCB Financial Group Limited	10,782,834	1,552,728	36.20%
PanJam Investments Limited	4,621,955	314,247	7.33%
Portland JSX Limited	1,486,257	11,890	0.28%
Proven Investments Limited	1,349,090	45,869	1.07%
Proven Investments Limited (USD)	750,000	25,508	0.59%
QWI Investment Limited	5,874,627	4,288	0.10%
Sagicor Group Jamaica Limited	16,930,674	845,687	19.72%
Scotia Group Jamaica Limited	13,698,986	605,906	14.13%
SSL Venture Capital Jamaica	2,109,741	1,055	0.02%
Sterling Investments Limited	1,623,516	4,319	0.10%
Sygnus Credit Investments Limited (USD)	794,875	10,373	0.24%
Sygnus Credit Investments Limited	799,219	12,788	0.30%
Victoria Mutual Investments Limited	6,135,970	36,325	0.85%
Total quoted equities	108,426,820	4,289,444	100%

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

6. Financial Assets at Fair Value through Profit or Loss (Continued)

The Fund is structured to track the Financial Index, an index created by the JSE which is constituted of equity securities listed on the JSE from the financial sector. The Index will vary from time to time and the investment manager will seek to track same on an ongoing basis and shall rebalance the composition of the securities held by the fund on a monthly basis, if required, in order to track the index as closely as possible.

In 2020, the performance of the Fund was directly impacted by the economic effects of the novel Coronavirus (COVID-19) pandemic through its equities investments as the Jamaican Stock Exchange saw a significant decline across all indices resulting in unrealised fair value losses recorded on most of the positions held by the Fund. In the current year, the Jamaica Stock Exchange saw improvements in the indices relative to the previous period this resulted in a reduction in the unrealised fair value losses recorded on these instruments at the end of 2021.

7. Cash and Cash Equivalents

Cash and cash equivalents comprises:

	2021 $'000	2020 $'000
Cash at bank	16,515	26,214
Securities purchased under agreements to resell (with original maturity of less than 90 days)	26,263	43,748
	42,778	69,962

The weighted average effective interest rate on the securities purchased under agreements to resell was 2.50% (2020 - 2.32%)

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

8. Related Party Balances and Transactions

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

Related parties include directors, key management and companies for which the Fund and the Company are provided with management services.

The fund manager, Sagicor Investments Jamaica Limited is part of Sagicor Group Jamaica Limited and therefore related companies include Sagicor Group Jamaica Limited and its fellow subsidiaries, associated companies, related entities including funds managed by Sagicor Group Jamaica Limited and related entities. Based on the structure of the fund, all these parties would be classified as other related parties.

(a) Related party transactions

The following transactions were carried out with related parties:

(i) Income –

	2021 $'000	2020 $'000
Dividend income – Sagicor Group Jamaica Limited	17,215	14,325
Interest income – Sagicor Bank Jamaica Limited	82	-
Interest income – Sagicor Investments Jamaica Limited	1,118	1,229
	18,415	15,554

(ii) Expenses –

	2021 $'000	2020 $'000
(i) Sagicor Bank Jamaica Limited		
Bank charges	36	26
(ii) Sagicor Investments Jamaica Limited		
Management fee	12,711	15,732
Trade commissions	8,073	282
Interest expense	396	-
	21,180	16,014

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

8. Related Party Balances and Transactions (Continued)

(a) Related party transactions (continued)

(iii) Other – Dividends paid

	2021 $'000	2020 $'000
Sagicor Sigma Global Funds – Sigma Equity	21,941	-
Sigma Pooled Equity Fund	1,443	-
Sagicor Sigma Global Funds – Sigma Diversified Investor	4,284	-
Sagicor Sigma Global Funds – Sigma Global Venture	1,389	-
Sagicor Equity Fund	2,474	-
Sagicor Investments Jamaica Limited	85	
	31,616	-

The following has been charged in arriving at Net Deficit for the period.

	2021 $'000	2020 $'000
Directors' emoluments –		
Director Fees	1,976	1,976

(b) Year-end balances arising from operations

Year-end balances arising from transactions are as follows:

	2021 $'000	2020 $'000
(i) Management fee to fund manager	8,855	-
(ii) Financial assets at fair value through profit or loss (Note 6)		
Quoted equities – Sagicor Group Jamaica Limited	803,135	845,687
(iii) Cash and cash equivalents (Note 7)		
Sagicor Bank Jamaica Limited	16,515	26,214
Sagicor Investments Jamaica Limited	26,263	43,748
	42,778	69,962

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

8. Related Party Balances and Transactions (Continued)

During the year, the Fund obtained a short term loan totalling $166,521,000 (2020- $ Nil) from Sagicor Investments Jamaica Limited. The interest rate on these loans was 2.80% (2020- Nil %) per annum. The loan was fully repaid during the year.

Net Debt Reconciliation

The table below details changes in the Fund's liabilities arising from financing activities.

	Related party loans 2021 $'000	Related party loans 2020 $'000
At 1 January		
Cash movements -		
Repayment of principal	(166,521)	-
Repayment of interest	(396)	-
Loan received	166,521	-
Non-cash movement -		
Interest charge	396	-
At 31 December	-	-

9. Share Capital

The Fund's authorised share capital is indefinite with no par value. This is issued as Class B shares, and carry equal voting rights, is entitled to dividends and are entitled to a proportionate share of the Fund's capital and reserves attributable to equity holders of the Fund. All issued shares are fully paid.

On 27 February 2019, the Fund issued 1,100,000,000 ordinary stock units with value of $1,100,000,000.

On 17 July 2019, the Fund issued an additional 4,000,000,000 ordinary stock units with value of $3,923,931,000. The Fund incurred transaction costs $41,069,000 for the issue.

