



Sagicor Investments Trinidad & Tobago Limited

Financial Statements

31 December 2020

(Expressed in Trinidad and Tobago Dollars)

Sagicor Investments Trinidad & Tobago Limited

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Sagicor Investments Trinidad & Tobago Limited

Statement of Management's Responsibility

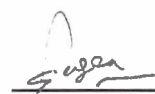
Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Sagicor Investments Trinidad & Tobago Limited (the Company) which comprise the statement of financial position as at 31 December 2020 and the statements of comprehensive income, statement of changes in equity and cash flows for the year, notes to the financial statements and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company 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 Company's assets, detection/prevention of fraud, and the achievement of Company 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, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

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

Nothing has come to the attention of management to indicate that the Company 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 affirms that it has carried out its responsibilities as outlined above.



VP Finance
26 March 2021



Manager, Financial Accounting
26 March 2021



Independent Auditor's Report

To the shareholder of Sagicor Investments Trinidad & Tobago Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sagicor Investments Trinidad & Tobago Limited (the Company) as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as management 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, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditor's Report (Continued)

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company 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.


Ricardo Lopez
Port of Spain
Trinidad, West Indies
31 March 2021

Sagikor Investments Trinidad & Tobago Limited

Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)

	Notes	As at 31 December 2020 \$	2019 \$
Assets			
Investments at fair value through profit and loss	5	171,225,796	6,130,027
Amounts due from related parties	6	1,744,751	1,545,363
Other receivables		1,773,443	--
Cash and cash equivalents		<u>74,671,761</u>	<u>18,000</u>
Total assets		<u>249,415,751</u>	<u>7,693,390</u>
Liabilities			
Amount due to related parties	6	116,880,160	442,358
Repo Repurchase Obligation	7	123,329,397	--
Other payables		431,333	2,000
Taxation payable		<u>464,647</u>	<u>18</u>
Total liabilities		<u>241,105,537</u>	<u>444,376</u>
Equity			
Share capital	8	4,000,000	4,000,000
Contributed surplus	8	433,057	433,057
Retained earnings		<u>3,877,157</u>	<u>2,815,957</u>
Total equity		<u>8,310,214</u>	<u>7,249,014</u>
Total equity and liabilities		<u>249,415,751</u>	<u>7,693,390</u>

The notes on pages 8 to 24 are an integral part of these financial statements.

On 26 March 2021, the Company's Board of Directors authorised these financial statements for issue.



Director



Director

Sagicor Investments Trinidad & Tobago Limited

Statement of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

		Year ended 31 December	
	Notes	2020 \$	2019 \$
Income			
Interest income		955,843	186
Interest expense		<u>(66,765)</u>	<u>--</u>
Net Interest income		889,078	186
Fair value gain on financial assets		1,279,051	779,444
Foreign exchange gain/(loss)		<u>58,455</u>	<u>(20,955)</u>
Total net income		<u>2,226,584</u>	<u>758,675</u>
Expenses			
Operating expenses	9	(515,109)	(6,505)
Marketing expenses	9	<u>(185,646)</u>	<u>--</u>
Total expenses		<u>(700,755)</u>	<u>(6,505)</u>
Net income before tax		1,525,829	752,170
Income tax expense	10	<u>(464,629)</u>	<u>--</u>
Profit after tax		<u>1,061,200</u>	<u>752,170</u>
Other comprehensive income		<u>--</u>	<u>--</u>
Total comprehensive income		<u>1,061,200</u>	<u>752,170</u>

The notes on pages 8 to 24 are an integral part of these financial statements.

Sagicor Investments Trinidad & Tobago Limited

Statement of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

	Share capital \$	Contributed surplus \$	Retained earnings \$	Total \$
Year ended 31 December 2020				
Balance at 31 December 2019	4,000,000	433,057	2,815,957	7,249,014
Net income for the year	—	—	1,061,200	1,061,200
Balance at 31 December 2020	<u>4,000,000</u>	<u>433,057</u>	<u>3,877,157</u>	<u>8,310,214</u>
Year ended 31 December 2019				
Balance at 31 December 2018	4,000,000	433,057	2,063,787	6,496,844
Net income for the year	—	—	752,170	752,170
Balance at 31 December 2019	<u>4,000,000</u>	<u>433,057</u>	<u>2,815,957</u>	<u>7,249,014</u>

The notes on pages 8 to 24 are an integral part of these financial statements.

