

The Abercrombie TTD Monthly Fixed Income Fund

Financial Statements

30 June 2018



First Citizens

Statement of Trustee's Responsibilities

The Trustee is responsible for the following:

- preparing and fairly presenting the accompanying financial statements of The Abercrombie TTD Monthly Fixed Income Fund, which comprise the statement of financial position as at 30 June 2018, the statements of comprehensive income and 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; and
- using reasonable and prudent judgement in the determination of estimates.

In preparing these audited 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 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
23 October 2018

Trustee
23 October 2018

Independent Auditor's Report (continued)

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 the Trustee.
- Conclude on the appropriateness of the Trustee 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.

23 October 2018
Port of Spain
Trinidad, West Indies

Independent Auditor's Report

To the unitholders of
The Abercrombie TTD Monthly Fixed Income Fund

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of The Abercrombie TTD Monthly Fixed Income Fund (the Fund) as at 30 June 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 30 June 2018;
- the statement comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

The Trustee are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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 are 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.

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

Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)

	Notes	2018 \$'000	As at 30 June 2017 \$'000
Assets			
Financial assets available for sale	4	4,958,606	4,921,813
Income receivable		37,887	25,271
Cash and cash equivalents	5	338,992	319,048
Total assets		<u>5,335,485</u>	<u>5,266,132</u>
Liabilities			
Other payables		804	882
Due to related parties	6	29,818	29,111
Distributions payable		39	38
Total liabilities		<u>30,661</u>	<u>30,031</u>
Equity			
Equity	7	5,304,824	5,236,101
Total equity		<u>5,304,824</u>	<u>5,236,101</u>
Total liabilities and equity		<u>5,335,485</u>	<u>5,266,132</u>

The accompanying notes form an integral part of these financial statements

On 23 October 2018 the Trustee of The Abercrombie TTD Monthly Fixed Income Fund authorised these financial statements for issue.

Trustee

Trustee

The Abercrombie TTD Monthly Fixed Income Fund

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Statement of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 30 June	
		2018 \$'000	2017 \$'000
Income			
Net interest income	8	162,110	172,907
Realised gain on sale of investment		–	20,255
Net foreign exchange (losses)/gains		(1,715)	9,536
Total income		<u>160,395</u>	<u>202,698</u>
Expenses			
Management and trustee fees	6	(112,910)	(138,988)
Other administrative expenses		(771)	(1,067)
Total expenses		<u>(113,681)</u>	<u>(140,055)</u>
Operating profit for the year transferred to retained earnings		<u>46,714</u>	<u>62,643</u>
Other comprehensive income (loss) for the year transferred to equity			
Fair value gains/(losses) arising during the year		3,311	(33,552)
Total comprehensive income for the year		<u>50,025</u>	<u>29,091</u>

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

	Net assets attributable to unitholders \$'000	Fair value reserve \$'000	Retained earnings \$'000	Total equity \$'000
Year ended 30 June 2018				
Balance at beginning of year	5,204,905	(10,557)	41,753	5,236,101
Comprehensive income				
Operating profit for the year	–	–	46,714	46,714
Other comprehensive income for the year	–	3,311	–	3,311
Total comprehensive income	<u>–</u>	<u>3,311</u>	<u>46,714</u>	<u>50,025</u>
Transactions with unitholders				
Subscriptions	3,039,599	–	–	3,039,599
Redemptions	(2,974,187)	–	–	(2,974,187)
Distributions to unitholders	–	–	(46,714)	(46,714)
Total transactions with unitholders	<u>65,412</u>	<u>–</u>	<u>(46,714)</u>	<u>18,698</u>
Balance at end of year	<u>5,270,317</u>	<u>(7,246)</u>	<u>41,753</u>	<u>5,304,824</u>
Year ended 30 June 2017				
Balance at beginning of year	5,697,335	22,995	28,230	5,748,560
Comprehensive income				
Operating profit for the year	–	–	62,643	62,643
Other comprehensive loss for the year	–	(33,552)	–	(33,552)
Total comprehensive income	<u>–</u>	<u>(33,552)</u>	<u>62,643</u>	<u>29,091</u>
Transactions with unitholders				
Subscriptions	2,817,403	–	–	2,817,403
Redemptions	(3,309,833)	–	–	(3,309,833)
Distributions to unitholders	–	–	(49,120)	(49,120)
Total transactions with unitholders	<u>(492,430)</u>	<u>–</u>	<u>(49,120)</u>	<u>(541,550)</u>
Balance at end of year	<u>5,204,905</u>	<u>(10,557)</u>	<u>41,753</u>	<u>5,236,101</u>

