NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Financial Statements
30 September 2021

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Index
30 September 2021

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 2021, 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 2021;
- 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
31 December 2021

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Statement of Comprehensive Income

Year ended 30 September 2021

(expressed in Jamaican dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Income		
Interest income	10,335	7,315
Interest expense	-	(19)
Dividend income	12,740	13,787
Net changes in fair value of investment securities	118,714	(339,170)
Total net income	141,789	(318,087)
Expenses		
Investment management fees	21,053	27,106
Trustee fees	432	532
Other operating expenses	3,598	4,977
	25,083	32,615
Increase/(decrease) in net assets attributable to holders of redeemable units from operations	116,706	(350,702)

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Market Portfolio

Statement of Financial Position
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
ASSETS			
Receivables	4	-	46,274
Investment securities	5	1,005,949	955,512
		1,005,949	1,001,786
LIABILITIES			
Liabilities (excluding net assets attributable to holders of redeemable units)			
Accounts payable	6	26,891	727
		979,058	1,001,059
Net assets attributable to holders of redeemable units		1,005,949	1,001,786
Net Asset Value Per Unit ($)		28.10	24.54

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 December 2021 and signed on its behalf by:

Steven Gooden — Director

Dennis Cohen — 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 2021
(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 2019		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	7	40,829	1,001,059
Proceeds from redeemable units issued		740	21,825
Redemption of redeemable units		(5,776)	(160,532)
Net decrease from redeemable unit transactions		(5,036)	(138,707)
		35,793	862,352
Increase in net assets attributable to holders of redeemable units from operations		-	116,706
Net assets attributable to holders of redeemable units at the end of the year 30 September 2021	7	35,793	979,058

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Statement of Cash Flows
Year ended 30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Cash Flows from Operating Activities		
(Increase)/decrease in net assets attributable to holders of redeemable units from operations	116,706	(350,702)
Adjustment for:		
Changes in fair value of investment securities	(118,714)	339,170
Interest expense	-	(19)
Interest income	(10,335)	(7,315)
	(12,343)	(18,866)
Changes in operating assets and liability		
Investment securities	68,383	(92,289)
Receivables	46,274	73,011
Accounts payable	26,164	(3,005)
	128,478	(41,149)
Interest paid	-	(19)
Interest received	10,229	7,051
Net cash provided by/(used in) operating activities	138,707	(34,117)
Cash flows from Financing Activities		
Proceeds from redeemable units issued	21,825	158,544
Redemption of redeemable units	(160,532)	(334,480)
Net cash provided by financing activities	-	(175,936)
Net decrease in cash equivalents	-	(210,053)
Cash equivalents at the beginning of the year	-	210,053
Cash equivalents at end of year	-	-
Comprising:		
Reverse repurchase agreements	-	-

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Statement of Cash Flows
Year ended 30 September 2021
(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:

Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors', These amendments use a consistent definition of materiality throughout IFRSs and the *Conceptual Framework for Financial Reporting*, clarify the definition of material and incorporate guidance in IAS 1 about immaterial information.

Amendments to IFRS 3 – definition of a business (effective for annual periods beginning on or after January 1, 2020). This amendment revises the definition of a business which may impact whether a transaction is accounted for as a business combination or asset acquisition. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Statement of Cash Flows

Year ended 30 September 2021

(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 IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform – Phase 1 (effective for annual periods beginning on or after January 1, 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

None of the above amendments to standards had a material impact on the Portfolio's operations.

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 IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective for annual periods beginning on or after 1 January 2021). The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

Amendments to IAS 1, Presentation of financial statements', on classification of liabilities (effective for annual periods beginning on or after 1 January 2023). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16, (effective for annual periods beginning on or after 1 January 2022).

- Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

- Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

- Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

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
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(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.

(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 2021
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(h) Financial assets at FVPL (continued)

(i) 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.

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 2021
(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 (2020 – 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 Government of Jamaica debt securities.

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

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.

(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; and

(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 2021, the accounts payable of $26,891,000 (2020 - $727,354) are due within 30 days and the net assets attributable to unit holders of $979,058,000 (2020 - $1,001,058,000) 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 $928,623,000 (2020 - $955,405,000).

A 5% (2020-10%) increase/decrease in unit prices at 30 September 2021 would have increased/decreased net assets attributable to holders of redeemable units by $46,431,000 (2020 - $95,540,500).

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2021
(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.

	2021					
	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						
Investment securities	-	28,488	48,838	-	928,623	1,005,949
Total financial assets	-	28,488	48,838	-	928,623	1,005,949
Liability						
Accounts payable	-	-	-	-	26,891	26,891
Total interest repricing gap	-	28,488	48,838	-	901,732	979,058

	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	-	-	-	-	46,274	46,274
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

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2021
(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.

	2021	2020
	%	%
Investment securities	18.11	11.89

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; and
- 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
	2021	2021	2020	2020
	$'000	$'000	$'000	$'000
Change in basis points:				
-50 bps for JMD and -100 bps for USD (2020 – -100 bps)	-	1,990	(1)	1,099
+300 bps for JMD and +100 bps for USD (2020 – +100 bps)	-	(4,668)	1	(643)

(f) 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 2021
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(g) 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.

	2021			
At 30 September	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investment securities -				
Corporate debt securities	22,330	-	55,750	78,080
Quoted equities	891,069	-	-	891,069
Unquoted equities	-	-	36,800	36,800
	913,399	-	92,550	1,005,949

	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

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(g) 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:

	2021 $'000	2020 $'000
At start of year	42,522	28,247
Additions	48,318	10,006
Foreign exchange conversion	1,710	4,269
At end of year	92,550	42,522

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

	2021		
Description	**Unobservable input $'000**	**Change in basis points**	**Change in fair value $'000**
Corporate debt securities	Risk Premium	USD -100	1,619
		USD +100	(3,455)

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Notes to the Financial Statements

30 September 2021

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(g) Fair value of financial instruments (continued)

Sensitivity analysis (continued)

	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)

The Portfolio's level 3 unquoted equity securities would increase/decrease in value by $1,840,000 (2020 - 2,403,000) should there be a 5% (2020 - 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:

	2021 $'000	2020 $'000
Investment management fees	21,053	27,106
Interest income	1	1,877

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

	2021 $'000	2020 $'000
Receivables	-	46,274
Payables	4,878	441

	2021 $'000	2020 $'000
(c) Net assets attributable to units held by NCB Capital Markets Limited, its parent and fellow subsidiaries at 30 September	85,899	75,580

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

5. Investment Securities

	2021 $'000	2020 $'000
At fair value through profit and loss:		
Quoted equities	891,845	892,107
Unquoted equity securities	36,023	15,538
Government of Jamaica debt securities	-	107
Corporate debt securities	77,327	47,112
	1,005,195	954,864
Interest receivable	754	648
	1,005,949	955,512

All investment securities are classified at FVPL.

