Savinvest US$ Investment Income Fund

Financial statements
30 June 2016

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Savinvest US$ Investment Income Fund

Statement of Trustee's and management's responsibilities

The Trustee, First Citizens Trustee Services Limited, is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility may be delegated to other parties. Certain such responsibilities have been delegated to Bourse Securities Limited in their capacity as Investment Manager and Administration Manager ('Management') to the Fund. These delegated responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Trustee accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies and supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards. Management accepts responsibility for the maintenance of accounting records which are relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Trustee is of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the Fund and its operating results. Nothing has come to the attention of the Trustee to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Trustee	Trustee
28 October 2016	28 October 2016
Manager	Manager
28 October 2016	28 October 2016

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**Independent auditor's report
to the unit holders of
Savinvest US$ Investment Income Fund**

Report on the financial statements

We have audited the accompanying financial statements of Savinvest US$ Investment Income Fund (the 'Fund'), which comprise the statement of financial position as of 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unit holders and statement of 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 and management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. The Trustee is responsible for such internal control as the Trustee determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Savinvest US$ Investment Income Fund as at 30 June 2016 and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche
Port of Spain
Trinidad, West Indies

28 October 2016 Deloitte & Touche

Savinvest US$ Investment Income Fund

Statement of financial position

(Expressed in United States dollars)

	Notes	As at 30 June 2016 $	2015 $
Assets			
Cash and cash equivalents	5	2,705,960	1,641,877
Interest receivable		122,049	129,480
Accounts receivable		2,136,823	11,496
Investment securities	6	5,893,477	8,686,821
Total assets		10,858,309	10,469,674
Liabilities			
Accounts payable and accrued expenses	7	67,839	64,568
Total liabilities (excluding net assets attributable to unit holders)		67,839	64,568
Net assets attributable to unit holders	8	**10,790,470**	**10,405,106**
Represented by:			
Number of participating units		**1,074,116**	**1,037,826**
Net asset value per unit		**10.05**	**10.03**

The notes set out on pages 7 to 28 form an integral part of these financial statements.

On 28 October 2016, the Trustee of Savinvest US$ Investment Income Fund authorised these financial statements for issue.

Trustee

Management

Savinvest US$ Investment Income Fund

Statement of profit or loss and other comprehensive income
(Expressed in United States dollars)

	Notes	Year ended 30 June 2016 $	2015 $
Investment income			
Interest income		400,324	376,291
Mutual fund income		604	597
Other income		377	806
Realised losses on investment securities		(45,700)	(13,507)
Total income		355,605	364,187
Expenses			
Trustee fees	9.1	(25,668)	(25,585)
Management fees	9.2	(202,362)	(198,918)
Other expenses		(13,049)	(12,631)
Total expenses		(241,079)	(237,134)
Net profit for the period before distributions		114,526	127,053
Distributions to unit holders		(128,622)	(125,078)
Net (loss)/profit for the period after distribution		(14,096)	1,975
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss			
Unrealised gain/(loss) on investment securities		36,557	(88,275)
Other comprehensive gain/(loss)for the year, net of tax		36,557	(88,275)
Total comprehensive gain/(loss) attributable to unit-holders		22,461	(86,300)
Increase/(Ddecrease) in net assets attributable to unit holders		**22,461**	**(86,300)**

The notes set out on pages 7 to 28 form an integral part of these financial statements.

Savinvest US$ Investment Income Fund

Statement of changes in net assets attributable to unit holders
(Expressed in United States dollars)

Year ended 30 June 2016	Number of units	Capital account $	Revaluation reserves $	Retained earnings $	Unit holders' balances $
Balance at the beginning of the year	1,037,826	10,378,256	(66,124)	92,974	10,405,106
Issue of units	242,206	2,422,065	--	--	2,422,065
Redemption of units	(218,712)	(2,187,122)	--	--	(2,187,122)
Net income for the year	--	--	--	114,526	114,526
Other comprehensive gain	--	--	36,557	--	36,557
Distributions to unit holders	12,796	127,960	--	(128,622)	(662)
Balance at the end of year	**1,074,116**	**10,741,159**	**(29,567)**	**78,878**	**10,790,470**

