NCB Capital Markets Limited Unit Trust Scheme

Financial Statements
30 September 2023

NCB Capital Markets Limited Unit Trust Scheme
Real Estate Portfolio 2023
Financial Statements
30 September 2023

NCB Capital Markets Limited Unit Trust Scheme
Real Estate Portfolio
30 September 2023

Independent auditor's report

To the Members of NCB Capital Markets Limited Unit Trust Scheme Real Estate 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 Real Estate Portfolio (the Portfolio) as at 30 September 2023, 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 2023;
- 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
19 September 2024

NCB Capital Markets Limited Unit Trust Scheme
Real Estate Portfolio

Statement of Comprehensive Income

For the seven months ended 30 September 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	For the seven months ended 2023 $'000
Income		
Rental income	5	136,564
Net changes in fair value of investment securities		611,401
Total net income		747,965
Expenses		
Investment management fees		30,792
Audit fees		335
Trustee fees		539
Irrecoverable general consumption tax		4,762
Other operating expenses		81
Total expenses		36,509
Operating profit		711,456
Finance cost	8	(72,115)
Increase in net assets attributable to holders of redeemable units from operations		639,341

NCB Capital Markets Limited Unit Trust Scheme
Real Estate Portfolio
Statement of Financial Position
30 September 2023
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000
Assets		
Receivables		653,549
Investment Property	5	2,833,000
		3,486,549
Liabilities		
Liability (excluding net assets attributable to holders of redeemable units)		
Accounts payable	6	94,325
Net assets attributable to holders of redeemable units	7	3,392,224
		3,486,549
Net asset value per redeemable unit ($)		12.83

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 August 2024 and signed on its behalf by:

Bruce Bowen — Director

Harry Smith — Director

NCB Capital Markets Limited Unit Trust Scheme
Real Estate Portfolio

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

For the seven months ended 30 September 2023

(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 shares at 1 March 2023	-	-
Proceeds from redeemable units issued	267,036	2,784,099
Redemption of redeemable units	(2,718)	(31,216)
Net increase from redeemable unit transactions	264,318	2,752,883
Increase in net assets attributable to holders of redeemable units from operations	-	639,341
Net assets attributable to holders of redeemable units at the end of the period 2023	264,318	3,392,224

NCB Capital Markets Limited Unit Trust Scheme
Real Estate Portfolio

Statement of Cash Flows

For the seven months ended 30 September 2023

(expressed in Jamaican dollars unless otherwise indicated)

	For the seven months ended 2023 $'000
Cash Flows from Operating Activities	
Increase in net assets attributable to holders of redeemable units from operations	639,624
Adjustment for:	
Rental income	(136,564)
Net changes in fair value of investment securities	(611,401)
	(108,341)
Changes in operating assets and liabilities	
Receivables	(653,549)
Investment property	(2,221,882)
Accounts payable	94,325
	(2,889,447)
Rent received	136,564
	(2,752,883)
Cash flows from Financing Activities	
Proceeds from redeemable units issued	2,784,099
Redemption of redeemable units	(31,216)
Net cash provided by financing activities	2,752,883
Net increase in cash equivalents	-
Cash equivalents at beginning of period	-
Cash equivalents at end of period	-

NCB Capital Markets Limited Unit Trust Scheme
Real Estate Portfolio
Notes to the Financial Statements
30 September 2023
(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 – Real Estate Portfolio (“the Portfolio”) which commenced operations in March 2023.

The investment objective of the Portfolio is to seek long term capital appreciation by providing investors with access to a broad range of income as well as growth producing real estate assets.

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:

A number of narrow-scope amendments to IFRS 3, IAS 37 and some annual improvements on IFRS 1 and IFRS 9 (effective 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 1, ‘First-time Adoption of IFRS’ and IFRS 9, ‘Financial instruments’.

The amendments to standards did not have a material impact on the Portfolio’s operations.

NCB Capital Markets Limited Unit Trust Scheme
Real Estate Portfolio

Notes to the Financial Statements
30 September 2023
(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.

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.

Amendment to IAS 7 and IFRS 7 – Supplier finance (effective for annual periods beginning on or after 1 January 2024). These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidit risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

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
Real Estate Portfolio

Notes to the Financial Statements
30 September 2023
(expressed in Jamaican 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(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 unrealized foreign exchange differences on unsettled foreign currency monetary and non-monetary assets and liabilities are recognised in the statement of comprehensive income.

(d) Rental Income

Rental income is recognised on an accrual basis.

(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.

Lease expense: The portfolio will on a quarterly basis pay to the Unit holders an interim dividend equivalent up to 85% of its net distributable Income.This payment should be made within 30 calendar days following the end of the respective quarter, upon approval.

NCB Capital Markets Limited Unit Trust Scheme
Real Estate Portfolio

Notes to the Financial Statements
30 September 2023
(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.

NCB Capital Markets Limited Unit Trust Scheme
Real Estate Portfolio
Notes to the Financial Statements
30 September 2023
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(j) Investment property

Investment property is held for long-term rental yields and is, therefore, treated as a long-term investment. Investment property is measured initially at cost, including transaction costs, and is subsequently carried at fair value, representing open market value determined annually by the directors or by independent valuators. Changes in fair values are recorded in the statement of comprehensive income.

If investment property become owner-occupied, they are reclassified as property, plant and equipment, and their fair value at the date of reclassification becomes its cost for subsequent accounting periods. Alternatively, where property classified as held for use become investment property because of a change in use, these property are accounted for as investment properties and any differences arising between the carrying amount and the fair value of these items at the date of transfer are recognised in the consolidated statement of comprehensive income. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the statement of comprehensive income.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

(k) 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.

Investment property

The fair value of investment properties is determined by independent valuators. The valuators determine fair value by using recent comparable sales. For comparable sales, adjustments are made for the time of the referenced sale, size, location, condition etc. These adjustments involve significant judgement, which could result in actual values being different from those realised from either sale, or the present value of rental income received from the lease of these properties.

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

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

3. 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.

Undiscounted cash flows of financial liabilities

The Portfolio has no significant outflows in respect of financial liabilities. Accounts payable at year end are due within 3 months and the Portfolio has adequate cash resources to cover these. The assets of the Portfolio are set aside to settle pension liabilities, when these become due.