The contractual maturity of the investment securities is as follows:

2021					
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
-	28,791	49,289	-	927,869	1,005,949

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

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

6. Accounts Payable

	2021 $'000	2020 $'000
Management fees	4,878	-
Other	22,013	727
	26,891	727

7. 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 2021

Independent auditor’s report

To the Members of NCB Capital Markets Limited Unit Trust Scheme High Yield and Asset 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 and Asset Loan Portfolio (the Portfolio) as at 30 September 2021, 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 2021;
- 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
31 December 2021

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

Statement of Comprehensive Income

Year ended 30 September 2021

(expressed in Jamaican dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Income		
Interest income	236,468	232,167
Dividend income	14,959	31,318
Net changes in fair value of investment securities	46,021	(27,619)
Total net income	297,448	235,866
Expenses		
Investment management fees	75,497	66,603
Trustee fees	1,797	1,556
Irrecoverable general consumption tax	11,737	10,881
Other operating expenses	989	786
	90,020	79,826
Increase in net assets attributable to holders of redeemable units from operations	207,428	156,040

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

Statement of Financial Position

30 September 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
ASSETS			
Receivables	4	493,673	556,793
Loan receivable	5	1,474,548	1,454,189
Investment securities	6	2,263,413	1,876,685
		4,231,634	3,887,667
LIABILITY			
Liability (excluding net assets attributable to holders of redeemable units)			
Accounts payable	7	8,573	6,948
Net assets attributable to holders of redeemable units		4,223,061	3,880,719
		4,231,634	3,887,666
Net Asset Value Per Unit ($)		13.10	12.41

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 December 2021 and signed on its behalf by:

Steven Gooden — Director

Dennis Cohen — 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 2021

(expressed in Jamaican dollars unless otherwise indicated)

	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 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
Proceeds from redeemable units issued	72,404	913,847
Redemption of redeemable units	(61,555)	(778,933)
Net increase from redeemable unit transactions	10,849	134,914
	322,324	4,015,633
Increase in net assets attributable to holders of redeemable units from operations	-	207,428
Net assets attributable to holders of redeemable units at the end of the period 2021	322,324	4,223,061

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

Statement of Cash Flows

Year ended 30 September 2021

(expressed in Jamaican dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Cash Flows from Operating Activities		
Increase in net assets attributable to holders of redeemable units from operations	207,428	156,040
Adjustment for:		
Interest income	(236,468)	(232,167)
Net changes in fair value of investment securities	(46,021)	27,619
	(75,061)	(48,508)
Changes in operating assets and liability		
Receivables	63,120	(477,590)
Investment securities	(340,173)	783,797
Loan receivable	(20,359)	(1,219,582)
Accounts payable	1,625	(1,047)
	(370,848)	(962,930)
Interest received	235,934	240,059
Net cash used in operating activities	(134,914)	(722,871)
Cash flows from Financing Activities		
Proceeds from redeemable units issued	913,847	1,278,274
Redemption of redeemable units	(778,933)	(645,403)
Net cash provided by financing activities	134,914	632,871
Net (decrease)/increase in cash equivalents	-	(90,000)
Cash equivalents at beginning of period	-	90,000
Cash equivalents at end of period	-	-
Comprising:		
Reverse repurchase agreements	-	-

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

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:

Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors', These amendments use a consistent definition of materiality throughout IFRSs and the *Conceptual Framework for Financial Reporting*, clarify the definition of material and incorporate guidance in IAS 1 about immaterial information.

Amendments to IFRS 3 – definition of a business (effective for annual periods beginning on or after January 1, 2020). This amendment revises the definition of a business which may impact whether a transaction is accounted for as a business combination or asset acquisition. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform – Phase 1 (effective for annual periods beginning on or after January 1, 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

None of the above amendments to standards had a material impact on the Portfolio's operations.

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 IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective for annual periods beginning on or after 1 January 2021). The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

Amendments to IAS 1, Presentation of financial statements', on classification of liabilities (effective for annual periods beginning on or after 1 January 2023). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16, (effective for annual periods beginning on or after 1 January 2022).

- Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

- Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

- Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

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(g)(iii) for the purpose of determining the net asset value per unit for subscriptions and redemptions.

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) 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.

2. Significant Accounting Policies (Continued)

(g) 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. 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.

(h) 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.

(i) Accounts payable

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

2. Significant Accounting Policies (Continued)

(j) 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.

2. Significant Accounting Policies (Continued)

(j) 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.

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 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 2021

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management

(b) Liquidity risk

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 2021, the accounts payable of $8,573,000 (2020 - $6,948,000) are due within 30 days and the net assets attributable to unit holders of $4,223,061,000 (2020 - $3,880,719,000) 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 $107,922,000 (2020 - 104,400,533).

Management estimates that reasonably possible changes in the exchange rate are a devaluation of the Jamaican dollar of 2% (2020 – 2%) or a revaluation of the USD dollar of 6% (2020 – 6%). Should such a devaluation or revaluation occur, the net assets attributable to holders of redeemable units would decrease by $2,158,000 (2020 - $2,088,000) or would increase by $6,476,000 (2020 - $6,264,000), 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 2021
(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.

	2021					
	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	-	-	-	-	493,673	493,673
Loan receivables	55,903	231,025	858,650	327,319	1,651	1,474,548
Investment securities	352,143	185,574	597,000	904,566	224,130	2,263,413
Total financial assets	408,046	416,599	1,455,650	1,231,885	719,454	4,231,634
Liability						
Accounts payable	-	-	-	-	8,573	8,573
Total financial liabilities	-	-	-	-	8,573	8,573
	408,046	416,599	1,455,650	1,231,885	710,881	4,223,061

	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

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2021
(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.

	2021		2020	
	J$	**US$**	**J$**	**US$**
	%	%	%	%
Investment securities	9.1	8.5	8.8	8.50
Loan receivables	7.2	9.5	7.6	-

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**
	2021	**2021**	**2020**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Change in basis points:				
-50 bps for JMD and -100 bps for USD (2020: -100 bps for both for JMD and USD)	(1,153)	24,250	(1,680)	44,248
+300 bps for JMD and +100 bps for USD (2020: +100 bps for both JMD and USD)	6,920	(117,109)	1,680	(58,442)

(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 2021
(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.

