The Paria US$ Monthly Fixed Income Fund
Financial Statements
June 30, 2023
(Expressed in United States Dollars)

First Citizens

Statement of Trustee's Responsibilities

The Trustee, First Citizens Trustee Services Limited, is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of The Paria US$ Monthly Fixed Income Fund, (the "Fund") which comprise the statement of financial position as at June 30, 2023, 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 the 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 complies with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these financial statements, the Trustee 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 the International Financial Reporting Standards presented alternative accounting treatments, the Trustee chose those considered most appropriate in the circumstances.

Nothing has come to the attention of the Trustee 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 it has carried out its responsibilities as outlined above.

Trustee | Trustee

October 12, 2023 | October 12, 2023

Independent Auditor's Report

To the Unitholders of
The Paria US$ Monthly Fixed Income Fund

Opinion

We have audited the financial statements of The Paria US$ Monthly Fixed Income Fund, (the "Fund") which comprise the statement of financial position as at June 30, 2023, the related statements of comprehensive income, changes in equity and cash flows for the year then ended and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

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 are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our 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 the Trustee and Those Charged with Governance for the Financial Statements

The Trustee is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the Trustee 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 the Trustee 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.

Independent Auditor's Report (continued)

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 the Trustee'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.

BDO

October 12, 2023
Port of Spain,
Trinidad, West Indies

Statement of Financial Position
As at June 30, 2023

	Notes	2023	2022
Assets			
Investment securities			
- Fair value through other comprehensive income (FVOCI)	4a	68,613,910	79,393,959
- Fair value through profit or loss (FVPL)	4b	28,287,700	20,077,664
- Amortised cost	4c	28,766,254	33,483,767
Interest receivable		1,044,917	1,312,807
Due from related party		87,138	61,917
Cash and cash equivalents	5	11,465,097	37,120,267
Total assets		**$138,265,016**	**$171,450,381**
Liabilities			
Accrued expenses and other payables	6	319,614	539,812
Total liabilities		**319,614**	**539,812**
Equity			
Net assets ultimately attributable to unitholders	7	137,945,402	170,910,569
Net assets ultimately attributable to unitholders	7	**137,945,402**	**170,910,569**
Total liabilities and equity		**$138,265,016**	**$171,450,381**

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

On October 12, 2023, the Trustee of The Paria US$ Monthly Fixed Income Fund authorised these financial statements for issue.

Trustee | Trustee

The Paria US$ Monthly Fixed Income Fund
Financial Statements
June 30, 2023
(Expressed in United States Dollars)

First Citizens

Statement of Comprehensive Income
For the year ended June 30, 2023

	Notes	2023	2022
Income			
Net investment income	8	4,268,512	3,512,502
Net realised gain/(loss) on sale of investment securities		35,041	(308,436)
Net unrealised gain/ (loss) on investment securities		707	(42,471)
Total investment income		**4,304,260**	**3,161,595**
Expenses			
Management and custodian fees	9	(1,888,580)	(1,587,313)
Other administrative expenses	10	(790,470)	(919,755)
Net impairment write back on investment securities	12.1 (xii)	36,100	18,629
Total expenses		**(2,642,950)**	**(2,488,439)**
Net Investment Income for the Year		**1,661,310**	**673,156**
Other Comprehensive Income			
Reclassifiable to profit or loss			
Fair value gains/(losses) arising during the year		428,193	(8,972,949)
Total comprehensive income/(loss) for the year		**$2,089,503**	**$(8,299,793)**

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

Statement of Changes in Equity
For the year ended June 30, 2023

	Equity				
	Net assets directly attributable to unitholders				Net assets ultimately attributable to unitholders
	# of units	Amount	Fair value reserve	Retained earnings	
Year ended June 30, 2023					
Balance as at July 1, 2022	17,743,743	177,437,436	(6,809,799)	282,932	170,910,569
Subscriptions	8,980,884	89,808,841	-	-	89,808,841
Redemptions	(12,486,351)	(124,863,511)	-	-	(124,863,511)
Net investment income	-	-	-	1,661,310	1,661,310
Distributions to unitholders	-	-	-	(1,417,569)	(1,417,569)
Reinvestment of distributions	141,757	1,417,569	-	-	1,417,569
Other comprehensive loss	-	-	428,193	-	428,193
Balance as at June 30, 2023	**14,380,033**	**$143,800,335**	**$(6,381,606)**	**$526,673**	**$137,945,402**
Year ended June 30, 2022					
Balance as at July 1, 2021	16,342,677	163,426,778	2,163,150	1,200,848	166,790,776
Subscriptions	10,580,344	105,803,440	-	-	105,803,440
Redemptions	(9,338,385)	(93,383,854)	-	-	(93,383,854)
Net investment income	-	-	-	673,156	673,156
Distributions to unitholders	-	-	-	(1,591,072)	(1,591,072)
Reinvestment of distributions	159,107	1,591,072	-	-	1,591,072
Other comprehensive loss	-	-	(8,972,949)	-	(8,972,949)
Balance as at June 30, 2022	**17,743,743**	**$177,437,436**	**$(6,809,799)**	**$282,932**	**$170,910,569**

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

Statement of Cash Flows
For the year ended June 30, 2023

	Notes	2023	2022
Cash flows from operating activities			
Net investment income for the year		1,661,310	673,156
Adjustments to reconcile net investment income for the year to net cash used in operating activities:			
Net impairment write back on investment securities	12.1 (xii)	(36,100)	(18,629)
Purchase of investment securities		(51,642,636)	(56,742,960)
Proceeds from the sale and maturity of investment securities		58,971,435	52,075,336
Net unrealised (gain)/loss on investments securities - FVPL		(707)	42,471
Net amortization premium/discounts of investment securities		423,727	1,242,612
Changes in working capital:			
Decrease in interest receivable		267,890	162,999
Increase in due from related party		-	(61,917)
Decrease in due to related party		(25,221)	(513,734)
(Decrease)/ increase in accrued expenses and other payables		(220,198)	326,131
Net cash generated from/(used in) operating activities		**9,399,500**	**(2,814,535)**
Cash flows from financing activities			
Subscription proceeds received		89,808,841	105,803,440
Redemptions paid		(124,863,511)	(93,383,854)
Net cash (used in)/ generated from financing activities		**(35,054,670)**	**12,419,586**
Net (decrease/increase) in cash and cash equivalents		(25,655,170)	9,605,051
Cash and cash equivalents			
Beginning of year		37,120,267	27,515,216
End of year	5	**$11,465,097**	**$37,120,267**
Supplemental Cash Flow Disclosures			
Interest received		$4,960,131	$3,675,501

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

Notes to the Financial Statements

1 Description of the Fund

The following brief description of The Paria US$ Monthly Fixed Income Fund, (the "Fund") is provided for general information purposes only. Reference should be made to the Trust Deed and Prospectus of the Fund for more complete information.

