

The Immortelle Income and Growth 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 Immortelle Income and Growth 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, including the Companies Act; 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.


Signed

Date: October 24, 2018


Signed

Date: October 24, 2018

Independent Auditor's Report (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Barataria
TRINIDAD
24 October 2018

Independent Auditor's Report

To the Unitholders of
The Immortelle Income and Growth Fund

Opinion

We have audited the financial statements of The Immortelle Income and Growth Fund, which comprise the statement of financial position as at 30 June 2018, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Responsibilities of Management and the Trustee for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

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

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

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

Notes	As at 30 June	
	2018 (\$)	2017 (\$)
Assets:		
Cash and cash equivalents	4,461,763	1,964,644
Income receivable	250,782	275,593
Other receivables	–	210,000
Due from related parties	–	16,800
Financial assets available for sale	43,866,177	42,832,826
Total Assets	48,578,722	45,299,863
Liabilities:		
Management and Trustee fees payable	69,612	64,694
Other payables	153,302	141,325
Due to related parties	27,576	–
Total Liabilities	250,490	206,019
Equity:		
Net assets attributable to Unitholders	48,328,232	45,093,844
Total Liabilities and Equity	48,578,722	45,299,863

These financial statements were approved by the Trustee and authorised for issue on 24 October 2018.

Trustee: 

Trustee: 

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

The Immortelle Income and Growth Fund

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30 June 2018



First Citizens

Statement of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

	For the year ended 30 June	
	2018 (\$)	2017 (\$)
Income:		
Net investment income	1,390,783	1,383,366
Gain on sale of investments	–	185,296
Miscellaneous income	237	4,080
Total Income	1,391,020	1,572,742
Expenses:		
Management and Trustee fees	819,435	754,634
Other administration expenses	173,741	186,771
Foreign exchange loss	26,431	–
Total Expenses	1,019,607	941,405
Net income for the year	371,413	631,337
Other Comprehensive Income for the year		
Items that may be reclassified subsequently to profit or loss:		
Fair value gains arising during the year	661,488	777,343
Total Comprehensive Income for the year	1,032,901	1,408,680

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

Statement of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

	Net Assets Attributable to Unitholders (\$)	Fair Value Reserve (\$)	Retained Surplus (\$)	Total Equity (\$)
Year ended 30 June 2018				
Balance at beginning of year	40,268,167	2,886,943	1,938,734	45,093,844
Comprehensive Income:				
Net income for the year	–	–	371,413	371,413
Other comprehensive income for the year	–	661,488	–	661,488
Total Comprehensive Income	–	661,488	371,413	1,032,901
Transactions with unitholders:				
Subscriptions	6,675,655	–	–	6,675,655
Redemptions	(4,106,168)	–	–	(4,106,168)
Distributions to unitholders	–	–	(368,000)	(368,000)
Total Transactions with unitholders	2,569,487	–	(368,000)	2,201,487
Balance at end of year	42,837,654	3,548,431	1,942,147	48,328,232
Year ended 30 June 2017				
Balance at beginning of year	36,549,823	2,109,600	1,846,795	40,506,218
Comprehensive Income:				
Net income for the year	–	–	631,337	631,337
Other comprehensive income for the year	–	777,343	–	777,343
Total Comprehensive Income	–	777,343	631,337	1,408,680
Transactions with unitholders:				
Subscriptions	6,622,394	–	–	6,622,394
Redemptions	(2,904,050)	–	–	(2,904,050)
Distributions to unitholders	–	–	(539,398)	(539,398)
Total Transactions with unitholders	3,718,344	–	(539,398)	3,178,946
Balance at end of year	40,268,167	2,886,943	1,938,734	45,093,844

