The Abercrombie TTD Monthly Fixed Income Fund
Financial Statements
30 June 2022
(Expressed in Trinidad and Tobago Dollars)

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" the Fund", which comprise the statement of financial position as at 30 June 2022, the statements of comprehensive income and changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- ensuring that the Fund keeps proper accounting records;
- selecting appropriate accounting policies and applying them in a consistent manner;
- implementing, monitoring and evaluating the system of internal control that assures security of the Fund's assets, detection/prevention of fraud, and the achievement of the Fund's operational efficiencies;
- ensuring that the system of internal control operated effectively during the reporting period;
- producing reliable financial reporting that comply with laws and regulations; and
- using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, the Trustee utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, the Trustee chose those considered most appropriate in the circumstances.

Nothing has come to the attention of the Trustee to indicate that the Fund will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

The Trustee affirms that it has carried out its responsibilities as outlined above.

Trustee
5 October 2022

Trustee
5 October 2022

Independent auditor's report

To the unitholders of

The Abercrombie TTD Monthly Fixed Income Fund

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Abercrombie TTD Monthly Fixed Income Fund (the Fund) as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 30 June 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis of Opinion

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

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

Independence

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

Responsibilities of the Trustee for the financial statements

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

In preparing the financial statements, the Trustee is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
5 October 2022

Statement of Financial Position

	Notes	As at 30 June 2022 $'000	2021 $'000
Assets			
Investment securities			
- Fair value through other comprehensive Income (FVOCI)	4a	3,527,341	3,304,005
- Fair value through profit or loss (FVPL)	4b	794,368	711,522
- Amortised cost	4c	824,315	924,010
Income receivable		43,742	42,205
Miscellaneous receivable		7,624	-
Cash and cash equivalents	5	636,605	887,792
Total assets		5,833,995	5,869,534
Liabilities			
Other payables		923	883
Due to related parties	6	7,534	28,100
Total liabilities		8,457	28,983
Equity			
Equity	7	5,825,538	5,840,551
Total equity		5,825,538	5,840,551
Total liabilities and equity		5,833,995	5,869,534

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

On 5 October 2022, the Trustee of The Abercrombie TTD Monthly Fixed Income Fund authorised these financial statements for issue.

Trustee

Trustee

The Abercrombie TTD Monthly Fixed Income Fund
Financial Statements
30 June 2022
(Expressed in Trinidad and Tobago Dollars)

First Citizens

Statement of Comprehensive Income

	Notes	Year ended 30 June 2022 $'000	2021 $'000
Income			
Net interest income	8	182,217	167,434
Net realised gain on sale of investment securities		8,039	2,375
Net unrealised loss on investment securities (FVPL)		-	(499)
Net foreign exchange (loss)/gain		(129)	5
Total net income		190,127	169,315
Expenses			
Management and trustee fees	6	(107,301)	(92,681)
Other administrative expenses		(887)	(912)
Net impairment on financial assets	10 (a) (xi)	(4,307)	(2,651)
Total expenses		(112,495)	(96,244)
Operating profit for the year transferred to retained earnings		77,632	73,071
Other comprehensive income for the year transferred to equity			
Fair value (losses)/gains arising during the year		(112,700)	90,569
Total comprehensive (loss)/income for the year		(35,068)	163,640

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

Statement of Cash Flows

	Notes	Year ended 30 June 2022 $'000	2021 $'000
Cash flows from operating activities			
Operating profit for the year		77,632	73,071
Unrealised loss on investment securities - FVPL		--	499
Net impairment on financial assets	10 (a) (xi)	4,307	2,651
(Increase)/decrease in receivables		(9,161)	6,253
Decrease in liabilities		(20,526)	(2,909)
Purchase of investment securities		(1,798,350)	(2,001,343)
Proceeds from maturities/sales of investment securities		1,474,856	1,810,571
Net cash used in operating activities		(271,242)	(111,207)
Cash flows from operating activities			
Subscriptions		3,382,403	3,142,805
Redemptions		(3,292,570)	(2,822,834)
Distributions paid		(69,778)	(78,262)
Net cash generated from financing activities		20,055	241,709
Net (decrease)/increase in cash and cash equivalents		(251,187)	130,502
Cash and cash equivalents at beginning of the year		887,792	757,290
Cash and cash equivalents at end of the year	5	636,605	887,792

