

The Immortelle Income and Growth Fund

Financial Statements

30 June 2015



First Citizens

Independent Auditors' Report

To the Unitholders of The Immortelle Income and Growth Fund

We have audited the accompanying financial statements of The Immortelle Income and Growth Fund, which comprise the statement of financial position as at 30 June 2015, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustee's Responsibility for the Financial Statements

The Trustee is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustees, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Immortelle Income and Growth Fund as of 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF

30 September 2015
Port of Spain
Trinidad, West Indies

Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)

	Notes	2015 \$	As at 30 June 2014 \$
Assets:			
Cash and cash equivalents	4	8,383,636	7,283,333
Income receivable		187,191	144,223
Due from related parties		39,593	34,382
Financial assets available-for-sale	5	44,415,405	27,526,704
Total Assets		53,025,825	34,988,642
Liabilities:			
Management and Trustee fees payable		75,597	29,270
Other payables		145,524	800,827
Total Liabilities		221,121	830,097
Equity:			
Net assets attributable to unitholders	6	52,804,704	34,158,545
Total Liabilities and Equity		53,025,825	34,988,642

These financial statements were approved by the Trustee and authorised for issue on 30 September 2015.

Trustee:  Trustee: 

(The accompanying notes form a part of these financial statements.)

Statement of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

	For the year ended 30 June	
	2015 \$	2014 \$
Income:		
Net investment income	1,141,242	1,002,267
Gain on sale of investments	—	230,329
Total Income	1,141,242	1,232,596
Expenses:		
Management and Trustee fees	800,136	548,685
Other administration expenses	(337,886)	155,471
Foreign exchange loss	24,691	36,852
Total Expenses	486,941	741,008
Net income for the year	654,301	491,588
Other Comprehensive Income for the year		
Fair value (losses)/gains arising during the year	(160,944)	1,113,279
Total Comprehensive Income for the year	493,357	1,604,867

(The accompanying notes form a part of these financial statements.)

Statement of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

	Net Assets Attributable to Unitholders \$	Fair Value Reserve \$	Retained Surplus \$	Total Equity \$
Year ended 30 June 2015				
Balance at beginning of year	28,622,666	4,474,810	1,061,069	34,158,545
Comprehensive Income:				
Operating profit for the year	—	—	654,301	654,301
Other comprehensive income for the year	—	(160,944)	—	(160,944)
Total Comprehensive Income	—	(160,944)	654,301	493,357
Transactions with unitholders:				
Subscriptions	21,543,177	—	—	21,543,177
Redemptions	(2,879,056)	—	—	(2,879,056)
Distributions to unitholders	—	—	(511,319)	(511,319)
Total transactions with unitholders	18,664,121	—	(511,319)	18,152,802
Balance at end of year	47,286,787	4,313,866	1,204,051	52,804,704
Year ended 30 June 2014				
Balance at beginning of year	25,118,902	3,361,531	742,428	29,222,861
Comprehensive Income:				
Operating profit for the year	—	—	491,588	491,588
Other comprehensive income for the year	—	1,113,279	—	1,113,279
Total Comprehensive Income	—	1,113,279	491,588	1,604,867
Transactions with unitholders:				
Subscriptions	10,634,762	—	—	10,634,762
Redemptions	(7,130,998)	—	—	(7,130,998)
Distributions to unitholders	—	—	(172,947)	(172,947)
Total transactions with unitholders	3,503,764	—	(172,947)	3,330,817
Balance at end of year	28,622,666	4,474,810	1,061,069	34,158,545

(The accompanying notes form a part of these financial statements.)

