

# SavInvest TT\$ Capital Growth Fund

## Annual Report FY 2023

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## MANAGEMENT REPORT

### Economic & Financial Market Review and Outlook

The regional economy has made slow but persistent progress in emerging from the shadows of the Covid-19 Pandemic and recent cost of living crises. Notwithstanding the challenges facing the global economic landscape, economic activity in the region showed signs of stabilization in the latter half of 2023.

Economic growth across Latin America and the Caribbean remains tepid, as the effect of tighter monetary policies to combat inflation is taking hold, coinciding with a weakened external environment. According to the International Monetary Fund (IMF), the economies of Latin America and the Caribbean are projected to post economic growth of 2.3% in 2023, slowing from 4.2% in 2022. Trinidad and Tobago (T&T) would have benefited from relatively strong performance in non-energy sector activities coupled with cooling inflationary levels. Real Gross Domestic Product (GDP) for T&T is anticipated to grow from 1.5% in 2022 to 2.1% in 2023, according to the IMF.

T&T and major regional financial markets were broadly lower in 2023, influenced by weaker investor sentiment. All major indices on the Trinidad and Tobago Stock Exchange (TTSE) ended 2023 in the red. The All Trinidad and Tobago Index (All T&T) declined 9.8%. The Cross Listed Index (CLX), which includes some of the top publicly traded regional companies, fell 5.6%. Resultantly, the Trinidad and Tobago Composite Index (TTCI) would have declined 8.9% for the Fund's financial year FY2023.

Looking forward, economic growth for T&T is expected to remain positive as evidenced by the IMF's forecast of 2.4% in 2024 and moderate to 2.3% in 2025. Continued buoyancy in the non-energy sector is anticipated to boost economic activity in the short-term, whereas the energy sector is forecast to remain muted. Overall, growth in Latin America and the Caribbean is projected to modestly decline to 2.0% in 2024 before rising to 2.5% in 2025.

### TTCGF Fund Performance

The Fund's diversification, comprising a combination of equities and fixed income securities, enabled it to navigate the volatility experienced in both domestic and regional financial markets. The TTCGF ended FY2023 with a unit Net Asset Value (NAV) of TT\$23.58, down 3.5% year-on-year in per unit value.

Total Net Assets Attributable to Unitholders amounted to **TT\$12.916M**, representing a 4.2% decline from the prior comparable period.

The Fund remained focused on its investment objective by seeking long-term growth of capital by investing in a diversified portfolio of equity securities of issuers primarily domiciled in, but not limited to, Trinidad and Tobago.

The Investment Manager opted, with the information available, to keep the Fund near fully invested and consistent with its asset allocation. Trinidad and Tobago's geographical exposure accounted for approximately 67% of the Fund's allocation, while the United States represented 19% and Barbados comprised 10%. The remaining portion of invested funds was distributed among Latin America, Jamaica and Asia.

Financial Highlights (based on Audited Financials)

Total Assets of the Fund amounted to TT\$13.2M as of December 31, 2023, a decline of 2.8% relative to the prior comparable period. Total Liabilities amounted to TT\$0.331M in FY2023, 117.8% higher than the figure reported in FY2022. The number of participating units marginally fell 0.7% to 547,775 during the fiscal period. Distributions in FY2023 were Nil.

<b>Financial Highlights</b>	<b>Unit</b>	<b>FY2023</b>	<b>FY2022</b>
Total Assets	<i>TTD</i>	13,248,184	13,633,940
Total Liabilities	<i>TTD</i>	331,589	152,238
Net Assets Attributable to Unitholders	<i>TTD</i>	12,916,595	13,481,702
Participating Units	<i>#</i>	547,775	551,708
Distributions to unit holders – Total	<i>TTD</i>	0	0
Distributions to unit holders – Per unit	<i>TTD</i>	\$0.00	\$0.00

Related Party Transactions

Related party transactions have been summarized in Note 9 of the Notes to the Financial Statements.



Bourse Securities Limited  
 Manager for the SavInvest Capital Growth Fund

**AUDITED FINANCIAL STATEMENTS  
SAVINVEST TT CAPITAL GROWTH FUND**

As at 31<sup>st</sup> December 2023

# Savinvest Capital Growth Fund

## Audited Financial Statements

For the year ended December 31, 2023

*(Expressed in Trinidad and Tobago Dollars)*

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# Savinvest Capital Growth Fund

## Statement of Trustee's and Management's Responsibilities Year ended December 31, 2023

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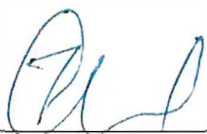
The Trustee, First Citizens Trustee Services Limited, has delegated to Bourse Securities Limited, in their capacity as investment and administration manager (management) responsibilities for the following:

- Preparing and fairly presenting the accompanying financial statements of Savinvest Capital Growth Fund (the "Fund") which comprise the statement of financial position as at December 31, 2023, the statement of 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 material 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 the security of the Fund's assets, detection/prevention of fraud, and the achievement of the Fund's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

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

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

Management and the Trustee affirm that they have carried out their responsibilities as outlined above.