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

	Year ended 30 June	
	2018 \$'000	2017 \$'000
Cash flows from operating activities		
Operating profit for the year	46,714	62,643
(Increase) /decrease in receivables	(12,616)	20,747
Increase /(decrease) in liabilities	630	(5,001)
Purchase of financial assets	(3,432,332)	(3,090,453)
Proceeds from the maturities / sale of financial assets	3,398,850	2,670,890
Realised gain on sale of financial assets	–	(20,255)
Net cash generated from /(used in) operating activities	<u>1,246</u>	<u>(361,429)</u>
Cash flows from financing activities		
Subscriptions	3,039,599	2,817,403
Redemptions	(2,974,187)	(3,309,833)
Distributions paid	(46,714)	(49,120)
Net cash generated from /(used in) financing activities	<u>18,698</u>	<u>(541,550)</u>
Net increase /(decrease) in cash and cash equivalents	<u>19,944</u>	<u>(902,979)</u>
Cash and cash equivalents at beginning of the year	<u>319,048</u>	<u>1,222,027</u>
Cash and cash equivalents at end of the year	<u>338,992</u>	<u>319,048</u>
Represented by:		
Cash and cash equivalents	<u>338,992</u>	<u>319,048</u>

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

30 June 2018

(Expressed in Trinidad and Tobago Dollars)

1 Description of the Fund

The following brief description of The Abercrombie TTD Monthly Fixed Income Fund (the Fund) is provided for general information purposes only. Reference should be made to the Trust Deed and rules of the Fund for more complete information.

General information

The Fund is an open-ended mutual fund registered in Trinidad and Tobago and was established by the Original Trustee, First Citizens Bank Mortgage and Trust Company Limited, under a Trust Deed dated 25 September 1998. An open-ended fund is one in which the number of units which may be issued in the fund is unlimited. The principal activity of the Fund is to provide investors with high current income through investment in a diversified portfolio that maximises their returns. In July 2007, First Citizens Trustee Services Limited was appointed Trustee to replace the original trustee who retired. Effective 1 March 2018, First Citizens Portfolio and Investment Management Services Limited (formerly First Citizens Securities Trading Limited) was appointed Investment Manager of the Fund, replacing First Citizens Asset Management Limited, the outgoing Investment Manager. First Citizens Asset Management Limited is currently the custodian of the Fund, effective 1 March 2018.

The address of its registered office is No. 45 Abercromby Street, Port of Spain.

Subscriptions

Subscriptions to the Fund are made by investors at a price per unit of \$20 each. Units may be subscribed at an initial minimum value of \$500.

Distributions

In accordance with the terms of the Trust Deed, distributions are made monthly out of the operating profits of the Fund. 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.

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 \$20 per unit. Units may be redeemed in cash up to a limit of \$250,000 or one percent of the net asset value of the Fund, whichever is lower, during any sixty day period for any one investor.

Management fees

Trustee fees and distribution fees are paid to the Trustee 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 2.50% per annum on the average net asset value of the Fund. The Custodian is paid 50% of the Investment Manager fees deducted from the Funds.

Taxation

Tax on income is withheld on distributions paid to non-resident unitholders at the rates applicable to the country in which the unitholders reside. Distribution income of the Fund will be subject to a deduction of tax in accordance with the current law.

The Abercrombie TTD Monthly Fixed Income Fund

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First Citizens

Notes to the Financial Statements (continued)

30 June 2018

(Expressed in Trinidad and Tobago Dollars)

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.

