NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Financial Statements
30 September 2020

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Index
30 September 2020

Independent auditor's report

To the Members of NCB Capital Markets Limited Unit Trust Scheme Caribbean Equity Portfolio

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of NCB Capital Markets Limited Unit Trust Scheme Caribbean Equity Portfolio (the Portfolio) as at 30 September 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Portfolio's financial statements comprise:

- the statement of financial position as at 30 September 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to holders of redeemable units for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 Portfolio in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view 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 Portfolio'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 Portfolio or to cease operations, or has no realistic alternative but to do so.

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 Portfolio'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 Portfolio'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 Portfolio 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.

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
30 December 2020

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Statement of Comprehensive Income
Year ended 30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

	2020 $'000	2019 $'000
Income		
Interest income	7,315	11,752
Interest expense	(19)	-
Dividend income	13,787	23,927
Net changes in fair value of investment securities	(339,170)	310,918
Total net income	(318,087)	346,597
Expenses		
Investment management fees	27,106	22,996
Trustee fees	532	494
Other operating expenses	4,977	4,479
	32,615	27,969
(Decrease)/increase in net assets attributable to holders of redeemable units from operations	(350,702)	318,628

UNAUDITED – FOR DISCUSSION WITH MANAGEMENT ONLY
SUBJECT TO AMENDMENT – NOT TO BE FURTHER COMMUNICATED

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Market Portfolio

Statement of Financial Position

30 September 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
ASSETS			
Receivables	4	46,274	119,285
Reverse repurchase agreements	4 & 5	-	210,053
Investment securities	6	955,512	1,202,091
		1,001,786	1,531,429
LIABILITIES			
Liabilities (excluding net assets attributable to holders of redeemable units)			
Accounts payable	7	727	3,732
	8	1,001,059	1,527,697
Net assets attributable to holders of redeemable units		1,001,786	1,531,429
Net Asset Value Per Unit ($)		23.68	31.65

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 December 2020 and signed on its behalf by:

Dennis Cohen Director

Steven Gooden Director

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

Year ended 30 September 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of Units '000	Net Assets Attributable to Holders of Redeemable Units $'000
Net assets attributable to holders of redeemable units at the end of the year 30 September 2017		30,519	691,112
Proceeds from redeemable units issued		16,596	375,594
Redemption of redeemable units		(8,406)	(189,412)
Net increase from redeemable unit transactions		8,190	186,182
		38,709	877,294
Increase in net assets attributable to holders of redeemable units from operations		-	63,630
Net assets attributable to holders of redeemable units at the end of the year 30 September 2018		38,709	940,924
Proceeds from redeemable units issued		14,269	398,056
Redemption of redeemable units		(4,719)	(129,911)
Net increase from redeemable unit transactions		9,550	268,145
Increase in net assets attributable to holders of redeemable units from operations		48,259	1,209,069
		-	318,628
Net assets attributable to holders of redeemable units at the end of the year 30 September 2019	8	48,259	1,527,697
Proceeds from redeemable units issued		5,354	158,544
Redemption of redeemable units		(12,784)	(334,480)
Net decrease from redeemable unit transactions		(7,430)	(175,936)
		40,829	1,351,761
Increase in net assets attributable to holders of redeemable units from operations		-	(350,702)
Net assets attributable to holders of redeemable units at the end of the year 30 September 2020	8	40,829	1,001,059

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Statement of Cash Flows
Year ended 30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

	2020 $'000	2019 $'000
Cash Flows from Operating Activities		
(Decrease)/increase in net assets attributable to holders of redeemable units from operations	(350,702)	318,628
Adjustment for:		
Changes in fair value of investment securities	339,170	(310,918)
Interest expense	(19)	-
Interest income	(7,315)	(11,752)
	(18,866)	(4,042)
Changes in operating assets and liability		
Investment securities	(92,289)	(244,397)
Accounts payable	(3,005)	(9,139)
Receivables	73,011	(119,285)
	(41,149)	(376,863)
Interest paid	(19)	-
Interest received	7,051	12,046
Net cash used in operating activities	(34,117)	(364,817)
Cash flows from Financing Activities		
Proceeds from redeemable units issued	158,544	398,056
Redemption of redeemable units	(334,480)	(129,911)
Net cash provided by financing activities	(175,936)	268,145
Net decrease in cash equivalents	(210,053)	(96,673)
Cash equivalents at the beginning of the year	210,053	306,726
Cash equivalents at end of year	-	210,053
Comprising:		
Reverse repurchase agreements	-	210,053

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

The NCB Capital Markets Limited Unit Trust Scheme was constituted as a diversified unit trust scheme by a Trust Deed and was registered on 1 August 2012 in Kingston, Jamaica by the Financial Services Commission (FSC).

MF&G Asset Management Limited, with registered office at 21 East Street, Kingston, Jamaica, is the appointed Trustee and NCB Capital Markets Limited, with registered office at 32 Trafalgar Road, Kingston 10, Jamaica, is the Manager of the Scheme.

In accordance with the Trust Deed, various portfolios comprising segregated pools of assets have been established by the Trustee for the benefit of unit holders of a particular class. These financial statements relate to the operations of the NCB Capital Markets Limited Unit Trust Scheme – Caribbean Equity Portfolio ("the Portfolio") which was established in November 2013.

The investment objective of the Portfolio is long term capital appreciation by investing primarily in equity securities, subject to foreign exchange restrictions imposed by the laws of Jamaica. The Portfolio seeks to maximize long term growth of capital with moderate dividend income.

2. 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), and have been prepared under the historical cost convention as modified by the revaluation of certain financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates.

Standards, interpretations and amendments to published standards that are effective

Certain new standards, interpretations and amendments to existing standards that have been published, become effective during the current financial year. The Portfolio has assessed the relevance of all such new standards, interpretations and amendments, and has determined that that the following standard is relevant to its operations:

Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation and modification of financial liabilities (effective for reporting periods beginning on or after 1 January 2020). This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without the modification resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. This amendment did not result in any impact on the Portfolio as it has no financial assets that were prepaid before maturity or any financial liabilities that are designated at fair value through profit or loss.

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are effective (continued)

Amendments to IAS 1 and IAS 8 on the definition of material and is effective for reporting periods beginning on or after 1 January 2020. These amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

There are no other standards, interpretations and amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Portfolio.

Standards, interpretations of and amendments to published standards that are not yet effective and have not been early adopted by the Portfolio

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not effective at the date of the statement of financial position, and which the Portfolio has not early adopted. The Portfolio has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

Amendments to IAS 1, Presentation of financial statements on classification of liabilities, (effective for annual periods beginning on or after January 1, 2022). The narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or noncurrent, 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 where it refers to the ‘settlement’ of a liability.

There are no other standards, interpretations and amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Portfolio.

(b) Redeemable units

The Portfolio issues units which are redeemable at the holder’s option and are classified as financial liabilities. Redeemable units can be put back to the Portfolio at any time for cash equal to a proportionate share of the Portfolio's net asset value. The redeemable units are carried at the redemption amount that is payable (prior to deduction of any applicable fees and charges) at the statement of financial position date if the holder exercises the right to put the units back to the Portfolio.

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Redeemable units (continued)
Redeemable units are issued and redeemed at the holder’s option at prices based on the Portfolio's net asset value per unit at the time of issue or redemption. The Portfolio's net asset value per unit is calculated by dividing the net assets by the total number of outstanding redeemable units. In accordance with the Trust Deed, investment positions are valued based on the procedures described in note 2(h) for the purpose of determining the net asset value per unit for subscriptions and redemptions.

(c) Accounts payable
Payables are initially recognised at fair value and are subsequently carried at amortised cost.

(d) Interest income and interest from financial assets at fair value through profit or loss
Interest income is recognised on a time-proportionate basis using the effective interest method. It includes interest income on cash equivalents and on debt securities at fair value though profit or loss.

Dividend income is recognised when the right to receive payment is established.

(e) Taxation
The Portfolio is domiciled in Jamaica and is exempt from paying corporation taxes under section 12(t) of the Income Tax Act.

(f) Expenses
Expenses are accounted for on an accrual basis and are charged to the statement of comprehensive income. In addition to the management fees, the Portfolio is responsible for the payment of all direct expenses relating to its operations such as audit, legal and professional fees.

(g) Reverse repurchase agreements
Securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. Repurchase agreements are measured at amortised cost. The difference between the purchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

The impact of the new impairment model under IFRS 9 on reverse repurchase agreements has been considered by management. The consideration included the identification of the credit risk associated with the counterparties. The amount of ECL calculated was deemed immaterial and no adjustment was made to the net assets attributable of holders of redeemable units as at 1 October 2019.

(h) Financial assets at FVPL

(i) Classification and measurement

Debt instruments
The Portfolio classifies its investments based on both the Portfolio’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Portfolio is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions.

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(h) Financial assets at FVPL (continued)

(ii) Classification and measurement (continued)

Debt instruments (continued)
Where the contractual cash flows of the Portfolio's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Portfolio's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

(i) Classification and measurement (continued)

Equity instruments
The fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. Equity instruments are measured at FVPL.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Portfolio commits to purchase or sell the investment. Financial assets at FVPL are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Investment securities are derecognised when the rights to receive cash flows from the investments have expired or the Portfolio has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the statement of comprehensive income in the period in which they arise.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of investment securities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The fair value of financial assets that are not traded in an active market is determined using valuation techniques. The Portfolio uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(i) Cash equivalents

For the purpose of the statement of cash flows, cash equivalents comprise short-term highly liquid investments with original maturities of three months or less.

(j) 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 Portfolio operates ('the functional currency'). The financial statements are presented in Jamaican dollars, which is the Portfolio's functional currency.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary and non-monetary assets and liabilities are recognised in the statement of comprehensive income.

(k) Receivables

Receivables are carried at cost which approximates the fair value. Management has determined that the ECL on receivables is not material and therefore no provision has been recognised in these financial statements.

3. Financial Risk Management

The Portfolio's activities expose it to a variety of financial risks: fair value interest rate risk, price risk, credit risk and liquidity risk. The Portfolio is not exposed to currency risk as there are no assets or liabilities denominated in foreign currencies. The Portfolio was not exposed to significant interest rate risk as all financial assets other than equity were non-interest bearing or were immaterial investments at variable rates that mature within one year (2019 – within one year). The Portfolio's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Portfolio is exposed and seeks to minimise potential adverse effects on the Portfolio's financial performance.

The Portfolio manager, NCB Capital Markets Limited, is ultimately responsible for the establishment and oversight of the Portfolio's risk management framework. The Portfolio manager provides principles for overall risk management, as well as policies covering specific areas, such as price risk credit risk, and investment of excess liquidity.

(a) Credit risk

The Portfolio takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the Portfolio by failing to discharge their contractual obligations.

The main concentration risk to which the Portfolio is exposed arises from reverse repurchase agreements and Government of Jamaica debt securities.

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)
All reverse repurchase agreements are invested with NCB Capital Markets Limited. Debt issued by the Government of Jamaica is considered by the Portfolio to be risk free.

Credit risk is managed through careful analysis and assessment of borrowers both prior to investment and ongoing monitoring of their financial condition after investment.

None of the Portfolio's debt securities is subject to ECL provisioning. The ECLs on reverse repurchase agreements were deemed immaterial.

(b) Liquidity risk
Liquidity risk is the risk that the Portfolio is unable to meet its payment obligations associated with its financial liabilities when they fall due and demands for encashment of units, when such demands are made. Prudent liquidity risk management implies maintaining sufficient marketable securities, the availability of funding through an adequate amount of committed facilities and the ability to close out market positions.

The Portfolio is exposed to daily cash redemptions by unit holders. The Portfolio's liquidity management process, as carried out within the Portfolio and monitored by the Portfolio manager, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of collateral which could be used to secure funding if required.

(ii) Maintaining a portfolio of highly marketable and liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.

(iii) Optimising returns on investments.

The Portfolio's undiscounted liabilities at period end equal their carrying amounts as these liabilities bear no interest. At 30 September 2020, the accounts payable of $727,354 (2019 - $3,732,000) are due within 30 days and the net assets attributable to unit holders of $1,001,058,000 (2019 - $1,527,697,000) are redeemable on demand at the unit holders' option. The Portfolio manager however does not envisage that the contractual maturity will be representative of the actual cash outflows as holders of units typically retain them for the medium to long term. Additionally, under the terms of the Trust Deed, the Portfolio manager may defer payment for a period of up to three (3) months if, based on the manager's discretion, it is prudent to do so.

(c) Price risk
The Portfolio is exposed to market price risk arising primarily from changes in quoted instruments' prices. To manage this risk, the Portfolio seeks to diversify its holdings of investments in accordance with its investment policy and minimise exposure to any one security or class of security. The Portfolio's exposure to price risk is represented by the total carrying value of quoted investments amounting to $955,405,000 (2019 - $1,201,984,000).

A 10% increase/decrease in unit prices at 30 September 2020 would have increased/decreased net assets attributable to holders of redeemable units by $95,540,500 (2019 - $120,198,000).

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(d) Market risk

Interest rate risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Portfolio to cash flow interest risk, whereas fixed interest rate instruments expose the Portfolio to fair value interest risk.

The Portfolio's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets. The Portfolio has no interest bearing financial liabilities.

The following tables summarise the Portfolio's exposure to interest rate risk. It includes the Portfolio's financial instruments at carrying amounts, categorised by the earlier of contractual interest rate repricing or maturity dates.

	2020					
	Within 3 Months	**4 to 12 Months**	**2 to 5 Years**	**Over 5 Years**	**Non-Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Receivables	-	-	-	-	46,274	46,274
Reverse repurchase agreements						-
Investment securities	107	-	47,111	-	908,294	955,512
Total financial assets	107	-	47,111	-	954,568	1,001,786
Liability						
¤ Accounts payable	-	-	-	-	727	727
Total interest repricing gap	107	-	47,111	-	953,841	1,001,059

	2019					
	Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Non-Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Receivables					119,285	119,285
Reverse repurchase agreements	210,000	-	-	-	53	210,053
Investment securities	107	-	20,138	15,560	1,166,286	1,202,091
Total financial assets	210,107	-	20,138	15,560	1,285,624	1,531,429
Liability						
Accounts payable					3,732	3,732
Total interest repricing gap	210,107	-	20,138	15,560	1,281,892	1,527,697

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Market risk (continued)

Interest rate risk (continued)
The table below summarises the effective interest rates at 30 September by for financial instruments of the Portfolio.

	2020	2019
	%	%
Investment securities	11.89	2.20
Reverse repurchase agreements	-	2.00

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the net assets attributable to holders of redeemable units.

The sensitivity of the increase or decrease in net assets attributable to holders of redeemable units for the period is the effect of the assumed changes in interest rates on:
- The net interest income based on the floating rate financial assets held at the end of the reporting period;
- Changes in the fair value in investment securities based on revaluing fixed rate investments at the end of the reporting period.

	Sensitivity of interest income	Sensitivity of changes in fair value	Sensitivity of interest income	Sensitivity of changes in fair value
	2020 $'000	2020 $'000	2019 $'000	2019 $'000
Change in basis points:				
-100 bps (2019 – -150 bps)	(1)	1,099	(1)	468
+100 bps (2019 – +100 bps)	1	(643)	1	(1,290)

(d) Capital management

The capital of the Portfolio is represented by the net assets attributable to holders of redeemable units. The amount of net assets attributable to holders of redeemable units can change significantly as the Portfolio is subject to subscriptions and redemptions at the discretion of unit holders, as well as changes resulting from the Portfolio's performance. The Portfolio's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for unit holders and maintain a strong capital base to support the development of the investment activities of the Portfolio.

The Portfolio is not subject to any externally imposed capital requirements.

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at year end. The quoted market price used for financial assets held by the Portfolio is the current bid price.

The financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:
(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

The following tables present the Portfolio’s assets that are measured at fair value. There are no liabilities that are measured at fair value at the year-end.

	2020			
At 30 September	**Level 1 $’000**	**Level 2 $’000**	**Level 3 $’000**	**Total $’000**
Investment securities -				
GOJ debt securities	-	107	-	107
Corporate debt securities	21,330	-	26,429	47,759
Quoted equities	891,553	-	-	891,553
Unquoted equities	-	-	16,093	16,093
	912,883	107	42,522	955,512

	2019			
At 30 September	**Level 1 $’000**	**Level 2 $’000**	**Level 3 $’000**	**Total $’000**
Investment securities -				
GOJ debt securities	-	107	-	107
Corporate debt securities	19,506	-	16,577	36,083
Quoted equities	1,154,231	-	-	1,154,231
Unquoted equities	-	-	11,670	11,670
	1,173,737	107	28,247	1,202,091

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(f) Fair value of financial instruments (continued)

The fair value of financial instruments that are traded in an active market is determined by using valuation techniques. The Portfolio uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used for quoted debt securities. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The following methods and assumptions have been used:

(i) Investment securities classified as financial assets at fair value through profit or loss are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, then fair values estimated on the basis of pricing models or other recognised valuation techniques.

(ii) The fair value of liquid assets and other assets maturing within three months is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short term elements of all other financial instruments.

(ii) The fair value of variable rate financial instruments is assumed to approximate their carrying value.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The movement in financial assets classified as Level 3 during the year was as follows:

	2020 $'000	2019 $'000
At start of year	28,247	25,221
Additions	10,006	-
Foreign exchange conversion	4,269	3,026
At end of year	42,522	28,247

Sensitivity analysis
The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements.

