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 2022, 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 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to holders of redeemable units for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

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

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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 2022

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Statement of Comprehensive Income

Year ended 30 September 2022

(expressed in Jamaican dollars unless otherwise indicated)

	2022 $'000	2021 $'000
Income		
Interest income	1,087	751
Dividend income	48,147	12,740
Gain on disposal of investments	68,333	9,584
Net changes in fair value of investment securities	(29,002)	118,714
Total net income	88,565	141,789
Expenses		
Investment management fees	18,237	21,053
Trustee fees	429	432
Other operating expenses	5,533	3,598
	24,199	25,083
Increase in net assets attributable to holders of redeemable units from operations	64,366	116,706

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Market Portfolio
Statement of Financial Position
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Assets			
Receivables	4	43,196	-
Reverse repurchase agreements	8	80,013	-
Cash and cash equivalents		9,000	-
Investment securities	5	836,433	1,005,949
Derivative financial instrument	9	20,879	-
		989,521	1,005,949
Liabilities (excluding net assets attributable to holders of redeemable units)			
Accounts payable	6	1,614	26,891
		1,614	26,891
Net assets attributable to holders of redeemable units		987,907	979,058
		989,521	1,005,949
Net asset value per redeemable unit ($)		29.49	27.35

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 December 2022 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 2022

(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 2020		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
Proceeds from redeemable units issued		1,710	54,842
Redemption of redeemable units		(4,002)	(110,359)
Net decrease from redeemable unit transactions		(2,292)	(55,517)
		33,501	923,541
Increase in net assets attributable to holders of redeemable units from operations		-	64,366
Net assets attributable to holders of redeemable units at the end of the year 30 September 2022	7	33,501	987,907

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Statement of Cash Flows
Year ended 30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

	2022 $'000	2021 $'000
Cash Flows from Operating Activities		
Increase in net assets attributable to holders of redeemable units from operations	64,366	116,706
Adjustment for:		
Changes in fair value of investment securities	29,002	(118,714)
Interest expense		-
Interest income	(1,087)	(751)
	92,281	(2,759)
Changes in operating assets and liabilities		
Derivative financial instrument	(20,879)	-
Investment securities	24,472	58,799
Receivables	(43,196)	46,274
Accounts payable	(25,277)	26,164
	27,401	128,478
Dividends received	39,177	-
Interest received	77,952	10,229
Net cash provided by operating activities	144,530	138,707
Cash Flows from Financing Activities		
Proceeds from redeemable units issued	54,842	21,825
Redemption of redeemable units	(110,359)	(160,532)
Net cash used in financing activities	(55,517)	(138,707)
Net increase in cash equivalents	89,013	-
Cash equivalents at the beginning of the year	-	-
Cash equivalents at end of year	89,013	-
Comprising:		
Cash and cash equivalents	9,000	-
Reverse repurchase agreements	80,013	-
	89,013	-

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Statement of Cash Flows
Year ended 30 September 2022
(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 IFRS 7, IFRS 4, and IFRS 16 – Interest rate benchmark reform – Phase 2 (effective 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. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform. The amendments to standards did not have a material impact on the Portfolio's operations.

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Statement of Cash Flows
Year ended 30 September 2022
(expressed in Jamaican 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

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

Amendments to IAS 1, Presentation of financial statements', on classification of liabilities (effective for annual periods beginning on or after 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.

The Portfolio is currently assessing the impact of this amendment.

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 and IAS 37 and some annual improvements on IFRS 9, (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 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 9.

The Portfolio is currently assessing the impact of these amendments.

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. The Portfolio is currently assessing the impact of these amendments.

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 2022
(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.

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.

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

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) Cash equivalents

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

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(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.

(l) Derivative financial instruments
Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group transacts derivatives to manage its own exposure to interest rate and foreign exchange risk.

Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into, and subsequently are re-measured at their fair value at the date of each statement of financial position. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Assets and liabilities are set off where the contracts are with the same counterparty, a legal right of set off exists and the cash flows are intended to be settled on a net basis.

Gains and losses from changes in the fair value of derivatives are included in the income statement.

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management

The Portfolio's activities expose it to a variety of financial risks: fair value interest rate risk, currency 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 (2021 – 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 corporate debt 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.

The Portfolio's undiscounted liabilities at period end equal their carrying amounts as these liabilities bear no interest. At 30 September 2022, the accounts payable of $1,614,000 (2021 - $26,891,000) are due within 30 days and the net assets attributable to unit holders of $987,907,000 (2021 - $979,058,000) 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.

(b) 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 $685,096,027 (2021 - $928,623,000).

Management estimates that reasonably possible changes in the exchange rate are a devaluation of the Jamaican dollar of 4% (2021 - 8%) or a revaluation of the USD dollar of 1% (2021 - 2 %). Should such a devaluation or revaluation occur, the net assets attributable to holders of redeemable units would decrease by $ (2021 -),or would increase by $ (2021 -), respectively.

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(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 $705,953,000 (2021 - 928,623,000).

A 6% (2021- 5%) increase/decrease in unit prices at 30 September 2022 would have increased/decreased net assets attributable to holders of redeemable units by $42,357,000 (2021 - $46,431,000).

(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.

