The Immortelle Income and Growth Fund
Financial Statements
30 June 2017

First Citizens

Statement of Trustee's Responsibilities

The Trustee is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of The Immortelle Income and Growth Fund, which comprise the statement of financial position as at 30 June 2017, 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;
- Ensuring that the Fund keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Fund's assets, detection/prevention of fraud, and the achievement of the Fund's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, the Trustees utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, the Trustees chose those considered most appropriate in the circumstances.

Nothing has come to the attention of the Trustees to indicate that the Fund will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

The Trustee affirms that they have carried out their responsibilities as outlined above.

29 September 2017　　　　29 September 2017

Independent Auditor's Report

To the Unitholders of
The Immortelle Income and Growth Fund

Opinion

We have audited the financial statements of The Immortelle Income and Growth Fund, which comprise the statement of financial position as at 30 June 2017, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Immortelle Income and Growth Fund as at 30 June 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of The Immortelle Income and Growth Fund and the Trustee, First Citizens Asset Management Limited, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Trustee for the Financial Statements

The Trustee is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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, the Trustee 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.

The Trustee is 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement 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 Auditors' report. However, future events or conditions may cause the fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustee 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.

PKF

Port of Spain
TRINIDAD
29 September 2017

Statement of Financial Position
(Expressed in Trinidad and Tobago Dollars)

	Notes	As at 30 June 2017 ($)	2016 ($)
Assets:			
Cash and cash equivalents	4	1,964,644	4,089,240
Income receivable		275,593	186,881
Other receivables		210,000	–
Due from related parties		16,800	25,300
Financial assets available for sale	5	42,832,826	36,407,532
Total Assets		**45,299,863**	**40,708,953**
Liabilities:			
Management and Trustee fees payable		64,694	61,402
Other payables		141,325	141,333
Total Liabilities		**206,019**	**202,735**
Equity:			
Net assets attributable to Unitholders	6	45,093,844	40,506,218
Total Liabilities and Equity		**45,299,863**	**40,708,953**

These financial statements were approved by the Trustee and authorised for issue on 29 September 2017.

Trustee: ______　　　　Trustee: ______

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

The Immortelle Income and Growth Fund
Financial Statements
30 June 2017

First Citizens

Statement of Comprehensive Income
(Expressed in Trinidad and Tobago Dollars)

	For the year ended 30 June 2017 ($)	2016 ($)
Income:		
Net investment income	1,383,366	1,319,713
Gain on sale of investments	185,296	307,696
Foreign exchange gain	–	389,590
Miscellaneous income	4,080	2,373
Total Income	**1,572,742**	**2,019,372**
Expenses:		
Management and Trustee fees	754,634	817,166
Other administration expenses	186,771	190,930
Total Expenses	**941,405**	**1,008,096**
Net income for the year	**631,337**	**1,011,276**
Other Comprehensive Income for the year		
Items that may be reclassified subsequently to profit or loss:		
Fair value gains/(losses) arising during the year	777,343	(2,204,266)
Total Comprehensive Income/(Loss) for the year	**1,408,680**	**(1,192,990)**

(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 2017				
Balance at beginning of year	**36,549,823**	**2,109,600**	**1,846,795**	**40,506,218**
Comprehensive Income:				
Net income for the year	–	–	631,337	631,337
Other comprehensive income for the year	–	777,343	–	777,343
Total Comprehensive Income	–	777,343	631,337	1,408,680
Transactions with unitholders:				
Subscriptions	6,622,394	–	–	6,622,394
Redemptions	(2,904,050)	–	–	(2,904,050)
Distributions to unitholders	–	–	(539,398)	(539,398)
Total Transactions with unitholders	3,718,344	–	(539,398)	3,178,946
Balance at end of year	**40,268,167**	**2,886,943**	**1,938,734**	**45,093,844**
Year ended 30 June 2016				
Balance at beginning of year	**47,286,787**	**4,313,866**	**1,204,051**	**52,804,704**
Comprehensive Income:				
Net income for the year	–	–	1,011,276	1,011,276
Other comprehensive loss for the year	–	(2,204,266)	–	(2,204,266)
Total Comprehensive Income	–	(2,204,266)	1,011,276	(1,192,990)
Transactions with unitholders:				
Subscriptions	11,663,892	–	–	11,663,892
Redemptions	(22,400,856)	–	–	(22,400,856)
Distributions to unitholders	–	–	(368,532)	(368,532)
Total Transactions with unitholders	(10,736,964)	–	(368,532)	(11,105,496)
Balance at end of year	**36,549,823**	**2,109,600**	**1,846,795**	**40,506,218**