Year ended 30 June 2015	Number of units	Capital account $	Revaluation reserves $	Retained earnings $	Unit holders' balances $
Balance at the beginning of the year	1,005,069	10,050,686	22,151	90,999	10,163,836
Issue of units	216,406	2,164,995	--	--	2,164,995
Redemption of units	(196,157)	(1,962,133)	--	--	(1,962,133)
Net income for the year	--	--	--	127,053	127,053
Other comprehensive loss	--	--	(88,275)	--	(88,275)
Distributions to unit holders	12,508	124,708	--	(125,078)	(370)
Balance at the end of year	**1,037,826**	**10,378,256**	**(66,124)**	**92,974**	**10,405,106**

The notes set out on pages 7 to 28 form an integral part of these financial statements.

Savinvest US$ Investment Income Fund

Statement of cash flows
(Expressed in United States dollars)

	Year ended 30 June 2016 $	2015 $
Cash flows from operating activities		
Net profit for the year before distributions	114,526	127,053
Adjustments:		
Realised loss on investments	45,700	13,507
Decrease in investment securities	2,784,201	370,428
Increase in interest and other receivables	(2,117,896)	(24,360)
Decrease/ (Increase) in accounts payable and accrued expenses	3,271	(1,850)
Net cash inflow from operating activities	829,802	484,778
Cash flows from financing activities		
Issue of units	2,422,065	2,164,995
Redemption of units	(2,187,122)	(1,962,133)
Distribution	(662)	(370)
Net cash inflow from financing activities	234,281	202,492
Net increase in cash and cash equivalents	1,064,083	687,270
Cash and cash equivalents at beginning of year	1,641,877	954,607
Cash and cash equivalents at end of year	**2,705,960**	**1,641,877**
Represented by:		
Cash at bank	2,430,629	867,135
Income funds	75,331	74,727
Repurchase agreements	200,000	700,015
	2,705,960	**1,641,877**

The notes set out on pages 7 to 28 form an integral part of these financial statements.

1. **Description of the Fund**

Savinvest US Dollar Investment Income Fund (the 'Fund') was established on 15 April 2005 as an open ended mutual fund. An open ended mutual fund is one in which the number of units which may be issued in the Fund is unlimited. The investment objective of the Fund is to seek to maximize investment returns while providing acceptable levels of risk and reasonable safety of capital by investing in a diversified portfolio of debt securities instruments and contracts of issuers primarily denominated in United States dollars and originating from the United States or elsewhere.

The Fund is governed by the laws of the Republic of Trinidad and Tobago and established by a Declaration of Trust made by the Trustee, duly incorporated and validly existing and licensed under the provisions of the Financial Institutions Act of the Republic of Trinidad and Tobago. The Trustee of the Fund is First Citizens Trustee Services Limited. The Investment Manager and Administration Manager of the Fund is Bourse Securities Limited. The address of the Trustee is 45 Abercromby Street, Port of Spain, Trinidad.

Subscriptions

Subscriptions to the Fund are made by investors at a price per unit (subscription price) based on the net asset value per unit. The Trustees seek to maintain as far as is reasonably possible, a subscription price of US$10 per unit. Units may be subscribed at a minimum value of US$2,000 and US$200 thereafter.

Distributions

The net income and net realised capital gains of the Fund are calculated and accrued to the investor daily and distributed quarterly. Investors have the option to either receive a cash distribution, or to reinvest income distributions into units at the prevailing subscription price per unit 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 US$10 per unit.

(Expressed in United States dollars)

2. Application of new and revised International Financial Reporting Standards ('IFRS')

2.1 Amendments to IFRS and new interpretations that are mandatorily effective for the current year

In the current year, there were no amendments to IFRS and new Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatorily effective for an accounting period that begins on or after 1 July 2015.

