

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED DECEMBER 31, 2020

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INDEX TO UNAUDITED FINANCIAL STATEMENTS
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CONTENTS

	PAGE
UNAUDITED STATEMENT OF FINANCIAL POSITION	1
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME	2
UNAUDITED STATEMENT OF CHANGES IN NET ASSETS	3
UNAUDITED STATEMENT OF CASH FLOWS	4
UNAUDITED NOTES TO FINANCIAL STATEMENTS	5

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020
(expressed in United States Dollars)

<u>Assets</u>	<u>31-Dec-20</u>	<u>30-Sep-20</u>	<u>31-Dec-19</u>
Cash and cash equivalents	\$ 1,763,930	\$ 1,680,204	\$ 371,856
Securities purchased under resale agreements	21,029,963	19,868,246	16,663,516
Financial assets at fair value through profit or loss	136,868,349	129,376,952	145,012,219
Other receivables	127,449	9,718	456,547
Interest receivable	-	180,583	180,539
Total assets	<u>\$ 159,789,691</u>	<u>\$ 151,115,703</u>	<u>\$ 162,684,677</u>
<u>Equity</u>			
Share Capital	\$ 1,000	\$ 1,000	\$ 1,000
<u>Liabilities</u>			
Balance due to brokers	\$ 1,041,969	\$ -	\$ -
Due to related parties	622,210	600,781	644,112
Accrued expenses	78,279	69,069	124,182
Redemptions payable	5,382	4,042	36,197
Tax withholding liability	19	11	-
Total Liabilities (excluding net assets attributable to holders of investment shares)	<u>\$ 1,747,859</u>	<u>\$ 673,903</u>	<u>\$ 804,491</u>
Net assets attributable to holders of investment shares	<u>\$ 158,040,832</u>	<u>\$ 150,440,800</u>	<u>\$ 161,879,186</u>
Value per investment share based on number of shares			
Class A shares issued and outstanding as at December 31, 2020 42,543,673 (September 2020: 41,993,410; December 2019: 43,028,025)	<u>\$ 3.7146</u>	<u>\$ 3.5823</u>	<u>\$ 3.7620</u>
Class I shares issued and outstanding as at December 31, 2020 1,393 (September 2020: 1,380; December 2019: 1,332)	<u>\$ 5.0871</u>	<u>\$ 4.9056</u>	<u>\$ 5.1516</u>

Issuance approved on behalf of Scotia Caribbean Income Fund Inc.'s Board of Directors by:

Rhory McNamara
Rhory McNamara
Director

Chester Hinkson
Chester Hinkson
Director

Date : February 9, 2021

SCOTIA CARIBBEAN INCOME FUND INC.

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER ENDED DECEMBER 31, 2020

(expressed in United States dollars)

<u>Investment income</u>	<u>31-Dec-20</u>	<u>30-Sep-20</u>	<u>31-Dec-19</u>
Interest income	\$ 1,618,878	\$ 1,786,494	\$ 1,894,803
Other income	343	459	4,822
Net realised gain (loss) on financial assets through profit or loss	102,534	127,826	(309,530)
Net change in unrealised gain in financial assets at fair value through profit or loss	<u>5,494,071</u>	<u>1,516,631</u>	<u>1,104,767</u>
Net investment income	<u>\$ 7,215,826</u>	<u>\$ 3,431,410</u>	<u>\$ 2,694,862</u>
<u>Expenses</u>			
Management fees	\$ (622,210)	\$ (600,781)	\$ (644,112)
Trailer fees	(145,830)	(140,808)	(150,964)
Custodian & Administrator fees	(63,612)	(69,541)	(51,700)
Professional fees	(6,087)	(4,618)	(4,617)
Other expenses	<u>(23,339)</u>	<u>(60,723)</u>	<u>(42,208)</u>
Total operating expenses	<u>\$ (861,078)</u>	<u>\$ (876,471)</u>	<u>\$ (893,601)</u>
Operating profit before finance costs	<u>\$ 6,354,748</u>	<u>\$ 2,554,939</u>	<u>\$ 1,801,261</u>
<u>Finance costs</u>			
Dividends to holders of investment shares	<u>\$ (765,619)</u>	<u>\$ (910,539)</u>	<u>\$ (1,031,107)</u>
Total finance costs	<u>\$ (765,619)</u>	<u>\$ (910,539)</u>	<u>\$ (1,031,107)</u>
Net comprehensive income for the period	<u>\$ 5,589,129</u>	<u>\$ 1,644,400</u>	<u>\$ 770,154</u>

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED STATEMENT OF CHANGES IN NET ASSETS
FOR THE QUARTER ENDED DECEMBER 31, 2020
(expressed in United States dollars)