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

Statement of Cash Flows
(Expressed in Trinidad and Tobago Dollars)

	For the year ended 30 June 2017 ($)	2016 ($)
Operating Activities:		
Net income for the year	631,337	1,011,276
Adjustment for items not involving cash:		
Appreciation cost of units redeemed	(284,469)	(250,692)
Net cash from operating activities before working capital changes	346,868	760,584
Net change in accounts receivable	(290,212)	14,603
Net change in accounts payable	3,284	(18,386)
Cash provided by Operating Activities	**59,940**	**756,801**
Investing Activities:		
Net purchase of financial assets available for sale	(8,431,916)	(7,529,643)
Proceeds from disposal/redemption of financial assets available for sale	2,783,965	13,333,250
Cash (used in)/provided by Investing Activities	**(5,647,951)**	**5,803,607**
Financing Activities:		
Subscriptions (net of distribution to unitholders)	6,082,996	11,295,360
Redemptions	(2,619,581)	(22,150,164)
Cash provided by/(used in) Financing Activities	**3,463,415**	**(10,854,804)**
Decrease in cash and cash equivalents for the year	(2,124,596)	(4,294,396)
Cash and cash equivalents at the beginning of the year	**4,089,240**	**8,383,636**
Cash and cash equivalents at the end of the year	**1,964,644**	**4,089,240**

(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 to be levied 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

Trustee fees, administration and distribution fees are paid to the Trustee, administrator and the distribution agent at a rate of 0.25% per annum respectively on the average net asset value of the Fund. The Investment Manager is paid up to a maximum of 2.00% 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) New standards, amendments and interpretations which are effective and have been adopted by the Fund.

(a) Annual improvements 2013 (effective for annual periods beginning on or after 1 January 2014 and applicable to the Plan from 1 July 2016). The amendments include changes from the 2011-12-13 cycle of the annual improvements project that affect 4 standards:

- IFRS 1, 'First-time adoption'
- IFRS 3, 'Business combinations'
- IFRS 13, 'Fair value measurement', and
- IAS 40, 'Investment property'.

These improvements did not significantly impact the financial statements of the Fund.

ii) Standards effective after 1 July 2017 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 January 2016, 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:

(a) Annual improvements 2014 (effective from 1 January 2016 and applicable to the Fund from 1 July 2016). This 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: Disclosures', (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.

These improvements are not expected to significantly impact the financial statements of the Fund.

(b) Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative (effective from 1 January 2016 and applicable to the Fund from 1 July 2016). These amendments are part of the IASB's initiative to improve presentation and disclosure in financial reports. These improvements are not expected to significantly impact the financial statements of the Fund.

(c) Amendments to IAS 7, 'Statement of cash flows on disclosure initiative' (effective from 1 January 2017 and applicable to the Fund from 1 January 2017). These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

(d) IFRS 9, 'Financial instruments – classification and measurement' (effective from 1 January 2018 and applicable to the Fund from 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 loss model that replaces the current incurred loss impairment model. While the new standard is expected to significantly impact the Fund's presentation of fair value changes arising on financial assets available for sale, it is not expected to impact the net asset value calculations.

iv) Standards, amendments and interpretations issued which are not yet effective and not relevant to the Fund

(a) Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation (effective annual 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 amendments specify the appropriate accounting treatment for such acquisitions.

(b) Amendments to IAS 16, 'Property, plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants (effective annual periods beginning on or after 1 January 2016). These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

(c) Amendment to IAS 16, 'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortisation (effective 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.

(d) IFRS 14 'Regulatory deferral accounts' (effective annual periods beginning on or after 1 January 2016). This standard 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.