	2022					
	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						
Cash and cash equivalents	9,000	-	-	-	-	9,000
Receivables	-	-	-	-	43,196	43,196
Reverse repurchase agreements	80,000	-	-	-	13	80,013
Derivative financial instrument	20,879	-	-	-	-	20,879
Investment securities	-	69,332	38,324	22,824	705,953	836,433
Total financial assets	109,879	69,332	38,324	22,824	749,162	989,521
Liabilities						
Accounts payable	-	-	-	-	1,614	1,614
Total financial liabilities	-	-	-	-	1,614	1,614
Total interest repricing gap	109,879	69,332	38,324	22,824	747,548	987,907

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(d) Market risk (continued)

Interest rate risk (continued)

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

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

	2022	2021
	%	%
Cash and cash equivalents	3.0	-
Reverse repurchase agreements	6.0	-
Investment securities at fair value through profit or loss	17.55	18.11

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(d) 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; 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 2022 $'000	Sensitivity of changes in fair value 2022 $'000	Sensitivity of interest income 2021 $'000	Sensitivity of changes in fair value 2021 $'000
Change in basis points:				
-50 bps (2021 – 50bps JMD and -100 bps USD)	-	154	-	1,990
200 bps (2021 – +300 bps JMD and USD 100 bps)	-	(557)	-	(4,668)

(e) 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 2022
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(f) 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.

	2022			
At 30 September	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investment securities -				
Corporate debt securities	16,980	-	113,500	130,480
Quoted equities	668,115	-	-	668,115
Unquoted equities	-	-	37,838	37,838
	685,095	-	151,338	836,433

	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

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

Financial Risk Management (Continued)

(f) Fair value of financial instruments (continued)

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

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

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

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

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

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

	2022 $'000	2021 $'000
At start of year	92,550	42,522
Additions	64,543	48,318
Foreign exchange conversion	(5,755)	1,710
At end of year	151,338	92,550

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

	2022		
Description	**Unobservable input $'000**	**Change in basis points**	**Change in fair value $'000**
Corporate debt securities	Risk Premium	USD -100	304
		USD +100	(280)

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(f) Fair value of financial instruments (continued)

Sensitivity analysis (continued)

	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)

The Portfolio's level 3 unquoted equity securities would increase/decrease in value by $8,428,000 (2021 - 1,840,000) should there be a 6% (2021 - 5%) 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:

	2022 $'000	2021 $'000
Investment management fees	18,237	21,053
Interest income	28	1

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

	2022 $'000	2021 $'000
Receivables	43,196	-
Reverse repurchase agreements	89,013	-
Accounts payable	1,428	4,878
(c) Net assets attributable to units held by NCB Capital Markets Limited, its parent and fellow subsidiaries at 30 September	43,172	85,899

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

5. Investment Securities

	2022 $'000	2021 $'000
At fair value through profit and loss:		
Quoted equities	668,115	891,845
Unquoted equity securities	36,647	36,023
Corporate debt securities	130,480	77,327
	835,242	1,005,195
Interest receivable	1,191	754
	836,433	1,005,949

All investment securities are classified at FVPL.

The contractual maturity of the investment securities is as follows:

2022					
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
-	70,278	38,570	22,824	704,761	836,433

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

6. Accounts Payable

	2022 $'000	2021 $'000
Management fees	1,428	4,878
Other	186	22,013
	1,614	26,891

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.

8. Reverse Repurchase Agreements

The Portfolio entered 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 $13,000 (2021 - nil).

At 30 September 2022, the Portfolio held $84,000,000 (2021 - nil) 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.

9. Derivative Financial Instrument

The company has the following derivative financial instrument in the following line item in the balance sheet:

	2022	2021
	$'000	$'000
Assets		
Call option	20,879	-

Derivatives are carried at fair value and carried in the statement of financial position as a separate asset.

The Company entered into a Call Option agreement on 19 September 2022, to purchase 40% of the shareholdings in a privately held company. The option is expected to be exercised on or before 14 November 2022, at a strike price of J$11.15.

The Company utilised the Group investment policy that provides for the use of valuation technique to arrive at the indicative fair value of the financial instrument. To arrive at the indicative accounting value for the Call Option the price of the underlying trading asset was used as the base indicative market value and adjusted for a liquidity risk premium of 7.5%.

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

Financial Statements
30 September 2022

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Index
30 September 2022

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 2022, 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 2022;
- 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 2022

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

Statement of Comprehensive Income

Year ended 30 September 2022

(expressed in Jamaican dollars unless otherwise indicated)

	2022 $'000	2021 $'000
Income		
Interest income	236,303	236,468
Dividend income	44,104	14,959
Net changes in fair value of investment securities	104,858	46,021
Total net income	385,265	297,448
Expenses		
Investment management fees	87,160	75,497
Trustee fees	1,885	1,797
Irrecoverable general consumption tax	14,119	11,737
Other operating expenses	1,079	989
	104,243	90,020
Increase in net assets attributable to holders of redeemable units from operations	281,022	207,428

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Statement of Financial Position
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Assets			
Receivables	4	888,524	493,673
Cash and cash equivalents		32,000	-
Loans receivable	5	1,214,172	1,474,548
Reverse repurchase agreements	9	100,016	-
Derivative financial instrument	10	37,351	-
Investment securities	6	2,105,907	2,263,413
		4,377,970	4,231,634
Liabilities			
Liability (excluding net assets attributable to holders of redeemable units)			
Accounts payable	7	2,333	8,573
		2,333	8,573
Net assets attributable to holders of redeemable units		4,375,637	4,223,061
		4,377,970	4,231,634
Net asset value per redeemable unit ($)		13.98	13.10

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 December 2022 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 2022

(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 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
Proceeds from redeemable units issued	41,187	549,418
Redemption of redeemable units	(50,449)	(677,864)
Net decrease from redeemable unit transactions	(9,262)	(128,446)
	313,062	4,094,615
Increase in net assets attributable to holders of redeemable units from operations	-	281,022
Net assets attributable to holders of redeemable units at the end of the period 2022	313,062	4,375,637