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

Statement of Changes in Equity

	Net assets attributable to unitholders $'000	Fair value reserve $'000	Retained earnings $'000	Total equity $'000
Year ended 30 June 2022				
Balance at beginning of year	5,708,766	93,500	38,285	5,840,551
Comprehensive income				
Operating profit for the year	--	--	77,632	77,632
Other comprehensive loss for the year	--	(112,700)	--	(112,700)
Total comprehensive loss	--	(112,700)	77,632	(35,068)
Transactions with unitholders				
Subscriptions	3,382,403	--	--	3,382,403
Redemptions	(3,292,570)	--	--	(3,292,570)
Distributions to unitholders	--	--	(69,778)	(69,778)
Total transactions with unitholders	89,833	--	(69,778)	20,055
Balance at end of year	5,798,599	(19,200)	46,139	5,825,538
Year ended 30 June 2021				
Balance at beginning of year	5,388,795	2,931	43,476	5,435,202
Comprehensive income				
Operating profit for the year	-	--	73,071	73,071
Other comprehensive income for the year	-	90,569	--	90,569
Total comprehensive income	-	90,569	73,071	163,640
Transactions with unitholders				
Subscriptions	3,142,805	--	--	3,142,805
Redemptions	(2,822,834)	--	--	(2,822,834)
Distributions to unitholders	-	--	(78,262)	(78,262)
Total transactions with unitholders	319,971	--	(78,262)	241,709
Balance at end of year	5,708,766	93,500	38,285	5,840,551

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

Notes to the Financial Statements

1 Description of the Fund

The following brief description of The 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 domiciled and registered in Trinidad and Tobago. The address of it's registered office is No. 22-24 Victoria Avenue, Port of Spain. 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.

The Fund was established under Trust Deed dated 25 September 1998, which was subsequently amended forming Trust Deed and Rules dated 17 October 2014. The Fund's Trustee since July 2007, is First Citizens Trustee Services Limited. The Fund's investment activities are managed by First Citizens Portfolio and Investment Management Services Limited (the Investment Manager), with First Citizens Depository Services Limited as its custodian and First Citizens Investment Services Limited as its distributor.

The address of its registered office is No. 22-24 Victoria Avenue, 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. An investor can redeem the whole or part of his/her units in the form prescribed by the Trustee to the extent that his/her remaining units is not reduced below $500.00. This redemption can be in the form of cash or via electronic channels. Units having an aggregate value up to TT$1M may be redeemed in cash on the same business day of the request. Units up to an aggregate of TT$100,000.00 may be redeemed on the same business day via electronic channels, excluding automated teller machines. Units having an aggregate value of greater than TT$1M may be redeemed in cash within three (3) business days of request.

1 Description of the Fund (continued)

Management and trustee fees

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

Investment management and custodian fees collectively are payable up to a maximum of 2.50% per annum on the average net assets of the Fund.

Distribution fees are payable at a rate of 0.25% per annum on the average net assets 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 the years presented, unless otherwise stated.

a. *Basis of preparation*

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company'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 in the current period.*

There are no new standards, amendments and interpretations which are effective on or after 1 July 2021 and have been adopted by the Fund.

(ii) *Standards amendments and interpretations issued which are effective after 1 July 2021 and 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 which are effective and not relevant to the Fund.*

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform-Phase 2 (Effective 1 January 2021). The amendments in *Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)* introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

- Amendments to IFRS 16- Covid-19-Related Rent Concessions beyond 30 June 2021 (Effective 1 April 2021). The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The relief was originally limited to reduction in lease payment that were due on or before 30 June 2020. However, the IASB subsequently extended to 30 June 2022.

b. *Foreign currency transactions*

(i) *Functional and presentation currency*

The primary activity of the Fund is to invest in securities denominated in Trinidad and Tobago dollars. Subscriptions and redemptions of units are denominated in Trinidad and Tobago dollars. The performance of the Fund is measured and reported to the investors in Trinidad and Tobago dollars. The Trustee considers the Trinidad and Tobago dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Trinidad and Tobago dollars which is the Fund's functional and presentation currency. The exchange rate between the TT dollar and US dollar as at the date of these statements was TT$6.6926 = US$1.00 (2021: TT$6.6926 = US$1.00). This rate represents the First Citizens Group midrate.