	2020		
Description	Unobservable input $'000	Change in basis points	Change in fair value $'000
Corporate debt securities	Risk Premium	USD -100	751
		USD +100	(1,341)

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(f) Fair value of financial instruments (continued)

Sensitivity analysis (continued)

	2019		
Description	**Unobservable input $'000**	**Change in basis points**	**Change in fair value $'000**
Corporate debt securities	Risk Premium	USD -50	339
		USD +50	(223)

The Portfolio's level 3 unquoted equity securities would increase/decrease in value by $2,403,000 (2019 - $1,903,000) should there be a 15% change in the price of these securities.

4. Related Party Transactions and Balances

Parties are considered related if, among other things, one party has the ability to control the other party or exercises significant influence over the other party in making financial or operating decisions.

(a) The statement of comprehensive income includes the following income and expenses from transactions with NCB Capital Markets Limited, its parent and fellow subsidiaries:

	2020 $'000	2019 $'000
Investment management fees	27,106	22,996
Interest income	1,877	6,437

(b) The statement of financial position includes the following balance with NCB Capital Markets Limited, its parent and fellow subsidiaries:

	2020 $'000	2019 $'000
Receivables	46,274	119,285
Payables	441	3,042
Reverse repurchase agreements	-	210,053

	2020 $'000	2019 $'000
(c) Net assets attributable to units held by NCB Capital Markets Limited, its parent and fellow subsidiaries at 30 September	75,580	99,672

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

5. Reverse Repurchase Agreements

The Portfolio enters into collateralised reverse repurchase agreements which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. Included within reverse repurchase agreements is related accrued interest receivable of nil (2019 - $53,000).

At 30 September 2020, the Portfolio held nil (2019 - $220,500,000) of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements. All of these securities held as collateral can be sold or repledged.

All reverse repurchase agreements have original maturities of less than 90 days. Accordingly, for the purposes of the statement of cash flows, they are all classified as cash equivalents.

6. Investment Securities

	2020 $'000	2019 $'000
At fair value through profit and loss:		
Quoted equities	892,107	1,154,231
Unquoted equity securities	15,538	11,670
Government of Jamaica debt securities	107	107
Quoted debt securities	47,112	35,699
Unquoted debt securities		-
	954,864	1,201,707
Interest receivable	648	384
	955,512	1,202,091

All investment securities are classified at FVPL.

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

6. Investment Securities (Continued)

The contractual maturity of the investment securities is as follows:

2020					
Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Investment Securities with no Contractual Maturities**	**Total**
$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
107	-	47,760	-	907,645	955,512

2019					
Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Investment Securities with no Contractual Maturities**	**Total**
$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
107	-	20,138	15,560	1,166,286	1,202,091

7. Accounts Payable

	2020 $'000	**2019 $'000**
Management fees	-	2,886
Other	727	846
	727	3,732

8. Redeemable Units

Each redeemable unit entitles its holder to an equal pro rata share in any distributions of net income or gains of the Portfolio and participates equally in all other respects. The Trustee may at any time, and shall at the request of unit holders holding not less than one-tenth of the units in issue, convene a meeting of unit holders. At such meetings, unit holders are entitled to one vote per unit held. The Manager of the Portfolio is entitled to receive notice of and attend meetings of unit holders but is not entitled to vote. All matters are decided by a resolution passed by a simple majority of the total number of votes cast at meetings of unit holders, except for those expressly requiring an extraordinary resolution (a resolution passed by a majority of at least 75%) under the Trust Deed.

Unit holders are entitled to transfer, redeem for cash, or convert to other portfolios their units subject to provisions of the Trust Deed. The Manager has the power to suspend determination of value of the Portfolio and the redemption or conversion of units in exceptional circumstances such as the restriction/suspension of dealings on or closure of a stock exchange on which a substantial portion of the investment of the Portfolio is quoted or any state of affairs in which the disposal or valuation of assets owned by the Trust would be impracticable.

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio

Financial Statements
30 September 2020

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Index
30 September 2020

Independent auditor's report

To the Members of NCB Capital Markets Limited Unit Trust Scheme High Yield Asset and Loan Portfolio

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of NCB Capital Markets Limited Unit Trust Scheme High Yield Asset and Loan Portfolio (the Portfolio) as at 30 September 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Portfolio's financial statements comprise:

- the statement of financial position as at 30 September 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to holders of redeemable units for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 Portfolio in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: 876) 922 7581, www.pwc.com/jm

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view 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 Portfolio'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 Portfolio or to cease operations, or has no realistic alternative but to do so.

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 Portfolio'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 Portfolio'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 Portfolio 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.

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
30 December 2020

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio

Statement of Comprehensive Income

Year ended 30 September 2020

(expressed in Jamaican dollars unless otherwise indicated)

	2020 $'000	2019 $'000
Income		
Interest income	232,167	186,120
Dividend income	31,318	13,714
Net changes in fair value of investment securities	(27,619)	90,406
Total net income	235,866	290,240
Expenses		
Investment management fees	66,603	55,706
Trustee fees	10,881	1,160
Irrecoverable general consumption tax	-	9,480
Other operating expenses	2,342	599
	79,826	66,945
Increase in net assets attributable to holders of redeemable units from operations	156,040	223,295

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio

Statement of Financial Position

30 September 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
ASSETS			
Receivables	4	556,793	79,203
Loan receivable	5	1,454,189	234,607
Reverse repurchase agreements	6	-	90,000
Investment securities	7	1,876,685	2,695,993
		3,887,667	3,099,803
LIABILITY			
Liability (excluding net assets attributable to holders of redeemable units)			
Accounts payable	8	6,948	7,995
Net assets attributable to holders of redeemable units	9	3,880,719	3,091,808
		3,887,666	3,099,803
Net Asset Value Per Unit ($)		12.41	11.92

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 December 2020 and signed on its behalf by:

Dennis Cohen — Director

Steven Gooden — Director

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

Year ended 30 September 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of Units	Net Assets Attributable to Holders of Redeemable Units
		'000	**$'000**
Net assets attributable to holders of redeemable units at the end of the period 2018		203,585	2,234,034
Proceeds from redeemable units issued		100,453	1,142,799
Redemption of redeemable units		(44,616)	(508,320)
Net increase from redeemable unit transactions		55,837	634,479
		259,422	2,868,513
Increase in net assets attributable to holders of redeemable units from operations		-	223,295
Net assets attributable to holders of redeemable units at the end of the period 2019		259,422	3,091,808
Proceeds from redeemable units issued		105,685	1,278,274
Redemption of redeemable units		(53,632)	(645,403)
Net increase from redeemable unit transactions		52,053	632,871
		311,475	3,724,679
Increase in net assets attributable to holders of redeemable units from operations		-	156,040
Net assets attributable to holders of redeemable units at the end of the period 2020		311,475	3,880,719

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Statement of Cash Flows
Year ended 30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

	2020 $'000	2019 $'000
Cash Flows from Operating Activities		
Increase in net assets attributable to holders of redeemable units from operations	156,040	223,295
Adjustment for:		
Interest income	(232,167)	(186,120)
Net changes in fair value of investment securities	27,619	(90,406)
	(48,508)	(53,231)
Changes in operating assets and liability		
Receivables	(477,590)	21,584
Investment securities	783,797	(601,024)
Loan receivable	(1,219,582)	(86,774)
Accounts payable	(1,047)	4,139
	(962,930)	(715,306)
Interest received	240,059	170,827
Net cash used in operating activities	(722,871)	(544,479)
Cash flows from Financing Activities		
Proceeds from redeemable units issued	1,278,274	1,142,799
Redemption of redeemable units	(645,403)	(508,320)
Net cash provided by financing activities	632,871	634,479
Net (decrease)/increase in cash equivalents	(90,000)	90,000
Cash equivalents at beginning of period	90,000	-
Cash equivalents at end of period	-	90,000
Comprising:		
Reverse repurchase agreements	-	90,000

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

The NCB Capital Markets Limited Unit Trust Scheme was constituted as a diversified unit trust scheme by a Trust Deed and was registered on 22 December 2016 in Kingston, Jamaica by the Financial Services Commission (FSC).

MF&G Asset Management Limited, with registered office at 21 East Street, Kingston, Jamaica, is the appointed Trustee and NCB Capital Markets Limited, with registered office at 32 Trafalgar Road, Kingston 10, Jamaica, is the Manager of the Scheme.

In accordance with the Trust Deed, various portfolios comprising segregated pools of assets have been established by the Trustee for the benefit of unit holders of a particular class. These financial statements relate to the operations of the NCB Capital Markets Limited Unit Trust Scheme – High Yield Asset and Loan Portfolio ("the Portfolio") which was established in February 2019.

The investment objective of the Portfolio is to earn the highest level of income consistent with capital preservation and liquidity by investing primarily in Jamaican dollar money market instruments and granting asset based loan products (NCBCM CAPLoan) to earn interest, increasing the fund yield.

2. 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), and have been prepared under the historical cost convention as modified by the revaluation of certain financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates.

Standards, interpretations and amendments to published standards that are effective in the current year

Certain new and amended standards and interpretations to existing standards have been published that became effective during the current financial year. The Portfolio has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following standard is relevant to its operations:

Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation and modification of financial liabilities (effective for reporting periods beginning on or after 1 January 2020). This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without the modification resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. This amendment did not result in any impact on the Portfolio as it has no financial assets that were prepaid before maturity or any financial liabilities that are designated at fair value through profit or loss.

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio

Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are effective (continued)

Amendments to IAS 1 and IAS 8 on the definition of material and is effective for reporting periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

There are no other standards, interpretations and amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Portfolio.

Standards, interpretations of and amendments to published standards issued but not yet effective and have not been early adopted by the Portfolio
At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not effective at the date of the statement of financial position, and which the Portfolio has not early adopted. The Portfolio has assessed the relevance of all such new standards, interpretations and amendments, and has determined that the following may be relevant to its operations, and has concluded as follows:

Amendments to IAS 1, Presentation of financial statements on classification of liabilities, (effective for annual periods beginning on or after January 1, 2022). The narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, 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 where it refers to the 'settlement' of a liability.

There are no other standards, interpretations and amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Portfolio.

(b) Redeemable Units
The Portfolio issues units which are redeemable at the holder's option and are classified as financial liabilities. Redeemable units can be put back to the Portfolio at any time for cash equal to a proportionate share of the Portfolio's net asset value. The redeemable units are carried at the redemption amount that is payable (prior to deduction of any applicable fees and charges) at the statement of financial position date if the holder exercises the right to put the units back to the Portfolio.

Redeemable units are issued and redeemed at the holder's option at prices based on the Portfolio's net asset value per unit at the time of issue or redemption. The Portfolio's net asset value per unit is calculated by dividing the net assets by the total number of outstanding redeemable units. In accordance with the Trust Deed, investment positions are valued based on the procedures described in note 2(h)(iii) for the purpose of determining the net asset value per unit for subscriptions and redemptions.

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(c) 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 Portfolio operates (‘the functional currency’). The financial statements are presented in Jamaican dollars, which is the Portfolio’s functional currency.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary and non-monetary assets and liabilities are recognised in the statement of comprehensive income.

(d) Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method. It includes interest income on loan receivables, cash equivalents and on debt securities at fair value though profit or loss.

(e) Taxation

The Portfolio is domiciled in Jamaica and is exempt from paying corporation taxes under section 12(t) of the Income Tax Act.

(f) Expenses

Expenses are accounted for on an accrual basis and are charged to the statement of comprehensive income. In addition to the management fees, the Portfolio is responsible for the payment of all direct expenses relating to its operations such as audit, legal and professional fees.

(g) Reverse repurchase agreements

Securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. Repurchase agreements are measured at amortised cost. The difference between the purchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

The impact of the new impairment model under IFRS 9 on reverse repurchase agreements has been considered by management. The consideration included the identification of the credit risk associated with the counterparties. The amount of ECL calculated was deemed immaterial and no adjustment was made to the net assets attributable of holders of redeemable units as at 1 October 2019.

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(h) Financial assets at FVPL

(i) Classification and measurement

The Portfolio classifies its investments based on both the Portfolio’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Portfolio is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. Where the contractual cash flows of the Portfolio’s debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Portfolio’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Portfolio commits to purchase or sell the investment. Financial assets at FVPL are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Investment securities are derecognised when the rights to receive cash flows from the investments have expired or the Portfolio has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the statement of comprehensive income in the period in which they arise.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of investment securities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The fair value of financial assets that are not traded in an active market is determined using valuation techniques. The Portfolio uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

(i) Receivables

Receivables are carried at cost which approximates the fair value. No ECLs have been recognised on receivables balances as these are deemed to be immaterial.

(k) Accounts payable

Payables are initially recognised at fair value and are subsequently carried at amortised cost.

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(l) Loan receivable

Loans are stated net of any allowance for credit losses. Loans and advances are recognised when cash is advanced to borrowers. They are initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method.

Impairment

Under IFRS 9 the Portfolio applies an impairment model that recognises expected credit losses ("ECL") on financial assets measured at amortised cost which were previously provided for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

At initial recognition, an allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECL resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) ('12-month ECL').

In the event of a significant increase in credit risk (SICR) an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment and are therefore considered to be in default or otherwise credit-impaired are in stage 3'.

To determine whether the life-time credit risk has increased significantly since initial recognition, the Portfolio considers reasonable and supportable information that is available, including information from the past as well as forward-looking information. Factors such as whether payments of principal and interest are in delinquency, an adverse change in credit rating of the borrower and adverse changes in the borrower's industry and economic environment are considered in determining whether there has been a significant increase in the credit risk of the borrower.

Definition of default

The Portfolio determines that a financial instrument is in default, credit-impaired and in stage 3 by considering relevant objective evidence, primarily whether:
- contractual payments of either principal or interest are past due for 60 days or more;
- there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- the financial asset is otherwise considered to be in default.

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is greater than 60 days past due.

Write-offs

Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, write offs generally occur after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio

Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(l) Loan receivable (continued)

Impairment (continued)

Recognition and Measurement of ECL
The general approach to recognising and measuring 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.

Expected credit losses are calculated by multiplying the following three main components:

- The probability of default ("PD")
- The loss given default ("LGD") and
- The exposure at default ("EAD"), discounted at the original effective interest rate.

Management has calculated these inputs based on the estimated forward looking economic and historical experience of the portfolios adjusted for the current point in time. A simplified approach to calculating the ECL is applied to other receivables which do not contain a significant financing component. Generally, these receivables are due within 12 months unless there are extenuating circumstances. Under this approach, an estimate is made of the life-time ECL on initial recognition.

The Portfolio's loans receivable are fully collateralised by units in the Portfolio and other NCB products which have been hypothecated. The Portfolio therefore estimates an LGD of nil, which results in no ECL being recognised on the Portfolio's loans receivable. No ECL's were recognised on adoption of IFRS 9 based on the LGD's then also being nil.

(a) Credit risk

The Portfolio takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the Portfolio by failing to discharge their contractual obligations.

The main concentration risk to which the Portfolio is exposed arises from loans, investments in debt securities and reverse repurchase agreements. The Portfolio has a significant concentration in Corporate securities as shown in note 7. All reverse repurchase agreements are invested with NCB Capital Markets Limited. The maximum exposure to credit risk is as reflected in the statement of financial position for receivables, and loan receivable, and in note 7 for investments securities.

Credit risk is managed through careful analysis and assessment of borrowers both prior to investment and ongoing monitoring of their financial condition after investment.

None of the Portfolio's debt securities is subject to ECL provisioning as they are FVPL.

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management

The Portfolio is exposed to daily cash redemptions by unit holders. The Portfolio's liquidity management process, as carried out within the Portfolio and monitored by the Portfolio manager, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of collateral which could be used to secure funding if required.

(ii) Maintaining a portfolio of highly marketable and liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.

(iii) Optimising returns on investments.

The Portfolio's undiscounted liabilities at year end equalled their carrying amounts as these liabilities bear no interest. At 30 September 2020, the accounts payable of $6,948,000 (2019 - $7,995,000) are due within 30 days and the net assets attributable to unit holders of $3,880,719,000 (2019 - $3,091,808,000) are redeemable on demand at the unit holders' option.

The Portfolio manager however does not envisage that the contractual maturity will be representative of the actual cash outflows as holders of units typically retain them for the medium to long term. Additionally, under the terms of the Trust Deed, the Portfolio manager may defer payment for a period of up to three (3) months if, based on the manager's discretion, it is prudent to do so.

(c) Market risk

The Portfolio takes on exposure to market risk, which is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly arises from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Portfolio is exposed to foreign currency risk from its holdings of United States Dollar denominated investment securities, with a carrying value of $104,400,533 (2019 - 262,372,000).

Management estimates that reasonably possible changes in the exchange rate are a devaluation of the Jamaican dollar of 2 % (2019 – 4%) or a revaluation of the USD dollar of 6% (2019 – 6 %). Should such a devaluation or revaluation occur, the net assets attributable to holders of redeemable units would decrease by $2,088,000 (2019 - $15,742,000) or would increase by $6,264,000 (2019 - 10,495,000), respectively.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Portfolio to cash flow interest risk, whereas fixed interest rate instruments expose the Portfolio to fair value interest risk.

The Portfolio's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets. The Portfolio has no interest bearing financial liabilities.