Sagicor Investments Trinidad & Tobago Limited

Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

	Year ended 31 December	
	2020 \$	2019 \$
Operating activities		
Profit before tax	1,525,829	752,170
Adjustment for non-cash items:		
Net fair value gains	(1,279,051)	(779,444)
Foreign exchange (gains)/losses	(58,455)	20,955
(Increase)/decrease in prepayments and other receivables	(1,773,443)	302
Increase/(decrease) in amount due from/to related parties	116,238,414	(317,974)
Increase in accounts payable	429,333	2,000
Increase in Repo Purchase Obligations	<u>123,329,397</u>	<u>—</u>
Net cash inflow generated from/(used in) operating activities	<u>238,412,024</u>	<u>(321,991)</u>
Investing activities		
Purchase of financial assets	<u>(163,758,263)</u>	<u>—</u>
Net cash outflow from investing activities	<u>(163,758,263)</u>	<u>—</u>
Increase/(decrease) in cash and cash equivalents	74,653,761	(321,991)
Cash and cash equivalents, beginning of year	<u>18,000</u>	<u>339,991</u>
Cash and cash equivalents, end of year	<u><u>74,671,761</u></u>	<u><u>18,000</u></u>
Represented by:		
Fixed deposits	3,764	3,477
Cash at bank	<u>74,667,997</u>	<u>14,523</u>
	<u><u>74,671,761</u></u>	<u><u>18,000</u></u>

The notes on pages 8 to 24 are an integral part of these financial statements.

Sagikor Investments Trinidad & Tobago Limited

Notes to the Financial Statements

31 December 2020

(Expressed in Trinidad and Tobago Dollars)

General information

Sagikor Asset Management (Trinidad and Tobago) Limited (SAMTT) was incorporated on 11 August 2005 in Trinidad and Tobago, and began operating as a securities company on the 13 October 2005 upon registration with the Trinidad and Tobago Securities Exchange Commission.

SAMTT owns units in the Sagikor Life Inc. US Global Balanced Fund (The Fund). This Fund is governed by the laws of Trinidad and Tobago and established by a declaration of Trust made by the Trustee, duly incorporated and validly existing under the provisions of the Financial Institutions Act 2008 of the Republic of Trinidad and Tobago. The Trustee of the Fund is First Caribbean International Bank (Trinidad and Tobago) Limited.

On 31 January 2020, the Company changed its name from Sagikor Asset Management (Trinidad & Tobago) Limited to Sagikor Investments Trinidad & Tobago Limited (SITTL). The company was approved by the Securities and Exchange Commission of Trinidad and Tobago to conduct the activities of Broker Dealer as Agent, Broker Dealer as Principal and Underwriter.

The activities of the company are those of a securities company dealing in Broker Dealer activities.

The Company's main line of business for 2020 was Repurchase agreements.

Sagikor Life Inc. was approved as fit and proper to be a substantial shareholder of SITTL.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

a. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of Fair Value through Profit and Loss financial assets.

The preparation of the financial statements in conformity with IFRS requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are included in Note 4.

(i) New and amended standards and interpretations adopted by the Company

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective from 1 January 2020 and applicable to the Company from 1 January 2020). The amendments to these standards which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Sagikor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2020

(Expressed in Trinidad and Tobago Dollars)

Summary of significant accounting policies (continued)

a. *Basis of preparation (continued)*

(i) *New and amended standards and interpretations adopted by the Company (continued)*

These amendments did not significantly impact the financial statements of the Company.

Revised Conceptual Framework for Financial Reporting (effective from 1 January 2020 and applicable to the Company from 1 January 2020). The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

This revision did not significantly impact the financial statements of the Company.