	2021			
At 30 September	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investment securities –				
Corporate debt securities	28,114	-	2,029,197	2,057,311
Quoted equities	76,351	-	-	76,351
Unquoted equity securities	-	-	129,751	129,751
	104,465	-	2,158,948	2,263,413

	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

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 2021
(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:

	2021 $'000	2020 $'000
At start of year	365,062	300,000
Additions	1,793,886	65,062
At end of year	2,158,948	365,062

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

	2021		
Description	Unobservable input $'000	Change in basis points	Change in fair value $'000
Corporate debt securities	Risk Premium	USD - 100	44,659
		USD +100	(40,775)

	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)

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value of financial instruments (continued)

The level 3 unquoted equity securities would decrease in value by $4,325,000 should there be a 5% decrease in value and increase by $4,325,000 should there be a 5% increase in value.

	Effect on Equity 2021 $'000
Percentage change in equity prices:	
-5	(6,488)
+5	6,488

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:

	2021 $'000	2020 $'000
Investment management fees	75,497	66,603
Interest income	216	2,836

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

	2021 $'000	2020 $'000
Accounts payable	7,344	4,976
Receivables	493,673	556,793

	2021 $'000	2020 $'000
(c) Net assets attributable to units held by NCB Capital Markets Limited its parent and fellow subsidiaries at 30 September	118,618	66,936

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

Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

5. Loan Receivables

	2021 $'000	2020 $'000
Due from unit trust members	1,472,897	1,453,109
Interest receivable	1,651	1,080
Loan receivables net of expected credit losses	1,474,548	1,454,189

This represents 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.

6. Investment Securities

	2021 $'000	2020 $'000
At fair value through profit and loss:		
Corporate securities	2,039,283	1,859,191
Quoted securities	76,351	-
Unquoted equities	129,751	-
Interest receivable	18,028	17,494
	2,263,413	1,876,685

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

2021					
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
354,764	187,871	605,532	909,143	206,103	2,263,413

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
254,028	-	700,317	922,340	-	1,876,685

7. Accounts Payable

	2021 $'000	2020 $'000
Management fees	7,344	4,976
Other	1,229	1,972
	8,573	6,948

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
JMD High Yield Portfolio

Financial Statements
30 September 2021

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio
Index
30 September 2021

Independent auditor's report

To the Members of NCB Capital Markets Limited Unit Trust Scheme 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 High Yield Portfolio (the Portfolio) as at 30 September 2021, 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 2021;
- 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
31 December 2021

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio
Statement of Comprehensive Income
Year ended 30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Income		
Interest income	3,647	9,325
Interest expense	(730)	(2,611)
Net interest income	2,917	6,714
Net foreign exchange gains and changes in fair value of investment securities	(965)	249
	1,952	6,963
Expenses		
Investment management fees	1,413	2,354
Trustee fees	10	50
Other operating expenses	455	422
	1,878	2,826
Increase in net assets attributable to holders of redeemable units from operations	74	4,137

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio

Statement of Financial Position

30 September 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
ASSETS			
Receivables	8	66,016	8,000
Investment securities	5	-	87,786
Pledged assets	6	-	117,416
		66,016	213,202
LIABILITIES			
Liabilities (excluding net assets attributable to holders of redeemable units)			
Accounts payable		14	-
Repurchase agreements	7	-	111,903
		14	111,903
Net assets attributable to holders of redeemable units	9	66,002	101,299
		66,016	213,202
Net Asset Value Per Unit ($)		14.62	14.67

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 December 2021 and signed on its behalf by:

Steven Gooden — Director

Dennis Cohen — 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 2021
(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 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	9	6,905	101,299
Proceeds from redeemable units issued		-	-
Redemption of redeemable units		(2,390)	(35,371)
Net decrease from redeemable unit transactions		(2,390)	(35,371)
		4,515	65,928
Increase in net assets attributable to holders of redeemable units from operations		-	74
Net assets attributable to holders of redeemable units at the end of the year 30 September 2021	9	4,515	66,002

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio

Statement of Cash Flows

Year ended 30 September 2021

(expressed in Jamaican dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Cash Flows from Operating Activities		
Increase in net assets attributable to holders of redeemable units from operations	74	4,137
Adjustment for:		
Interest income	(3,647)	(9,325)
Interest expense	730	2,611
Net foreign exchange and fair value gains on investments	965	(249)
	(1,878)	(2,826)
Changes in operating assets and liability		
Receivables	(58,016)	(5,010)
Investment securities and pledged assets	203,708	52,650
Repurchase agreements	(111,903)	(22,733)
Accounts payable	14	(2,882)
	31,925	19,199
Interest received	4,254	9,666
Interest paid	(808)	(2,621)
Net cash provided by operating activities	35,371	26,244
Cash flows from Financing Activities		
Proceeds from redeemable units issued	-	10
Redemption of redeemable units	(35,371)	(26,254)
Net cash used in financing activities	(35,371)	(26,244)
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 2021
(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.

On 30 June 2021, the unitholders of the JMD High Yield Portfolio voted in favour of extraordinary resolutions to wind up the portfolio. The assets of the portfolio have since been sold and all outstanding liabilities were settled as at 10 August 2021. In winding up the portfolio, the holdings of unitholders were encashed based on their instructions provided, or the proceeds transferred to the JMD Money Market Fund for the equivalent value of units held in the portfolio being wounded up. The Financial Services Commission (FSC) as well as the unitholders will receive formal notification of the closure of the portfolio when winding up procedures are completed.

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:

Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors', These amendments use a consistent definition of materiality throughout IFRSs and the *Conceptual Framework for Financial Reporting*, clarify the definition of material and incorporate guidance in IAS 1 about immaterial information.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Amendments to IFRS 3 – definition of a business (effective for annual periods beginning on or after January 1, 2020). This amendment revises the definition of a business which may impact whether a transaction is accounted for as a business combination or asset acquisition. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform – Phase 1 (effective for annual periods beginning on or after January 1, 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

None of the above amendments to standards had a material impact on the Portfolio's operations.

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 IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective for annual periods beginning on or after 1 January 2021). The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

Amendments to IAS 1, Presentation of financial statements', on classification of liabilities (effective for annual periods beginning on or after 1 January 2023). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16, (effective for annual periods beginning on or after 1 January 2022).

- Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

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 2021
(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 2021
(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

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.

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio

Notes to the Financial Statements
30 September 2021
(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. The Portfolio has a significant concentration in Government of Jamaica securities in 2020 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 2021, the repurchase agreements and accounts payable of nil (2020 - $111,903,000) are due within 30 days and the net assets attributable to unit holders of $66,002,000 (2020 - $101,299,000) are redeemable on demand at the unit holders' option.

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 2021
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

	2021					
	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	-	-	-	-	66,016	66,016
Total financial assets	-	-	-	-	66,016	66,016

	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	-	-	-	-	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

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio
Notes to the Financial Statements
30 September 2021
(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.

	2021		2020	
	J$	**US$**	**J$**	**US$**
	%	%	%	%
Assets				
Investment securities	-	-	3.30	-
Liabilities				
Repurchase agreements	-	-	1.63	1.50

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
	2021	**2021**	**2020**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Change in basis points:				
-50 bps for JMD and -100 bps for USD (2020: -100 bps for JMD and USD)	-	-	(1,186)	233
+300 bps for JMD and +100 bps for USD (2020: +100 bps for JMD and USD)	-	-	1,186	(229)

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio

Notes to the Financial Statements
30 September 2021
(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 were based on quoted market prices at year end. The quoted market price used for financial assets held by the Portfolio were the current bid price.

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

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

(ii) Level 2 fair value measurements were 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 were those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

All investment securities in the prior year are classified in Level 2.

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

Other techniques, such as estimated discounted cash flows, were 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 were measured at fair value by reference to quoted market prices when available. If quoted prices were not available, then fair values estimated on the basis of pricing models or other recognised valuation techniques.

(a) The fair value of liquid assets and other assets maturing within three months were 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 were assumed to approximate their carrying value.

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:

	2021 $'000	2020 $'000
Investment management fees	1,413	2,354
Interest expense	730	2,611

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

	2021 $'000	2020 $'000
Repurchase agreement (Note 7)	-	111,903

(c) Net assets attributable to units held by NCB Capital Markets Limited, its parent and fellow subsidiaries

	2021 $'000	2020 $'000
	42,835	43,021

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio
Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

5. Investment Securities

	2021 $'000	2020 $'000
Government of Jamaica, at fair value through profit or loss	-	174,594
Corporate, at fair value through profit or loss	-	30,000
	-	204,594
Interest receivable	-	608
	-	205,202
Less pledged assets (Note 6)	-	(117,416)
Total	-	87,786

The contractual maturity of the investment securities is as follows:

2021				
Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
$'000	$'000	$'000	$'000	$'000
-	-	-	-	-

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

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 nil (2020 - $111,903,000) are collateralised by certain securities and other instruments held by the Portfolio (Note 5). Included within repurchase agreements is related accrued interest payable of nil (2020 - $78,500). Repurchase agreements include balances with related parties as set out in Note 4.

NCB Capital Markets Limited Unit Trust Scheme
JMD High Yield Portfolio
Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

8. Accounts Receivable

	2021 $'000	2020 $'000
Receivables (re sale of investment securities due to fund closure)	59,394	1,307
Withholding tax	6,622	6,693
	66,016	8,000

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 2021

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 2021, 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 2021;
- 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
31 December 2021

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Statement of Comprehensive Income

Year ended 30 September 2021

(expressed in Jamaican dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Income		
Interest income	603,005	706,153
Interest expense	(2)	(37)
Net interest income	603,003	706,116
Net foreign exchange gains and changes in fair value of investment securities	(36,575)	(1,509)
	566,428	704,607
Expenses		
Investment management fees	274,245	300,853
Trustee fees	5,993	6,183
Irrecoverable general consumption tax	42,706	49,149
Other operating expenses	4,469	4,486
	327,413	360,671
Increase in net assets attributable to holders of redeemable units from operations	239,015	343,936

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Statement of Financial Position

30 September 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
ASSETS			
Loans receivable	5	449,031	353,228
Reverse repurchase agreements	6	-	615,232
Cash and cash equivalents	7	240,000	-
Investment securities	8	13,147,402	12,851,991
Receivables		-	234,910
		13,836,433	14,055,361
LIABILITY			
Liability (excluding net assets attributable to holders of redeemable units)			
Accounts payable	8	397,288	47,194
		-	47,194
Net assets attributable to holders of redeemable units		13,439,145	14,008,167
		13,836,433	14,055,361
Net Asset Value Per Unit ($)		13.43	13.38

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 December 2021 and signed on its behalf by:

Steven Gooden — Director

Dennis Cohen — 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 2021

(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 2019		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
Proceeds from redeemable units issued		127,347	1,655,686
Redemption of redeemable units		(172,944)	(2,463,723)
Net decrease from redeemable unit transactions		(45,597)	(808,037)
		1,001,010	13,200,130
Increase in net assets attributable to holders of redeemable units from operations		-	239,015
Net assets attributable to holders of redeemable units at the end of the year 30 September 2021		1,001,010	13,439,145

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Statement of Cash Flows
Year ended 30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Cash Flows from Operating Activities		
Increase in net assets attributable to holders of redeemable units from operations	239,015	343,936
Adjustment for:		
Interest income	(603,005)	(706,153)
Interest expense	2	37
Net foreign losses and change in fair value of investment securities	36,575	1,509
	(327,413)	(360,671)
Changes in operating assets and liability		
Investment securities	(338,496)	(477,846)
Loans receivable	(95,803)	(242,683)
Receivables	234,910	(233,642)
Accounts payable	350,094	6,978
	(176,708)	(1,307,864)
Interest received	609,741	664,865
Interest paid	(228)	423
Net cash provided by/(used in) operating activities	432,805	(642,576)
Cash flows from Financing Activities		
Proceeds from redeemable units issued	1,655,686	1,084,125
Redemption of redeemable units	(2,463,723)	(2,056,009)
Net cash used in by financing activities	(808,037)	(971,884)
Net decrease in cash equivalents	(375,232)	(1,614,460)
Cash equivalents at beginning of year	615,232	2,229,692
Cash equivalents at end of year	240,000	615,232
Comprising:		
Cash and cash equivalents	240,000	-
Reverse repurchase agreements	-	615,232
	240,000	615,232

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Notes to the Financial Statements
30 September 2021
(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

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:

Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors', These amendments use a consistent definition of materiality throughout IFRSs and the *Conceptual Framework for Financial Reporting*, clarify the definition of material and incorporate guidance in IAS 1 about immaterial information.