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

Interest rate risk (continued)
The following tables summarises the Portfolio's exposure to interest rate risk. It includes the Portfolio's financial instruments at carrying amounts, categorised by the earlier of contractual interest rate repricing or maturity dates.

	2020					
	Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Non-Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Receivables	-	-	-	-	556,793	556,793
Loan receivables	1,875	16,275	965,870	469,089	1,080	1,454,189
Investment securities	252,000	-	689,917	917,274	17,494	1,876,685
Total financial assets	253,875	16,275	1,655,787	1,386,363	575,367	3,887,667
Liability						
Accounts payable	-	-	-	-	6,948	6,948
Total financial liabilities	-	-	-	-	6,948	6,948
	253,875	16,275	1,655,787	1,386,363	568,419	3,880,719

	2019					
	Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Non-Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Receivables					79,203	79,203
Loan receivables	133	2,099	186,024	46,135	216	234,607
Reverse repurchase agreements	90,000	-	-	-	-	90,000
Investment securities	187,000	348,638	726,997	1,408,188	25,170	2,695,993
Total financial assets	277,133	350,737	913,021	1,454,323	104,589	3,099,803
Liability						
Accounts payable	-	-	-	-	7,995	7,995
	277,133	350,737	913,021	1,454,323	96,594	3,091,808

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)
The table below summarises the effective interest rates at 30 September by major currencies for financial instruments of the Portfolio.

	2020		2019	
	J$	US$	J$	US$
	%	%	%	%
Investment securities	8.8	8.50	8.51	8.50
Reverse repurchase agreements			1.59	9.95
Loan receivables	7.63	-	8.60	-

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the net assets attributable to holders of redeemable units.

The sensitivity of the increase or decrease in net assets attributable to holders of redeemable units for the period is the effect of the assumed changes in interest rates on:
- The net interest income based on the floating rate financial assets held at the end of the reporting period;
- Changes in the fair value in investment securities based on revaluing fixed rate investments at the end of the reporting period.

	Sensitivity of interest income	Sensitivity of changes in fair value	Sensitivity of interest income	Sensitivity of changes in fair value
	2020	2020	2019	2019
	$'000	$'000	$'000	$'000
Change in basis points:				
-100 bps for both JMD and USD (2019: -100 bps for both for JMD and USD respectively)	(1,680)	44,248	(1,680)	71,848
+100 bps for both JMD and USD (2019: +100 bps for both JMD and USD)	1,680	(58,442)	1,680	(65,656)

(d) Capital management

The capital of the Portfolio is represented by the net assets attributable to holders of redeemable units. The amount of net assets attributable to holders of redeemable units can change significantly as the Portfolio is subject to subscriptions and redemptions at the discretion of unit holders, as well as changes resulting from the Portfolio's performance. The Portfolio's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for unit holders and maintain a strong capital base to support the development of the investment activities of the Portfolio.

The Portfolio is not subject to any externally imposed capital requirements.

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio

Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(d) Fair value of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at year end. The quoted market price used for financial assets held by the Portfolio is the current bid price.

The financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

The following tables present the Portfolio's assets that are measured at fair value. There are no liabilities that are measured at fair value at the year end, and the Portfolio had no instruments classified in Level 3 during the prior period.

	2020			
At 30 September	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investment securities –				
Corporate debt securities	26,245	1,485,378	365,062	1,876,685
	26,245	1,485,378	365,062	1,876,685

	2019			
At 30 September	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investment securities -				
Corporate debt securities	27,214	2,334,211	300,000	2,661,425
Government of Jamaica debt securities	-	34,568	-	34,568
	27,214	2,368,779	300,000	2,695,993

The fair value of financial instruments that are traded in an active market is determined by using valuation techniques. The Portfolio uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used for quoted debt securities. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value of financial instruments (continued)

The following methods and assumptions have been used:

(i) Investment securities classified as financial assets at fair value through profit or loss are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, then fair values estimated on the basis of pricing models or other recognised valuation techniques.

(ii) The fair value of liquid assets and other assets maturing within three months is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short term elements of all other financial instruments.

(iii) The fair value of variable rate financial instruments is assumed to approximate their carrying value.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The movement in financial assets classified as Level 3 during the year was as follows:

	2020 $'000	2019 $'000
At start of year	300,000	115,000
Additions	65,062	300,000
Disposals	-	(115,000)
At end of year	365,062	300,000

Sensitivity analysis
The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements.

	2020		
Description	**Unobservable input $'000**	**Change in basis points**	**Change in fair value $'000**
Corporate debt securities	Risk Premium	USD -100	14,649
		USD +100	(13,526)

	2019		
Description	**Unobservable input $'000**	**Change in basis points**	**Change in fair value $'000**
Corporate debt securities	Risk Premium	USD -50	9,096
		USD +50	(8,914)

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

4. Related Party Transactions and Balances

Parties are considered related if, among other things, one party has the ability to control the other party or exercises significant influence over the other party in making financial or operating decisions.

(a) The statement of comprehensive income includes the following income and expenses from transactions with NCB Capital Markets Limited:

	2020 $'000	2019 $'000
Investment management fees	66,603	55,706
Interest income	2,836	1,213

(b) The statement of financial position includes the following balances with NCB Capital Markets Limited, its parent and fellow subsidiaries:

	2020 $'000	2019 $'000
Accounts payable	4,976	3,005
Receivables	556,793	79,203
Reverse repurchase agreements	-	90,000

	2020 $'000	2019 $'000
(c) Net assets attributable to units held by NCB Capital Markets Limited its parent and fellow subsidiaries at 30 September	66,936	63,729

5. Loan Receivables

	2020 $'000	2019 $'000
Due from unit trust members	1,453,109	234,391
Interest receivable	1,080	216
Loan receivables net of expected credit losses	1,454,189	234,607

This represent an asset-based loan product (NCBCM CAPLoan). NCBCM CAPLoan balances are fully collateralised by the units held by the unit trust holders and other NCB products which have been hypothecated.

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

6. Reverse Repurchase Agreements

The Portfolio enters into collateralised reverse repurchase agreements which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. Included within reverse repurchase agreements is related accrued interest receivable of nil (2019 - nil).

At 30 September 2020, the Portfolio held nil (2019 - $ 90,000,000) of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements. All of these securities held as collateral can be sold or repledged.

All reverse repurchase agreements have original maturities of less than 90 days. Accordingly, for the purposes of the statement of cash flows, they are all classified as cash equivalents.

7. Investment Securities

	2020 $'000	2019 $'000
At fair value through profit and loss:		
Government of Jamaica	-	33,220
Corporate securities	1,859,191	2,637,602
Interest receivable	17,494	25,170
	1,876,685	2,695,993

All the investment securities are at FVPL. The contractual maturity of the investment securities is as follows:

2020				
Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
$'000	$'000	$'000	$'000	$'000
254,028	-	700,317	922,340	1,876,685

2019				
Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
$'000	$'000	$'000	$'000	$'000
189,026	351,769	739,073	1,416,125	2,695,993

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

8. Accounts Payable

	2020 $'000	2019 $'000
Management fees	4,976	7,095
Other	1,972	900
	6,948	7,995

9. Redeemable Units

Each redeemable unit entitles its holder to an equal pro rata share in any distributions of net income or gains of the Portfolio and participates equally in all other respects. The Trustee may at any time, and shall at the request of unit holders holding not less than one-tenth of the units in issue, convene a meeting of unit holders. At such meetings, unit holders are entitled to one vote per unit held. The Manager of the Portfolio is entitled to receive notice of and attend meetings of unit holders but is not entitled to vote. All matters are decided by a resolution passed by a simple majority of the total number of votes cast at meetings of unit holders, except for those expressly requiring an extraordinary resolution (a resolution passed by a majority of at least 75%) under the Trust Deed.

Unit holders are entitled to transfer, redeem for cash, or convert to other portfolios their units subject to provisions of the Trust Deed. The Manager has the power to suspend determination of value of the Portfolio and the redemption or conversion of units in exceptional circumstances such as the restriction/suspension of dealings on or closure of a stock exchange on which a substantial portion of the investment of the Portfolio is quoted or any state of affairs in which the disposal or valuation of assets owned by the Trust would be impracticable.

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio

Financial Statements
30 September 2020

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio
Index
30 September 2020

Independent auditor’s report

To the Members of NCB Capital Markets Limited Unit Trust Scheme JMD High Yield Portfolio

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of NCB Capital Markets Limited Unit Trust Scheme JMD High Yield Portfolio (the Portfolio) as at 30 September 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Portfolio’s financial statements comprise:

- the statement of financial position as at 30 September 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to holders of redeemable units for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 Portfolio in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view 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 Portfolio'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 Portfolio or to cease operations, or has no realistic alternative but to do so.

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 Portfolio'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 Portfolio'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 Portfolio 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.

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
30 December 2020

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio

Statement of Comprehensive Income

Year ended 30 September 2020

(expressed in Jamaican dollars unless otherwise indicated)

	2020 $'000	2019 $'000
Income		
Interest income	9,325	12,169
Interest expense	(2,611)	(2,775)
Net interest income	6,714	9,394
Net foreign exchange gains and changes in fair value of investment securities	249	1,513
	6,963	10,907
Expenses		
Investment management fees	2,354	2,275
Trustee fees	50	55
Other operating expenses	422	431
	2,826	2,761
Increase in net assets attributable to holders of redeemable units from operations	4,137	8,146

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio

Statement of Financial Position
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
ASSETS			
Receivables		8,000	2,990
Investment securities	5	87,786	116,658
Pledged assets	6	117,416	141,276
		213,202	260,924
LIABILITIES			
Liabilities (excluding net assets attributable to holders of redeemable units)			
Accounts Payable	7	-	2,882
Repurchase agreements	8	111,903	134,636
		111,903	137,518
Net assets attributable to holders of redeemable units	9	101,299	123,406
		213,202	260,924
Net Asset Value Per Unit ($)		14.67	14.20

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 December 2020 and signed on its behalf by:

Dennis Cohen — Director

Steven Gooden — Director

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

Year ended 30 September 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of Units '000	Net Assets Attributable to Holders of Redeemable Units $'000
Net assets attributable to holders of redeemable units at the end of the year 30 September 2017		30,782	384,429
Proceeds from redeemable units issued		91	1,149
Redemption of redeemable units		(20,679)	(264,666)
Net decrease from redeemable unit transactions		(20,588)	(263,517)
		10,194	120,912
Increase in net assets attributable to holders of redeemable units from operations		-	14,634
Net assets attributable to holders of redeemable units at the end of the year 30 September 2018		10,194	135,546
Proceeds from redeemable units issued		44	605
Redemption of redeemable units		(1,527)	(20,891)
Net decrease from redeemable unit transactions		(1,483)	(20,287)
		8,711	115,260
Increase in net assets attributable to holders of redeemable units from operations		-	8,146
Net assets attributable to holders of redeemable units at the end of the year 30 September 2019		8,711	123,406
Proceeds from redeemable units issued		1	10
Redemption of redeemable units		(1,807)	(26,254)
Net decrease from redeemable unit transactions		(1,806)	(26,244)
		6,905	97,162
Increase in net assets attributable to holders of redeemable units from operations		-	4,137
Net assets attributable to holders of redeemable units at the end of the year 30 September 2020		6,905	101,299

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio

Statement of Cash Flows

Year ended 30 September 2020

(expressed in Jamaican dollars unless otherwise indicated)

	2020 $'000	2019 $'000
Cash Flows from Operating Activities		
Increase in net assets attributable to holders of redeemable units from operations	4,137	8,146
Adjustment for:		
Interest income	(9,325)	(12,169)
Interest expense	2,611	2,775
Net foreign exchange and fair value gains on investments	(249)	(1,513)
	(2,826)	(2,761)
Changes in operating assets and liability		
Receivables	(5,010)	(2,990)
Investment securities and pledged assets	52,650	11,733
Repurchase agreements	(22,733)	3,382
Accounts payable	(2,882)	1,652
	19,199	11,016
Interest received	9,666	12,046
Interest paid	(2,621)	(2,776)
Net cash provided by operating activities	26,244	20,286
Cash flows from Financing Activities		
Proceeds from redeemable units issued	10	605
Redemption of redeemable units	(26,254)	(20,891)
Net cash used in financing activities	(26,244)	(20,286)
Net movement in cash and cash equivalents		-
Cash equivalents at beginning of year	-	-
Cash equivalents at end of year	-	-

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio

Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

The NCB Capital Markets Limited Unit Trust Scheme was constituted as a diversified unit trust scheme by a Trust Deed and was registered on 1 August 2012 in Kingston, Jamaica by the Financial Services Commission (FSC).

MF&G Asset Management Limited, with registered office at 21 East Street, Kingston, Jamaica, is the appointed Trustee and NCB Capital Markets Limited, with registered office at 32 Trafalgar Road, Kingston 10, Jamaica, is the Manager of the Scheme.

In accordance with the Trust Deed, various portfolios comprising segregated pools of assets have been established by the Trustee for the benefit of unit holders of a particular class. These financial statements relate to the operations of the NCB Capital Markets Limited Unit Trust Scheme – JMD High Yield Portfolio ("the Portfolio") which was established in November 2013.

The investment objective of the Portfolio is to generate a stable level of income and capital appreciation by investing in high yielding medium to long term Jamaican dollar denominated sovereign and corporate debt instruments.

2. 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), and have been prepared under the historical cost convention as modified by the revaluation of certain financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates.

Standards, interpretations and amendments to published standards that are effective

Certain new and amended standards and interpretations to existing standards have been published that became effective during the current financial year. The Portfolio has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following standard is relevant to its operations:

Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation and modification of financial liabilities (effective for reporting periods beginning on or after 1 January 2020). This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without the modification resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. This amendment did not result in any impact on the Portfolio as it has no financial assets that were prepaid before maturity or any financial liabilities that are designated at fair value through profit or loss.

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are effective (continued)

Amendments to IAS 1 and IAS 8 on the definition of material and is effective for reporting periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

There are no other standards, interpretations and amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Portfolio.

Standards, interpretations of and amendments to published standards that are not yet effective and have not been early adopted by the Portfolio
At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not effective at the date of the statement of financial position, and which the Portfolio has not early adopted. The Portfolio has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

Amendments to IAS 1, Presentation of financial statements on classification of liabilities, (effective for annual periods beginning on or after January 1, 2022). The narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, 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 where it refers to the 'settlement' of a liability.

There are no other standards, interpretations and amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Portfolio.

(b) Redeemable Units
The Portfolio issues units which are redeemable at the holder's option and are classified as financial liabilities. Redeemable units can be put back to the Portfolio at any time for cash equal to a proportionate share of the Portfolio's net asset value. The redeemable units are carried at the redemption amount that is payable (prior to deduction of any applicable fees and charges) at the statement of financial position date if the holder exercises the right to put the units back to the Portfolio.

Redeemable units are issued and redeemed at the holder's option at prices based on the Portfolio's net asset value per unit at the time of issue or redemption. The Portfolio's net asset value per unit is calculated by dividing the net assets by the total number of outstanding redeemable units. In accordance with the Trust Deed, investment positions are valued based on the procedures described in note 2(h) for the purpose of determining the net asset value per unit for subscriptions and redemptions.

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(c) 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 Portfolio operates (‘the functional currency’). The financial statements are presented in Jamaican dollars, which is the Portfolio’s functional currency.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary and non-monetary assets and liabilities are recognised in the statement of comprehensive income.

(d) Interest income and interest from financial assets at fair value through profit or loss

Interest income is recognised on a time-proportionate basis using the effective interest method. It includes interest income on cash equivalents and on debt securities at fair value though profit or loss.

(e) Taxation

The Portfolio is domiciled in Jamaica and is exempt from paying corporation taxes under section 12(t) of the Income Tax Act.

(f) Expenses

Expenses are accounted for on an accrual basis and are charged to the statement of comprehensive income. In addition to the management fees, the Portfolio is responsible for the payment of all direct expenses relating to its operations such as audit, legal and professional fees.

(g) Repurchase Agreements

Securities sold under agreements to repurchase(reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the purchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio

Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(h) Financial assets at FVPL

(i) Classification and measurement

Debt instruments
The Portfolio classifies its investments based on both the Portfolio's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis.

The Portfolio is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Where the contractual cash flows of the Portfolio's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Portfolio's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Portfolio commits to purchase or sell the investment. Financial assets at FVPL are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Investment securities are derecognised when the rights to receive cash flows from the investments have expired or the Portfolio has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the statement of comprehensive income in the period in which they arise.

(iii) Fair value estimation (continued)

The fair value of investment securities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The fair value of financial assets that are not traded in an active market is determined using valuation techniques. The Portfolio uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

(i) Receivables
Receivables are carried at cost which approximates the fair value. Management has determined that the ECL on receivables is not material and therefore no provision has been recognised in these financial statements.

(j) Accounts payable
Payables are initially recognised at fair value and are subsequently carried at amortised cost.

3. Financial Risk Management

The Portfolio's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Portfolio's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Portfolio is exposed and seeks to minimise potential adverse effects on the Portfolio's financial performance.

The Portfolio manager, NCB Capital Markets Limited, is ultimately responsible for the establishment and oversight of the Portfolio's risk management framework. The Portfolio manager provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

(a) Credit risk

The Portfolio takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the Portfolio by failing to discharge their contractual obligations.

The main concentration risk to which the Portfolio is exposed arises from investments in debt securities. The Portfolio has a significant concentration in Government of Jamaica securities as shown in note 5.