(c) Market risk

Interest rate risk

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.

	2023					
	Within 3 Months	**4 to 12 Months**	**2 to 5 Years**	**Over 5 Years**	**Non-Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Receivables	-	-	-	-	653,549	653,549
Total financial assets	-	-	-	-	653,549	653,549
Liabilities						
Accounts payable	-	-	-	-	94,325	94,325
Total financial liabilities	-	-	-	-	94,325	94,325
Net interest sensitivity gap	-	-	-	-	559,224	559,224

(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
Real Estate Portfolio
Notes to the Financial Statements
30 September 2023
(expressed in Jamaican dollars unless otherwise indicated)

4. Related Party Transactions and Balances

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

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

	For the seven months ended 2023 $'000
Investment management fees	30,792

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

	2023 $'000
Accounts payable	72,745
Net assets attributable to units held by NCB Capital Markets Limited its parent and fellow subsidiaries at 30 September 2023	805,840

5. Investment Property

	2023 $'000
At beginning of year	-
Additions during the year	2,221,599
Fair value gains	611,401
At end of year	2,833,000

The properties were revalued at various dates on the following basis:

Property type	Basis	2023 $'000
Commercial	Fair market values	2,833,000
		2,833,000

The fair values of the investment property are at level 3 in the fair value hierarchy, as, consistent with the requirements of IFRS 13, certain of the inputs into the valuation process are deemed to be unobservable. The valuations have been performed using a sales comparison approach but, as there have been a limited number of similar sales in the local market, unobservable inputs have been incorporated that are based on the valuators' judgment regarding size, age, condition and state of the local economy.
In 2023, should the fair market values increase/decrease by 10% the value of investment properties would decrease/increase by $283,300,000.

NCB Capital Markets Limited Unit Trust Scheme
Real Estate Portfolio

Notes to the Financial Statements

30 September 2023

(expressed in Jamaican dollars unless otherwise indicated)

6. Accounts Payable

	2023 $'000
Management fees	25,578
Irrecoverable general consumption tax	20,483
Other	68,747
	94,325

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. Finance Cost

Distributions to holders of redeemable units

The dividends paid in 2023 amounted to $24,949,000 ($0.01 per share) and $41,575,000 ($0.16 per share) respectively and are presented as finance cost. A dividend for the year ended 31 December 2023 of $ 38,961,000 ($0.14 per share) will be proposed at the NCBCM Unit Trust Investment Management Committee meeting on 26 January 2024 these financial statements do not reflect this dividend payable.

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Financial Statements
30 September 2023

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 2023, 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 2023;
- 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
19 September 2024

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Statement of Comprehensive Income

Year ended 30 September 2023

(expressed in Jamaican dollars unless otherwise indicated)

	2023 $'000	2022 $'000
Income		
Interest income	1,400	1,087
Dividend income	24,081	48,147
Gain on disposal of investments	-	68,333
Net changes in fair value of investment securities	(90,116)	(29,002)
Total net (expense)/income	(64,635)	88,565
Expenses		
Investment management fees	17,902	18,237
Loss on disposal of investments	508	-
Trustee fees	384	429
Other operating expenses	3,797	5,533
	22,591	24,199
(Decrease)/increase in net assets attributable to holders of redeemable units from operations	(87,226)	64,366

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Market Portfolio
Statement of Financial Position
30 September 2023
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Assets			
Receivables	4	12,652	43,196
Reverse repurchase agreements	8	-	80,013
Cash and cash equivalents		-	9,000
Investment securities	5	760,287	836,433
Derivative financial instrument	9	-	20,879
		772,939	989,521
Liabilities (excluding net assets attributable to holders of redeemable units)			
Accounts payable	6	20,702	1,614
		20,702	1,614
Net assets attributable to holders of redeemable units		752,238	987,907
		772,940	989,521
Net asset value per redeemable unit ($)		26.67	29.49

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 August 2024 and signed on its behalf by:

Bruce Bowen — Director

Harry Smith — 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 2023

(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 2021		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
Proceeds from redeemable units issued		979	22,540
Redemption of redeemable units		(6,273)	(170,983)
Net decrease from redeemable unit transactions		(5,294)	(148,443)
		28,207	839,464
Decrease in net assets attributable to holders of redeemable units from operations		-	(87,226)
Net assets attributable to holders of redeemable units at the end of the year 30 September 2023	7	28,207	752,238

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Statement of Cash Flows
Year ended 30 September 2023
(expressed in Jamaican dollars unless otherwise indicated)

	2023 $'000	2022 $'000
Cash Flows from Operating Activities		
(Decrease)/increase in net assets attributable to holders of redeemable units from operations	(87,226)	64,366
Adjustment for:		
Changes in fair value of investment securities	90,116	29,002
Interest income	(1,391)	(1,087)
	1,499	92,281
Changes in operating assets and liabilities		
Derivative financial instrument	20,879	(20,879)
Investment securities	10,110	24,472
Receivables	30,544	(43,196)
Accounts payable	19,088	(25,277)
	82,120	27,401
Dividends received	(24,081)	39,177
Interest received	1,391	77,952
Net cash provided by operating activities	59,430	144,530
Cash Flows from Financing Activities		
Proceeds from redeemable units issued	22,540	54,842
Redemption of redeemable units	(170,983)	(110,359)
Net cash used in financing activities	(148,443)	(55,517)
Net (decrease)/increase in cash equivalents	(89,013)	89,013
Cash equivalents at the beginning of the year	89,013	-
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

Notes to the Financial Statements
30 September 2023
(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:

A number of narrow-scope amendments to IFRS 3, IAS 37 and some annual improvements on IFRS 1 and IFRS 9 (effective 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 1, 'First-time Adoption of IFRS' and IFRS 9, 'Financial instruments'.

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.

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.

Amendment to IAS 7 and IFRS 7 – Supplier finance (effective for annual periods beginning on or after 1 January 2024). These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidit risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

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)

(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 2023).

- 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 2023
(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.

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 2023
(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 2023
(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 (2022 – 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 2023, the accounts payable of $20,702,000 (2022 - $1,614,000) are due within 30 days and the net assets attributable to unit holders of $752,238,000 (2022 - $987,907,000) 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 $17,299,328 (2022 - $286,406,150.25).