Amendments to IFRS 3 – definition of a business (effective for annual periods beginning on or after January 1, 2020). This amendment revises the definition of a business which may impact whether a transaction is accounted for as a business combination or asset acquisition. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform – Phase 1 (effective for annual periods beginning on or after January 1, 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

None of the above amendments to standards had a material impact on the Portfolio's operations.

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 IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective for annual periods beginning on or after 1 January 2021). The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

Amendments to IAS 1, Presentation of financial statements', on classification of liabilities (effective for annual periods beginning on or after 1 January 2023). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16, (effective for annual periods beginning on or after 1 January 2022).

- Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

- Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

- Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

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.

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.

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. 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.

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.

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 2021
(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 (2020 – 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 and

(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 2021, the accounts payable of $397,288,000 (2020 - $47,194,000) are due within 30 days and the net assets attributable to unit holders of $13,439,000 (2020 - $14,008,000) 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.

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 $495,626,000 (2020 - $1,198,348,000).

Management estimates that reasonably possible changes in the exchange rate are a devaluation of the Jamaican dollar of 2% (2020 – 2%) or a revaluation of the USD dollar of 6% (2020 – 6 %). Should such a devaluation or revaluation occur, the net assets attributable to holders of redeemable units would decrease by $9,912,000 (2020 – $23,967,000),or would increase by $29,738,000 (2020 - $71,901,000), 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 2021
(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.

	2021					
	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						
Cash and cash equivalents	240,000	-	-	-	-	240,000
Loans receivable	1,178	212,427	235,316	-	110	449,031
Investment securities	1,892,977	2,370,863	7,254,272	670,255	959,035	13,147,402
Total financial assets	2,134,155	2,583,290	7,489,588	670,255	959,145	13,836,433
Liabilities						
Accounts payable	-	-	-	-	397,288	397,288
Total financial liabilities	-	-	-	-	397,288	397,288
Total interest repricing gap	2,134,155	2,583,290	7,489,588	670,255	561,857	13,439,145

	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

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Notes to the Financial Statements
30 September 2021
(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.

	2021		2020	
	J$	**US$**	**J$**	**US$**
	%	**%**	**%**	**%**
Investment securities	-	-	5.20	6.46
Loans	5.94	6.51	7.68	-
Reverse repurchase agreements	5.52	-	0.99	-

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 2021 $'000	Sensitivity of changes in fair value 2021 $'000	Sensitivity of interest income 2020 $'000	Sensitivity of changes in fair value 2020 $'000
Change in basis points:				
-50 bps for JMD and -100 bps for USD (2020 - -100 bps for both JMD and USD)	(12,665)	125,112	(16,245)	145,731
+300 bps for JMD and +100 bps for USD (2020 - +100 bps for both JMD and USD)	12,665	(180,073)	16,245	(139,708)

(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 2021
(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.

	2021			
At 30 September	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investment securities –				
GOJ debt securities	-	3,656,036	-	3,656,036
Quoted equities	191,840	-	-	191,840
Unquoted equities	-	-	649,904	649,904
Corporate debt securities	-	8,649,622	-	8,649,622
	191,840	12,305,658	649,904	13,147,402

	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

NCB Capital Markets Limited Unit Trust Scheme
Money Market Portfolio
Notes to the Financial Statements
30 September 2021
(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:

	2021 $'000	2020 $'000
At start of year	764,843	150,000
Additions	-	614,843
Disposals	(115,339)	-
At end of year	649,504	764,843

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

	2021		
Description	**Unobservable input $'000**	**Change in basis points**	**Change in fair value $'000**
Corporate debt securities	Risk Premium	USD -100	-
		USD+100	-

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value of financial instruments (continued)

Sensitivity analysis (continued)

	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	(3,143)

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:

	2021	2020
	$'000	$'000
Investment management fees	274,245	300,853
Interest income	7,869	21,370

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

	2021 $'000	2020 $'000
Payables	56,699	28,394
Reverse repurchase agreements	-	615,232

	2021 $'000	2020 $'000
(c) Net Assets attributable to units held by NCB Capital Markets Limited, its parent and fellow subsidiaries at 30 September	348,333	314,314

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

5. Loans Receivable

	2021 $'000	2020 $'000
Due from unit trust holders	448,921	353,027
Interest receivable	110	201
Loan receivables net of expected credit losses	449,031	353,228

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 nil (2020 - $231,700).

At 30 September 2021, the Portfolio held nil (2020 - $645,750,000) 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

	2021 $'000	2020 $'000
At FVPL		
Government of Jamaica	2,690,246	4,928,310
Unquoted debt securities	649,904	600,000
Quoted equities	191,840	-
Corporate debt securities	9,498,121	7,199,661
	13,030,111	12,727,971
Interest receivable	117,291	124,020
	13,147,402	12,851,991

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

7. Investment Securities (Continued)

The contractual maturity of the investment securities is as follows:

2021				
Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
$'000	**$'000**	**$'000**	**$'000**	**$'000**
1,912,261	2,392,356	7,322,789	1,519,996	13,147,402

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

8. Accounts Payable

	2021 $'000	2020 $'000
Management fees	56,699	28,394
Other	340,589	18,800
	397,288	47,194

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 2021

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Index
30 September 2021

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 2021, 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 2021;
- 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
31 December 2021

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio

Statement of Comprehensive Income

Year ended 30 September 2021

(expressed in United States dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Income		
Interest income	904	1,154
Interest expense	(10)	(56)
	894	1,098
Gains on sale of investments	360	63
Losses from investment activities	(851)	(2,073)
	403	(912)
Expenses		
Investment management fees	521	562
Trustee fees	11	11
Irrecoverable general consumption tax	82	92
Audit fees	6	6
Other operating expenses	2	2
	622	673
Operating loss	(219)	(1,585)
Other Comprehensive Income		
Items that may be reclassified to the profit and loss in subsequent years		
Exchange gain on translation from functional currency	1,096	1,884
Total Other Comprehensive Income	1,096	1,884
Increase in net assets attributable to holders of redeemable units from operations	877	299

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio

Statement of Financial Position
30 September 2021
(expressed in United States dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
ASSETS			
Receivables		485	1,420
Investment securities	6	23,548	24,635
Pledged asset	7	-	1,575
		24,033	27,630
LIABILITIES			
Liabilities (excluding net assets attributable to holders of redeemable units)			
Repurchase agreement	5	-	1,501
Accounts payable	8	85	28
		85	1,529
Net assets attributable to holders of redeemable units		23,948	26,101
		24,033	27,630
Net Asset Value Per Unit ($)		1.22	1.22