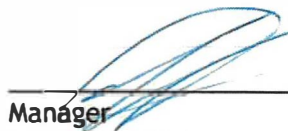
Trustee  
March 25, 2024



Trustee  
March 25, 2024



Manager  
March 25, 2024



Manager  
March 25, 2024

## Independent auditors' report

To the Unitholders of  
Savinvest Capital Growth Fund

### Opinion

We have audited the financial statements of Savinvest Capital Growth Fund (the "Fund") which comprise the statement of financial position as at December 31, 2023, the related statements of comprehensive income, changes in net assets attributable to unitholders and cash flows for the year then ended and the accompanying notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We 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 ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Trustee and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

### 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.



## Savinvest Capital Growth Fund

### Statement of Comprehensive Income

For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

	Notes	2023	2022
<b>Income</b>			
Interest income		306,628	346,286
Dividend income		319,125	311,118
Mutual fund income		5,750	7,764
Other income		590	6,784
Amortised discount		1,151	-
Net realised gain on investment securities		105,919	258,157
<b>Total operating income</b>		<b>739,163</b>	<b>930,109</b>
<b>Expenses</b>			
Net unrealised loss on foreign exchange		(26,170)	(21,068)
Net unrealised loss on investment securities		(742,328)	(930,101)
Amortised premium		-	(1,466)
Management fees	8	(326,610)	(350,014)
Trustee fees		(32,606)	(34,974)
Other expenses		(84,165)	(81,436)
<b>Total expenses</b>		<b>(1,211,879)</b>	<b>(1,419,059)</b>
<b>Operating loss for the year before finance costs</b>		<b>(472,716)</b>	<b>(488,950)</b>
Distributions to unit holders		-	-
<b>Decrease in net assets attributable to unit holders</b>		<b>\$(472,716)</b>	<b>\$(488,950)</b>

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

## Savinvest Capital Growth Fund

### Statement of Changes in Net Assets Attributable to Unit Holders

For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

	Number of units	Capital account	Movement in net assets attributable to unit holders	Net assets attributable to unit holders
<b>Year ended December 31, 2023</b>				
Balance at January 1, 2023	551,708	7,698,092	5,783,610	13,481,702
Issue of units	1,248	30,106	-	30,106
Redemption of units	(5,181)	(122,497)	-	(122,497)
Decrease in net assets attributable to unit holders	-	-	(472,716)	(472,716)
<b>Balance at December 31, 2023</b>	<b>547,775</b>	<b>\$7,605,701</b>	<b>\$5,310,894</b>	<b>\$12,916,595</b>
<b>Year ended December 31, 2022</b>				
Balance at January 1, 2022	566,789	8,072,565	6,272,560	14,345,125
Issue of units	5,669	142,746	-	142,746
Redemption of units	(20,750)	(517,219)	-	(517,219)
Increase in net assets attributable to unit holders	-	-	(488,950)	(488,950)
<b>Balance at December 31, 2022</b>	<b>551,708</b>	<b>\$7,698,092</b>	<b>\$5,783,610</b>	<b>\$13,481,702</b>

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

## Savinvest Capital Growth Fund

### Statement of Cash Flows

For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

	2023	2022
<b>Cash flows from operating activities:</b>		
Net loss for the year before finance costs	(472,716)	(488,950)
Adjustments:		
Net unrealised loss on investment securities	742,328	930,101
Net realised gain on investment securities	(105,919)	(258,157)
Net foreign exchange movement	26,170	21,068
Interest income	(312,378)	(354,050)
Dividend income	(319,125)	(311,118)
Increase in other receivable	-	(100)
Net decrease in accounts payable and accrued expenses	179,351	7,029
Interest received	307,077	354,135
Dividend received	285,940	396,492
Purchase of financial assets	(2,052,465)	(1,419,705)
Proceeds from disposal of financial assets	1,538,770	1,783,281
<b>Net cash (used in)/provided by operating activities</b>	<b>(182,967)</b>	<b>660,026</b>
<b>Cash flows from financing activities</b>		
Issue of units	30,106	142,746
Redemption of units	(122,497)	(517,219)
<b>Net cash used in financing activities</b>	<b>(92,391)</b>	<b>(374,473)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(275,358)</b>	<b>285,553</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>546,239</b>	<b>260,686</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$270,881</b>	<b>\$546,239</b>
<b>Represented by:</b>		
Cash at bank	34,604	13,363
Income funds	236,277	532,876
	<b>\$270,881</b>	<b>\$546,239</b>

# Savinvest Capital Growth Fund

## Notes to the Financial Statements

For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

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### 1. Description of the Fund

The following brief description of Savinvest Capital Growth Fund (the “Fund”) is provided for general information purposes only. Reference should be made to the Trust Deed and Prospectus of the Fund for more complete information.