(ii) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company*

Amendment to IFRS 16 'Leases' – Covid-19 related rent concessions (effective from 1 June 2020 and applicable to the Company from 1 January 2021). As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2020

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

- (ii) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company (continued)*

This amendment is not expected to significantly impact the financial statements of the Company.

Amendment to IAS 1 'Presentation of financial statements' on classification of liabilities (effective from 1 January 2022 and applicable to the Company from 1 January 2022). The narrow-scope amendment to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

This amendment is not expected to significantly impact the financial statements of the Company.

Amendment to IAS 37, 'Provisions, contingent liabilities and contingent assets' (effective from 1 January 2022 and applicable to the Company from 1 January 2022). The amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

This amendment is not expected to significantly impact the financial statements of the Company.

Annual Improvements to IFRS Standards 2018-2020, (effective from 1 January 2022 and applicable to the Company from 1 January 2022). The following improvements were finalised in May 2020:

- IFRS 9 Financial Instruments - clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

These improvements are not expected to significantly impact the financial statements of the Company.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2020

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

b. Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Trinidad and Tobago Dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through profit and loss are recognised in profit or loss as part of the foreign exchange gain or loss. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2020

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

c. Financial assets

(i) Classification of financial assets

Financial assets are measured on initial recognition at fair value and are classified as and subsequently measured either at amortised cost, at FVOCI or at FVTPL. Financial assets and liabilities are recognised when the company becomes a party to the contractual provision of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset.

(ii) Business model assessment

Business models are determined at the level which best reflects how the company manages portfolios of assets to achieve business objectives. Judgement is used in determining business models, which is supported by relevant, objective evidence including:

- The nature of liabilities, if any, funding a portfolio of assets;
- The nature of the market of the assets in the country of origination of a portfolio of assets;
- How the company intends to generate profits from holding a portfolio of assets;
- The historical and future expectations of asset sales within a portfolio.

The Company classifies its financial assets as Fair Value through Profit and Loss.. This classification is determined at initial recognition.

Fair Value through Profit and Loss

Fair Value through Profit and Loss financial assets are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Regular-way purchases and sales of financial assets are recognised on trade-date – the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs.

Fair Value through Profit and Loss financial assets are subsequently carried at fair value. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the statement of comprehensive income within "Fair Value gains/loss on financial assets" in the period in which it arises. Interest income from these financial assets is included in "Interest income" using the effective interest rate method. Dividends on Fair Value through Profit and Loss equity instruments are recognised in the statement of comprehensive income when the entity's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Company establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2020

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

d. *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

e. *Interest income and expense*

Interest income and expense for all interest-bearing financial instruments, are recognised on the effective interest rate basis within 'interest income' and 'interest expense' in the statement of comprehensive income.

f. *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and call deposits balances with a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

g. *Share capital*

Ordinary shares are classified as equity

h. *Repo repurchase obligation*

Securities sold subject to repurchase agreements (repos) are retained in the statement of financial position as financial assets. The corresponding liability is stated as Repo Repurchase Obligation. The difference between the sale and repurchase price is treated as interest and accrued over the life of the repurchase agreement using the effective interest yield method.

i. *Income tax*

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the statement of financial position date in the country where the Company operates and generated income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

j. *Employee benefits*

Staff of the Group participate in the employee stock ownership plan of its ultimate parent Company, Sagicor Financial Company (SFC).

The services received in an equity-settled transaction with staff are measured at fair value of the equity instruments granted. The fair value of those equity instruments is measured at the grant date.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2020

(Expressed in Trinidad and Tobago Dollars)

Summary of significant accounting policies (continued)

j. *Employee Benefits (continued)*

When equity instruments granted become vested and the individual is not required to complete a further period of service before becoming entitled to those instruments, the services received are recognised in full on the grant date in the income statement for the period, with a corresponding increase in equity.