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 December 2021 and signed on its behalf by:

Steven Gooden — Director

Dennis Cohen — 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 2021

(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 2019		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)
		21,333	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	21,333	26,101
Proceeds from redeemable units issued		1,103	1,378
Redemption of redeemable units		(2,795)	(4,407)
Net decrease from redeemable unit transactions		(1,692)	(3,029)
		19,641	23,072
Increase in net assets attributable to holders of redeemable units from operations		-	877
Net assets attributable to holders of redeemable units at 30 September 2021	9	19,641	23,948

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio

Statement of Cash Flows

Year ended 30 September 2021

(expressed in United States dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Cash Flows from Operating Activities		
Operating loss	(218)	(1,585)
Adjustment for:		
Interest income	(904)	(1,154)
Interest expense	10	56
Gain on sale of investments	(360)	63
Net losses on investment securities	851	2,010
	(621)	(610)
Changes in operating assets and liabilities		
Receivables	935	1,542
Investment securities	1,736	(52)
Pledged asset	1,575	
Repurchase agreement	(1,501)	(1,014)
Accounts payable	57	28
	2,181	(106)
Interest received	859	1,217
Interest paid	(11)	(54)
Net cash provided by operating activities	3,029	1,057
Cash Flows from Financing Activities		
Proceeds from redeemable units issued	1,378	2,315
Redemption of redeemable units	(4,407)	(3,372)
Net cash used in financing activities	(3,029)	(1,057)
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	-	-

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 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:

Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors', These amendments use a consistent definition of materiality throughout IFRSs and the *Conceptual Framework for Financial Reporting*, clarify the definition of material and incorporate guidance in IAS 1 about immaterial information.

Amendments to IFRS 3 – definition of a business (effective for annual periods beginning on or after January 1, 2020). This amendment revises the definition of a business which may impact whether a transaction is accounted for as a business combination or asset acquisition. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform – Phase 1 (effective for annual periods beginning on or after January 1, 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

None of the above amendments to standards had a material impact on the Portfolio's operations.

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 IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective for annual periods beginning on or after 1 January 2021). The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

Amendments to IAS 1, Presentation of financial statements', on classification of liabilities (effective for annual periods beginning on or after 1 January 2023). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Notes to the Financial Statements
30 September 2021
(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16, (effective for annual periods beginning on or after 1 January 2022).

- Amendments to IFRS 3, ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

- Amendments to IAS 16, ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

- Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

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.

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.

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.

(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.

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.

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; and

(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 2021, the accounts payable of $85,000 (2020 – $28,000) are due within 30 days and the net assets attributable to unit holders of $23,948,000 (2020 – $26,101,000) 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 2021
(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.

	2021					
	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	-	-	-	-	485	485
Investment securities	-	3,669	4,704	14,875	300	23,548
Total financial assets	-	3,669	4,704	14,875	785	24,033
Liability						
Accounts payables	-	-	-	-	85	85
Total financial liabilities	-	-	-	-	85	85
Total interest repricing gap	-	3,669	4,704	14,875	700	23,948
Cumulative interest repricing gap	-	3,669	8,373	23,248	23,948	

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Notes to the Financial Statements
30 September 2021
(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

	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 Payable	-	-	-	-	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	

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

	2021	**2020**
	%	%
Investment securities	5.37	5.48

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio

Notes to the Financial Statements
30 September 2021
(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
	2021	**2021**	**2020**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Change in basis points:				
USD: -100 bps (2020 - -100 bps)	-	907	-	620
USD: +100 bps (2020 - +100bps)	-	(806)	-	(556)

(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.

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 2021

(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:

	2021	2020
	$'000	$'000
Investment management fees	521	561
Interest income	-	173

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

	2021 $'000	2020 $'000
Receivables	485	1,420

5. Repurchase Agreements

Repurchase agreements with carrying value of nil (2020 - $1,501,000) are collateralised by certain securities and other instruments held by the Portfolio (Note 5). Included within repurchase agreements is related accrued interest payable of nil (2020 - $555).

6. Investment Securities

	2021 $'000	2020 $'000
At FVPL		
Government of Jamaica securities	13,281	14,092
Corporate securities	9,967	11,863
	23,248	25,955
Interest receivable	300	255
	23,548	26,210
Less pledged assets	-	(1,575)
	23,548	24,635

6. Investment Securities (Continued)

The contractual maturity of the investment securities is as follows:

2021				
Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
$'000	**$'000**	**$'000**	**$'000**	**$'000**
-	3,711	4,719	15,118	23,548

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

7. Accounts Payable

	2021 $'000	**2020 $'000**
Management fees	69	4
Other	16	24
	85	28

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
USD Indexed Bond Portfolio

Financial Statements
30 September 2021

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio
Index
30 September 2021

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 2021, 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 2021;
- 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
31 December 2021

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio

Statement of Comprehensive Income

Year ended 30 September 2021

(expressed in Jamaican dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Income		
Interest income	6,023	2,757
Interest expense	-	(7)
Net interest income	6,023	2,750
Net (losses)/gains on fair value of investment securities and foreign exchange	(3,589)	16,421
	2,434	19,171
Expenses		
Investment management fees	908	4,750
Trustee fees	57	118
Irrecoverable general consumption tax	178	785
Audit fees	14	59
Other operating expenses	6	26
	1,163	5,738
Increase in net assets attributable to holders of redeemable units from operations	1,271	13,433

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio

Statement of Financial Position

30 September 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
ASSETS			
Receivables		13,163	6,927
Investment securities	5	-	130,638
		13,163	137,565
LIABILITIES			
Liabilities (excluding net assets attributable to holders of redeemable units)			
Accounts payable	6	135	628
		135	628
Net assets attributable to holders of redeemable units	7	13,028	136,937
		13,163	137,565
Net Asset Value Per Unit ($)		15.04	15.54

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 December 2021 and signed on its behalf by:

Steven Gooden Director

Dennis Cohen 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 2021
(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 2019		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	7	8,810	136,937
Proceeds from redeemable units issued		-	-
Redemption of redeemable units		(7,944)	(125,180)
Net Increase from redeemable unit transactions		(7,944)	(125,180)
		866	11,757
Increase in net assets attributable to holders of redeemable units from operations		-	1,271
Net assets attributable to holders of redeemable units at 30 September 2021	7	866	13,028