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

10. Earnings per Stock Unit and Net Assets Value per Stock Unit

Basic earnings per stock unit is calculated by dividing the loss for the year by the weighted average number of ordinary units in issue during the year.

	2021	2020
Loss for the year ($'000)	(148,514)	(1,582,556)
Weighted average number of ordinary stock units in issue ('000)	5,100,000	5,100,000
Earnings per stock unit – basic and diluted ($)	(0.03)	(0.31)

Net asset value per stock unit is calculated by dividing the net asset value at the end of the year by the number of ordinary stock units in issue.

	2021	2020
Net asset value ($'000)	4,120,411	4,355,625
Number of ordinary stock units in issue ('000)	5,100,000	5,100,000
Net asset value per stock unit ($)	0.81	0.85

11. Dividends

Dividends paid to shareholders:

		2021 $'000	2020 $'000
First interim dividend paid July 2, 2021 (per unit)	$0.017	28,560	-
Final dividend for 2021, paid December 16, 2021(per unit)	$0.0114	58,141	-
		86,701	-

12. Fair Values of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. As all the Fund's investments are quoted equities in an active market the investments are classified as level 1 in the fair value hierarchy.

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

13. Segment Reporting

The Board of Directors makes the strategic resource allocations on behalf of the Fund. The Fund has determined the operating segments based on the reports reviewed by the Board of Directors, which are used to make strategic decisions.

The Board of Directors are responsible for the Fund's portfolio and considers the Fund to have a single operating segment. The Board of Directors' asset allocation decisions are based on a single, integrated investment strategy, and the Fund's performance is evaluated on an overall basis.

The internal reporting provided to the Board of Directors for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS.

The Fund has no assets classified as non-current assets.

At 31 December, there was one stockholder who held more than 10% of the Financial Select Fund's net asset value. Their holding was 20.62% (2020- 20.62%) and the stockholder is a related party, Sagicor Sigma Global Funds – Sigma Equity.



Independent auditor's report

To the Members of Sagicor Select Funds Limited – Manufacturing and Distribution Select Fund

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Sagicor Select Funds Limited – Manufacturing and Distribution Select Fund (the Fund) as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity 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.

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Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Fund, the accounting processes and controls, and the industry in which the Fund operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments. *Refer to notes 2 (c) and 6 to the financial statements for disclosures of related accounting policies and balances.*	
The investment portfolio totalling $ 4.021 Billion at 31 December 2021 is comprised of listed equity securities. We focused on the valuation and existence of investment because investments represent the principal element of the net asset value as disclosed in the statement of financial position in the financial statements.	We tested the valuation of the investment portfolio of listed equity securities by comparing the prices used by the Fund to prices reported by the Jamaica Stock Exchange. We tested the existence of the investment portfolio by agreeing the holdings to a custodian confirmation from Jamaica Central Securities Depository Limited. No adjustments were identified as a result of the audit procedures performed.



Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Recardo Nathan.

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
25 February 2022

MANUFACTURING AND DISTRIBUTION SELECT FUND

Statement of Comprehensive Income

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Income			
Interest income		1,469	1,924
Dividend income		92,188	68,550
Other Income		-	6,239
Gain/(loss) on sale of financial assets at fair value through profit or loss		9,645	(8,311)
Other net changes in fair value on financial assets at fair value through profit or loss		791,624	(718,117)
		894,926	(649,715)
Expenses			
Auditors' remuneration		1,759	1,675
Legal and professional fees		5,067	4,234
Director's fees		1,976	1,976
Bank charges		15	15
Transaction cost		896	1,773
Miscellaneous		587	625
Loan interest		-	23
Management fees		12,103	11,137
Trustee fees		2,946	3,241
Irrecoverable General Consumption Tax		2,800	3,171
		28,149	27,870
Net Income/(Loss), being Total Comprehensive Income/(Loss) for the Year		866,777	(677,585)
Earnings per stock unit			
Basic and diluted (expressed in $)	10	0.23	(0.18)

MANUFACTURING AND DISTRIBUTION SELECT FUND

Statement of Financial Position

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
ASSETS			
Current Assets			
Financial assets at fair value through profit or loss	6	4,021,472	3,145,530
Receivables		2,792	1,713
Withholding tax recoverable		91	91
Cash and cash equivalents	7	57,820	128,538
		4,082,175	3,275,872
EQUITY			
Capital and Reserves Attributable to Equity Holders of the Fund			
Share capital	9	3,783,443	3,783,443
Retained earnings/(Accumulated deficit)		280,274	(517,041)
		4,063,717	3,266,402
LIABILITIES			
Current Liabilities			
Payables		10,248	8,841
Due to related party	8	8,210	629
		18,458	9,470
		4,082,175	3,275,872
Net assets value per stock unit ($)	10	1.06	0.86

Approved for issue by the Board of Directors on 25 February 2022 and signed on its behalf by:



Colin Steele — Chairman



Janene Shaw — Director

MANUFACTURING AND DISTRIBUTION SELECT FUND

Statement of Changes in Equity

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Retained Earnings/ (Accumulated Deficit)	Total
		$'000	$'000	$'000
Balance at 1 January 2020		3,783,443	160,544	3,943,987
Total comprehensive loss for the year		-	(677,585)	(677,585)
Balance at 31 December 2020		3,783,443	(517,041)	3,266,402
Total comprehensive income for the year		-	866,777	866,777
Transactions with owners:-				
Dividends paid	11	-	(69,462)	(69,462)
Balance at 31 December 2021		3,783,443	280,274	4,063,717

