

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30TH JUNE, 2019

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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 (LOSS)	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 30TH JUNE, 2019
(expressed in United States Dollars)

<u>Assets</u>	<u>30-Jun-19</u>	<u>31-Mar-19</u>	<u>30-Jun-18</u>
Cash and cash equivalents	\$ 392,407	\$ 477,979	\$ 1,593,988
Securities purchased under resale agreements	20,077,675	25,482,064	29,422,471
Financial assets at fair value through profit or loss	136,583,765	128,673,438	125,071,005
Receivable for investments sold	-	1,507,447	-
Other receivables	<u>17,446</u>	<u>413,905</u>	<u>23,900</u>
Total assets	<u>\$ 157,071,293</u>	<u>\$ 156,554,833</u>	<u>\$ 156,111,364</u>
<u>Equity</u>			
Share Capital	\$ 1,000	\$ 1,000	\$ 1,000
<u>Liabilities</u>			
Redemptions payable	\$ 53,281	\$ 157,439	\$ 58,504
Balance due to broker	-	1,071,292	-
Withholding taxes payable	17,074	7,523	5,397
Due to related parties	617,504	605,640	623,591
Accrued expenses	<u>80,633</u>	<u>98,211</u>	<u>82,070</u>
Total Liabilities (excluding net assets attributable to holders of investment shares)	<u>\$ 768,492</u>	<u>\$ 1,940,105</u>	<u>\$ 769,562</u>
Net assets attributable to holders of investment shares	<u>\$ 156,301,801</u>	<u>\$ 154,613,728</u>	<u>\$ 155,340,802</u>
Value per investment share based on number of shares			
Class A shares issued and outstanding as at June 30, 2019 42,139,478 (March 2019: 42,177,233; June 2018: 42,703,558)	<u>\$ 3.7090</u>	<u>\$ 3.6657</u>	<u>\$ 3.6375</u>
Class I shares issued and outstanding as at March 31, 2019 1,302 (March 2019: 1,288; June 2018: 1,244)	<u>\$ 5.0795</u>	<u>\$ 5.0193</u>	<u>\$ 4.9802</u>

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

Rhory McNamara
Rhory McNamara
Director

Robert Soverall
Robert Soverall
Director

Date : August 9, 2019

SCOTIA CARIBBEAN INCOME FUND INC.

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

FOR THE QUARTER ENDED 30TH JUNE, 2019

(expressed in United States dollars)

<u>Investment income</u>	<u>30-Jun-19</u>	<u>31-Mar-19</u>	<u>30-Jun-18</u>
Interest income	\$ 1,845,084	\$ 1,815,956	\$ 1,803,742
Other income	242	10,910	4,900
Net realised (loss) gain on financial assets through profit or loss	(88,702)	(351,455)	897
Net change in unrealised gain (loss) in financial assets at fair value through profit or loss	<u>1,917,421</u>	<u>2,992,975</u>	<u>(3,271,767)</u>
Net investment income (loss)	<u>\$ 3,674,045</u>	<u>\$ 4,468,386</u>	<u>\$ (1,462,228)</u>
<u>Expenses</u>			
Management fees	\$ (617,504)	\$ (605,640)	\$ (623,591)
Trailer fees	(144,727)	(141,947)	(146,154)
Custodian & Administrator fees	(50,524)	(50,447)	(52,816)
Professional fees	(4,682)	(2,614)	(4,603)
Other expenses	<u>(31,113)</u>	<u>(7,299)</u>	<u>(10,061)</u>
Total operating expenses	<u>\$ (848,550)</u>	<u>\$ (807,947)</u>	<u>\$ (837,225)</u>
Operating profit (loss) before finance costs	<u>\$ 2,825,495</u>	<u>\$ 3,660,439</u>	<u>\$ (2,299,453)</u>
Finance costs			
Dividends to holders of investment shares	<u>\$ (1,006,090)</u>	<u>\$ (1,009,929)</u>	<u>\$ (974,423)</u>
Total finance costs	<u>\$ (1,006,090)</u>	<u>\$ (1,009,929)</u>	<u>\$ (974,423)</u>
Net comprehensive income (loss) for the period	<u>\$ 1,819,405</u>	<u>\$ 2,650,510</u>	<u>\$ (3,273,876)</u>