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

Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

	For the year ended 30 June	
	2018 (\$)	2017 (\$)
Operating Activities:		
Net income for the year	371,413	631,337
Adjustment for items not involving cash:		
Appreciation cost of units redeemed	(201,935)	(284,469)
Net cash from operating activities before working capital changes	169,478	346,868
Net change in accounts receivable	251,611	(290,212)
Net change in accounts payable	44,471	3,284
Cash provided by Operating Activities	465,560	59,940
Investing Activities:		
Net purchase of financial assets available for sale	(5,857,329)	(8,431,916)
Proceeds from disposal/redemption of financial assets available for sale	5,485,466	2,783,965
Cash used in investing Activities	(371,863)	(5,647,951)
Financing Activities:		
Subscriptions (net of distribution to unitholders)	6,307,655	6,082,996
Redemptions	(3,904,233)	(2,619,581)
Cash provided by Financing Activities	2,403,422	3,463,415
Increase/(decrease) in cash and cash equivalents for the year	2,497,119	(2,124,596)
Cash and cash equivalents at the beginning of the year	1,964,644	4,089,240
Cash and cash equivalents at the end of the year	4,461,763	1,964,644

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

Notes to the Financial Statements

30 June 2018
(Expressed in Trinidad and Tobago Dollars)

1. Description of the Fund:

(a) General

The Immortelle Income and Growth Fund (the Fund) is an open ended mutual fund registered in Trinidad and Tobago and accordingly, there are no limits to the number of units which may be issued. It was established by First Citizens Bank Limited under a Trust Deed dated 11 July 2005 in order to facilitate participation in the domestic, regional and international corporate and government sectors by the investing public through the purchase of units in the Fund. The Fund operations commenced on 15 September 2005. Under a Supplemental Trust Deed dated 24 July 2007, First Citizens Trustee Services Limited was appointed Trustee of the Fund. The Trust Deed was amended on the terms and subject to conditions of a Supplemental Declaration of Trust dated 14 October 2014. 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.

(b) Subscriptions –

Subscriptions to the Fund are made by investors and are based on the net asset value per unit determined on each business day. Units were initially subscribed at a minimum value **TT\$500** and further subscriptions of at least **TT\$100**.

(c) Redemptions –

Redemptions from the Fund will be at the redemption price less any stamp duty or taxation to be levied thereon on the relevant redemption date. The redemption price will be the net asset value per unit calculated at the close of the business day on which the redemption form was submitted.

Effective 14 October 2014, there are no early redemption charges payable by the investors.

(d) Distribution –

Distributions are made semi-annually on 31st March and 30th September or such other date designated by the Trustee. Distributions payable can be reinvested in additional units of the Fund at the issue price at the relevant distribution date, or by way of a direct deposit to investors.

(e) Management fees –

Trustee fees, administration and distribution fees are paid to the Trustee, administrator and the distribution agent at a rate of 0.25% per annum respectively on the average net asset value of the Fund. The Investment Manager and is paid up to a maximum of 2.00% per annum on the average net asset value of the Fund. The custodian is paid 50% of the Investment Manager fees deducted from the Fund.

(f) Taxation –

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

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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.
- (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). It is a 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 re-measure 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 capitalization.

(b) Foreign currency transactions –

Functional and presentation currency

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

Transactions and balances

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

(c) Financial assets available for sale

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

Recognition/de-recognition

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

The Immortelle Income and Growth 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 (continued)

Measurement

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

Fair value estimation

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

(d) Impairment of financial assets –

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

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

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

(e) Cash and cash equivalents –

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

(f) Provisions –

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

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

(g) Net Assets Attributable to Unitholders –

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

(h) Interest and dividend income –

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

(i) Expenses –

Expenses are accounted for on the accruals basis.

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

(a) Impairment Losses on Financial Assets –

The Fund reviews its investment portfolios to assess impairment at least on an annual basis. In determining whether an impairment loss should be recorded in the Statement of Comprehensive Income, the Fund makes judgements as to whether there is any observable data indicating that there is a measureable decrease in

the estimated future cash flows from investment securities. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any difference between loss estimates and actual loss experience.