MANUFACTURING AND DISTRIBUTION SELECT FUND

Statement of Cash Flows

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Cash Flows from Operating Activities			
Net Income/(loss) for the year		866,777	(677,585)
Adjustments to determine net cash flow provided by operating activities:			
Interest income		(1,469)	(1,924)
Gain/(loss) on sale of financial assets at fair value through profit or loss		(9,645)	8,311
Dividend income		(92,188)	(68,550)
Interest expense		-	23
		763,475	(739,725)
Changes in operating assets and liabilities:			
Increase /Decrease in financial assets at fair value through profit or loss		(866,297)	568,109
Payables		9,004	4,817
Related party		(16)	(17,384)
Cash used in operating activities		(93,834)	(184,183)
Dividend received		90,938	68,014
Tax withheld at source		-	(8)
Interest received		1,640	1,717
Net cash used in operating activities		(1,256)	(114,460)
Cash Flows from Financing Activities			
Related party loan received	8	-	70,000
Dividend paid		(69,462)	-
Related party loan repaid		-	(70,000)
Interest paid		-	(23)
Net cash used in by financing activities		(69,462)	(23)
Net decrease in cash and cash equivalents		(70,718)	(114,483)
Cash and cash equivalents at beginning of year		128,538	243,021
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 7)		57,820	128,538

MANUFACTURING AND DISTRIBUTION SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

Sagicor Select Funds Limited (the Company) was incorporated on the 11th of January 2019 as a public company. The principal activity of the Company is the operation of listed equity funds that track various indexes established by the Jamaica Stock Exchange.

Each fund is close-ended and is represented by a separate class of share in the Company. The assets of the Company are specifically owned and segregated for each share class. The Company has five (5) classes of shares with 'Class A" being the "Management Share" and is issued to Sagicor Investments Jamaica Limited (SIJL), the investment manager of the funds. The other shares of the Company represent four (4) segregated classes being the "Class B", "Class C", "Class D" and "Class E" shares.

At 31 December 2021, "Class C", The Manufacturing and Distribution Select Fund (the Fund) was one of two classes which were operational. A public invitation for subscription in the Fund was made by Sagicor Select Funds Limited via prospectus dated 30 October 2019, in Jamaica. The offer closed on 4 December 2019.

The Company maintains its registered office at 85 Hope Road, Kingston 6, St. Andrew, Jamaica and its operations takes place out of the office of the Sagicor Investments Jamaica Limited which also maintains its registered office at 85 Hope Road, Kingston 6, St. Andrew.

The Company entered into a management agreement with SIJL to act as manager of the Fund.

The financial statements were authorised for issue by the Directors of the Fund on 25 February 2022. The Directors have the power to amend and reissue the financial statements.

MANUFACTURING AND DISTRIBUTION SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of 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.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments at fair value through profit 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. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. 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 4.

Standards, interpretations and amendments to published standards effective in the current year
There were no new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year that is relevant to The Fund's operations

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Fund

The Fund has concluded that the following standards, which are published but not yet effective, are relevant to its operations. These pronouncements are effective for annual periods beginning on or after year end dates noted and will be applied by the Fund as of those dates unless otherwise indicated.

Amendments to IAS 1 'Presentation of financial statements' on classification of liabilities, (effective for annual periods beginning on or after 1 January 2024). These amendments to IAS 1 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectation of the entity or evens after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The adoption of this standard is not expected to have a significant impact on the Fund

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023) The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The adoption of this standard is not expected to have a significant impact on the Fund.

(b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the statement of financial position date, assets and liabilities denominated in the foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of comprehensive income.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within 'other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss'.

MANUFACTURING AND DISTRIBUTION SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(c) Financial assets at fair value through profit or loss

(i) Classification

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund's policy requires the investment manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other net changes in fair value of financial assets at fair value through profit or loss in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income when the Fund's right to receive payments is established. Interest on debt securities at fair value through profit or loss is recognised in the statement of comprehensive income.

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(c) Financial assets at fair value through profit or loss (continued)

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the reporting date. The Fund utilises the closing bid price for financial assets.

If a significant movement in fair value occurs subsequent to the close of trading up to midnight in Jamaica on the year end date, valuation techniques will be applied to determine the fair value. A significant event is any event that occurs after the last market price for a security, close of market or close of the foreign exchange, but before the Fund's valuation time that materially affects the integrity of the closing prices for any security, instrument, currency or securities affected by that event so that they cannot be considered 'readily available' market quotations.

Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(d) Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method. In addition to management fees, the Fund is responsible for the payment of all direct expenses relating to its operations.

(e) Transaction costs

Transactions costs are costs incurred to acquire financial assets at fair value through profit or loss. They include fees and commission paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

MANUFACTURING AND DISTRIBUTION SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(g) Share capital

Ordinary stock units are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of new ordinary stock units are included in the cost of acquisition as part of the purchase consideration.

The shares of the Fund are redeemable at the issuer's option. Such shares are classified as equity as they are redeemable for cash equal to a proportionate share of the Fund's net asset value attributable to the share class. The Fund's net asset value per stock unit is calculated by dividing the capital and reserves attributable to equity holders of the Fund with the total number of outstanding stock units in issue for the respective share class. In accordance with the provisions of the Fund's regulations, investment positions are valued based on the closing bid price for the purpose of determining the net asset value per stock unit for redemptions.

Where the Fund re-purchases its stock units, the consideration paid, including any directly attributable incremental costs is deducted from capital and reserves attributable to equity holders of the Fund's until the ordinary stock units are cancelled, reissued or disposed of. Where such stock units are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Fund's equity holders.

(h) Net asset value per stock unit and earnings per stock unit

The net asset value per stock unit is calculated by dividing the net assets of each share class by the number of outstanding stock units.

Basic earnings per stock unit is calculated by dividing the profit for the year by the weighted average number of ordinary stock units in issue during the year, excluding the average number of ordinary stock units purchased by the Fund and held as treasury shares.

