

SavInvest India Asia Fund

Annual Report FY 2024

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MANAGEMENT REPORT

Economic & Financial Market Review and Outlook

The global economy is gradually stabilizing, supported by cautious monetary policy easing as inflation moderates. However, global growth remains slower than in the pre-COVID decade. Global growth for 2023 stood at 3.3% and was estimated to slow to 3.2% in 2024 according to the International Monetary Fund (IMF).

Asian economies continue to fuel global growth, but prospects for economic momentum is slowing. The economies of Emerging and Developing Asia are anticipated to post economic growth in the region of 5.2% in 2024, with major economies China expected to grow 4.8% and India forecast to expand 6.5%.

Regional financial markets have been broadly positive, despite a challenged macro environment over the course of the SavInvest India Asia Fund's (SIAF or the Fund) financial year FY2024. In Indian Rupee (INR) terms, the Indian Equity SENSEX index advanced 28.1%, while China's CSI300 Index climbed 8.9%. South Korea's KOSPI Composite Index increased 5.2% during the fiscal period (in Korean Won or KRW terms).

When considering the impact of currency fluctuations on performance using an investible instrument as a proxy of market performance, financial market performance for the region improved. The highly liquid Exchange Traded Fund iShares MSCI All Country Asia ex Japan ETF (or AAXJ), which trades in US dollar denominations, gained 23.5% during the Fund's FY2024.

Economic growth for 2025 is expected to remain stable at 3.3% in both 2025 and 2026 by the IMF. The Asian region is expected to grow 5.1%. China is anticipated to slow to 4.6% in 2025, due to an aging population and slower expansion in productivity, while the Indian economy is projected to deliver growth of 6.5%.

SIAF Fund Performance

The Fund remained resilient ending FY2024 with a unit Net Asset Value (NAV) of US\$12.7198, an increase of 14.2% year-over-year in per unit value.

Total Net Assets Attributable to Unitholders amounted to **US\$5.003M**, a **9.4%** gain from the prior comparable period.

The Fund remained focused on its investment objectives, despite considerable uncertainty permeating the financial markets of its regional focus, seeking long-term growth of capital by investing primarily in a diversified portfolio of equity and equity related instruments which have direct or indirect economic or market exposure to India and/or other Asian jurisdictions.

Indian equity exposure accounted for approximately 42% of the Fund's allocation, with China accounting for 13%. South Korea, Hong Kong, Taiwan and Other Asian jurisdictions accounted for the balance of invested funds.

Financial Highlights (based on Audited Financials)

Total Assets of the Fund amounted to US\$5.1M as at the September 30, 2024, an increase of 10.6% relative to the prior comparable period. Total Liabilities amounted to US\$106.5K in FY2024, 118.0% higher than the figure reported in FY2023. The number of participating units declined 4.2% to 393,328 during the fiscal period. Distributions in FY2024 were Nil.

| Financial Highlights | Unit | FY2024 | FY2023 |
|--|-------------|---------------|---------------|
| Total Assets | <i>USD</i> | 5,109,583 | 4,621,125 |
| Total Liabilities | <i>USD</i> | 106,527 | 48,866 |
| Net Assets Attributable to Unitholders | <i>USD</i> | 5,003,056 | 4,572,259 |
| Participating Units | <i>#</i> | 393,328 | 410,592 |
| Distributions to unit holders – Total | <i>USD</i> | 0 | 0 |
| Distributions to unit holders – Per unit | <i>USD</i> | \$0.00 | \$0.00 |

Related Party Transactions

Related party transactions have been summarized in Note 8 of the Notes to the Financial Statements.

**AUDITED FINANCIAL STATEMENTS
SAVINVEST INDIA ASIA FUND**

As at 30th September 2024

Savinvest India Asia Fund

Audited Financial Statements

For the year ended September 30, 2024

Savinvest India Asia Fund

Audited Financial Statements

For the year ended September 30, 2024

(Expressed in United States Dollars)

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Savinvest India Asia Fund

Statement of Trustee's and Management's Responsibilities Year ended September 30, 2024


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 Asia Fund, (the "Fund") which comprise the statement of financial position as at September 30, 2024, 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 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 security of the Fund's assets, detection/prevention of fraud, and the achievement of the Fund's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

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


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

The Trustee and Management affirms that it has carried out its responsibilities as outlined above, as at December 13, 2024.