The Immortelle Income and Growth Fund

Financial Statements

30 June 2015



First Citizens

Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

	For the year ended	
	2015	2014
	\$	\$
Operating Activities:		
Net income for the year	654,301	491,588
Adjustment for items not involving cash:		
Appreciation cost of units redeemed	(445,543)	(2,924,301)
Net cash from operating activities before working capital changes	208,758	(2,432,713)
Net change in accounts receivable	(48,179)	(14,596)
Net change in accounts payable	(608,976)	24,679
Cash used in Operating Activities	(448,397)	(2,422,630)
Investing Activities:		
Net purchase of financial assets available-for-sale	(27,295,460)	(7,420,255)
Proceeds from disposal/redemption of financial assets available-for-sale	10,245,815	2,903,957
Cash used in Investing Activities	(17,049,645)	(4,516,298)
Financing Activities:		
Subscriptions (net of distribution to unitholders)	21,031,858	10,461,815
Redemptions	(2,433,513)	(4,206,697)
Cash provided by Financing Activities	18,598,345	6,255,118
Increase/(decrease) in cash and cash equivalents for the year	1,100,303	(683,810)
Cash and cash equivalents at the beginning of the year	7,283,333	7,967,143
Cash and cash equivalents at the end of the year	8,383,636	7,283,333

(The accompanying notes form a part of these financial statements.)

Notes to the Financial Statements

(Expressed in Trinidad and Tobago Dollars)

1. Description of the Fund:

(a) General -

The Immortelle Income and Growth Fund (the Fund) is an open ended Mutual Fund in which units are issued. It was established by First Citizens Bank Limited under a Trust Deed dated 11 July 2005 in order to facilitate participation in the domestic, regional and international corporate and government sectors by the investing public through the purchase of units in the Fund. Operations commenced on 15 September 2005. The Investment Manager of the Fund is First Citizens Asset Management Limited. Under a Supplemental Trust Deed dated 24 July 2007, First Citizens Trustee Services Limited was appointed Trustee of the Fund.

(b) Subscriptions -

Subscriptions to the Fund are made by investors and are based on the net asset value per unit determined on each business day. Units may be subscribed at a minimum value of **TT\$500**.

(c) Redemptions -

Redemptions from the Fund will be at the redemption price less any stamp duty or taxation leviable thereon on the relevant redemption date. The redemption price will be the Net Asset Value per Unit calculated at the close of the business day on which the redemption form was submitted.

The Trustee/Custodian applies a redemption charge as follows: -

- Not to exceed 2.5% per annum up to 1 year
- Not to exceed 1.5% per annum from 1-2 years

(d) Distribution -

Distributions are made annually subsequent to the Fund's financial year. Distributions payable will ordinarily be reinvested automatically in additional units of the Fund at the issue price at the relevant distribution date, unless investors request a cash distribution.

(e) Management fees -

Management fees are paid to the Trustee and the Distribution Agent, each at a rate of 0.25% per annum on the average Net Asset Value of the Fund. The Investment Manager is paid up to a maximum of 2% per annum on the average Net Asset Value of the Fund.

(f) Taxation -

Tax on interest income is withheld on distributions paid to non-resident unitholders at rates applicable to the country in which the unitholders reside.

2. Summary of Significant Accounting Policies:

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

(a) Basis of preparation -

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention, as modified by the revaluation of financial assets available-for-sale.

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

(i) Standards, amendments and interpretations which are effective and have been adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2015 that would be expected to have a material impact on the Fund.

(ii) Standards effective after 1 July 2015 that have been early adopted by the Fund

The Fund has not early adopted any new standards, interpretations or amendments.

(iii) Standards, amendments and interpretations issued but not yet effective and not early adopted by the Fund (although relevant to the Fund's operations):

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015, and have not been applied in preparing these financial statements. These are not expected to have a significant effect on the financial statements of the Fund with the exception of the following set out below:

- Annual improvements 2014. Effective for annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - IFRS 5 – 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
 - IFRS 7 – 'Financial instruments: Disclosure' (with consequential amendments to IFRS 1) regarding servicing contracts.
 - IAS 19 – 'Employee benefits' regarding discount rates.
 - IAS 34 – 'Interim financial reporting regarding disclosure of information'.
- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative. Effective annual periods beginning on or after 1 January 2016, subjective to EU endorsement. These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports.
- IFRS 9 – 'Financial instruments' – classification and measurement. Effective annual periods beginning on or after 1 January 2018. This new standard on classification and measurement of financial assets and financial liabilities will replace the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. The standard also includes an expected credit losses model that replaces the current incurred loss impairment model.
- (iv) Standards, amendments and interpretations issued which are not yet effective and not relevant to the Fund
 - IFRS 11 – Joint Arrangement on acquisition of an interest in a joint operation - Amendment (effective for accounting periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendment specifies the appropriate accounting treatment for such acquisitions in accordance with that type of joint arrangement.
 - IAS 16 - Property, plant and equipment and IAS 38, Intangible assets, on depreciation and amortisation – Amendment (effective for annual periods beginning on or after 1 January 2016). In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
 - IFRS 14 - Regulatory deferral accounts – (effective for annual periods beginning on or after 1 January 2016). IFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