The Fund has not issued any stock units or other instruments that are considered to have dilutive potential.

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(i) Interest income and interest from financial assets at fair value through profit or loss
Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss includes interest from debt securities.

(j) Dividend income
Dividend income is recognised when the right to receive payment is established.

(k) Dividend distribution
Dividend distribution to the Fund's stockholders is recognised as a liability in the Fund's financial statements in the period in which the dividends are approved by the Fund's stockholders.

(l) Receivables
Receivables represent amounts due from brokers and dividend receivables. Amounts due from brokers represent receivables for securities sold that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. Receivable balances are held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the customer, probability that the customer will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired. Details about the Fund's impairment policies and the calculation of the loss allowance are provided in Note 3(b).

(m) Payables
Payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(n) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors who makes the strategic decisions.

MANUFACTURING AND DISTRIBUTION SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management

The Fund's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Fund's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Fund's financial performance.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

The Fund's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Fund regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The management of these risks is carried out by the investment manager under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and the investment of excess liquidity. The investment manager has established committees/departments for managing and monitoring risks, as follows:

(i) Audit Committee
The Audit Committee is responsible for the development of credit and investment policies and standards that conform to applicable law, regulations and corporate policies; approving credit proposal requests; reviewing and approving exceptions to core credit and investment policies that may represent unusual risk; and ensuring that aggregate credit risk exposure are within the Fund's risk taking capacity. This Committee is also responsible for formulating and monitoring investment portfolios and investment strategies for the Fund. In addition, this Committee is responsible for approval and monitoring of appropriate trading limits, reports and compliance controls to ensure that the mandate is properly followed. The Committee's decisions receive final ratification at Board Meetings.

The Audit Committee also oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The Audit Committee is assisted in its oversight role by the Internal Audit Department of the investment manager. Internal Audit Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee. The Audit Committee ensures adherence to internal policies and procedures, and regulatory rules and guidelines.

(ii) The Asset Management Division
The Asset Management Division of the investment manager is responsible for managing the Fund's assets and liabilities and the overall financial structure. It is also primarily responsible for the Funding and liquidity risks of the Fund.

The most important types of risks faced by the Fund are market risk, credit risk, liquidity risk and operational risk. Market risk includes equity price risk, currency risk and interest rate.

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Market risk

The Fund takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rate, credit spreads, foreign exchange rates and equity prices. Market risk is monitored by the Audit Committee which carries out research and monitors the price movement of financial assets on the local markets. Market risk exposures are measured using sensitivity analysis and historical value-at-risk.

There has been no change to the Fund's exposure to market risks or the manner in which it manages and measures the risk.

(i) Equity price risk

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

The Fund's equity investments are publicly traded on the Jamaica Stock Exchange.

The Fund's policy is to track the Manufacturing and Distribution Index of the JSE and therefore manages the investment portfolio to hold equities in similar weightings to that of the index. There is no limit placed on the value of any one stock in the investment portfolio.

The table below summarises the sensitivity of the Fund's net income to equity price movement as at 31 December. The analysis is based on the assumption of a 5% (2020- 5%) increase or 5% (2020- 10%) decrease in equity prices, with all other variables held constant.

	Effect on capital and reserves attributable to equity holders of the fund 2021 $'000	Effect on capital and reserves attributable to equity holders of the fund 2020 $'000
5% (2020- 5%) increase	201,074	157,277
5% (2020- 10%) decrease	(201,074)	(314,553)

The sensitivity analysis presented is based upon the portfolio composition as at 31 December.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk occurs when the Fund takes on open position in a currency. To control this exchange risk, the Fund ensures that the net exposure in US dollar is kept to an acceptable level by monitoring currency positions.

The Fund also has transactional currency exposure. The fund did not have any foreign currency balances at the year end neither did it enter into any foreign currency transaction during the period therefore there is no foreign currency concentration.

MANUFACTURING AND DISTRIBUTION SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Cash flow and fair value Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. Floating rate instruments expose the Fund to cash flow interest risk, whereas fixed rate instruments expose the Fund to fair value interest risk.

The Fund's exposure to interest rate risk is limited to securities purchased under agreements to resell which totalled $36,602,000 (2020 - $200,000,000) at the year end and all mature within one month.

Interest rate sensitivity

The Fund's interest rate risk arises from its securities purchased under agreements to resell. There is no sensitivity to interest rate risk as securities purchased under agreements to resell are short term and are at fixed interest rates.

(b) Credit risk

The Fund takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the Fund by failing to discharge their contractual obligations. Credit risk is an important risk for the Fund's business; management therefore carefully monitors its exposure to credit risk. The Fund credit exposures arise principally from cash and cash equivalents, amounts due from brokers and other receivable balances. The Fund structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

The following tables summarise the Fund's maximum credit exposure for financial assets at their carrying amounts, as categorised by issuer:

	2021 $'000	2020 $'000
Receivables	2,792	1,713
Cash and cash equivalents	57,820	128,538
	60,612	130,251

At 31 December, all receivables, securities purchased under agreements to resell and cash at bank are held with reputable financial institutions and are due to be settled within 60 days. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12month expected credit losses as any such impairment would be wholly insignificant to the Fund.

(b) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Liquidity risk management process

The Fund's liquidity management process, as carried out within the Fund and monitored by the investment manager largely includes optimising cash returns on investments which are used to settle financial liabilities which include payables and amounts due to related parties. These were all contractually payable within one month.

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(d) Capital management

The capital of the Fund is represented by the capital and reserves attributable to equity holders of the Fund. The investment manager's objective when managing the Fund's capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for holders of stock units, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund.