2.2 New and revised IFRS in issue but not yet effective

The Fund has not applied the following new and revised IFRS that have been issued but are not yet effective:

• IFRS 9	Financial instruments[3]
• Amendments to IFRS 11	Accounting for Acquisitions of Interest in Joint Operations[1]
• Amendments to IFRS 10 and IAS 28	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture[4]
• Amendments to IFRS	Annual Improvements to IFRS 2012-2014[1]
• Amendments to IAS 1	Disclosure Initiative[1]
• Amendments to IAS 7	Disclosure Initiative[2]
• Amendments to IAS 27	Equity Method in Separate Financial Statements[1]
• Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[1]

[1] Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.
[2] Effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.
[3] Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.
[4] Effective date deferred indefinitely

- **IFRS 9 *Financial Instruments***

  IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of this IFRS was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

2. **Application of new and revised International Financial Reporting Standards (continued)**

2.2 **New and revised IFRS in issue but not yet effective (continued)**

- **IFRS 9 *Financial Instruments* (continued)**

  Key requirements of IFRS 9:

  - all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of the subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

  - with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

  - in relation to the impairment of financial assets, IFRS 9 requires an expected loss model, as opposed to an incurred loss model under IAS 39. The expected loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

  - the new general hedge accounting requirements retain three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

2. Application of new and revised International Financial Reporting Standards (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

- **IFRS 9 *Financial Instruments (continued)***

The management of the Fund anticipates that the application of IFRS 9 in the future may have a material impact on the amounts reported in respect of the Fund's financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Fund undertakes a detailed review.

- **Amendments to IFRS 11 *Accounting for Acquisitions of Interest in Joint Operations***

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The management of the Fund do not anticipate that the application of these amendments to IFRS 11 will have a material impact on the Fund's financial statements.

- **Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

Amendments were made to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

a) require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations).

b) require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

The management of the Fund does not anticipate that the application of these amendments will have a significant impact on the Fund's financial statements.

2. Application of new and revised International Financial Reporting Standards (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

- ***Annual Improvements 2012 – 2014***

The *Annual Improvements to IFRS 2012-2014* include a number of amendments to various IFRS, which are summarised below.

IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

IAS 19 — Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

IAS 34 — Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

The management of the Fund do not anticipate that the application of these amendments will have a significant impact on the Fund's financial statements.

- **Amendment to IAS 1*: Disclosure Initiative***

Amendments were made to IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

a) clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;

b) clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;

c) additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

The management of the Fund does not anticipate that the application of these amendments will have a significant impact on the Fund's financial statements.

2. Application of new and revised International Financial Reporting Standards (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

- **Amendment to IAS 7: *Disclosure Initiative***

Amendments were made to IAS 7 Statement of Cash Flow to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary):

a) changes from financing cash flows;
b) changes arising from obtaining or losing control of subsidiaries or other businesses;
c) the effect of changes in foreign exchange rates;
d) changes in fair values; and
e) other changes.

The IASB defines liabilities arising from financing activities as liabilities "for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities". It also stresses that the new disclosure requirements also relate to changes in financial assets if they meet the same definition.

The management of the Fund does not anticipate that the application of these amendments will have a significant impact on the Fund's financial statements.

- **Amendments to IAS 27: *Equity Method in Separate Financial Statements***

Amendments were made to IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. Consequently, an entity is permitted to account for these investments either:

(i) at cost; or

(ii) in accordance with IFRS 9 (or IAS 39); or

(iii) using the equity method.

This is an accounting policy choice for each category of investment.

2. Application of new and revised International Financial Reporting Standards (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

- **Amendments to IFRS 10, IFRS 12 and IAS 28 *(Investment Entities: Applying the Consolidation Exception)***

  Amendments were made to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures (2011) to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

  a) The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
  b) A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
  c) When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
  d) An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

  The management of the Fund does not anticipate that the application of these amendments will have a significant impact on the Fund's financial statements.

3. 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 both years presented, unless otherwise stated.

a) **Basis of preparation**

i) Statement of compliance

The Fund's financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board.

ii) Basis of measurement

The Fund's financial statements have been prepared under the historical cost basis except for available-for-sale financial assets, which are carried at fair value. These financial statements are presented in United States dollars which is also the Fund's functional currency.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Trustee to exercise their judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. **Significant accounting policies (continued)**

b) **Financial assets**

The Fund classifies its financial assets into the following categories - financial assets as available- for- sale and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

~~Available- for- sale assets~~

~~Financial assets available-for-sale are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Financial assets available-for-sale are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised in other comprehensive income. When the investment is disposed of, the cumulative gains or losses previously accumulated in other comprehensive income is recognised in the statement of profit or loss.~~

~~The Fund classifies its financial assets into the following categories - financial assets as available- for- sale and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.~~

Available- for- sale assets

Financial assets available-for-sale are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Financial assets available-for-sale are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised in other comprehensive income. When the investment is disposed of, the cumulative gains or losses previously accumulated in other comprehensive income is recognised in the statement of profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired and the Fund has transferred substantially all risks and rewards of ownership.