#### General information

The Savinvest Capital Growth Fund (the ‘Fund’) was established on March 28, 2003, as an open-ended mutual fund. An open-ended 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 long-term growth of capital by investing in a diversified portfolio of equity securities of issuers predominantly domiciled in Trinidad and Tobago.

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 provision 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, Fund Administrator and Distributor of the Fund is Bourse Securities Limited.

#### Subscriptions

Subscriptions to the Fund are made by investors at a price per unit based on the net asset value. There is a minimum initial subscription requirement of TT\$5,000 with subsequent purchases requiring a minimum investment of TT\$100.

#### 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 those unit holders whose names appear on the register as the holders of units for at least one day since the immediately preceding distribution date and shall be determined in accordance with the number of units and the number of days so held by them.

Distributions are automatically reinvested in additional units of the Fund. However, unit holders may request the Trustee make distributions directly to the unit holders.

#### Redemptions

Redemptions of units shall be permitted only when a duly completed redemption form has been submitted to the Trustee (or duly authorised agent) by 11:00 am on the relevant redemption date. When units are redeemed by a unit holder, the Trustee shall be entitled to deduct from the total amount which would otherwise be payable pursuant to this clause and pay over to the Manager an early redemption charge as applicable in accordance with the rates set out below.

The following table sets out the rates of the early redemption charge:

<b>Period since Issue</b>	<b>Early redemption charge</b>
Up to 1 year	Not to exceed 2.0% per annum
1 year up to 2 years	Not to exceed 1.5% per annum
2 years up to 3 years	Not to exceed 1.0% per annum
3 years onwards	Nil

# Savinvest Capital Growth Fund

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 2. Summary of material accounting policies

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

#### 2.1 Basis of preparation

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

##### *(a) Use of estimates*

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are material to the financial statements are disclosed in Note 3.

##### *(b) New standards, amendments and interpretations which are effective and have been adopted by the Fund*

The Fund adopted the following amendments with a transition date of January 1, 2023. There were no significant changes made to these financial statements resulting from the adoption of these amendments:

- In February 2021, the IASB issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2023.
- In February 2021, the IASB issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors.
- In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption under IAS 12.15, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

# Savinvest Capital Growth Fund

## Notes to the Financial Statements

For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

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### 2. Summary of material accounting policies (continued)

#### 2.1 Basis of preparation (continued)

##### *(c) New standards, amendments and interpretations issued but not effective and not early adopted*

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Fund's future financial statements in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated in the note below.

The following amendments are effective for the period beginning January 1, 2023:

- The IFRS Interpretations Committee issued an agenda decision in June 2020 - Sale and leaseback with Variable Payments. The Amendments provide a requirement for the seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments are effective for annual reporting periods beginning on or after January 1, 2024.
- The IASB issued amendments to IAS 1 - Classification of Liabilities as Current or Non-current in January 2020, which have been further amended partially by amendments Non-current Liabilities with Covenants issued in October 2022. The amendments require that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period. As a result of the COVID-19 pandemic, the Board deferred the effective date of the amendments by one year to annual reporting periods beginning on or after January 1, 2024.
- Subsequent to the release of amendments to IAS 1 Classification of Liabilities as Current or Non-Current, the IASB amended IAS 1 further in October 2022. If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current. The amendments are effective for annual reporting periods beginning on or after January 1, 2024.

# Savinvest Capital Growth Fund

## Notes to the Financial Statements

For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

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### 2. Summary of material accounting policies (continued)

#### 2.1 Basis of preparation (continued)

(c) *New standards, amendments and interpretations issued but not effective and not early adopted (continued)*

- On May 25, 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (the Amendments). The Amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The Amendments also provide guidance on characteristics of supplier finance arrangements. The amendments are effective for annual reporting periods beginning on or after January 1, 2024.
- On August 15, 2023, the IASB issued Lack of Exchangeability which amended IAS 21 *The Effects of Changes in Foreign Exchange Rates* (the Amendments). The Amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency. The amendments are effective for annual reporting periods beginning on or after January 1, 2025.