Financial risk management

The Company's activities expose it to a variety of financial risks. These activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and operational risks are an inevitable consequence of being in business. The aim of the Company is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance. The principles utilised by management in dealing with these risks are set out below.

a. *Credit risk*

Credit risk is the risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation. Credit risk is the most important risk for the Company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in investment activities that bring debt securities into the its asset portfolio. The credit risk management and control are centralised in the credit risk management department within the parent company Sagicor Life Inc. This department reports to the Board of Sagicor Life Inc.

(i) *Credit risk measurement*

The Company uses the external ratings where available to benchmark its internal credit risk assessment. The Investment Manager has developed an internal credit rating for its financial assets which is being utilised by the Company. The internal rating is a 10 point scale which allows for distinctions in risk characteristics and is referenced to the rating scales of international credit rating agencies. The scale is as follows:

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2020

(Expressed in Trinidad and Tobago Dollars)

Financial risk management (continued)

a. Credit risk (continued)

(i) Credit risk measurement (continued)

Category		Sagcor Risk Rating	Classification	S&P	Moody's	Fitch	AM Best	CariCRIS
Non-default	Investment grade	1	Minimal risk	AAA, AA	Aaa, Aa	AAA, AA	aaa, aa	AAA, AA
		2	Low risk	A	A	A	a	A
		3	Moderate risk	BBB	Baa	BBB	bbb	BBB
	Non-investment grade	4	Acceptable risk	BB	Ba	BB	bb	BB
		5	Average risk	B	B	B	b	B
	Watch	6	Higher risk	CCC, CC	Caa, Ca	CCC, CC	ccc, cc	C
		7	Special mention	C	C	C	c	C
Default		8	Substandard			DDD		
		9	Doubtful	D	C	DD	d	D
		10	Loss			D		

Debt securities

For debt securities, internal credit assessment accompanied with external rating such as Standard & Poor's rating where available or their equivalents are used by the Risk Management department for managing the credit risk exposures. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

(ii) Risk limit control and mitigation policies

The Company manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries and countries.

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by country are approved by the Investment Committee.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2020

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

(ii) Risk limit control and mitigation policies (continued)

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

b. Market risk

The Company takes on exposure 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 all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rate. The Company separates exposures to market risk into either trading or non-trading portfolios.

Non-trading portfolios primarily arise from the interest rate management of the entity's assets and liabilities.

(i) Foreign exchange risk

Along with its TT\$ assets, the Company also holds assets which are denominated in US\$. Foreign currency risk arises as the value of future transactions, assets and liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. The Company monitors the exposure on all foreign currency denominated assets and liabilities. The Company does not enter into any foreign exchange hedging transactions for the purpose of managing its exposure to foreign exchange movements. Note 11C provides an analysis of the Company's assets and liabilities by currency.

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. These risks are managed by duration analysis and measurement of interest rate gaps.

c. Liquidity risks

Liquidity risk is the risk that the Company is unable to meet its payment obligations when they fall due. Liquidity is managed by a process which includes:

- Week to week funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against unforeseen interruption of cash flow.
- Monitoring balance sheet liquidity ratios.
- Managing the concentration profile of debt maturities.
- Limits on redemptions by any one investor per month.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2020

(Expressed in Trinidad and Tobago Dollars)

4 Critical accounting estimates and judgments

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Company's reported assets, liabilities, revenues and expenses. The items which may have the most significant effect on the Company's financial statements are set out below.

a. Fair valuation of investment securities

The value of the financial assets in the Company represent the value of its units in the Sagicor Life Inc. US Global Balanced Fund (The Fund) and the investment in the Sagicor Go-Mutual Funds.

The unit price of the Go- Mutual Funds are set at \$6.75 for the TTD Funds and \$1.00 USD for the USD Funds.

Units in the Sagicor Life Inc. US Global Fund are valued at the Fund's net asset value (NAV) per unit. The NAV is calculated as the value of the Fund's assets less its liabilities divided by the number of units outstanding.

The NAV per unit was US 14.187 as at 31 December 2020. If the NAV had increased or decreased by 1% with all other variables held constant, the total comprehensive income for the year would have increased/(decreased) by \$96,227 (2019 \$60,822).

