The El Tucuche Fixed Income Fund
Financial Statements
30 June 2016

First Citizens

Statement of Trustee Responsibilities

The Trustee is responsible for the following:

- preparing and fairly presenting the accompanying financial statements of The El Tucuche 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.

Christopher Sandy
General Manager
First Citizens Trustee Services Limited
Date: September 30, 2016

Grace Lima
Assiistant Manager, Financial Accounting
First Citizens Trustee Services Limited
Date: September 30, 2016

Independent Auditors' Report

To the Unitholders of
The El Tucuche Fixed Income Fund

We have audited the accompanying financial statements of The El Tucuche Fixed Income Fund, which comprise the statement of financial position as at 30 June 2016, 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.

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 determine 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 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 auditors' 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 auditors consider 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 El Tucuche Fixed Income Fund as of 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF
Port of Spain
30 September 2016
Trinidad, West Indies

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

	Notes	As at 30 June 2016 $	2015 $
Assets:			
Cash and cash equivalents	4	22,178,753	15,180,048
Income receivable		1,128,079	1,573,704
Due from related parties		-	8,000
Financial assets available-for-sale	5	126,539,808	185,216,123
Total Assets		**149,846,640**	**201,977,875**
Liabilities:			
Management and Trustee fees payable		215,552	288,905
Other payables		141,880	144,445
Due to related parties		193,500	-
Total Liabilities		550,932	433,350
Equity:			
Net assets attributable to Unitholders	6	149,295,708	201,544,525
Total Liabilities and Equity		**149,846,640**	**201,977,875**

These financial statements were approved by the Trustees and authorised for issue on 30 September 2016.

Trustee: Trustee:

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

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

	Year ended 30 June 2016 $	2015 $
Income:		
Net investment income	4,746,552	7,850,431
Gain on sale of investments	2,818,825	-
Foreign exchange gain	93,483	-
Total Income	7,658,860	7,850,431
Expenses:		
Management and Trustee fees	2,922,810	3,486,660
Other administration expenses	244,033	223,382
Foreign exchange loss	-	392
Total Expenses	3,166,843	3,710,434
Net income for the year	4,492,017	4,139,997
Other Comprehensive Income for the year		
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Fair value losses arising during the year	(13,463,967)	(1,326,404)
Total Comprehensive Income for the year	**(8,971,950)**	**2,813,593**

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 $	Fair Value Reserve $	Retained Surplus $	Total Equity $
Year ended 30 June 2016				
Balance at beginning of year	**176,992,106**	**18,329,977**	**6,222,442**	**201,544,525**
Comprehensive Income:				
Net income for the year	-	-	4,492,017	4,492,017
Other comprehensive income for the year	-	(13,463,967)	-	(13,463,967)
Total Comprehensive Income	**-**	**(13,463,967)**	**4,492,017**	**(8,971,950)**
Transactions with Unitholders:				
Subscriptions	16,492,141	-	-	16,492,141
Redemptions	(56,245,008)	-	-	(56,245,008)
Distributions to unitholders	-	-	(3,524,000)	(3,524,000)
Total Transactions with unitholders	(39,752,867)	-	(3,524,000)	(43,276,867)
Balance at end of year	**137,239,239**	**4,866,010**	**7,190,459**	**149,295,708**
Year ended 30 June 2015				
Balance at beginning of year	**172,754,949**	**19,656,381**	**6,157,445**	**198,568,775**
Comprehensive Income:				
Net income for the year	-	-	4,139,997	4,139,997
Other comprehensive income for the year	-	(1,326,404)	-	(1,326,404)
Total Comprehensive Income	**-**	**(1,326,404)**	**4,139,997**	**2,813,593**
Transactions with Unitholders:				
Subscriptions	25,451,055	-	-	25,451,055
Redemptions	(21,213,898)	-	-	(21,213,898)
Distributions to unitholders	-	-	(4,075,000)	(4,075,000)
Total Transactions with unitholders	4,237,157	-	(4,075,000)	162,157
Balance at end of year	**176,992,106**	**18,329,977**	**6,222,442**	**201,544,525**

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 $	2015 $
Operating Activities:		
Net income for the year	4,492,017	4,139,997
Adjustment for items not involving cash:		
Appreciation cost of units redeemed	(3,327,630)	(3,941,726)
Premium on financial assets available-for-sale	500,877	752,431
Net cash from operating activities before working capital changes	1,665,264	950,702
Net change in accounts receivable	453,625	160,799
Net change in accounts payable	117,582	48,617
Cash provided by operating activities	**2,236,471**	**1,160,118**
Investing activities:		
Net purchase of financial assets available-for-sale	(16,080,966)	(22,683,840)
Proceeds from sale and redemption of financial assets available-for-sale	60,792,437	20,181,145
Cash provided by/(used in) investing activities	**44,711,471**	**(2,502,695)**
Financing activities:		
Subscriptions (net of distribution to unitholders)	12,968,141	21,376,055
Redemptions	(52,917,378)	(17,272,172)
Cash (used in)/provided by financing activities	**(39,949,237)**	**4,103,883**
Increase in cash and cash equivalents for the year	6,998,705	2,761,306
Cash and cash equivalents at the beginning of the year	**15,180,048**	**12,418,742**
Cash and cash equivalents at the end of the year	**22,178,753**	**15,180,048**