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 to IFRSs 2014-2016 cycle (effective for annual periods beginning on or after 1 January 2017 and applicable to the Fund from 1 July 2017). The amendments affects the following standard:
 - IFRS 12, 'Disclosure of interests in other entities'. Amended to clarify that the disclosure requirements of IFRS 12 are applicable to interests in entities classified as held for sale.
- (b) IAS 7, 'Statement of cash flows' - Disclosures related to financing activities (effective for years beginning on or before 1 January 2017 and applicable to the Fund from 1 July 2017). Amended to require disclosures about changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.
- (c) IAS 12, 'Income Taxes – Deferred tax' (effective for years beginning on or before 1 January 2017 and applicable to the Fund from 1 July 2017). Amendment clarifies the requirement for recognizing deferred tax assets on unrealized losses; and deferred tax where an asset is measured at fair value below the asset's tax base, and certain other aspects of accounting for deferred tax assets.

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

(ii) Standards effective after 1 July 2018 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 are not early adopted by the Fund (although relevant to the Fund's operations)

- (a) IFRS 9, 'Financial instruments – classification and measurement' (effective for years beginning on or after 1 January 2018 and applicable to the Fund from 1 July 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 three categories: amortised cost, fair value and includes a third category for financial assets – fair value through other comprehensive income and a single forward looking expected impairment loss model. 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 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 price of \$20. per unit.
- (b) IFRS 7 'Financial Instruments: Disclosures' (effective for years beginning on or after 1 January 2018 and applicable to the Fund from 1 July 2018). This standard was amended to require additional disclosures on transition to IFRS 9.
- (c) IFRS 9 'Financial instruments – Prepayment features with negative compensation' (effective for years beginning on or after 1 January 2019 and applicable to the Fund from 1 July 2019). Amended to clarify that a financial asset that would otherwise have contractual cash flows that are solely payments of principal and interest do not meet that condition only as a result of a prepayment feature with negative compensation, may be measured at amortised cost or at fair value through other comprehensive income when eligibility conditions are met.
- (d) IFRS 15 'Revenue from contracts with customers' – (effective for years beginning on or after 1 January 2018 and applicable to the Fund from 1 July 2018). New standard on revenue recognition superseding IAS 18, IAS 11 and related interpretations. The objective of IFRS 15 is to provide a single, comprehensive revenue model for all contracts with customers to improve comparability within industries and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount the entity expects to be entitled to in exchange for those goods or services.
- (e) IFRIC 22 'Foreign currency transactions and advance considerations' (effective for years beginning on or after 1 January 2018 and applicable to the Fund from 1 July 2018). This interpretation addresses how to determine the date of transaction for the purpose of determining the spot exchange rate used to translate foreign currency transactions on initial recognition in circumstances when an entity pays or receives some or all of the foreign currency consideration in advance of the recognition of the related asset, expense or income. The interpretation states that the date of the transaction, for the purpose of determining the spot exchange rate used to translate the related asset, expense or income (or part of it) on initial recognition, is the earlier of: (a) The date of initial recognition of the non-monetary prepayment asset or the non-monetary deferred income liability; and (b) The date that the asset, expense or income (or part of it) is recognised in the financial statements.