The fair value of financial instruments that are not traded in an active market is determined by using an internally developed bond valuation model. The key assumptions used in this model relate to current market yields. These assumptions are validated and reviewed internally by qualified personnel on a periodic basis. Where applicable, data is calibrated to ensure that outputs reflect actual data and comparative market prices. Changes in the assumptions used in these valuations could affect the reported fair value of investment securities. The fair value of these investments amount to TT\$161,467,858. If the yields had increased/decreased by 1% with all other variables held constant, the income reported for the year would have been TT\$1,614,679 lower/higher.

5 Investments at fair value through profit and loss

This portfolio is classified as fair value through the profit and loss to reflect the Company's primary focus on fair value information which is used to assess its performance.

	2020 \$	2019 \$
Mutual fund	9,757,938	6,130,027
Government Bonds	<u>161,467,858</u>	<u>—</u>
	<u>171,225,796</u>	<u>6,130,027</u>

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

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6 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Company is a subsidiary of Sagicor Life Inc. Under the terms of the management agreement, Sagicor Life Inc. was appointed to provide management services to two mutual funds for which it receives a fee calculated at 2.7% of the average net assets of the Fund.

This fee is collected by SITTL and then remitted to Sagicor Life Inc. In May 2018 the management of Sagicor Life Inc. agreed to a temporary waiver of the management fees payable from the TT Fixed Income Fund. This waiver came into effect in June 2018 and remains in effect. Fees are still payable from the US Global Balanced Fund.

	2020 \$	2019 \$
<i>Amount due from related parties</i>		
Fees Receivable from Sagicor TT Fixed Income Fund and Sagicor US\$ Global Balanced Fund	990,756	776,797
Amounts receivable from Sagicor Life EC Branch	704,210	703,971
Amounts receivable from Sagicor TT Fixed Income Fund	<u>49,785</u>	<u>64,595</u>
	<u>1,744,751</u>	<u>1,545,363</u>
<i>Amount due to related parties</i>		
Amounts due to Sagicor Life Inc. Trinidad Branch	116,462,582	24,780
Amounts due to Sagicor Life Inc. Barbados Branch.	<u>417,578</u>	<u>417,578</u>
	<u>116,880,160</u>	<u>442,358</u>

7 Repo Repurchase Obligation are analysed by sector as follows:

	2020 \$	2019 \$
Invested principal	123,262,635	
Accrued interest	<u>66,762</u>	
	<u>123,329,397</u>	<u>—</u>
Private institutions	110,179,452	—
Consumer	<u>13,149,945</u>	<u>—</u>
	<u>123,329,397</u>	<u>—</u>
Current	123,329,397	
Non current	<u>—</u>	<u>—</u>
	<u>123,329,397</u>	<u>—</u>

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2020

(Expressed in Trinidad and Tobago Dollars)

8 Share capital and contributed surplus

(a) Authorised and Issued Capital

		2020 No of shares \$		2019 No of shares \$
Issued 4,000,000 shares of no par value	4,000,000	<u>4,000,000</u>	4,000,000	<u>4,000,000</u>
Contributed Surplus: re ESOP		<u>433,057</u>		<u>433,057</u>

The Employee Share Ownership Plan (ESOP) is administered by Trustees under a discretionary trust. The amount awarded is used by the Trustees to acquire company shares. Administrative employees are required to serve a qualifying period of five years from the award date in order to qualify as a beneficiary. Shares are distributed to beneficiaries upon their retirement or termination of employment.

During the year, there were no new shares of SFC which were acquired by the Trustees for the employees of SITTL.