Other standards, amendments and interpretations to existing standards in issue but not yet effective are not considered to be relevant to the Fund and have not been disclosed.

(d) *Standards and amendments to published standards early adopted by the Fund*

The Fund did not early adopt any new, revised or amended standards.

#### 2.2 Foreign currency translation

(a) *Functional and presentation currency*

The accounting records, as well as the financial statements of the Fund, are maintained in Trinidad and Tobago ("TT") dollars. TT dollar is the functional and reporting currency of the Fund and subscriptions and redemptions are performed in TT dollars. The Trustee considers the TT dollar to be the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date.

Foreign exchange gains and losses arising from the translation of financial assets and liabilities are included in the statement of comprehensive income.

# Savinvest Capital Growth Fund

## Notes to the Financial Statements

For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

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### 2. Summary of material accounting policies (continued)

#### 2.3 Financial assets and financial liabilities

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

##### (i) *Investment securities*

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

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

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

##### - *Amortised cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at fair value through profit or loss (FVPL) are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3 (ii). Interest income from these financial assets is included in "Interest income" on the statement of comprehensive income using the effective interest rate method.

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

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

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

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



# Savinvest Capital Growth Fund

## Notes to the Financial Statements

For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

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### 2. Summary of material accounting policies (continued)

#### 2.3 Financial assets and financial liabilities (continued)

##### (i) *Investment securities (continued)*

###### *Fund's business model*

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

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

Arising out of the assessment, the portfolio was deemed to have the business model identified as follows:

<b>FVPL (Hold for Trading)</b>
Debt instruments with tenors less than or equal to one (1) year which can be easily liquidated within three (3) business days
Actively traded equities
Actively traded bonds
Cash and cash equivalents

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

# Savinvest Capital Growth Fund

## Notes to the Financial Statements

For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

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### 2. Summary of material accounting policies (continued)

#### 2.3 Financial assets and financial liabilities (continued)

##### (i) *Investment securities (continued)*

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

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

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

##### *Recognition/de-recognition of financial assets*

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

##### *Impairment*

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

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
  - The time value of money; and
  - Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.
- Note 3 (ii) provides more detail on how the expected credit loss allowance is measured.

# Savinvest Capital Growth Fund

## Notes to the Financial Statements

For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

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### 2. Summary of material accounting policies (continued)

#### 2.3 Financial assets and financial liabilities (continued)

##### (ii) *Financial liabilities*

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

##### (iii) *Determination of fair value*

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and these prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or a significant increase in the bid-offer spread or there are few recent transactions.

For financial instruments traded in an active market, the determination of fair values of financial assets and liabilities is based on quoted market prices or dealer price quotations.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques using input existing at year-end.

The Fund uses an internally developed model which is generally consistent with other valuation models used in the industry. Valuation models are used to value unlisted debt securities and other debt securities for which the market has become or is illiquid. Some of the inputs of this model may not be market observable and are therefore based on assumptions.

#### 2.4 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.

Cash and cash equivalents that are managed as part of investments are reported within investments, as these funds are not used for operating needs.

# Savinvest Capital Growth Fund

## Notes to the Financial Statements

For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

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### 2. Summary of material accounting policies (continued)

#### 2.5 Revenue recognition

Revenue comprises interest income, dividend income and net fair value gains on investment securities. Revenue is shown net of rebates and discounts and after eliminating sales within the Fund.

The Fund recognises revenue when it meets the following criteria:

- it is probable that any future economic benefit associated with the item of revenue will flow to the entity, and
- the amount of revenue can be measured with reliability

Interest income is accounted for on the effective interest method.

Dividend income is recognised when the right to receive the dividend is established that being the ex-div date.

#### 2.6 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 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 as capital account 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.

#### 2.7 Expenses

Expenses are accounted for on the accrual basis.

#### 2.8 Subscriptions and redemptions

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

#### 2.9 Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that the Fund will be required to settle the obligation, and a reliable estimate can be made of the amount the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

# Savinvest Capital Growth Fund

## Notes to the Financial Statements

For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

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### 2. Summary of material accounting policies (continued)

#### 2.10 Taxation

(a) *Tax levied on unitholders*

Distribution income to Trinidad and Tobago residents are not subject to taxation. Tax on distribution income is withheld on distributions paid to non-resident unitholders at the rate applicable to the country in which the unitholders reside.

(b) *Tax levied on the Fund*

Under the provisions of the Corporation Tax Act of Trinidad and Tobago, the Fund is exempt from taxation on its profits; therefore, no provisions have been made in these financial statements for taxes.

The Fund is subject to foreign withholding tax on certain interest, dividends and capital gains receivable.