(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 statement of comprehensive income.

Changes in the fair value of monetary securities denominated in foreign currency classified as financial assets 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 the statement of comprehensive income.

c. *Financial assets and financial liabilities*

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

(i) *Financial assets*

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

- Amortised cost
- Fair value through other comprehensive income
- Fair value through profit or loss

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

- *Amortised cost*

  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at fair value through profit or loss (FVPL) are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 10.a. (iv). Interest income from these financial assets is included in "net interest income" using the effective interest rate method.

- *Fair value through other comprehensive income (FVOCI)*

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

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

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

2 Summary of significant accounting policies (continued)

c. Financial assets and financial liabilities (continued)

(i) Financial assets (continued)

- *Debt instruments*

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

  Classification and subsequent measurement of debt instruments depend on:

  (i) The cash flow characteristics of the asset, and
  (ii) The Fund's business model for managing the asset

Fund's business model

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

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

Arising out of the assessment, the portfolios were deemed to have the business models identified as follows:

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

- *Solely payments of principal and interest (SPPI)*

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

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

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

  Impairment

  The Fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

  - An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
  - The time value of money; and
  - Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

  Note 10.a provides more detail of how the expected credit loss allowance is measured.

  Recognition/de-recognition of financial assets

  All purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the financial asset. Financial assets are initially recognised at fair value plus transaction cost. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired and the Fund has transferred substantially all risks and rewards of ownership.

(ii) Financial liabilities

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

d. Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and deposits held at call with financial institutions and short-term highly liquid investments with original maturities of three months or less.

e. Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of the obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

f. 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.

g. Interest income

Interest income is recognised in the statement of comprehensive income on a time-proportionate basis using the effective interest method based on the initial carrying amount. It includes interest income from all financial assets.

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.

2 Summary of significant accounting policies (continued)

g. Interest income (continued)

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.

h. Expenses

Expenses are accounted for on the accrual basis.

i. Subscriptions and redemptions

Subscriptions and redemptions are accounted for on the accrual basis.

j. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when 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.

k. 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.

l. Going concern

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

COVID -19 is not expected to have a significant impact on the Fund. Management has determined that there is no material uncertainty that casts doubt on the Fund's ability to continue as a going concern. It expects that COVID-19 might have some impact, though not significant, for example, in relation to expected future performance, or the effects on some future asset valuations.

The Russia/ Ukraine war might have some impact on the Fund in relation to the effects on some future asset valuations due to volatility in debt security prices and foreign exchange rates. Management has determined that there is no material uncertainty that casts doubt on the Fund's ability to continue as a going concern.

3 Critical accounting estimates and judgements in applying accounting principles

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

(i) Fair value of financial instruments

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

The carrying amount of fair value through other comprehensive income financial assets would decrease by $365,020,763 if the discount rate used in the discounted cash flow analysis is increased by 300 basis points from management's estimates (2021: $135,747,170 – 100 bps). The carrying amount of financial assets at fair value through profit or loss would decrease by $8,934,508 if the discount rate used in the discounted cash flow analysis is increased by 300 basis points from management's estimates (2021: $3,330,661 – 100 bps).

(ii) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 10. a which also sets out key sensitivities of the ECL to changes in these elements.

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

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and the associated ECL; and
- Establishing groups of similar financial assets for the purpose of measuring ECL.