Trustee


Trustee


Manager


Manager

Independent Auditors' Report

To the Trustee of
Savinvest India Asia Fund

Opinion

We have audited the financial statements of Savinvest India Asia Fund, (the "Fund") which comprise the statement of financial position as at September 30, 2024, the statements of comprehensive income, changes in net assets attributable to unitholders and cash flows for the year then ended and 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 September 30, 2024, 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.

As part of an audit in accordance with ISAs, we exercise professional judgment 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.



Independent Auditors' Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 the Trustee.
- Conclude on the appropriateness of the Trustee'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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



December 13, 2024

Port of Spain,
Trinidad, West Indies

Savinvest India Asia Fund

Statement of Financial Position

As at September 30, 2024

(Expressed in United States Dollars)

| | Notes | 2024 | 2023 |
|--|-------|--------------------|--------------------|
| Assets | | | |
| Investment securities | | | |
| - Fair value through profit or loss (FVPL) | 4 | 3,506,124 | 3,735,915 |
| Cash and cash equivalents | 5 | 1,535,541 | 813,290 |
| Interest receivable | | - | 502 |
| Tax recoverable | | 67,918 | 67,918 |
| Other receivable | | - | 3,500 |
| Total assets | | \$5,109,583 | \$4,621,125 |
| Liabilities | | | |
| Accounts payable and accrued expenses | 6 | 106,527 | 48,866 |
| Total liabilities (excluding net assets attributable to unit holders) | | 106,527 | 48,866 |
| Net assets attributable to unit holders | 7 | \$5,003,056 | \$4,572,259 |
| Represented by: | | | |
| Number of participating units | | 393,328 | 410,592 |
| Net asset value per unit | | \$12.7198 | \$11.1358 |

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

On December 13, 2024, the Trustee and management of Savinvest India Asia Fund authorised these financial statements for issue.



Trustee



Management

Savinvest India Asia Fund

Statement of Comprehensive Income For the year ended September 30, 2024 (Expressed in United States Dollars)

| | Notes | 2024 | 2023 |
|--|-------|--------------------|------------------|
| Income | | | |
| Interest income | | - | 2,389 |
| Dividend income | | 41,887 | 59,069 |
| Mutual fund income | | 49 | 27 |
| Net realised gain on investment securities | | 2,090,193 | 689,717 |
| Net foreign exchange gain | | - | 42,157 |
| Other income | | 19,295 | 26,555 |
| Total operating income | | 2,151,424 | 819,914 |
| Expenses | | | |
| Trustee fees | 8 | (11,931) | (11,603) |
| Management fees | 8 | (143,265) | (139,040) |
| Custodian fees | | (4,640) | (4,828) |
| Reversal of over accrual on bond income | | (502) | - |
| Net unrealised loss on investment securities | | (1,089,428) | (257,769) |
| Net foreign exchange loss | | (2,425) | - |
| Other expenses | | (10,174) | (31,978) |
| Total operating expenses | | (1,262,365) | (445,218) |
| Operating profit for the year before finance costs and taxation | | 889,059 | 374,696 |
| Distributions to unit holders | | - | - |
| Profit after finance costs, before taxation | | 889,059 | 374,696 |
| Taxation | | (253,432) | (67,230) |
| Increase in net assets attributable to unit holders | | \$635,627 | \$307,466 |