(b) Fair Value of Financial Assets –

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

4. Cash and Cash Equivalents:

	2018 (\$)	30 June 2017 (\$)
Balances with bank	4,449,379	1,952,370
Cash equivalents	12,384	12,274
	4,461,763	1,964,644

5. Financial Assets Available-for-Sale:

	2018 (\$)	30 June 2017 (\$)	2018 %	30 June 2017 %
Equities	21,778,197	21,011,924	49.65%	49.06%
Government debt securities	17,227,484	15,299,630	39.27%	35.72%
Corporate debt securities	4,860,496	6,521,272	11.08%	15.22%
	43,866,177	42,832,826	100.00%	100.00%

	2018 (\$)	30 June 2017 (\$)
Balance brought forward	42,832,826	36,407,532
Additions	5,857,329	8,431,916
Disposal/maturities	(5,485,466)	(2,783,965)
Fair value gains recognized in equity during the year	661,488	777,343
Balance carried forward	43,866,177	42,832,826

6. Net Asset Attributable to Unitholders:

	2018 (\$)	30 June 2017 (\$)
Net Assets Attributable to Unitholders	44,779,801	42,206,901
Equity – Fair value Reserve	3,548,431	2,886,943
Net Assets attributable to Unitholders – adjusted	48,328,232	45,093,844
Net Assets Attributable to Unitholders – adjusted	48,328,232	45,093,844
Number of units outstanding at end of year	3,645,630	3,450,246
Net Asset Value per unit	13.26	13.06

7. Related Party Transactions:

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.

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Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Trinidad and Tobago Dollars)

7. Related Party Transactions (continued):

	30 June	
	2018 (\$)	2017 (\$)
Fee for the year	468,249	431,219
Fee accrued at the end of the year	39,777	36,968

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

	30 June	
	2018 (\$)	2017 (\$)
Fee for the year	117,062	107,805
Fee accrued at the end of the year	9,945	9,242

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

	30 June	
	2018 (\$)	2017 (\$)
Fee for the year	117,062	107,805
Fee accrued at the end of the year	9,945	9,242

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

	30 June	
	2018 (\$)	2017 (\$)
Fee for the year	117,062	107,805
Fee accrued at the end of the year	9,945	9,242
Other balances		
Cash and cash equivalents	4,449,379	1,952,370
Financial assets available-for-sale	3,839,680	2,451,989
Interest receivable	4,960	-

8. Financial Risk Management:

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

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 and the approval of investment instruments. The Investment Committee is guided by the Investment Management Policy Manual which provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

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

(a) Credit Risk

(i) Definition

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

(ii) Management of risk

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

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

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

	30 June	
	2018 (\$)	2017 (\$)
Cash and cash equivalents	4,461,763	1,964,644
Income receivable	202,014	243,221
Due from related parties	-	16,800
Financial assets available-for-sale-debt securities	22,087,980	21,820,902
	26,751,757	24,045,567

(iv) Credit quality of financial assets

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

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

	Financial Institutions \$	Public Sector \$	Private Sector \$	Total \$
30 June 2018				
Cash and cash equivalents	4,461,763	-	-	4,461,763
Income receivable	21,890	174,381	5,743	202,014
Financial assets available-for-sale-debt securities	4,258,120	17,227,484	602,376	22,087,980
	8,741,773	17,401,865	608,119	26,751,757
30 June 2017				
Cash and cash equivalents	1,964,644	-	-	1,964,644
Income receivable	48,875	13,446	180,900	243,221
Due from related parties	16,800	-	-	16,800
Financial assets available-for-sale-debt securities	5,334,816	15,299,630	1,186,456	21,820,902
	7,365,135	15,313,076	1,367,356	24,045,567

(b) Market Risk –

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

Currency risk

(i) Definition

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

(ii) Management of risk

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

(iii) Concentration of currency risk

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

	TTS (\$)	US\$ (\$)	Total (\$)
30 June 2018			
Cash and cash equivalents	4,082,100	379,663	4,461,763
Income receivable	228,997	21,785	250,782
Financial assets available-for-sale	34,052,285	9,813,892	43,866,177
Total assets	38,363,382	10,215,340	48,578,722
Management and Trustee fees payable	69,612	-	69,612
Other payables	153,302	-	153,302
Due to related parties	27,576	-	27,576
Total liabilities	250,490	-	250,490
Net position	38,112,892	10,215,340	48,328,232