(iii) Loss given default

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

4 Investment securities

a. Investments – Fair value through other comprehensive income (FVOCI)

	30 June 2022 $'000	30 June 2021 $'000
Government debt securities	2,548,674	2,389,363
Corporate debt securities	978,667	914,642
	3,527,341	3,304,005
Movement		
Balance at the beginning of year	3,304,005	2,318,851
Additions	721,159	994,520
Maturities/sale of investment securities	(381,342)	(96,749)
Net unrealised (loss)/ gain on revaluation of FVOCI	(112,700)	90,569
Net impairment of financial assets at FVOCI	(3,781)	(3,186)
Balance at the end of year	3,527,341	3,304,005

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

	2022	2021
Term deposits	334,291	362,819
Repurchase agreements	460,077	348,703
	794,368	711,522
Movement		
Balance at the beginning of year	711,522	814,168
Additions	834,432	779,228
Maturities/sale of investment securities	(751,586)	(881,375)
Net unrealised loss on revaluation of FVOCI	--	(499)
Balance at the end of year	794,368	711,522

c. Investments - Amortised cost

	2022	2021
Government debt securities	476,883	358,674
Corporate debt securities	223,396	441,237
Treasury bills	124,036	124,099
	824,315	924,010
Movement		
Balance at the beginning of year	924,010	1,528,327
Additions	242,759	227,595
Maturities/sale of investment securities	(341,928)	(832,447)
Net impairment of financial assets at amortised cost	(526)	535
Balance at the end of year	824,315	924,010

5 Cash and cash equivalents

	30 June 2022 $'000	30 June 2021 $'000
Balances with banks	605,830	857,711
Short term investments	30,775	30,081
	636,605	887,792

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 Trustee of the Fund is First Citizens Trustee Services Limited which receives a fee based on the average net asset value of the Fund (2022: 0.25%; 2021: 0.25%).

Total trustee fees for the year, including the outstanding accrued fees due at the end of the year, are detailed below.

	2022	2021
Trustee fee for the year	14,932	14,004
Accrued at the end of the year	1,222	1,197

First Citizens Portfolio and Investment Management Services Limited is the Investment Manager, of the Fund, and receives in return a fee based on the average net assets of the Fund (2022: 0.96%; 2021: 0.73%), while First Citizens Depository Services Limited is the Custodian of the Fund, and receives in return a fee based on the average net assets of the Fund (2022: 0.33%; 2021: 0.43%).

Total investment management and custodian fees for the year, including the outstanding accrued fees are detailed below.

	2022	2021
Investment management and custodian fees for the year	77,437	64,673
Accrued at the end of the year	5,294	5,331

First Citizens Investment Services Limited is the distributor of the Fund and receives a fee based on the average net asset value of the Fund (2022: 0.25%; 2021: 0.25%).

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

	2022	2021
Distribution fee for the year	14,932	14,004
Accrued at the end of the year	1,222	1,197

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

Other balances	2022	2021
Cash and cash equivalents	597,787	812,664
Investment securities	951,374	943,640
Due from related parties	7,534	20,375
Net assets attributable to unitholders	68,319	91,221
Income receivable	4,769	6,299
Interest income	16,269	17,795
Distributions	1,060	1,159

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 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:

	30 June 2022 $'000	30 June 2021 $'000
Total equity	5,825,538	5,840,551
Add/ (less) fair value reserve	19,200	(93,500)
Less undistributed surplus	(46,139)	(38,285)
Net assets attributable to unitholders	5,798,599	5,708,766
Movement		
Balance at the beginning of year	5,708,766	5,388,795
Subscriptions	3,382,403	3,142,805
Redemptions	(3,292,570)	(2,822,834)
Balance at the end of year	5,798,599	5,708,766
Calculation of net asset value per unit		
Number of units outstanding at year end	289,931	285,438
Net asset value per unit	20.00	20.00

8 Net interest income

	2022	2021
Interest income	190,006	172,456
Amortisation of:		
Premiums	(8,797)	(7,576)
Discounts	1,008	2,554
Net interest income	182,217	167,434

9 Distributions

	2022 %	2021 %
Average rate of return without reinvestment option	1.20	1.37
Annualised effective yield with the reinvestment option	1.16	1.40

10 Financial risk management

The Fund's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Fund's aim is therefore to achieve an appropriate balance between risk and return and 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. The Investment Manager regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practice.