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

Savinvest India Asia Fund

Statement of Changes in Net Assets Attributable to Unit Holders

For the year ended September 30, 2024

(Expressed in United States Dollars)

| | Number of units | Capital account | Accumulated deficit | Unit holders' balance |
|---|--------------------|--------------------|------------------------|-----------------------------|
| Year ended September 30, 2024 | | | | |
| Balance at the beginning of the year | 410,592 | 5,539,629 | (967,370) | 4,572,259 |
| Issue of units | 310 | 3,426 | - | 3,426 |
| Redemption of units | (17,574) | (208,256) | - | (208,256) |
| Increase in net assets attributable to unit holders | - | - | 635,627 | 635,627 |
| Balance at the end of year | 393,328 | \$5,334,799 | \$(331,743) | \$5,003,056 |
| Year ended September 30, 2023 | | | | |
| Balance at the beginning of the year | 424,957 | 5,697,266 | (1,274,836) | 4,422,430 |
| Redemption of units | (14,365) | (157,637) | - | (157,637) |
| Increase in net assets attributable to unit holders | - | - | 307,466 | 307,466 |
| Balance at the end of year | 410,592 | \$5,539,629 | \$(967,370) | \$4,572,259 |

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

Savinvest India Asia Fund

Statement of Cash Flows

For the year ended September 30, 2024

(Expressed in United States Dollars)

| | 2024 | 2023 |
|---|--------------------|--------------------|
| Cash flows from operating activities | | |
| Net profit for the year before finance costs and after taxation | 635,627 | 307,466 |
| Adjustments: | | |
| Net unrealised loss on investment securities | 1,089,428 | 257,769 |
| Realised gain on investment securities | (2,090,193) | (689,717) |
| Interest income | - | (2,389) |
| Reversal of over accrual on bond income | 502 | - |
| Dividend income | (41,887) | (59,069) |
| Decrease/ (increase) in other receivable | 3,500 | (3,500) |
| Increase/ (decrease) in accounts payable and accrued expenses | 57,661 | (2,561,059) |
| Cash used in operations | (345,362) | (2,750,499) |
| Interest received | - | 2,389 |
| Dividend received | 41,887 | 59,069 |
| Net cash used in operating activities | (303,475) | (2,689,041) |
| Cash flows from investing activities | | |
| Purchase of investment securities | (1,908,775) | (400,310) |
| Proceeds from disposal of investment securities | 3,139,331 | 1,090,893 |
| Net cash generated from investing activities | 1,230,556 | 690,583 |
| Cash flows from financing activities | | |
| Issue of units | 3,426 | - |
| Redemption of units | (208,256) | (157,637) |
| Net cash used in financing activities | (204,830) | (157,637) |
| Net increase/(decrease) in cash and cash equivalents | 722,251 | (2,156,095) |
| Cash and cash equivalents at beginning of year | 813,290 | 2,969,385 |
| Cash and cash equivalents at end of year | \$1,535,541 | \$813,290 |
| Represented by: | | |
| Cash at bank | 1,533,344 | 811,142 |
| Income funds | 2,197 | 2,148 |
| | \$1,535,541 | \$813,290 |

Savinvest India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

1. Description of the Fund

The following brief description of Savinvest India Asia 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

Savinvest India Asia Fund (the ‘Fund’) was established on October 3, 2005, as a close ended mutual fund. A close ended fund is one in which the number of units which may be issued in the Fund is limited. Following a unit holder meeting of the Fund on July 25, 2012, approval was granted from unit holders to have the Fund converted from a close end to an open-ended structure on the maturity date of the Fund (November 11, 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 Fund’s 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 October 3, 2005 and an amended and restated Declaration of Trust dated October 12, 2012, duly incorporated and validly existing and licensed under the provisions of the Financial Institutions Act 2008 of the Republic of Trinidad and Tobago. The Trustee of the Fund is First Citizens Trustee Services Limited. The Investment Manager and Administration Manager of the Fund is Bourse Securities Limited. The address of the Trustee is 5th Floor East, Albion Plaza, 22-24 Victoria Avenue, Port of Spain, Trinidad & Tobago.

Subscriptions

Under the original declaration of trust dated October 3, 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.

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.

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.

Savinvest India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

2. Material accounting policy information

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 IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). 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 Accounting Standards 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 significant 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 October 1, 2023. There were no significant changes made to these financial statements resulting from the adoption of these amendments.

- 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.

(c) Standards amendments and interpretations issued which are effective on or after October 1, 2023, and have been early adopted by the Fund.

The Fund has not early adopted any new standards, interpretations or amendments.