The maximum exposure to credit risk is as reflected in the statement of financial position.

Credit risk is managed through careful analysis and assessment of borrowers both prior to investment and ongoing monitoring of their financial condition after investment.

None of the Portfolio's debt securities are subject to ECL provisioning as they are measured at FVPL.

(b) Liquidity risk

Liquidity risk is the risk that the Portfolio is unable to meet its payment obligations associated with its financial liabilities when they fall due and demands for encashment of units, when such demands are made. Prudent liquidity risk management implies maintaining sufficient marketable securities, the availability of funding through an adequate amount of committed facilities and the ability to close out market positions.

The Portfolio is exposed to daily cash redemptions by unit holders. The Portfolio's liquidity management process, as carried out within the Portfolio and monitored by the Portfolio manager, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of collateral which could be used to secure funding if required.

(ii) Maintaining a portfolio of highly marketable and liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.

(iii) Optimising returns on investments.

The Portfolio's undiscounted liabilities at period end approximate their carrying amounts as these liabilities bear negligible or no interest. At 30 September 2020, the repurchase agreements and accounts payable of $111,903,000 (2019 - $137,518,000) are due within 30 days and the net assets attributable to unit holders of $101,299,000 (2019 - $123,406,000) are redeemable on demand at the unit holders' option.

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

However, the Portfolio manager does not envisage that the contractual maturity will be representative of the actual cash outflows as holders of units typically retain them for the medium to long term. Additionally, under the terms of the Trust Deed, the Portfolio manager may defer payment for a period of up to three (3) months if, based on the manager's discretion, it is prudent to do so.

(c) Market risk

The Portfolio takes on exposure to market risk, which is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly arises from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. While the profit and loss may be exposed to changes in foreign exchange rates, there is no impact of the net assets attributable to holders of redeemable units. Accordingly, the Portfolio, as a whole, is not exposed to foreign currency risks as all its assets and liabilities are denominated in Jamaican dollars which is the presentation currency..

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Portfolio to cash flow interest risk, whereas fixed interest rate instruments expose the Portfolio to fair value interest risk.

The Portfolio's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets.

The following tables summarise the Portfolio's exposure to interest rate risk. It includes the Portfolio's financial instruments at carrying amounts, categorised by the earlier of contractual interest rate repricing or maturity dates.

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

	2020					
	Within 3 Months	**4 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Non-Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Receivables					8,000	8,000
Investment securities including pledged assets	178,032	-	26,562	-	608	205,202
Total financial assets	178,032	-	26,562	-	8,608	213,202
Liabilities						
Repurchase agreements	111,825	-	-	-	78	111,903
Total Financial Liabilities	111,825	-	-	-	78	111,903
Total interest repricing gap	66,207	-	26,562	-	8,530	101,299

	2019					
	Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Non-Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Receivables	-		-		2,990	2,990
Investment securities including pledged assets	198,053	31,750	27,182	-	949	257,934
Total financial assets	198,053	31,750	27,182	-	3,939	260,924
Liabilities						
Accounts payable					2,882	2,882
Repurchase agreements	134,548				88	134,636
Total financial liabilities	134,548	-	-	-	2,970	137,518
Total interest repricing gap	63,505	31,750	27,182	-	969	123,406

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

The table below summarises the effective interest rates at 30 September by major currencies for financial instruments of the Portfolio.

	2020		2019	
	J$	**US$**	**J$**	**US$**
	%	%	%	%
Assets				
Investment securities	3.30	-	2.83	-
Liabilities				
Repurchase agreements	1.63	1.50	2.01	-

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the net assets attributable to holders of redeemable units.

The sensitivity of the increase or decrease in net assets attributable to holders of redeemable units for the period is the effect of the assumed changes in interest rates on:
- The net interest income based on the floating rate financial assets held at the end of the reporting period;
- Changes in the fair value in investment securities based on revaluing fixed rate investments at the end of the reporting period.

	Sensitivity of interest income	Sensitivity of changes in fair value	Sensitivity of interest income	Sensitivity of changes in fair value
	2020	**2020**	**2019**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Change in basis points:				
-100 bps for both JMD and USD (2019: -100 and -100 bps for JMD and USD respectively)	(1,186)	233	(1,319)	534
+100 bps for both JMD and USD (2019: +100 bps for both JMD and USD)	1,186	(229)	1,319	(523)

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio

Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(d) Capital management

The capital of the Portfolio is represented by the net assets attributable to holders of redeemable units. The amount of net assets attributable to holders of redeemable units can change significantly as the Portfolio is subject to subscriptions and redemptions at the discretion of unit holders, as well as changes resulting from the Portfolio's performance. The Portfolio's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for unit holders and maintain a strong capital base to support the development of the investment activities of the Portfolio.

The Portfolio is not subject to any externally imposed capital requirements.

(e) Fair value of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at year end. The quoted market price used for financial assets held by the Portfolio is the current bid price.

The financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

All investment securities are classified in Level 2.

The fair value of financial instruments that are traded in an active market is determined by using valuation techniques. The Portfolio uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used for quoted debt securities.

3. Financial Risk Management (Continued)

(e) Fair value of financial instruments

Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The following methods and assumptions have been used:

(i) Investment securities classified as financial assets at fair value through profit or loss are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, then fair values estimated on the basis of pricing models or other recognised valuation techniques.

(ii) The fair value of liquid assets and other assets maturing within three months is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short term elements of all other financial instruments.

(ii) The fair value of variable rate financial instruments is assumed to approximate their carrying value.

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

4. Related Party Transactions and Balances

Parties are considered related if, among other things, one party has the ability to control the other party or exercises significant influence over the other party in making financial or operating decisions.

(a) The statement of comprehensive income includes the following income and expenses from transactions with NCB Capital Markets Limited, its parent and fellow subsidiaries:

	2020	2019
	$'000	$'000
Investment management fees	2,354	2,275
Interest Expense	2,611	-

(b) The statement of financial position includes the following balances with NCB Capital Markets Limited, its parent and fellow subsidiaries:

	2020	2019
	$'000	$'000
Payables	-	2,882
Repurchase agreement (Note 7)	111,903	134,636

	2020	2019
	$'000	$'000
(c) Net assets attributable to units held by NCB Capital Markets Limited, its parent and fellow subsidiaries	43,021	41,301

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

5. Investment Securities

	2020 $'000	2019 $'000
Government of Jamaica, at fair value through profit or loss	174,594	175,235
Corporate, at fair value through profit or loss	30,000	81,750
	204,594	256,985
Interest receivable	608	949
	205,202	257,934
Less pledged assets (Note 6)	(117,416)	(141,276)
Total	87,786	116,658

The contractual maturity of the investment securities is as follows:

2020				
Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
$'000	$'000	$'000	$'000	$'000
178,374	-	26,828	-	205,202

2019				
Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
$'000	$'000	$'000	$'000	$'000
198,441	32,050	27,442	-	257,934

6. Pledged Assets

These are fair value through profit or loss investments pledged as collateral for repurchase agreements (Note 7).

7. Repurchase Agreements

Repurchase agreements with carrying value of $111,903,000 (2019 - $134,636,000) are collateralised by certain securities and other instruments held by the Portfolio (Note 5). Included within repurchase agreements is related accrued interest payable of $78,500 (2019 - $88,120). Repurchase agreements include balances with related parties as set out in Note 4.

8. Accounts Payable

	2020 $'000	2019 $'000
Management fees	-	2,882

9. Redeemable Units

Each redeemable unit entitles its holder to an equal pro rata share in any distributions of net income or gains of the Portfolio and participates equally in all other respects. The Trustee may at any time, and shall at the request of unit holders holding not less than one-tenth of the units in issue, convene a meeting of unit holders. At such meetings, unit holders are entitled to one vote per unit held. The Manager of the Portfolio is entitled to receive notice of and attend meetings of unit holders but is not entitled to vote. All matters are decided by a resolution passed by a simple majority of the total number of votes cast at meetings of unit holders, except for those expressly requiring an extraordinary resolution (a resolution passed by a majority of at least 75%) under the Trust Deed.

Unit holders are entitled to transfer, redeem for cash, or convert to other portfolios their units subject to provisions of the Trust Deed. The Manager has the power to suspend determination of value of the Portfolio and the redemption or conversion of units in exceptional circumstances such as the restriction/suspension of dealings on or closure of a stock exchange on which a substantial portion of the investment of the Portfolio is quoted or any state of affairs in which the disposal or valuation of assets owned by the Trust would be impracticable.

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Financial Statements
30 September 2020

Independent auditor's report

To the Members of NCB Capital Markets Limited Unit Trust Scheme JMD Money Market Portfolio

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of NCB Capital Markets Limited Unit Trust Scheme JMD Money Market Portfolio (the Portfolio) as at 30 September 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Portfolio's financial statements comprise:

- the statement of financial position as at 30 September 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to holders of redeemable units for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 Portfolio in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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T: (876) 922 6230, F: 876) 922 7581, www.pwc.com/jm

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view 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 Portfolio'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 Portfolio or to cease operations, or has no realistic alternative but to do so.

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 Portfolio'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 Portfolio'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 Portfolio 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.

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
30 December 2020

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Statement of Comprehensive Income
Year ended 30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

	2020 $'000	2019 $'000
Income		
Interest income	706,153	651,067
Interest expense	(37)	(55)
Net interest income	706,116	651,012
Other income	-	-
Net foreign exchange (losses)/ gains /and changes in fair value of investment securities	(1,509)	(6,318)
	704,607	644,694
Expenses		
Investment management fees	300,853	272,792
Trustee fees	6,183	6,484
Irrecoverable general consumption tax	49,149	46,851
Other operating expenses	4,486	4,323
	360,671	330,450
Increase in net assets attributable to holders of redeemable units from operations	343,936	314,244

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Statement of Financial Position

30 September 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
ASSETS			
Loans receivable	5	353,228	110,545
Reverse repurchase agreements	6	615,232	2,229,692
Investment securities	7	12,851,991	12,334,826
Receivables		234,910	1,268
		14,055,361	14,676,331
LIABILITY			
Liability (excluding net assets attributable to holders of redeemable units)			
Accounts payable	8	47,194	40,216
		47,194	40,216
Net assets attributable to holders of redeemable units	9	14,008,167	14,636,115
		14,055,361	14,676,331
Net Asset Value Per Unit ($)		13.38	13.02

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 December 2020 and signed on its behalf by:

Dennis Cohen, Director

Steven Gooden, Director

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

Year ended 30 September 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of Units	Net Assets Attributable to Holders of Redeemable Units
		'000	'000
Net assets attributable to holders of redeemable units at the end of the year 30 September 2018		1,194,560	15,224,959
Proceeds from redeemable units issued		141,760	1,822,025
Redemption of redeemable units		(212,300)	(2,725,113)
Net decrease from redeemable unit transactions		(70,540)	(903,088)
		1,124,020	14,321,871
Increase in net assets attributable to holders of redeemable units from operations		-	314,244
Net assets attributable to holders of redeemable units at the end of the year 30 September 2019	9	1,124,020	14,636,115
Proceeds from redeemable units issued		82,307	1,084,125
Redemption of redeemable units		(159,720)	(2,056,009)
Net decrease from redeemable unit transactions		(77,413)	(971,884)
		1,046,607	13,664,231
Increase in net assets attributable to holders of redeemable units from operations		-	343,936
Net assets attributable to holders of redeemable units at the end of the year 30 September 2020	9	1,046,607	14,008,167

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Statement of Cash Flows
Year ended 30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

	2020 $'000	2019 $'000
Cash Flows from Operating Activities		
Increase in net assets attributable to holders of redeemable units from operations	343,936	314,244
Adjustment for:		
Interest income	(706,153)	(651,067)
Interest expense	37	55
Net foreign losses and change in fair value of investment securities	1,509	6,318
	(360,671)	(330,450)
Changes in operating assets and liability		
Investment securities	(477,846)	2,589,644
Loans receivable	(242,683)	55,284
Receivables	(233,642)	(1,268)
Accounts payable	6,978	(82,789)
	(1,307,864)	2,230,421
Interest received	664,865	652,104
Interest paid	423	(55)
Net cash (used in)/ provided by operating activities	(642,576)	2,882,470
Cash flows from Financing Activities		
Proceeds from redeemable units issued	1,084,125	1,822,025
Redemption of redeemable units	(2,056,009)	(2,725,113)
Net cash used in by financing activities	(971,884)	(903,088)
Net decrease in cash equivalents	(1,614,460)	1,979,382
Cash equivalents at beginning of year	2,229,692	250,310
Cash equivalents at end of year	615,232	2,229,692
Comprising:		
Reverse repurchase agreements	615,232	2,229,692

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

The NCB Capital Markets Limited Unit Trust Scheme was constituted as a diversified unit trust scheme by a Trust Deed and was registered on 1 August 2012 in Kingston, Jamaica by the Financial Services Commission (FSC).

MF&G Asset Management Limited, with registered office at 21 East Street, Kingston, Jamaica, is the appointed Trustee and NCB Capital Markets Limited, with registered office at 32 Trafalgar Road, Kingston 10, Jamaica, is the Manager of the Scheme.

In accordance with the Trust Deed, various portfolios comprising segregated pools of assets have been established by the Trustee for the benefit of unit holders of a particular class. These financial statements relate to the operations of the NCB Capital Markets Limited Unit Trust Scheme – JMD Money Market Portfolio ("the Portfolio") which was established in November 2013.

The investment objective of the Portfolio is to earn the highest level of income consistent with capital preservation and liquidity by investing primarily in Jamaican dollar money market instruments.

2. Significant Accounting Policies

Standards, interpretations and amendments to published standards that are effective in the current year

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), and have been prepared under the historical cost convention as modified by the revaluation of certain financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates.

Certain new and amended standards and interpretations to existing standards have been published that became effective during the current financial year. The Portfolio has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following standard is relevant to its operations:

Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation and modification of financial liabilities (effective for reporting periods beginning on or after 1 January 2020). This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without the modification resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. This amendment did not result in any impact on the Portfolio as it has no financial assets that were prepaid before maturity or any financial liabilities that are designated at fair value through profit or loss.

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are effective in the current year (continued)

Amendments to IAS 1 and IAS 8 on the definition of material and is effective for reporting periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

There are no other standards, interpretations and amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Portfolio.

Standards, interpretations of and amendments to published standards issued but not yet effective and have not been early adopted by the Portfolio

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not effective at the date of the statement of financial position, and which the Portfolio has not early adopted. The Portfolio has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

Amendments to IAS 1, Presentation of financial statements on classification of liabilities, (effective for annual periods beginning on or after January 1, 2022). The narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, 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 where it refers to the 'settlement' of a liability.

There are no other standards, interpretations and amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Portfolio.

(b) Redeemable Units

The Portfolio issues units which are redeemable at the holder's option and are classified as financial liabilities. Redeemable units can be put back to the Portfolio at any time for cash equal to a proportionate share of the Portfolio's net asset value. The redeemable units are carried at the redemption amount that is payable (prior to deduction of any applicable fees and charges) at the statement of financial position date if the holder exercises the right to put the units back to the Portfolio.

Redeemable units are issued and redeemed at the holder's option at prices based on the Portfolio's net asset value per unit at the time of issue or redemption. The Portfolio's net asset value per unit is calculated by dividing the net assets by the total number of outstanding redeemable units. In accordance with the Trust Deed, investment positions are valued based on the procedures described in note 2(h)(iii) for the purpose of determining the net asset value per unit for subscriptions and redemptions.

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(c) 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 Portfolio operates (‘the functional currency’). The financial statements are presented in Jamaican dollars, which is the Portfolio’s functional currency.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary and non-monetary assets and liabilities are recognised in the statement of comprehensive income.

(d) Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method. It includes interest income on loan receivables, cash equivalents and on debt securities at fair value though profit or loss.

(e) Taxation

The Portfolio is domiciled in Jamaica and is exempt from paying corporation taxes under section 12(t) of the Income Tax Act.

(f) Expenses

Expenses are accounted for on an accrual basis and are charged to the statement of comprehensive income. In addition to the management fees, the Portfolio is responsible for the payment of all direct expenses relating to its operations such as audit, legal and professional fees.

(g) Repurchase and reverse repurchase agreements

Securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. Repurchase agreements are measured at amortised cost. The difference between the purchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

The impact of the new impairment model under IFRS 9 on reverse repurchase agreements has been considered by management. The consideration included the identification of the credit risk associated with the counterparties. The amount of ECL calculated was deemed immaterial and no adjustment was made to the net assets attributable of holders of redeemable units as at 1 October 2019.

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

Significant Accounting Policies (Continued)

(h) Financial assets at FVPL

(i) Classification and measurement
The Portfolio classifies its investments based on both the Portfolio's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Portfolio is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The contractual cash flows of the Portfolio's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Portfolio's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

(ii) Recognition, derecognition and measurement
Regular purchases and sales of investments are recognised on the trade date – the date on which the Portfolio commits to purchase or sell the investment. Financial assets at FVPL are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Investment securities are derecognised when the rights to receive cash flows from the investments have expired or the Portfolio has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at FVPL are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the statement of comprehensive income in the period in which they arise.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of investment securities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The fair value of financial assets that are not traded in an active market is determined using valuation techniques. The Portfolio uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

(i) Receivables
Receivables are carried at cost which approximates the fair value. Management has determined that the ECL on receivables is not material and therefore no provision has been recognised in these financial statements.