Management estimates that reasonably possible changes in the exchange rate are a devaluation of the Jamaican dollar of 4% (2022 - 4%) or a revaluation of the USD dollar of 1% (2022 - 1 %). Should such a devaluation or revaluation occur, the net assets attributable to holders of redeemable units would decrease by $691,973 (2022 -$27,404,000), or would increase by $172,993 (2022 -), respectively.

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2023
(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 $572,865,504 (2022 - $705,953,000).

A 6% increase and a 3% decrease (2022- 6%) in unit prices at 30 September 2023 would have increased/decreased net assets attributable to holders of redeemable units by $34,371,930 and $17,185,965 respectively (2022 - $42,357,000).

(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.

	2023					
	Within 3 Months	**4 to 12 Months**	**2 to 5 Years**	**Over 5 Years**	**Non-Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Receivables	-	-	-	-	12,652	12,652
Investment securities	-	19,999	180	18,716	721,393	760,288
Total financial assets	-	19,999	180	18,716	734,045	772,940
Liabilities						
Accounts payable	-	-	-	-	20,702	20,702
Total financial liabilities	-	-	-	-	20,702	20,702
Total interest repricing gap	-	19,999	180	18,716	713,343	752,238

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Notes to the Financial Statements
30 September 2023
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(d) Market risk (continued)

Interest rate risk (continued)

	2022					
	Within 3 Months	**3 to 12 Months**	**1 to5 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

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

	2023	**2022**
	%	**%**
Cash and cash equivalents	-	3.0
Reverse repurchase agreements	-	6.0
Investment securities at fair value through profit or loss	2.72	17.55

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2023
(expressed in Jamaican dollars unless otherwise indicated)

3. 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	Sensitivity of changes in fair value	Sensitivity of interest income	Sensitivity of changes in fair value
	2023 $'000	2023 $'000	2022 $'000	2022 $'000
Change in basis points:				
-50 bps (2022 – 50bps JMD and -100 bps USD)	-	-	-	154
-200 bps (2022 – +300 bps JMD and USD 100 bps)	-	-	-	(557)

(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 2023
(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.

	2023			
At 30 September	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investment securities -				
Corporate debt securities	9,999	-	28,895	38,894
Quoted equities	572,866	-	-	572,866
Unquoted equities	110,421	-	36,949	147,370
	693,286	-	65,844	759,130

	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

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2023
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(f) Fair value of financial instruments (continued)

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

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

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

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

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

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

	2023 $'000	2022 $'000
At start of year	151,338	92,550
Additions	10,000	64,543
Disposal	(73,041)	-
Fair valuation	(22,453)	(5,755)
At end of year	65,844	151,338

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio

Notes to the Financial Statements

30 September 2023

(expressed in Jamaican dollars unless otherwise indicated)

4. Related Party Transactions and Balances

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

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

	2023	2022
	$'000	$'000
Investment management fees	17,902	18,237
Interest income	525	28

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

	2023	2022
	$'000	$'000
Receivables	12,652	43,196
Reverse repurchase agreements	-	89,013
Accounts payable	20,652	1,428

(c) Net assets attributable to units held by NCB Capital Markets Limited, its parent and fellow subsidiaries at 30 September	82,034	43,172

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2023
(expressed in Jamaican dollars unless otherwise indicated)

5. Investment Securities

	2023 $'000	2022 $'000
At fair value through profit and loss:		
Quoted equities	572,866	668,115
Unquoted equity securities	147,370	36,647
Corporate debt securities	38,894	130,480
	759,130	835,242
Interest receivable	1,157	1,191
	760,287	836,433

All investment securities are classified at FVPL.

The contractual maturity of the investment securities is as follows:

2023					
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
-	21,023	312	18,716	720,236	760,287

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

6. Accounts Payable

	2023 $'000	2022 $'000
Management fees	20,652	1,428
Other	50	186
	20,702	1,614

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 $nil (2022 - $13,000).

At 30 September 2023, the Portfolio held $nil (2022 - $84,000,000) of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements. All of these securities held as collateral can be sold or repledged.

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

NCB Capital Markets Limited Unit Trust Scheme
Caribbean Equity Portfolio
Notes to the Financial Statements
30 September 2023
(expressed in Jamaican dollars unless otherwise indicated)

9. Derivative Financial Instrument

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

	2023	2022
	$'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 Portfolio entered into a Call Option agreement on 19 September 2023, to purchase 40% of the shareholdings in a privately held company. The option is expected to be exercised on or before 14 November 2023, at a strike price of J$11.15.

In 2022, the Portfolio 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 2023

Independent auditor’s report

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

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of NCB Capital Markets Limited Unit Trust Scheme High Yield Portfolio (the Portfolio) as at 30 September 2023, 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 2023;
- 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
19 September 2024

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

Statement of Comprehensive Income

Year ended 30 September 2023

(expressed in Jamaican dollars unless otherwise indicated)

	2023 $'000	2022 $'000
Income		
Interest income	233,320	236,303
Dividend income	33,698	44,104
Net changes in fair value of investment securities	(112,375)	104,858
Total net income	154,643	385,265
Expenses		
Investment management fees	80,805	87,160
Trustee fees	1,772	1,885
Irrecoverable general consumption tax	12,571	14,119
Other operating expenses	1,756	1,079
	96,904	104,243
Increase in net assets attributable to holders of redeemable units from operations	57,739	281,022

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

Statement of Financial Position

30 September 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Assets			
Receivables	4	403,642	888,524
Cash and cash equivalents		150,014	32,000
Loans receivable	5	1,124,906	1,214,172
Reverse repurchase agreements	9	-	100,016
Derivative financial instrument	10	-	37,351
Investment securities	6	2,075,987	2,105,907
		3,754,549	4,377,970
Liabilities			
Liability (excluding net assets attributable to holders of redeemable units)			
Accounts payable	7	74,408	2,333
Net assets attributable to holders of redeemable units		3,680,141	4,375,637
		3,754,549	4,377,970
Net asset value per redeemable unit ($)		14.13	13.10

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 August 2024 and signed on its behalf by:

Bruce Bowen — Director

Harry Smith — 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 2023

(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 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
Proceeds from redeemable units issued	24,156	339,229
Redemption of redeemable units	(76,727)	(1,092,463)
Net decrease from redeemable unit transactions	(52,571)	(753,235)
Increase in net assets attributable to holders of redeemable units from operations	-	57,739
Net assets attributable to holders of redeemable units at the end of the period 2023	260,491	3,680,141

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Statement of Cash Flows
Year ended 30 September 2023
(expressed in Jamaican dollars unless otherwise indicated)

	2023 $'000	2022 $'000
Cash Flows from Operating Activities		
Increase in net assets attributable to holders of redeemable units from operations	57,739	281,022
Adjustment for:		
Interest income	(233,320)	(236,303)
Net changes in fair value of investment securities	112,375	(104,858)
	(63,206)	(60,139)
Changes in operating assets and liabilities		
Receivables	484,883	(394,851)
Investment securities	25,316	227,593
Loan receivable	89,266	260,376
Accounts payable	72,075	(6,240)
	608,334	26,739
Interest received	162,898	232,865
Interest paid	-	858
Net cash provided by operating activities	771,232	260,462
Cash flows from Financing Activities		
Proceeds from redeemable units issued	339,229	549,418
Redemption of redeemable units	(1,092,463)	(677,864)
Net cash used in financing activities	(753,234)	(128,446)
Net increase in cash equivalents	17,998	132,016
Cash equivalents at beginning of period	132,016	-
Cash equivalents at end of period	150,014	132,016
Comprising:		
Cash and cash equivalents	150,014	32,000
Reverse repurchase agreements	-	100,016
	150,014	132,016

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

Notes to the Financial Statements
30 September 2023
(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:

A number of narrow-scope amendments to IFRS 3, IAS 37 and some annual improvements on IFRS 1 and IFRS 9 (effective 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 1, ‘First-time Adoption of IFRS’ and IFRS 9, ‘Financial instruments’.

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.

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.

Amendment to IAS 7 and IFRS 7 – Supplier finance (effective for annual periods beginning on or after 1 January 2024). These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidit risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

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 2023

(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 2023
(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 2023
(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.

3. 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 2023, the accounts payable of $74,408,000 (2022 - $2,333,000) are due within 30 days and the net assets attributable to unit holders of $3,905,141,000 (2022 - $4,303,909,000) 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 (2022 - nil) and Trinidad and Tobago Dollar (TTD) denominated investment securities, with a carrying value of nil (2022 - $75,821,000).

Management estimates that reasonably possible changes in the exchange rate are a devaluation of the Jamaican dollar of 4% (2022 – 4%) or a revaluation of the USD and TTD dollar of 1% (2022 – 1%). Should such a devaluation or revaluation occur, the net assets attributable to holders of redeemable units would decrease by nil (2022 - $3,033,000) or would increase by nil (2022 - $758,000), 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 2023
(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.

	2023					
	Within 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Assets						
Cash and cash equivalents	150,000	-	-	-	14	150,014
Receivables	-	-	-	-	403,642	403,642
Loan receivables	8,117	299,894	750,713	64,153	2,029	1,124,906
Investment securities	739,286	62,177	633,139	164,299	477,087	2,075,988
Total financial assets	897,403	362,071	1,383,852	228,452	882,772	3,754,550
Liabilities						
Accounts payable	-	-	-	-	74,408	74,408
Total financial liabilities	-	-	-	-	74,408	74,408
	897,403	362,071	1,383,852	228,452	808,364	3,680,142

	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

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2023
(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.

	2023		2022	
	J$	US$	J$	US$
	%	%	%	%
Cash and deposits	3.50	-	-	-
Investment securities at fair value through profit or loss	10.03	-	9.1	8.5
Loan receivables	8.67	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
	2023	2023	2022	2022
	$'000	$'000	$'000	$'000
Change in basis points:				
USD and JMD : -25 bps (2022 - -50 bps)	199,711	535,118	2,329	23,333
USD and JMD: +50 bps (2022 - +200bps)	(204,490)	(522,841)	(8,693)	(127,533)

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2023
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(d) Capital management

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

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

(e) Fair value of financial instruments

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

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

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

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2023
(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.

	2023			
At 30 September	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investment securities –				
Corporate debt securities	25,612	-	1,665,176	1,690,788
Quoted equities	57,921	-	-	57,922
Unquoted equity securities	197,527	-	129,751	327,278
	281,060	-	1,794,927	2,075,987

	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

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 2023
(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:

	2023 $'000	2022 $'000
At start of year	2,002,587	2,158,948
Additions	10,000	393,432
Disposals	(308,933)	(549,793)
At end of year	1,703,654	2,002,587

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

	2023		
Description	**Unobservable input $'000**	**Change in basis points**	**Change in fair value $'000**
Corporate debt securities	Risk Premium	USD - 100	24,275
		USD +100	(30,550)

	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)

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2023
(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 $3,893,000 (2022 $6,488,000) should there be a 3% decrease in value and increase by $7,785,000 (2022 $6,488,000) 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:

	2023 $'000	2022 $'000
Investment management fees	80,805	87,160
Interest income	329	726,969

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

	2023 $'000	2022 $'000
Accounts payable	75,406	4,580
Receivables	628,641	999,524

	2023 $'000	2022 $'000
(c) Net assets attributable to units held by NCB Capital Markets Limited its parent and fellow subsidiaries at 30 September	138,131	127,741

5. Loan Receivables

	2023 $'000	2022 $'000
Due from unit trust members	1,122,877	1,212,604
Interest receivable	2,029	1,568
Loan receivables net of expected credit losses	1,124,906	1,214,172

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 2023
(expressed in Jamaican dollars unless otherwise indicated)

6. Investment Securities

	2023 $'000	2022 $'000
At fair value through profit and loss:		
Corporate securities	1,598,900	1,879,079
Quoted securities	57,922	75,821
Unquoted equities	327,278	129,751
	1,984,100	2,084,651
Interest receivable	91,887	21,257
	2,075,987	2,105,908

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

2023					
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
101,531	744,181	676,568	168,508	385,199	2,075,987

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
63,549	664,455	389,152	783,182	205,570	2,105,908

7. Accounts Payable

	2023 $'000	2022 $'000
Management fees	71,846	2,333
Other	2,563	-
	74,409	2,333

NCB Capital Markets Limited Unit Trust Scheme
High Yield Asset and Loan Portfolio
Notes to the Financial Statements
30 September 2023
(expressed in Jamaican dollars unless otherwise indicated)

8. Redeemable Units

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

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

9. Reverse Repurchase Agreements

The Portfolio enters into collateralised reverse repurchase agreements which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. Included within reverse repurchase agreements is related accrued interest receivable of NIL (2022 - $16,438).