Savinvest India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

2. Material accounting policy information (continued)

2.1 Basis of preparation (continued)

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

A number of new standards, amendments to standards and interpretations which have been issued by the IASB are effective for annual periods beginning after October 1, 2023, but are not considered relevant to the Fund and have not been disclosed.

(e) 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 the application date as indicated in the note below.

- 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.
- 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.

Savinvest India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

2. Material accounting policy information (continued)

2.1 Basis of preparation (continued)

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

- 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.

The Fund is currently assessing the impact of these new accounting standards and amendments and does not believe that the amendments will have a significant impact on the Fund.

Other new standards, amendments to standards and interpretations which have been issued by the IASB are effective for annual periods beginning after October 1, 2023, but are not considered relevant to the Fund and have not been disclosed.

2.2 Foreign currency

(a) *Functional and presentational currency*

The accounting records, as well as the financial statements of the Fund, are maintained in the United States (“US”) dollars. US dollar is the functional and reporting currency of the Fund and subscriptions and redemptions are performed in US dollars. The Trustee considers the US 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.

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:

Savinvest India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

2. Material accounting policy information (continued)

2.3 Financial assets and financial liabilities (continued)

(i) *Investment securities (continued)*

- 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 India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

2. Material accounting policy information (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 includes but not limited to liquidity risk, market risk, credit risk and interest rate risk.
- Management considers, in classifying its assets, the level of historical sales and forecasted liquidity requirements.

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

| |
|---|
| FVPL (Hold for Trading) |
| Debt instruments with tenors less than or equal to one (1) year which can be easily liquidated within three (3) business days |
| 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.

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 payment of principal and interest.

Savinvest India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

2. Material accounting policy information (continued)

2.3 Financial assets and financial liabilities (continued)

(i) *Investment securities (continued)*

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 of how the expected credit loss allowance is measured.

(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.

Savinvest India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

2. Material accounting policy information (continued)

2.3 Financial assets and financial liabilities (continued)

(iii) Determination of fair value (continued)

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 comprise 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.

2.5 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.

2.6 Revenue recognition

Revenue comprises interest income, dividend income and net fair value gains on investment securities.

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.

2.7 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.

Savinvest India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

2. Material accounting policy information (continued)

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.

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 tax. This is disclosed as taxation expense in the statement of comprehensive income.

Savinvest India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

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

All financial assets are fair valued according to quoted prices. As a result, the only perceptible risk would be impairment of the financial assets.

(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 comprehensive income.

The Fund recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The expected credit losses on these financial assets are estimated using a provision matrix based on the Fund's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Fund recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Fund compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Fund's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Fund's core operations.

The Fund regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Savinvest India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

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

(ii) Impairment of financial assets (continued)

Definition of default

The Fund considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Fund, in full (without taking into account any collateral held by the Fund).

Irrespective of the above analysis, the Fund considers that default has occurred when a financial asset is more than 90 days past due unless the Fund has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

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.

The expected credit losses (ECL) is associated with assets carried at amortised cost and FVTOCI and with the exposure arising from debt instruments, loan commitments and trade receivables. The Fund recognises a loss allowance at the date of initial application of IFRS 9 for such losses and subsequently 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.

Savinvest India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

4. Investment securities

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

| | 2024 | 2023 |
|----------------------------|--------------------|--------------------|
| Exchange traded funds | 3,243,719 | 905,975 |
| Mutual funds | 262,405 | 237,878 |
| Equities | - | 2,584,969 |
| Bonds | - | 7,093 |
| Balance at the end of year | \$3,506,124 | \$3,735,915 |

| | 2024 | 2023 |
|--|--------------------|--------------------|
| Balance at the beginning of year | 3,735,915 | 3,994,550 |
| Additions at FVPL | 1,908,775 | 400,310 |
| Maturities/principal repayments at FVPL | (1,049,138) | (401,176) |
| Net unrealised loss on revaluation of FVPL | (1,089,428) | (257,769) |
| Balance at the end of year | \$3,506,124 | \$3,735,915 |

5. Cash and cash equivalents

| | 2024 | 2023 |
|--------------|--------------------|------------------|
| Cash at bank | 1,533,344 | 811,142 |
| Income funds | 2,197 | 2,148 |
| | \$1,535,541 | \$813,290 |