(j) Cash equivalents
For the purpose of the statement of cash flows, cash equivalents comprise short-term highly liquid investments with original maturities of three months or less.

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

2. Significant Accounting Policies (Continued)

(k) Accounts payable

Payables are initially recognised at fair value and are subsequently carried at amortised cost.

(l) Loans receivable

Loans are stated net of any allowance for credit losses. Loans and advances are recognised when cash is advanced to borrowers. They are initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method.

Impairment

Under IFRS 9 the Portfolio applies an impairment model that recognises expected credit losses ("ECL") on financial assets measured at amortised cost which were previously provided for under IAS 39, using an incurred loss model.

At initial recognition, an allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECL resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) ('12-month ECL').

In the event of a significant increase in credit risk (SICR) an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a SICR are in 'stage 2'; and financial assets for which there is objective evidence of impairment and are therefore considered to be in default or otherwise credit-impaired are in stage 3'.

To determine whether the life-time credit risk has increased significantly since initial recognition, the Portfolio considers reasonable and supportable information that is available, including information from the past as well as forward-looking information. Factors such as whether payments of principal and interest are in delinquency, an adverse change in credit rating of the borrower and adverse changes in the borrower's industry and economic environment are considered in determining whether there has been a SICR of the borrower.

Definition of default

The Portfolio determines that a financial instrument is in default, credit-impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- contractual payments of either principal or interest are past due for 60 days or more;
- there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- the financial asset is otherwise considered to be in default.

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is greater than 60 days past due.

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(l) Loans receivable (continued)

Write-offs

Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, write offs generally occur after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

Impairment

Recognition and Measurement of ECL

The general approach to recognising and measuring 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.

Expected credit losses are calculated by multiplying the following three main components:

- The probability of default (“PD”)
- The loss given default (“LGD”) and
- The exposure at default (“EAD”), discounted at the original effective interest rate.

Management has calculated these inputs based on the estimated forward looking economic and historical experience of the portfolios adjusted for the current point in time. A simplified approach to calculating the ECL is applied to other receivables which do not contain a significant financing component. Generally, these receivables are due within 12 months unless there are extenuating circumstances. Under this approach, an estimate is made of the life-time ECL on initial recognition.

The Portfolio’s loans receivable are fully collateralised by units in the Portfolio and other NCB products which have been hypothecated. The Portfolio therefore estimates an LGD of nil, which results in no ECL being recognised on the Portfolio’s loans receivable. No ECL’s were recognised on adoption of IFRS 9 based on the LGD’s then also being nil.

3. Financial Risk Management

The Portfolio’s activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Portfolio’s overall risk management programme seeks to maximise the returns derived for the level of risk to which the Portfolio is exposed and seeks to minimise potential adverse effects on the Portfolio’s financial performance.

The Portfolio manager, NCB Capital Markets Limited, is ultimately responsible for the establishment and oversight of the Portfolio’s risk management framework. The Portfolio manager provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management

(a) Credit risk
The Portfolio takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the Portfolio by failing to discharge their contractual obligations.

The main concentration risk to which the Portfolio is exposed arises from loans, investments in debt securities and reverse repurchase agreements. The Portfolio has a significant concentration in Government of Jamaica and corporate debt securities (2019 – Government of Jamaica securities) as shown in note 7. All reverse repurchase agreements are invested with NCB Capital Markets Limited. The maximum exposure to credit risk equals the carrying amounts of loans receivable, reverse repurchase agreements and investment securities as shown on the statement of comprehensive income.

Credit risk is managed through careful analysis and assessment of borrowers both prior to investment and ongoing monitoring of their financial condition after investment.

None of the Portfolio's debt securities is subject to ECL provisioning. The ECL's on reverse repurchase agreements were deemed immaterial.

(b) Liquidity risk
Liquidity risk is the risk that the Portfolio is unable to meet its payment obligations associated with its financial liabilities when they fall due and demands for encashment of units, when such demands are made. Prudent liquidity risk management implies maintaining sufficient marketable securities, the availability of funding through an adequate amount of committed facilities and the ability to close out market positions.

The Portfolio is exposed to daily cash redemptions by unit holders. The Portfolio's liquidity management process, as carried out within the Portfolio and monitored by the Portfolio manager, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of collateral which could be used to secure funding if required.

(ii) Maintaining a portfolio of highly marketable and liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.

(iii) Optimising returns on investments.

The Portfolio's undiscounted liabilities at year end approximate their carrying amounts as these liabilities bear negligible or no interest. At 30 September 2020, the accounts payable of $47,194,000 (2019 - $40,216,000) are due within 30 days and the net assets attributable to unit holders of $14,008,000 (2019 -$14,636,115,000) are redeemable on demand at the unit holders' option. The Portfolio manager, however does not envisage that the contractual maturity will be representative of the actual cash outflows as holders of units typically retain them for the medium to long term. Additionally, under the terms of the Trust Deed, the Portfolio manager may defer payment for a period of up to three (3) months if, based on the manager's discretion, it is prudent to do so.

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk

The Portfolio takes on exposure to market risk, which is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly arises from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Portfolio is exposed to foreign currency risk from its holdings of Jamaican dollar denominated investment securities that are indexed to the United States Dollar, with a carrying value of $1,198,348,000 (2019 - $1,023,649,000).

Management estimates that reasonably possible changes in the exchange rate are a devaluation of the Jamaican dollar of 2% (2019 – 4%) or a revaluation of the USD dollar of 6% (2019 – 6 %). Should such a devaluation or revaluation occur, the net assets attributable to holders of redeemable units would decrease by $23,967,000 (2019 – $40,946,000), or would increase by $71,901,000 (2019 - $61,419,000), respectively.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Portfolio to cash flow interest risk, whereas fixed interest rate instruments expose the Portfolio to fair value interest risk.

The Portfolio's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets.

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Market risk (continued)

Interest rate risk (continued)

The following tables summarise the Portfolio's exposure to interest rate risk. It includes the Portfolio's financial instruments at carrying amounts, categorised by the earlier of contractual interest rate repricing or maturity dates.

	2020					
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Assets						
Loans receivable	1,850	23,373	327,804	-	201	353,228
Reverse repurchase agreements	615,000	-	-	-	232	615,232
Investment securities	3,036,748	2,858,180	5,554,085	1,278,958	124,020	12,851,991
Receivables	-	-	-	-	234,910	234,910
Total financial assets	3,253,598	2,881,553	5,881,889	1,278,958	359,363	14,055,361
Liabilities						
Accounts payable	-	-	-	-	47,194	47,194
Total financial liabilities	-	-	-	-	47,194	47,194
Total interest repricing gap	3,653,598	2,881,553	5,881,889	1,278,958	312,169	14,008,167

	2019					
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Assets						
Loans receivable	185	499	90,477	19,224	160	110,545
Reverse repurchase agreements	2,229,000	-	-	-	692	2,229,692
Investment securities	3,649,700	1,072,582	5,662,036	1,828,407	122,101	12,334,826
Receivables					1,268	1,268
Total financial assets	5,878,885	1,073,081	5,752,513	1,847,631	124,221	14,676,331
Liabilities						
Accounts payable	-	-	-	-	40,216	40,216
Total financial liabilities	-	-	-	-	40,216	40,216
Total interest repricing gap	5,878,885	1,073,081	5,752,513	1,847,631	84,005	14,636,115

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

The table below summarises the effective interest rates at 30 September by major currencies for financial instruments of the Portfolio.

	2020		2019	
	J$	US$	J$	US$
	%	%	%	%
Investment securities	5.20	6.46	4.95	8.86
Loans	7.68	-	10.59	-
Reverse repurchase agreements	0.99	-	1.64	-

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the net assets attributable to holders of redeemable units.

The sensitivity of the increase or decrease in net assets attributable to holders of redeemable units for the period is the effect of the assumed changes in interest rates on:

- The net interest income based on the floating rate financial assets held at the end of the reporting period;
- Changes in the fair value in investment securities based on revaluing fixed rate investments at the end of the reporting period.

	Sensitivity of interest income	Sensitivity of changes in fair value	Sensitivity of interest income	Sensitivity of changes in fair value
	2020	2020	2019	2019
	$'000	$'000	$'000	$'000
Change in basis points:				
-100 bps JMD and USD (2019: -100 and -50 bps for JMD and USD respectively)	(16,245)	145,731	(20,836)	37,234
+100 bps for both JMD and USD (2019: +100 bps)	16,245	(139,708)	20,836	(31,189)

(d) Capital Management

The capital of the Portfolio is represented by the net assets attributable to holders of redeemable units. The amount of net assets attributable to holders of redeemable units can change significantly as the Portfolio is subject to subscriptions and redemptions at the discretion of unit holders, as well as changes resulting from the Portfolio's performance. The Portfolio's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for unit holders and maintain a strong capital base to support the development of the investment activities of the Portfolio.

The Portfolio is not subject to any externally imposed capital requirements.

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at year end. The quoted market price used for financial assets held by the Portfolio is the current bid price.

The financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

The following tables present the Portfolio's assets that are measured at fair value. There are no liabilities that are measured at fair value at the year end, and the Portfolio had no instruments classified in Level 3 during the prior period.

	2020			
At 30 September	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investment securities –				
GOJ debt securities	-	5,829,012	-	5,829,012
Unquoted equities	-	-	600,000	600,000
Corporate debt securities	-	6,258,136	164,843	6,422,979
	-	12,087,148	764,843	12,851,991

	2019			
At 30 September	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investment securities –				
GOJ debt securities	-	6,543,633	-	6,543,633
Unquoted debt securities	-	-	150,000	150,000
Corporate debt securities	-	5,641,193	-	5,641,193
	-	12,184,826	150,000	12,334,826

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value of financial instruments (continued)

The fair value of financial instruments that are traded in an active market is determined by using valuation techniques. The Portfolio uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used for quoted debt securities. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The following methods and assumptions have been used:

(i) Investment securities classified as financial assets at FVPL are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, then fair values estimated on the basis of pricing models or other recognised valuation techniques.

(ii) The fair value of liquid assets and other assets maturing within three months is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short term elements of all other financial instruments.

(iii) The fair value of variable rate financial instruments is assumed to approximate their carrying value.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The movement in financial assets classified as Level 3 during the year was as follows:

	2020 $'000	**2019 $'000**
At start of year	150,000	150,000
Additions	614,843	-
At end of year	764,843	150,000

Sensitivity analysis
The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements.

	2020		
Description	**Unobservable input $'000**	**Change in basis points**	**Change in fair value $'000**
Corporate debt securities	Risk Premium	USD -100	6,406
		USD +100	(3,1438)

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NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value of financial instruments (continued)

Sensitivity analysis (continued)

	2019		
Description	**Unobservable input $'000**	**Change in basis points**	**Change in fair value $'000**
Corporate debt securities	Risk Premium	USD -50	3,203
		USD +50	(1,569)

4. Related Party Transactions and Balances

Parties are considered related if, among other things, one party has the ability to control the other party or exercises significant influence over the other party in making financial or operating decisions.

(a) The statement of comprehensive income includes the following income and expenses from transactions with NCB Capital Markets Limited:

	2020	2019
	$'000	$'000
Investment management fees	300,853	272,792
Interest income	21,370	18,163

(b) The statement of financial position includes the following balances with NCB Capital Markets Limited, its parent and fellow subsidiaries:

	2020 $'000	2019 $'000
Payables	28,394	27,135
Reverse repurchase agreements	615,232	2,229,692

	2020 $'000	2019 $'000
(c) Net Assets attributable to units held by NCB Capital Markets Limited, its parent and fellow subsidiaries at 30 September	314,314	298,529

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

5. Loans Receivable

	2020 $'000	2019 $'000
Due from unit trust holders	353,027	110,385
Interest receivable	201	160
	353,228	110,545
Loan receivables net of expected credit losses	353,228	110,545

This represents an asset-based loan product (NCBCM CAPLoan). NCBCM CAPLoan is collateralised by the units held by the unit trust holders and other NCB products which have been hypothecated.

6. Reverse Repurchase Agreements

The Portfolio enters into collateralised reverse repurchase agreements which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. Included within reverse repurchase agreements is related accrued interest receivable of $231,700 (2019 - $691,700).

At 30 September 2020, the Portfolio held $645,750,000 (2019 - $2,340,450,000) of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements. All of these securities held as collateral can be sold or repledged.

All reverse repurchase agreements have original maturities of less than 90 days. Accordingly, for the purposes of the statement of cash flows, they are all classified as cash equivalents.

7. Investment Securities

	2020 $'000	2019 $'000
At FVPL		
Government of Jamaica	4,928,310	6,468,037
Unquoted debt securities	600,000	150,000
Corporate debt securities	7,199,661	5,594,688
	12,727,971	12,212,725
Interest receivable	124,020	122,101
	12,851,991	12,334,826

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

7. Investment Securities (Continued)

The contractual maturity of the investment securities is as follows:

2020				
Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
$'000	$'000	$'000	$'000	$'000
2,457,590	2,879,840	6,226,597	1,287,964	12,851,991

2019				
Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
$'000	$'000	$'000	$'000	$'000
3,682,389	1,081,062	5,696,447	1,874,928	12,334,826

8. Accounts Payable

	2020 $'000	2019 $'000
Management fees	28,394	27,135
Other	18,800	13,081
	47,194	40,216

9. Redeemable Units

Each redeemable unit entitles its holder to an equal pro rata share in any distributions of net income or gains of the Portfolio and participates equally in all other respects. The Trustee may at any time, and shall at the request of unit holders holding not less than one-tenth of the units in issue, convene a meeting of unit holders. At such meetings, unit holders are entitled to one vote per unit held. The Manager of the Portfolio is entitled to receive notice of and attend meetings of unit holders but is not entitled to vote. All matters are decided by a resolution passed by a simple majority of the total number of votes cast at meetings of unit holders, except for those expressly requiring an extraordinary resolution (a resolution passed by a majority of at least 75%) under the Trust Deed.

Unit holders are entitled to transfer, redeem for cash, or convert to other portfolios their units subject to provisions of the Trust Deed. The Manager has the power to suspend determination of value of the Portfolio and the redemption or conversion of units in exceptional circumstances such as the restriction/suspension of dealings on or closure of a stock exchange on which a substantial portion of the investment of the Portfolio is quoted or any state of affairs in which the disposal or valuation of assets owned by the Trust would be impracticable.

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio

Financial Statements
30 September 2020

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Index
30 September 2020

Independent auditor's report

To the Members of NCB Capital Markets Limited Unit Trust Scheme USD Bond Portfolio

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of NCB Capital Markets Limited Unit Trust Scheme USD Bond Portfolio (the Portfolio) as at 30 September 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Portfolio's financial statements comprise:

- the statement of financial position as at 30 September 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to holders of redeemable units for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 Portfolio in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: 876) 922 7581, www.pwc.com/jm

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view 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 Portfolio'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 Portfolio or to cease operations, or has no realistic alternative but to do so.

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 Portfolio'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 Portfolio'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 Portfolio 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.

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
30 December 2020

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio

Statement of Comprehensive Income

Year ended 30 September 2020

(expressed in United States dollars unless otherwise indicated)

	2020 $'000	2019 $'000
Income		
Interest income	1,154	1,666
Interest expense	(56)	(18)
	1,098	1,648
Gains on sale of investments	63	95
(Losses)/gains from investment activities	(2,073)	870
	(912)	2,613
Expenses		
Investment management fees	561	542
Trustee fees	11	12
Irrecoverable general consumption tax	92	93
Audit fees	6	6
Other operating expenses	2	2
	672	655
Operating (loss)/profit	(1,585)	1,958
Other Comprehensive Income		
Items that may be reclassified to the profit and loss in subsequent years		
Exchange gain on translation from functional currency	1,884	6
Total Other Comprehensive Income	1,884	6
Increase in net assets attributable to holders of redeemable units from operations	299	1,964

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio

Statement of Financial Position
30 September 2020
(expressed in United States dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
ASSETS			
Receivables		1,420	2,962
Investment securities	6	24,635	24,121
Pledged asset	7	1,575	2,285
		27,630	29,368
LIABILITIES			
Liabilities (excluding net assets attributable to holders of redeemable units)			
Repurchase agreement	5	1,501	2,515
Accounts payable	8	28	-
Net assets attributable to holders of redeemable units	9	26,101	26,853
		27,630	29,368
Net Asset Value Per Unit ($)		1.22	1.21

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 December 2020 and signed on its behalf by:

Dennis Cohen — Director

Steven Gooden — Director

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
Year ended 30 September 2020
(expressed in United States dollars unless otherwise indicated)

	Note	Number of Units '000	Net Assets Attributable to Holders of Redeemable Units $'000
Net assets attributable to holders of redeemable units at 30 September 2018		24,679	27,531
Proceeds from redeemable units issued		1,721	2,110
Redemption of redeemable units		(4,173)	(4,752)
Net decrease from redeemable unit transactions		(2,452)	(2,642)
		22,227	24,889
Increase in net assets attributable to holders of redeemable units from operations		-	1,964
Net assets attributable to holders of redeemable units at 30 September 2019	9	22,227	26,859
Proceeds from redeemable units issued		1,910	2,315
Redemption of redeemable units		(2,804)	(3,372)
Net decrease from redeemable unit transactions		(894)	(1,057)
		21,334	25,802
Increase in net assets attributable to holders of redeemable units from operations		-	299
Net assets attributable to holders of redeemable units at 30 September 2020	9	21,334	26,101

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Statement of Cash Flows
Year ended 30 September 2020
(expressed in United States dollars unless otherwise indicated)

	2020 $'000	2019 $'000
Cash Flows from Operating Activities		
Operating (loss)/profit	(1,585)	1,958
Adjustment for:		
Interest income	(1,154)	(1,666)
Interest expense	56	18
Net losses/(gains) on investment securities	2,073	(870)
	(610)	(560)
Changes in operating assets and liabilities		
Receivables	1,542	(2,962)
Investment securities	(52)	127
Repurchase agreement	(1,014)	2,515
Accounts payable	28	(297)
	(106)	(1,177)
Interest received	1,217	1,592
Interest paid	(54)	(19)
Net cash provided by operating activities	1,057	396
Cash Flows from Financing Activities		
Proceeds from redeemable units issued	2,315	2,110
Redemption of redeemable units	(3,372)	(4,752)
Net cash used in financing activities	(1,057)	(2,642)
Net decrease in cash and cash equivalents	-	(2,246)
Cash and cash equivalents at beginning of year	-	2,246
Cash and cash equivalents at end of year	-	-

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in United States dollars unless otherwise indicated)

1. Identification and Activities

The NCB Capital Markets Limited Unit Trust Scheme was constituted as a diversified unit trust scheme by a Trust Deed and was registered on 1 August 2012 in Kingston, Jamaica by the Financial Services Commission.

