Savinvest India Asia Fund

Financial statements
30 September 2017

Contents

Savinvest India Asia Fund

Statement of trustee's and management's responsibilities

The Trustee, First Citizens Trustee Services Limited has delegated to Bourse Securities Limited, in their capacity as investment and administration manager (management) responsibilities for the following:

- Preparing and fairly presenting the accompanying financial statements of Savinvest India Aisa Fund, ('the Fund') which comprise the statement of financial position as at 30 September 2017, 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;
- 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 Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

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

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

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

Trustee	Trustee
27 January 2018	27 January 2018
Manager	Manager
27 January 2018	27 January 2018

Independent auditor's report
to the unit holders of
Savinvest India Asia Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Savinvest India Asia Fund ('the Fund'), which comprise the statement of financial position as at 30 September 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity in net assets attributable to unit holders and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 30 September 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISA'). 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 are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report

The Trustee is responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the published abridged financial statements, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of trustee and management for the financial statements

The Trustee is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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. The Trustee responsible for overseeing the Fund's financial reporting process.

Continued…

Independent auditor's report (continued)
to the unit holders of
Savinvest India Asia Fund

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 judgement and maintain professional skepticism 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the Trustee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Deloitte & Touche
Robby Bhola, (ICATT #1312)

Port of Spain
Trinidad

27 January 2018

Savinvest India Asia Fund

Statement of financial position
(Expressed in United States dollars)

	Notes	As at 30 September 2017 US$	2016 US$
Assets			
Cash and cash equivalents	5	815,764	135,011
Dividends receivable		5,835	2,020
Interest receivable		502	502
Brokerage receivable		3,100,248	--
Tax recoverable		67,918	67,918
Other accounts receivable		6,048	--
Investment securities	6	11,882,529	14,547,493
Total assets		15,878,844	14,752,944
Liabilities			
Accounts payable and accrued expenses	7	153,071	235,577
Total liabilities (excluding net assets attributable to unit holders)		153,071	235,577
Net assets attributable to unit holders	8	**15,725,773**	**14,517,367**
Number of participating units		**1,525,278**	**1,517,703**
Net asset value per unit		**10.3101**	**9.5654**

The notes on pages 8 to 34 form an integral part of these financial statements.

On 27 January 2018, the Trustee of Savinvest India Asia Fund authorised these financial statements for issue.

______________________ Trustee   ______________________ Management

Savinvest India Asia Fund

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

	Notes	Year ended 30 September 2017 US$	2016 US$
Operating income			
Interest income		962	959
Dividend income		157,885	171,533
Mutual fund income		38	49
Other Income		218	27
Net realised gains/(losses) on investment securities		1,194,340	(41,564)
Net foreign exchange gains		1,443	517
Net change in unrealised gains on investment securities		668,262	1,038,180
Total operating income		2,023,148	1,169,701
Operating expenses			
Management fees	9	(445,674)	(416,064)
Trustee fees		(36,370)	(34,430)
Custodian Fees		(5,206)	(4,897)
Other expenses		(17,399)	(19,152)
Taxation charge		(1,032)	--
Total operating expenses		(505,681)	(474,543)
Operating profit for the period before finance cost		1,517,467	695,158
Finance Costs			
Distribution to unit holders		(447,138)	--
Profit after finance cost		1,070,329	695,158
Increase in net assets attributable to unit holders		**1,070,329**	**695,158**

The notes on pages 8 to 34 form an integral part of these financial statements.