### 3. Critical accounting estimates and judgements in applying accounting principles

The Fund makes estimates and assumptions concerning the future. The accounting estimates will by definition rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the amounts of the assets and liabilities are outlined below:

(i) *Fair value of financial assets*

The fair values of financial assets that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. To the extent practical, models use only observable data, however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates.

(ii) *Impairment of financial assets*

IFRS 9 requires the Fund to record Expected Credit Losses (ECL) on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. Assessment is required on a historical basis, current basis as well as a forward-looking analysis including the identification of key economic variables impacting credit risk and expected credit losses for each investment within the portfolio. The expected credit 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;

# Savinvest Capital Growth Fund

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

### 3. Critical accounting estimates and judgements in applying accounting principles (continued)

#### (ii) Impairment of financial assets (continued)

(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.

The expected credit losses (ECL) is associated with assets carried at amortised cost and FVTOCI and with the exposure arising from debt instruments promissory notes, trade receivables and cash and cash equivalents. No ECL is required by the Fund as all of its debt securities have been classified and measured at fair value through profit or loss.

### 4. Cash and cash equivalents

	2023	2022
Cash at bank	34,604	13,363
Mutual funds	236,277	532,876
<b>Total cash and cash equivalents</b>	<b>\$270,881</b>	<b>\$546,239</b>

### 5. Investment securities

#### Investments - Fair value through profit or loss (FVPL)

	2023	2022
Fixed income securities	4,925,210	4,903,866
Interest accrued on fixed income securities	56,712	51,411
	<b>4,981,922</b>	<b>4,955,277</b>
Equities	6,657,928	7,506,512
Exchange traded funds	1,237,097	558,741
<b>Balance as at the end of the year</b>	<b>\$12,876,947</b>	<b>\$13,020,530</b>
Balance at the beginning of the year	13,020,530	14,077,203
Interest received	(307,077)	(354,135)
Interest income	312,378	354,050
Net realised gain on investment securities	105,919	258,157
Net foreign exchange movement	(26,170)	(21,068)
Additions	2,052,465	1,419,705
Net decrease in fair value	(742,328)	(930,101)
Disposals	(1,538,770)	(1,783,281)
<b>Balance at the end of the year</b>	<b>\$12,876,947</b>	<b>\$13,020,530</b>

## Savinvest Capital Growth Fund

### Notes to the Financial Statements

For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

#### 6. Accounts payable and accrued expenses

	2023	2022
Investment management fees payable	107,828	42,374
Other accounts payable	71,988	9,015
Fund administration fees payable	59,078	25,424
Audit fees payable	50,000	50,000
Distribution fees payable	34,704	16,950
Trustee fees payable	7,991	8,475
	<u>\$331,589</u>	<u>\$152,238</u>

#### 7. Net assets attributable to unit holders

	2023	2022
Balance at beginning of the year	13,481,702	14,345,125
Subscriptions	30,106	142,746
Redemptions	(122,497)	(517,219)
Decrease in net assets attributable to unit holders	<u>(472,716)</u>	<u>(488,950)</u>
Balance at end of the year	<u>\$12,916,595</u>	<u>\$13,481,702</u>
Number of participating units	<u>547,775</u>	<u>551,708</u>
Net asset value per unit	<u>\$23.5801</u>	<u>\$24.4363</u>

#### 8. Management fees

	2023	2022
Fund administration fees	97,983	105,004
Investment management fees	163,305	175,007
Distribution fees	65,322	70,003
	<u>\$326,610</u>	<u>\$350,014</u>

Fund administration fees, investment management fees and distribution fees are paid quarterly to Bourse Securities Limited at rates of up to 1.00% for Fund administration and distribution services and up to 1.50% for investment advisory services.

#### 9. 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 considers Bourse Securities Limited and its subsidiaries to be related parties. All related party transactions are made in accordance with established commercial practices.

# Savinvest Capital Growth Fund

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

### 9. Related party transactions (continued)

The related party transactions and balances are as follows:

	2023	2022
Accounts receivable	\$1,511	\$1,511
Cash and cash equivalents	\$214,169	\$511,049
Investment securities	\$-	\$-
Mutual fund income	\$5,470	\$7,505
Net assets attributable to unit holders	\$10,187,958	\$10,555,602
Management fees	\$326,610	\$350,014
Management fees payable	\$201,610	\$84,748
Other accounts payable	\$71,988	\$9,015

As at December 31, 2023, Bourse Securities Limited and Bourse International Asset Management had holdings in the Fund which accounted for 74.53% and 4.14% respectively of the net assets attributable to unit holders (2022: 73.98% and 4.11% respectively).