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

Statement of Cash Flows

Year ended 30 September 2022

(expressed in Jamaican dollars unless otherwise indicated)

	2022 $'000	2021 $'000
Cash Flows from Operating Activities		
Increase in net assets attributable to holders of redeemable units from operations	281,022	207,428
Adjustment for:		
Interest income	(236,303)	(236,468)
Net changes in fair value of investment securities	(104,858)	(46,021)
	(60,139)	(75,061)
Changes in operating assets and liabilities		
Receivables	(394,851)	63,120
Investment securities	227,593	(340,173)
Loan receivable	260,376	(20,359)
Accounts payable	(6,240)	1,625
	26,739	(370,848)
Interest received	232,865	235,934
Interest paid	858	-
Net cash provided by/(used in) operating activities	260,462	(134,914)
Cash flows from Financing Activities		
Proceeds from redeemable units issued	549,418	913,847
Redemption of redeemable units	(677,864)	(778,933)
Net cash (used in)/provided by financing activities	(128,446)	134,914
Net increase in cash equivalents	132,016	-
Cash equivalents at beginning of period	-	-
Cash equivalents at end of period	132,016	-
Comprising:		
Cash and cash equivalents	32,000	-
Reverse repurchase agreements	100,016	-
	132,016	-

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

Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

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

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

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

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

2. Significant Accounting Policies

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

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS),and have been prepared under the historical cost convention as modified by the revaluation of certain financial assets at fair value through profit or loss.

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

Standards, interpretations and amendments to published standards that are effective

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 IFRS 7, IFRS 4, and IFRS 16 – Interest rate benchmark reform – Phase 2 (effective 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. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform. The amendments to standards did not have a material impact on the Portfolio's operations.

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

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

Amendments to IAS 1, Presentation of financial statements', on classification of liabilities (effective for annual periods beginning on or after 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.

The Portfolio is currently assessing the impact of this amendment.

A number of narrow-scope amendments to IFRS 3 and IAS 37 and some annual improvements on IFRS 9, (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 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 9.

The Portfolio is currently assessing the impact of these amendments.

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. The Portfolio is currently assessing the impact of these amendments.

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.

2. Significant Accounting Policies (Continued)

(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.

(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.

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(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.

(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.

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

Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

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.

(k) Derivative financial instruments

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group transacts derivatives to manage its own exposure to interest rate and foreign exchange risk.

Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into, and subsequently are re-measured at their fair value at the date of each statement of financial position. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Assets and liabilities are set off where the contracts are with the same counterparty, a legal right of set off exists and the cash flows are intended to be settled on a net basis.

Gains and losses from changes in the fair value of derivatives are included in the income statement.

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(l) Critical accounting estimates and judgements in applying accounting policies

The Portfolio's financial statements are influenced by accounting policies, assumptions, estimates and management judgment, which necessarily have to be made in the course of preparation of the financial statements.

The Portfolio makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard.

Estimates and judgments are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgments for certain items are especially critical for the Portfolio's results and financial position due to their materiality.

Fair value of financial instruments

In the absence of quoted market prices, the fair values of the Portfolio's financial instruments are determined using a generally accepted alternative method. Judgement is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be different from the actual price of the instrument in an arm's length transaction.

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 2022
(expressed in Jamaican dollars unless otherwise indicated)

2. Financial Risk Management (Continued)

(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 2022, the accounts payable of $2,333,000 (2021 - $8,573,000) are due within 30 days and the net assets attributable to unit holders of $4,303,909,000 (2021 - $4,223,061.000) 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 (USD) denominated investment securities, with a carrying value of nil (2021 - 107,922,000) and Trinidad and Tobago Dollar (TTD) denominated investment securities, with a carrying value of $75,821,000 (2021 - nil).

Management estimates that reasonably possible changes in the exchange rate are a devaluation of the Jamaican dollar of 4% (2021 – 2%) or a revaluation of the USD and TTD dollar of 1% (2021 – 6%). Should such a devaluation or revaluation occur, the net assets attributable to holders of redeemable units would decrease by $3,033,000 (2021 - $2,158,000) or would increase by $758,000 (2021 - $6,476,000), 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 2022
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (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.

	2022					
	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						
Cash and cash equivalents	32,000	-	-	-	-	32,000
Receivables	-	-	-	-	888,524	888,524
Loan receivables	128,482	151,017	780,864	152,241	1,568	1,214,172
Reverse repurchase agreements	100,000	-	-	-	16	100,016
Derivate call option	37,351	-	-	-	-	37,351
Investment securities	318,437	397,890	383,781	778,970	226,829	2,105,907
Total financial assets	616,270	548,907	1,164,645	931,211	1,116,937	4,377,970
Liabilities						
Accounts payable	-	-	-	-	2,333	2,333
Total financial liabilities	-	-	-	-	2,333	2,333
	616,270	548,907	1,164,645	931,211	1,114,604	4,375,637

	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	-	-	-	-	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
Liabilities						
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

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2022
(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.

	2022		2021	
	J$	**US$**	**J$**	**US$**
	%	%	%	%
Cash and deposits	3.00	-	-	-
Reverse repurchase agreements	6.00	-	-	-
Investment securities at fair value through profit or loss	10.52	-	9.1	8.5
Loan receivables	7.33	9.5	7.2	9.5

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
	2022	**2022**	**2021**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Change in basis points:				
-50 bps for JMD and +200 bps for USD (2020: -50 and -100 bps for JMD and USD)	2,329	23,333	1,153	24,250
+200 bps for JMD and -50 bps for USD (2020: +300 and+100 bps JMD and USD)	(8,693)	(127,533)	(6,920)	(117,109)

3. Financial Risk Management (Continued)

(d) Capital management

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

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

(e) Fair value of financial instruments

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

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

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

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value of financial instruments (continued)

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.