9 Expenses

	2020 \$	2019 \$
<i>Operating expenses</i>		
Other staff cost	311,873	--
Other expenses	<u>203,236</u>	<u>6,505</u>
	<u>515,109</u>	<u>6,505</u>
<i>Marketing expenses</i>		
Advertising	157,796	--
Other promotional expenses	<u>27,850</u>	<u>--</u>
	<u>185,646</u>	<u>--</u>

10 Tax

Current tax	464,629	--
Deferred tax	<u>--</u>	<u>--</u>
	<u>464,629</u>	<u>--</u>

The tax on profit before tax differs from the theoretical amount that would arise using the basic rate of tax as follows:

Income tax reconciliation as at 31 December 2020:-

Profit before tax	1,525,829	
Tax calculated at effective tax rate	457,749	
Expenses not deductible for tax purposes	--	
Net effect of changes to allowances	--	
Changes in tax rate	--	
Income exempt from tax	--	
Provision for Green Fund Levy and other taxes	<u>6,880</u>	<u>--</u>
	<u>464,629</u>	<u>--</u>

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2020

(Expressed in Trinidad and Tobago Dollars)

11 Financial risk

a. Credit risk

(i) Maximum exposure to credit risk before collateral held or other credit enhancements

Exposures	2020 \$	2019 \$
<i>Cash and cash equivalents:</i>		
Scotiabank Trinidad and Tobago Limited	74,667,997	14,523
Trinidad and Tobago Unit Trust Corporation	<u>3,764</u>	<u>3,477</u>
	<u>74,671,761</u>	<u>18,000</u>
<i>Debt Securites:</i>		
Mutual Fund units	9,757,938	6,130,027
Government Bonds	<u>161,467,858</u>	<u>—</u>
	<u>171,255,796</u>	<u>6,130,027</u>
Total	<u>245,897,557</u>	<u>6,148,027</u>

b. Liquidity risk

Maturity analysis of financial assets and liabilities

The following table analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amounts disclosed in respect of financial liabilities are the contractual undiscounted cash flows.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2020

(Expressed in Trinidad and Tobago Dollars)

11 Financial risk (continued)

b. Liquidity risk (continued)

	Due Within 1 year \$	Due between 1 – 5 years \$	Due after 5 years \$	Total \$
31 December 2020				
<i>Financial assets</i>				
Cash and cash equivalents	74,671,761	--	--	74,671,761
Mutual fund units	9,757,938	--	--	9,757,938
Government Bonds	--	13,439,532	149,801,769	163,241,301
Amounts due from related parties	1,744,751	--	--	1,744,751
Total	86,174,450	13,439,532	149,801,769	249,415,751
<i>Financial liabilities</i>				
Amount due to related parties	116,880,160	--	--	116,880,160
Other payables	431,333	--	--	431,333
Taxation payable	464,647	--	--	464,647
Repo Repurchase Obligation	123,329,397	--	--	123,329,397
Total	241,105,537	--	--	241,105,537
Net position	(154,931,087)	13,439,532	149,801,769	8,310,214

	Due Within 1 year \$	Due between 1 – 5 years \$	Due after 5 years \$	Total \$
31 December 2019				
<i>Financial assets</i>				
Cash and cash equivalents	18,000	--	--	18,000
Mutual fund units	6,130,027	--	--	6,130,027
Amounts due from related parties	1,545,363	--	--	1,545,363
Total	7,693,390	--	--	7,693,390
<i>Financial liabilities</i>				
Amount due to related parties	442,358	--	--	442,358
Other payables	2,000	--	--	2,000
Taxation payable	18	--	--	18
Total	444,376	--	--	444,376
Net position	7,249,014	--	--	7,249,014

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2020

(Expressed in Trinidad and Tobago Dollars)

11 Financial risk (continued)

c. Foreign exchange risk

As at 31 December 2020, if foreign exchange rates had been 1% higher/lower with all other variables held constant, total value of financial assets would have been \$196,183 (2019: \$61,408) higher/lower.