Dividends on available-for-sale equity instruments are recognised in the statement of profit or loss and other comprehensive income as part of income when the Fund's right to receive payments is established.

The fair values of quoted financial assets in active markets are based on current bid prices. If there is no active market for financial assets, 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. Where management believes there is no reliable estimate of fair value for a financial asset, the financial asset will be carried at cost.

Repurchase agreements

Repurchase agreements are recognised initially at fair value, net of transaction costs incurred. Repurchase agreements are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the term of the Repurchase Agreement using the effective interest method.

3. **Significant accounting policies (continued)**

b) **Financial assets (continued)**

Financial assets - loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

a. those that the entity intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
b. those that the entity upon initial recognition designates as available- for- sale; or
c. those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available- for- sale.

Loans and receivables are carried at amortised cost using the effective interest rate method.

c) **Impairment of financial assets**

The Fund assesses at each year end whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indication that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value less any impaired loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account

d) **Foreign currency transaction**

Functional and presentation currency

The Fund's functional and presentation currency is United States dollars and all transactions are conducted in this 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 translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss.

e) **Cash and cash equivalents**

Cash and cash equivalents comprises cash and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. Such investments are normally those with maturities up to three months from the date of acquisition.

3. Significant accounting policies (continued)

f) Net assets attributable to unit holders

Units are redeemable at the unit holders option subject to certain restrictions as outlined in Note 1 and are classified as financial liabilities. The distribution on these units is recognised in the statement of profit or loss and other comprehensive income. 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. Units are carried at the redemption amount that is payable at the statement of financial position date, if the unit holder exercised its right to put the unit back to the Fund.

g) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Fund's activities. Revenue is shown net of rebates and discounts and after eliminating sales within the Fund.

The Fund recognises investment income when the amount of income can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Fund's activities.

Interest income is recognised in the statement of profit or loss for all interest bearing instruments on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortised cost of an investment security and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the investment security. Once an investment security has been written down as a result of an impairment loss, interest income is recognised thereafter using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Dividend income is recognised when the right to receive payment has been established.

h) Expenses

Expenses are accounted for on the accrual basis.

i) Taxation

Distributions paid to resident unit holders are not subject to tax. For distributions paid to non-resident unit holders, tax on income is withheld at the rates applicable to the country in which the unit holders reside. The Fund is exempt from corporation tax.

j) Comparative information

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

4. Critical accounting estimates and judgements in applying accounting principles

Fair value of financial assets

All financial assets are fair valued according to quoted prices. All assets are level 1 and thus there are no estimated risks. As a result, the only perceptible risk would be impairment of the financial assets. (Refer to note 3c – Significant accounting policies: Impairment of financial assets).

(Expressed in United States dollars)

5. Cash and cash equivalents

	2016 $	2015 $
Cash at bank	2,430,629	867,135
Repurchase agreement on call	200,000	700,015
Income funds	75,331	74,727
	2,705,960	**1,641,877**

6. Investment securities

	2016 $	2015 $
Available-for-sale		
Corporate and government bonds	4,343,011	4,909,149
Option assets	114,595	--
Loans and receivables		
Repurchase agreements	1,435,871	3,777,672
Total financial assets	**5,893,477**	**8,686,821**

6.1 Option assets

During the year, the Fund entered into an agreement with Bourse Securities Limited being "The Seller" and the Savinvest US$ Investment Income Fund being "The Purchaser" of "Put Options". The Put Option gives the right but not the obligation of the purchaser to sell the underlying assets to the seller for the purchase price as at the date of exercising the option. Accordingly, the Fund as at 30 June 2016 valued the underlying assets using the prevailing market prices and has recorded any increase / diminution in value of the Available for Sale assets.