	2022			
At 30 September	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investment securities –				
Corporate debt securities	27,500	-	1,857,960	1,885,460
Quoted equities	75,821	-	-	75,821
Unquoted equity securities	-	-	144,627	144,627
	103,321	-	2,002,587	2,105,908

	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

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 2022
(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:

	2022 $'000	2021 $'000
At start of year	2,158,948	365,062
Additions	393,432	1,793,886
Disposals	(549,793)	-
At end of year	2,002,587	2,158,948

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

	2022		
Description	**Unobservable input $'000**	**Change in basis points**	**Change in fair value $'000**
Corporate debt securities	Risk Premium	USD - 100	29,722
		USD +100	(27,015)

	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)

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

Notes to the Financial Statements
30 September 2022
(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 $6,487,571 (2021 $4,325,000) should there be a 6% decrease in value and increase by $6,487,571 (2021 $4,325,000) should there be a 6% increase in 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:

	2022 $'000	2021 $'000
Investment management fees	87,160	75,497
Interest income	726,969	216

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

	2022 $'000	2021 $'000
Accounts payable	4,580	7,344
Reverse Repurchase Agreements	100,016	-
Receivables	888,524	493,673

	2022 $'000	2021 $'000
(c) Net assets attributable to units held by NCB Capital Markets Limited its parent and fellow subsidiaries at 30 September	127,741	118,618

5. Loan Receivables

	2022 $'000	2021 $'000
Due from unit trust members	1,212,604	1,472,897
Interest receivable	1,568	1,651
Loan receivables net of expected credit losses	1,214,172	1,474,548

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.

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

6. Investment Securities

	2022 $'000	2021 $'000
At fair value through profit and loss:		
Corporate securities	1,879,079	2,039,283
Quoted securities	75,821	76,351
Unquoted equities	129,751	129,751
Interest receivable	21,257	18,028
	2,105,908	2,263,413

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

2022					
Within 1 Months	2 to 12 Months	1 to 5 Years	Over 5 Years	Investment Securities with no Contractual Maturities	Total
$'000	$'000	$'000	$'000	$'000	$'000
63,549	664,455	389,152	783,182	205,570	2,105,908

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

7. Accounts Payable

	2022 $'000	2021 $'000
Management fees	2,333	7,344
Other	-	1,229
	2,333	8,573

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Financial Statements
30 September 2022

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 2022, 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 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to holders of redeemable units for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

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

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

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Portfolio's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Portfolio or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Portfolio's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Portfolio's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Portfolio to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
31 December 2022

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Statement of Comprehensive Income

Year ended 30 September 2022

(expressed in Jamaican dollars unless otherwise indicated)

	2022 $'000	2021 $'000
Income		
Interest income	717,845	603,005
Interest expense	(3)	(2)
Net interest income	717,842	603,003
Loss on disposal of investment securities	(12,636)	-
Net foreign exchange gains and changes in fair value of investment securities	74,670	(36,575)
	779,876	566,428
Expenses		
Investment management fees	234,284	274,245
Trustee fees	5,789	5,993
Irrecoverable general consumption tax	39,508	42,706
Other operating expenses	939	4,469
	280,520	327,413
Increase in net assets attributable to holders of redeemable units from operations	499,356	239,015

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Statement of Financial Position
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Assets			
Loans receivable	5	990,942	449,031
Reverse repurchase agreements	6	440,041	-
Cash and cash equivalents		272,500	240,000
Investment securities	7	11,272,226	13,147,402
Receivables		379,907	-
		13,355,616	13,836,433
Liabilities			
Liabilities (excluding net assets attributable to holders of redeemable units)			
Accounts payable	8	39,142	397,288
		39,142	397,288
Net assets attributable to holders of redeemable units		13,316,474	13,439,145
		13,355,616	13,836,433
Net asset value per redeemable unit ($)		14.12	13.43

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 December 2022 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 2022
(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 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
Proceeds from redeemable units issued		85,726	1,336,895
Redemption of redeemable units		(143,583)	(1,958,922)
Net decrease from redeemable unit transactions		(57,857)	(622,027)
		943,153	12,817,118
Increase in net assets attributable to holders of redeemable units from operations		-	499,356
Net assets attributable to holders of redeemable units at the end of the year 30 September 2022		943,153	13,316,474

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Statement of Cash Flows
Year ended 30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

	2022 $'000	2021 $'000
Cash Flows from Operating Activities		
Increase in net assets attributable to holders of redeemable units from operations	499,356	239,015
Adjustment for:		
Interest income	(717,845)	(603,005)
Loss on disposal of investment securities	12,636	-
Interest expense	3	2
Net foreign losses and change in fair value of investment securities	(74,670)	36,575
	(280,520)	(327,413)
Changes in operating assets and liabilities		
Investment securities	1,981,593	(338,496)
Loans receivable	(541,911)	(95,803)
Receivables	(397,907)	234,910
Accounts payable	(358,146)	350,094
	403,109	(176,708)
Interest received	691,462	609,741
Interest paid	(3)	(228)
Net cash provided by operating activities	1,094,568	432,805
Cash flows from Financing Activities		
Proceeds from redeemable units issued	1,336,895	1,655,686
Redemption of redeemable units	(1,958,922)	(2,463,723)
Net cash used in financing activities	(622,027)	(808,037)
Net increase/(decrease) in cash equivalents	472,541	(375,232)
Cash equivalents at beginning of year	240,000	615,232
Cash equivalents at end of year	712,541	240,000
Comprising:		
Cash and cash equivalents	272,500	240,000
Reverse repurchase agreements	440,041	-
	712,541	240,000

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 IFRS 7, IFRS 4, and IFRS 16 – Interest rate benchmark reform – Phase 2 (effective 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. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform. The amendments to standards did not have a material impact on the Portfolio's operations.