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED STATEMENT OF CHANGES IN NET ASSETS
FOR THE QUARTER ENDED 30TH JUNE, 2019
(expressed in United States dollars)

	<u>30-Jun-19</u>	<u>31-Mar-19</u>	<u>30-Jun-18</u>
Beginning Balance	\$ 154,613,728	\$ 153,199,805	\$ 157,206,802
Net comprehensive income (loss) for the period	1,819,405	2,650,510	(3,273,876)
Subscriptions	1,807,055	2,463,171	4,976,275
Reinvestments	861,924	863,998	839,522
Redemptions	<u>(2,800,311)</u>	<u>(4,563,756)</u>	<u>(4,407,921)</u>
Ending Balance	<u>\$ 156,301,801</u>	<u>\$ 154,613,728</u>	<u>\$ 155,340,802</u>

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30TH JUNE, 2019
(expressed in United States dollars)

	<u>30-Jun-19</u>	<u>31-Mar-19</u>	<u>30-Jun-18</u>
Cash flows from operating activities			
Increase/(decrease) in net assets attributable to holders of investment shares after income tax	\$ 1,819,405	\$ 2,650,510	\$ (3,273,876)
Adjustments for:			
Dividends paid to holders of investment shares	1,006,090	1,009,929	974,423
Net realized loss/(gain) on financial assets at fair value through profit or loss	88,702	351,455	(897)
Net change in unrealized (gain)/loss on financial assets at fair value through profit or loss	<u>(1,917,421)</u>	<u>(2,992,975)</u>	<u>3,271,767</u>
	996,776	1,018,919	971,417
Interest received	1,511,217	2,932,968	485,987
Interest paid	(1,845,326)	(1,826,866)	(1,808,642)
Proceeds from sale of investments	3,441,666	16,746,944	8,333
Purchase of investments	(9,255,826)	(13,380,950)	(2,970,216)
Net non-interest payments for purchase and resale agreements	5,471,050	(2,536,762)	2,311,710
Decrease in receivable for investments sold	1,507,447	506,053	-
Decrease/(increase) in other receivables	396,459	(399,206)	725,770
Decrease in balance due to brokers	(1,071,292)	(940,026)	(4,440,682)
Increase/(decrease) in withholding taxes payable	9,551	(8,771)	4,442
Increase/(decrease) in due to related parties	11,864	(14,820)	27,464
(Decrease)/increase in accrued expenses	<u>(17,578)</u>	<u>9,244</u>	<u>7,290</u>
Net cash provided by/(used in) operating activities	<u>1,156,008</u>	<u>2,106,727</u>	<u>(4,677,127)</u>
Cash flows from financing activities			
Proceeds from issue of investment shares	1,807,055	2,463,171	4,976,275
Proceeds from reinvested investment shares	861,924	863,998	839,522
Payments on redemption of investment shares	(2,904,469)	(4,489,166)	(4,814,297)
Dividends paid to holders of investment shares	<u>(1,006,090)</u>	<u>(1,009,929)</u>	<u>(974,423)</u>
Net cash (used in)/provided by financing activities	<u>(1,241,580)</u>	<u>(2,171,926)</u>	<u>27,077</u>
Net decrease in cash and cash equivalents	(85,572)	(65,199)	(4,650,050)
Cash and cash equivalents at beginning of period	<u>477,979</u>	<u>543,178</u>	<u>6,244,038</u>
Cash and cash equivalents at end of period	<u>\$ 392,407</u>	<u>\$ 477,979</u>	<u>\$ 1,593,988</u>

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED NOTES TO FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30TH JUNE, 2019

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.