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

	TTS (\$)	US\$ (\$)	Total (\$)
30 June 2017			
Cash and cash equivalents	1,879,443	85,201	1,964,644
Income receivable	251,663	23,930	275,593
Other receivable	210,000	-	210,000
Due from related parties	16,800	-	16,800
Financial assets available-for-sale	33,534,362	9,298,464	42,832,826
Total assets	35,892,268	9,407,595	45,299,863
Management and Trustee fees payable	64,694	-	64,694
Other payables	141,325	-	141,325
Total liabilities	206,019	-	206,019
Net position	35,686,249	9,407,595	45,093,844

The Immortelle Income and Growth Fund

Financial Statements

30 June 2018



First Citizens

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Trinidad and Tobago Dollars)

8. Financial Risk Management (continued):

(b) Market Risk (continued) –

Currency risk (continued)

iv) Sensitivity analysis for currency rate risk

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

	30 June	
	Effect on Equity 2018	Effect on Equity 2017
	(\$)	(\$)
Change in foreign exchange rate		
-100bps	(102,153)	(94,076)
100bps	102,153	94,076

i) Definition

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

ii) Management of risk

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

iii) Concentration of Interest Rate Risk

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

	Up to One year	One to Five years	Over Five years	Non-interest Bearing	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
30 June 2018					
Cash and cash equivalents	4,461,763	–	–	–	4,461,763
Income receivable	–	–	–	250,782	250,782
Financial assets available-for-sale	1,404,423	9,366,857	11,316,700	21,778,197	43,866,177
Total assets	5,866,186	9,366,857	11,316,700	22,028,979	48,578,722
Management and Trustee fees payable	–	–	–	69,612	69,612
Other payables	–	–	–	153,302	153,302
Due to related parties	–	–	–	27,576	27,576
Total liabilities	–	–	–	250,490	250,490
Interest Sensitivity Gap	5,866,186	9,366,857	11,316,700	21,778,489	48,328,232
30 June 2017					
Cash and cash equivalents	1,964,644	–	–	–	1,964,644
Income receivable	–	–	–	275,593	275,593
Other receivable	–	–	–	210,000	210,000
Due from related parties	–	–	–	16,800	16,800
Financial assets available-for-sale	3,959,274	4,884,447	12,977,181	21,011,924	42,832,826
Total assets	5,923,918	4,884,447	12,977,181	21,514,317	45,299,863
Management and Trustee fees payable	–	–	–	64,694	64,694
Other payables	–	–	–	141,325	141,325
Total liabilities	–	–	–	206,019	206,019
Interest Sensitivity Gap	5,923,918	4,884,447	12,977,181	21,308,298	45,093,844

iv) Sensitivity analysis for interest rate risk

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

	30 June	
	Effect on Equity 2018	Effect on Equity 2017
	(\$)	(\$)
Change in interest rate		
- 100bps	529,012	452,398
100bps	(529,012)	(452,398)

i) Definition

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

The Fund is exposed to equity securities price risk.

ii) Management of risk

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

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

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

(c) Liquidity Risk

i) Definition

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

ii) Management of risk

The Fund is exposed to daily cash redemption of units. At least 9% of the investment portfolio is held in cash and cash equivalents.

(d) Fair value estimation

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

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

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

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

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
30 June 2018				
Financial assets available-for-sale:				
Government debt securities	–	17,227,484	–	17,227,484
Corporate debt securities	–	4,860,496	–	4,860,496
Equities	21,778,197	–	–	21,778,197
Total financial assets available-for-sale	21,778,197	22,087,980	–	43,866,177
30 June 2017				
Financial assets available-for-sale:				
Government debt securities	–	15,299,630	–	15,299,630
Corporate debt securities	–	6,521,272	–	6,521,272
Equities	21,011,924	–	–	21,011,924
Total financial assets available-for-sale	21,011,924	21,820,902	–	42,832,826

9. Contingencies and Commitments:

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

10. Subsequent Events:

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