Amendments to IAS 27, 'Separate financial statements' on the equity method (effective annual periods beginning on or after 1 January 2016). These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

(e) Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' (effective annual periods beginning on or after 1 January 2016). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

(f) Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses (effective annual periods beginning on or after 1 January 2017). These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

(g) Amendments to IFRS 2, 'Share-based payments', on clarifying how to account for certain types of share-based payment transactions (effective annual periods beginning on or after 1 January 2018). This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

(h) IFRS 15 'Revenue from contracts with customers' (effective annual periods beginning on or after 1 January 2018). This standard is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

(i) Amendment to IFRS 15, 'Revenue from contracts with customers' (effective annual periods beginning on or after 1 January 2018). These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

(j) IFRS 16 'Leases' (effective annual periods beginning on or after 1 January 2019 with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied. This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(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.

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

2. Summary of Significant Accounting Policies:

(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 de-recognised 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:

(i) a significant financial difficulty of the issuer or debtor;
(ii) a breach of contract, such as default or delinquency in payment;
(iii) it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
(iv) the disappearance of an active market for the financial asset because of financial difficulties; and
(v) 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 Judgements in Applying Accounting Principles:

(a) Impairment Losses on Financial Asset

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 measureable 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 2017 ($)	30 June 2016 ($)
Balances with bank	1,952,370	4,077,197
Cash equivalents	12,274	12,043
	1,964,644	**4,089,240**

5. Financial Assets Available for Sale:

	30 June 2017 ($)		30 June 2016 ($)	
Equities	21,011,924	49.06%	16,753,030	46.02%
Government debt securities	15,299,630	35.72%	12,696,032	34.87%
Corporate debt securities	6,521,272	15.22%	5,711,910	15.69%
Treasury note	–	–	1,246,560	3.42%
	42,832,826	**100.00%**	**36,407,532**	**100.00%**

Movement:	30 June 2017 ($)	30 June 2016 ($)
Balance brought forward	36,407,532	44,415,405
Additions	8,431,916	7,529,643
Disposal/maturities	(2,783,965)	(13,333,250)
Fair value gains/(losses) recognised in equity during the year	777,343	(2,204,266)
Balance carried forward	**42,832,826**	**36,407,532**

6. Net Assets Attributable to Unitholders:

	30 June 2017 ($)	30 June 2016 ($)
Net Assets Attributable to Unitholders	42,206,901	38,396,618
Equity – Fair value reserve	2,886,943	2,109,600
Net Assets attributable to Unitholders – adjusted	**45,093,844**	**40,506,218**
Net Assets Attributable to Unitholders – adjusted	45,093,844	40,506,218
Number of units outstanding at end of year	3,450,246	3,162,473
Net Asset Value per unit	**13.06**	**12.81**

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 2017 ($)	30 June 2016 ($)
Fee for the year	431,219	466,952
Fee accrued at the end of the year	36,968	35,087

7. Related Party Transactions (continued):

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 2017 ($)	30 June 2016 ($)
Fee for the year	107,805	116,738
Fee accrued at the end of the year	9,242	8,772

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 2017 ($)	30 June 2016 ($)
Fee for the year	107,805	116,738
Fee accrued at the end of the year	9,242	8,772

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 2017 ($)	30 June 2016 ($)
Fee for the year	107,805	116,738
Fee accrued at the end of the year	9,242	8,772
Other balances		
Cash and cash equivalents	1,952,370	4,077,197
Financial assets available for sale	2,451,989	2,659,361
Interest receivable	–	4,960

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 2017 ($)	30 June 2016 ($)
Cash and cash equivalents	1,964,644	4,089,240
Income receivable	243,221	186,881
Due from related parties	16,800	25,300
Financial assets available-for-sale-debt securities	21,820,902	19,654,502
	24,045,567	**23,955,923**

(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.

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

	Financial Institutions ($)	Public Sector ($)	Private Sector ($)	Total ($)
30 June 2017				
Cash and cash equivalents	1,964,644	–	–	1,964,644
Income receivable	48,875	13,446	180,900	243,221
Due from related parties	16,800	–	–	16,800
Financial assets available-for-sale-debt securities	5,334,816	1,186,456	15,299,630	21,820,902
	7,365,135	**1,199,902**	**15,480,530**	**24,045,567**
30 June 2016				
Cash and cash equivalents	4,089,240	–	–	4,089,240
Income receivable	42,540	142,639	1,702	186,881
Due from related parties	25,300	–	–	25,300
Financial assets available-for-sale-debt securities	5,340,021	13,942,593	371,888	19,654,502
	9,497,101	**14,085,232**	**373,590**	**23,955,923**