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(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.

(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.

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(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.

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

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

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

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

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

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

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

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

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Notes to the Financial Statements

30 September 2022

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(l) Loans receivable (continued)

Write-offs

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

Impairment

Recognition and Measurement of ECL

The general approach to recognising and measuring ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

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

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

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

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(m) Critical accounting estimates and judgements in applying accounting policies
The Company's financial statements are influenced by accounting policies, assumptions, estimates and management judgment, which necessarily have to be made in the course of preparation of the financial statements.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard.

Estimates and judgments are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgments for certain items are especially critical for the Company's results and financial position due to their materiality.

Fair value of financial instruments
In the absence of quoted market prices, the fair values of the Company's financial instruments are determined using a generally accepted alternative method. Judgement is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be different from the actual price of the instrument in an arm's length transaction.

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 loans, investments in debt securities and reverse repurchase agreements. The Portfolio has a significant concentration in Government of Jamaica and corporate debt securities (2021 – 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.

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk

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

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

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

(ii) Maintaining a portfolio of highly marketable and liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow 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 2022, the accounts payable of $39,142,000 (2021 - $397,288,000) are due within 30 days and the net assets attributable to unit holders of $13,316,000 (2021 - $13,439,000) 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 Jamaican dollar denominated investment securities that are indexed to the United States Dollar, with a carrying value of $528,583,000 (2021 - $495,626,000).

Management estimates that reasonably possible changes in the exchange rate are a devaluation of the Jamaican dollar of 4% (2021 – 2%) or a revaluation of the USD dollar of 1% (2021 – 6 %). Should such a devaluation or revaluation occur, the net assets attributable to holders of redeemable units would decrease by $21,143,000 (2021 – $9,912,000), or would increase by $5,285,830 (2021 - $29,738,000), 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 2022
(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.

	2022					
	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	272,500	-	-	-	-	272,500
Loans receivable	50,048	331,917	357,301	249,367	2,309	990,942
Reverse repurchase agreements	440,000	-	-	-	41	440,041
Investment securities	2,622,180	1,781,314	5,350,136	541,645	976,951	11,272,226
Receivables	-	-	-	-	379,907	379,907
Total financial assets	3,384,728	2,113,231	5,707,437	791,012	1,359,208	13,355,616
Liabilities						
Accounts payable	-	-	-	-	39,142	39,142
Repurchase agreements	-	-	-	-	-	-
Total financial liabilities	-	-	-	-	39,142	39,142
Total interest repricing gap	3,384,728	2,113,231	5,707,437	791,012	1,320,066	13,316,474

	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

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2022
(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.

	2022		2021	
	J$	**US$**	**J$**	**US$**
	%	**%**	**%**	**%**
Cash and deposits	3.00	-	-	-
Investment securities at fair value through profit or loss	6.45	6.50	-	-
Loans	8.20	-	5.94	6.51
Reverse repurchase agreements	6.00	-	5.52	-

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
	2022	**2022**	**2021**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Change in basis points:				
-50 bps (2021 - -100 bps and -50 for JMD and USD)	15,362	102,547	12,665	125,112
+200 bps (2021 - +300 and +100 bps for JMD and USD)	(52,513)	(338,416)	(12,665)	(180,073)

(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
Money Market Portfolio

Notes to the Financial Statements
30 September 2022
(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.

	2022			
At 30 September	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investment securities –				
GOJ debt securities	-	2,109,988	-	2,109,988
GOJ guaranteed debt securities	-	-	850,000	850,000
Corporate debt securities	-	7,462,751	-	7,462,751
Quoted equities	190,509	-	-	190,509
Unquoted equities	-	-	658,978	658,978
	190,509	9,572,739	1,508,978	11,272,226

	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

NCB Capital Markets Limited Unit Trust Scheme
Money Market Portfolio
Notes to the Financial Statements
30 September 2022
(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:

	2022 $'000	2021 $'000
At start of year	649,504	764,843
Additions	859,074	-
Disposals	-	(115,339)
At end of year	1,508,978	649,504

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

	2022		
Description	**Unobservable input $'000**	**Change in basis points**	**Change in fair value $'000**
GOJ guaranteed debt securities	Risk Premium	USD -100	199,374
		USD+100	(166,874)

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value of financial instruments (continued)

Sensitivity analysis (continued)

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

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:

	2022	2021
	$'000	$'000
Investment management fees	234,284	274,245
Interest income	3,642	7,869

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

	2022 $'000	2021 $'000
Payables	29,403	56,699
Reverse repurchase agreements	440,000	-

	2022 $'000	2021 $'000
(c) Net Assets attributable to units held by NCB Capital Markets Limited, its parent and fellow subsidiaries at 30 September	457,989	348,333

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

5. Loans Receivable

	2022 $'000	2021 $'000
Due from unit trust holders	988,633	448,921
Interest receivable	2,309	110
Loan receivables net of expected credit losses	990,942	449,031

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 $41,095 (2021 - nil).