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

- (a) Amendments to IFRS 2 'Share Based Payments', on clarifying how to account for certain types of share-based payment transactions (effective for years 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.
- (b) Amendments to IAS 28, 'Investments in associates and joint ventures' (effective for years beginning on or after 1 January 2018). Amended to clarify that an entity applies IFRS 9, including its impairment requirements, to long term interests in an associate or joint venture to which the equity method is not applied.
- (c) Amendments to IFRS 4 'Insurance Contracts' (effective for years beginning on or after 1 January 2018). The objective of this amendment is to address the temporary accounting consequences of the different effective dates of IFRS 9 and the forthcoming insurance contracts standard that replaces IFRS 4. IFRS 4 is amended to provide two options as alternatives to fully adopting IFRS 9: (i) a temporary exemption that permits an insurer that meets certain criteria to apply IAS 39, rather than IFRS 9, for years beginning before January 1, 2021, and (ii) an overlay approach that permits any issuer of insurance contracts to reclassify amounts between profit and loss and other comprehensive income for certain eligible financial assets.
- (d) Amendments to IAS 40 'Investment Property' (effective for years beginning on or after 1 January 2018) prescribes the accounting when property is held to earn rentals or for capital appreciation rather than being occupied by the owner for the production or supply of goods or services or for administrative. IAS 40 is amended to clarify when assets are transferred to, or from investment properties.
- (e) IFRS 16 'Leases' (effective for years beginning on or after 1 January 2019 with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied). New standard on leases, superseding IAS 17, Leases, and related interpretations.
- (f) IFRIC 23 'Uncertainty over income tax returns' (effective for years beginning on or after 1 January 2019). This clarifies how the recognition and measurement of IAS 12, Income Taxes, are applied where there is uncertainty over income tax treatments.
- (g) IFRS 17 'Insurance Contracts' (effective for years beginning on or after 1 January 2021). New standard on accounting for insurance contracts, replacing IFRS 4, Insurance Contracts.
- (h) Annual improvements to IFRSs 2014-2016 Cycle (effective for years beginning on or after 1 January 2019). Improves and amends the following existing standards, basis of conclusions and guidance.
 - IFRS 1 'First-time adoption of IFRS' - Amended to delete short-term exemptions covering transition provisions of IFRS 7, IAS 19, and IFRS 10.
 - IAS 28 'Investments in associates and joint ventures' - Amended to clarify use of the election allowing venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss.
- (i) Annual improvements to IFRSs 2015-2017 Cycle (effective for years beginning on or after 1 January 2018). Improves and amends the following existing standards, basis of conclusions and guidance.
 - IFRS 3 'Business Combinations' – Amended to clarify measurement of previously held interests in a joint operation when control is obtained
 - IFRS 11 'Joint Arrangements' – Amended to clarify that when an entity obtains joint control of a business that is a joint operation, it does not remeasure previously held interests
 - IAS 12 'Income Taxes' – Amended to clarify income tax consequences of payments on financial instruments classified as equity
 - IAS 23 'Borrowing Costs' – Amended to clarify borrowing costs eligible for capitalisation

b. Foreign currency transactions

(i) Functional and presentation currency

The primary activity of the Fund is to invest in securities denominated in Trinidad and Tobago dollars. Subscriptions and redemptions of units are denominated in Trinidad and Tobago dollars. The performance of the Fund is measured and reported to the investors in Trinidad and Tobago dollars. The Trustee considers the Trinidad and Tobago dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Trinidad and Tobago dollars which is the Fund's functional and presentation currency. The exchange rate between the TT dollar and US dollar as at the date of these statements was TT\$ 6.6926 = US\$1.00 (2017: TT\$6.7124 = US\$1.00).

(ii) 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 income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of security. Translation differences related to changes in the amortised cost are recognised in profit or loss and other changes in carrying amount are recognised in other comprehensive income. Translation differences on non-monetary items such as equities classified as available-for-sale financial assets are included in other comprehensive income.

The Abercrombie TTD Monthly Fixed Income Fund

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First Citizens

Notes to the Financial Statements (continued)

30 June 2018

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

c. Financial assets available-for-sale

(i) Classification

The Fund classifies its investments as financial assets available-for-sale. The Trustee determines the classification of its financial assets at initial recognition. Financial assets available-for-sale are those that are 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, exchange rates or equity prices.

(ii) Recognition/de-recognition

All purchases and sales of financial assets available-for-sale are recognised on the trade date- the date on which the Fund commits to purchase or sell the financial asset. Financial assets available-for-sale 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.

(iii) 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 other comprehensive income, until the financial asset is derecognised or impaired. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

(iv) Fair value estimation

The fair values of quoted financial assets traded in active markets are based on quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is the current bid price. If there is no active market for a financial asset, the Fund establishes fair value using valuation techniques. These include the use of comparable recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

d. Impairment of financial assets

The Trustee assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the Trustee uses to determine that there is objective evidence of an impairment loss include:

- (i) significant financial difficulty of the issuer or debtor;
- (ii) a breach of contract, such as default or delinquency in payments;
- (iii) it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- (iv) the disappearance of an active market for that financial asset because of financial difficulties;
- (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; or
 - national or local economic conditions that correlate with defaults on assets in the group.