The Immortelle Income and Growth Fund

Financial Statements

30 June 2015



First Citizens

Notes to the Financial Statements (continued)

(Expressed in United States dollars)

2. Summary of Significant Accounting Policies (Cont'd):

(a) Basis of preparation (cont'd) –

(iv) *Standards, amendments and interpretations issued which are not yet effective and not relevant to the Fund (cont'd)*

- IFRS 9 - Financial instruments, regarding general hedge accounting – Amendments (effective for annual periods beginning on or after 1 January 2018). These amendments to IFRS 9, 'Financial instruments', bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

(b) Foreign currency transactions -

Functional and presentation currency

The financial statements are presented in Trinidad and Tobago dollars which is the Fund's functional and presentational currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(c) Financial assets available-for-sale -

The Fund classifies its financial assets as available-for-sale. Management determines the classification of its financial assets at initial recognition. Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale.

Recognition/de-recognition

All purchases and sales of financial assets available-for-sale are recognised on the trade date, that is, the date on which the Fund commits to purchase or sell the financial asset. Financial assets available-for-sale are de-recognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all risks and rewards of ownership.

Measurement

Financial assets available-for-sale are initially recognised at fair value plus transaction costs. Subsequent to initial recognition, financial assets available-for-sale are carried at fair value. Gains and losses arising from changes in the fair value of financial assets available-for-sale are recognised directly in the Investment Fair Value Reserve, until the financial asset is derecognised or impaired. At this time, the cumulative gain or loss previously recognised in the Investment Fair Value Reserve is recognised in the Statement of Comprehensive Income.

Fair value estimation

The fair values of quoted financial assets in active markets are based on current bid prices. If there is no active market for a financial asset, the Fund establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

(d) Impairment of financial assets -

The Fund assesses at each Statement of Financial Position date whether there is objective evidence that a financial asset is impaired. In the case of equity financial assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for financial assets available-for-sale, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Statement of Comprehensive Income – is removed from the Investment Fair Value Reserve and recognised in the Statement of Comprehensive Income. Impairment losses recognised in the Statement of Comprehensive Income on equity instruments are not reversed through the Statement of Comprehensive Income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increased and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Statement of Comprehensive Income, the impairment loss is reversed through the Statement of Comprehensive Income.

Objective evidence that a financial asset available-for-sale is impaired includes observable data that comes to the attention of the Fund about the following loss events:

- a significant financial difficulty of the issuer or debtor;
- a breach of contract, such as default or delinquency in payment;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for the financial asset because of financial difficulties; and
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of individual assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group including:
 - adverse changes in the payment status of issuers or debtors in the group
 - national or local economic conditions that correlate with defaults on assets in the group

(e) Cash and cash equivalents -

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise of cash in hand, deposits held at call with banks and investment instruments with original maturities less than ninety (90) days, net of bank overdrafts.

(f) Provisions -

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(g) Net Assets Attributable to Unitholders -

Units are redeemable at the unitholder's option subject to certain restrictions as outlined in **Note 1** and are classified as equity. The distribution on these units is recognised in the Statement of Changes in Equity. The units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value as determined under the Trust Deed.

(h) Interest and dividend income -

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method. Dividends on equity instruments are recognised in the Statement of Comprehensive Income when the Fund's right to receive payment is established.

(i) Expenses -

Expenses are accounted for on the accruals basis.

3. Critical Accounting Estimates and Judgments in Applying Accounting Principles:

(a) Impairment Losses on Financial Assets -

The Fund reviews its investment portfolios to assess impairment at least on an annual basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Fund makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from investment securities. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any difference between loss estimates and actual loss experience.

