The Abercrombie TTD Monthly Fixed Income Fund
Financial Statements
30 June 2016

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 2016, 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, management 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, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management 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
14 October 2016

Trustee
14 October 2016

Independent Auditors' Report

To the Unitholders of
The Abercrombie TTD Monthly Fixed Income Fund

Report on the financial statements
We have audited the accompanying financial statements of The Abercrombie TTD Monthly Fixed Income Fund, which comprise the statement of financial position as at 30 June 2016, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of The Abercrombie TTD Monthly Fixed Income Fund as at 30 June 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PriceWaterhouseCoopers
14 October 2016
Port of Spain
Trinidad, West Indies

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

	Notes	As at 30 June 2016 $'000	2015 $'000
Assets			
Financial assets available-for-sale	4	4,515,547	5,670,842
Income receivable		38,604	44,278
Miscellaneous receivable		7,414	-
Cash and cash equivalents	5	1,222,027	523,192
Total Aassets		**5,783,592**	**6,238,312**
Liabilities			
Other payables		912	966
Due to related parties	6	34,083	32,622
Distributions payable		37	35
Total Lliabilities		35,032	33,623
Equity			
Equity	7	5,748,560	6,204,689
Total Equity		5,748,560	6,204,689
Total Liabilities and Equity		**5,783,592**	**6,238,312**

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

On 14 October 2016, the Trustee of The Abercrombie TTD Monthly Fixed Income Fund authorised these financial statements for issue.

Trustee Trustee

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

	Notes	Year ended 30 June 2016 $'000	2015 $'000
Income			
Net interest income	8	202,990	217,363
Realised gain on sale of investments		18,656	-
Net foreign exchange gains/(losses)		20,111	(341)
Total income		241,757	217,022
Expenses			
Management and trustee fees	6	(163,297)	(159,034)
Other administrative expenses		(1,000)	(1,541)
Total expenses		(164,297)	(160,575)
Operating profit for the year transferred to retained earnings		77,460	56,447
Other comprehensive (loss)/income for the year transferred to equity			
Fair value losses arising during the year		(298,452)	(74,359)
Total comprehensive loss for the year		**(220,992)**	**(17,912)**

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 2016				
Balance at beginning of year	**5,878,541**	**321,447**	**4,701**	**6,204,689**
Comprehensive loss				
Operating profit for the year	-	-	77,460	77,460
Other comprehensive loss for the year	-	(298,452)	-	(298,452)
Total comprehensive loss	**-**	**(298,452)**	**77,460**	**(220,992)**
Transactions with unitholders				
Subscriptions	3,403,765	-	-	3,403,765
Redemptions	(3,584,971)	-	-	(3,584,971)
Distributions to unitholders	-	-	(53,931)	(53,931)
Total transactions with unitholders	(181,206)	-	(53,931)	(235,137)
Balance at end of year	**5,697,335**	**22,995**	**28,230**	**5,748,560**
Year ended 30 June 2015				
Balance at beginning of year	**5,124,333**	**395,806**	**4,669**	**5,524,808**
Comprehensive loss				
Operating profit for the year	-	-	56,447	56,447
Other comprehensive loss for the year	-	(74,359)	-	(74,359)
Total comprehensive loss	**-**	**(74,359)**	**56,447**	**(17,912)**
Transactions with unitholders				
Subscriptions	4,091,610	-	-	4,091,610
Redemptions	(3,337,402)	-	-	(3,337,402)
Distributions to unitholders	-	-	(56,415)	(56,415)
Total transactions with unitholders	754,208	-	(56,415)	697,793
Balance at end of year	**5,878,541**	**321,447**	**4,701**	**6,204,689**

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 2016 $'000	2015 $'000
Cash flows from operating activities		
Operating profit for the year	77,460	56,447
Increase in other assets	(1,740)	(3,638)
Increase/(decrease) in other liabilities	1,409	(1,203)
Purchase of financial assets	(1,107,022)	(2,446,595)
Proceeds from the sale of financial assets	1,982,521	1,612,436
Realised gain on sale of financial assets	(18,656)	-
Net cash generated from/(used in) operating activities	**933,972**	**(782,553)**
Cash flows from financing activities		
Subscriptions	3,403,765	4,091,610
Redemptions	(3,584,971)	(3,337,402)
Distributions paid	(53,931)	(56,411)
Net cash (used in)/generated from financing activities	**(235,137)**	**697,797**
Net increase/(decrease) in cash and cash equivalents	698,835	(84,756)
Cash and cash equivalents at beginning of the year	523,192	607,948
Cash and cash equivalents at end of the year	**1,222,027**	**523,192**
Represented by:		
Cash and cash equivalents	**1,222,027**	**523,192**

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

Notes to the Financial Statements
(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. The Investment Manager of the Fund is First Citizens Asset Management Limited.

The address of its registered office is 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.

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.