The Fund is close ended and capital is deployed to track the Manufacturing and Distribution Index of the JSE in order to earn the market return on listed equities representing the manufacturing and distribution sector of Jamaica.

(e) Fair value estimation

The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the year end date. The Fund utilises the closing bid price for financial assets. If a significant movement in fair value occurs subsequent to the close of trading up to midnight in Jamaica on the year end date, valuation techniques will be applied to determine the fair value.

An active market is a market in which transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The carrying value less impairment provision of cash and cash equivalents, other receivables and payables are assumed to approximate their fair values.

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Fund's accounting policies

In the process of applying the Fund's accounting policies, management has made no significant judgements regarding the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

In the process of applying the Fund's accounting policies, management has not made any significant estimate on the amounts recognised in the financial statements.

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

5. Financial Instruments by Category

(a) Financial assets

	2021 $'000	2020 $'000
Financial assets at fair value through profit or loss	4,021,472	3,145,530
Financial assets at amortised cost -		
Receivables	2,792	1,713
Cash and cash equivalents	57,820	128,538
	4,082,084	3,275,781

(b) Financial liabilities

	2021 $'000	2020 $'000
Financial liabilities at amortised cost -		
Payables	10,248	8,841
Due to related party	8,210	629
	18,458	9,470

The Fund's financial instruments resulted in the following income, expenses and gains and losses recognised in the statement of comprehensive income:

	2021 $'000	2020 $'000
Fair value through profit or loss:		
Dividend income	92,188	68,550
Gain/(loss) on sale of financial assets at fair value through profit or loss	9,645	(8,311)
Unrealised appreciation /(depreciation) in value of financial assets at fair value through profit or loss	791,624	(718,117)
	893,457	(657,878)
Amortised cost:		
Interest income	1,469	1,924

6. Financial Assets at Fair Value through Profit or Loss

	2021 $'000	2020 $'000
Quoted equity securities -	4,021,472	3,145,530

	2021 $'000	2020 $'000
Net changes in fair value on financial assets at fair value through profit or loss comprise:		
Gain/(loss) on sale of financial assets at fair value through profit or loss	9,645	(8,311)
Unrealised gain/(loss)	791,624	(718,117)
Total Gain /(losses)	801,269	(726,428)

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

6. Financial Assets at Fair Value through Profit or Loss (Continued)

	31 December 2021		
	No. of Stock units	Carrying Value $'000	% of portfolio
Investments			
Quoted equities:			
AMG Packaging & Paper Company Limited	4,029,679	8,785	0.22%
Berger Paints Jamaica Limited	1,719,169	21,490	0.53%
Blue Power Group Ltd	454,816	1,355	0.03%
CAC 2000 Limited	1,035,021	8,228	0.20%
Caribbean Cement Company Limited	6,827,319	494,981	12.31%
Caribbean Cream Limited	3,121,508	16,388	0.41%
Caribbean Flavors and Fragrances	7,212,860	13,704	0.34%
Caribbean Producers Jamaica Limited	10,917,106	140,831	3.50%
Carreras Limited	51,556,419	415,029	10.32%
Consolidated Bakers (Jamaica) Limited	1,547,510	1,842	0.05%
Derrimon Trading Company Limited	36,111,055	83,055	2.07%
Everything Fresh Limited	7,727,500	7,109	0.18%
Fontana Limited	10,028,146	74,208	1.85%
Fosrich Company Limited	4,028,960	41,095	1.02%
GraceKennedy Limited	8,264,072	830,539	20.65%
Honey Bun Limited	3,780,227	34,022	0.85%
Indies Pharma Jamaica Limited	10,688,828	37,411	0.93%
Jamaica Broilers Group Limited	9,882,806	296,287	7.37%
Jamaica Producers Group	8,591,613	201,817	5.02%
Jamaica Teas Limited	16,726,656	64,398	1.60%
Lasco Distributors Limited	27,753,880	92,975	2.31%
Lasco Manufacturing Limited	32,816,914	149,317	3.71%
Lumber Depot Limited	5,800,000	17,458	0.43%
Medical Disposables & Supplies	1,009,026	6,115	0.15%
Paramount Trading (Jamaica) Limited	2,844,270	3,584	0.09%
Salada Foods Limited	4,083,620	28,545	0.71%
Seprod Limited	5,879,298	383,624	9.54%
Tropical Battery Company Ltd	4,222,222	5404	0.13%
Wisynco Group Limited	30,964,303	541,876	13.48%
Total quoted equities	319,624,803	4,021,472	100%

MANUFACTURING AND DISTRIBUTION SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

6. Financial Assets at Fair Value through Profit or Loss (Continued)

	31 December 2020		
	No. of Stock units	Carrying Value $'000	% of portfolio
Investments			
Quoted equities:			
AMG Packaging & Paper Company Limited	4,029,679	6,488	0.21%
Berger Paints Jamaica Limited	1,719,169	23,295	0.74%
Blue Power Group Ltd	350,000	977	0.03%
CAC 2000 Limited	1,035,021	10,350	0.33%
Caribbean Cement Company Limited	6,827,319	410,322	13.09%
Caribbean Cream Limited	2,321,508	9,634	0.31%
Caribbean Flavors and Fragrances	7,212,860	11,252	0.36%
Caribbean Producers Jamaica Limited	10,917,106	27,511	0.88%
Carreras Limited	51,556,419	373,268	11.90%
Consolidated Bakers (Jamaica) Limited	1,547,510	1,749	0.06%
Derrimon Trading Company Limited	22,600,000	53,562	1.71%
Everything Fresh Limited	7,727,500	5,332	0.17%
Fontana Limited	10,028,143	55,656	1.77%
Fosrich Company Limited	4,028,960	16,881	0.54%
GraceKennedy Limited	8,580,637	549,161	17.51%
Honey Bun Limited	3,780,227	19,279	0.61%
Indies Pharma Jamaica Limited	10,688,828	28,860	0.92%
Jamaica Broilers Group Limited	9,882,806	269,603	8.60%
Jamaica Producers Group	6,491,613	136,324	4.35%
Jamaica Teas Limited	16,726,656	32,617	1.04%
Lasco Distributors Limited	24,753,880	78,222	2.49%
Lasco Manufacturing Limited	32,816,914	121,423	3.87%
Lumber Depot Limited	4,000,000	5,880	0.19%
Medical Disposables & Supplies	1,009,026	4,208	0.13%
Paramount Trading (Jamaica) Limited	2,844,270	3,840	0.12%
Salada Foods Limited	408,362	10,209	0.33%
Seprod Limited	5,879,298	376,393	12.00%
Tropical Battery Company Ltd	1,114,262	1,304	0.04%
Wisynco Group Limited	30,964,303	501,930	16.01%
Total quoted equities	291,842,276	3,145,530	100%