### 10. Risk management

#### 10.1 Categories of financial instruments

	2023	2022
<b>Financial assets</b>		
Cash and cash equivalents	270,881	546,239
Other receivables	1,511	1,511
Dividend receivable	98,845	65,660
Interest income receivable	56,712	51,411
Investment securities	12,820,235	12,969,119
	<u>\$13,248,184</u>	<u>\$13,633,940</u>
<b>Financial liabilities</b>		
Accounts payable and accrued expenses	331,589	152,238
Net assets attributable to unit holders	12,916,595	13,481,702
	<u>\$13,248,184</u>	<u>\$13,633,940</u>

#### 10.2 Financial risk management objectives

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



# Savinvest Capital Growth Fund

## Notes to the Financial Statements

For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

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### 10. Risk management (continued)

#### 10.2 Financial risk management objectives (continued)

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.

#### 10.3 Liquidity risk

The Fund is exposed to daily cash redemptions of units. At least 15% of the investment portfolio is usually held in short-term instruments that can be quickly converted to cash. The Fund also has the ability to borrow in the short term to ensure settlement. The borrowing entered into by the Fund during the year was a part of its portfolio management strategy. The Trust Deed also permits the Fund to settle in specie in proportion to the underlying assets, if the redemptions of a unit holder is in excess of the 1% of the Fund.

In accordance with the Fund's policy, the Sub-Investment Committee monitors the Fund's liquidity position on a daily basis with the Investment Manager performing a quarterly review.

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.

## Savinvest Capital Growth Fund

### Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

#### 10. Risk management (continued)

##### 10.3 Liquidity risk (continued)

	On Demand	Up to 1 year	1 - 3 years	Over 3 years	Total
<b>As at December 31, 2023</b>					
<b>Assets</b>					
Investment securities	-	2,014,755	-	1,879,427	3,894,182
Interest income receivable	-	274,817	435,019	559,717	1,269,553
Dividends receivable	-	98,845	-	-	98,845
Other receivable	-	1,511	-	-	1,511
Cash and cash equivalents	270,881	-	-	-	270,881
<b>Total assets</b>	<b>\$270,881</b>	<b>\$2,389,928</b>	<b>\$435,019</b>	<b>\$2,439,144</b>	<b>\$5,534,972</b>
<b>Liabilities</b>					
Net assets attributable to unit holders	-	12,916,595	-	-	12,916,595
Accounts payable and accrued expenses	-	331,589	-	-	331,589
<b>Total liabilities</b>	<b>-</b>	<b>13,248,184</b>	<b>-</b>	<b>-</b>	<b>13,248,184</b>
<b>Net liquidity gap</b>	<b>\$270,881</b>	<b>\$(10,858,256)</b>	<b>\$435,019</b>	<b>\$2,439,144</b>	<b>\$(7,713,212)</b>
	On Demand	Up to 1 year	1 - 3 years	Over 3 years	Total
<b>As at December 31, 2022</b>					
<b>Assets</b>					
Investment securities	-	-	2,460,629	2,555,876	5,016,505
Interest income receivable	-	267,502	372,641	647,110	1,287,253
Dividends receivable	-	65,660	-	-	65,660
Other receivable	-	1,511	-	-	1,511
Cash and cash equivalents	546,239	-	-	-	546,239
<b>Total assets</b>	<b>\$546,239</b>	<b>\$334,673</b>	<b>\$2,833,270</b>	<b>\$3,202,986</b>	<b>\$6,917,168</b>
<b>Liabilities</b>					
Net assets attributable to unit holders	-	13,481,702	-	-	13,481,702
Accounts payable and accrued expenses	-	152,238	-	-	152,238
<b>Total liabilities</b>	<b>-</b>	<b>13,633,940</b>	<b>-</b>	<b>-</b>	<b>13,633,940</b>
<b>Net liquidity gap</b>	<b>\$546,239</b>	<b>\$(13,299,267)</b>	<b>\$2,833,270</b>	<b>\$3,202,986</b>	<b>\$(6,716,772)</b>

# Savinvest Capital Growth Fund

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

### 10. Risk management (continued)

#### 10.3 Liquidity risk (continued)

Management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements are approximate to their fair values.