MF&G Asset Management Limited, with registered office at 21 East Street, Kingston, Jamaica, is the appointed Trustee and NCB Capital Markets Limited, with registered office at 32 Trafalgar Road, Kingston 10, Jamaica, is the Manager of the Scheme.

In accordance with the Trust Deed, various portfolios comprising segregated pools of assets have been established by the Trustee for the benefit of unit holders of a particular class. These financial statements relate to the operations of the NCB Capital Markets Limited Unit Trust Scheme – USD Bond Portfolio ("the Portfolio") which was established in October 2014.

The investment objective of the Portfolio is to generate a stable level of income and capital appreciation by investing in high yielding medium to long term United States dollar denominated sovereign and corporate debt instruments.

2. 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) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates.

Standards, interpretations and amendments to published standards effective during the current year

The following amendments to existing standards became effective during the financial year and are deemed to be relevant to the Portfolio's operations:

Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation and modification of financial liabilities (effective for reporting periods beginning on or after 1 January 2020). This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without the modification resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. This amendment did not result in any impact on the Portfolio as it has no financial assets that were prepaid before maturity or any financial liabilities that are designated at fair value through profit or loss.

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued

Standards, interpretations and amendments to published standards effective during the current year (continued)

Amendments to IAS 1 and IAS 8 on the definition of material and is effective for reporting periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

There are no other standards, interpretations and amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Portfolio.

Standards, interpretations of and amendments to published standards that are not yet effective and have not been early adopted by the Portfolio

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not effective at the date of the statement of financial position, and which the Portfolio has not early adopted. The Portfolio has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

Amendments to IAS 1, Presentation of financial statements on classification of liabilities, (effective for annual periods beginning on or after January 1, 2022). The narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, 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 where it refers to the 'settlement' of a liability.

There are no other standards, interpretations and amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Portfolio.

(b) Redeemable units

The Portfolio issues units which are redeemable at the holder's option and are classified as financial liabilities. Redeemable units can be put back to the Portfolio at any time for cash equal to a proportionate share of the Portfolio's net asset value. The redeemable units are carried at the redemption amount that is payable (prior to deduction of any applicable fees and charges) at the statement of financial position date if the holder exercises the right to put the units back to the Portfolio.

Redeemable units are issued and redeemed at the holder's option at prices based on the Portfolio's net asset value per unit at the time of issue or redemption. The Portfolio's net asset value per unit is calculated by dividing the net assets by the total number of outstanding redeemable units. In accordance with the Trust Deed, investment positions are valued based on the procedures described in note 2(h)(iii) for the purpose of determining the net asset value per unit for subscriptions and redemptions.

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(c) 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 Portfolio operates, the Jamaican dollar ('the functional currency'). The presentation currency is the United Stated (US) dollar as it is considered by management that the presentation in US dollars is convenient for the current and potential users of the financial statements, particularly since all transactions including the purchase and redemption of redeemable units are conducted in US dollars.

(ii) Transactions and balances

The translation from functional currency into presentation currency is done as follows:

- Assets and liabilities for the statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- Income and expenses for the statement of comprehensive income are translated at the average exchange rates for the year; and
- All resulting exchange differences are recognised in other comprehensive income.

(d) Interest income and interest from financial assets at fair value through profit or loss

Interest income is recognised on a time-proportionate basis using the effective interest method. It includes interest income on cash equivalents and on debt securities at fair value though profit or loss.

(e) Taxation

The Portfolio is domiciled in Jamaica and is exempt from paying corporation taxes under section 12(t) of the Income Tax Act.

(f) Expenses

Expenses are accounted for on an accrual basis and are charged to the statement of comprehensive income. In addition to the management fees, the Portfolio is responsible for the payment of all direct expenses relating to its operations such as audit, legal and professional fees.

(g) Reverse repurchase agreements and repurchase agreements

Securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. Repurchase agreements are measured at amortised cost. The impact of the new impairment model has also been reviewed. This analysis required the identification of the credit risk associated with the counterparties. Changes in accounting policy resulting from adoption has been applied retrospectively as at 1 October 2019, but with no restatement of comparative information for prior years. The amount calculated was deemed immaterial and no adjustment was made to the opening retained earnings. The difference between the purchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

Securities sold under agreements to repurchase (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the purchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio

2. Significant Accounting Policies (Continued)

(h) Financial assets at FVPL

(i) Classification and measurement

Debt instruments
The Portfolio classifies its investments based on both the Portfolio's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Portfolio is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Where the contractual cash flows of the Portfolio's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Portfolio's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Portfolio commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Investment securities are derecognised when the rights to receive cash flows from the investments have expired or the Portfolio has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at FVPL are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the statement of comprehensive income in the period in which they arise.

(ii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of investment securities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The fair value of financial assets that are not traded in an active market is determined using valuation techniques. The Portfolio uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

(i) Receivables
Receivables are carried at cost which approximates the fair value. Management has determined that the ECL on receivables is not material and therefore no provision has been recognised in these financial statements.

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(j) Cash equivalents
For the purpose of the statement of cash flows, cash equivalents comprise short-term highly liquid investments with original maturities of three months or less.

(k) Accounts payable
Payables are initially recognised at fair value and are subsequently carried at amortised cost.

3. Financial Risk Management

The Portfolio's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Portfolio's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Portfolio is exposed and seeks to minimise potential adverse effects on the Portfolio's financial performance.

The Portfolio manager, NCB Capital Markets Limited, is ultimately responsible for the establishment and oversight of the Portfolio's risk management framework. The Portfolio manager provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, and investment of excess liquidity.

(a) Credit risk
The Portfolio takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the Portfolio by failing to discharge their contractual obligations.

The main concentration risk to which the Portfolio is exposed arises from investments in debt securities and reverse repurchase agreements. The Portfolio invests in both Government of Jamaica and corporate securities as shown in note 6. All reverse repurchase agreements are invested with NCB Capital Markets Limited.

The maximum exposure to credit risk is as reflected in the statement of financial position.

Credit risk is managed through careful analysis and assessment of borrowers both prior to investment and ongoing monitoring of their financial condition after investment.

None of the Portfolio's debt securities is subject to ECL provisioning. The ECLs on reverse repurchase agreements were deemed immaterial.

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio

3. Financial Risk Management (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Portfolio is unable to meet its payment obligations associated with its financial liabilities when they fall due and demands for encashment of units, when such demands are made. Prudent liquidity risk management implies maintaining sufficient marketable securities, the availability of funding through an adequate amount of committed facilities and the ability to close out market positions.

The Portfolio is exposed to daily cash redemptions by unit holders. The Portfolio's liquidity management process, as carried out within the Portfolio and monitored by the Portfolio manager, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of collateral which could be used to secure funding if required.

(ii) Maintaining a portfolio of highly marketable and liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.

(iii) Optimising returns on investments.

The Portfolio's undiscounted liabilities at year end equal their carrying amounts as these liabilities bear no interest. At 30 September 2020, the accounts payable of $28,000 (2019 – nil) are due within 30 days and the net assets attributable to unit holders of $26,101,000 (2019 – $26,853,000) are redeemable on demand at the unit holders' option. The Portfolio manager however does not envisage that the contractual maturity will be representative of the actual cash outflows as holders of units typically retain them for the medium to long term. Additionally, under the terms of the Trust Deed, the Portfolio manager may defer payment for a period of up to three (3) months if, based on the manager's discretion, it is prudent to do so.

(c) Market risk

The Portfolio takes on exposure to market risk, which is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly arises from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. While the profit and loss may be exposed to changes in foreign exchange rates, there is no impact of the net assets attributable to holders of redeemable units. Accordingly, The Portfolio, as a whole, is not exposed to foreign currency risks as all its assets and liabilities are denominated in United States dollars which is the presentation currency.

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Portfolio to cash flow interest risk, whereas fixed interest rate instruments expose the Portfolio to fair value interest risk.

The Portfolio's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets. The Portfolio has no interest bearing financial liabilities.

The following table summarises the Portfolio's exposure to interest rate risk on its financial instruments. It includes the Portfolio's financial instruments at carrying amounts, categorised by the earlier of contractual interest rate repricing or maturity dates.

	2020					
	Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Non-Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Receivables	-	-	-	-	1,420	1,420
Investment securities	-	6,600	7,558	11,728	324	26,210
Total financial assets	-	6,600	7,558	11,728	1,744	27,630
Liability						
Accounts payables	-	-	-	-	28	28
Repurchase agreements	1,500	-	-	-	1	1,501
Total financial liabilities	1,500	-	-	-	29	1,529
Total interest repricing gap	(1,500)	6,600	7,558	11,728	1,715	26,101
Cumulative interest repricing gap	(1,500)	5,100	12,658	24,386	26,101	

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

	2019					
	Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Non-Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Receivables	-	-			2,962	2,962
Investment securities	-	-	14,657	11,431	318	26,406
Total financial assets	-	-	14,657	11,431	3,280	29,368
Liability						
Repurchase agreements	2,513	-	-	-	2	2,515
Total interest repricing gap	(2,513)	-	14,657	11,431	3,278	26,853
Cumulative interest repricing gap	(2,513)	(2,513)	12,144	23,575	26,853	

The table below summarises the effective interest rates at 30 September for financial instruments of the Portfolio.

	2020	**2019**
	%	%
Investment securities	5.48	6.62
Reverse repurchase agreements		-
Repurchase agreement	-	2.50

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio

Notes to the Financial Statements
30 September 2020
(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the net assets attributable to holders of redeemable units.

The sensitivity of the increase or decrease in net assets attributable to holders of redeemable units for the period is the effect of the assumed changes in interest rates on:

- The net interest income based on the floating rate financial assets held at the end of the reporting period;
- Changes in the fair value in investment securities based on revaluing fixed rate investments at the end of the reporting period.

	Sensitivity of interest income	Sensitivity of changes in fair value	Sensitivity of interest income	Sensitivity of changes in fair value
	2020	2020	2019	2019
	$'000	$'000	$'000	$'000
Change in basis points:				
-100 bps (2019 – -100 bps)	-	620	-	693
+100 bps (2019 – +100 bps)	-	(556)	-	(628)

(d) Capital management

The capital of the Portfolio is represented by the net assets attributable to holders of redeemable units. The amount of net assets attributable to holders of redeemable units can change significantly as the Portfolio is subject to subscriptions and redemptions at the discretion of unit holders, as well as changes resulting from the Portfolio's performance. The Portfolio's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for unit holders and maintain a strong capital base to support the development of the investment activities of the Portfolio.

The Portfolio is not subject to any externally imposed capital requirements.

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio

3. Financial Risk Management (Continued)

(e) Fair value of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at year end. The quoted market price used for financial assets held by the Portfolio is the current bid price.

The financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

All investment securities are classified in Level 2.

The fair value of financial instruments that are traded in an active market is determined by using valuation techniques. The Portfolio uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used for quoted debt securities. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The following methods and assumptions have been used:

(i) Investment securities classified as financial assets at fair value through profit or loss are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, then fair values estimated on the basis of pricing models or other recognised valuation techniques.

(ii) The fair value of liquid assets and other assets maturing within three months is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short term elements of all other financial instruments.

(iii) The fair value of variable rate financial instruments is assumed to approximate their carrying value.

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in United States dollars unless otherwise indicated)

4. Related Party Transactions and Balances

Parties are considered related if, among other things, one party has the ability to control the other party or exercises significant influence over the other party in making financial or operating decisions.

(a) The statement of comprehensive income includes the following income and expenses from transactions with NCB Capital Markets Limited, its parent and fellow subsidiaries:

	2020	2019
	$'000	$'000
Investment management fees	561	542
Interest income	173	8

(b) The statement of financial position includes the following balances with NCB Capital Markets Limited, its parent and fellow subsidiaries:

	2020 $'000	2019 $'000
Receivables	1,420	2,962

5. Repurchase Agreements

Repurchase agreements with carrying value of $1,501,000 (2019 - $2,515,000) are collateralised by certain securities and other instruments held by the Portfolio (Note 5). Included within repurchase agreements is related accrued interest payable of $555 (2019 - $1,721).

6. Investment Securities

	2020 $'000	2019 $'000
At FVPL		
Government of Jamaica	14,092	11,570
Corporate	11,863	14,518
	25,955	26,088
Interest receivable	255	318
	26,210	26,406
Less pledged assets (Note 7)	(1,575)	(2,285)
	24,635	24,121

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio

Notes to the Financial Statements
30 September 2020
(expressed in United States dollars unless otherwise indicated)

6. Investment Securities (Continued)

The contractual maturity of the investment securities is as follows:

2020				
Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
$'000	**$'000**	**$'000**	**$'000**	**$'000**
	6,631	7,609	11,970	26,210

2019				
Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
$'000	**$'000**	**$'000**	**$'000**	**$'000**
-	-	14,748	11,658	26,406

7. Pledged Assets

These are fair value through profit or loss investments pledged as collateral for repurchase agreements (Note 6).

8. Accounts Payable

	2020 $'000	**2019 $'000**
Management fees	4	-
Other	24	-
	28	-

9. Redeemable Units

Each redeemable unit entitles its holder to an equal pro rata share in any distributions of net income or gains of the Portfolio and participates equally in all other respects. The Trustee may at any time, and shall at the request of unit holders holding not less than one-tenth of the units in issue, convene a meeting of unit holders. At such meetings, unit holders are entitled to one vote per unit held. The Manager of the Portfolio is entitled to receive notice of and attend meetings of unit holders but is not entitled to vote. All matters are decided by a resolution passed by a simple majority of the total number of votes cast at meetings of unit holders, except for those expressly requiring an extraordinary resolution (a resolution passed by a majority of at least 75%) under the Trust Deed.

Unit holders are entitled to transfer, redeem for cash, or convert to other portfolios their units subject to provisions of the Trust Deed. The Manager has the power to suspend determination of value of the Portfolio and the redemption or conversion of units in exceptional circumstances such as the restriction/suspension of dealings on or closure of a stock exchange on which a substantial portion of the investment of the Portfolio is quoted or any state of affairs in which the disposal or valuation of assets owned by the Trust would be impracticable.

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio

Financial Statements
30 September 2020

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio
Index
30 September 2020

Independent auditor's report

To the Members of NCB Capital Markets Limited Unit Trust Scheme USD Indexed Bond Portfolio

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of NCB Capital Markets Limited Unit Trust Scheme USD Indexed Bond Portfolio (the Portfolio) as at 30 September 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Portfolio's financial statements comprise:

- the statement of financial position as at 30 September 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to holders of redeemable units for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 Portfolio in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: 876) 922 7581, www.pwc.com/jm

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view 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 Portfolio'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 Portfolio or to cease operations, or has no realistic alternative but to do so.

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 Portfolio'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 Portfolio'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 Portfolio 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.