7. Accounts payable and accrued expenses

	2016 $	2015 $
Fund administration fees	19,280	18,457
Investment management fees	25,707	24,609
Distribution fees	6,426	6,151
Trustee fees	6,426	6,151
Audit fees	10,000	9,200
	67,839	**64,568**

8. Net assets attributable to unit holders

	2016 $	2015 $
Balance at beginning of year	10,405,106	10,163,836
Subscriptions	2,422,065	2,164,995
Redemptions	(2,187,122)	(1,962,133)
Distributions reinvested	127,960	124,708
Surplus/ (loss) for the year	22,461	(86,300)
Balance at end of year	**10,790,470**	**10,405,106**
Number of units outstanding at end of year	**1,074,116**	**1,037,826**
Net asset value per unit	**10.05**	**10.03**

(Expressed in United States dollars)

9. **Fees**

9.1 **Trustee fees**

First Citizens Trustee Services Limited is entitled to a quarterly fee which is calculated and accrued daily and payable in arrears in an amount which will not exceed an annual rate of 0.25% of the Net Asset Value during the relevant quarter subject to a minimum annual fee of US$2,000 for performing duties and functions of Trustee of the Fund. The amount for 2016 is US$ 25,668 (2015: US$ 25,585).

9.2 **Management fees**

	2016 $	2015 $
Fund administration fees	75,886	74,594
Investment management fees	101,181	99,459
Distribution fees	25,295	24,865
	202,362	198,918

Fund administration fees

The Fund has appointed Bourse Securities Limited as Fund administration manager to provide Fund administration services to the Fund. Bourse Securities Limited receives in return a fee based on the net asset value of the Fund. This is payable quarterly in advance at an annual rate of 0.75% on the net asset value of the Fund which shows a reduction in the rate from a minimum of 1.5% and maximum of 2% on the net asset value of the Fund.

Investment management fees

The Fund has engaged the services of Bourse Securities Limited to be responsible for the investment decisions made on behalf of the Fund. The fees are calculated quarterly according to an annual rate 1.00% on the net asset value of the funds in that quarter which shows a reduction of the rate from a minimum of 2% and maximum of 2.5% on the net asset value of the Fund.

Distribution fees

The Fund has engaged the services of Bourse Securities Limited as the distributor and placement agent for the Fund. Bourse Securities Limited earns a quarterly fee calculated on the basis of the net asset value in that quarter according to an annual rate of 0.25% which is a reduction from the initial rate charged of a minimum of 0.5% and maximum of 1% as stimulated in the fund prospectus.

10. **Distributions**

	2016 %	2015 %
Average rate of return without the reinvestment option	1.25	1.27

(Expressed in United States dollars)

11. 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. In the normal course of business, the Fund maintains account relationships with various affiliated parties in accordance with established commercial practice.

The related party balances are as follows:

	2016 $	2015 $
Assets		
Cash and cash equivalents	200,000	700,015
Investment securities	1,550,466	3,777,672
Interest income receivable	32,763	47,517
Liabilities		
Management fees payable	51,413	49,217
Net assets attributable to unit holders	2,021,445	2,254,918
Income		
Interest income	93,851	82,969
Expenses		
Management fees and other expenses	202,362	198,918
Distributions to unit holders		
Distributions to related parties	28,657	25,597

12. Risk management

12.1 Introduction

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 risk. Taking risk is core to the financial business and operational risks are an inevitable consequence of being in business. The investment manager's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects in the Fund's financial performance by focusing on the unpredictability of financial markets.

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 most important types of risks to the Fund are liquidity risk, market risk, and credit risk. Market risks include currency risk, interest rate risk and other price risk.

While the Trustee is ultimately responsible for identifying and controlling risks, there are separate independent bodies responsible for managing and monitoring risks as follows:

(a) **Board of Directors – Investment Manager**

The Board of Directors of the Investment Manager has overall responsibility and oversight for corporate governance and specifically, approval of the investment policy and limits of authority. The Board of Directors has delegated authority to the Investment Committee and the Sub-Investment Committee as appropriate.