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

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

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

a. *Credit risk*

(i) *Definition*

The Fund is exposed to credit risk which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The main concentration to which the Fund is exposed arises from the Fund's investment in debt securities. The Fund is also exposed to counterparty credit risk on cash and cash equivalents and receivable balances.

10 Financial risk management (continued)

a. Credit risk (continued)

(ii) Management of risk

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

(iii) Credit risk grading

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

Investment securities

For sovereign and corporate investments securities, the ratings published by Standards and Poor's Rating Agency (S&P), where available, are used. For sovereigns with no S&P rating, the Group's Research and Analytics Unit uses a model based on the S&P methodology to generate a rating. For corporate investment securities with no S&P rating, a rating is assigned using the Borrower Risk Rating (BRR) model.

S&P published ratings are continuously monitored and updated. The PD's associated with each rating are determined based on realised default over the prior 12 months, as published by the rating agency. The ratings generated by the BRR model are also updated annually.

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

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

For June 2022, 90.56% (June 2021: 98.21%) of the investments in debt securities and other bills have at least a BBB- based on Standards & Poor's Ratings.

(iv) Expected credit loss measurement

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

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

- A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored by the Fund.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3. Please refer to note 10.a (v) for a description of how the Fund defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses within the next twelve (12) months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 10.a (vi) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward- looking information. Note 10.a (vii) includes an explanation of how the Fund has incorporated this in its ECL model.
- Purchased or originated credit-impaired (POCI) financial assets are those assets that are credit- impaired on initial recognition. The ECL is always measured on a lifetime basis and is deemed "built-in" to the fair value on origination. A credit impaired effective interest rate is used to amortise these instruments to their maturity. Changes to the life-time expected credit losses are adjusted in the amortised prices.

Further explanation is also provided of how the Fund determines appropriate groupings when ECL is measured on a collective basis refer to note 10.a (vii).

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

Change in credit quality since initial recognition

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

Significant increase in credit risk (SICR)

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

Investment securities:

Criteria	*Investment Grade Portfolio*	*Single "B" Speculative Grade Portfolio*
Absolute Measure	PD - 15% or higher	PD - 25% or higher
AND	AND	AND
Relative Measure	One notch downgrade (investment securities rating scale)	One notch downgrade (investment securities rating scale)
OR	OR	OR
Special Consideration	Eurobonds with Trigger 3 Breaches	Eurobonds with Trigger 3 Breaches

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

Significant decrease in credit risk (SDCR)

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

Investment securities:

Criteria	*Investment Grade Portfolio*	*Single "B" Speculative Grade Portfolio*
Absolute Measure	PD - 12.5% or lower	PD - 25% or lower
AND	AND	AND
Relative Measure	Credit rating reverts to level just prior to the SICR	One notch upgrade (investment securities rating scale)
OR	OR	OR
Special Consideration	No credit stop loss breaches	No credit stop loss breaches

10 Financial risk management (continued)

a. *Credit risk (continued)*

(v) *Definition of default and credit-impaired assets*

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

Quantitative criteria

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

Qualitative criteria

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

- The borrower formally files for bankruptcy or there is a commencement of foreclosure proceedings.
- The obligation is classified Doubtful or worse as per The Fund's classification process.
- A modification to the terms and conditions of the original agreement that would not normally be considered is executed
- Restructure proceedings or an indication of the intention to restructure is initiated by the issuer (investments only).

The criteria above have been applied to all financial instruments held by the Fund and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD), throughout the Fund's expected loss calculations.

An investment instrument is considered to no longer be in default (i.e. to have cured) when it has been restructured. An exception exists for credit impaired facilities at origination.

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

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

- PD represents the likelihood of a borrower defaulting on its financial obligation (as defined in note 10 a. (v), either over the next twelve (12) months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Fund expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). The EAD is calculated as the outstanding balance less the discounted collateral value.
- LGD is expressed as the percentage of loss expected to be incurred if the default occurs over the remaining expected lifetime of the investment security and represents management's expectation of the extent of loss on a defaulted exposure. LGD varies by seniority of claim and product type, while the availability of collateral is factored before LGD is considered.