At 30 September 2022, the Portfolio held $462,500,000 (2021 - nil) 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

	2022 $'000	2021 $'000
At FVPL		
Government of Jamaica	2,061,305	2,690,246
Unquoted debt securities	649,904	649,904
Quoted equities	190,509	191,840
Corporate debt securities	8,233,970	9,498,121
	11,135,688	13,030,111
Interest receivable	136,538	117,291
	11,272,226	13,147,402

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Notes to the Financial Statements
30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

7. Investment Securities (Continued)

The contractual maturity of the investment securities is as follows:

2022					
Within 1 Months	**2 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Investment Securities with no Contractual Maturities**	**Total**
$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
883,470	3,582,035	5,423,679	542,629	840,413	11,272,226

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

8. Accounts Payable

	2022 **$'000**	**2021** **$'000**
Management fees	29,403	56,699
Other	9,739	340,589
	39,142	397,288

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 2022

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Index
30 September 2022

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 2022, 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 2022;
- 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 2022

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Statement of Comprehensive Income
Year ended 30 September 2022
(expressed in United States dollars unless otherwise indicated)

	2022 $'000	2021 $'000
Income		
Interest income	1,162	904
Interest expense	(1)	(10)
	1,161	894
Gains on disposals of investments	229	360
Losses from investment activities	(2,847)	(851)
	(1,457)	403
Expenses		
Investment management fees	524	521
Trustee fees	10	11
Irrecoverable general consumption tax	86	82
Audit fees	6	6
Other operating expenses	-	2
	626	622
Operating loss	(2,083)	(219)
Other Comprehensive Income		
Items that may be reclassified to the profit and loss in subsequent years		
Exchange gain on translation from functional currency	1,253	1,096
Total Other Comprehensive Income	1,253	1,096
(Decrease)/increase in net assets attributable to holders of redeemable units from operations	(830)	877

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio

Statement of Financial Position
30 September 2022
(expressed in United States dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Assets			
Receivables		736	485
Reverse repurchase agreements		450	-
Investment securities		15,568	23,548
Loans receivable		5,091	-
		21,845	24,033
Liabilities			
Liabilities (excluding net assets attributable to holders of redeemable units)			
Accounts payable		61	85
		61	85
Net assets attributable to holders of redeemable units		21,784	23,948
		21,845	24,033
Net asset value per redeemable unit ($)		1.22	1.22

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 December 2022 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 2022
(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 2020		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	8	19,641	23,948
Proceeds from redeemable units issued		1,027	1,304
Redemption of redeemable units		(2,843)	(2,638)
Net decrease from redeemable unit transactions		(1,816)	(1,334)
		17,825	22,614
Decrease in net assets attributable to holders of redeemable units from operations		-	(830)
Net assets attributable to holders of redeemable units at 30 September 2022	8	17,825	21,784

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 2022
(expressed in United States dollars unless otherwise indicated)

	2022 $'000	2021 $'000
Cash Flows from Operating Activities		
Operating loss	(2,083)	(218)
Adjustment for:		
Interest income	(1,162)	(904)
Interest expense	1	10
Gain on disposals of investments	(229)	(360)
Net losses on investment securities	2,847	851
	(626)	(621)
Changes in operating assets and liabilities		
Receivables	(251)	935
Investment securities	5,133	1,736
Loan receivables	(5,091)	-
Pledged asset	-	1,575
Repurchase agreement	-	(1,501)
Accounts payable	(24)	57
	(859)	2,181
Interest received	1,231	859
Interest paid	(1)	(11)
Net cash provided by operating activities	371	3,029
Cash Flows from Financing Activities		
Proceeds from redeemable units issued	1,304	1,378
Redemption of redeemable units	(2,638)	(4,407)
Net cash used in financing activities	(1,334)	(3,029)
Net increase in cash and cash equivalents	450	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	450	-
Comprising:		
Revere repurchase agreement	450	-

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in United States dollars unless otherwise indicated)

1. Identification and Activities

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

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

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

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

2. Significant Accounting Policies

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

(a) Basis of preparation

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

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

Standards, interpretations and amendments to published standards 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 IFRS 7, IFRS 4, and IFRS 16 – Interest rate benchmark reform – Phase 2 (effective 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. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform. The amendments to standards did not have a material impact on the Portfolio's operations.

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

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

Amendments to IAS 1, Presentation of financial statements', on classification of liabilities (effective for annual periods beginning on or after 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.

The Portfolio is currently assessing the impact of this amendment.

A number of narrow-scope amendments to IFRS 3 and IAS 37 and some annual improvements on IFRS 9, (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 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 9.

The Portfolio is currently assessing the impact of these amendments.

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. The Portfolio is currently assessing the impact of these amendments.

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.

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(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.

(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.

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio

Notes to the Financial Statements
30 September 2022
(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(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.

(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.

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio

Notes to the Financial Statements
30 September 2022
(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(h) Financial assets at FVPL (continued)

(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.

(l) Critical accounting estimates and judgements in applying accounting policies
The Portfolio's financial statements are influenced by accounting policies, assumptions, estimates and management judgment, which necessarily have to be made in the course of preparation of the financial statements.

The Portfolio makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard.

Estimates and judgments are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgments for certain items are especially critical for the Portfolio's results and financial position due to their materiality.

Fair value of financial instruments
In the absence of quoted market prices, the fair values of the Portfolio's financial instruments are determined using a generally accepted alternative method. Judgement is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be different from the actual price of the instrument in an arm's length transaction.