Savinvest India Asia Fund

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

	Number of units	Capital account $	Retained earnings $	Net assets attributable to unit holders $
Year ended 30 September 2017				
Balance at the beginning of the year	1,517,703	17,797,133	(3,279,766)	14,517,367
Issue of units	5,081	52,451	--	52,451
Redemption of units	(38,210)	(361,512)	--	(361,512)
Distribution of income reinvested	40,704	447,138	--	447,138
Increase in net assets attributable to unit holders	--	--	1,070,329	1,070,329
Balance at end of year	**1,525,278**	**17,935,210**	**(2,209,437)**	**15,725,773**
Year ended 30 September 2016				
Balance at the beginning of the year	1,602,819	18,518,913	(3,974,924)	14,543,989
Issue of units	9,821	85,850	--	85,850
Redemption of units	(94,937)	(807,630)	--	(807,630)
Increase in net assets attributable to unit holders	--	--	695,158	695,158
Balance at end of year	**1,517,703**	**17,797,133**	**(3,279,766)**	**14,517,367**

The notes on pages 8 to 34 form an integral part of these financial statements.

Savinvest India Asia Fund

Statement of cash flows
(Expressed in United States dollars)

	Year ended 30 September 2017 US$	2016 US$
Cash flows from operating activities		
Net profit before finance cost	1,517,467	695,158
Adjustments for:		
Net realised (gains)/losses on sale of investment securities	(1,194,340)	41,564
Net unrealised gains on investment securities	(668,262)	(1,038,180)
Net decrease in investment securities	4,527,566	1,137,332
(Increase)/decrease in receivables	(3,110,111)	959
Decrease in management fees and other accounts payable	(82,506)	(28,834)
Net cash inflow from operating activities	989,814	807,999
Cash flows from financing activities		
Issue of units	52,451	85,850
Redemption of units	(361,512)	(807,630)
Net cash outflow from financing activities	(309,061)	(721,780)
Net increase in cash and cash equivalents	680,753	86,219
Cash and cash equivalents at beginning of year	135,011	48,792
Cash and cash equivalents at end of year	**815,764**	**135,011**
Represented by:		
Cash at bank	813,745	129,017
Money market accounts	2,019	5,994
	815,764	**135,011**

The notes on pages 8 to 34 form an integral part of these financial statements.

1. **Description of the Fund**

The Fund was established on 3 October 2005 as a close-ended mutual fund and listed on the Trinidad and Tobago Stock Exchange on 23 November 2005. A close-ended fund is one in which the number of units issued in the fund is limited. Following a Savinvest India Asia Fund (SIAF) unit holders meeting on the 25 July, 2012, approval was granted from unit holders to have the SIAF converted from a close end to an open-ended structure on the maturity date of the Fund (11 November 2012). An open-ended fund is one in which the number of units in issue are unlimited. As a consequence of the conversion of the fund, the SIAF units were delisted from trading on the Trinidad and Tobago Stock Exchange. The investment objective of the Fund is to seek long-term growth of capital by investing in a diversified portfolio of equity securities primarily in India and in other Asian jurisdictions.

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 dated 3 October, 2005 and an amended and restated Declaration of Trust dated 12 October, 2012 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 (Trustee). The advisor, manager and distributor of the Fund is Bourse Securities Limited. Bourse Securities Limited and its subsidiaries are therefore considered related parties. The address of the trustee is 45 Abercromby Street, Port of Spain, Trinidad.

Subscriptions

Under the original declaration of trust dated 3 October 2005, the Trustee had the authority to make an application to the Trinidad and Tobago Securities and Exchange Commission and the Trinidad and Tobago Stock Exchange Limited to offer for subscriptions up to 5,000,000 units issued in a maximum of four tranches subscribed by members of the public as subscriptions to the Fund.

Per the amended and restated declaration of trust, subscriptions to the Fund can be made by investors at a price per unit based on the net asset value. There is a minimum initial subscription requirement of US$2,000 with subsequent purchases requiring a minimum investment of US$200.

Redemptions

Under the revised declaration of trust, redemptions of units shall be permitted only when a duly completed redemption form has been submitted to the Trustee (or its duly authorised agent) by no later than 11:00am on the relevant redemption date. Units are redeemed based on the net asset value per unit at the date of receipt of the request for redemption.