PDs

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

EAD

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

For revolving products, the EAD is calculated by taking the current drawn balance and adding a credit conversion factor (CCF) which adjusts for the expected drawdown of the remaining unutilised limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on an analysis of the product's usage over a two (2) year period. (Note 10 a. (v)).

LGD

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

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

Determination of macroeconomic scenarios and probabilities

For each country in which the Fund has investment securities, management performs scenario analysis to determine the impact of future economic conditions on the PD in these countries. After testing multiple economic indicators, a main macro-economic variable (MEV) is determined, which is statistically linked to the credit risk of that sovereign. To increase the robustness of the model and in light of the shock from COVID-19 and the Eastern European crisis, management adopted a bivariate model to determine two MEVs for key sovereigns. The statistical relationship is determined through regression analysis and an analysis of various measures of significance. The sign of the co-efficients is also an important factor in determining the use of the two MEVs. Correlation analysis is then conducted between the two MEVs and key sovereign credit risk metrics, to determine which are most significant. Three selected sovereign credit risk metrics were identified as sovereign credit rating drivers to quantify the impact of the MEVs on each credit risk driver, ordinary least squares (OLS) regression is conducted. To establish scenarios, the MEVs are 'shocked', such that the official forecast for each year moves up and down by a multiple of the historical standard deviation to establish a best- and worse-case. The new values derived are run through a regression model to quantify the relationship between the credit rating and the scenarios.

Data used in the update of the model as at 30 June 2022 incorporate the impact of COVID-19 and the Eastern European crisis, as such the forward looking scenarios factor in the economic shock of the pandemic and the ongoing crisis between Russia and Ukraine

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

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

(viii) *Risk limit control and mitigation policies*

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

(a) *Single borrower and borrower group exposure limits*

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

(b) *Industry exposure limits*

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

10 Financial risk management (continued)

a. *Credit risk (continued)*

(viii) *Risk limit control and mitigation policies (continued)*

(c) *Country exposure limits*

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

(d) *Impairment and provisioning policies*

The Fund's impairment provision policy is covered in detail in Note 2(c) (i).

(ix) *Maximum exposure to credit risk*

	30 June 2022 $'000	2021 $'000
Gross maximum exposure		
Investment securities:		
- Fair value through other comprehensive income	3,527,341	3,304,005
- Fair value through profit or loss	794,368	711,522
-Amortised cost	824,315	924,010
Income receivable	43,742	42,205
Miscellaneous receivable	7,624	--
Cash and cash equivalents	636,605	887,792
Balance at the end of year	5,833,995	5,869,534

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

As shown above 11.79% of the total maximum exposure is derived from cash and cash equivalents and receivables (June 2021: 15.90%); while 88.21% represents investments in other debt securities (June 2021: 84.10%).

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

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

Concentration of risks of financial assets with credit exposure

	Financial institutions $'000	Public sector $'000	Private sector $'000	Total $'000
As at 30 June 2022				
Investment securities	1,635,748	2,762,287	747,989	5,146,024
Income receivable	9,822	23,861	10,059	43,742
Miscellaneous receivable	7,099	525	--	7,624
Cash and cash equivalents	636,605	--	--	636,605
	2,289,274	2,786,673	758,048	5,833,995
As at 30 June 2021				
Investment securities	1,713,740	2,522,429	703,368	4,939,537
Income receivable	10,691	22,570	8,944	42,205
Cash and cash equivalents	887,792	--	--	887,792
	2,612,223	2,544,999	712,312	5,869,534

(x) *Expected credit loss*

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

30 June 2022	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Credit rating				
Investment grade	4,125,770	--	--	4,125,770
Standard monitoring	235,937	--	--	235,937
Special monitoring	--	--	--	--
Default	--	--	--	--
Gross balance	4,361,707	--	--	4,361,707
Loss allowance	(10,051)	--	--	(10,051)
Carrying balance	4,351,656	--	--	4,351,656

30 June 2021	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Credit rating				
Investment grade	4,183,826	--	--	4,183,826
Standard monitoring	49,933	--	--	49,933
Special monitoring	--	--	--	--
Default	--	--	--	--
Gross balance	4,233,759	-	--	4,233,759
Loss allowance	(5,744)	--	--	(5,744)
Carrying balance	4,228,015	--	--	4,228,015

(xi) *Expected credit loss allowance*

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

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

For the financial year ended 30 June 2022, there was no significant increase in credit risk (SICR) on financial instruments.