(b) **Investment Committee – Investment Manager**

The Investment Committee is responsible for investment policy formulation, risk management, performance review, investment strategy development and the delegation of authority to the Sub-Investment Committee. The Committee oversees the development, interpretation and implementation of policies for identifying, evaluating, monitoring and measuring the significant risks to which the Fund is exposed.

(c) **Sub-Investment Committee – Investment Manager**

The Sub-Investment Committee monitors adherence to the investment strategy, develops the Fund's asset allocation, monitors investment performance and makes recommendations to the Investment Committee. Decisions regarding investment selection and portfolio management are made within policy limits set by the Investment Committee.

(Expressed in United States dollars)

12. **Risk management (continued)**

12.2 **Categories of financial instruments**

	2016 $	2015 $
Financial assets		
Cash and cash equivalents	2,705,960	1,641,877
Interest receivable	122,049	129,480
Accounts receivable	2,136,823	11,496
Investment securities	5,893,477	8,686,821
Total financial assets	**10,858,309**	**10,469,674**
Financial liabilities		
Accounts payable and accrued expenses	67,839	64,568
Net assets attributable to unit holders'	10,790,470	10,405,106
Total financial liabilities	**10,858,309**	**10,469,674**

12.3 **Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

	Up to 1 year $	1 – 3 years $	Over 3 years $	Total $
As at 30 June 2016				
Financial assets				
Cash and cash equivalents	2,705,960	--	--	2,705,960
Investments securities	1,435,871	322,854	4,134,752	5,893,477
Interest receivable	122,049	--	--	122,049
Accounts receivable	2,136,823	--	--	2,136,823
Total financial assets	**6,400,703**	**322,854**	**4,134,752**	**10,858,309**
Financial liabilities				
Net assets attributable to unit holders	10,790,470	--	--	10,790,470
Accounts payable and accrued expenses	67,839	--	--	67,839
Total financial liabilities	**10,858,309**	**--**	**--**	**10,858,309**
Net liquidity gap	**(4,457,606)**	**322,854**	**4,134,752**	**--**

The assets contractual and expected maturities are the same.

(Expressed in United States dollars)

12. Risk management (continued)

12.3 Liquidity risk (continued)

	Up to 1 year $	1 – 3 years $	Over 3 years $	Total $
As at 30 June 2015				
Financial assets				
Cash and cash equivalents	1,641,877	--	--	1,641,877
Investments securities	4,951,609	197,632	3,537,580	8,686,821
Interest receivable	129,480	--	--	129,480
Accounts receivable	11,496	--	--	11,496
Total financial assets	**6,734,462**	**197,632**	**3,537,580**	**10,469,674**
Financial liabilities				
Net assets attributable to unit holders	10,405,106	--	--	10,405,106
Accounts payable and accrued expenses	64,568	--	--	64,568
Total financial liabilities	**10,469,674**	**--**	**--**	**10,469,674**
Net liquidity gap	**(3,735,212)**	**197,632**	**3,537,580**	**--**

12.4 Market price risk

The Fund is exposed to market risks, 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 products, 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 and credit spreads. All investment securities present a risk of loss of capital. The Sub-Investment Committee moderates this risk through a careful selection of securities and other financial instruments within specified limits. The Fund's overall market positions are reviewed on a quarterly basis by the Investment Manager, Investment Committee and Board of Directors of the Investment Manager.

As at 30 June 2016~~5~~, bond prices increased/decreased by 5% with all other variables held constant, net assets attributable to unit holders would have increased/decreased by US$ 217,151 (2015: increase/decrease US$245,457)

12.5 Interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund takes on exposure to the effects of fluctuations in prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The level of mismatch of interest rate repricing that may be undertaken is monitored on a monthly basis by the Investment Manager.