General information

The Paria US$ Monthly Fixed Income Fund is an open-ended mutual fund denominated in the United States ("US") dollars and is registered and regulated under the provisions of the Securities Industry Act, 1995 in Trinidad and Tobago. An open-ended fund is one in which the number of units which may be issued in the fund is unlimited.

The Fund was established by the original trustee, First Citizens Bank Limited, under a Trust Deed dated July 26, 2004, in order to provide investors with high current income through investment in a diversified portfolio of high-quality debt instruments. The Fund's Trustee since July 2007, is First Citizens Trustee Services Limited. The Fund's investment activities are managed by First Citizens Portfolio and Investment Management Services Limited (the Investment Manager), with First Citizens Depository Services Limited as its custodian.

On September 12, 2017, a supplemental Trust deed containing an Amended Trust deed was executed with effect from September 29, 2017. The name of the Fund changed from The Paria Fund to The Paria US$ Monthly Fixed Income Fund. There were no changes in the Amended Trust Deed which alter the operations of the Fund.

Subscriptions

Subscriptions into the Fund are made by investors at a price per unit (the "subscription price") based on the net asset value per unit of US$10 each. Units may be subscribed at an initial minimum value of US$100 and in multiples of US$25 each thereafter.

Distributions

The net profits of the Fund are calculated and accrued to the investor daily and distributed monthly. Investors have the option to either receive a cash distribution or to reinvest income distributions into units at the prevailing subscription price as at the date of distribution.

Notes to the Financial Statements (continued)

1 Description of the Fund (continued)

Redemptions

Units are redeemed without charge at a price per unit (bid price) based on the net asset value per unit at the date of receipt of the request for redemption. The Trustee seeks to maintain as far as is reasonably possible a bid price of US$10 per unit. Units may be redeemed in cash up to a limit of US$50,000 or one per cent of the net asset value of the Fund, whichever is lower, during any sixty-day period for any one investor.

Management and trustee fees

Trustee fees are payable to the Trustee at a rate of 0.25% per annum on the average net assets of the Fund.

Investment management and custodian fees collectively are payable up to a maximum of 2.50%.

Distribution fees are payable at a rate of 0.25% per annum on the average net assets of the Fund.

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 years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). These financial statements are prepared under the historical cost convention as modified by the revaluation of financial assets at fair value.

(a) *Use of estimates.*

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

(b) *New standards, amendments and interpretations which are effective and have been adopted by the Fund in the current year.*

The Fund adopted the following amendments with a transition date of July 1, 2022. There were no significant changes made to these financial statements resulting from the adoption of these amendments.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

(c) *Standards amendments and interpretations issued which are effective on or after July 1, 2022, and have been early adopted by the Fund.*

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

(d) *Standards, amendments and interpretations issued which are effective and not relevant to the Fund.*

A number of new standards, amendments to standards and interpretations which have been issued by the IASB are effective for annual periods beginning after July 1, 2022, but are not considered relevant to the Fund and have not been disclosed.

(e) *New standards, amendments and interpretations issued but not effective and not early adopted.*

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Fund's future financial statements in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated in the note below.

Other standards, amendments and interpretations to existing standards in issue but not yet effective are not considered to be relevant to the Fund and have not been disclosed.

The following amendments are effective for the period beginning January 1, 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);

  In February 2021, the IASB issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. As IFRS Practice Statements are non-mandatory guidance, no mandatory effective date has been specified for the amendments to IFRS Practice Statement 2.

- Definition of Accounting Estimates (Amendments to IAS 8); and

  In February 2021, the IASB issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors.

The following amendments are effective for the period beginning January 1, 2024:

- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current)

  The IASB issued amendments to IAS 1 - Classification of Liabilities as Current or Non-current in January 2020, which have been further amended partially by amendments Non-current Liabilities with Covenants issued in October 2022.

  The amendments require that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period.

  As a result of the COVID-19 pandemic, the Board deferred the effective date of the amendments by one year to annual reporting periods beginning on or after January 1, 2024.

- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)

  Subsequent to the release of amendments to IAS 1 Classification of Liabilities as Current or Non-Current, the IASB amended IAS 1 further in October 2022.

  If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period.

  The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current.

The Fund is currently assessing the impact of these new accounting standards and amendments. The Fund does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities.

Other new standards, amendments to standards and interpretations which have been issued by the IASB are effective for annual periods beginning after July 1, 2022, but are not considered relevant to the Fund and have not been disclosed.

2.2 Foreign currency

(a) *Functional and presentational currency*

The accounting records, as well as the financial statements of the Fund, are maintained in the United States ("US") dollars. US dollar is the functional and reporting currency of the Fund and subscriptions and redemptions are performed in US dollars. The Trustee considers the US dollar to be the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date.

Foreign exchange gains and losses arising from the translation of financial assets and liabilities are included in the statement of comprehensive income.

2.3 Financial assets and financial liabilities

The Fund's financial assets and liabilities are recognised in the statement of financial position when it becomes a party to the contractual obligation of the instrument.

(i) *Financial assets*

The Fund classifies its financial assets based on the following business models:

- Hold to collect
- Hold to collect and sell
- Fair value through profit or loss

2. Summary of Significant Accounting Policies (continued)

2.3 Financial assets and financial liabilities (continued)

(i) Financial assets (continued)

Based on these factors the Fund classified its financial assets into one of the following three measurement categories:

- *Hold to Collect - Amortised cost*

  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at fair value through profit or loss (FVPL) are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3(ii). Interest income from these financial assets is included in "Net interest income" on the statement of comprehensive income using the effective interest rate method.

- *Hold to Collect and Sell -Fair value through other comprehensive income (FVOCI)*

  Assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amounts are taken through OCI, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Net interest income" on the statement of comprehensive income. The interest income from these financial assets is included in "Net interest income" using the effective interest rate method.

- *Fair value through profit or loss (FVPL)*

  Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the "Statement of Comprehensive Income" within "Gains and losses on investments securities" in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented in "Net interest income". Interest income from these financial assets is included in "Net interest income" using the effective interest rate method.

- *Debt instruments*

  Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, and government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on:

(i) The cash flow characteristics of the asset, and

(ii) The Fund's business model for managing the asset

Fund's business model

The business model reflects how the Fund manages the assets in order to generate cash flows. An assessment is made at a portfolio level and includes an analysis of factors such as:

- The stated objective and policies of the portfolio and the operation of those in practice. More specifically whether the Fund's objective is solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows from the sale of assets.
- Past experience on how the cash flows for these assets were collected.
- Determination of performance targets for the portfolio, how evaluated and reported to key management personnel.
- Management identification of and response to various risks, which include but not limited to liquidity risk, market risk, credit risk and interest rate risk.
- Management considers, in classifying is assets, the level of historical sales and forecasted liquidity requirements.