Distributions

The Trustee intends to make distributions based on the net income and net realised profits of the Fund. The amount of such distributions is payable to the ordinary class unit holders whose name appear on the register on the record date immediately preceding the distribution date. Distributions can be either paid directly to unit holders or reinvested back into the fund at the request of the investor.

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

2.1 **New IFRS and amendments to IFRS that are mandatorily effective for the current year**

In the current year, the Fund has applied a number of 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 2016.

- **IFRS 14** ***Regulatory Deferral Account***

  IFRS 14 specifies the accounting for regulatory deferral account balances that arise from rate-regulated activities. The Standard is available only to first-time adopters of IFRSs who recognised regulatory deferral account balances under their previous GAAP. IFRS 14 permits eligible first-time adopters of IFRSs to continue their previous GAAP rate-regulated accounting policies, with limited changes, and requires separate presentation of regulatory deferral account balances in the statement of financial position and statement of profit or loss and other comprehensive income. Disclosures are also required to identify the nature of, and risk associated with, the form of rate regulation that has given rise to the recognition of regulatory deferral account balances.

  The application of this standard had no impact on the Fund's financial statements.

- **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 application of the amendments to this standard had no impact on the Fund's financial statements.

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

2.1 **New IFRS and amendments to IFRS that are mandatorily effective for the current year (continued)**

- **Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation***

  The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances;

  a) when the intangible asset is expensed as a measure of revenue; or

  b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

  The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

  The application of the amendments to these standards had no impact on the Fund's financial statements.

- **Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants***

  The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

  The application of the amendments to these standards had no impact on the Fund's financial statements.

- ***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 rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

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

2.1 **New IFRS and amendments to IFRS that are mandatorily effective for the current year (continued)**

- ***Annual Improvements 2012 – 2014 (continued)***

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

  The application of the amendments to these standards had no 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 application of the amendments to this standard had no 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.

  The application of the amendments to this standard had no impact on the Fund's financial statements.

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

2.1 **New IFRS and amendments to IFRS that are mandatorily effective for the current year (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 application of the amendments to these standards had no impact on the Fund's financial statements.

(Expressed in United States dollars)

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

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:

• Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
• Amendments to IFRS 4	Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'[2]
• IFRS 9	Financial instruments[2]
• IFRS 15	Revenue from Contracts with Customers[2]
• IFRS 16	Leases[3]
• Amendments to IFRS	Annual improvements to IFRS 2014-2016[1]
• Amendments to IAS 12	Recognition of Deferred Tax Assets Unrealised Losses[1]
• Amendments to IAS 7	Disclosure initiative[1]
• Amendments to IAS 40	Transfers of investment property[2]
• IFRIC 22	Foreign Currency transactions and advance Consideration[2]
• IFRIC 23	Uncertainty over income tax treaments[3]
• IFRS 17	Insurance contract[4]

[1] Effective for annual periods beginning on or after 1 January, 2017, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January, 2018, with earlier application permitted.
[3] Effective for annual periods beginning on or after 1 January, 2019, with earlier application permitted.
[4] Effective for annual periods beginning on or after 1 January, 2021, with earlier application permitted.

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

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

- **Classification and Measurement of Share-based Payment Transactions *(Amendments to IFRS 2)***

  Amendments to IFRS 2 Share-based Payment clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

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

- **Amendments to IFRS 4, *(Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts')***

  Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4:

  - an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
  - an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

  The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

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

- **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 ('IFRS') (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 both by 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 ('IFRS') (continued)**

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

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

The Trustee of the Fund anticipate 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.

- **IFRS 15 *Revenue from Contracts with Customers***

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.
On 20 June 2016, the IASB issued amendments in *Clarifications to IFRS 15 'Revenue from Contracts with Customers'* which addressed three of the five topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and completed contracts. The IASB concluded that it was not necessary to amend IFRS 15 with respect to collectability or measuring non-cash consideration. In all its decisions, the IASB considered the need to balance helping entities with implementing IFRS 15 and not disrupting the implementation process.