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

6. Financial Assets at Fair Value through Profit or Loss (Continued)

The Fund is structured to track the Manufacturing and Distribution Index, an index created by the JSE which is constituted of equity securities listed on the JSE from the manufacturing and distribution sector. The Index will vary from time to time and the investment manager will seek to track same on an ongoing basis and shall rebalance the composition of the securities held by the fund on a monthly basis, if required, in order to track the index as closely as possible.

In 2020, the performance of the Fund was directly impacted by the economic effects of the novel Coronavirus (COVID-19) pandemic through its equities investments as the Jamaican Stock Exchange saw a significant decline across all indices resulting in unrealised fair value losses recorded on most of the positions held by the Fund. In the current year, the Jamaica Stock Exchange saw improvements in the indices relative to the previous period this was largely driven by the manufacturing sector lead by positive financial performance of companies in the food manufacturing and construction segments. This resulted in an improvement in the unrealised fair value gains recorded on positions held at the end of 2021.

7. Cash and Cash Equivalents

Cash and cash equivalents comprises:

	2021 $'000	2020 $'000
Cash at bank	21,218	57,783
Securities purchased under agreements to resell (with original maturity of less than 90 days)	36,602	70,755
	57,820	128,538

The weighted average effective interest rate on the securities purchased under agreements to resell was 2.50% (2020 - 2.31%).

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

8. Related Party Balances and Transactions

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

Related parties include directors, key management and companies for which the Fund and the Company are provided with management services.

The fund manager, Sagicor Investments Jamaica Limited is part of Sagicor Group Jamaica Limited and therefore related companies include Sagicor Group Jamaica Limited and its fellow subsidiaries, associated companies, related entities including funds managed by Sagicor Group Jamaica Limited and related entities. Based on the structure of the fund, all these parties would be classified as other related parties.

(a) Related party transactions

The following transactions were carried out with related parties:

(i) Income –

	2021 $'000	2020 $'000
Interest income – Sagicor Investments Jamaica Limited	1,397	1,924
Interest income- Sagicor Bank Jamaica Limited	72	-
	1,469	1,924

(ii) Expenses –

	2021 $'000	2020 $'000
(i) Sagicor Bank Jamaica Limited		
Bank charges	15	15
(ii) Sagicor Investments Jamaica Limited		
Management fees	12,103	11,137
Trade commission	491	1,034
Interest expense	-	23
	12,594	12,194

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

8. Related Party Balances and Transactions (Continued)

(a) Related party transactions

(iii) Other – Dividends paid

	2021 $'000	2020 $'000
Sagicor Sigma Global Funds – Sigma Equity	39,286	-
Sigma Pooled Equity Fund	9,238	-
Sagicor Sigma Global Funds – Sigma Diversified Investor	2,146	-
Sagicor Sigma Global Funds – Sigma Global Venture	3,611	-
Advantage General Insurance Company Limited	1,782	
	56,063	-

The following has been charged in arriving at Net Income for the period:

	2021 $'000	2020 $'000
Directors' emoluments –		
Director Fees	1,976	1,976

(b) Year-end balances arising from operations

Year-end balances arising from transactions are as follows:

	2021 $'000	2020 $'000
(i) Cash and cash equivalents (Note 7)		
Sagicor Bank Jamaica Limited	21,218	57,783
Sagicor Investments Jamaica Limited	36,602	70,755
	57,820	128,538
(ii) Due to related party -		
Sagicor Investments Jamaica Limited	8,210	629

MANUFACTURING AND DISTRIBUTION SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

8. Related Party Balances and Transactions (Continued)

During the year the Fund obtained a short term loan totalling $Nil (2020 - $70,000,000) from Sagicor Investments Jamaica Limited. The interest rate on this loan was Nil (2020 - 0.75%) per annum. The loan was fully repaid during the year.

Net Debt Reconciliation

The table below details changes in the Fund's liabilities arising from financing activities.

	Related party loans 2021 $'000	Related party loans 2020 $'000
At 1 January		
Cash movements -		
Repayment of principal	-	(70,000)
Repayment of interest	-	(23)
Loan received	-	70,000
Non-cash movement -		
Interest charge	-	23
At 31 December	-	-

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

9. Share Capital

The Fund's authorised share capital is indefinite with no par value. These are issued as Class B shares, which carry equal voting rights, are entitled to dividends and are entitled to a proportionate share of the Fund's capital and reserves attributable to equity holders of the Fund. All issued shares are fully paid.

On 19 August 2019, the Fund issued 1,100,000,000 ordinary stock units with value of $1,100,000,000

On 4 December 2019, the Fund issued an additional 2,716,612,000 ordinary stock units with value of $2,683,443,000. The Fund incurred transaction costs $31,435,000 for the issue.