Arising out of the assessment, the portfolio was deemed to have the business models identified as follows:

Amortised Cost (Hold to Collect)	FVOCI (Hold to Collect & Sell)	FVPL (Hold for Trading)
Debt instruments with a modified duration of less than or equal to three (3) years at recognition	Debt instruments with a modified duration greater than three (3) years at recognition	Debt instruments with tenors less than or equal to one (1) year which can be easily liquidated within three (3) business days
Income Receivable		Cash and cash equivalents
Due from related parties		

The Fund reclassifies debt instruments when, and only when, its business model for managing those assets changes. The classification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Solely payments of principal and interest (SPPI)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether flows represent solely payment of principal and interest (SPPI test). In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Recognition/de-recognition of financial assets

All purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the financial asset. Financial assets are initially recognised at fair value plus transaction cost. Financial assets are derecognised 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.

Impairment

The Fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The Fund recognises a loss allowance for such losses at each reporting date.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.
- Note 12.1(vi) provides more detail on how the expected credit loss allowance is measured.

(ii) Financial liabilities

Financial liabilities are classified and subsequently measured at amortised cost. Financial liabilities include due to related parties and payables. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished (that is, when the obligation specified in the contract is discharged, cancelled or expired).

2.4 Due to/due from related party

Due to/due from related party represents the net balance of daily cash redemptions and subscriptions of redeemable units with a related party at year-end. Due to/due from related party is carried at cost.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2. Summary of Significant Accounting Policies: (continued)

2.6 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 in accordance with IAS 1 (amendment), 'Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation'. The distribution of 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 the Fund's net asset value per share as determined under the Trust Deed. Units are carried as net assets attributable to unitholders at the redemption amount that is payable at the statement of financial position date if the unitholder exercised its right to put the unit back into the Fund.

2.7 Interest and dividend income

Interest income is recognised in the statement of comprehensive income on a time-proportionate basis using the effective interest method based on the initial carrying amount. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the investment security. 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. Dividend income is recognised when the right to receive payment is established.

2.8 Expenses

Expenses are accounted for on the accrual basis.

2.9 Transaction costs

Transaction costs are costs incurred to acquire investment securities. They include the bid-ask spread, fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are capitalized at initial recognition by inclusion in the purchase price of the investment.

2.10 Subscriptions and redemptions

Subscriptions and redemptions are accounted for on the accrual basis.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position where there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Due to broker

Due to broker represents amounts owed to brokers for unsettled trades as at the year-end. This is measured at cost.

2.13 Taxation

(a) *Tax levied on unitholders*

Distribution income to Trinidad and Tobago residents are not subject to taxation. Tax on distribution income is withheld on distributions paid to non-resident unitholders at the rate applicable to the country in which the unitholders reside.

(b) *Tax levied on the Fund*

Under the provisions of the Corporation Tax Act of Trinidad and Tobago, the Fund is exempt from taxation on its profits; therefore, no provisions have been made in these financial statements for taxes.

The Fund is subject to foreign withholding tax on certain interest, dividends and capital gains receivable.

2.14 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 embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. 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 the obligation 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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

2.15 Distributions to unitholders

Distributions to unitholders are recognised in the statement of changes in equity when they are appropriately authorised as described in Note 1.

2.16 Going concern

The financial statements are prepared on the assumption that the Fund is a going concern and will continue in operation for the foreseeable future unless the sponsor intends to either liquidate the Fund or cease operations or has no realistic alternative but to do so. If such an intention or need exists, the financial statements will be prepared on a non-going concern basis.

The war in Ukraine is not expected to have a significant impact on the Fund. Management has determined that there is no material uncertainty that casts doubt on the Fund's ability to continue as a going concern. It expects that the war in Ukraine might have some impact, though not significant, in relation to the effects on some future asset valuations due to volatility in equity or debt security prices and foreign exchange rates.

2.17 Comparative figures

Certain changes in the presentation have been made during the year and comparative figures have been restated accordingly. These changes have no impact on the total comprehensive income for the previous year.

3. Critical accounting estimates and judgements in applying accounting principles

The Fund makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are outlined below:

(i) *Financial assets at fair value*

The Fund uses the discounted cash flow method to determine the fair value of financial assets not traded in active markets. The discounted cash flow method discounts the cash flows of the financial assets at an appropriate yield plus a credit spread where applicable. The Group's credit spread methodology utilises gradient tenors and currency-specific spreads. The appropriate credit spread for the agency or corporate fixed income security is determined using a cubic spline interpolation of the appropriate currency and credit rating category in the credit spread matrix on a per cash flow basis. This singular credit spread is then added to the discount spot rates to value the facility using the discounted cash flow method.

The models used to determine fair values are validated, and periodically reviewed by experienced presonnell of Group Market Risk.

The carrying amount of fair value through other comprehensive income financial assets would decrease by $6,483,410 if the discount rate used in the discounted cash flow analysis is increased by 300 basis points from management's estimates (2022: $8,382,088). The carrying amount of financial assets at fair value through profit or loss would decrease by $347,966 if the discount rate used in the discounted cash flow analysis is increased by 300 basis points from management's estimates (2022: $231,528).

(ii) *Measurement of the expected credit loss allowance*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 12.1 (vi) which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for a significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and the associated ECL; and
- Establishing groups of similar financial assets for the purpose of measuring ECL;
- Determination of macroeconomics drivers and forecasting macroeconomics scenarios;
- Recovery rates on unsecured exposures;
- Drawdown of approved faciliies.

(Expressed in United States Dollars)

Notes to the Financial Statements (continued)

3. Critical accounting estimates and judgements in applying accounting principles (continued)

(iii) Loss given default

The Loss Given Default rate on corporate senior unsecured bonds is estimated to be 60% based on the International Swaps and Derivatives Association standard Credit Default Swap contract specification for North American corporate issuers. The Loss Given Default rate on sovereign senior unsecured bonds is estimated to be 46% based on the average Loss Given Default rate on Sovereign bonds during the period 1983 to 2021 as reported by Moody's Investors Service.