(Expressed in United States dollars)

12. **Risk management (continued)**

12.5 **Interest rate risk (continued)**

The table below summarizes the Fund's exposure to interest rate risks. It includes the Fund's financial instruments at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

	Up to 1 year $	1 – 5 years $	Over 5 years $	Non-interest bearing $	Total $
As at 30 June 2016					
Assets					
Financial assets	1,435,871	1,133,545	3,324,061	--	5,893,477
Interest income receivable	--	--	--	122,049	122,049
Accounts receivable	--	--	--	2,136,823	2,136,823
Cash and cash equivalents	2,705,960	--	--	--	2,705,960
Total financial assets	**4,141,831**	**1,133,545**	**3,324,061**	**2,258,872**	**10,858,309**
Liabilities					
Net assets due to unit holders	10,790,470	--	--	--	10,790,470
Accounts payable and accrued expenses	--	--	--	67,839	67,839
Total financial liabilities	**10,790,470**	**--**	**--**	**67,839**	**10,858,309**
Total interest re-pricing gap	**(6,648,639)**	**1,133,545**	**3,324,061**		
As at 30 June 2015					
Total financial assets	**6,593,486**	**887,382**	**2,847,830**	**140,976**	**10,469,674**
Total financial liabilities	**10,405,106**	**--**	**--**	**64,568**	**10,469,674**
Total interest re-pricing gap	**(3,811,620)**	**887,382**	**2,847,830**		

Sensitivity of possible movements in interest rates

Stress testing is used as a market risk measurement technique which provides an indication of the potential size of losses that could arise in extreme conditions. The stress test conducted for the Fund includes risk factor testing, where stress movements are applied to each risk category. An analysis was conducted to demonstrate the sensitivity to reasonable possible movements in interest rates in respect of the Fund's fixed income portfolio.

As at 30 June 2016, had the interest rates increased or decreased by 100 basis points with all other variables held constant, the increase or decrease in net assets would amount to approximately $21,910 (2015: $~~102,523~~764), arising substantially from the increase/decrease in market values of debt securities.

12. Risk management (continued)

12.6 Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit exposures arise principally in investment activities that bring debt securities and other bills into the Fund's asset portfolio. Credit risk is mitigated to some extent by limiting the Fund's total exposure to a single credit. The Fund also reduces this risk by prudent credit analysis of issuers to restrict questionable credits in the Fund. The Fund also manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Investment Manager has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating and are validated, where appropriate, by comparisons with externally available data. The rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. Risk ratings are subject to regular revision. The credit quality review process allows the Investment Manager to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Internal ratings scale and mapping of external ratings

Internal rating	Description of the grade	External rating: Standard & Poor's equivalent
High grade		
1	Excellent	AAA, AA+, AA, AA-
2	Very good	A+, A, A-, BBB+, BBB, BBB-
Standard grade		
3	Good	BB+, BB, BB-
4	Satisfactory	B+, B, B-
Sub-standard grade		
5	Unacceptable	CCC+, CCC, CCC-
6	Bad and doubtful	CC+, CC, CC-
7	Virtual certain loss	C+, C, C-

The ratings of the major rating agency shown in the table above are mapped to our rating classes based on the long-term average default rates of each external grade. The Fund uses the external ratings where available to benchmark our internal credit risk assessment. Observed defaults per rating category vary year on year, especially over an economic cycle. Where a credit is not assigned a risk rating under the internal risk rating system and cannot be benchmarked against an international rating, these have been classified as unrated. These would include equities, local corporate bonds and funds held in a managed pool by a foreign investment broker.

(Expressed in United States dollars)

12. **Risk management (continued)**

12.6 **Credit risk (continued)**

Impairment and provisioning policies

Impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the statement of assets and liabilities date based on objective evidence of impairment (see Note 3c).

The Fund's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the statement of financial position date on a case-by-case basis, and are applied to all individually significant accounts.

Maximum exposure to credit risk

The table below represents a worst case scenario of credit risk exposure to the Fund at 30 June 2016 and 2015.

	Maximum exposure 2016 $	Maximum exposure 2015 $
Investment securities		
- Bonds	4,343,011	4,909,149
- Option Assets	114,595	--
- Repo agreements	1,435,871	3,777,672
Interest receivable	122,049	129,480
Other receivables	2,136,823	11,496
Cash and cash equivalents	2,705,960	1,641,877
As at 30 June	10,858,309	10,469,674

Financial assets and other credit exposure

	Neither past due nor impaired			Past due	Impaired	Total
	High grade $	Standard grade $	Sub-standard grade $	$	$	$
As at 30 June 2016						
Cash and cash equivalents	2,705,960	--	--	--	--	2,705,960
Investment securities	5,893,477	--	--	--	--	5,893,477
Interest & other receivables	2,258,872	--	--	--	--	2,258,872
	10,858,309	--	--	--	--	10,858,309
As at 30 June 2015						
Cash and cash equivalents	1,641,877	--	--	--	--	1,641,877
Investment securities	8,686,821	--	--	--	--	8,686,821
Interest & other receivables	140,976	--	--	--	--	140,976
	10,469,674	--	--	--	--	10,469,674

None of the above financial assets are past due or impaired as at the current or prior financial year-ends. Accordingly, no impairment provisions have been made.