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 2013 (effective for annual periods beginning on or after 1 July 2014 and applicable to the Fund from 1 July 2015). The amendments include changes from the 2011-12-13 cycle of the annual improvements project that affect 4 standards:

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

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

(ii) Standards effective after 1 July 2016 that have been early adopted by the Fund

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

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

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

(a) Annual improvements 2014 (effective from 1 January 2016 and applicable to the Fund from 1 July 2016). This set of amendments impacts 4 standards:

- IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
- IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.
- IAS 19, 'Employee benefits' regarding discount rates.
- IAS 34, 'Interim financial reporting' regarding disclosure of information.

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

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

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

(d) IFRS 9, 'Financial instruments – classification and measurement' (effective from 1 January 2018 and applicable to the Fund from 1 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 two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. The standard also includes an expected credit loss model that replaces the current incurred loss impairment model. While the new standard is expected to significantly impact the Fund's presentation of fair value changes arising on financial assets available-for-sale, it is not expected to impact the net asset value calculations.

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

(a) Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation (effective annual periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

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

(c) Amendment to IAS 16, 'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortisation (effective annual periods beginning on or after 1 January 2016). In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

(d) IFRS 14 'Regulatory deferral accounts' (effective annual periods beginning on or after 1 January 2016). This standard permits first–time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise

2. Summary of Significant Accounting Policies *(continued)*

(a) Basis of preparation *(continued)*

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

such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

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

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

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

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

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

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

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

(b) Foreign currency transactions

(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$6.5708 = US$1.00 (2015: TT$6.2986 = 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.

(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.

First Citizens

Notes to the Financial Statements *(continued)*

(Expressed in Trinidad and Tobago dollars)

2. Summary of Significant Accounting Policies *(continued)*

(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.

(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. If the yield curve were to shift by 100bp up or down with all other variables held constant, the impact on comprehensive income would be $173,884 (2015: $274,179). Further analysis is outlined in Note 10b(ii).

4 FINANCIAL ASSETS AVAILABLE-FOR-SALE

	2016		2015	
	$'000	**%**	**$'000**	**%**
Government debt securities	2,485,099	55.03	3,776,055	66.59
Corporate debt securities	1,413,587	31.31	1,640,247	28.92
Term deposits	28,118	0.62	40,117	0.71
Treasury bills	558,743	12.37	84,044	1.48
Repurchase agreement	30,000	0.67	130,379	2.30
	4,515,547	**100.00**	**5,670,842**	**100.00**

Movement

	2016	2015
	$'000	**$'000**
Balance brought forward	5,670,842	4,911,042
Additions	1,107,022	2,446,595
Disposals/maturities	(1,982,521)	(1,612,436)
Net realised gain	18,656	-
Net change in unrealised losses recognised in equity during the year	(298,452)	(74,359)
	4,515,547	**5,670,842**

5 CASH AND CASH EQUIVALENTS

	2016	2015
	$'000	**$'000**
Balances with banks	1,080,044	508,307
Short term investments	141,983	14,885
	1,222,027	**523,192**

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.

The Investment Manager of the Fund is First Citizens Asset Management Limited which receives in return a fee based on the average net asset value of the Fund.

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

First Citizens Bank Limited 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.

All transactions with related parties have been executed at arms' length in the normal course of the Fund's operations.

Total investment management 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.

	2016	2015
	$'000	**$'000**
Investment management fee for the year	133,693	128,896
Accrued at the end of the year	11,919	9,868

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	14,802	15,069
Accrued at the end of the year	1,192	1,284

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	14,802	15,069
Accrued at the end of the year	1,192	1,284
Other balances		
Cash and cash equivalents	1,072,119	494,733
Financial assets available-for-sale	204,988	224,295
Due to related party	19,780	20,186
Net assets attributable to unitholders	118,418	114,703
Income receivable	1,216	890
Interest income	5,718	2,260
Distributions	1,081	1,117

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:

	2016 $'000	2015 $'000
Total equity	5,748,560	6,204,689
Less fair value reserve	(22,995)	(321,447)
Less undistributed surplus	(28,230)	(4,701)
Net assets attributable to unitholders	**5,697,335**	**5,878,541**
Movement		
Balance at beginning of year	5,878,541	5,124,333
Subscriptions	3,403,765	4,091,610
Redemptions	(3,584,971)	(3,337,402)
Balance at end of year	**5,697,335**	**5,878,541**
Calculation of net asset value per unit		
Number of units outstanding at year end	284,867	293,927
Net asset value per unit	**20.00**	**20.00**

8 NET INTEREST INCOME

	2016 $'000	2015 $'000
Interest income	210,322	228,184
Amortisation of:		
Premiums	(10,258)	(12,348)
Discounts	2,926	1,527
Net interest income	**202,990**	**217,363**

9 DISTRIBUTIONS

	2016 %	2015 %
Average rate of return without reinvestment option	0.93	1.01
Annualised effective yield with the reinvestment option	0.93	1.02

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

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

(a) Credit risk

(i) Definition

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

(ii) Management of risk

Credit risk is mitigated to some extent by limiting the Fund's exposure 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:

	2016 $'000	2015 $'000
Financial assets available-for-sale	4,515,547	5,670,842
Income receivable	38,604	44,278
Miscellaneous receivable	7,414	-
Cash and cash equivalents	1,222,027	523,192
	5,783,592	**6,238,312**

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 2016				
Financial assets				
Available-for-sale	926,987	3,043,840	544,720	4,515,547
Income receivable	5,765	26,490	6,349	38,604
Miscellaneous receivable	7,414	-	-	7,414
Cash and cash equivalents	1,222,027	-	-	1,222,027
	2,162,193	**3,070,330**	**551,069**	**5,783,592**
As at 30 June 2015				
Financial assets				
Available-for-sale	1,253,163	3,860,099	557,580	5,670,842
Income receivable	5,444	30,016	8,818	44,278
Cash and cash equivalents	523,192	-	-	523,192
	1,781,799	**3,890,115**	**566,398**	**6,238,312**

(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 2016			
Financial assets available-for-sale	4,205,951	309,596	4,515,547
Income receivable	34,749	3,855	38,604
Miscellaneous receivable	7,414	-	7,414
Cash and cash equivalents	1,037,177	184,850	1,222,027
Total assets	**5,285,291**	**498,301**	**5,783,592**
Other payables	912	-	912
Due to related parties	34,083	-	34,083
Distributions payable	37	-	37
Total liabilities	**35,032**	**-**	**35,032**
Net balance sheet position	**5,250,259**	**498,301**	
As at 30 June 2015			
Financial assets available-for-sale	5,257,861	412,981	5,670,842
Income receivable	37,263	7,015	44,278
Cash and cash equivalents	470,476	52,716	523,192
Total assets	**5,765,600**	**472,712**	**6,238,312**
Other payables	966	-	966
Due to related parties	32,622	-	32,622
Distributions payable	35	-	35
Total liabilities	**33,623**	**-**	**33,623**
Net balance sheet position	**5,731,977**	**472,712**	

10 Financial Risk Management *(continued)*

(b) Market Risk *(continued)*
(i) Currency risk (continued)

(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 2016 $'000	Effect on Equity 2015 $'000
Change in foreign exchange rate		
100 bps	4,983	4,727
- 100 bps	(4,983)	(4,727)

(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 2016					
Financial assets available-for-sale	1,138,299	1,404,545	1,972,703	--	4,515,547
Income receivable	--	--	--	38,604	38,604
Other receivable	--	--	--	7,414	7,414
Cash and cash equivalents	1,222,027	--	--	--	1,222,027
Total assets	**2,360,326**	**1,404,545**	**1,972,703**	**46,018**	**5,783,592**
Other payables	--	--	--	912	912
Due to related parties	--	--	--	34,083	34,083
Distribution payable	--	--	--	37	37
Total liabilities	--	--	--	35,032	35,032
Interest sensitivity gap	**2,360,326**	**1,404,546**	**1,972,703**		

	Up to One year $'000	One to Five years $'000	Over Five years $'000	Non-Interest Bearing $'000	Total $'000
As at 30 June 2015					
Financial assets available-for-sale	1,067,368	1,513,835	3,089,639	--	5,670,842
Income receivable	--	--	--	44,278	44,278
Cash and cash equivalents	523,192	--	--	--	523,192
Total assets	**1,590,560**	**1,513,835**	**3,089,639**	**44,278**	**6,238,312**
Other payables	--	--	--	966	966
Due to related parties	--	--	--	32,622	32,622
Distribution payable	--	--	--	35	35
Total liabilities	--	--	--	33,623	33,623
Interest sensitivity gap	**1,590,560**	**1,513,835**	**3,089,639**		

(d) Sensitivity analysis for interest rate risk

The table below summarise 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 2016			
Change in interest rate			
- 100bps	1,938	173,884	175,822
100bps	(1,938)	(173,884)	(175,822)
Year ended 30 June 2015			
Change in interest rate			
- 100bps	2,738	274,179	276,917
100bps	(2,738)	(274,179)	(276,917)

(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 estimation

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).

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

10 Financial Risk Management *(continued)*

(b) Market Risk *(continued)*

(iii) Price risk (continued)

(d) Fair value estimation *(continued)*

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The following table analyses within the fair value hierarchy the Fund's assets as at 30 June 2016 and 30 June 2015:

As at 30 June 2016	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets available-for-sale:				
Government debt securities	-	2,485,099	-	2,485,099
Corporate debt securities	-	1,413,587	-	1,413,587
Term deposits	-	28,118	-	28,118
Treasury bills	-	558,743	-	558,743
Repurchase agreements	-	30,000	-	30,000
Total financial assets available-for-sale	**-**	**4,515,547**	**-**	**4,515,547**

As at 30 June 2015	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Government debt securities	-	3,776,055	-	3,776,055
Corporate debt securities	-	1,640,247	-	1,640,247
Term deposits	-	40,117	-	40,117
Treasury bills	-	84,044	-	84,044
Repurchase agreements	-	130,379	-	130,379
Total financial assets available-for-sale	**-**	**5,670,842**	**-**	**5,670,842**

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.