4. Investment Securities

(a) Investments - Fair value through other comprehensive income (FVOCI)

	2023	2022
Government debt securities	27,420,271	33,551,552
Corporate debt securities	41,193,639	45,842,407
Total	**$68,613,910**	**$79,393,959**

	2023	2022
Movement		
Balance at the beginning of year	79,393,959	94,040,739
Additions of investment at FVOCI	-	21,753,141
Net amortised premium/ discount	(989,981)	(1,044,646)
Maturities/principal repayments at FVOCI	(10,231,694)	(26,406,700)
Net unrealised gain/(loss) on revaluation of FVOCI for the year	428,193	(8,972,949)
Net impairment write back on investment securities	13,433	24,371
Balance at the end of year	**$68,613,910**	**$79,393,959**

(b) Investments - Fair value through profit or loss (FVPL)

	2023	2022
Repurchase agreement	-	2,500,000
Term deposits	-	5,655,664
Treasury bills	24,559,300	11,922,000
Government debt securities	3,728,400	-
Balance at the end of year	**$28,287,700**	**$20,077,664**

	2023	2022
Movement		
Balance at the beginning of year	20,077,664	4,938,212
Additions of investment at FVPL	51,642,636	23,261,513
Net amortised premium/ discount	722,394	14,287
Maturities/principal repayments at FVPL	(44,155,701)	(8,093,877)
Net unrealised gain/ (loss) on revaluation of FVPL	707	(42,471)
Balance at the end of year	**$28,287,700**	**$20,077,664**

(c) Investments - Amortised cost

	2023	2022
Government debt securities	3,261,896	7,071,376
Corporate debt securities	25,504,358	26,412,391
Balance at the end of year	**$28,766,254**	**$33,483,767**

	2023	2022
Movement		
Balance at the beginning of year	33,483,767	39,548,218
Additions of investment at amortised cost	-	11,728,303
Net amortised premium/ discount	(156,140)	(212,253)
Maturities/principal repayments	(4,584,040)	(17,574,759)
Net impairment write back/(expense) on investment securities	22,667	(5,742)
Balance at the end of year	**$28,766,254**	**$33,483,767**

5. Cash and cash equivalents

	2023	2022
Bank current account	10,525,005	27,840,629
Short term deposits	940,092	9,279,638
	$11,465,097	**$37,120,267**

6. Accrued expenses and other payables

	2023	2022
Investment management fees payable	223,380	42,231
Trustee fees payable	28,749	35,418
Distribution fees payable	28,749	35,418
Operating expenses accrued	24,126	23,177
Unsettled trade	-	387,190
Other payables	14,610	16,378
	$319,614	**$539,812**

7. Net assets attributable to unitholders

Net assets directly attributable to unitholders represent the value of assets available to unitholders for daily redemptions in the normal course of business based on the Trustee's discretion.

Net assets ultimately attributable to unitholders represents the unitholders equity in the Fund which would be realised by the unitholders in the event of the liquidation of the Fund. This net asset value may fall below that which is directly attributable due to prevailing market conditions, as experienced at the current year end. Given current market conditions, the net asset value ultimately attributable to unitholders as at June 30 2023 is $9.59 (2022: $9.63).

The fair value reserve and undistributed surplus represents the undistributed accumulated appreciation on financial assets and accumulated operating gains of the Fund respectively and do not form part of the amount available to unitholders for redemptions in the normal course of business. The Trustee considers the fair value reserve to be distributable only when realised and based on the discretionary powers granted to it in the Fund's Trust Deed, does not consider the fair value reserve to be available for immediate distribution.

The table below illustrates the calculation of the operating net asset value (NAV) of a unit in the Fund at the statement of financial position date.

	2023	2022
Net assets ultimately attributable to unitholders	137,945,402	170,910,569
Add fair value reserve	6,381,606	6,809,799
Less undistributed surplus	(526,673)	(282,932)
Net assets directly attributable to unitholders	**$143,800,335**	**$177,437,436**
Number of units outstanding	**14,380,033**	**17,743,743**
Net value per unit based on net assets directly attributable to unitholders	**$10.00**	**$10.00**

8. Net interest income

	2023	2022
Interest income	4,692,241	4,755,114
Amortisation of:		
Premium	(1,210,191)	(1,339,783)
Discount	786,462	97,171
Net interest income	**$4,268,512**	**$3,512,502**

9. Related party transactions

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

Investment Management and Custodian fees

First Citizens Portfolio and Investment Management Services Limited, the Investment Manager of the Fund, is entitled to a fee based on the average net asset value of the Fund. The Custodian of the Fund, First Citizens Depository Services Limited also receives in return a fee based on the average net asset value of the Fund. The investment management and custodian fee for the year ended June 30, 2023, totalled $1,888,580 (2022: $1,587,313) of which $223,380 (see Note 6) (2022: $42,231) was payable at the year-end and included in accrued expenses and other payables.

Trustee and distribution fees

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. Total trustee fees for the year amounted to $378,591 (2022: $445,303), with $28,749 (2022: $35,418) in outstanding accrued fees due at the end of the year.

First Citizens Investment Services Limited is the distributor of the Fund and receives a fee based on the average net asset value of the Fund. Total distribution fees for the year amounted to $378,591 (2022: $445,303), with $28,749 (2022: $35,418) in outstanding accrued fees due at the end of the year.

(Expressed in United States Dollars)

9. Related party transactions (continued)

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

The fees payable and charged for the year ended June 30, 2023, are outlined in Notes 6 and 10 respectively.

The balance outstanding at the year-end along with other related party transactions are detailed below.

	2023	2022
Investment securities	9,992,485	17,135,400
Cash and cash equivalents	10,149,610	22,437,736
Due from related parties	87,138	61,917
Value of units held in the Fund	25,082	1,018,294
Distributions received during the year	7,573	9,120

The balance due from related parties is interest-free and does not have a stated repayment date.

10. Other administrative expenses

	2023	2022
Trustee fees	378,591	445,303
Distributor fees	378,591	445,303
Audit fees	15,624	13,411
SEC market access fees	8,555	10,761
Other operating expenses	9,109	4,977
	$790,470	**$919,755**

11. Distributions to unitholders

	2023	2022
Average rate of return without reinvestment option	0.90%	0.90%
Annualized effective yield with the reinvestment option	0.94%	0.90%

Distributions are declared as outlined in Note 1. Distributions of $1,417,569 were declared to unitholders for the year ended June 30, 2023 (2022: $1,591,072).

12. 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 risks 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 minimize 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.

The Investment Manager regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practices.

Risk management is overseen by the Board of Directors of the Investment Manager which has delegated its responsibility to an Investment Committee that is responsible for the supervision of the fiduciary investment activities of the Investment Manager. The Investment Committee receives information on key market and economic risk events, trends and forecasts. In addition, the Fund's Investment Policy Statement identifies and defines the various financial risks faced by the Fund and sets appropriate risk limits and controls.

The First Citizens Group's risk policies utilise the three lines of defence concept to manage risk. The first line encompasses the functional areas which design and implement controls to mitigate the risks which they face, the second line is control functions such as risk management and finance which monitor the first line against these standards/controls. The third line is the Group's internal audit function which provides an additional assurance and independent review or risk management and the control environment.