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio
Statement of Cash Flows
Year ended 30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Cash Flows from Operating Activities		
Increase in net assets attributable to holders of redeemable units from operations	1,271	13,433
Adjustment for:		
Interest income	(6,023)	(2,757)
Interest expense	-	7
Net gains on investment securities	3,589	(16,421)
	(1,163)	(5,738)
Changes in operating assets and liability		
Receivables	(6,236)	46,661
Investment securities	126,429	141,297
Repurchase agreement	-	(10,875)
Accounts payable	(493)	(573)
	118,537	170,772
Interest received	6,643	3,352
Interest paid	-	(18)
Net cash provided by operating activities	125,180	174,106
Cash flows from Financing Activities		
Proceeds from redeemable units issued	-	15,711
Redemption of redeemable units	(125,180)	(189,817)
Net cash used in financing activities	(125,180)	(174,106)
Net decrease in cash equivalents		-
Cash equivalents at beginning of year	-	-
Cash equivalents at end of year	-	-

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Notes to the Financial Statements
30 September 2021
(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.

On 30 June 2021, the unitholders of the USD Indexed Bond Portfolio voted in favour of extraordinary resolutions to wind up the portfolio. The assets of the portfolio have since been sold and all outstanding liabilities were settled as at August 31, 2021. In winding up the portfolio, the holdings of unitholders were encashed based on their instructions provided, or the proceeds transferred to the JMD Money Market Fund for the equivalent value of units held in the portfolio being wounded up. The Financial Services Commission (FSC) as well as the Unitholders will receive formal notification of the closure of the portfolio when completed.

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 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:

Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors', These amendments use a consistent definition of materiality throughout IFRSs and the *Conceptual Framework for Financial Reporting*, clarify the definition of material and incorporate guidance in IAS 1 about immaterial information.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Amendments to IFRS 3 – definition of a business (effective for annual periods beginning on or after January 1, 2020). This amendment revises the definition of a business which may impact whether a transaction is accounted for as a business combination or asset acquisition. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform – Phase 1 (effective for annual periods beginning on or after January 1, 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

None of the above amendments to standards had a material impact on the Portfolio's operations.

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 IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective for annual periods beginning on or after 1 January 2021). The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

Amendments to IAS 1, Presentation of financial statements', on classification of liabilities (effective for annual periods beginning on or after 1 January 2023). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16, (effective for annual periods beginning on or after 1 January 2022).

- Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

- Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

- Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

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.

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.

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.

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.

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 no investments as at current year end (PY – corporate debt 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. 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; and

(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 2021, the repurchase agreement and accounts payable of nil (2020 – $628,000) are due within 30 days and the net assets attributable to unit holders of nil (2020 – $136,937,000) 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 nil (2020 – $130,637,000).

Management estimates that reasonably possible changes in the exchange rate are a revaluation of the Jamaican dollar of 2% (2020 –2%) or a devaluation of the USD dollar of 6% (2020 – 6%). Should such a devaluation or revaluation occur, the net assets attributable to holders of redeemable units would increase by nil (2020 – $2,613,000) or decrease by nil (2020 –$7,838,000), respectively.

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio
Notes to the Financial Statements
30 September 2021
(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.

	2021					
	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	-	-	-	-	13,163	13,163
Total financial assets	-	-		-	13,163	13,163
Liabilities						
Accounts payable	-	-	-	-	135	135
Total financial liabilities	-	-	-	-	135	135
Total interest repricing gap	-	-	-	-	13,028	13,028

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio
Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

	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

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

	2021		2020	
	J$	**US$**	**J$**	**US$**
	%	**%**	**%**	**%**
Investment securities	-	-	-	6.00

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio
Notes to the Financial Statements
30 September 2021
(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
	2021	2021	2020	2020
	$'000	$'000	$'000	$'000
Change in basis points:				
USD: -100 bps (2020 – -100 bps)	-	-	-	965
USD: +100 bps (2020 – +100 bps)	-	-	-	(577)

(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 2021
(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 were based on quoted market prices at year end. The quoted market price used for financial assets held by the Portfolio were the current bid price.

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

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

(ii) Level 2 fair value measurements were 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 were those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

All investment securities were classified in Level 3.

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

Other techniques, such as estimated discounted cash flows, were 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 were measured at fair value by reference to quoted market prices when available. If quoted prices were 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 were 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 were assumed to approximate their carrying value.

	2021			
At 30 September	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investment securities –				
Corporate debt securities	-	-	-	-

	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

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio

Notes to the Financial Statements
30 September 2021
(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:

	2021	2020
	$'000	$'000
Investment management fees	908	4,750

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

	2021	2020
	$'000	$'000
Receivables	13,163	6,927
Repurchase agreements	-	-
Payables	-	305

5. Investment Securities

	2021	2020
	$'000	$'000
At FVPL		
Corporate debt securities	-	130,018
		130,018
Interest receivable	-	620
		130,638
Less: Pledged assets (Note 6)	-	-
	-	130,638

NCB Capital Markets Limited Unit Trust Scheme
USD Indexed Bond Portfolio

Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

5. Investment Securities (Continued)

The contractual maturity of the investment securities is as follows:

2021				
Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
$'000	$'000	$'000	$'000	$'000
-	-	-	-	-

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

6. Accounts Payable

	2021 $'000	2020 $'000
Management fees	-	305
Other	135	323
	135	628

7. 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 2021

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Index
30 September 2021

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 2021, 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 2021;
- 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
31 December 2021

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio

Statement of Comprehensive Income

Year ended 30 September 2021

(expressed in United States dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Income		
Interest income	2,652	2,852
Gain on sale of investments	384	6
Net loss on investment securities	(3,456)	(5,803)
	(420)	(2,945)
Expenses		
Investment management fees	1,585	1,518
Trustee fees	37	37
Irrecoverable general consumption tax	247	248
Audit fees	20	22
Other operating expenses	8	8
	1,897	1,833
Operating loss	(2,317)	(4,778)
Other Comprehensive Income		
Items that may be reclassified to the profit and loss in subsequent years		
Exchange gain on translation from functional currency	4,559	5,633
Total Other Comprehensive Income	4,559	5,633
Increase in net assets attributable to holders of redeemable units from operations	2,242	855