If any such evidence of impairment exists, 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 income statement – is removed from other comprehensive income and recognised in the income statement.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

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 other short term investments with original maturities of three months or less.

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.

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 passage of time is recognised as interest expense.

g. Net assets attributable to unitholders

The Fund issues one class of units. These are redeemable at the holder's option and are classified as equity in accordance with IAS 1 (Amendment), 'Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation'.

Redeemable 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 calculated in accordance with the Fund's regulations.

The units are carried at the redemption amount that is payable at the statement of financial position date if the holder exercises the right to put the unit back to the Fund. Units are issued and redeemed at the holder's option at prices based on the Fund's net asset value per unit at the time of issue or redemption.

Should the redeemable units' terms and conditions change such that they do not comply with the strict criteria contained in the amendment, the redeemable units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument's fair value at the date of reclassification. Any difference between the carrying value of the equity instrument and fair value of the liability on the date of reclassification would be recognised in equity.

h. Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method and is included in the income statement. It includes interest income from cash and cash equivalents and on financial assets available-for-sale.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

i. Expenses

Expenses are accounted for on the accrual basis.

j. Subscriptions and redemptions

Subscriptions and redemptions are accounted for on the accrual basis.

k. Offsetting financial instruments

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

l. Distributions

Distributions are accounted for on the accrual basis in accordance with the trust deed and rules. Distribution is declared to all investors on the last day of each calendar month out of the net profits and accretions to the Fund, if any, in such month after deduction of all fees and expenses. These are recognised in the statement of changes in equity.

3 Critical accounting estimates and judgements in applying accounting principles

a. Impairment losses on financial assets

The Fund reviews its investment portfolios to assess impairment at least on an annual basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Fund makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from investment securities. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Generally, investments with a carrying value below par are largely zero coupon bonds and other investments purchased at a discount. Other investments with carrying value below par could cause the Fund to incur an additional \$27,995 loss in the Fund's 2018 operating profits carried in the statement of comprehensive income if deemed to be impaired at 30 June 2018.

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 the trustee to make estimates. If the yield curve were to shift by 100bps up or down with all other variables held constant, the impact on comprehensive income would be \$125,690 (2017: \$95,880). Further analysis is outlined in Note 10b(ii).

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4 Financial assets available for sale

	2018		2017	
	\$'000	%	\$'000	%
Government debt securities	2,160,693	43.57	1,659,845	33.71
Corporate debt securities	1,049,846	21.17	1,273,001	25.87
Term deposits	336,601	6.80	60,237	1.22
Treasury bills	1,121,363	22.61	1,671,013	33.95
Repurchase agreement	290,103	5.85	257,717	5.25
	<u>4,958,606</u>	<u>100.00</u>	<u>4,921,813</u>	<u>100.00</u>

Movement

	2018 \$'000	2017 \$'000
Balance brought forward	4,921,813	4,515,547
Additions	3,432,332	3,090,453
Disposals/maturities	(3,398,850)	(2,670,890)
Net realised gain	-	20,255
Net change in unrealised losses recognised in equity during the year	3,311	(33,552)
	<u>4,958,606</u>	<u>4,921,813</u>

5 Cash and cash equivalents

	2018 \$'000	2017 \$'000
Balances with banks	289,135	281,944
Short-term investments	49,857	37,104
	<u>338,992</u>	<u>319,048</u>

6 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.

Effective 1 March 2018, the Investment Manager of the Fund is First Citizens Portfolio and Investment Management Services Limited (formerly First Citizens Securities Trading Limited) which receives in return a fee based on the average net asset value of the Fund. Prior to 1 March 2018, First Citizens Asset Management Limited was the Investment Manager of the Fund.

The Custodian of the Fund is First Citizens Asset Management Limited which receives a percentage of the Investment Management fee.

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 and First Citizens Asset Management Limited act as the Distribution Agents of the Fund, and receive in return 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 and custodian fees for the year, including the outstanding accrued fees due to First Citizens Portfolio and Investment Management Services Limited (formerly First Citizens Securities Trading Limited) and First Citizens Asset Management Limited at the end of the year, are detailed below.