10 Financial risk management (continued)

a. *Credit risk (continued)*

(xi) *Expected credit loss allowance (continued)*

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

Investment securities	**Stage 1 12-month ECL $'000**	**Stage 2 Lifetime ECL $'000**	**Stage 3 Lifetime ECL $'000**	**Total $'000**
Loss allowance as at 1 July 2021	5,744	--	--	5,744
Movement with P&L Impact				
Transfer from stage 1 to stage 2	--	--	--	--
Transfer from stage 1 to stage 3	--	--	--	--
New financial assets originated	1,063	--	--	1,063
Change in PDs/LGDs/EADs	3,591	--	--	3,591
Repayments	(347)	--	--	(347)
Total net P&L charge during the period	4,307	--	--	4,307
Other movement with no P&L impact				
Investment securities derecognised during the period	--	--	--	--
Write-offs	--	--	--	--
Loss allowance as at 30 June 2022	10,051	--	--	10,051

Investment securities	**Stage 1 12-month ECL $'000**	**Stage 2 Lifetime ECL $'000**	**Stage 3 Lifetime ECL $'000**	**Total $'000**
Loss allowance as at 1 July 2020	3,093	--	--	3,093
Movement with P&L Impact				
Transfer from stage 1 to stage 2	--	--	--	--
Transfer from stage 1 to stage 3	--	--	--	--
New financial assets originated	2,830	--	--	2,830
Change in PDs/LGDs/EADs	109	--	--	109
Repayments	(288)	--	--	(288)
Total net P&L charge during the period	2,651	--	--	2,651
Other movement with no P&L impact				
Investment securities derecognised during the period	--	--	--	--
Write-offs	--	--	--	--
Loss allowance as at 30 June 2021	5,744	--	--	5,744

b. *Market risk*

The Fund takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

(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:

As at 30 June 2022	**TT$ $'000**	**US$ $'000**	**Total $'000**
Financial assets			
Investment securities	4,458,581	687,443	5,146,024
Income receivable	36,464	7,278	43,742
Miscellaneous receivable	7,624	--	7,624
Cash and cash equivalents	624,645	11,960	636,605
Total financial assets	5,127,314	706,681	5,833,995
Financial liabilities			
Other payables	923	--	923
Due to related parties	7,534	--	7,534
Total financial liabilities	8,457	--	8,457
Net statement of financial position	5,118,857	706,681	

As at 30 June 2021	**TT$ $'000**	**US$ $'000**	**Total $'000**
Financial assets			
Investment securities	4,218,582	720,955	4,939,537
Income receivable	35,752	6,453	42,205
Cash and cash equivalents	876,789	11,003	887,792
Total financial assets	5,131,123	738,411	5,869,534
Financial liabilities			
Other payables	883	--	883
Due to related parties	28,100	--	28,100
Total financial liabilities	28,983	--	28,983
Net statement of financial position	5,102,140	738,411	

(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 2022 $'000	**Effect on equity 2021 $'000**
Cange in foreign exchange rate		
100 bps	7,028	7,384
-100 bps	(7,028)	(7,384)

(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. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes to market interest rates. Debt instruments and cash and cash equivalents expose the Fund to cash flow interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(b) *Management of risk*

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

10 Financial risk management (continued)

b. Market risk (continued)

(ii) Interest rate risk (continued)

(c) Concentration of interest rate risk

The table below summarises the Fund's exposure to interest rate risk. The assets and liabilities are categorised by the contractual date.