6. Accounts payable and accrued expenses

| | 2024 | 2023 |
|----------------------------|------------------|-----------------|
| Investment management fees | 48,649 | 23,852 |
| Fund administration fees | 24,325 | 11,926 |
| Audit fees | 20,027 | 10,000 |
| Trustee fees | 6,081 | 2,981 |
| Custodian fees payable | 14 | 107 |
| Redemption payable | 7,431 | - |
| | \$106,527 | \$48,866 |

Savinvest India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

7. Net assets attributable to unit holders

| | 2024 | 2023 |
|---|--------------------|--------------------|
| Balance at beginning of year | 4,572,259 | 4,422,430 |
| Subscriptions | 3,426 | - |
| Redemptions | (208,256) | (157,637) |
| Total comprehensive income for the year | 635,627 | 307,466 |
| Balance at end of year | \$5,003,056 | \$4,572,259 |
| Number of units outstanding at end of year | 393,328 | 410,592 |
| Net asset value per unit | \$12.7198 | \$11.1358 |

8. 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.

Trustee fees

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

The trustee fees for the year ended September 30, 2024, totalled US\$11,931 (2023: US\$11,603) of which US\$6,081 (2023: US\$2,981) was payable at the year end and included in accounts payable and accrued expenses.

Management fees

| | 2024 | 2023 |
|----------------------------|------------------|------------------|
| Fund administration fees | 47,755 | 46,347 |
| Investment management fees | 95,510 | 92,693 |
| | \$143,265 | \$139,040 |

Fund administration fees

The Trustee has appointed Bourse Securities Limited as Fund Administration Manager to provide Fund administration services to the Fund. Bourse Securities Limited receives in return a fee of a minimum of 0.5%, up to a maximum of 1% p.a. based on the net asset value of the Fund which is calculated and accrued daily and payable in arrears during the relevant quarter.

Investment management fees

The Trustee has appointed Bourse Securities Limited to be responsible for the investment decisions made on behalf of the Fund. Bourse Securities Limited receives in return a fee of a minimum of 1.5%, up to a maximum of 2% p.a. based on the net asset value of the Fund which is calculated and accrued daily and payable in arrears during the relevant quarter.

Savinvest India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

8. Related party transactions (continued)

Distribution fees

The Trustee has appointed Bourse Securities Limited as the distributor and placement agent for the Fund. Bourse Securities Limited receives in return a fee of a minimum of 0.5%, up to a maximum of 1% p.a. based on the net sales executed or arranged by the distributor on behalf of the Fund which is calculated and accrued daily and payable in arrears during the relevant quarter. Bourse Securities Limited did not charge any distribution fees for the year ended September 30, 2024 (2023: nil).

The balance outstanding at the year-end along with other related party transactions are detailed below.

| | 2024 | 2023 |
|---|--------------------|--------------------|
| Liabilities | | |
| Management fees payable | <u>\$72,974</u> | <u>\$35,778</u> |
| Net assets attributable to unit holders | <u>\$2,420,384</u> | <u>\$2,172,578</u> |
| Expenses | | |
| Management fees | <u>\$143,265</u> | <u>\$139,040</u> |

9. Custodian fees

The Fund has engaged the services of ICICI Bank Limited as the custodian for that part of the Fund's assets which is held in India. 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%.

10. Financial risk management

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

The Investment Manager's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls and to monitor the risks and adherence to limits by means of reliable and up to date information systems.

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

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

(a) Board of Directors - Investment Manager

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

Savinvest India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

10. Financial risk management (continued)

(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.

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 November 11, 2012, the Fund is exposed to daily cash redemptions of units. As at September 30, 2024, 30.46% of the investment portfolio was held in cash and short-term instruments that can be quickly converted to cash, (2023: 17.83%). 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.

Non-derivative cash flows

Cash and cash equivalents and equity holdings do not have terms of repayment or contractual maturities. As such these financial instruments are on demand.