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

12.1 Credit risk

(i) Definition

The Fund is exposed to credit risk which 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. The main concentration to which the Fund is exposed arises from the Fund's investment in debt securities. The Fund is also exposed to counterparty credit risk on cash and cash equivalents and receivable balances.

(ii) Management of risk

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

(iii) Credit risk grading

The Fund uses the Group's internal credit risk grading or ratings which reflect its assessment of the risk profile or the probability of default (PD) of counterparties. The Fund utilises one (1) rating model for all financial assets.

Investment securities

For sovereign and corporate financial assets, the ratings published by Standards and Poor's Rating Agency (S&P), where available, are used. For sovereigns with no S&P rating, the Group's Research and Analytics Unit uses a model based on the S&P methodology to generate a rating.

For corporate investment securities with no S&P rating, a rating is assigned using the Borrower Risk Rating (BRR) model.S&P published ratings are continuously monitored and updated. The PD's associated with each rating are determined based on realised default over the prior 12 months, as published by the rating agency. The ratings generated by the BRR model are also updated annually.

The table below provides a comparative view of the rating models used by First Citizens Group:

	S&P Rating	Research & Analytics Risk Rating (Investment Securities)	FC Borrower Risk Rating (Corporate)	FC IG Code	Interpretation
Investment Grade	AAA, AA+	A+	1	98	Extremely Low Risk
	AA, AA-	A			
	A+, A	A-	2	95	Very Low Risk
	BBB+, BBB, BBB-	B+	3	90	Low Risk
Speculative Grade	BB+, BB, BB-	B	4	85	Moderate Risk
	B+, B, B-	B-	5	80	High Risk
	CCC+, CCC, CCC-, CC+, CC, CC-, C+, C, C-	C	6	65	Very High Risk
	D	D	7	*	In Default

As at June 30, 2023 100% (2022: 100%) of the investments in debt securities and other securities have at least a BBB- based on Standards & Poor's Ratings.

(iv) Expected credit loss measurement

The Fund applies the simplified approach to all amounts receivable and due from related parties. At initial recognition, the Fund recognises a loss allowance based on Lifetime ECLs. This approach does not require the significant estimation and judgement necessary to determine whether there have been changes in credit risk and whether such changes are significant. A provision matrix is used to measure the Lifetime ECL.

For all investments, IFRS 9 outlines a three-stage model (general approach) for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored by the Fund.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 12.1(v) for a description of how the Fund defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 12.1(vi) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 12.1 (vii) includes an explanation of how the Fund has incorporated this in its ECL model.

(Expressed in United States Dollars)

Notes to the Financial Statements (continued)

12. Financial risk management (continued)

12.1 Credit risk (continued)

(iv) Expected credit loss measurement (continued)

- Purchased or originated credit-impaired (POCI) financial assets are those assets that are credit-impaired on initial recognition. The ECL is always measured on a lifetime basis and is deemed "built-in" to the fair value on origination. A credit-impaired effective interest rate is used to amortise these instruments to their maturity. Changes to the lifetime expected credit losses are adjusted in the amortised prices.

Further explanation is also provided of how the Fund determines appropriate groupings when ECL is measured on a collective basis refer to note 12.1(vii).

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition) 12 month expected credit losses	**(Significant increase in credit risk)** Lifetime expected credit losses	**(Credit - impaired assets)** Lifetime expected credit losses

Significant increases in credit risk (SICR)

The Fund considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following criteria have been met:

Investment securities:

Criteria	Hold to Collect/Hold to Collect and Sell	Single "B" or High Yield Portfolio
Absolute Measure	PD ≥ 15%	PD ≥ 25%
AND	AND	AND
Relative measure	One notch downgrade (internal rating scale)	One notch downgrade (internal rating scale)
OR	OR	OR
Absolute measure	Eurobonds in Trigger 3 CDS Breach	Eurobonds in Trigger 3 CDS Breach
Special Consideration	Evidence of cash flow strain and implied increased default risk	Evidence of cash flow strain and implied increased default risk

The Fund has not used the low credit risk exemption for any financial instruments for the year ended June 30, 2023 and June 30, 2022.

Significant decrease in credit risk (SDCR)

With respect to the cure for SICR, the group considers a significant decrease in credit risk has occurred when the following happens:

Investment securities:

Criteria	Hold to Collect/Hold to Collect and Sell	Single "B" or High Yield Portfolio
Absolute Measure	PD < 12.5%	PD < 20%
AND	AND	AND
Relative measure	One notch upgrade (internal rating scale)	One notch upgrade (internal rating scale)
OR	OR	OR
Absolute measure	No Credit Stop loss Breaches for 10 consecutive trading days	No Credit Stop loss Breaches for 10 consecutive trading days
Special Consideration	Meet contractual cashflow obligations for one year.	Meet contractual cashflow obligations for one year.

(v) Definition of default and credit-impaired assets

The Fund defines a financial instrument as in default or credit impaired, when it meets one or more of the following criteria:

(a) Default assets

Quantitative criteria

The borrower is more than ninety (90) days past due on its contractual payments.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower formally files for bankruptcy or there is a commencement of foreclosure proceedings.
- Restructure proceedings or an indication of the intention to restructure is initiated by the issuer (investments only).
- Bondholders triggering any Events of Default, triggering an immediate call on the investments.

(b) Credit-impaired assets

Quantitative criteria

The borrower is more than seven (7) days past due on its contractual payments.

Qualitative criteria

- Cash flow (or other severe financial) difficulties being experienced by the issuer;
- Breach of instrument covenants or conditions;
- Probability that the borrower will enter bankruptcy or other financial reorganisation;
- Deterioration in the issuer's competitive position;
- Deterioration in the value of collateral;
- The disappearance of an active market for that financial asset because of financial difficulties or;
- Downgrading of the issuer's credit rating below investment grade level.

The criteria above have been applied to all financial instruments held by the Fund and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), throughout the Fund's expected loss calculations. An investment instrument is considered to no longer be in default (i.e. to have cured) when it has been restructured. An exception exists for credit-impaired facilities at origination.

(vi) Measuring ECL –Explanation of inputs, assumptions and estimation

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- PD represents the likelihood of a borrower defaulting on its financial obligation (as defined in note 12.1 (v), either over the next twelve (12) months (12M PD) or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Fund expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). The EAD is calculated as the outstanding balance less the discounted collateral value. Collateral values are discounted by first making adjustments to account for the cost of disposal and the expected time it would take to sell the collateral. This present value of this reduced collateral value is then calculated by discounting it by the effective interest rate of the facility.
- LGD is expressed as the percentage of loss expected to be incurred if the default occurs over the remaining expected lifetime of the investment security and represents management's expectation of the extent of loss on a defaulted exposure. LGD varies by seniority of the claim and product type, while the availability of collateral is factored before LGD is considered.