(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:

	TT$ ($)	US$ ($)	Total ($)
30 June 2017			
Cash and cash equivalents	1,879,443	85,201	1,964,644
Income receivable	251,663	23,930	275,593
Other receivables	210,000	–	210,000
Due from related parties	16,800	–	16,800
Financial assets available for sale	33,534,362	9,298,464	42,832,826
Total assets	**35,892,268**	**9,407,595**	**45,299,863**
Management and Trustee fees payable	64,694	–	64,694
Other payables	141,325	–	141,325
Total liabilities	**206,019**	**–**	**206,019**
Net position	**35,686,249**	**9,407,595**	**45,093,844**
30 June 2016			
Cash and cash equivalents	1,840,877	2,248,363	4,089,240
Income receivable	186,881	–	186,881
Due from related parties	25,300	–	25,300
Financial assets available for sale	32,749,145	3,658,387	36,407,532
Total assets	**34,802,203**	**5,906,750**	**40,708,953**
Management and Trustee fees payable	61,402	–	61,402
Other payables	141,333	–	141,333
Total liabilities	**202,735**	**–**	**202,735**
Net position	**34,599,468**	**5,906,750**	**40,506,218**

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

8. Financial Risk Management *(continued):*

(b) Market Risk (continued)

Currency risk (continued)

(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 variables held constant on equity.

	30 June	
	Effect on Equity 2017 ($)	**Effect on Equity 2016 ($)**
Change in foreign exchange rate		
– 100bps	(94,076)	(59,068)
– 100bps	94,076	59,068

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 re-pricing or maturity dates.

	Up to One year ($)	One to Five years ($)	Over Five Years ($)	Non-interest Bearing ($)	Total ($)
30 June 2017					
Cash and cash equivalents	1,964,644	–	–	–	1,964,644
Income receivable	–	–	–	275,593	275,593
Other receivables	–	–	–	210,000	210,000
Due from related parties	–	–	_	16,800	16,800
Financial assets available for sale	3,959,274	4,884,447	12,977,181	21,011,924	42,832,826
Total assets	**5,923,918**	**4,884,447**	**12,977,181**	**21,514,317**	**45,299,863**
Management and Trustee fees payable	–	–	–	64,694	64,694
Other payables	–	–	–	141,325	141,325
Total liabilities	–	–	–	**206,019**	**206,019**
Interest Sensitivity Gap	**5,923,918**	**4,884,447**	**12,977,181**	**21,308,298**	**45,093,844**
30 June 2016					
Cash and cash equivalents	4,089,240	–	–	–	4,089,240
Income receivable	–	–	–	186,881	186,881
Due from related parties	–	–	_	25,300	25,300
Financial assets available for sale	2,243,266	6,981,309	10,429,926	16,753,031	36,407,532
Total assets	**6,332,506**	**6,981,309**	**10,429,926**	**16,965,212**	**40,708,953**
Management and Trustee fees payable	–	–	–	61,402	61,402
Other payables	–	–	–	141,333	141,333
Total liabilities	**–**	**–**	**–**	**202,735**	**202,735**
Interest Sensitivity Gap	**6,332,506**	**6,981,309**	**10,429,926**	**16,762,477**	**40,506,218**

(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 variables held constant on equity before distributions to unitholders are considered.

	30 June	
	Effect on Equity 2017 ($)	**Effect on Equity 2016 ($)**
Change in foreign exchange rate		
– 100bps	452,398	810,342
– 100bps	(452,398)	(810,342)

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 asset 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 judgement, 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 2017				
Financial assets available for sale:				
Government debt securities	–	15,299,630	–	15,299,630
Corporate debt securities	–	6,521,272	–	6,521,272
Equities	21,011,924	–	–	21,011,924
Total financial assets available for sale	**21,011,924**	**21,820,902**	_	**42,832,826**
30 June 2016				
Financial assets available for sale:				
Government debt securities	–	12,696,031	–	12,696,031
Corporate debt securities	–	5,711,910	–	5,711,910
Treasury note	–	1,246,561	_	1,246,561
Equities	16,753,030	–	_	16,753,030
Total financial assets available for sale	**16,753,030**	**19,654,502**	**–**	**36,407,532**

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.