The following table analyses the Company's assets and liabilities by currency:

31 December 2020

	TT \$	US \$	Total \$
Assets			
Cash and cash equivalents	73,381,440	1,290,321	74,671,761
Mutual Fund Units	3,000,000	6,757,938	9,757,938
Government Bonds	149,801,769	13,439,532	163,241,301
Amounts due from related parties	1,744,751	—	1,744,751
Total	227,927,960	21,487,791	249,415,751
	TT \$	US \$	Total \$
Liabilities			
Amounts due to related parties	116,880,160	—	116,880,160
Repo Repurchase Obligation	122,068,360	1,261,037	123,329,397
Other payables	431,333	—	431,333
Taxation payable	464,647	—	464,647
Total	239,709,276	1,261,037	240,970,313
Net position	(11,916,540)	20,226,754	8,310,214

31 December 2019

Assets			
Cash and cash equivalents	10,704	7,296	18,000
Mutual Fund Units	—	6,130,027	6,130,027
Amounts due from related parties	1,545,363	—	1,545,363
Total	1,556,067	6,137,323	7,693,390
Liabilities			
Amounts due to related parties	442,358	—	442,358
Other payables	2,000	—	2,000
Taxation payable	18	—	18
Total	444,376	—	444,376
Net position	1,111,691	6,137,323	7,249,014

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2020

(Expressed in Trinidad and Tobago Dollars)

11 Financial risk (continued)

d. Price risk

(i) Definition

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or issuer, or factors affecting all similar financial instruments traded in the market.

(ii) Sensitivity analysis

As at 31 December 2020, had the NAV of the financial assets held by the Company increased/decreased by 5% with all variables held constant, total comprehensive income for the year would have increased/decreased by \$421,749 (2019: \$304,113).

12 Financial instruments carried at fair value

Financial instruments carried at fair value in the financial statements are measured according to a fair value hierarchy which reflects the significance of market inputs in the valuations. This hierarchy is described below:

a. Level 1 - *unadjusted quoted prices in an active markets for identical instruments*

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other independent source and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Company considers that market transactions should occur with sufficient frequency that is appropriate for the particular market, when measured over a continuous period preceding the date of the financial statements. If there is no date available to substantiate the frequency of market transactions of a financial instrument, then the instrument is not classified as Level 1.

b. Level 2 - *inputs that are observable for the instrument either directly or indirectly*

A financial instrument is classified as Level 2 if:

The fair value is derived from quoted prices of similar instruments which would be classified as Level 1 or

The fair value is determined from quoted prices that are observable but there is no data available to substantiate frequent market trading of the instrument.

c. Level 3 - *inputs for the instrument are not based on observable market data*

A financial instrument is classified as Level 3 if:

The Fair value is derived from quoted prices of similar instruments that are observable and which would be classified as Level 2; or

The Fair value is derived from inputs that are not based on observable market data.

Level 3 fair value through profit and loss securities comprise primarily of corporate and government agency debt instruments issued in Trinidad and Tobago. The fair values of these instruments have been derived from 31 December market yields of government instruments of similar durations in Trinidad and Tobago.

Sagicor Investments Trinidad & Tobago Limited

Notes to the Financial Statements (continued)

31 December 2020

(Expressed in Trinidad and Tobago Dollars)

12 Financial instruments carried at fair value (continued)

SITTL classifies its financial assets as Level 3

<i>Financial assets carried at fair value</i>	31 December 2020			Total
	Level 1 \$	Level 2 \$	Level 3 \$	
<i>Financial assets at fair value through profit and loss</i>				
Debt securities	--	--	161,467,858	161,467,858
Mutual Fund Units	--	9,757,938	--	9,757,938
Total assets	--	9,757,938	161,467,858	171,225,796
Total assets by percentage			100%	100%

<i>Financial assets carried at fair value</i>	31 December 2019			Total
	Level 1 \$	Level 2 \$	Level 3 \$	
<i>Financial assets at fair value through profit and loss</i>				
Debt securities	--	--	--	--
Total assets	--	--	--	--
Total assets by percentage	--	--	--	--

13 Contingent liabilities

The Company is not involved in claims and counterclaims arising from the conduct of its business.

14 Subsequent events

After 31 December 2020, no events, situations or circumstances have occurred which might significantly affect the Company's equity or financial position, which have not been adequately contemplated or mentioned in these financial statements.