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.

(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 2022, the accounts payable of $61,000 (2021 – $85,000) are due within 30 days and the net assets attributable to unit holders of $21,784,000 (2021 – $23,948,000) are redeemable on demand at the unit holders' option. The Portfolio manager however does not envisage that the contractual maturity will be representative of the actual cash outflows as holders of units typically retain them for the medium to long term. Additionally, under the terms of the Trust Deed, the Portfolio manager may defer payment for a period of up to three (3) months if, based on the manager's discretion, it is prudent to do so.

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

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

Currency risk
Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. 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.

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.

	2022					
	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	-	-	-	-	736	736
Reverse repurchase agreements	450	-	-	-	-	450
Loans receivable	-	5,000	-	-	91	5,091
Investment securities	-	-	4,837	10,500	231	15,568
Total financial assets	450	5,000	4,837	10,500	1,058	21,845
Liabilities						
Accounts payable	-	-	-	-	61	61
Repurchase agreements	-	-	-	-	-	-
Total financial liabilities	-	-	-	-	61	61
Total interest repricing gap	450	5,000	4.837	10,500	997	21,784
Cumulative interest repricing gap	450	5,450	10,287	20,787	21,784	

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

	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
Liabilities						
Accounts payable	-	-	-	-	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	

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

	2021			
	J$	**US$**	**J$**	**US$**
	%	%	%	%
Reverse repurchase agreements	-	3.78	-	-
Investment securities at fair value through profit or loss	-	5.13	5.37	-
Loans receivable	-	5.00	-	-

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Notes to the Financial Statements
30 September 2022
(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 2022 $'000	Sensitivity of changes in fair value 2022 $'000	Sensitivity of interest income 2021 $'000	Sensitivity of changes in fair value 2021 $'000
Change in basis points:				
USD and JMD : -50 bps (2021 - -100 bps)	-	716	-	907
USD and JMD: +200 bps (2021 - +100bps)	-	(1,290)	-	(806)

(d) Capital management

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

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

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value of financial instruments

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

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

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

All investment securities are classified in Level 2.

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

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

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

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

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Notes to the Financial Statements
30 September 2022
(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:

	2022 $'000	2021 $'000
Investment management fees	534	521
Interest income	45	-

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

	2022 $'000	2021 $'000
Receivables	736	485
Reverse Repurchase Agreements	450	-

5. Reverse Repurchase Agreements

The Portfolio entered 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 $343 (2021 - nil).

At 30 September 2022, the Portfolio held $473,000 (2021 - nil) of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements. All of these securities held as collateral can be sold or repledged.

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

6. Investment Securities

	2022 $'000	2021 $'000
At FVPL		
Government of Jamaica securities	5,923	9,351
Corporate securities	5,484	9,967
	11,407	19,318
At amortised cost		
BOJ CD	3,930	3,930
Interest receivable	231	300
	15,568	23,548

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio

Notes to the Financial Statements

30 September 2022

(expressed in United States dollars unless otherwise indicated)

6. Investment Securities (Continued)

The contractual maturity of the investment securities is as follows:

2022				
Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
$'000	**$'000**	**$'000**	**$'000**	**$'000**
-	-	4,847	10,721	15,568

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

7. Accounts Payable

	2022 $'000	**2021 $'000**
Management fees	53	69
Other	8	16
	61	85

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 Money Market Portfolio

Financial Statements
30 September 2022

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Index
30 September 2022

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 2022, 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 2022;
- 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 2022

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio

Statement of Comprehensive Income

Year ended 30 September 2022

(expressed in United States dollars unless otherwise indicated)

	2022 $'000	2021 $'000
Income		
Interest income	3,275	2,652
Gain on disposal of investments	130	384
Losses from investment activities	(5,832)	(3,456)
	(2,427)	(420)
Expenses		
Investment management fees	1,241	1,585
Trustee fees	37	37
Irrecoverable general consumption tax	220	247
Other operating expenses	6	28
	1,504	1,897
Operating loss	(3,931)	(2,317)
Other Comprehensive Income		
Items that may be reclassified to the profit and loss in subsequent years		
Exchange gains on translation from functional currency	2,949	4,559
Total Other Comprehensive Income	2,949	4,559
(Decrease)/increase in net assets attributable to holders of redeemable units from operations	(983)	2,242

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio

Statement of Financial Position
30 September 2022
(expressed in United States dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Assets			
Cash and cash equivalents		8,000	-
Loans receivable	5	17,451	12,086
Reverse repurchase agreements	6	15,097	31,091
Investment securities	7	43,665	47,822
		84,213	90,999
Liabilities			
Accounts payable		4,727	5,406
		4,727	5,406
Net assets attributable to holders of redeemable units	9	79,486	85,593
		84,213	90,999
Net asset value per redeemable unit ($)		1.11	1.08

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 December 2022 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 2022
(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 2020		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
Proceeds from redeemable units issued		6,771	11,124
Redemption of redeemable units		(14,564)	(16,248)
Net decrease from redeemable unit transactions		(7,793)	(5,124)
		71,519	80,469
Increase in net assets attributable to holders of redeemable units from operations		-	983
Net assets attributable to holders of redeemable units at 30 September 2022	9	71,519	79,486

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Statement of Cash Flows
Year ended 30 September 2022
(expressed in United States dollars unless otherwise indicated)