	2018 \$'000	2017 \$'000
Investment management and custodian fees for the year	86,624	111,458
Accrued at the end of the year	8,213	7,434
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.		
Trustee fee for the year	13,143	13,765
Accrued at the end of the year	1,091	1,079
Total distribution 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.		
Distribution fee for the year	13,143	13,765
Accrued at the end of the year	1,091	1,079

Other balances

	2018 \$'000	2017 \$'000
Cash and cash equivalents	298,192	298,063
Financial assets available for sale	677,175	415,438
Due to related party	29,818	29,111
Net assets attributable to unitholders	124,589	119,486
Income receivable	4,690	2,550
Interest income	7,894	5,755
Distributions	1,114	1,039

7 Net assets attributable to unitholders

In accordance with the terms of the Fund's Trust Deed, distributions to unitholders are at the Trustee's discretion. The fair value reserve relating to unrealised gains on the fair value of available for sale financial assets is considered by the Trustee to be distributable when realised and therefore does not rank 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 used for the execution of subscriptions and redemptions of units:

	2018 \$'000	2017 \$'000
Total equity	5,304,824	5,236,101
Add/(less) fair value reserve	7,246	10,557
Less undistributed surplus	(41,753)	(41,753)
Net assets attributable to unitholders	5,270,317	5,204,905
<i>Movement</i>		
Balance at beginning of year	5,204,905	5,697,335
Subscriptions	3,039,599	2,817,403
Redemptions	(2,974,187)	(3,309,833)
Balance at end of year	5,270,317	5,204,905
<i>Calculation of net asset value per unit</i>		
Number of units outstanding at year end	263,516	260,245
Net asset value per unit	20.00	20.00

8 Net interest income

	2018 \$'000	2017 \$'000
Interest income	134,735	136,549
Amortisation of:		
Premiums	(5,823)	(3,591)
Discounts	33,198	39,949
Net interest income	162,110	172,907

9 Distributions

	2018 \$'000	2017 \$'000
Average rate of return without reinvestment option	0.90	0.90
Annualised effective yield with the reinvestment option	0.90	0.90

10 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 the Investment Manager which has delegated its responsibility to an Investment Committee that is responsible for the supervision of the fiduciary investment activities of Investment Manager 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.

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10 Financial risk management (continued)

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 to a single debtor. The Fund also reduces this risk by prudent credit analysis of issuers to restrict questionable exposures 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:

	2018 \$'000	2017 \$'000
Financial assets available for sale	4,958,606	4,921,813
Income receivable	37,887	25,271
Cash and cash equivalents	338,992	319,048
	<u>5,335,485</u>	<u>5,266,132</u>

At the statement of financial position date, there are no financial assets which were either impaired or past due.

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

	Financial institutions \$'000	Public sector \$'000	Private sector \$'000	Total \$'000
As at 30 June 2018				
Financial assets available for sale	1,324,798	3,282,056	351,752	4,958,606
Income receivable	9,676	21,789	6,422	37,887
Cash and cash equivalents	338,992	–	–	338,992
	<u>1,673,466</u>	<u>3,303,845</u>	<u>358,174</u>	<u>5,335,485</u>
As at 30 June 2017				
Financial assets available for sale	944,805	3,330,857	646,151	4,921,813
Income receivable	6,482	11,521	7,268	25,271
Cash and cash equivalents	319,048	–	–	319,048
	<u>1,270,335</u>	<u>3,342,378</u>	<u>653,419</u>	<u>5,266,132</u>

The Fund regularly validates the performance of the rating and their predictive power with regard to default events.

Group's internal ratings scale and mapping of external ratings:

Group's rating	Description of the grade	External rating: Standard & Poor's equivalent
A+, A, A-, B+, B, B-, C+, C	Investment grade	AAA, AA, A, BBB, BBB-
D	Speculative grade	BB, B, CCC, C
	Default	D or SD

The ratings of the major rating agency shown in the table above are mapped to internal rating classes. The Fund uses the external ratings where available to benchmark our internal credit risk assessment.