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

(a) General -

The El Tucuche Fixed Income Fund (the Fund) is an open ended Mutual Fund in which units are issued. It was established by First Citizens Bank Limited under a Trust Deed dated 29 September 2008 in order to facilitate the generation of returns superior to all TT$ registered Money Market Mutual Funds in the Republic of Trinidad and Tobago while providing an acceptable level of risk. Operations commenced on 29 September 2008. The Investment Manager of the Fund is First Citizens Asset Management Limited. First Citizens Trustee Services Limited was appointed Trustee of the Fund.

(b) Subscriptions -

Subscriptions to the Fund are made by investors and are based on the net asset value per unit determined on each business day. Units will be initially subscribed at a minimum value of **TT$10,000** with subsequent subscriptions in the amount of **TT$1,000.**

(c) Redemptions -

Redemptions from the Fund will be at the redemption price less any stamp duty or taxation leviable thereon on the relevant redemption date. The redemption price will be the Net Asset Value Per Unit calculated at the close of the business day on which the redemption form was submitted.

The Trustee/Custodian applies a redemption charge as follows: -
Not to exceed 2.5% per annum up to 1 year
Not to exceed 1.5% per annum from 1-2 years

(d) Distribution -

Distributions are made quarterly on the 15th day in January, April, July and October of each calendar year. Distributions payable will ordinarily be reinvested automatically in additional units of the Fund at the issue price at the relevant distribution date, unless investors request a cash distribution.

(e) Management fees -

Trustee fees, administration and distribution fees are paid to the Trustee , administrator and the distribution agent at a rate of 0.25% per annum respectively on the average net asset value of the Fund. The Investment Manager is paid up to a maximum of 2.50% per annum on the average net asset value of the Fund.

(f) Taxation -

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation -

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention, as modified by the revaluation of financial assets available-for-sale.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Trustee to exercise its judgment 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, amendment and interpretations which are effective and have been adopted by the Fund

- Annual improvements 2012 (effective for annual periods beginning on or after 1 July 2014 and applicable to the Fund from 1 July 2015). These amendments include changes from the 2010-2012 cycle of the annual improvements project that affect seven (7) standards:

  - IFRS 2 - Share-based payment;
  - IFRS 3 - Business Combinations;
  - IFRS 8 - Operating segments;
  - IFRS 13 - Fair value measurement;
  - IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible assets;
  - Consequential amendments to IFRS 9 - Financial instruments and IAS 37 -Provisions, Contingent Liabilities and Contingent Assets, and
  - IAS 39 - Financial Instruments – Recognition and Measurement.

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

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

- Annual improvements 2014 (effective from 1 January 2016 and applicable to the Fund from 1 July 2016). These amendments impact four (4) standards:

  - IFRS 5 - 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 Business combinations;
  - IAS 19 - Employee Benefits, regarding discount rates; and
  - IAS 34 - Interim Financial Reporting, regarding disclosure of information.

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

- 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). This amendment is part of the IASB initiative to improve presentation and disclosure in financial reports.

  This improvement is not expected to significantly impact the financial statements of the Fund.

- Amendment to IAS 7 - Statement of Cash Flows, on disclosure initiative (effective from 1 January 2017 and applicable to the Fund from 1 July 2017).

  This amendment introduces 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 disclosures can be improved.

- IFRS 9 – Financial instruments – Classification and Measurement (effective for annual periods beginning on or after 1 January 2018).

  This new standard on classification and measurement of financial assets and financial liabilities will replace the guidance in IAS 39 - Financial Instruments: Recognition and Measurement. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows, and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. The standard also includes an expected credit loss model that replaces the current incurred loss impairment model.

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

- 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.

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

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)

- 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.

- 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 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 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.

- IFRS 14 - Regulatory Deferral Accounts (effective annual periods beginning on or after 1 January 2016).

  This standard permits first–time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

- Amendments to IAS 27 - Separate Financial Statements, on the equity method (effective annual periods beginning on or after 1 January 2016).

  These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- 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.

- 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.

- 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 were 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.

- 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 global comparability of the top line in financial statements.

- 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 the areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

- 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 the Statement of Financial Position) and an operating lease (off the Statement of Financial Position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. However, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease, as well as the guidance on the combination and separation of contracts, lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time, in exchange for consideration.