(Expressed in United States Dollars)

12. Financial risk management (continued)

12.1 Credit risk (continued)

(vi) Measuring ECL –Explanation of inputs, assumptions and estimation (continued)

PDs

The investment securities' PDs for sovereign and corporate instruments are taken from the Standard & Poor's (S&P) Annual Sovereign Default and Rating Transition Study and the Annual Global Corporate Default and Transition Study, respectively.

EAD

For amortising products and bullet repayment loans, EAD is based on the contractual repayments owed by the borrower over a twelve (12) month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment assumptions are also incorporated into the calculation.

For revolving products, the EAD is calculated by taking the current drawn balance and adding a credit conversion factor (CCF) which adjusts for the expected drawdown of the remaining unutilised limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on an analysis of the product's usage over a two (2) year period. (Note 12 1. (v)).

LGD

For sovereign investment securities, LGDs are obtained from Moody's Investor Services' Data Report on Sovereign Global Default and Recovery Rates (1983-2021). Corporate investment securities LGDs are based on the standard terms for North American corporate entities CDS contracts, taken from Moody's Analytics' CDS-implied EDF™ Credit Measures and Fair-value Spreads.

(vii) Forward-looking information incorporated in the ECL models

Determination of macroeconomic scenarios and probabilities

For each country in which the Fund has investment securities, management performs scenario analysis to determine the impact of future economic conditions on the PD in these countries. After testing multiple economic indicators, a main macro-economic variable (MEV) is determined, which is statistically linked to the credit risk of that sovereign. To increase the robustness of the model, management adopted a bivariate model to determine two MEVs for key sovereigns. The statistical relationship is determined through regression analysis and an analysis of various measures of significance. The sign of the coefficients is also an important factor in determining the use of the two MEVs. Correlation analysis is then conducted between the two MEVs and key sovereign credit risk metrics, to determine which are most significant. Three selected sovereign credit risk metrics were identified as sovereign credit rating drivers to quantify the impact of the MEVs on each credit risk driver. To establish scenarios, the MEVs are 'shocked', such that the official forecast for each year moves up and down by a multiple of the historical standard deviation to establish a best- and worse-case. The new values derived are run through a regression model to quantify the relationship between the credit rating and the scenarios. Data used in the update of the model as at June 30, 2023 incorporated the current global economic conditions, as such the forward-looking scenarios factored in the economic shock following the pandemic and the ongoing crisis between Russia and Ukraine.

Credit ratings were forecasted for the next three years using these macroeconomic scenarios. The weightings applied to the forecasted ratings were 60% for year 1, 20% each for years 2 and 3. These weightings were determined based on management's judgment and experience.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Management judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided by the Economics Research Unit on a periodic basis and provide the best estimate view of the economy over the next three years. After three years, to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used. The impact of these economic variables on the PD, EAD and LGD has been determined by performing regression analysis to understand the impact changes in these variables have had historically on default rates and LGD.

Economic assumptions

The most significant period-end assumptions used for the ECL estimate as at June 30, 2023 are set out below. The scenarios "base", "best" and "worst" were used for the investment portfolios.

Sensitivity analysis

The most significant assumptions affecting the ECL allowance is GDP, given the significant impact it could have on the company's financial performance. Given the current investment portfolio, a 1% change in this indicator will not have any impact on the PDs and LGDs of the ECL.

(viii) Risk limit control and mitigation policies

The Fund structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single borrower, groups of borrowers, industry and country segments. The Fund monitors its concentration of credit exposure so that no single borrower default will have a material impact on the Fund. These limits are implemented and monitored by the Group Credit Risk Management Unit through the Group Credit Policy Manual. In instances where it is strategically beneficial and adequately documented, the Fund would seek approval on an exception basis for variation to the approved limits from the Board of Directors.

(a) Single borrower and borrower group exposure limits

Limits established by regulatory authorities have been incorporated into the credit policies where concentration is restricted by limiting credit amounts to a percentage of the capital base. This is supported by a stringent reporting requirement and is further enhanced by policies requiring periodic reviews of all commercial credit relationships.

(b) Industry exposure limits

These limits have been established based on a ranking of the riskiness of various industries. The ranking is guided by a model developed for the Group for this purpose. The model utilises a scale incorporating scores of 1 to 6 with 1 being the least risky. Exposure limits as a percentage of the total credit portfolio have been established to the various Industry exposure categories based on the risk ranking.

(c) Country exposure limits

Exposure limits have been established for selected countries which are considered to be within the Fund's target market. Three (3) risk categories have been developed and the selected countries have been assigned to these categories based either on ratings issued by acceptable rating agencies or the Fund's own internal assessment of the strategic direction of the Fund. Maximum cross-border exposure has been limited to a pre-determined portion of total assets and this amount is allocated to the various risk categories with a larger share being allocated to the more highly rated categories.

(d) Impairment and provisioning policies

The Fund's impairment provision policy is covered in detail in Note 2.3(i).

(ix) Maximum exposure to credit risk

	2023	2022
Gross maximum exposure		
Investment securities		
- Fair value through other comprehensive income (FVOCI)	68,613,910	79,393,959
- Fair value through profit or loss (FVPL)	28,287,700	20,077,664
- Amortised cost	28,766,254	33,483,767
Interest receivable	1,044,917	1,312,807
Due from related parties	87,138	61,917
Cash and cash equivalents	11,465,097	37,120,267
	$138,265,016	**$171,450,381**

The above table represents a worst case scenario of credit risk exposure to the Fund without taking account of any collateral held or other credit enhancements attached.

As shown above, 9.11% of the total maximum exposure is derived from cash and cash equivalents from other Banks and receivables (2022: 22.45%); while 90.89% represents investments in other debt securities (2022: 77.55%).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Fund resulting from both its cash and cash equivalents and receivables portfolio and its other debt securities based on the following:

- The Fund limits its exposure to issuers with high credit ratings
- The Fund performs prudent credit analysis of issuers to restrict questionable exposures to the Fund.

(Expressed in United States Dollars)

Notes to the Financial Statements (continued)

12. Financial risk management (continued)

12.1 Credit risk (continued)

(x) Maximum exposure to credit risk - Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment.