At 30 September 2023, the Portfolio held NIL (2022 - $105,000,000) of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements. All of these securities held as collateral can be sold or repledged.

10. Derivative Financial Instrument

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

	2023	2022
	$'000	**$'000**
Assets		
Call option	-	37,351

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

The Portfolio entered into a Call Option agreement on 19 September 2023, to purchase 40% of the shareholdings in a privately held company. The option is expected to be exercised on or before 14 November 2023, at a strike price of J$11.15.

The Portfolio 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
JMD Money Market Portfolio

Financial Statements
30 September 2023

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Index
30 September 2023

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 2023, 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 2023;
- 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
19 September 2024

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Statement of Comprehensive Income

Year ended 30 September 2023

(expressed in Jamaican dollars unless otherwise indicated)

	2023 $'000	2022 $'000
Income		
Interest income	756,750	717,845
Dividend Income	6,462	-
Interest expense	-	(3)
Net interest income	763,212	717,842
Loss on disposal of investment securities	-	(12,636)
Net foreign exchange gains and changes in fair value of investment securities	(153,683)	74,670
	609,529	779,876
Expenses		
Investment management fees	261,868	234,284
Trustee fees	5,763	5,789
Irrecoverable general consumption tax	40,744	39,508
Other operating expenses	4,068	939
	312,443	280,520
Increase in net assets attributable to holders of redeemable units from operations	297,086	499,356

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Statement of Financial Position
30 September 2023
(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Assets			
Loans receivable	5	970,751	990,942
Reverse repurchase agreements	6	-	440,041
Cash and cash equivalents		250,024	272,500
Investment securities	7	9,986,322	11,272,226
Receivables		1,449,430	379,907
		12,656,527	13,355,616
Liabilities			
Liabilities (excluding net assets attributable to holders of redeemable units)			
Accounts payable	8	247,330	39,142
		247,330	39,142
Net assets attributable to holders of redeemable units		12,409,197	13,316,474
		12,656,527	13,355,616
Net asset value per redeemable unit ($)		14.44	14.12

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 August 2024 and signed on its behalf by:

Bruce Bowen — Director

Harry Smith — 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 2023

(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 2021	9	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
Proceeds from redeemable units issued		65,022	929,461
Redemption of redeemable units		(149,004)	(2,133,824)
Net increase from redeemable unit transactions		859,171	12,112,111
Increase in net assets attributable to holders of redeemable units from operations		-	297,086
Net assets attributable to holders of redeemable units at the end of the year 30 September 2023		859,171	12,409,197

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Statement of Cash Flows
Year ended 30 September 2023
(expressed in Jamaican dollars unless otherwise indicated)

	2023 $'000	2022 $'000
Cash Flows from Operating Activities		
Increase in net assets attributable to holders of redeemable units from operations	297,086	499,356
Adjustment for:		
Interest income	(756,750)	(717,845)
Loss on disposal of investment securities	-	12,636
Interest expense	-	3
Net foreign losses and change in fair value of investment securities	153,683	(74,670)
	(305,981)	(280,520)
Changes in operating assets and liabilities		
Investment securities	1,155,502	1,981,593
Loans receivable	20,191	(541,911)
Receivables	(1,069,523)	(397,907)
Accounts payable	208,188	(358,146)
	8,377	403,109
Interest received	733,469	691,462
Interest paid	-	(3)
Net cash provided by operating activities	741,846	1,094,568
Cash flows from Financing Activities		
Proceeds from redeemable units issued	929,461	1,336,895
Redemption of redeemable units	(2,133,824)	(1,958,922)
Net cash used in financing activities	(1,204,363)	(622,027)
Net (decrease)/increase in cash equivalents	(462,517)	472,541
Cash equivalents at beginning of year	712,541	240,000
Cash equivalents at end of year	250,024	712,541
Comprising:		
Cash and cash equivalents	250,024	272,500
Reverse repurchase agreements	-	440,041
	250,024	712,541

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2023
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

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

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

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

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

2. Significant Accounting Policies

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

(a) Basis of preparation

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

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

Standards, interpretations and amendments to published standards that are effective

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

A number of narrow-scope amendments to IFRS 3, IAS 37 and some annual improvements on IFRS 1 and IFRS 9 (effective 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 1, 'First-time Adoption of IFRS' and IFRS 9, 'Financial instruments'.

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

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.

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.

Amendment to IAS 7 and IFRS 7 – Supplier finance (effective for annual periods beginning on or after 1 January 2024). These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidit risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

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(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 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
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2023
(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.

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 2023
(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 2023
(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 (2022 – 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 2023
(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 2023, the accounts payable of $247,330,000 (2022 - $39,142,000) are due within 30 days and the net assets attributable to unit holders of $12,409,000 (2022 - $13,316,000) 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 $516,232,000 (2022 - 528,583,000).

Management estimates that reasonably possible changes in the exchange rate are a devaluation of the Jamaican dollar of 4% (2022 – 4%) or a revaluation of the USD dollar of 1% (2022 – 1 %). Should such a devaluation or revaluation occur, the net assets attributable to holders of redeemable units would decrease by $20,649,000 (2022 – $21,143,000), or would increase by $5,162,000 (2022 - $5,285,830), 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 2023

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) 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.

	2023					
	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	250,000	-	-	-	24	250,024
Loans receivable	976	363,108	384,874	216,651	5,142	970,751
Investment securities	1,220,000	3,398,556	4,097,010	315,499	955,257	9,986,322
Receivables	-	-	-	-	1,449,430	1,449,430
Total financial assets	1,470,976	3,761,664	4,481,884	532,150	2,409,853	12,656,527
Liabilities						
Accounts payable	-	-	-	-	247,330	247,330
Total financial liabilities	-	-	-	-	247,330	247,330
Total interest repricing gap	1,470,976	3,761,664	4,481,884	532,150	2,162,523	12,409,197

	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
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

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2023
(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.