(b) Foreign currency transactions -

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

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

(c) Financial assets available-for-sale -

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

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

Measurement
Financial assets available-for-sale are initially recognised at fair value plus transaction costs. Subsequent to initial recognition, financial assets available-for-sale are carried at fair value. Gains and losses arising from changes in the fair value of financial assets available-for-sale are recognised directly in the Fair Value Reserve, until the financial asset is de recognised or impaired. At this time, the cumulative gain or loss previously recognised in the 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 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 investments instruments with original maturities less than ninety (90) days, net of bank overdrafts.

2. Summary of significant accounting policies *(continued)*

(f) Provisions -

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

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

(g) Net Assets Attributable to Unitholders -

Units are redeemable at the unitholder's option subject to certain restrictions as outlined in **Note 1** and are classified as equity. The distribution on these units is recognised in the Statement of Changes in Equity. The units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value as determined under the Trust Deed.

(h) Interest and dividend income -

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

(i) Expenses -

Expenses are accounted for on the accruals basis.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING PRINCIPLES

(a) Impairment Losses on Financial 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

	30 June 2016 $	30 June 2015 $
Balances with bank	**22,178,753**	**15,180,048**

5. FINANCIAL ASSETS AVAILABLE-FOR-SALE

	30 June 2016 $		30 June 2015 $	
Government debt securities	93,889,691	74.20%	166,836,033	90.08%
Corporate debt securities	24,156,343	19.09%	14,384,988	7.77%
Treasury note	4,976,101	3.93%	3,995,102	2.15%
Term deposits	3,517,673	2.78%	-	-
	126,539,808	**100.00%**	**185,216,123**	**100.00%**

Movement:	30 June 2016 $	30 June 2015 $
Balance brought forward	185,216,123	184,792,263
Additions	16,080,966	22,683,840
Disposal/maturities	(60,792,437)	(20,181,145)
Premium on financial assets available-for-sale	(500,877)	(752,431)
Fair value losses recognised during the year	(13,463,967)	(1,326,404)
Balance carried forward	**126,539,808**	**185,216,123**

6. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	30 June 2016 $	30 June 2015 $
Net Assets Attributable to Unitholders - unadjusted	144,429,698	183,214,548
Equity – Fair Value Reserve	4,866,010	18,329,977
Net Assets Attributable to Unitholders - adjusted	**149,295,708**	**201,544,525**

	30 June 2016 $	30 June 2015 $
Net Assets Attributable to Unitholders - adjusted	149,295,708	201,544,525
Number of units outstanding at end of year	11,962,950	15,063,181
Net Asset Value per unit	**12.48**	**13.38**

7. RELATED PARTY TRANSACTIONS

First Citizens Asset Management Limited acts as the Investment Manager, Distributor and Administrator of the Fund, and receives in return a fee based on the average net asset value of the Fund.

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

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

Total investment management fee for the year, including the outstanding accrued fees due to First Citizens Asset Management Limited at the end of the year, are detailed below:

	30 June 2016 $	30 June 2015 $
Fee for the year	1,670,177	1,992,378
Fee accrued at the end of the year	123,172	165,089

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 2016 $	30 June 2015 $
Fee for the year	417,544	498,094
Fee accrued at the end of the year	30,793	41,272

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

	30 June 2016 $	30 June 2015 $
Fee for the year	417,544	498,094
Fee accrued at the end of the year	30,793	41,272

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:

	30 June 2016 $	30 June 2015 $
Fee for the year	417,545	498,094
Fee accrued at the end of the year	30,794	41,272

Other balances	30 June 2016 $	30 June 2015 $
Cash and cash equivalents	22,178,753	15,180,048
Due (to)/from related parties	(193,500)	8,000
Financial assets available-for-sale	5,126,546	4,036,756
Net assets attributable to unitholders	17,868,013	15,886,875
Income receivable	5,240	4,635
Distributions	313,215	327,365

8. FINANCIAL RISK MANAGEMENT

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

The Investment Manager's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risk 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, 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 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 2016 $	30 June 2015 $
Cash and cash equivalents	22,178,753	15,180,048
Income receivable	1,128,079	1,573,704
Due from related parties	-	8,000
Financial assets available-for-sale	126,539,808	185,216,123
	149,846,640	**201,977,875**

(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 2016				
Cash and cash equivalents	22,178,753	-	-	22,178,753
Income receivable	340,829	780,444	6,806	1,128,079
Financial assets available-for-sale – debt securities	26,186,463	98,865,792	1,487,553	126,539,808
	48,706,045	**99,646,236**	**1,494,359**	**149,846,640**

	Financial Institutions $	Public Sector $	Private Sector $	Total $
30 June 2015				
Cash and cash equivalents	15,180,048	-	-	15,180,048
Income receivable	182,885	1,383,041	7,778	1,573,704
Due from related parties	8,000	-	-	8,000
Financial assets available-for-sale – debt securities	14,384,988	169,026,805	1,804,330	185,216,123
	29,755,921	**170,409,846**	**1,812,108**	**201,977,875**

(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 that Trinidad and Tobago dollars.