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

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

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

- **IFRS 16 *Leases***

  IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

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

- ***Annual Improvements 2014 – 2016***

  The *Annual Improvements to IFRS 2014-2016* include a number of amendments to various IFRS, which are summarised below.

  IFRS 1 — Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose

  IFRS 12 — Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

  IAS 28 — Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition

  The Trustee 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 7, *(Disclosure Initiative)***

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

  The Trustee 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 ('IFRS') (continued)**

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

- **Amendments to IAS 12, *(Recognition of Deferred Tax Assets for Unrealised Losses)***

  Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

  The carrying amount of an asset does not limit the estimation of probable future taxable profits.

  Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

  An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

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

- **Amendments to IAS 40, *(Transfer of investment property)***

  The amendments to IAS 40 *Investment Property*:

  - Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

  - The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

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

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

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

- **IFRIC 22 Foreign currency transactions and advance considerations**

  The interpretation addresses foreign currency transactions or parts of transactions where:

  - There is consideration that is denominated or priced in a foreign currency;
  - The entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
  - The prepayment asset or deferred income liability is non-monetary.

  The Interpretations Committee came to the following conclusion:

  - The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
  - If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

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

- **IFRIC 23 *Uncertainty over Income Tax Treatments***

  The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

  a) Whether tax treatments should be considered collectively
  b) Assumptions for taxation authorities' examinations
  c) The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  d) The effect of changes in facts and circumstances

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

- **IFRS 17, *Insurance Contracts***
  IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of 1 January 2021.

  The Trustee of the Fund does not anticipate that the application of these amendments will have an 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 fair valuation basis.. 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 judgements or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

b. **Investment securities**

The Fund classifies its financial assets at fair value through profit or loss. 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.

Purchases and sales of investments are recognised on the trade date, which is the date on which the Fund commits to purchasing or selling the assets. Investments are initially recognised at fair value in the case of financial assets carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or where the Fund has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit and loss

This category has two sub-categories: financial assets held for trading and those designated as fair value through profit and loss from inception.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorised as held for trading unless they are designated as hedging instruments.

3. **Significant accounting policies**

b. **Investment securities (continued)**

Financial assets are designated at fair value through profit or loss when:

- The designation significantly reduces measurement inconsistencies that would arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.
- Assets and liabilities that are part of a group of financial assets, financial liabilities or both which are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis are designated at fair value through profit or loss; and
- Financial instruments, such as debt securities held, containing one or more embedded derivatives which significantly modify the cash flows, are designated as fair value through profit or loss.

Measurement

Financial assets at fair value through profit and loss are initially recognised at fair value and are subsequently re-measured at fair value based on quoted market prices where available or discounted cash flow models. Unrealised gains and losses arising from changes in the fair value of these securities are recognised in the statement of other comprehensive income.

Fair value estimation

The fair values of quoted investments in active markets are based on closing prices. For unlisted securities and those where the market is not active, the Fund establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, pricing models and other valuation techniques commonly used by market participants.

All purchases and sales of investment securities are recognised on the trade date.

3. **Significant accounting policies**

c. **Impairment of financial assets**

The Fund assesses at each statement of financial position date whether there is objective evidence that a financial asset is impaired. If there is objective evidence that an impairment loss has been incurred for an unquoted investment, the amount of the impairment loss is measured as the difference between the carrying amount of the investment and the present value of future cash flows discounted at the current market rate of return for a similar financial asset. The loss is recognised in the statement of profit or loss.

Objective evidence that an investment is impaired includes observable data that comes to the attention of the Fund about the following loss events:

(i) significant financial difficulty of the issuer or debtor;

(ii) a breach of contract, such as default or delinquency in payments;

(iii) it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;

(iv) the disappearance of an active market for that financial asset because of financial difficulties;

(v) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of individual assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

- adverse changes in the payment status of issuers or debtors in the group; or
- national or local economic conditions that correlate with defaults on assets in the group.

d. **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.

e. **Net assets attributable to unit holders**

Units are redeemable at the unit holder's 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. 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 in the capital account at the redemption amount that is payable at the statement of financial position date, if the unit holder was to exercise its right to put the unit back to the Fund.