Maximum exposure	**2023**	**2022**
Financial instruments		
Cash and cash equivalents	$11,465,097	$37,120,267
Investment securities – Fair value through profit or loss (FVPL)	$28,287,700	$20,077,664

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

	Financial Institutions	Public Sector	Private Sector	Total
As at June 30, 2023				
Investment securities	20,762,086	58,106,240	46,799,538	125,667,864
Interest receivable	155,433	451,854	437,630	1,044,917
Due from related party	87,138	-	-	87,138
Cash and cash equivalents	11,465,097	-	-	11,465,097
	$32,469,754	**$58,558,094**	**$47,237,168**	**$138,265,016**
As at June 30, 2022				
Investment securities	33,896,914	51,654,799	47,403,677	132,955,390
Interest receivable	327,102	615,061	370,644	1,312,807
Due from related party	61,917	-	-	61,917
Cash and cash equivalents	37,120,267	-	-	37,120,267
	$71,406,200	**$52,269,860**	**$47,774,321**	**$171,450,381**

(xii) Expected credit loss

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Fund's maximum exposure to credit risk on these assets.

June 30, 2023	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit rating				
Investment grade	97,439,611	-	-	97,439,611
Standard monitoring	-	-	-	-
Special monitoring	-	-	-	-
Default	-	-	-	-
Gross balance	97,439,611	-	-	97,439,611
Loss allowance	(59,447)	-	-	(59,447)
Carrying balance	**$97,380,164**	$ -	$ -	**$97,380,164**

June 30, 2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit rating				
Investment grade	112,973,273	-	-	112,973,273
Standard monitoring	-	-	-	-
Special monitoring	-	-	-	-
Default	-	-	-	-
Gross balance	112,973,273	-	-	112,973,273
Loss allowance	(95,547)	-	-	(95,547)
Carrying balance	**$112,877,726**	$ -	$ -	**$112,877,726**

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 are due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent step up (or step down) between 12 months and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models; currently, ten years of data for PDs are being used (2021: ten years was used), and management's intention is to maintain this ten year rolling average for the PDs.
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange re-translations for assets denominated in foreign currencies and other movements; and
- Financial assets that were written off during the period.

For the financial year ended June 30, 2023, there was no significant increase in credit risk (SICR) on financial instruments.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors.

Investment securities	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Loss allowance as at July 1, 2022	$95,547	-	-	$95,547
Movement with P&L Impact				
Transfer from stage 1 to stage 2	-	-	-	-
Transfer from stage 1 to stage 3	-	-	-	-
New financial assets originated	476	-	-	476
Change in PDs/LGDs/EADs	(29,879)	-	-	(29,879)
Repayments	(6,697)	-	-	(6,697)
Total net P&L charge during the period	(36,100)	-	-	(36,100)
Other movement with no P&L impact				
Investment securities derecognised during the period	-	-	-	-
Write-offs	-	-	-	-
Loss allowance as at June 30, 2023	**$59,447**	**$ -**	**$ -**	**$59,447**

Investment securities	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Loss allowance as at July 1, 2021	114,176	-	-	114,176
Movement with P&L Impact				
Transfer from stage 1 to stage 2	-	-	-	-
Transfer from stage 1 to stage 3	-	-	-	-
New financial assets originated	31,467	-	-	31,467
Change in PDs/LGDs/EADs	(23,504)	-	-	(23,504)
Repayments	(26,592)	-	-	(26,592)
Total net P&L charge during the period	**(18,629)**	-	-	**(18,629)**
Other movement with no P&L impact				
Investment securities derecognised during the period	-	-	-	-
Write-offs	-	-	-	-
Loss allowance as at June 30, 2022	**$95,547**	**$ -**	**$ -**	**$95,547**

(Expressed in United States Dollars)

Notes to the Financial Statements (continued)

12. Financial risk management (continued)

12.2 Market risk

The Fund takes on exposure to market risk, 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 rates, credit spreads, foreign exchange rates and equity prices.

(a) *Price risk*

The Fund is exposed to price risk on its debt securities. Price risk is the risk that the fair value or 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's policy is to manage price risk through diversification and selection of financial instruments within specified limits set by the Investment Manager's Board of Directors.

The fair value of debt securities exposed to price risk was as follows:

	2023	2022
Government debt securities	31,148,671	33,551,552
Corporate debt securities	41,193,639	45,842,407
Term deposits	-	2,500,000
Repurchase agreements	-	5,655,664
Treasury bills	24,559,300	11,922,000
	$96,901,610	**$99,471,623**

The Fund had no concentrations in individual debt or other securities exceeding 15.65% (2022: 4.07%) of the net assets attributable to unitholders.

As at June 30, 2023, had debt security prices increased by 5% or decreased by 5%, with all other variables held constant, and had the fair value of the Fund's portfolio of debt securities moved in a similar manner to the movement in price, equity would have increased/decreased by $3,432,917 (2022: $3,972,591) respectively.

(b) *Currency risk*

The Fund does not hold significant financial assets or liabilities denominated in currencies other than the US dollar, the functional currency. Foreign currency risk, as defined in IFRS 7, arises as to the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk.

Foreign currency risk is the risk that the fair value of future cash flows will fluctuate due to changes in foreign exchange rates.

The Fund seeks to manage its exposure to foreign exchange risk by ensuring that, as far as possible, transactions entered into are denominated in the Fund's functional currency.

As at June 30, 2023, and June 30, 2022 participation in monetary and non-monetary assets and liabilities of non-functional currencies were negligible hence the Fund was not exposed to significant foreign exchange risk.

(c) *Interest rate risk*

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow. The Fund holds fixed interest debt securities that expose the Fund to fair value interest rate risk. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes to market interest rates.

The Fund manages its exposure to interest rate risk by monitoring the daily interest sensitivity gap and attempts to ensure that an appropriate mix of interest-bearing securities are held.

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, categorized by the earlier of contractual re-pricing or maturities.

	Up to one year	One to five years	Over five years	Non-interest bearing	Total
As at June 30, 2023					
Investment securities	59,163,025	54,375,886	12,128,953	-	125,667,864
Interest receivable	-	-	-	1,044,917	1,044,917
Due from related party	-	-	-	87,138	87,138
Cash and cash equivalents	11,465,097	-	-	-	11,465,097
Total financial assets	**$70,628,122**	**$54,375,886**	**$12,128,953**	**$1,132,055**	**$138,265,016**
Total liabilities	-	-	-	319,614	319,614
Total financial liabilities	$ -	$ -	$ -	**$319,614**	**$319,614**
Interest sensitivity gap	**$70,628,122**	**$54,375,886**	**$12,128,953**		
As at June 30, 2022					
Investment securities	33,785,439	68,223,185	30,946,766	-	132,955,390
Interest receivable	-	-	-	1,312,807	1,312,807
Due from related party	-	-	-	61,917	61,917
Cash and cash equivalents	37,120,267	-	-	-	37,120,267
Total financial assets	**$70,905,706**	**$68,223,185**	**$30,946,766**	**$1,374,724**	**$171,450,381**
Total liabilities	-	-	-	539,812	539,812
Total financial liabilities	$ -	$ -	$ -	**$539,812**	**$539,812**
Interest sensitivity gap	**$70,905,706**	**$68,223,185**	**$30,946,766**		

(d) *Sensitivity analysis for interest rate risk*

The table below summarises the Fund's sensitivity to a reasonable change in the market interest rate (2023: 300bps; 2022: 300bps) with all other variables held constant on operating profit, other comprehensive income and equity before distributions to unitholders are considered.