	<u>31-Dec-20</u>	<u>30-Sep-20</u>	<u>31-Dec-19</u>
Beginning Balance	\$ 150,440,800	\$ 146,296,208	\$ 159,606,858
Net comprehensive income for the period	5,589,129	1,644,400	770,154
Subscriptions	4,368,349	4,289,023	3,996,294
Reinvestments	613,465	786,715	890,860
Redemptions	<u>(2,970,911)</u>	<u>(2,575,546)</u>	<u>(3,384,980)</u>
Ending Balance	<u>\$ 158,040,832</u>	<u>\$ 150,440,800</u>	<u>\$ 161,879,186</u>

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED DECEMBER 31, 2020
(expressed in United States dollars)

	<u>31-Dec-20</u>	<u>30-Sep-20</u>	<u>31-Dec-19</u>
Cash flows from operating activities			
Increase in net assets attributable to holders of investment shares after income tax	\$ 5,589,129	\$ 1,644,400	\$ 770,154
Adjustments for:			
Dividends paid to holders of investment shares	765,619	910,539	1,031,107
Net realized (gain)/loss on financial assets at fair value through profit or loss	(102,534)	(127,826)	309,530
Net change in unrealized gain on financial assets at fair value through profit or loss	<u>(5,494,071)</u>	<u>(1,516,631)</u>	<u>(1,104,767)</u>
	758,143	910,482	1,006,024
Interest received	1,735,575	2,429,146	1,925,429
Interest paid	(1,619,221)	(1,786,953)	(1,899,625)
Proceeds from sale of investments	7,413,691	4,728,703	8,204,046
Purchase of investments	(9,371,800)	(6,826,981)	(9,475,682)
Net non-interest payments for purchase and resale agreements	(1,034,171)	(502,830)	(558,480)
(Increase)/decrease in other receivables	(117,731)	122,360	74,377
Increase in balance due to brokers	1,041,969	-	-
Increase in due to related parties	21,429	27,778	8,616
Increase/(decrease) in accrued expenses	9,210	(14,474)	30,879
Increase/(decrease) in withholding taxes payable	8	(10)	(23,522)
Net cash used in operating activities	<u>(1,162,898)</u>	<u>(912,779)</u>	<u>(707,938)</u>
Cash flows from financing activities			
Proceeds from issue of investment shares	4,368,349	4,289,023	3,996,294
Proceeds from reinvested investment shares	613,465	786,715	890,860
Payments on redemption of investment shares	(2,969,571)	(2,828,850)	(3,451,212)
Dividends paid to holders of investment shares	<u>(765,619)</u>	<u>(910,539)</u>	<u>(1,031,107)</u>
Net cash provided by financing activities	<u>1,246,624</u>	<u>1,336,349</u>	<u>404,835</u>
Net increase/(decrease) in cash and cash equivalents	83,726	423,570	(303,103)
Cash and cash equivalents at beginning of period	<u>1,680,204</u>	<u>1,256,634</u>	<u>674,959</u>
Cash and cash equivalents at end of period	<u>\$ 1,763,930</u>	<u>\$ 1,680,204</u>	<u>\$ 371,856</u>

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED NOTES TO FINANCIAL STATEMENTS
FOR THE QUARTER ENDED DECEMBER 31, 2020

1. General

Scotia Caribbean Income Fund Inc. (the “Fund”) was incorporated on March 29, 2006 in Saint Lucia. The Fund is also licensed under the Saint Lucia International Mutual Fund Act as a public international mutual fund. On November 27, 2006 and on January 11, 2007; the Fund was registered under the Companies Act of Jamaica and Trinidad and Tobago, respectively. The Fund is registered under the Trinidad and Tobago Securities & Exchange Commission (SEC) as a reporting issuer. On September 7, 2009, the Fund was registered under the Companies Law of the Cayman Islands and on September 17, 2009, the Fund was registered under the Mutual Funds Law of the Cayman Islands.

The registered office of the Fund is located at 20 Micoud Street, Castries, Saint Lucia.

The Fund’s investment objective is to provide a regular stream of income and modest capital gains by investing primarily in US dollar denominated fixed income securities issued or guaranteed by governments or government sponsored agencies of a country in the Caribbean region, as well as money market and longer term fixed income securities issued by non-government issuers in accordance with the Investment Policy below. The Fund may also invest in other income generating securities, which may include dividend paying shares.

The investment activities of the Fund are managed by Scotia Asset Management (St. Lucia) Inc. (the “Fund Manager”). The custodian activities are performed by State Street Bank and Trust Company Ltd (the “Custodian”), which is an independent entity and is not a related party to the Fund Administrator or the Fund Manager. The Fund administrator is ADCO Inc. (the “Fund Administrator”), a company incorporated in Saint Lucia. The Fund Administrator has appointed State Street Cayman Trust Company Ltd., a trust company duly organised under the laws of the Cayman Islands as Fund Sub-Administrator. The Fund has no employees.

2. Significant accounting policies

These statements are prepared using the International Accounting Standards. Security transactions are accounted for on a trade date basis. Realized gains and losses on the sales of portfolio securities are calculated on an average cost basis. Interest is recorded on an accrual basis and dividend income is recognized on the ex-dividend date.