10. Earnings per Stock Unit and Net Assets Value per Stock Unit

Basic earnings per stock unit is calculated by dividing the income/(loss) for the year by the weighted average number of ordinary stock units in issue during the year.

	2021	2020
Income/(loss) for the year ($'000)	866,777	(677,585)
Weighted average number of ordinary stock units in issue ('000)	3,816,612	3,816,612
Earnings per stock unit – basic and diluted ($)	0.23	(0.18)

Net asset value per stock unit is calculated by dividing the net asset value at the end of the year by the number of ordinary stock units in issue.

	2021	2020
Net asset value ($'000)	4,063,717	3,266,402
Number of ordinary stock units in issue ('000)	3,816,612	3,816,612
Net asset value per stock unit ($)	1.06	0.86

11. Dividends

Dividends paid to shareholders:

		2021 $'000	2020 $'000
First interim dividend paid July 2, 2021 (per unit)	$0.0105	40,074	-
Final dividend for 2021, paid December 16, 2021(per unit)	$0.0077	29,388	-
		69,462	-

MANUFACTURING AND DISTRIBUTION SELECT FUND

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

12. Fair Values of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. As all the Fund's investments are quoted equities in an active market the investments are classified as level 1 in the fair value hierarchy.

13. Segment Reporting

The Board of Directors makes the strategic resource allocations on behalf of the Fund. The Fund has determined the operating segments based on the reports reviewed by the Board of Directors, which are used to make strategic decisions.

The Board of Directors are responsible for the Fund's portfolio and considers the Fund to have a single operating segment. The Board of Directors' asset allocation decisions are based on a single, integrated investment strategy, and the Fund's performance is evaluated on an overall basis.

The internal reporting provided to the Board of Directors for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS.

The Fund has no assets classified as non-current assets.

At 31 December, there was one stockholder who held more than 10% of the Manufacturing and Distribution Select Fund's net asset value. Their holding was 43.89% (2020- 44%) and the stockholder is a related party, Sagicor Sigma Global Funds – Sigma Equity.

DISCLOSURE OF SHAREHOLDING

For Sagicor Select Funds Limited - Financial

As at December 31, 2021

TOP TEN SHAREHOLDERS - FINANCIAL				
	PRIMARY ACCOUNT HOLDER	JOINT HOLDER(S)	VOLUME	PERCENTAGE
1.	JCSD TRUSTEE SERVICES LTD - SIGMA EQUITY			
			-	0.0000%
			1,290,668,650	25.3072%
		Client total ownership	1,290,668,650	25.3072%
2.	PANJAM INVESTMENT LIMITED			
			251,981,715	4.9408%
		Client total ownership	251,981,715	4.9408%
3.	JCSD TRUSTEE SERVICES LTD - SIGMA DIVERSIFIED INVESTOR			
			250,500,000	4.9118%
		Client total ownership	250,500,000	4.9118%
4.	SAGICOR EQUITY FUND			
			145,506,312	2.8531%
		Client total ownership	145,506,312	2.8531%
5.	SAGICOR POOLED EQUITY FUND			
			84,900,212	1.6647%
		Client total ownership	84,900,212	1.6647%
6.	JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE			
			81,679,107	1.6016%
		Client total ownership	81,679,107	1.6016%
7.	PAM - POOLED EQUITY FUND			
			69,865,774	1.3699%
			1,953,149	0.0383%
		Client total ownership	71,818,923	1.4082%
8.	DEAN M. NATHAN			
			67,689,257	1.3272%
		Client total ownership	67,689,257	1.3272%
9.	BRITISH CARIBBEAN INSURANCE CO. LTD.			
			52,287,880	1.0253%
		Client total ownership	52,287,880	1.0253%
10.	BULL INVESTMENTS LIMITED			
			14,000,000	0.2745%
		Client total ownership	14,000,000	0.2745%
	Total Issued Capital		5,100,000,000	
	Total Units Owned by Top 10 Shareholders		2,311,032,056	
	Total Percentage Owned by Top 10 Shareholders		45.3144%	

DISCLOSURE OF SHAREHOLDING (CONT'D)

For Sagicor Select Funds Limited - Financial

As at December 31, 2021

DIRECTORS AND THEIR CONNECTED PARTIES - FINANCIAL

DIRECTOR	PRIMARY NAME JOINT HOLDER (S)	RELATIONSHIP	VOLUME	PERCENTAGE
Omar Brown				
	Omar Brown	Self	0.0	0.000%
	Poliana Brown	Connected	0.0	0.000%
		Director Holdings	0.0	0.000%
		Connected Party	0.0	0.000%
		Combined Holdings	0.0	0.000%
Faith Vincent				
	Faith Vincent	Self	102,000	0.003%
	Jason Adams	Connected	31,625	0.001%
	Jason Adams		25,000	0.001%
		Director Holdings	102,000	0.003%
		Connected Party	56,625	0.001%
		Combined Holdings	158,625	0.004%
Colin Steele				
	Colin Steele	Self	3,000,000	0.079%
		Director Holdings	3,000,000	0.079%
		Connected Party	-	0.000%
		Combined Holdings	3,000,000	0.079%
Janene Shaw				
	Janene Shaw	Self	0.0	0.000%
		Director Holdings	0.0	0.000%
		Connected Party	0.0	0.000%
		Combined Holdings	0.0	0.000%
Daniella Silvera				
	Daniella Silvera	Self	0.0	0.000%
	David Silvera	Connected	153,000	0.004%
		Director Holdings	-	0.000%
		Connected Party	-	0.000%
		Combined Holdings	153,000	0.004%
Warren Chin				
	Warren Chin	Self	4,730,409	0.124%
	Sheray Chin	Connected	-	0.000%
		Director Holdings	4,730,409	0.124%
		Connected Party	-	0.000%
		Combined Holdings	4,730,409	0.124%
Issued Shares			5,100,000,000	
Combined Directors' Holdings			7,832,409	0.154%
Combined Connected Party Holdings			209,625	0.004%
Combined Holdings			8,042,034	0.158%