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

f. **Revenue recognition**

The Fund recognises revenue when the amount of revenue 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.

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.

g. **Foreign currency transactions**

Functional and presentation currency

The primary activity of the Fund is to invest in equity securities primarily in India and other Asian jurisdictions. Subscriptions are denominated in United States dollars. The performance of the Fund is measured and reported in US dollars. The trustee considers the US dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in US dollars which is the Fund's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Assets and liabilities denominated in foreign currencies are translated into US dollars at the exchange rates ruling at the statement of financial position date. Realised gains and losses on foreign currency transactions are charged or credited to the statement of profit or loss as a foreign currency gain and loss except where they relate to equity investments where such amounts are included within realised and unrealised gains and losses on investments.

h. **Expenses**

Expenses are accounted for on the accrual basis.

i. **Subscriptions and redemptions**

Subscriptions and redemptions are accounted for as at the effective date of the transaction.

j. **Taxation**

The Fund is not liable to income tax on its current operations in Trinidad and Tobago. However, the Fund is subject to capital gain taxes in certain foreign jurisdictions on the disposal of investments in those locations.

Where the Fund has realised or unrealised gains on its investments as at the year end and the relevant capital gains tax has not yet been paid, an accrual for the tax is made.

(Expressed in United States dollars)

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).

5. Cash and cash equivalents

	2017 US$	2016 US$
Cash in bank	813,745	129,017
Money market funds	2,019	5,994
Total cash and cash equivalents	**815,764**	**135,011**

6. Investment securities

	2017 US$	2016 US$
Fair value through profit or loss		
Exchange traded funds	1,601,184	1,996,969
Equity mutual funds	2,319,344	2,710,751
Equities	7,950,280	9,828,425
Bonds	11,721	11,348
Total investment securities	**11,882,529**	**14,547,493**

7. Accounts payable and accrued expenses

	2017 US$	2016 US$
Fund administration fees payable	40,628	69,589
Investment management fees payable	81,257	139,178
Trustee fees payable	19,720	17,398
Audit fees payable	9,000	9,000
Capital Gain Tax	1,032	--
Custodian fees payable	1,434	412
	153,071	**235,577**

(Expressed in United States dollars)

8. Net assets attributable to unit holder

	2017 US$	2016 US$
Balance at beginning of the year	14,517,367	14,543,989
Subscriptions	52,451	85,850
Redemptions	(361,512)	(807,630)
Distribution of income reinvested	447,138	--
Profit for the year	1,070,329	695,158
Balance at end of the year	**15,725,773**	**14,517,367**
Number of participating units	**1,525,278**	**1,517,703**
Net asset value per unit	**10.3101**	**9.5654**

9. Management fees

Fund management fees and investment advisory fees are paid quarterly to Bourse Securities Limited at rates of up to 1.00% and 2.00% respectively.

	2017 US$	2016 US$
Fund administration fees	148,558	138,688
Investment management fees	297,116	277,376
	445,674	**416,064**

Trustee fees

First Citizens Trustee Services Limited is entitled to a quarterly fee which shall be 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.

Fund administration fees

The Trustee has appointed Bourse Securities Limited as fund administration manager to provide fund administration services to the Fund. The Fund will pay the fund administrator a quarterly fee based on an annual rate of a minimum of 0.5% and a maximum of 1% of the net asset value of the Fund, prorated where necessary.

Investment management fees

The Trustee has engaged the services of Bourse Securities Limited as investment manager, to be responsible for the investment decisions made on behalf of the fund. Fees are calculated quarterly according to an annual rate of a minimum of 1.5% and maximum of 2% on the net asset value of the Fund in that quarter.

Custodian fees

The Fund has engaged the services of ICICI Bank Limited as the custodian for the Fund. ICICI Bank Limited earns a monthly fee for service charges calculated on the basis of the weighted average value of assets held and transaction charges at a rate of 0.5%.