(iii) Concentration of currency risk

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

	TT $	US $	Total $
30 June 2016			
Cash and cash equivalents	19,919,508	2,259,245	22,178,753
Income receivable	1,126,227	1,852	1,128,079
Financial assets available-for-sale	126,389,166	150,642	126,539,808
Total Assets	**147,434,901**	**2,411,739**	**149,846,640**
Management and Trustee fees payable	215,552	-	215,552
Other payables	141,880	-	141,880
Due to related parties	193,500	-	193,500
Total Liabilities	**550,932**	**-**	**550,932**
Net position	**146,883,969**	**2,411,739**	**149,295,708**

	TT $	US $	Total $
30 June 2015			
Cash and cash equivalents	13,961,867	1,218,181	15,180,048
Income receivable	1,563,234	10,470	1,573,704
Due from related parties	8,000	-	8,000
Financial assets available-for-sale	184,068,856	1,147,267	185,216,123
Total Assets	**199,601,957**	**2,375,918**	**201,977,875**
Management and Trustee fees payable	288,905	-	288,905
Other payables	144,445	-	144,445
Total Liabilities	**433,350**	**-**	**433,350**
Net position	**199,168,607**	**2,375,918**	**201,544,525**

(iv) Sensitivity analysis for currency rate risk

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

	30 June 2016 $	30 June 2015 $
Change in foreign exchange rate		
- 100bps	(24,117)	(23,759)
100bps	24,117	23,759

Interest rate risk

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

(ii) Management of risk
The Fund's available-for-sale financial assets are exposed to interest rate risk. This is the 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.

8. Financial Risk Management *(continued)*

(b) Market Risk *(continued)*

Interest rate risk (continued)
(iii) Concentration of currency rate risk (continued)

	Up to One year $	One to Five years $	Over Five years $	Non-interest Bearing $	Total $
30 June 2016					
Cash and cash equivalents	22,178,753	-	-	-	22,178,753
Income receivable	-	-	-	1,128,079	1,128,079
Financial assets available-for-sale	21,849,034	50,708,048	53,982,726	-	126,539,808
Total Assets	**44,027,787**	**50,708,048**	**53,982,726**	**1,128,079**	**149,846,640**
Management and Trustee fees payable	-	-	-	215,552	215,552
Other payables	-	-	-	141,880	141,880
Due to related parties	-	-	-	193,500	193,500
Total Liabilities	**-**	**-**	**-**	**550,932**	**550,932**
Interest Sensitivity Gap	**44,027,787**	**50,708,048**	**53,982,726**	**577,147**	**149,295,708**

	Up to One year $	One to Five years $	Over Five years $	Non-interest Bearing $	Total $
30 June 2015					
Cash and cash equivalents	15,180,048	-	-	-	15,180,048
Income receivable	-	-	-	1,573,704	1,573,704
Due from related parties	-	-	-	8,000	8,000
Financial assets available-for-sale	4,284,217	37,330,314	143,601,592	-	185,216,123
Total Assets	**19,464,265**	**37,330,314**	**143,601,592**	**1,581,704**	**201,977,875**
Management and Trustee fees payable	-	-	-	288,905	288,905
Other payables	-	-	-	144,445	144,445
Total Liabilities	**-**	**-**	**-**	**433,350**	**433,350**
Interest Sensitivity Gap	**19,464,265**	**37,330,314**	**143,601,592**	**1,148,354**	**201,544,525**

(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 2016 $	Effect on Equity 2015 $
Change in interest rate		
- 100bps	4,969,491	11,099,673
100bps	(4,969,491)	(11,099,673)

Price risk

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

(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 8% of the investment portfolio is held in cash and cash equivalents that can be quickly converted to cash.

(d) Fair value estimation

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

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

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

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

30 June 2016	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets available-for-sale:				
Government debt securities	-	93,889,691	-	93,889,691
Corporate debt securities	-	24,156,343	-	24,156,343
Treasury note	-	4,976,101	-	4,976,101
Term deposit	-	3,517,673	-	3,517,673
Total financial assets available-for-sale	**-**	**126,539,808**	**-**	**126,539,808**
30 June 2015				
Financial assets available-for-sale:				
Government debt securities	-	166,836,033	-	166,836,033
Corporate debt securities	-	14,384,988	-	14,384,988
Treasury note	-	3,995,102	-	3,995,102
Total financial assets available-for-sale	**-**	**185,216,123**	**-**	**185,216,123**

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.