	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets</b>				
Cash and cash equivalents	270,881	270,881	546,239	546,239
Other receivable	1,511	1,511	1,511	1,511
Dividend receivable	98,845	98,845	65,660	65,660
Interest income receivable	56,712	56,712	51,411	51,411
Investment securities	12,820,235	12,820,235	12,969,119	12,969,119
	<b>\$13,248,184</b>	<b>\$13,248,184</b>	<b>\$13,633,940</b>	<b>\$13,633,940</b>
<b>Financial liabilities</b>				
Accounts payable and accrued expenses	331,589	331,589	152,238	152,238
Net assets attributable to unit holders	12,916,595	12,916,595	13,481,702	13,481,702
	<b>\$13,248,184</b>	<b>\$13,248,184</b>	<b>\$13,633,940</b>	<b>\$13,633,940</b>

#### 10.4 Market 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 the Board of Directors.

#### Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 5% higher/lower:

- Total comprehensive income for the year ended December 31, 2023, would have increased /decreased by \$394,751 (2022: increase/decrease by \$403,263).
- Net assets would increase/decrease by \$394,751 (2022: increase/decrease by \$403,263) as a result of the changes in the fair value of investments through the profit or loss.

## Savinvest Capital Growth Fund

### Notes to the Financial Statements

For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

#### 10. Risk management (continued)

##### 10.5 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 Investment Committee sets limits on the level of mismatch of interest rate repricing 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 the Board of Directors.

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 repricing or maturity dates.

	On Demand	Up to 1 year	1 - 5 years	Over 5 years	Total
<b>As at December 31, 2023</b>					
<b>Assets</b>					
Investment securities	-	2,014,755	642,623	2,267,832	4,925,210
Cash and cash equivalents	270,881	-	-	-	270,881
<b>Total financial assets</b>	<b>\$270,881</b>	<b>\$2,014,755</b>	<b>\$642,623</b>	<b>\$2,267,832</b>	<b>\$5,196,091</b>
<b>Liabilities</b>					
Accounts payable and accrued expenses	-	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest re-pricing gap</b>	<b>\$270,881</b>	<b>\$2,014,755</b>	<b>\$642,623</b>	<b>\$2,267,832</b>	<b>\$5,196,091</b>

## Savinvest Capital Growth Fund

### Notes to the Financial Statements

For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

#### 10. Risk management (continued)

##### 10.5 Interest rate risk (continued)

	On Demand	Up to 1 year	1 - 5 years	Over 5 years	Total
<b>As at December 31, 2022</b>					
<b>Assets</b>					
Investment securities	-	-	2,944,649	1,959,217	4,903,866
Cash and cash equivalents	546,239	-	-	-	546,239
<b>Total financial assets</b>	<b>\$546,239</b>	<b>\$-</b>	<b>\$2,944,649</b>	<b>\$1,959,217</b>	<b>\$5,450,105</b>
<b>Liabilities</b>					
Accounts payable and accrued expenses	-	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest re-pricing gap</b>	<b>\$546,239</b>	<b>\$-</b>	<b>\$2,944,649</b>	<b>\$1,959,217</b>	<b>\$5,450,105</b>

#### 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 by 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 December 31, 2023, had interest rates increased or decreased by 100 basis points with all other variables held constant, the increase or decrease in net assets attributable to unit holders would amount to approximately \$51,961 (2022: \$54,501), arising substantially from the increase/decrease in market values of debt securities.

The Fund's sensitivity to interest rate has decreased during the current period mainly due to a decrease in fixed income instruments.

#### 10.6 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.

# Savinvest Capital Growth Fund

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

### 10. Risk management (continued)

#### 10.6 Credit risk (continued)

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
<b>High grade</b>		
1	Excellent	AAA, AA+, AA, AA-
2	Very good	A+, A, A-, BBB+, BBB, BBB-
<b>Standard grade</b>		
3	Good	BB+, BB, BB-
4	Satisfactory	B+, B, B-
<b>Sub-standard grade</b>		
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 external ratings where available to benchmark its 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.

#### Maximum exposure to credit risk

The table below represents a worst-case scenario of credit risk exposure to the Fund at December 31:

	Maximum exposure	
	2023	2022
Investment securities - fixed income	4,925,210	4,903,866
Interest income receivable	56,712	51,411
Dividend receivable	98,845	65,660
Other receivable	1,511	1,511
Cash and cash equivalents	270,881	546,239
As at December 31	<b>\$5,353,159</b>	<b>\$5,568,687</b>

## Savinvest Capital Growth Fund

### Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

#### 10. Risk management (continued)

##### 10.6 Credit risk (continued)

##### Financial assets and other credit exposure

	Neither past due nor impaired		Past due	Impaired	Total
	High grade	Standard grade			
<b>As at December 31, 2023</b>					
Cash and cash equivalents	270,881	-	-	-	270,881
Investment securities	2,702,678	2,222,532	-	-	4,925,210
Interest income receivable	56,712	-	-	-	56,712
Dividend receivable	98,845	-	-	-	98,845
Other receivable	1,511	-	-	-	1,511
<b>Total financial assets</b>	<b>\$3,130,627</b>	<b>\$2,222,532</b>	<b>\$-</b>	<b>\$-</b>	<b>\$5,353,159</b>
<b>As at December 31, 2022</b>					
Cash and cash equivalents	546,239	-	-	-	546,239
Investment securities	2,703,797	2,200,069	-	-	4,903,866
Interest income receivable	51,411	-	-	-	51,411
Dividend receivable	65,660	-	-	-	65,660
Other receivable	1,511	-	-	-	1,511
<b>Total financial assets</b>	<b>\$3,368,618</b>	<b>\$2,200,069</b>	<b>\$-</b>	<b>\$-</b>	<b>\$5,568,687</b>