	Effect on Operating profit	Effect on other comprehensive income	Effect on equity
Year ended June 30, 2023			
Change in interest rate			
- 300bps	$639,418	$6,483,410	$7,122,828
300bps	$(639,418)	$(6,483,410)	$(7,122,828)
Year ended June 30, 2022			
Change in interest rate			
- 300bps	$1,127,206	$8,382,088	$9,509,294
300bps	$(1,127,206)	$(8,382,088)	$(9,509,294)

12.3 Liquidity risk

(i) *Definition*

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

(ii) *Management of risk*

The Fund is exposed to daily cash redemption of redeemable units. It, therefore, invests the majority of its assets in marketable securities which can be disposed of in a relatively short space of time if the need arises.

The Fund has the ability to borrow using the Fund's assets as security at times when the Trustee considers it inadvisable to realise any of the assets of the Fund. Such borrowings may be used to provide cash to settle trades or to redeem units. No such borrowings have arisen during the year.

The Fund also provides for certain restrictions on the maximum value of units that can be redeemed in cash over defined periods of time and for the redemption of units in specie where there is insufficient cash available.

(iii) *Maturity analysis of financial liabilities*

All balances are due within twelve months of the statement of financial position date and are equal to their carrying balances as the impact of discounting is not significant.

(Expressed in United States Dollars)

Notes to the Financial Statements (continued)

12. Financial risk management (continued)

12.3 Liquidity risk (continued)

(iii) *Maturity analysis of financial liabilities (continued)*

The table below summarizes the maturity profile of the Fund's financial liabilities:

As at June 30, 2023	On-demand/ no stated maturity	Less than 3 months	Less than 6 months	Total
Investment securities				
Accrued expenses and other Payables	-	319,614	-	319,614
	$ -	**$319,614**	**$ -**	**$319,614**

As at June 30, 2022	On-demand/ no stated maturity	Less than 3 months	Less than 6 months	Total
Investment securities				
Accrued expenses and other Payables	-	539,812	-	539,812
	$ -	**$539,812**	**$ -**	**$539,812**

12.4 Climate related risk

Climate change presents immediate and long-term risks to the Fund and its clients with the risks expected to increase over time. Climate change risk refers to the risk of loss arising from climate change and is comprised of both physical risk and transition risk. Physical risk considers how chronic and acute climate change (e.g., increased storms, drought, fires, floods) can directly damage physical assets or otherwise impact their value or productivity.

Transition risk considers how changes in policy, technology, business practices and market preferences to address climate change can lead to changes in the value of assets. Climate change risk is an overarching risk that can act as a driver of other categories of risk, such as credit risk from obligors exposed to high climate risk, reputational risk from increased stakeholder concerns about financing high carbon industries and operational risk from physical climate risks to the Fund's facilities.

The Fund currently identifies climate change risk as an emerging risk within its enterprise risk management framework. Emerging risks are risks or thematic issues that are either new to the landscape, or in the case of climate risk, existing risks that are rapidly changing or evolving in an escalating fashion, which are difficult to assess due to limited data or other uncertainties.

12.5 Fair value of financial assets and liabilities

(i) *Financial instruments not measured at fair value*

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Fund's statement of financial position at their fair value.

	Carrying value June 30		Fair value June 30	
	2023	**2022**	**2023**	**2022**
Financial assets				
Cash and cash equivalents	$11,465,097	$37,120,267	$11,465,097	$37,120,267
Due from related party	$87,138	$61,917	$87,138	$61,917
Interest receivable	$1,044,917	$1,312,807	$1,044,917	$1,312,807
Investments – amortised cost	$28,766,254	$33,483,767	$28,487,548	$32,873,104
Financial liabilities				
Accrued expenses and other payables	$319,614	$539,812	$319,614	$539,812

The fair values of the Fund's financial instruments are determined in accordance with International Financial Reporting Standards (IFRS 9). See note 3 for further details of the fair value measurements.

Investment securities measured at amortised cost

The fair value of investment securities at amortised cost is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using a discounted cash flow valuation methodology where all cash-flows of the instruments are discounted at an appropriate yield plus a credit spread where applicable. The fair value of the amortised cost portfolio is computed for disclosure purposes only.

Financial instruments where carrying value is equal to fair value

Due to their liquidity and short-term maturity, the carrying values of certain financial instruments approximate their fair values. Financial instruments where carrying value is approximately equal to fair value include cash and cash equivalents, income receivable, due to related parties and other payables.

(ii) *Fair value hierarchy*

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to these valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Fund's market assumptions. These two types of inputs have created the following fair value hierarchy: -

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – 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). This level includes debt instruments.
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

The following table analyses within the fair value hierarchy the Fund's assets as at June 30, 2023, and June 30, 2022:

As at June 30, 2023	Level 1	Level 2	Level 3	Total
Investment securities				
Fair value through other comprehensive income				
- Debt securities	64,349,691	4,264,219	-	68,613,910
	$64,349,691	**$4,264,219**	**-**	**$68,613,910**
Investment securities				
Fair value through profit or loss				
- Debt securities	28,287,700	-	-	28,287,700
	$28,287,700	**-**	**-**	**$28,287,700**
Total investment securities	**$92,637,391**	**$4,264,219**	**$ -**	**$96,901,610**

As at June 30, 2022	Level 1	Level 2	Level 3	Total
Investment securities				
Fair value through other comprehensive income				
- Debt securities	70,900,861	8,493,098	-	79,393,959
	$70,900,861	**$8,493,098**	**-**	**$79,393,959**
Investment securities				
Fair value through profit or loss				
- Debt securities	11,922,000	8,155,664		20,077,664
	$11,922,000	$8,155,664		$20,077,664
Total investment securities	**$82,822,861**	**$16,648,762**	**$ -**	**$99,471,623**

13. Contingencies and commitments

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

14. Subsequent events

The Fund evaluated all events that occurred from July 1, 2023, through October 12, 2023, the date the financial statements were available to be issued. During the period, the Fund did not have any subsequent events requiring recognition or disclosure in the financial statements, other than those disclosed below.

(a) Subsequent to year-end, up to October 12, 2023, the Fund received subscriptions amounting to $36,117,900, paid redemptions amounting to $35,707,228 and distributed income of $328,140.