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio

Statement of Financial Position

30 September 2021

(expressed in United States dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
ASSETS			
Receivables		-	6,493
Loan receivable	5	12,086	-
Reverse repurchase agreements	6	31,091	30,830
Investment securities	7	47,822	47,754
		90,999	85,077
Accounts payable		5,406	262
Net assets attributable to holders of redeemable units	9	85,593	84,815
		90,999	85,077
Net Asset Value Per Unit ($)		1.08	1.11

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 December 2021 and signed on its behalf by:

Steven Gooden Director

Dennis Cohen 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 2021
(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 2019		81,068	88,549
Proceeds from redeemable units issued		9,424	10,290
Redemption of redeemable units		(13,564)	(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	9	76,928	84,815
Proceeds from redeemable units issued		14,112	11,654
Redemption of redeemable units		(11,728)	(13,118)
Net decrease from redeemable unit transactions		2,384	(1,464)
		79,312	83,351
Increase in net assets attributable to holders of redeemable units from operations		-	2,242
Net assets attributable to holders of redeemable units at 30 September 2021	9	79,312	85,593

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio

Statement of Cash Flows

Year ended 30 September 2021

(expressed in United States dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Cash Flows from Operating Activities		
Operating loss	(2,317)	(4,778)
Adjustment for:		
Interest income	(2,652)	(2,852)
Gain on sale of investments	(384)	6
Net foreign exchange and fair value losses	3,456	5,803
	(1,897)	(1,821)
Changes in operating assets and liability		
Receivables	6,493	(4,409)
Investment securities	1,575	(11,854)
Loan receivable	(12,086)	-
Accounts payable	5,144	262
	(771)	(17,822)
Interest received	2,496	2,624
Net cash provided by/(used in) operating activities	1,725	(15,198)
Cash Flows from Financing Activities		
Proceeds from redeemable units issued	11,654	10,290
Redemption of redeemable units	(13,118)	(14,879)
Net cash used in financing activities	(1,464)	(4,589)
Net increase/(decrease) in cash equivalents	261	(19,787)
Cash and cash equivalents at beginning of year	30,830	50,617
Cash and cash equivalents at end of year	31,091	30,830
Comprising:		
Reverse repurchase agreements	31,091	30,830

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Notes to the Financial Statements
30 September 2021
(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 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 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:

Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors', These amendments use a consistent definition of materiality throughout IFRSs and the *Conceptual Framework for Financial Reporting*, clarify the definition of material and incorporate guidance in IAS 1 about immaterial information.

Amendments to IFRS 3 – definition of a business (effective for annual periods beginning on or after January 1, 2020). This amendment revises the definition of a business which may impact whether a transaction is accounted for as a business combination or asset acquisition. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform – Phase 1 (effective for annual periods beginning on or after January 1, 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

None of the above amendments to standards had a material impact on the Portfolio's operations.

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 IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective for annual periods beginning on or after 1 January 2021). The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

Amendments to IAS 1, Presentation of financial statements', on classification of liabilities (effective for annual periods beginning on or after 1 January 2023). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16, (effective for annual periods beginning on or after 1 January 2022).

- Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

- Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

- Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

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 Money Market Portfolio
Notes to the Financial Statements
30 September 2021
(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 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, loan receivables 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.

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market 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. 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
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2021
(expressed in Jamaican 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) Loan receivables
Loans are stated net of any allowance for credit losses. Loan receivables 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.

2. Significant Accounting Policies (Continued)

(k) Loan receivables (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.

(l) Accounts payable

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

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Notes to the Financial Statements
30 September 2021
(expressed in United States dollars unless otherwise indicated)

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 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.

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; and

(iii) Optimising returns on investments.

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

The Portfolio’s undiscounted liabilities at year end equal their carrying amounts as these liabilities bear no interest. At 30 September 2021, the accounts payable of $5,406,000 (2020 – $262,000). The Portfolio’s net assets attributable to unit holders of $85,593,000 (2020 – $84,815,000) 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 2021
(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.

	2021					
	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						
Loan receivable	-	-	12,000	-	86	12,086
Reverse repurchase agreements	29,453	1,500	-	-	138	31,091
Investment securities, including pledged assets	4,674	8,868	12,884	20,834	562	47,822
Total financial assets	34,127	10,368	24,884	20,834	786	90,999
Liability						
Accounts payable	-	-	-	-	(5,406)	(5,406)
Total financial liability	-	-	-	-	(5,406)	(5,406)
Net interest sensitivity gap	34,127	10,368	24,884	20,834	(4,620)	85,593

	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	-	-	-	-	6,493	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
Liability						
Accounts payable	-	-	-	-	(262)	(262)
Total financial liability	-	-	-	-	(262)	(262)
Net interest sensitivity gap	30,702	10,000	14,933	22,330	6,850	84,815

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Notes to the Financial Statements
30 September 2021
(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.

	2021	2020
	%	%
Investment securities	4.52	4.98
Reverse repurchase agreements	2.95	2.22

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 changes in fair value	Sensitivity of changes in fair value
	2021	2020
	$'000	$'000
Change in basis points:		
-100 bps (2020 – -100 bps)	1,417	362
+100 bps (2020 – +100 bps)	(888)	(368)

(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 2021
(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.

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:

	2021 $'000	2020 $'000
Investment management fees	1,585	1,518
Interest income	809	883

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

	2021 $'000	2020 $'000
Receivables	-	6,493
Reverse repurchase agreements	31,091	30,830
Payables	4,986	-

5. Loan Receivable

	2021 $'000
Corporate loan receivable	12,000
Interest receivable	86
Loan receivable net of expected credit losses	12,086

On 3 September 2021, the Portfolio participated in the Urban Development Corporation of Trinidad and Tobago 5.00% 4-year Government Guaranteed Loan. The loan receivable has an original maturity of four years and a fixed interest rate of 5% per annum.

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 $137,570 (2020 – $127,500).

At 30 September 2021, the Portfolio held $34,121,248 (2020 – $33,676,800) 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 2021
(expressed in United States dollars unless otherwise indicated)

7. Investment Securities

	2021 $'000	2020 $'000
At FVPL:		
Government of Jamaica	32,786	23,563
Corporate	14,474	23,700
	47,260	47,263
Interest receivable	562	491
	47,822	47,754

The contractual maturity of the investment securities is as follows:

2021				
Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
$'000	$'000	$'000	$'000	$'000
4,699	8,996	12,964	21,163	47,822

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

8. Accounts Payable

	2021 $'000	2020 $'000
Payable to unit holders for redemption of units	4,986	-
Management fees	349	163
Other	71	99
	5,406	262

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.