



Sagicor

SELECTFUNDS

REVISED

March 2020 Quarterly Report

Sagicor Select Funds - Financial Fund



YOUR SHARE OF
WEALTH

DIRECTORS REPORT

On behalf of the Board of Directors of Sagicor Select Funds Limited, we are pleased to report on the performance of the Financial Select Fund (SELECTF) for the quarter ended March 2020. SELECTF was listed on the JSE in August 2019. As at the end of March 2020 the net Asset value of the Fund was J\$4,463 million.

OVERVIEW

Macro-Economic

The Jamaican economy started 2020 with positive momentum from 2019, with most macro-economic indicators remaining on a favourable path. This included low external current account deficits, comfortable levels of foreign currency reserves, low interest rate environment and all-time low unemployment of 7.2%. The strengthening in economic fundamentals, along with the favourable external environment, resulted in Jamaica's upgraded ratings from Fitch and S&P. The upgrade reflected the expectation that Jamaica will continue to make progress in reducing government debt towards more sustainable levels.

Although GDP growth has been low, the growth prospects were improving. The growth trajectory was to be supported by the tax measures announced at the GOJ's Budget presentation in March. The reduction in GCT, by 1.5 percentage points to 15.0%, was to encourage greater spending by the household. The increased disposable income was to stimulate aggregate demand and was to be complemented by the tax reduction to firms, as well as, low interest rates environment.

However, the onset of Corona Virus has brought considerable risk to economic activity. The measures employed to limit the impact of the virus are expected to temporarily halt economic growth and fiscal progress in Jamaica. Specifically, it is

expected that the pandemic-related decline in tourism and other sectors will have a negative impact on the wider economy and the performance of listed companies.

Given the anticipated impact, S&P revised their outlook for Jamaica to negative from stable.

To mitigate the impact, several initiatives were announced by the Government of Jamaica to support the spending power of consumers initially. These were in addition to actions of the BOJ to facilitate the smooth functioning of aspect of the financial market. These initiatives should assist in stabilizing the macro-economy until the pandemic subsides.



Sector

The improvement in the Finance & Insurance industry reflected the overall low interest rate environment, which resulted in increased loan disbursement from commercial banks. The stock of loans and advances for commercial banks moved to J\$842.6 billion as at December 2019 from J\$716.8 billion as at December 2018, a growth of 17.6%.

Market

Though the economic condition was supportive of growth, the market performance reflected the anticipated adverse economic outcome and the effect on listed companies. During the quarter the equity market declined by 26%. The decline was most significant during the month of March as the market adjusted to the potential impact of the Corona Virus. The market fell 21% in March alone.

Additionally, the market was partly affected by the IPO of Transjamaican Highway Limited, as investors prepared to participate in the new infrastructure asset. Consequently, the market recorded mild declines as some investors reduced their long position in several stocks for this new investment opportunity.

Particularly during March 2020, only four companies on the main market recorded increases in price, evidenced by an advance to decline ratio of 4:37. Similarly for the quarter only 3 companies recorded positive performance (see table below). This performance is reflective of the expected economic impact of the global pandemic and the likely negative impact on the financial performance of listed companies. In March 2020, Jamaica announced its first imported case of COVID-19, and thereafter the government started to implement measures to reduce the spread.

TOP TEN PERFORMERS (MARCH 2020)

Top 10 Performer: JSE Main Index			
	Close Price (\$)		
Security	31-Dec-19	31-Mar-20	% Change
PULS**	1.50	3.24	115.7%
138SL	4.24	5.65	33.3%
PBS	0.65	0.77	18.5%
PJX	7.20	7.30	1.4%
MTL	32.21	32.21	0.0%
SCIUSD	0.13	0.13	0.0%
PAL	2,900.00	2,789.00	-3.8%
SML	5.96	5.67	-4.8%
MDS	6.87	6.52	-5.1%
KPREIT	6.63	6.20	-6.4%

Top 10 Performer: Financial Companies			
	Close Price (\$)		
Security	31-Dec-19	31-Mar-20	% Change
PJX	7.20	7.30	1%
SCIJA	13.06	13.06	0%
SSLVC	1.14	1.00	-12%
SIL	3.34	2.88	-14%
EPLY	14.10	12.05	-15%
ROC	3.53	3.00	-15%
SGJ	55.48	46.71	-16%
JMMBGL	46.55	38.01	-18%
BIL	72.36	58.97	-19%
JSE	27.58	21.60	-22%

OUTLOOK

The outlook is characterized by severe human and economic cost relating to the COVID-19 pandemic. Investors have reacted to the heightened uncertainty by applying a higher risk premium to financial assets, primarily for equities. This condition is expected to persist over the near-term, as the Government implements measures to slow the spread of the virus locally. The return to normal times is largely predicated on discovery of a vaccine to stop COVID-19.

Consequently, the earnings growth rate for most companies is expected to slow in the near term as economic activities decelerate. However, given the relative strength gained from the economic reform over the past 5 years, the local economy should be able to rebound at a faster pace. This should be favorable for stock price performance over the medium to long term.

FINANCIAL PERFORMANCE

For the quarter ending March 2020, the Financial Select Fund recorded a net loss of J\$1,475 million. This outturn was attributable primarily to negative income earned and expenses for the period.