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

Savinvest India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

10. Financial risk management (continued)

Liquidity risk (continued)

Non-derivative cash flows (continued)

| | On Demand | Up to 1 year | 1 - 3 years | Over 3 years | Total |
|---|--------------------|----------------------|----------------|-----------------|----------------------|
| As at September 30, 2024 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 1,535,541 | - | - | - | 1,535,541 |
| Tax recoverable | - | 67,918 | - | - | 67,918 |
| Total financial assets | \$1,535,541 | \$67,918 | \$- | \$- | \$1,603,459 |
| Financial liabilities | | | | | |
| Net assets attributable to unit holders | - | 5,003,056 | - | - | 5,003,056 |
| Accounts payable and accruals | - | 106,527 | - | - | 106,527 |
| Total financial liabilities | \$- | \$5,109,583 | \$- | \$- | \$5,109,583 |
| Net liquidity gap | \$1,535,541 | \$(5,041,665) | \$- | \$- | \$(3,506,124) |
| As at September 30, 2023 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 813,290 | - | - | - | 813,290 |
| Investment securities | - | - | 7,093 | - | 7,093 |
| Tax recoverable | - | 67,918 | - | - | 67,918 |
| Other receivable | - | 3,500 | - | - | 3,500 |
| Interest receivable | - | 1,461 | 461 | - | 1,922 |
| Total financial assets | \$813,290 | \$72,879 | \$7,554 | \$- | \$893,723 |
| Financial liabilities | | | | | |
| Net assets attributable to unit holders | - | 4,572,259 | - | - | 4,572,259 |
| Accounts payable and accruals | - | 48,866 | - | - | 48,866 |
| Total financial liabilities | \$- | \$4,621,125 | \$- | \$- | \$4,621,125 |
| Net liquidity gap | \$813,290 | \$(4,548,246) | \$7,554 | \$- | \$(3,727,402) |

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.

Savinvest India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

10. Financial risk management (continued)

Market price risk (continued)

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:

| | 2024 | 2023 |
|----------|-------------|-------------|
| Up 10% | \$350,612 | \$373,592 |
| Down 10% | (\$350,612) | (\$373,592) |

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.

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.

| | On Demand | Up to 1 year | 1 - 5 years | Over 5 years | Non-interest bearing | Total |
|---|--------------------|-----------------|----------------|-----------------|-------------------------|--------------------|
| As at September 30, 2024 | | | | | | |
| Assets | | | | | | |
| Tax recoverable | - | - | - | - | 67,918 | 67,918 |
| Cash and cash equivalents | 1,535,541 | - | - | - | - | 1,535,541 |
| Total financial assets | \$1,535,541 | \$- | \$- | \$- | \$67,918 | \$1,603,459 |
| Liabilities | | | | | | |
| Net assets attributable to unit holders | - | - | - | - | 5,003,056 | 5,003,056 |
| Account payables and accruals | - | - | - | - | 106,527 | 106,527 |
| Total financial liabilities | \$- | \$- | \$- | \$- | \$5,109,583 | \$5,109,583 |
| Total interest re-pricing gap | \$1,535,541 | \$- | \$- | \$- | | |

Savinvest India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

10. Financial risk management (continued)

Interest rate risk (continued)

| | On Demand | Up to 1 year | 1 - 5 years | Over 5 years | Non-interest bearing | Total |
|---|------------------|-----------------|----------------|-----------------|-------------------------|--------------------|
| As at September 30, 2023 | | | | | | |
| Assets | | | | | | |
| Investment securities | - | - | 7,093 | - | - | 7,093 |
| Interest income receivable | - | - | - | - | 502 | 502 |
| Tax recoverable | - | - | - | - | 67,918 | 67,918 |
| Other receivable | - | - | - | - | 3,500 | 3,500 |
| Cash and cash equivalents | 813,290 | - | - | - | - | 813,290 |
| Total financial assets | \$813,290 | \$- | \$7,093 | \$- | \$71,920 | \$892,303 |
| Liabilities | | | | | | |
| Net assets attributable to unit holders | - | - | - | - | 4,572,259 | 4,572,259 |
| Account payables and accruals | - | - | - | - | 48,866 | 48,866 |
| Total financial liabilities | \$- | \$- | \$- | \$- | \$4,621,125 | \$4,621,125 |
| Total interest re-pricing gap | \$813,290 | \$- | \$7,093 | \$- | | |

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 September 30, 2024, 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 \$15,355 (2023: \$8,204).