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
30 December 2020

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio

Statement of Comprehensive Income

Year ended 30 September 2020

(expressed in Jamaican dollars unless otherwise indicated)

	2020 $'000	2019 $'000
Income		
Interest income	2,757	30,021
Interest expense	(7)	(1,283)
Net interest income	2,750	28,738
Net gains on fair value of investment securities and foreign exchange	16,421	7,465
	19,171	36,203
Expenses		
Investment management fees	4,750	4,895
Trustee fees	118	123
Irrecoverable general consumption tax	785	843
Audit fees	59	-
Other operating expenses	26	91
	5,738	5,952
Increase in net assets attributable to holders of redeemable units from operations	13,433	30,251

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio

Statement of Financial Position
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
ASSETS			
Receivables		6,927	53,588
Investment securities	5	130,638	243,408
Pledged assets	6	-	12,690
		137,565	309,686
LIABILITIES			
Liabilities (excluding net assets attributable to holders of redeemable units)			
Accounts payable	7	628	1,201
Repurchase agreements	8	-	10,875
		628	12,076
Net assets attributable to holders of redeemable units	9	136,937	297,610
		137,565	309,686
Net Asset Value Per Unit ($)		15.54	14.70

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 December 2020 and signed on its behalf by:

Dennis Cohen, Director

Steven Gooden, Director

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

Year ended 30 September 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of Units	Net Assets Attributable to Holders of Redeemable Units
		’000	$’000
Net assets attributable to holders of redeemable units at 30 September 2018		20,269	283,529
Proceeds from redeemable units issued		1,379	2,845
Redemption of redeemable units		(1,399)	(19,015)
Net decrease from redeemable unit transactions		(20)	(16,170)
		20,249	267,359
Increase in net assets attributable to holders of redeemable units from operations		-	30,251
Net assets attributable to holders of redeemable units at 30 September 2019	9	20,249	297,610
Proceeds from redeemable units issued		931	15,711
Redemption of redeemable units		(12,370)	(189,817)
Net decrease from redeemable unit transactions		(11,439)	(174,106)
		8,810	123,504
Increase in net assets attributable to holders of redeemable units from operations		-	13,433
Net assets attributable to holders of redeemable units at 30 September 2020	9	8,810	136,937

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio
Statement of Cash Flows
Year ended 30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

	2020 $'000	2019 $'000
Cash Flows from Operating Activities		
Increase in net assets attributable to holders of redeemable units from operations	13,433	30,251
Adjustment for:		
Interest income	(2,757)	(30,021)
Interest expense	7	1,283
Net gains on investment securities	(16,421)	(7,465)
	(5,738)	(5,952)
Changes in operating assets and liability		
Receivables	46,661	(34,280)
Investment securities	141,297	102,412
Repurchase agreement	(10,875)	(76,828)
Accounts payable	(573)	612
	170,772	(14,036)
Interest received	3,352	31,490
Interest paid	(18)	(1,284)
Net cash provided by operating activities	174,106	16,170
Cash flows from Financing Activities		
Proceeds from redeemable units issued	15,711	2,845
Redemption of redeemable units	(189,817)	(19,015)
Net cash used in financing activities	(174,106)	(16,170)
Net decrease in cash equivalents	-	-
Cash equivalents at beginning of year	-	-
Cash equivalents at end of year	-	-

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

The NCB Capital Markets Limited Unit Trust Scheme was constituted as a diversified unit trust scheme by a Trust Deed and was registered on 1 August 2012 in Kingston, Jamaica by the Financial Services Commission.

MF&G Asset Management Limited, with registered office at 21 East Street, Kingston, Jamaica, is the appointed Trustee and NCB Capital Markets Limited, with registered office at 32 Trafalgar Road, Kingston 10, Jamaica, is the Manager of the Scheme.

In accordance with the Trust Deed, various portfolios comprising segregated pools of assets have been established by the Trustee for the benefit of unit holders of a particular class. These financial statements relate to the operations of the NCB Capital Markets Limited Unit Trust Scheme – USD Indexed Bond Portfolio ("the Portfolio") which was established in October 2014.

The investment objective of the Portfolio is to generate a stable level of income and capital appreciation by investing in high yielding short to medium term United States dollar denominated sovereign and corporate debt instruments.

2. 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) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates.

Standards, interpretations and amendments to published standards effective during the current year

The following amendments to existing standards became effective during the financial year and are deemed to be relevant to the Portfolio's operations:

Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation and modification of financial liabilities (effective for reporting periods beginning on or after 1 January 2020). This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without the modification resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. This amendment did not result in any impact on the Portfolio as it has no financial assets that were prepaid before maturity or any financial liabilities that are designated at fair value through profit or loss.

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio

Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective during the current year (continued)

Amendments to IAS 1 and IAS 8 on the definition of material and is effective for reporting periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

There are no other standards, interpretations and amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Portfolio.

Standards, interpretations of and amendments to published standards that are not yet effective and have not been early adopted by the Portfolio

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not effective at the date of the statement of financial position, and which the Portfolio has not early adopted. The Portfolio has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

Amendments to IAS 1, Presentation of financial statements on classification of liabilities, (effective for annual periods beginning on or after January 1, 2022). The narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, 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 where it refers to the 'settlement' of a liability.

There are no other standards, interpretations and amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Portfolio.

(b) Redeemable units

The Portfolio issues units which are redeemable at the holder's option and are classified as financial liabilities. Redeemable units can be put back to the Portfolio at any time for cash equal to a proportionate share of the Portfolio's net asset value. The redeemable units are carried at the redemption amount that is payable (prior to deduction of any applicable fees and charges) at the statement of financial position date if the holder exercises the right to put the units back to the Portfolio.

Redeemable units are issued and redeemed at the holder's option at prices based on the Portfolio's net asset value per unit at the time of issue or redemption. The Portfolio's net asset value per unit is calculated by dividing the net assets by the total number of outstanding redeemable units. In accordance with the Trust Deed, investment positions are valued based on the procedures described in note 2(h)(iii) for the purpose of determining the net asset value per unit for subscriptions and redemptions.

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio

Notes to the Financial Statements

30 September 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(c) 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 Portfolio operates (‘the functional currency’). The financial statements are presented in Jamaican dollars, which is the Portfolio’s functional currency.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary and non-monetary assets and liabilities are recognised in the statement of comprehensive income.

(d) Interest income and interest from financial assets at fair value through profit or loss

Interest income is recognised on a time-proportionate basis using the effective interest method. It includes interest income on cash equivalents and on debt securities at fair value though profit or loss.

(e) Taxation

The Portfolio is domiciled in Jamaica and is exempt from paying corporation taxes under section 12(t) of the Income Tax Act.

(f) Expenses

Expenses are accounted for on an accrual basis and are charged to the statement of comprehensive income. In addition to the management fees, the Portfolio is responsible for the payment of all direct expenses relating to its operations such as audit, legal and professional fees.

(g) Repurchase agreements

Securities sold under agreements to repurchase (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the purchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

(h) Financial assets at FVPL

(i) Classification and measurement

Debt instruments

The Portfolio classifies its investments based on both the Portfolio’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Portfolio is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The contractual cash flows of the Portfolio’s debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Portfolio’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss.

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio

2. Significant Accounting Policies (Continued)

(h) Financial assets at FVPL (continued)

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Portfolio commits to purchase or sell the investment. Financial assets at FVPL are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Investment securities are derecognised when the rights to receive cash flows from the investments have expired or the Portfolio has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the statement of comprehensive income in the period in which they arise.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of investment securities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The fair value of financial assets that are not traded in an active market is determined using valuation techniques.

(iii) Fair value estimation (continued)

The Portfolio uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

(i) Receivables
Receivables are carried at cost which approximates the fair value. Management has determined that the ECL on receivables is not material and therefore no provision has been recognised in these financial statements.

(j) Cash equivalents
For the purpose of the statement of cash flows, cash equivalents comprise short-term highly liquid investments with original maturities of three months or less.

(k) Accounts payable
Payables are initially recognised at fair value and are subsequently carried at amortised cost.

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management

The Portfolio's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Portfolio's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Portfolio is exposed and seeks to minimise potential adverse effects on the Portfolio's financial performance.

The Portfolio manager, NCB Capital Markets Limited, is ultimately responsible for the establishment and oversight of the Portfolio's risk management framework. The Portfolio manager provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

(a) Credit risk

The Portfolio takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the Portfolio by failing to discharge their contractual obligations.

The main concentration risk to which the Portfolio is exposed arises from investments in debt securities and certain receivable balances. The Portfolio has positions in both corporate notes (PY – Govt of Jamaica securities and corporate notes) as shown in note 6.

The maximum exposure to credit risk is as reflected in the statement of financial position.

Credit risk is managed through careful analysis and assessment of borrowers both prior to investment and ongoing monitoring of their financial condition after investment.

None of the Portfolio's debt securities are subject to ECL provisioning, as they are measured at FVPL. The ECLs for receivables balances have been determined to be immaterial and therefore no provision has been made in these financial statements.

(b) Liquidity risk

Liquidity risk is the risk that the Portfolio is unable to meet its payment obligations associated with its financial liabilities when they fall due and demands for encashment of units, when such demands are made. Prudent liquidity risk management implies maintaining sufficient marketable securities, the availability of funding through an adequate amount of committed facilities and the ability to close out market positions.

The Portfolio is exposed to daily cash redemptions by unit holders. The Portfolio's liquidity management process, as carried out within the Portfolio and monitored by the Portfolio manager, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of collateral which could be used to secure funding if required.

(ii) Maintaining a portfolio of highly marketable and liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.

(iii) Optimising returns on investments.

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

The Portfolio's undiscounted liabilities at the year-end approximate their carrying amounts as these liabilities bear negligible or no interest. At 30 September 2020, the repurchase agreement and accounts payable of $628,000 (2019 – $12,076,000) are due within 30 days and the net assets attributable to unit holders of $136,937,000 (2019 – $297,610,000) are redeemable on demand at the unit holders' option. However, the Portfolio manager does not envisage that the contractual maturity will be representative of the actual cash outflows as holders of units typically retain them for the medium to long term. Additionally, under the terms of the Trust Deed, the Portfolio manager may defer payment for a period of up to three (3) months if, based on the manager's discretion, it is prudent to do so.

(c) Market risk

The Portfolio takes on exposure to market risk, which is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly arises from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Portfolio is exposed to foreign currency risk mainly from its holdings of United States dollar denominated investment securities, with a carrying value of $130,637,000 (2019 – $256,098,000).

Management estimates that reasonably possible changes in the exchange rate are a revaluation of the Jamaican dollar of 2% (2019 – 4%) or a devaluation of the USD dollar of 6% (2019 – 6%). Should such a devaluation or revaluation occur, the net assets attributable to holders of redeemable units would increase by $2,613,000 (2019 – $15,366,000) or decrease by $7,838,000 (2019 – $10,243,000), respectively.

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Portfolio to cash flow interest risk, whereas fixed interest rate instruments expose the Portfolio to fair value interest risk.

The Portfolio's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets.

The following table summarises the Portfolio's exposure to interest rate risk in relation to its financial instruments. It includes the Portfolio's financial instruments at carrying amounts, categorised by the earlier of contractual interest rate repricing or maturity dates.

	2020					
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Assets						
Receivables	-	-	-	-	6,927	6,927
Investment securities	-	130,018	-	-	620	130,638
Total financial assets	-	130,018	-	-	7,547	137,565
Liabilities						
Accounts payable	-	-	-	-	628	628
Total financial liabilities	-	-	-	-	628	628
Total Interest repricing gap	-	130,018	-	-	6,919	136,937

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

	2019					
	Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Non-Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Receivables	-		-	-	53,588	53,588
Investment securities	-		254,883	-	1,215	256,098
Total financial assets	-	-	254,883	-	54,803	309,686
Liabilities						
Accounts payable	-				1,201	1,201
Repurchase agreements	10,864	-	-	-	11	10,875
Total financial liabilities	10,864	-	-	-	1,212	12,076
Total interest repricing gap	(10,864)	-	254,883	-	53,591	297,610

The table below summarises the effective interest rates at 30 September by major currencies for financial instruments of the Portfolio.

	2020		2019	
	J$	**US$**	**J$**	**US$**
	%	**%**	**%**	**%**
Assets				
Investment securities	-	6.00	-	6.00
Liabilities				
Repurchase agreements	-	-	2.00	-

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio

Notes to the Financial Statements

30 September 2020

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the net assets attributable to holders of redeemable units.

The sensitivity of the increase or decrease in net assets attributable to holders of redeemable units for the period is the effect of the assumed changes in interest rates on:

- The net interest income based on the floating rate financial assets held at the end of the reporting period;
- Changes in the fair value in investment securities based on revaluing fixed rate investments at the end of the reporting period.

	Sensitivity of interest income	Sensitivity of changes in fair value	Sensitivity of interest income	Sensitivity of changes in fair value
	2020	2020	2019	2019
	$'000	$'000	$'000	$'000
Change in basis points:				
-100 bps (2019 – -100 bps)	-	965	-	3,459
+100 bps (2019 – +100 bps)	-	(577)	-	(2,671)

(d) Capital management

The capital of the Portfolio is represented by the net assets attributable to holders of redeemable units. The amount of net assets attributable to holders of redeemable units can change significantly as the Portfolio is subject to subscriptions and redemptions at the discretion of unit holders, as well as changes resulting from the Portfolio's performance. The Portfolio's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for unit holders and maintain a strong capital base to support the development of the investment activities of the Portfolio.

The Portfolio is not subject to any externally imposed capital requirements.

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio

Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at year end. The quoted market price used for financial assets held by the Portfolio is the current bid price.

The financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

All investment securities are classified in Level 3.

The fair value of financial instruments that are traded in an active market is determined by using valuation techniques. The Portfolio uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used for quoted debt securities. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The following methods and assumptions have been used:

(i) Investment securities classified as financial assets at fair value through profit or loss are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, then fair values estimated on the basis of pricing models or other recognised valuation techniques.

(ii) The fair value of liquid assets and other assets maturing within three months is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short term elements of all other financial instruments.

(iii) The fair value of variable rate financial instruments is assumed to approximate their carrying value.

	2020			
At 30 September	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investment securities –				
Corporate debt securities	-	130,018	-	130,018
	-	130,018	-	130,018

	2019			
At 30 September	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investment securities –				
Corporate debt securities	-	256,098	-	256,098
	-	256,098	-	256,098

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio

Notes to the Financial Statements

30 September 2020

(expressed in Jamaican dollars unless otherwise indicated)

4. Related Party Transactions and Balances

Parties are considered related if, among other things, one party has the ability to control the other party or exercises significant influence over the other party in making financial or operating decisions.

(a) The statement of comprehensive income includes the following income and expenses from transactions with NCB Capital Markets Limited, its parent and fellow subsidiaries:

	2020 $'000	2019 $'000
Investment management fees	4,750	4,895
Interest income	-	27

(b) The statement of financial position includes the following balances with NCB Capital Markets Limited, its parent and fellow subsidiaries:

	2020 $'000	2019 $'000
Investment securities	-	254,869
Receivables	6,927	53,588
Repurchase agreements	-	10,875
Payables	305	991

	2020 $'000	2019 $'000
(c) Net Assets attributable to units held by NCB Capital Markets Limited, its parent and fellow subsidiaries at 30 September	-	99,672

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in Jamaican dollars unless otherwise indicated)

5. Investment Securities

	2020 $'000	2019 $'000
At FVPL		
Corporate	130,018	254,883
	130,018	254,883
Interest receivable	620	1,215
	130,638	256,098
Less: Pledged assets (Note 6)	-	(12,690)
	130,638	243,408

The contractual maturity of the investment securities is as follows:

2020				
Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
$'000	**$'000**	**$'000**	**$'000**	**$'000**
-	130,638	-	-	130,638

2019				
Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
$'000	**$'000**	**$'000**	**$'000**	**$'000**
-	-	256,098	-	256,098

6. Pledged Assets

These are fair value through profit or loss investments pledged as collateral for repurchase agreements (Note 6).

7. Accounts Payable

	2020 $'000	2019 $'000
Management fees	305	991
Other	323	210
	628	1,201

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio

8. Repurchase Agreements

Repurchase agreements with carrying value of nil, (2019 – $10,875,000) are collateralised by certain securities and other instruments held by the Portfolio (Note 7). Included within repurchase agreements is related accrued interest payable of nil (2019 – $1,475). Repurchase agreements include balances with related parties as set out in Note 4.

9. Redeemable Units

Each redeemable unit entitles its holder to an equal pro rata share in any distributions of net income or gains of the Portfolio and participates equally in all other respects. The Trustee may at any time, and shall at the request of unit holders holding not less than one-tenth of the units in issue, convene a meeting of unit holders. At such meetings, unit holders are entitled to one vote per unit held. The Manager of the Portfolio is entitled to receive notice of and attend meetings of unit holders but is not entitled to vote. All matters are decided by a resolution passed by a simple majority of the total number of votes cast at meetings of unit holders, except for those expressly requiring an extraordinary resolution (a resolution passed by a majority of at least 75%) under the Trust Deed.

Unit holders are entitled to transfer, redeem for cash, or convert to other portfolios their units subject to provisions of the Trust Deed. The Manager has the power to suspend determination of value of the Portfolio and the redemption or conversion of units in exceptional circumstances such as the restriction/suspension of dealings on or closure of a stock exchange on which a substantial portion of the investment of the Portfolio is quoted or any state of affairs in which the disposal or valuation of assets owned by the Trust would be impracticable.

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio

Financial Statements
30 September 2020

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Index
30 September 2020

Independent auditor's report

To the Members of NCB Capital Markets Limited Unit Trust Scheme USD Money Market Portfolio

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of NCB Capital Markets Limited Unit Trust Scheme USD Money Market Portfolio (the Portfolio) as at 30 September 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Portfolio's financial statements comprise:

- the statement of financial position as at 30 September 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to holders of redeemable units for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 Portfolio in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view 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 Portfolio'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 Portfolio or to cease operations, or has no realistic alternative but to do so.

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 Portfolio'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 Portfolio'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 Portfolio 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.