	2023		2022	
	J$	US$	J$	US$
	%	%	%	%
Cash and deposits	3.50	-	3.00	-
Investment securities at fair value through profit or loss	7.26	-	6.45	6.50
Loans	7.78	9.50	8.20	-
Reverse repurchase agreements	-	-	6.00	-

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

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

	Sensitivity of interest income	Sensitivity of changes in fair value	Sensitivity of interest income	Sensitivity of changes in fair value
	2023	2023	2022	2022
	$'000	$'000	$'000	$'000
Change in basis points:				
-25 bps (2022 - -100 bps and -50) for JMD and USD	7,977	606,675	15,362	102,547
+50 bps (2022 - +300 and +100 bps) for JMD and USD	(15,896)	(529,775)	(52,513)	(338,416)

(d) Capital Management

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

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

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2023
(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.

	2023			
At 30 September	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investment securities –				
GOJ debt securities	-	1,650,898	-	1,650,898
Corporate debt securities	-	7,539,986	-	7,539,986
Quoted equities	145,534	-	-	145,534
Unquoted equities	-	-	649,904	649,904
	145,534	9,190,884	649,904	9,986,322

	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

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio

Notes to the Financial Statements
30 September 2023
(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:

	2023 $'000	**2022 $'000**
At start of year	1,508,504	649,504
Additions	-	859,074
Disposals	(858,600)	-
At end of year	649,904	1,508,978

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

	2023		
Description	**Unobservable input $'000**	**Change in basis points**	**Change in fair value $'000**
GOJ guaranteed debt securities	Risk Premium	USD -100	-
		USD+100	-

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2023
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value of financial instruments (continued)

Sensitivity analysis (continued)

	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)

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:

	2023	2022
	$'000	$'000
Investment management fees	261,868	234,284
Interest income	22,281	3,642

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

	2023 $'000	2022 $'000
Payables	232,010	29,403
Reverse repurchase agreements	-	440,000

	2023 $'000	2022 $'000
(c) Net assets attributable to units held by NCB Capital Markets Limited, its parent and fellow subsidiariesat 30 September	473,726	457,989

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2023
(expressed in Jamaican dollars unless otherwise indicated)

5. Loans Receivable

	2023 $'000	2022 $'000
Due from unit trust holders	965,609	988,633
Interest receivable	5,142	2,309
Loan receivables net of expected credit losses	970,751	990,942

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

6. Reverse Repurchase Agreements

The Portfolio enters into collateralised reverse repurchase agreements which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. Included within reverse repurchase agreements is related accrued interest receivable of nil (2022 - $41,095).

At 30 September 2023, the Portfolio held nil (2022 - $462,500,000) of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements. All of these securities held as collateral can be sold or repledged.

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

7. Investment Securities

	2023 $'000	2022 $'000
At FVPL		
Government of Jamaica	1,602,242	2,061,305
Unquoted equities	649,904	649,904
Quoted equities	145,534	190,509
Corporate debt securities	7,428,823	8,233,970
	9,826,503	11,135,688
Interest receivable	159,819	136,538
	9,986,322	11,272,226

NCB Capital Markets Limited Unit Trust Scheme
JMD Money Market Portfolio
Notes to the Financial Statements
30 September 2023
(expressed in Jamaican dollars unless otherwise indicated)

7. Investment Securities (Continued)

The contractual maturity of the investment securities is as follows:

		2023			
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
256,705	4,434,854	4,183,636	315,689	795,438	9,986,322

		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

8. Accounts Payable

	2023 $'000	2022 $'000
Management fees	232,010	29,403
Other	15,320	9,739
	247,330	39,142

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 2023

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Index
30 September 2023

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 2023, 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 2023;
- 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
19 September 2024

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Statement of Comprehensive Income
Year ended 30 September 2023
(expressed in United States dollars unless otherwise indicated)

	2023 $'000	2022 $'000
Income		
Interest income	669	1,162
Interest expense	-	(1)
	669	1,161
Gains on sale of investments	98	229
Losses from investment activities	(2,361)	(2,847)
	(1,594)	(1,457)
Expenses		
Investment management fees	435	524
Trustee fees	8	10
Irrecoverable general consumption tax	67	86
Audit fees	5	6
Other operating expenses	4	-
	519	626
Operating loss	(2,113)	(2,083)
Other Comprehensive Income		
Items that may be reclassified to the profit and loss in subsequent years		
Exchange gain on translation from functional currency	2,431	1,253
Total Other Comprehensive Income	2,431	1,253
Increase/(decrease) in net assets attributable to holders of redeemable units from operations	318	(830)

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Statement of Financial Position
30 September 2023
(expressed in United States dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Assets			
Receivables	4	552	736
Reverse repurchase agreements	5	2,051	450
Investment securities	6	14,828	15,568
Loans receivable		-	5,091
		17,431	21,845
Liabilities			
Liabilities (excluding net assets attributable to holders of redeemable units)			
Accounts payable	7	431	61
		431	61
Net assets attributable to holders of redeemable units	8	17,000	21,784
		17,431	21,845
Net asset value per redeemable unit ($)		1.24	1.22

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 August 2024 and signed on its behalf by:

Bruce Bowen	Director	Harry Smith	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 2023
(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 2021		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
Proceeds from redeemable units issued		597	781
Redemption of redeemable units		(4,762)	(5,883)
Net decrease from redeemable unit transactions		(4,165)	(5,102)
		13,660	16,682
Increase in net assets attributable to holders of redeemable units from operations		-	318
Net assets attributable to holders of redeemable units at 30 September 2023	8	13,660	17,000

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 2023
(expressed in United States dollars unless otherwise indicated)