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.

Savinvest India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

10. Financial risk management (continued)

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 |
|---------------------------|--------------------------|--|
| 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.

Maximum exposure to credit risk

The table below represents a worst-case scenario of credit risk exposure to the Fund at September 30, 2024 and 2023.

| | Maximum Exposure | |
|---------------------------|--------------------|------------------|
| | 2024 | 2023 |
| Investment securities: | | |
| - Bonds | - | 7,093 |
| Cash and cash equivalents | 1,535,541 | 813,290 |
| Interest receivable | - | 502 |
| Tax recoverable | 67,918 | 67,918 |
| Other receivable | - | 3,500 |
| As at September 30 | \$1,603,459 | \$892,303 |

Savinvest India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

10. Financial risk management (continued)

Currency risk

The Fund holds assets denominated in currencies other than United States dollars, the functional 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 September 30, 2024 | | | |
| Exchange traded funds | - | 3,243,719 | 3,243,719 |
| Equity mutual funds | - | 262,405 | 262,405 |
| Investment securities | - | 3,506,124 | 3,506,124 |
| Money market account | - | 2,197 | 2,197 |
| Local bank account | - | 1,478,691 | 1,478,691 |
| Foreign bank account | 52,989 | 1,664 | 54,653 |
| Cash and cash equivalents | 52,989 | 1,482,552 | 1,535,541 |
| Tax recoverable | 67,918 | - | 67,918 |
| Total financial assets | \$120,907 | \$4,988,676 | \$5,109,583 |
| Total financial liabilities | \$(14) | \$(5,109,569) | \$(5,109,583) |
| Net currency gap | \$120,893 | \$(120,893) | \$- |

| | Rupees | US | Total |
|------------------------------------|--------------------|----------------------|----------------------|
| As at September 30, 2023 | | | |
| Bonds | 7,093 | - | 7,093 |
| Equities | 2,584,969 | - | 2,584,969 |
| Exchange traded funds | - | 905,975 | 905,975 |
| Equity mutual funds | - | 237,878 | 237,878 |
| Investment securities | 2,592,062 | 1,143,853 | 3,735,915 |
| Money market account | - | 2,148 | 2,148 |
| Local bank account | - | 801,782 | 801,782 |
| Foreign bank account | 7,988 | 1,372 | 9,360 |
| Cash and cash equivalents | 7,988 | 805,302 | 813,290 |
| Interest receivable | 502 | - | 502 |
| Tax recoverable | 67,918 | - | 67,918 |
| Other receivable | - | 3,500 | 3,500 |
| Total financial assets | \$2,668,470 | \$1,952,655 | \$4,621,125 |
| Total financial liabilities | \$(107) | \$(4,621,018) | \$(4,621,125) |
| Net currency gap | \$2,668,363 | \$(2,668,363) | \$- |

Savinvest India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

10. Financial risk management (continued)

Currency risk

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

| | 2024 | 2023 |
|----------------|------------|-------------|
| Rupee up 20% | \$24,179 | \$533,673 |
| Rupee down 20% | \$(24,179) | \$(533,673) |

11. 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, tax recoverable, accounts payable and accrued expenses.

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 |
|---|--------------------|----------------|------------|--------------------|
| 2024 | | | | |
| Securities at fair value through profit or loss | 3,506,124 | - | - | 3,506,124 |
| Total investment securities | \$3,506,124 | \$- | \$- | \$3,506,124 |
| 2023 | | | | |
| Securities at fair value through profit or loss | 3,728,822 | 7,093 | - | 3,735,915 |
| Total investment securities | \$3,728,822 | \$7,093 | \$- | \$3,735,915 |

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 India Asia Fund

Notes to the Financial Statements For the year ended September 30, 2024 (Expressed in United States Dollars)

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. Contingencies and commitments

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

14. Subsequent events

The Fund evaluated all events that occurred from October 1, 2024, through December 13, 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 December 13, 2024, the Fund received no subscriptions, paid redemptions amounting to US\$16,106 and distributed no income