(Expressed in United States dollars)

10. 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 plan maintains account relationships with various affiliated parties in accordance with established commercial practice.

The related party balances are as follows:

	2017 US$	2016 US$
Management fees payable	121,885	208,767
Distributions received and reinvested	193,606	--
Net assets attributable to unit holders	4,828,800	4,382,624
Management fees expense	445,674	416,064

11. Risk management

11.1 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 minimise 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, Bourse Securities Limited, 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)

11. **Risk management (continued)**

11.2 **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.

As an open ended fund from 11 November 2012, the Fund is exposed to daily cash redemptions of units. As at 30 September 2017, 6.43% of the investment portfolio was held in cash and short-term instruments that can be quickly converted to cash, (2016: 0.92%). The Fund also has the ability to borrow in the short-term to ensure settlement. The Trust Deed also permits the Fund to settle in specie in proportion to the underlying assets, if the redemption of a unit holder is in excess of the 1% of the Fund.

11.2.1 **Non-derivative cash flows**

The table below analyses the Fund's non-derivative financial instruments into relevant maturity groupings based on the remaining period at the statement of assets and liabilities date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Up to 1 year $	**1 – 3 years $**	**Over 3 years $**	**Total $**
As at 30 September 2017				
Financial assets				
Cash and cash equivalents	815,764	--	--	815,764
Investment securities	11,870,808	--	11,721	11,882,529
Other receivables	3,180,551	--	--	3,180,551
Total financial assets	**15,867,123**	**--**	**11,721**	**15,878,844**
Financial liabilities				
Net assets attributable to unit holders	15,725,773	--	--	15,725,773
Account payables and accruals	153,071	--	--	153,071
Total financial liabilities	**15,878,844**	**--**	**--**	**15,878,844**
As at 30 September 2016				
Financial assets				
Cash and cash equivalents	135,011	--	--	135,011
Investment securities	14,536,145	--	11,348	14,547,493
Accounts receivables	70,440	--	--	70,440
Total financial assets	**14,741,596**	**--**	**11,348**	**14,752,944**
Financial liabilities				
Net assets attributable to unit holders	14,517,367	--	--	14,517,367
Account payables and accruals	235,577	--	--	235,577
Total financial liabilities	**14,752,944**	**--**	**--**	**14,752,944**

(Expressed in United States dollars)

11. **Risk management (continued)**

11.3 **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.

The table below illustrates the impact on net assets attributable to unit holders of a 10% increase/decrease in the prices of equities, equities based investments and bonds:

	2017 US$	**2016 US$**
Up 10%	1,188,253	1,454,749
Down 10%	(1,188,253)	(1,454,749)

11.4 **Interest rate risk**

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to 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 investment committee sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored on a daily basis by the Sub-Investment Committee and on a quarterly basis by the Investment Manager, Investment Committee and Board of Directors.

(Expressed in United States dollars)

11. **Risk management (continued)**

11.4 **Interest rate risk (continued)**

The table below summarises the Fund's exposure to interest rate risks. It includes the Fund's financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	Up to 1 year $	1 – 5 years $	Over 5 years $	Non-interest bearing $	Total $
As at 30 September 2017					
Assets					
Investment securities	--	--	11,721	11,870,808	11,882,529
Interest income receivable	--	--	--	502	502
Other receivables	--	--	--	3,180,049	3,180,049
Cash and cash equivalents	815,764	--	--	--	815,764
Total financial assets	**815,764**	**--**	**11,721**	**15,051,359**	**15,878,844**
Liabilities					
Net assets attributable to unit holders	--	--	--	15,725,773	15,725,773
Account payables and accruals	--	--	--	153,071	153,071
Total financial liabilities	**--**	**--**	**--**	**15,878,844**	**15,878,844**
Total interest re-pricing gap	**815,764**	**--**	**11,721**		
As at 30 September 2016					
Total financial assets	**135,011**	**--**	**11,348**	**14,606,585**	**14,752,944**
Total financial liabilities	**--**	**--**	**--**	**14,752,944**	**14,752,944**
Total interest re-pricing gap	**135,011**	**--**	**11,348**		

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 September 2017, 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 $8,275 (2016: $1,464).