	2023 $'000	**2022 $'000**
Cash Flows from Operating Activities		
Operating loss	(2,113)	(2,083)
Adjustment for:		
Interest income	(669)	(1,162)
Interest expense	-	1
Gain on disposals of investments	(98)	(229)
Net losses on investment securities	2,361	2,847
	(519)	(626)
Changes in operating assets and liabilities		
Receivables	184	(251)
Investment securities	583	5,133
Loan receivables	5,091	(5,091)
Accounts payable	370	(24)
	5,709	(859)
Interest received	676	1,231
Interest paid	-	(1)
Net cash provided by operating activities	6,385	371
Cash Flows from Financing Activities		
Proceeds from redeemable units issued	781	1,304
Redemption of redeemable units	(5,564)	(2,638)
Net cash used in financing activities	(4,784)	(1,334)
Net increase in cash and cash equivalents	1,601	450
Cash and cash equivalents at beginning of year	450	-
Cash and cash equivalents at end of year	2,051	450
Comprising:		
Reverse repurchase agreements	2,051	450

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Notes to the Financial Statements
30 September 2023
(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:

A number of narrow-scope amendments to IFRS 3, IAS 37 and some annual improvements on IFRS 1 and IFRS 9 (effective 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 1, 'First-time Adoption of IFRS' and IFRS 9, 'Financial instruments'.

The amendments to standards did not have a material impact on the Portfolio's operations.

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio
Notes to the Financial Statements
30 September 2023
(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

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.

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.

Amendment to IAS 7 and IFRS 7 – Supplier finance (effective for annual periods beginning on or after 1 January 2024). These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

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 2023

(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.

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 2023
(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 2023, the accounts payable of $431,971 (2022 – $61,000) are due within 30 days and the net assets attributable to unit holders of $17,000,000 (2022 – $21,784,000) 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 2023
(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.

	2023					
	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	-	-	-	-	552	552
Reverse repurchase agreements	2,046	-	-	-	5	2,051
Investment securities	-	3,927	5,909	4,769	223	14,828
Total financial assets	2,046	3,927	5,909	4,769	780	17,431
Liabilities						
Accounts payable	-	-	-	-	431	431
Total financial liabilities	-	-	-	-	431	431
Total interest repricing gap	2,046	3,927	5,909	4,769	349	17,000
Net interest sensitivity gap	2,046	3,927	5,909	4,769	349	17,000

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio

Notes to the Financial Statements
30 September 2023
(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

	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
Loan 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
Total financial liabilities	-	-	-	-	61	61
Total interest repricing gap	450	5,000	4,837	10,500	997	21,784
Net interest sensitivity gap	450	5,000	4,837	10,500	997	21,784

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

	2023
	US$
	%
Reverse repurchase agreements	4.14
Investment securities at fair value through profit or loss	5.28
Investment securities at amortised cost	4.55

	2022	
	US$	**J$**
	%	%
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 2023
(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:
- 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 2023 $'000	Sensitivity of changes in fair value 2022 $'000
Change in basis points:		
USD and JMD : -25 bps (2022 - -50 bps)	289	716
USD and JMD: +50 bps (2022 - +200bps)	(135)	(1,290)

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

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

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio

3. Financial Risk Management (Continued)

(e) Fair value of financial instruments

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

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

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

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

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

All investment securities are classified in Level 2.

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

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

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

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

NCB Capital Markets Limited Unit Trust Scheme
USD Bond Portfolio

Notes to the Financial Statements

30 September 2023

(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:

	2023	2022
	$'000	$'000
Investment management fees	435	524
Interest income	83	45

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

	2023 $'000	2022 $'000
Receivables	552	736
Reverse Repurchase Agreements	2,051	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 $5,338 (2022 - $343).

At 30 September 2023, the Portfolio held $2,223,000 (2022 - $473,000) of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements. All of these securities held as collateral can be sold or repledged.

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

6. Investment Securities

	2023 $'000	2022 $'000
At FVPL		
Government of Jamaica securities	9,728	5,923
Corporate securities	4,877	5,484
	14,605	11,407
At amortised cost		
BOJ CD	-	3,930
Interest receivable	223	231
	14,828	15,568

6. Investment Securities (Continued)

The contractual maturity of the investment securities is as follows:

2023				
Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
$'000	**$'000**	**$'000**	**$'000**	**$'000**
-	3,937	6,057	4,834	14,828

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

7. Accounts Payable

	2023 $'000	**2022 $'000**
Management fees	431	53
Other	-	8
	431	61

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 2023

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Index
30 September 2023

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 2023, 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 2023;
- 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
19 September 2024

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio

Statement of Comprehensive Income

Year ended 30 September 2023

(expressed in United States dollars unless otherwise indicated)

	2023 $'000	2022 $'000
Income		
Interest income	3,779	3,275
Gain on disposal of investments	151	130
Gains/(losses) from investment activities	2,596	(5,832)
	6,526	(2,427)
Expenses		
Investment management fees	1,335	1,241
Trustee fees	33	37
Irrecoverable general consumption tax	209	220
Other operating expenses	26	7
	1,603	1,505
Operating profit/(loss)	4,923	(3,932)
Other Comprehensive Income		
Items that may be reclassified to the profit and loss in subsequent years		
Exchange (losses)/gains on translation from functional currency	(2,547)	2,949
Total Other Comprehensive Income	(2,547)	2,949
Increase/(decrease) in net assets attributable to holders of redeemable units from operations	2,376	(983)

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Statement of Financial Position
30 September 2023
(expressed in United States dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Assets			
Cash and cash equivalents		-	8,000
Loans receivable	5	24,792	17,451
Reverse repurchase agreements	6	8,805	15,097
Investment securities	7	41,030	43,665
		74,627	84,213
Liabilities			
Accounts payable		1,768	4,727
		1,768	4,727
Net assets attributable to holders of redeemable units	9	72,859	79,486
		74,627	84,213
Net asset value per redeemable unit ($)		1.14	1.11

Approved for issue by the Board of Directors of NCB Capital Markets Limited on 30 August 2024 and signed on its behalf by:

Bruce Bowen	Director	Harry Smith	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 2023
(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 2021		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
Decrease 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
Proceeds from redeemable units issued		5,437	5,705
Redemption of redeemable units		(13,303)	(14,708)
Net decrease from redeemable unit transactions		(7,866)	(9,003)
		63,653	70,483
Increase in net assets attributable to holders of redeemable units from operations		-	2,376
Net assets attributable to holders of redeemable units at 30 September 2023	9	63,653	72,859