(b) Fair Value of Financial Assets -

The fair values of financial assets that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates.

4. Cash and Cash Equivalents:

	30 June	
	2015	2014
	\$	\$
Balances with bank	8,371,687	7,271,525
Cash equivalents	11,949	11,808
	8,383,636	7,283,333

The Immortelle Income and Growth Fund

Financial Statements

30 June 2015



First Citizens

Notes to the Financial Statements (continued) (Expressed in Trinidad and Tobago Dollars)

5. Financial Assets Available-for-Sale:

	30 June		2014	
	2015 \$	%	\$	%
Equities	20,671,393	46.54	14,943,878	54.29
Government debt securities	12,641,585	28.46	8,603,266	31.25
Corporate debt securities	5,831,660	13.13	2,711,133	9.85
Term deposits	4,022,298	9.06	—	—
Treasury note	1,248,469	2.81	1,268,427	4.61
	44,415,405	100.00	27,526,704	100.00

Movement:

	30 June	
	2015 \$	2014 \$
Balance brought forward	27,526,704	21,897,127
Additions	27,295,460	7,420,255
Disposal/maturities	(10,245,815)	(2,903,957)
Fair value (losses)/gains recognised in equity during the year	(160,944)	1,113,279
Balance carried forward	44,415,405	27,526,704

6. Net Assets Attributable to Unitholders:

	30 June	
	2015 \$	2014 \$
Net Assets Attributable to Unitholders	48,490,838	29,683,735
Equity – Fair Value Reserve	4,313,866	4,474,810
Net Assets attributable to Unitholders – adjusted	52,804,704	34,158,545
Net Assets Attributable to Unitholders – adjusted	52,804,704	34,158,545
Number of units outstanding at end of year	3,988,258	2,594,813
Net Asset Value per unit	13.24	13.16

7. Related Party Transactions:

First Citizens Asset Management Limited acts as the Investment Manager, Distributor and Administrator of the Fund, and receives in return a fee based on the average net asset value of the Fund.

The Trustee of the Fund is First Citizens Trustee Services Limited which receives a fee based on the average net asset value of the Fund.

First Citizens Bank Limited acts as the Bank of the fund with a banking relationship similar to that of any non-related bank.

Total investment management fee for the year, including the outstanding accrued fees due to First Citizens Asset Management Limited at the end of the year, are detailed below.

	30 June	
	2015 \$	2014 \$
Fee for the year	457,221	313,536
Fee accrued at the end of the year	43,199	16,726

Total trustee fees for the year, including the outstanding accrued fees due to First Citizens Trustee Services Limited at the end of the year, are detailed below.

	30 June	
	2015 \$	2014 \$
Fee for the year	114,305	78,383
Fee accrued at the end of the year	10,800	4,181

Total administrator fees for the year, including the outstanding accrued fees due to First Citizens Asset Management Limited at the end of the year are detailed below:

	30 June	
	2015 \$	2014 \$
Fee for the year	114,305	78,383
Fee accrued at the end of the year	10,800	4,181

Total distribution fees for the year, including the outstanding accrued fees due to First Citizens Asset Management Limited at the end of the year, are detailed below.

	30 June	
	2015 \$	2014 \$
Fee for the year	114,305	78,383
Fee accrued at the end of the year	10,800	4,181
Other balances		
Cash and cash equivalents	8,371,687	7,271,525
Financial assets available-for-sale	3,703,169	1,661,045

8. Financial Risk Management:

The Fund's activities expose it to a variety of financial risks and those activities involve the acceptance, analysis 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 aim of the Investment Manager of the Fund is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the fund's financial performance.

The Investment Manager'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.

Risk management is overseen by the Board of Directors of First Citizens Asset Management Limited (FCAML) which has delegated its responsibility to an Investment Committee that is responsible for the supervision of the fiduciary investment activities of FCAML and the approval of investment instruments. The Investment Committee is guided by the Investment Management Policy Manual which provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

The most important types of financial risk are credit risk, market risk and liquidity risk. Market risk includes currency risk, interest rate and other price risk.