	Up to one year $'000	One to five years $'000	Over five years $'000	Non-interest bearing $'000	Total $'000
As at 30 June 2022					
Investment securities	1,412,557	2,287,930	1,445,537	--	5,146,024
Income receivable	--	--	--	43,742	43,742
Miscellaneous receivable	--	--	--	7,624	7,624
Cash and cash equivalents	636,605	--	--	--	636,605
Total financial assets	2,049,162	2,287,930	1,445,537	51,366	5,833,995
Other payables	--	--	--	923	923
Due to related parties	--	--	--	7,534	7,534
Total financial liabilities	--	--	--	8,457	8,457
Interest sensitivity gap	2,049,162	2,287,930	1,445,537		

	Up to one year $'000	One to five years $'000	Over five years $'000	Non-interest bearing $'000	Total $'000
As at 30 June 2021					
Investment securities	980,694	2,097,921	1,860,922	--	4,939,537
Income receivable	--	--	--	42,205	42,205
Cash and cash equivalents	887,792	--	--	--	887,792
Total financial assets	1,868,486	2,097,921	1,860,922	42,205	5,869,534
Other payables	--	--	--	883	883
Due to related parties	--	--	--	28,100	28,100
Total financial liabilities	--	--	--	28,983	28,983
Interest sensitivity gap	1,868,486	2,097,921	1,860,922		

(d) Sensitivity analysis for interest rate risk

The table below summarise the Fund's sensitivity to a reasonable change in the market interest rate (2022: 300 bps; 2021:100 bps) 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 commprehensive income $'000	Effect on equity $'000
Year ended 30 June 2022			
Change in interest rate	36,546	365,021	401,567
- 300bps	(36,546)	(365,021)	(401,567)
300bps			
Year ended 30 June 2021			
Change in interest rate			
- 100bps	16,131	135,747	151,878
100bps	(16,131)	(135,747)	(151,878)

(iii) Other 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. Climate related risks

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

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

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

10 Financial risk management (continued)

e. Fair value of financial assets and liabilities

(i) Financial instruments not measured at fair value

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

	Carrying value 30 June		Fair value 30 June	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Financial assets				
Cash and cash equivalents	636,605	887,792	636,605	887,792
Miscellaneous receivable	7,624	--	7,624	--
Income receivable	43,742	42,205	43,742	42,205
Investment securities – at amortised cost	824,315	924,010	834,184	945,555
Financial liabilities				
Due to related parties	7,534	28,100	7,534	28,100
Other payables	923	883	923	883

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

Financial instruments where carrying value is equal to fair value

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

Investment securities - Amortised cost

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

(ii) Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes debt instruments.
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Fund considers relevant and observable market prices in its valuations where possible.

The following table analyses within the fair value hierarchy the Fund's investment securities as at 30 June 2022 and 30 June 2021:

As at 30 June 2022	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investment securities				
Fair value through other comprehensive income				
- Debt securities	348,024	2,948,272	231,045	3,527,341
	348,024	2,948,272	231,045	3,527,341
Fair value through profit or loss				
- Debt securities	--	794,368	--	794,368
	--	794,368	--	794,368
Total Investment securities	348,024	3,742,640	231,045	4,321,709

As at 30 June 2021	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investment securities				
Fair value through other comprehensive income				
- Debt securities	323,488	2,943,757	36,760	3,304,005
	323,488	2,943,757	36,760	3,304,005
Fair value through profit or loss				
- Debt securities	--	711,522	--	711,522
	--	711,522	--	711,522
Total Investment securities	323,488	3,655,279	36,760	4,015,527

Reconciliation of Level 3 items:

	Corporate debt securities $'000
Opening balance	36,760
Transfers to Level 3	214,967
Net impairment	(3,006)
Net unrealised loss on revaluation on fair value	(7,097)
Principal repayments / maturities	(10,579)
Closing balance	231,045

For bonds classified as level 3, unobservable inputs are used to determine the credit spreads for corporate bonds. If the credit spreads were to shift by 100bps up or down with all their variables held constant, the impact on the carrying value of the level 3 bonds would be $5,823,521(2021: $1,286,206).

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 were no events after the reporting period which were material to the financial statements and should have resulted in adjustments to the financial statements or disclosures when the financial statements were authorised for issue.