DISCLOSURE OF SHAREHOLDING (CONT'D)

For Sagicor Select Funds Limited - Manufacturing & Distribution

As at December 31, 2021

TOP TEN SHAREHOLDERS - MANUFACTURING & DISTRIBUTION				
	PRIMARY ACCOUNT HOLDER	JOINT HOLDER(S)	VOLUME	PERCENTAGE
1.	JCSD TRUSTEE SERVICES LTD - SIGMA EQUITY			
			2,158,381,094	56.5523%
		Client total ownership	2,158,381,094	56.5523%
2.	SAGICOR POOLED EQUITY FUND			
			507,526,881	13.2978%
		Client total ownership	507,526,881	13.2978%
3.	JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE			
			198,436,820	5.1993%
		Client total ownership	198,436,820	5.1993%
4.	JCSD TRUSTEE SERVICES LTD - SIGMA DIVERSIFIED INVESTOR			
			117,894,604	3.0890%
		Client total ownership	117,894,604	3.0890%
5.	ADVANTAGE GENERAL INSURANCE COMPANY			
			97,890,000	2.5648%
		Client total ownership	97,890,000	2.5648%
6.	JCSD TRUSTEE SERVICES LTD. A/C #76579-02			
			85,000,000	2.2271%
		Client total ownership	85,000,000	2.2271%
7.	PAM - POOLED EQUITY FUND		32,223,947	0.8443%
			2,300,000	0.0603%
		Client total ownership	34,523,947	0.9046%
8.	LLOYD H. DENNIS			
		IAN A. IVES	13,843,263	0.3627%
		Client total ownership	13,843,263	0.3627%
9.	DONALD R. GORDON			
			13,000,000	0.3406%
		Client total ownership	13,000,000	0.3406%
10.	BRUCE R. V. JAMES			
			5,000,000	0.1310%
		Client total ownership	5,000,000	0.1310
	Total Issued Capital		3,816,612,000	
	Total Units Owned by Top 10 Shareholders		3,231,496,609	
	Total Percentage Owned by Top 10 Shareholders		84.6692%	

DISCLOSURE OF SHAREHOLDING (CONT'D)

For Sagicor Select Funds Limited - Manufacturing & Distribution

As at December 31, 2021

DIRECTORS AND THEIR CONNECTED PARTIES - MANUFACTURING & DISTRIBUTION				
	PRIMARY NAME			
DIRECTOR	JOINT HOLDER (S)	RELATIONSHIP	VOLUME	PERCENTAGE
Omar Brown				
	Omar Brown	Self	-	0.0%
	Polliana Brown	Connected	-	0.0%
		Director Holdings	-	0.0%
		Connected Party	-	0.0%
		Combined Holdings	-	0.0%
Faith Vincent				
	Faith Vincent	Self	-	0.0%
	Jason Adams	Connected	-	0.0%
		Director Holdings	-	0.0%
		Connected Party	-	0.0%
		Combined Holdings	-	0.0%
Colin Steele				
	Colin Steele	Self	-	0.000%
		Director Holdings	-	0.000%
		Connected Party	-	0.000%
		Combined Holdings	-	0.000%
Janene Shaw				
	Janene Shaw	Self	-	0.000%
		Director Holdings	-	0.000%
		Connected Party	-	0.000%
		Combined Holdings	-	0.000%
Daniella Silvera				
	Daniella Silvera	Self	-	0.000%
	David Silvera	Connected	-	0.000%
		Director Holdings	-	0.000%
		Connected Party	-	0.000%
		Combined Holdings	-	0.000%
Warren Chin				
	Warren Chin	Self	2,606,327	0.068%
	Sheray Chin	Connected	-	0.000%
		Director Holdings	2,606,327	0.068%
		Connected Party	-	0.000%
		Combined Holdings	2,606,327	0.068%
Issued Shares			3,816,612,000	
Combined Directors' Holdings			2,606,327	0.068%
Combined Connected Party Holdings			-	0.000%
Combined Holdings			2,606,327	0.068%

NOTES

FORM OF PROXY

Sagicor SELECTFUNDS

I/We ..... [insert name]

of ..... [address]

being a shareholder(s) of the above-named Company, hereby appoint:

..... [proxy name]

of ..... [address]

or failing him/her, ... [alternate proxy]

of ..... [address]

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at The Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5 on Thursday, May 26, 2022 at 3:00 p.m. and at any adjournment thereof.

This Form is to be used as instructed. Unless otherwise instructed the Proxy Form will be used as he/she thinks fit. Please tick appropriate box.

ORDINARY RESOLUTIONS		
	FOR	AGAINST
Resolution 1		
Resolution 2		
Resolution 3 (a)		
Resolution 3 (b)		
Resolution 4 (a)		
Resolution 4 (b)		
Resolution 5		

$100
POSTAGE
STAMP
Affix Here

Signed this _____ day of _____ 2022

Print Name:_____Signature:_____

NOTES:

1. To be valid, this Form of Proxy must be completed and lodged with the Registrar of the Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston, Jamaica, W.I., not less than forty-eight (48) hours before the time for holding the meeting.
2. The Proxy Form should bear stamp duty of $100.00 which may be adhesive and duly cancelled by the persons signing the proxy form.
3. If the appointer is a Corporation, this Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.

YOUR SHARE OF
WEALTH



- Financial Select Fund
- Manufacturing & Distribution Select Fund