(a) Credit Risk

(i) Definition

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

(ii) Management of risk

Credit risk is mitigated to some extent by limiting the Fund's exposure. The Fund also reduces this risk by prudent credit analysis of issuers to restrict questionable credits in the Fund.

(iii) Maximum exposure to credit risk before collateral held or other credit enhancements

The following table shows assets bearing credit risk for the Fund:

	30 June	
	2015 \$	2014 \$
Cash and cash equivalents	8,383,636	7,283,333
Income receivable	187,191	144,223
Due from related parties	39,593	34,382
Financial assets available-for-sale-debt securities	23,744,012	12,582,825
	32,354,432	20,044,763

(iv) Credit quality of financial assets

All assets bearing credit risk at the Statement of Financial Position date were fully-performing and no internal or independent ratings were available for these assets.

The Immortelle Income and Growth Fund

Financial Statements

30 June 2015



First Citizens

Notes to the Financial Statements (continued)

(Expressed in Trinidad and Tobago Dollars)

8. Financial Risk Management (Cont'd):

(a) Credit Risk (cont'd)

(v) Concentration of risks of financial assets with credit exposure

	Financial Institutions \$	Public Sector \$	Private Sector \$	Total \$
30 June 2015				
Cash and cash equivalents	8,383,636	—	—	8,383,636
Income receivable	64,696	120,551	1,944	187,191
Due from related parties	39,593	—	—	39,593
Financial assets available-for-sale – debt securities	9,402,875	13,890,055	451,082	23,744,012
	17,890,800	14,010,606	453,026	32,354,432

	Financial Institutions \$	Public Sector \$	Private Sector \$	Total \$
30 June 2014				
Cash and cash equivalents	7,283,333	—	—	7,283,333
Income receivable	38,074	103,962	2,187	144,223
Due from related parties	34,382	—	—	34,382
Financial assets available-for-sale – debt securities	9,358,754	2,711,133	512,938	12,582,825
	16,714,543	2,815,095	515,125	20,044,763

(b) Market Risk -

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

Currency risk

(i) Definition

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

(ii) Management of risk

The majority of the Fund's assets are denominated in Trinidad and Tobago dollars with an insignificant portion denominated in United States dollars. All of the Fund's liabilities are denominated in Trinidad and Tobago dollars. The strategy is to minimise the amount of assets held in currencies other than Trinidad and Tobago dollars.

(iii) Concentration of currency risk

The following table analyses the Fund's assets and liabilities by currency:

	TTD \$	USD \$	Total \$
30 June 2015			
Cash and cash equivalents	8,123,131	260,505	8,383,636
Income receivable	187,191	—	187,191
Due from related parties	39,593	—	39,593
Financial assets available-for-sale	37,226,242	7,189,163	44,415,405
Total assets	45,576,157	7,449,668	53,025,825
Management and trustee fees payable	75,597	—	75,597
Other payables	145,524	—	145,524
Total liabilities	221,121	—	221,121
Net position	45,355,036	7,449,668	52,804,704

The following table analyses the Fund's assets and liabilities by currency:

	TTD \$	USD \$	Total \$
30 June 2014			
Cash and cash equivalents	7,236,003	47,330	7,283,333
Income receivable	144,223	—	144,223
Due from related parties	34,382	—	34,382
Financial assets available-for-sale	25,013,677	2,513,027	27,526,704
Total assets	32,428,285	2,560,357	34,988,642
Management and trustee fees payable	29,270	—	29,270
Other payables	800,827	—	800,827
Total liabilities	830,097	—	830,097
Net position	31,598,188	2,560,357	34,158,545

(iv) Sensitivity analysis for currency rate risk

The table below summarises the Fund's sensitivity to a reasonable change in the foreign exchange rate between the US Dollar and TT Dollar with all other variable held constant on equity.

	30 June	
	Effect on Equity 2015 \$	Effect on Equity 2014 \$
Change in foreign exchange rate		
-100bps	(74,497)	(25,604)
100bps	74,497	25,604

Interest Rate Risk

(i) Definition

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(ii) Management of risk

The Fund's available-for-sale financial assets are exposed to interest rate risk. This risk that future cash flows or values of financial assets will fluctuate based on changes in market interest rates. The risk is managed by maintaining fixed rate instruments with an appropriate mix of maturity profiles.