11. Risk management (continued)

11.5 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 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)

11. **Risk management (continued)**

11.5 **Credit risk (continued)**

Maximum exposure to credit risk

The table below represents a worst case scenario of credit risk exposure to the Fund at 30 September 2017 and 2016.

	Maximum Exposure	
	2017	**2016**
	$	**$**
Investment securities:		
- Exchange traded funds	1,601,184	1,996,969
- Equity mutual funds	2,319,344	2,710,751
- Bonds	11,721	11,348
Cash and cash equivalents	815,764	135,011
Accounts receivable	3,180,551	70,440
As at 30 September	**7,928,564**	**4,924,519**

(Expressed in United States dollars)

11. **Risk management (continued)**

11.6 **Currency risk**

The Fund holds assets denominated in currencies other than United States dollars, the measurement currency of the Fund. Consequently, the Fund is exposed to currency risk since the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

	Rupees $	US $	Total $
As at 30 September 2017			
Bonds	11,721	--	11,721
Equities	7,950,280	--	7,950,280
Exchange traded funds	--	1,601,184	1,601,184
Equity mutual funds	--	2,319,344	2,319,344
Investment securities	7,962,001	3,920,528	11,882,529
Money market account	--	2,019	2,019
Local bank account	--	551,031	551,031
Foreign bank account	253,031	9,683	262,714
Cash and cash equivalents	253,031	562,733	815,764
Accounts receivable	3,180,551	--	3,180,551
Total financial assets	**11,395,583**	**4,483,261**	**15,878,844**
Total financial liabilities	**(2,466)**	**(15,876,378)**	**(15,878,844)**
Net currency gap	**11,393,117**	**(11,393,117)**	**--**
As at 30 September 2016			
Bonds	11,348	--	11,348
Equities	9,828,425	--	9,828,425
Exchange traded fund	--	1,996,969	1,996,969
Equity mutual fund	--	2,710,751	2,710,751
Investment securities	9,839,773	4,707,720	14,547,493
Money market account	--	5,994	5,994
Local bank account	--	4,003	4,003
Foreign bank account	122,117	2,897	125,014
Cash and cash equivalents	122,117	12,894	135,011
Accounts receivable	70,440	--	70,440
Total financial assets	**10,032,330**	**4,720,614**	**14,752,944**
Total financial liabilities	**(412)**	**(14,752,532)**	**(14,752,944)**
Net currency gap	**10,031,918**	**(10,031,918)**	**--**

(Expressed in United States dollars)

11. **Risk management (continued)**

11.6 **Currency risk**

The table below illustrates the impact on net assets distributable to unit holders of a reasonable possible shift in exchange rates:

	2017 US$	**2016 US$**
Rupee up 20%	2,278,623	2,006,384
Rupee down 20%	(2,278,623)	(2,006,384)

12 **Fair value of financial assets and liabilities**

Financial assets and liabilities not carried at fair value include cash and cash equivalents, interest receivable, other receivables, management fees payable, broker fees payable and other accounts payable.

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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $	**Level 2 $**	**Level 3 $**	**Total $**
2017				
Securities at fair value through profit or loss	11,882,529	--	--	11,882,529
Total investment securities	**11,882,529**	**--**	**--**	**11,882,529**
2016				
Securities at fair value through profit or loss	14,547,493	--	--	14,547,493
Total investment securities	**14,547,493**	**--**	**--**	**14,547,493**

13. **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.

14. **Events after the balance sheet date**

The Trustee has determined, at the time of issue of these financial statements, that there are no significant events which require recognition or disclosure in these financial statements.