(Expressed in United States dollars)

12. Risk management (continued)

12.6 Credit risk (continued)

Risk concentrations of the maximum exposure to credit risk

The following table analyses the Fund's credit risk exposure categorized by the industry sectors of counterparties.

	Government $	Corporate $	Total $
As at 30 June 2016			
Cash and cash equivalents	--	2,705,960	2,705,960
Financial assets	511,839	5,381,638	5,893,477
Interest income receivable	3,259	118,790	122,049
Accounts receivable	--	2,136,823	2,136,823
	515,098	**10,343,211**	**10,858,309**
As at 30 June 2015			
Cash and cash equivalents	--	1,641,877	1,641,877
Financial assets	535,005	8,151,816	8,686,821
Interest income receivable	3,187	126,293	129,480
Accounts receivable	--	11,496	11,496
	538,192	**9,931,482**	**10,469,674**

The following table breaks down the Fund's credit risk exposure categorized by geography:

	Local $	Other Caricom $	Other non-Caricom $	Total $
As at 30 June 2016				
Cash and cash equivalents	2,705,960	--	--	2,705,960
Financial assets	3,303,160	772,450	1,817,867	5,893,477
Interest income receivable	73,813	23,999	24,237	122,049
Accounts receivable	2,136,823	--	--	2,136,823
	8,219,756	**796,449**	**1,842,104**	**10,858,309**
As at 30 June 2015				
Cash and cash equivalents	1,641,877	--	--	1,641,877
Financial assets	5,684,177	1,173,937	1,828,707	8,686,821
Interest income receivable	88,649	15,787	25,044	129,480
Accounts receivable	--	--	11,496	11,496
	7,414,703	**1,189,724**	**1,865,247**	**10,469,674**

12. **Risk management (continued)**

12.7 **Other price risk**

The Fund is exposed 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 products, 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 and credit spreads. All investment securities present a risk of loss of capital. The Investment Manager moderates this risk through a careful selection of securities and other financial instruments within specified limits. The Fund's overall market positions are reviewed on a monthly basis by the Investment Manager.

12.8 **Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates. All of the Fund's financial assets and liabilities are denominated in US$ hence the Fund is not exposed to any currency risk.

13. **Fair value of financial instruments**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from quoted prices).
- Level 3 fair value measurements are those from valuation techniques that include inputs for the asset or liability that are not based or observable market data (unobservable inputs).

Fair value of financial instrument

	Level 1 $	Level 2 $	Level 3 $	Total $
As at 30 June 2016				
Available-for-sale				
Corporate and government bonds	4,343,011	--	--	4,343,011
Option Assets	114,595	--	--	114,595
	4,457,606	--	--	**4,457,606**
As at 30 June 2015				
Available-for-sale				
Corporate and government bonds	**4,909,149**	--	--	**4,909,149**

14. Capital management

When managing capital, which is represented by unit holders' balances, the objectives of the Fund Administrator are:

- To comply with the requirements set out in the Fund's prospectus and Trust Deed;
- To safeguard the Fund's ability to continue as a going concern so that it can continue to provide returns for unit holders'; and
- To maintain a strong capital base to support the development of its business.

The Fund endeavours to invest the proceeds from the issue of units in appropriate investments while maintaining sufficient liquidity to meet redemptions where necessary, such liquidity being augmented by disposal of investment securities where necessary.

The use of proceeds from the issue of units is monitored on a daily basis by the Fund Distributor, based on guidelines set out in the Prospectus and the Trust Deed. The Fund complied with the requirements set out in the Prospectus and Trust Deed during the reported financial periods and no changes were made to the Fund's objectives, policies and processes from the previous year.