(iii) Concentration of Interest Rate Risk

The table below summarises the Fund's exposure to interest rate risk. Included in the table are the Fund's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Up to one year \$	One to five years \$	Over five years \$	Non-interest bearing \$	Total \$
30 June 2015					
Cash and cash equivalents	8,383,636	—	—	—	8,383,636
Income receivable	—	—	—	187,191	187,191
Due from related parties	—	—	—	39,593	39,593
Financial assets available-for-sale	6,934,065	5,494,981	11,314,966	20,671,393	44,415,405
Total assets	15,317,701	5,494,981	11,314,966	20,898,177	53,025,825
Management and trustee fees payable	—	—	—	75,597	75,597
Other payables	—	—	—	145,524	145,524
Total liabilities	—	—	—	221,121	221,121
Interest Sensitivity Gap	15,317,701	5,494,981	11,314,966	20,677,056	52,804,704

The Immortelle Income and Growth Fund

Financial Statements

30 June 2015



First Citizens

Notes to the Financial Statements (continued)

(Expressed in Trinidad and Tobago Dollars)

8. Financial Risk Management (Cont'd):

(b) Market Risk (cont'd)

Interest Rate Risk (cont'd)

(iii) Concentration of Interest Rate Risk (cont'd)

	Up to one year \$	One to five years \$	Over five years \$	Non-interest bearing \$	Total \$
30 June 2014					
Cash and cash equivalents	7,283,333	—	—	—	7,283,333
Income receivable	—	—	—	144,223	144,223
Due from related parties	—	—	—	34,382	34,382
Financial assets available-for-sale	2,739,348	3,689,880	6,153,598	14,943,878	27,526,704
Total assets	10,022,681	3,689,880	6,153,598	15,122,483	34,988,642
Management and trustee fees payable	—	—	—	29,270	29,270
Other payables	—	—	—	800,827	800,827
Total liabilities	—	—	—	830,097	830,097
Interest Sensitivity Gap	10,022,681	3,689,880	6,153,598	14,292,386	34,158,545

(iv) Sensitivity analysis for interest rate risk

The table below summarises the Fund's sensitivity to a reasonable change in the market interest rate with all other variable held constant on equity before distributions to unitholders are considered.

	30 June	
	Effect on Equity 2015 \$	Effect on Equity 2014 \$
Change in interest rate		
- 100bps	833,020	522,793
100bps	(833,020)	(522,793)

Price Risk

(i) Definition

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity securities price risk.

(ii) Management of risk

The Fund invests in financial assets that are traded on registered exchanges and private placements.

Market price risk is managed through a diversification of the financial assets portfolio. The managers of the Fund set prudent exposure limits among its assets classes.

The Fund's overall investment exposures are monitored on a daily basis and are reviewed monthly by the Investment Manager.

(c) Liquidity Risk

(i) Definition

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

(ii) Management of risk

The Fund is exposed to daily cash redemption of units. At least 16% of the investment portfolio is held in cash and cash equivalents.

(d) Fair value estimation

IFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2015				
Financial assets available-for-sale:				
Government debt securities	—	12,641,585	—	12,641,585
Corporate debt securities	—	5,831,659	—	5,831,659
Term deposits	—	4,022,298	—	4,022,298
Treasury note	—	1,248,470	—	1,248,470
Equities	20,671,393	—	—	20,671,393
Total financial assets available-for-sale	20,671,393	23,744,012	—	44,415,405

30 June 2014

Financial assets available-for-sale:

Government debt securities	—	—	—	—
Corporate debt securities	—	9,871,693	—	9,871,693
Term deposits	—	2,711,133	—	2,711,133
Treasury note	—	—	—	—
Equities	14,943,878	—	—	14,943,878
Total financial assets available-for-sale	14,943,878	12,582,826	—	27,526,704

9. Contingencies and Commitments:

The Fund has no undisclosed contingent liabilities or commitments which have not been provided for in these financial statements.

10. Subsequent events:

There are no events which have taken place after the statement of financial position date which would affect the carrying values of the Fund's assets and liabilities at that date.