The credit quality of financial assets that are neither past due nor impaired fall within the investment grade would be \$4,698,598 (2017: \$4,684,946) and speculative grade would be \$260,008 (2017: \$236,866). There were no financial assets that fell within the default category.

b. Market risk

Market risk is the risk that the fair value or 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 other price risk.

(i) Currency risk

(a) Definition

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

(b) 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.

(c) Concentration of currency risk

The following table analyses the Fund's assets and liabilities by currency with all amounts denominated in Trinidad and Tobago dollars:

	TT \$'000	US \$'000	Total \$'000
As at 30 June 2018			
Financial assets available for sale	4,412,216	546,390	4,958,606
Income receivable	30,806	7,081	37,887
Cash and cash equivalents	286,818	52,174	338,992
Total assets	<u>4,729,840</u>	<u>605,645</u>	<u>5,335,485</u>
Other payables	804	–	804
Due to related parties	29,818	–	29,818
Distributions payable	39	–	39
Total liabilities	<u>30,661</u>	<u>–</u>	<u>30,661</u>
Net balance sheet position	<u>4,699,179</u>	<u>605,645</u>	
As at 30 June 2017			
Financial assets available for sale	4,433,247	488,566	4,921,813
Income receivable	18,860	6,411	25,271
Cash and cash equivalents	216,480	102,568	319,048
Total assets	<u>4,668,587</u>	<u>597,545</u>	<u>5,266,132</u>
Other payables	882	–	882
Due to related parties	29,111	–	29,111
Distributions payable	38	–	38
Total liabilities	<u>30,031</u>	<u>–</u>	<u>30,031</u>
Net balance sheet position	<u>4,638,556</u>	<u>597,545</u>	

(d) Sensitivity analysis for currency risk

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

	Effect on equity 2018 \$'000	Effect on equity 2017 \$'000
Change in foreign exchange rate		
100 bps	6,056	5,975
– 100 bps	(6,056)	(5,975)

(ii) Interest rate risk

(a) Definition

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value and future cash flows of financial assets and liabilities. Fixed interest securities expose the Fund to fair value interest rate risk. Floating rate debt instruments and cash and cash equivalents expose the Fund to cash flow interest rate risk.

(b) Management of risk

The Fund's available for sale financial assets are exposed to fair value interest rate risk. This risk is managed by maintaining fixed rate instruments with an appropriate mix of maturity profiles. Portfolio composition and valuation credit spreads are reviewed on a regular basis by the Investment Manager's Investment Committee and Credit Spread Assessment Committee respectively.

As the Fund's investments generally comprise of fixed rate instruments there is no significant exposure to cash flow interest rate risk.

(c) 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 maturities.

	Up to one year \$'000	One to five years \$'000	Over five years \$'000	Non-interest bearing \$'000	Total \$'000
As at 30 June 2018					
Financial assets available for sale	2,033,025	1,401,789	1,523,792	–	4,958,606
Income receivable	–	–	–	37,887	37,887
Cash and cash equivalents	338,992	–	–	–	338,992
Total assets	<u>2,372,017</u>	<u>1,401,789</u>	<u>1,523,792</u>	<u>37,887</u>	<u>5,335,485</u>
Other payables	–	–	–	804	804
Due to related parties	–	–	–	29,818	29,818
Distribution payable	–	–	–	39	39
Total liabilities	<u>–</u>	<u>–</u>	<u>–</u>	<u>30,661</u>	<u>30,661</u>
Interest sensitivity gap	<u>2,372,017</u>	<u>1,401,789</u>	<u>1,523,792</u>		

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10 Financial risk management (continued)

(c) Concentration of interest rate risk (continued)

	Up to one year \$'000	One to five years \$'000	Over five years \$'000	Non-interest bearing \$'000	Total \$'000
As at 30 June 2017					
Financial assets available for sale	2,722,367	1,135,267	1,064,179	–	4,921,813
Income receivable	–	–	–	25,271	25,271
Cash and cash equivalents	319,048	–	–	–	319,048
Total assets	3,041,415	1,135,267	1,064,179	25,271	5,266,132
Other payables	–	–	–	882	882
Due to related parties	–	–	–	29,111	29,111
Distribution payable	–	–	–	38	38
Total liabilities	–	–	–	30,031	30,031
Interest sensitivity gap	3,041,415	1,135,267	1,064,179		

(d) 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 operating profit, other comprehensive income and equity before distributions to unitholders are considered.