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio

Statement of Cash Flows

Year ended 30 September 2023

(expressed in United States dollars unless otherwise indicated)

	2023 $'000	2022 $'000
Cash Flows from Operating Activities		
Operating profit/(loss)	4,923	(3,932)
Adjustment for:		
Interest income	(3,779)	(3,275)
Gain on disposal of investments	(151)	(130)
(Gains)/losses from investment activities	(2,596)	5,832
	(1,603)	(1,505)
Changes in operating assets and liabilities		
Investment securities	2,915	1,386
Loan receivable	(7,341)	(5,365)
Accounts payable	(2,959)	(679)
	(8,988)	(6,163)
Interest received	3,699	3,293
Net cash used in operating activities	(5,289)	(2,870)
Cash Flows from Financing Activities		
Proceeds from redeemable units issued	5,705	11,124
Redemption of redeemable units	(14,708)	(16,248)
Net cash used in financing activities	(9,003)	(5,124)
Net decrease in cash and cash equivalents	(14,292)	(7,994)
Cash and cash equivalents at beginning of year	23,097	31,091
Cash and cash equivalents at end of year	8,805	23,097
Comprising:		
Cash and cash equivalents	-	8,000
Reverse repurchase agreements	8,805	15,097
	8,805	23,097

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Notes to the Financial Statements
30 September 2023
(expressed in United States dollars unless otherwise indicated)

1. Identification and Activities

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

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

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

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

2. Significant Accounting Policies

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

(a) Basis of preparation

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

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

Standards, interpretations and amendments to published standards 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:

A number of narrow-scope amendments to IFRS 3, IAS 37 and some annual improvements on IFRS 1 and IFRS 9 (effective 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 1, 'First-time Adoption of IFRS' and IFRS 9, 'Financial instruments'.

The amendments to standards did not have a material impact on the Portfolio's operations.

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio

Notes to the Financial Statements
30 September 2023
(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

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.

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.

Amendment to IAS 7 and IFRS 7 – Supplier finance (effective for annual periods beginning on or after 1 January 2024). These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidit risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

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.

2. Significant Accounting Policies (Continued)

(b) Redeemable units (continued)

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

(c) 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
USD Money Market Portfolio

Notes to the Financial Statements
30 September 2023
(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(h) Financial assets at FVPL

(i) Classification and measurement

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

(ii) Recognition, derecognition and measurement

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

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

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

(iii) Fair value estimation

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

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

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

2. Significant Accounting Policies (Continued)

(i) Receivables

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

(j) Cash equivalents

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

(k) Loan receivables

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

Impairment

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

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

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

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

Definition of default

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

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

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

2. Significant Accounting Policies (Continued)

(k) Loan receivables (continued)

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

Impairment

Recognition and Measurement of ECL
The general approach to recognising and measuring ECL reflects:

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

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

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

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

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

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

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Notes to the Financial Statements
30 September 2023
(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 2023
(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 2023, the accounts payable of $1,768,000 (2022 – $4,727,000). The Portfolio's net assets attributable to unit holders of $72,859,000 (2022 – $79,486,000) 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 2023

(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.

	2023					
	Within 3 Months	**4 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Non-Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Loan receivables	8,000	-	16,500	-	292	24,792
Reverse repurchase agreements	8,789	-	-	-	16	8,805
Investment securities, including pledged assets	5,000	-	25,985	9,486	559	41,030
Total financial assets	21,789	-	42,485	9,486	867	74,627
Liabilities						
Accounts payable	-	-	-	-	1,768	1,768
Total financial liabilities	-	-	-	-	1,768	1,768
Net interest sensitivity gap	21,789	-	42,485	9,486	(901)	72,859

	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	8,000	-	-	-	-	8,000
Loan receivables	-	850	16,500	-	101	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

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Notes to the Financial Statements
30 September 2023
(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.

	2023 US$ %	2022 US$ %
Cash and deposits	-	0.10
Investment securities at fair value through profit or loss	5.24	5.00
Loans	5.45	5.18
Reverse repurchase agreements	4.16	3.90

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 2023 $'000	Sensitivity of changes in fair value 2022 $'000
Change in basis points:		
-25 and +200 bps (2020 – -100 bps)	115	1,842
+50 bps and -50 (2020 – +100 bps)	(232)	(1,986)

(d) Capital management

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

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

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio

Notes to the Financial Statements

30 September 2023

(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value of financial instruments

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

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

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

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

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

All investment securities are classified in Level 2.

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

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

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

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

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Notes to the Financial Statements
30 September 2023
(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:

	2023 $'000	2022 $'000
Investment management fees	1,335	1,303
Interest income	497	870

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

	2023 $'000	2022 $'000
Reverse repurchase agreements	8,805	15,097
Payables	1,228	4,446

5. Loan Receivable

	2023 $'000	2022 $'000
Corporate loan receivable	24,500	17,350
Interest receivable	292	101
Loan receivable net of expected credit losses	24,792	17,451

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

6. Reverse Repurchase Agreements

The Portfolio enters into collateralised reverse repurchase agreements which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. Included within reverse repurchase agreements is related accrued interest receivable of $15,794 (2022 – $43,995).

At 30 September 2023, the Portfolio held $9,389,000 (2022 – $16,944,000) of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements. All of these securities held as collateral can be sold or repledged.

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

NCB Capital Markets Limited Unit Trust Scheme
USD Money Market Portfolio
Notes to the Financial Statements
30 September 2023
(expressed in United States dollars unless otherwise indicated)

7. Investment Securities

	2023 $'000	2022 $'000
At FVPL:		
Government of Jamaica	17,233	17,762
Corporate	23,239	25,426
	40,472	43,188
Interest receivable	558	477
	41,030	43,665

The contractual maturity of the investment securities is as follows:

2023				
Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
$'000	**$'000**	**$'000**	**$'000**	**$'000**
5,042	-	26,375	9,613	41,030

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

8. Accounts Payable

	2023 $'000	2022 $'000
Payable to unit holders for redemption of units	483	4,446
Management fees	1,228	273
Other	57	8
	1,768	4,727

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.