	2022 $'000	2021 $'000
Cash Flows from Operating Activities		
Operating loss	(3,931)	(2,317)
Adjustment for:		
Interest income	(3,275)	(2,652)
Gain on disposal of investments	(130)	(384)
Losses from investment activities	5,832	3,456
	(1,504)	(1,897)
Changes in operating assets and liabilities		
Receivables	-	6,493
Investment securities	1,385	1,575
Loan receivable	(5,365)	(12,086)
Accounts payable	(679)	5,144
	(6,163)	(771)
Interest received	3,293	2,496
Net cash (used in)/provided by operating activities	(2,870)	1,725
Cash Flows from Financing Activities		
Proceeds from redeemable units issued	11,124	11,654
Redemption of redeemable units	(16,248)	(13,118)
Net cash used in financing activities	(5,124)	(1,464)
Net (decrease)/increase in cash equivalents	(7,994)	261
Cash and cash equivalents at beginning of year	31,091	30,830
Cash and cash equivalents at end of year	25,097	31,091
Comprising:		
Cash and cash equivalent	8,000	-
Reverse repurchase agreements	15,097	31,091
	23,097	31,091

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2022
(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 IFRS 7, IFRS 4, and IFRS 16 – Interest rate benchmark reform – Phase 2 (effective 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. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform. The amendments to standards did not have a material impact on the Portfolio's operations.

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in Jamaican 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

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

Amendments to IAS 1, Presentation of financial statements', on classification of liabilities (effective for annual periods beginning on or after 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.

The Portfolio is currently assessing the impact of this amendment.

A number of narrow-scope amendments to IFRS 3 and IAS 37 and some annual improvements on IFRS 9, (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 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 9.

The Portfolio is currently assessing the impact of these amendments.

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. The Portfolio is currently assessing the impact of these amendments.

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.

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Notes to the Financial Statements
30 September 2022
(expressed in Jamaican 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) 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 2022
(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
Notes to the Financial Statements
30 September 2022
(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. 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.

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.

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in United States dollars unless otherwise indicated)

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 2022
(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(m) Critical accounting estimates and judgements in applying accounting policies
The Company's financial statements are influenced by accounting policies, assumptions, estimates and management judgment, which necessarily have to be made in the course of preparation of the financial statements.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard.

Estimates and judgments are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgments for certain items are especially critical for the Company's results and financial position due to their materiality.

Fair value of financial instruments
In the absence of quoted market prices, the fair values of the Company's financial instruments are determined using a generally accepted alternative method. Judgement is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be different from the actual price of the instrument in an arm's length transaction.

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.

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk

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

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

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

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

(iii) Optimising returns on investments.

(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 2022, the accounts payable of $4,727,000 (2021 – $5,406,000). The Portfolio's net assets attributable to unit holders of $79,486,000 (2021 – $85,593,000) 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 2022

(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.

	2022					
	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						
Cash and cash equivalents	8,000	-	-	-	-	8,000
Loan receivables	-	850	16,500	-		17,451
Reverse repurchase agreements	15,053	-	-	-	44	15,097
Investment securities, including pledged assets	5,000	293	16,702	21,193	477	43,665
Total financial assets	28,053	1,143	33,202	21,193	622	84,213
Liabilities						
Accounts payable	-	-	-	-	4,727	4,727
Total financial liabilities	-	-	-	-	4,727	4,727
Net interest sensitivity gap	28,053	1,143	33,202	21,193	(4,105)	79,486

	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	-	-	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
Liabilities						
Accounts payable	-	-	-	-	(5,406)	(5,406)
Total financial liabilities	-	-	-	-	(5,406)	(5,406)
Net interest sensitivity gap	34,127	10,368	24,884	20,834	(4,620)	85,593

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Notes to the Financial Statements
30 September 2022
(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	
	US$	**US$**
	%	%
Cash and deposits	0.10	-
Investment securities at fair value through profit or loss	5.00	4.52
Loans	5.18	-
Reverse repurchase agreements	3.90	2.95

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
	2022	**2021**
	$'000	**$'000**
Change in basis points:		
-50 and +200 bps (2020 – -100 bps)	1,842	1,417
+200 bps and -50 (2020 – +100 bps)	(1,986)	(888)

(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

3. Financial Risk Management (Continued)

(e) Fair value of financial instruments

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

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

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

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

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

All investment securities are classified in Level 2.

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

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

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

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

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio

Notes to the Financial Statements
30 September 2022
(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:

	2022 $'000	2021 $'000
Investment management fees	1,303	1,585
Interest income	870	809

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

	2022 $'000	2021 $'000
Reverse repurchase agreements	15,097	31,091
Payables	4,446	4,986

5. Loan Receivable

	2022 $'000	2021 $'000
Corporate loan receivable	17,350	12,000
Interest receivable	101	86
Loan receivable net of expected credit losses	17,451	12,086

On 3 September 2022, 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 $43,995 (2021 – $137,570).

At 30 September 2022, the Portfolio held $16,944,000 (2021 – $34,121,248) 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 2022
(expressed in United States dollars unless otherwise indicated)

7. Investment Securities

	2022 $'000	2021 $'000
At FVPL:		
Government of Jamaica	17,762	32,786
Corporate	25,426	14,474
	43,188	47,260
Interest receivable	477	562
	43,665	47,822

The contractual maturity of the investment securities is as follows:

2022				
Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
$'000	**$'000**	**$'000**	**$'000**	**$'000**
-	5,315	16,762	21,588	43,665

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

8. Accounts Payable

	2022 $'000	2021 $'000
Payable to unit holders for redemption of units	4,446	4,986
Management fees	273	349
Other	8	71
	4,727	5,406

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Notes to the Financial Statements
30 September 2022
(expressed in United States dollars unless otherwise indicated)

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.