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
30 December 2020

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio

Statement of Comprehensive Income

Year ended 30 September 2020

(expressed in United States dollars unless otherwise indicated)

	2020 $'000	2019 $'000
Income		
Interest income	2,852	2,732
Gain on sale of investments	6	590
Net (loss)/gain on investment securities	(5,803)	625
	(2,945)	3,947
Expenses		
Investment management fees	1,518	1,487
Trustee fees	37	40
Irrecoverable general consumption tax	248	257
Audit fees	22	24
Other operating expenses	8	8
	1,833	1,816
Operating (loss)/profit	(4,778)	2,131
Other Comprehensive Income		
Items that may be reclassified to the profit and loss in subsequent years		
Exchange gain/(loss) on translation from functional currency	5,633	(411)
Total Other Comprehensive Income	5,633	(411)
Increase in net assets attributable to holders of redeemable units from operations	855	1,720

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio

Statement of Financial Position

30 September 2020

(expressed in United States dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
ASSETS			
Receivables		6,493	2,084
Reverse repurchase agreements	5	30,830	50,617
Investment securities	6	47,754	35,848
		85,077	88,549
LIABILITY			
Liability (excluding net assets attributable to holders of redeemable units)			
Accounts Payable	7	262	-
Net assets attributable to holders of redeemable units	8	84,815	88,549
		85,077	88,549
Net Asset Value Per Unit ($)		1.11	1.00

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 December 2020 and signed on its behalf by:

Dennis Cohen Director	Steven Gooden Director

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

Year ended 30 September 2020

(expressed in United States dollars unless otherwise indicated)

	Note	Number of Units ’000	Net Assets Attributable to Holders of Redeemable Units $’000
Net assets attributable to holders of redeemable units at 30 September 2018		85,406	91,480
Proceeds from redeemable units issued			
Redemption of redeemable units		13,728	14,803
Net decrease from redeemable unit transactions		(18,084)	(19,454)
		(4,356)	(4,651)
Increase in net assets attributable to holders of redeemable units from operations		81,050	86,829
Net assets attributable to holders of redeemable units at 30 September 2019	7	81,068	88,549
		81,050	88,549
Proceeds from redeemable units issued		9,424	10,290
Redemption of redeemable units		(13,565)	(14,879)
Net decrease from redeemable unit transactions		(4,140)	(4,589)
		76,928	83,960
Increase in net assets attributable to holders of redeemable units from operations		-	855
Net assets attributable to holders of redeemable units at 30 September 2020	7	76,928	84,815

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio

Statement of Cash Flows

Year ended 30 September 2020

(expressed in United States dollars unless otherwise indicated)

	2020 $'000	2019 $'000
Cash Flows from Operating Activities		
Operating (loss)/profit	(4,778)	2,131
Adjustment for:		
Interest income	(2,852)	(2,732)
Gain on sale of investments	6	(590)
Net foreign exchange and fair value losses/(gains)	5,803	(625)
	(1,821)	(1,816)
Changes in operating assets and liability		
Receivables	(4,409)	(1,166)
Investment securities	(11,854)	7,364
Accounts payable	262	-
	(17,822)	4,382
Interest received	2,624	2,749
Net cash provided by/(used in) operating activities	(15,198)	7,131
Cash Flows from Financing Activities		
Proceeds from redeemable units issued	10,290	14,803
Redemption of redeemable units	(14,879)	(19,454)
Net cash used in financing activities	(4,589)	(4,651)
Net (decrease)/increase in cash equivalents	(19,787)	2,480
Cash and cash equivalents at beginning of year	50,617	48,137
Cash and cash equivalents at end of year	30,830	50,617
Comprising:		
Reverse repurchase agreements	30,830	50,617

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in United States dollars unless otherwise indicated)

1. Identification and Activities

The NCB Capital Markets Limited Unit Trust Scheme was constituted as a diversified unit trust scheme by a Trust Deed and was registered on 1 August 2012 in Kingston, Jamaica by the Financial Services Commission.

MF&G Asset Management Limited, with registered office at 21 East Street, Kingston, Jamaica, is the appointed Trustee and NCB Capital Markets Limited, with registered office at 32 Trafalgar Road, Kingston 10, Jamaica, is the Manager of the Scheme.

In accordance with the Trust Deed, various portfolios comprising segregated pools of assets have been established by the Trustee for the benefit of unit holders of a particular class. These financial statements relate to the operations of the NCB Capital Markets Limited Unit Trust Scheme – USD Money Market Portfolio ("the Portfolio").

The investment objective of the Portfolio is to generate a stable level of income and capital appreciation by investing in high yielding medium to long term United States dollar denominated sovereign and corporate debt instruments.

2. 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) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates.

Standards, interpretations and amendments to published standards effective during the current year

The following amendments to existing standards became effective during the financial year and are deemed to be relevant to the Portfolio's operations:

Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation and modification of financial liabilities (effective for reporting periods beginning on or after 1 January 2020). This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without the modification resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. This amendment did not result in any impact on the Portfolio as it has no financial assets that were prepaid before maturity or any financial liabilities that are designated at fair value through profit or loss.

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are effective (continued)

Amendments to IAS 1 and IAS 8 on the definition of material and is effective for reporting periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

There are no other standards, interpretations and amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Portfolio.

Standards, interpretations of and amendments to published standards that are not yet effective and have not been early adopted by the Portfolio
At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not effective at the date of the statement of financial position, and which the Portfolio has not early adopted. The Portfolio has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

Amendments to IAS 1, Presentation of financial statements on classification of liabilities, (effective for annual periods beginning on or after January 1, 2022). The narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, 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 where it refers to the 'settlement' of a liability.

There are no other standards, interpretations and amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Portfolio.

(b) Redeemable units
The Portfolio issues units which are redeemable at the holder's option and are classified as financial liabilities. Redeemable units can be put back to the Portfolio at any time for cash equal to a proportionate share of the Portfolio's net asset value. The redeemable units are carried at the redemption amount that is payable (prior to deduction of any applicable fees and charges) at the statement of financial position date if the holder exercises the right to put the units back to the Portfolio.

Redeemable units are issued and redeemed at the holder's option at prices based on the Portfolio's net asset value per unit at the time of issue or redemption. The Portfolio's net asset value per unit is calculated by dividing the net assets by the total number of outstanding redeemable units. In accordance with the Trust Deed, investment positions are valued based on the procedures described in note 2(h) for the purpose of determining the net asset value per unit for subscriptions and redemptions.

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(c) 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 Portfolio operates, the Jamaican dollar ('the functional currency'). The presentation currency is the United Stated (US) dollar as it is considered by management that the presentation in US dollars is convenient for the current and potential users of the financial statements, particularly since all transactions including the purchase and redemption of redeemable units are conducted in US dollars.

(ii) Transactions and balances

The translation from functional currency into presentation currency is done as follows:

- Assets and liabilities for the statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- Income and expenses for the statement of comprehensive income are translated at the average exchange rates for the year; and
- All resulting exchange differences are recognised in other comprehensive income.

(d) Interest income and interest from financial assets at fair value through profit or loss

Interest income is recognised on a time-proportionate basis using the effective interest method. It includes interest income on cash equivalents and on debt securities at fair value though profit or loss.

(e) Taxation

The Portfolio is domiciled in Jamaica and is exempt from paying corporation taxes under section 12(t) of the Income Tax Act.

(f) Expenses

Expenses are accounted for on an accrual basis and are charged to the statement of comprehensive income. In addition to the management fees, the Portfolio is responsible for the payment of all direct expenses relating to its operations such as audit, legal and professional fees.

(g) Reverse repurchase agreements

Securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. Repurchase agreements are measured at amortised cost. The difference between the purchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

The impact of the new impairment model under IFRS 9 on reverse repurchase agreements has been considered by management. The consideration included the identification of the credit risk associated with the counterparties. The amount of ECL calculated was deemed immaterial and no adjustment was made to the net assets attributable of holders of redeemable units as at 1 October 2019.

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(h) Financial assets at FVPL

(i) Classification and measurement

Debt instruments
The Portfolio classifies its investments based on both the Portfolio’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Portfolio is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The contractual cash flows of the Portfolio’s debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Portfolio’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Portfolio commits to purchase or sell the investment. Financial assets at FVPL are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Investment securities are derecognised when the rights to receive cash flows from the investments have expired or the Portfolio has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at FVPL are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the statement of comprehensive income in the period in which they arise.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of investment securities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The fair value of financial assets that are not traded in an active market is determined using valuation techniques.

The Portfolio uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(i) Receivables
Receivables are carried at cost which approximates the fair value. No ECLs have been recognised on receivables balances as these are deemed to be immaterial.

(j) Cash equivalents
For the purpose of the statement of cash flows, cash equivalents comprise short-term highly liquid investments with original maturities of three months or less.

(k) Accounts payable
Payables are initially recognised at fair value and are subsequently carried at amortised cost.

3. Financial Risk Management

The Portfolio’s activities expose it to a variety of financial risks: market risk (including fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Portfolio’s overall risk management programme seeks to maximise the returns derived for the level of risk to which the Portfolio is exposed and seeks to minimise potential adverse effects on the Portfolio’s financial performance.

The Portfolio manager, NCB Capital Markets Limited, is ultimately responsible for the establishment and oversight of the Portfolio’s risk management framework. The Portfolio manager provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

(a) Credit risk
The Portfolio takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the Portfolio by failing to discharge their contractual obligations.

The main concentration risk to which the Portfolio is exposed arises from receivables, investments in debt securities and reverse repurchase agreements. The Portfolio has a significant concentration in Government of Jamaica and corporate securities as shown in note 6. All reverse repurchase agreements are invested with NCB Capital Markets Limited.

The maximum exposure to credit risk is as reflected in the statement of financial position.

Credit risk is managed through careful analysis and assessment of borrowers both prior to investment and ongoing monitoring of their financial condition after investment.

None of the Portfolio’s debt securities is subject to ECL provisioning. The ECLs on reverse repurchase agreements were deemed immaterial.

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Portfolio is unable to meet its payment obligations associated with its financial liabilities when they fall due and demands for encashment of units, when such demands are made. Prudent liquidity risk management implies maintaining sufficient marketable securities, the availability of funding through an adequate amount of committed facilities and the ability to close out market positions.

The Portfolio is exposed to daily cash redemptions by unit holders. The Portfolio's liquidity management process, as carried out within the Portfolio and monitored by the Portfolio manager, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of collateral which could be used to secure funding if required.

(ii) Maintaining a portfolio of highly marketable and liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.

(iii) Optimising returns on investments.

The Portfolio's undiscounted liabilities at year end equal their carrying amounts as these liabilities bear no interest. At 30 September 2020, the accounts payable of $262,000 (2019-nil). The Portfolio's net assets attributable to unit holders of $84,815,000 (2019 – $88,549,000) are redeemable on demand at the unit holders' option. However, the Portfolio manager does not envisage that the contractual maturity will be representative of the actual cash outflows as holders of units typically retain them for the medium to long term. Additionally, under the terms of the Trust Deed, the Portfolio manager may defer payment for a period of up to three (3) months if, based on the manager's discretion, it is prudent to do so.

(c) Market risk

The Portfolio takes on exposure to market risk, which is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly arises from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. While the profit and loss may be exposed to changes in foreign exchange rates, there is no impact of the net assets attributable to holders of redeemable units. Accordingly, the Portfolio, as a whole, is not exposed to foreign currency risks as all its assets and liabilities are denominated in United States dollars which is the presentation currency.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Portfolio to cash flow interest risk, whereas fixed interest rate instruments expose the Portfolio to fair value interest risk.

The Portfolio's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets. The Portfolio has no interest bearing financial liabilities.

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio

Notes to the Financial Statements

30 September 2020

(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

The following table summarises the Portfolio's exposure to interest rate risk in relation to its financial instruments. It includes the Portfolio's financial instruments at carrying amounts, categorised by the earlier of contractual interest rate repricing or maturity dates.

	2020					
	Within 3 Months	**4 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Non-Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Receivables	-	-	-	-	6,493	6,493
Reverse repurchase agreements	30,702	-	-	-	128	30,830
Investment securities, including pledged assets	-	10,000	14,933	22,330	491	47,754
Total financial assets	30,702	10,000	14,933	22,330	7,112	85,077
Liabilities						
Accounts Payables					262	262
Total financial liabilities					262	262
Net Interest Sensitivity gap	30,702	10,000	14,933	22,330	6,849	84,815

	2019					
	Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Non-Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Receivables	-	-	-	-	2,084	2,084
Reverse repurchase agreements	50,326	-	-	-	291	50,617
Investment securities,including pledged assets	1,500	13,167	18,340	2,588	253	35,848
Total financial assets	51,826	13,167	18,340	2,588	2,628	88,549

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio

Notes to the Financial Statements
30 September 2020
(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

The table below summarises the effective interest rates at 30 September for financial instruments of the Portfolio.

	2020	2019
	%	%
Investment securities	4.98	5.26
Reverse repurchase agreements	2.22	2.59

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the net assets attributable to holders of redeemable units.

The sensitivity of the increase or decrease in net assets attributable to holders of redeemable units for the period is the effect of the assumed changes in interest rates on:

- The net interest income based on the floating rate financial assets held at the end of the reporting period;
- Changes in the fair value in investment securities based on revaluing fixed rate investments at the end of the reporting period.

	Sensitivity of interest income	Sensitivity of changes in fair value	Sensitivity of interest income	Sensitivity of changes in fair value
	2020	2020	2019	2019
	$'000	$'000	$'000	$'000
Change in basis points:				
-100 bps (2019 – -100 bps)	-	362	-	385
+100 bps (2019 – +100 bps)	-	(368)	-	(392)

(d) Capital management

The capital of the Portfolio is represented by the net assets attributable to holders of redeemable units. The amount of net assets attributable to holders of redeemable units can change significantly as the Portfolio is subject to subscriptions and redemptions at the discretion of unit holders, as well as changes resulting from the Portfolio's performance. The Portfolio's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for unit holders and maintain a strong capital base to support the development of the investment activities of the Portfolio.

The Portfolio is not subject to any externally imposed capital requirements.

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at year end. The quoted market price used for financial assets held by the Portfolio is the current bid price.

The financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:
(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

All investment securities are classified in Level 2.

The fair value of financial instruments that are traded in an active market is determined by using valuation techniques. The Portfolio uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used for quoted debt securities. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The following methods and assumptions have been used:

(i) Investment securities classified as financial assets at fair value through profit or loss are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, then fair values estimated on the basis of pricing models or other recognised valuation techniques.

(ii) The fair value of liquid assets and other assets maturing within three months is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short term elements of all other financial instruments.

(iii) The fair value of variable rate financial instruments is assumed to approximate their carrying value.

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in United States dollars unless otherwise indicated)

4. Related Party Transactions and Balances

Parties are considered related if, among other things, one party has the ability to control the other party or exercises significant influence over the other party in making financial or operating decisions.

(a) The statement of comprehensive income includes the following income and expenses from transactions with NCB Capital Markets Limited, its parent and fellow subsidiaries:

	2020	**2019**
	$'000	**$'000**
Investment management fees	1,518	1,487
Interest income	883	1,228

(b) The statement of financial position includes the following balances with NCB Capital Markets Limited, its parent and fellow subsidiaries:

	2020	**2019**
	$'000	**$'000**
Receivables	6,493	2,084
Reverse repurchase agreements	30,830	50,617

5. Reverse Repurchase Agreements

The Portfolio enters into collateralised reverse repurchase agreements which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. Included within reverse repurchase agreements is related accrued interest receivable of $127,500 (2019 – $291,590).

At 30 September 2020, the Portfolio held $33,676,800 (2019 – $50,326,000) of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements. All of these securities held as collateral can be sold or repledged.

All reverse repurchase agreements have original maturities of less than 90 days. Accordingly, for the purposes of the statement of cash flows, they are all classified as cash equivalents.

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio

Notes to the Financial Statements

30 September 2020

(expressed in United States dollars unless otherwise indicated)

6. Investment Securities

	2020 $'000	2019 $'000
At FVPL;		
Government of Jamaica	23,563	17,138
Corporate	23,700	18,457
	47,263	35,595
Interest receivable	491	253
	47,754	35,848

The contractual maturity of the investment securities is as follows:

2020				
Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
$'000	**$'000**	**$'000**	**$'000**	**$'000**
-	10,039	15,092	22,623	47,754

2019				
Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
$'000	**$'000**	**$'000**	**$'000**	**$'000**
1,502	13,202	18,532	2,612	35,848

7. Accounts Payable

	2020 $'000	2019 $'000
Management fees	163	-
Other	99	-
	262	-

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Notes to the Financial Statements
30 September 2020
(expressed in United States dollars unless otherwise indicated)

8. Redeemable Units

Each redeemable unit entitles its holder to an equal pro rata share in any distributions of net income or gains of the Portfolio and participates equally in all other respects. The Trustee may at any time, and shall at the request of unit holders holding not less than one-tenth of the units in issue, convene a meeting of unit holders. At such meetings, unit holders are entitled to one vote per unit held. The Manager of the Portfolio is entitled to receive notice of and attend meetings of unit holders but is not entitled to vote. All matters are decided by a resolution passed by a simple majority of the total number of votes cast at meetings of unit holders, except for those expressly requiring an extraordinary resolution (a resolution passed by a majority of at least 75%) under the Trust Deed.

Unit holders are entitled to transfer, redeem for cash, or convert to other portfolios their units subject to provisions of the Trust Deed. The Manager has the power to suspend determination of value of the Portfolio and the redemption or conversion of units in exceptional circumstances such as the restriction/suspension of dealings on or closure of a stock exchange on which a substantial portion of the investment of the Portfolio is quoted or any state of affairs in which the disposal or valuation of assets owned by the Trust would be impracticable.