##### 10.7 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund holds assets denominated in currencies other than Trinidad & Tobago 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 the exchange rates.

##### **Concentrations of assets and liabilities**

Assets are primarily funded by like currency liabilities thus reducing the element of cross-currency risk. Foreign currency transactions do not require the use of interest rate swaps and foreign currency options and other derivative instruments which all carry inherent risks. Currency exposure resides mainly in trading activity.

## Savinvest Capital Growth Fund

### Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

#### 10. Risk management (continued)

##### 10.7 Currency risk (continued)

The Fund had the following significant currency positions:

	TT	US	Total
<b>As at December 31, 2023</b>			
Investment securities	6,710,886	6,109,349	12,820,235
Cash and cash equivalents	57,175	213,706	270,881
Interest income receivable	24,525	32,187	56,712
Dividend receivable	55,458	43,387	98,845
Other receivable	1,511	-	1,511
<b>Total assets</b>	<b>\$6,849,555</b>	<b>\$6,398,629</b>	<b>\$13,248,184</b>
<b>Total liabilities</b>	<b>\$13,248,184</b>	<b>\$-</b>	<b>\$13,248,184</b>
<b>Net currency gap</b>		<b>\$6,398,629</b>	
<b>As at December 31, 2022</b>			
Investment securities	7,675,931	5,293,188	12,969,119
Cash and cash equivalents	35,653	510,586	546,239
Interest income receivable	24,526	26,885	51,411
Dividend receivable	41,962	23,698	65,660
Other receivable	1,511	-	1,511
<b>Total assets</b>	<b>\$7,779,583</b>	<b>\$5,854,357</b>	<b>\$13,633,940</b>
<b>Total liabilities</b>	<b>\$13,633,940</b>	<b>\$-</b>	<b>\$13,633,940</b>
<b>Net currency gap</b>		<b>\$5,854,357</b>	

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

	2023	2022
USD up 5%	<u>\$319,931</u>	<u>\$292,718</u>
USD down 5%	<u>\$(319,931)</u>	<u>\$(292,718)</u>

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 tests conducted by the Fund include risk factor testing, where stress movements are applied to each risk category. The US dollar was the only foreign currency to which the Fund had significant exposure. An analysis was conducted to demonstrate the sensitivity to reasonable possible movements of the US dollar against the TT dollar.



# Savinvest Capital Growth Fund

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

### 10. Risk management (continued)

#### 10.8. Fair value measurement recognised in the statement of financial position

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); and
- 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
<b>As at December 31, 2023</b>				
Equities	6,657,928	-	-	6,657,928
ETFs	1,237,097	-	-	1,237,097
Fixed income	2,160,457	2,764,753	-	4,925,210
<b>Total</b>	<b>\$10,055,482</b>	<b>\$2,764,753</b>	<b>-</b>	<b>\$12,820,235</b>
<b>As at December 31, 2022</b>				
Equities	7,506,512	-	-	7,506,512
Mutual funds	558,741	-	-	558,741
Fixed income	2,131,431	2,772,435	-	4,903,866
<b>Total</b>	<b>\$10,196,684</b>	<b>\$2,772,435</b>	<b>\$-</b>	<b>\$12,969,119</b>

There were no transfers between Level 2 and Level 3 in the period.

### 11. Contingencies and commitments

The Fund has no undisclosed contingent liabilities or commitments which have not been provided for in these financial statements.

### 12. 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.

# Savinvest Capital Growth Fund

## Notes to the Financial Statements

For the year ended December 31, 2023

*(Expressed in Trinidad and Tobago Dollars)*

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### 12. Capital management (continued)

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.

### 13. Subsequent events

The Fund evaluated all events that occurred from January 1, 2024, through March 25, 2024, the date the financial statements were available to be issued. During the period, the Fund did not have any subsequent events requiring recognition or disclosure in the financial statements, other than those disclosed below.

- (a) Subsequent to year-end, up to March 25, 2024, the Fund had subscriptions of TT\$9,000, paid redemptions amounting to TT\$2,400 and distributed no income.