	Effect on operating profit \$'000	Effect on other comprehensive income \$'000	Effect on equity \$'000
Year ended 30 June 2018			
Change in interest rate			
– 100bps	334	125,690	126,024
100bps	(334)	(125,690)	(126,024)
Year ended 30 June 2017			
Change in interest rate			
– 100bps	983	95,880	96,864
100bps	(983)	(95,880)	(96,864)

(iii) Price risk

(a) Definition

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 changes in interest rates or foreign exchange rates), 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.

(b) Management of risk

The Fund holds financial assets that are either traded on registered exchanges or are 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 quarterly by the Investment Managers.

During the year, the Fund did not hold any equity investments.

(c) 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.

d. Fair value of financial assets and liabilities

The Fund classifies 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.

(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 Funds statement of financial position at their fair value.

	Carrying value June		Fair value June	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Financial assets				
Cash and cash equivalents	338,992	319,048	338,992	319,048
Financial liabilities				
Due to related parties	29,818	29,111	29,818	29,111
Other payables	804	882	804	882
Distribution payable	39	38	39	38

The fair values of the Fund's financial instruments are determined in accordance with International Accounting Standard (IAS) 39 "Financial instruments: Recognition and Measurement".

Cash and cash equivalents

This amount represents short term deposits and other bank balances. The fair value of these short term deposits is equal to their carrying amount.

Due to related parties

This amount represents the estimated fair value of the future expected cash flows to be paid to related parties.

Other payables

This amount represents the estimated fair value of the future expected cash flows to be paid.

Unitholders' balances

This amount represents contributions and interest payable to unitholders. The fair value of these balances is equal to its carrying value as such instruments are subject to floating rates of interest which reset by the Fund on a regular basis.

The following table analyses within the fair value hierarchy the Fund's assets as at 30 June 2018 and 30 June 2017:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2018				
Financial assets available for sale:				
Government debt securities	–	2,160,693	–	2,160,693
Corporate debt securities	–	830,471	219,375	1,049,846
Term deposits	–	336,601	–	336,601
Treasury bills	–	1,121,363	–	1,121,363
Repurchase agreements	–	290,103	–	290,103
Total financial assets available for sale	–	4,739,231	219,375	4,958,606
As at 30 June 2017				
Government debt securities	–	1,659,845	–	1,659,845
Corporate debt securities	–	1,108,421	164,580	1,273,001
Term deposits	–	60,237	–	60,237
Treasury bills	–	1,671,013	–	1,671,013
Repurchase agreements	–	257,717	–	257,717
Total financial assets available for sale	–	4,757,233	164,580	4,921,813

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10 Financial risk management (continued)

d. Fair value of financial assets and liabilities (continued)

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

Reconciliation of Level 3 items:

	Corporate Debt Securities \$'000	Total \$'000
Opening balance	164,580	164,580
Fair value losses in other comprehensive income	(1,243)	(1,243)
Transfers to level 3	105,325	105,325
Transfers to level 2	(40,474)	(40,474)
Additions	100,597	100,597
Principal repayments/maturities	(109,410)	(109,410)
Closing balance	<u>219,375</u>	<u>219,375</u>

For bonds classified as level 3, unobservable inputs are used to determine the credit spreads for corporate bonds. If the credit spreads were to shift by 100bp up or down with all their variables held constant, the impact on the carrying value of the level 3 bonds would be \$1,243 (2017: \$1,275).

The transfer from level 2 to level 3 relates to corporate debt securities where there was an increase in the credit spread contributions towards the risk free yield as at 30 June 2018. The transfers from level 3 to level 2 relates to corporate debt securities where there was a decrease in the credit spread contributions towards the risk free yield as at 30 June 2018.

11 Contingencies and commitments

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

12 Events after the statement of financial position date

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