Total Income of negative \$1,459 million was largely attributable to the unrealized loss in the value of the investments. The fund holds securities listed on the JSE, as such the stocks held in the fund recorded declines of \$1,482 million. This was reflective of overall market conditions that prevailed during the quarter. Notwithstanding, the fund benefited from cash income from dividends and interest of J\$22 million and J\$0.4 million, respectively.

Total expenses for Q1 amounted to J\$15 million. The cost was largely comprised of Legal & professional fees of \$8 million and management fees of \$5 million.

At the end of March 2020, the total asset was valued at J\$4,471 million. This comprised Financial Assets Held by the fund J\$4,378 million (98%) cash and cash equivalent of \$90 million (2%). During the quarter, one new financial company Caribbean Assurance Brokers was listed on the market and shares in this company were purchased.

The assets were finance by equity of \$4,463 million and liabilities of J\$8 million.

INVESTMENT OBJECTIVE

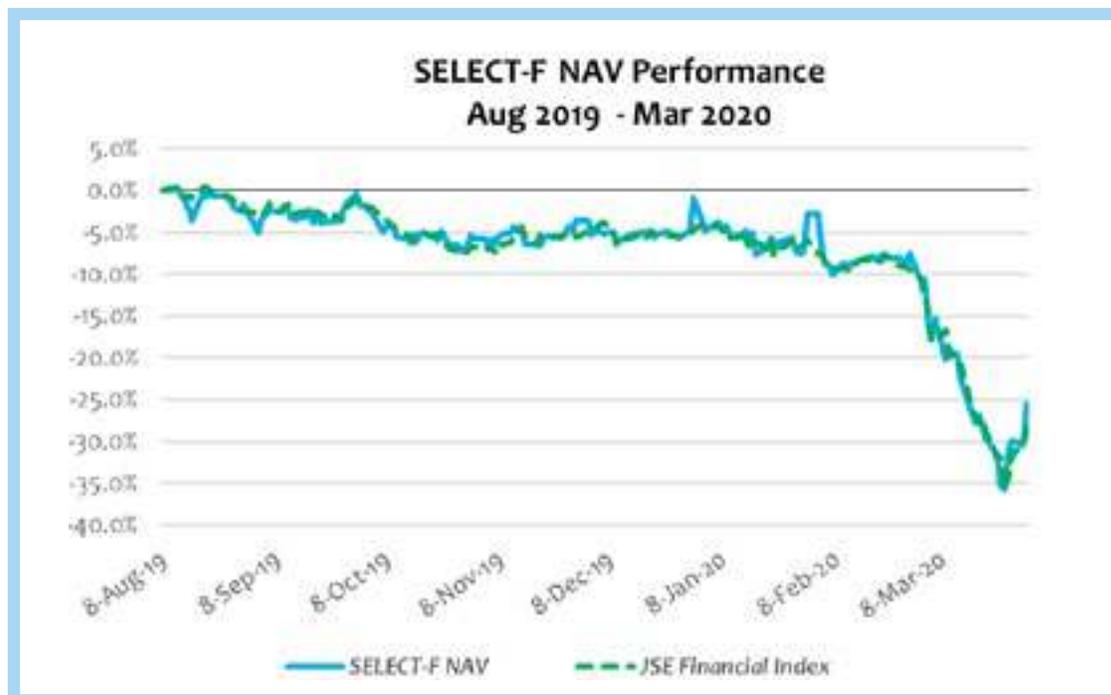
The Funds invest in a representative sample of securities included in the respective Indices that collectively has an investment profile similar to the Indices. Due to the use of representative sampling, the Funds may or may not hold all the securities that are included in the respective Indices.

More specifically, the Financial Select Fund seeks to track the investment results of an index composed of Jamaican equities in the financial sector. The fund and the index are comprised of publicly traded financial stocks that are listed on the JSE.



PERFORMANCE

KEY FACTS	
Net Assets as of Mar 31, 2020 ('000)	4,462,915
Listing Date	8-Aug-19
Asset Class	Equity
Benchmark Index	JSE Financial Index
JSE Ticker	SELECTF
Shares Outstanding	5,100,000,000
Number of Holdings March 31, 2020	24
Bid Price as of Mar 31, 2020	0.73
Expense Ratio	0.34%
Mgmt. Fees	0.35%



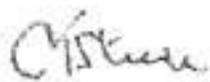
PORTFOLIO INFORMATION – CLASS B SHARE: SELECTF

TICKER	STOCKS	INDEX WEIGHTING	PORTFOLIO WEIGHTING	Q1 PRICE CHANGE
NCBFG	NCB FINANCIAL GROUP LIMITED	35.5%	35.2%	-26.9%
SJ	SAGICOR GROUP JAMAICA	20.1%	19.9%	-32.8%
SGJ	SCOTIA GROUP JAMAICA	14.6%	14.5%	-16.0%
PJAM	PAN-JAMAICAN INVESTMENT TRUST	8.2%	8.2%	-21.5%
JMMBGL	JMMB GROUP LIMITED	7.7%	7.5%	-16.5%
BIL	BARITA INVESTMENTS LIMITED	4.8%	4.1%	-21.3%
PROVEN	PROVEN INVESTMENTS LIMITED	2.1%	0.6%	-23.9%
JSE	JAMAICA STOCK EXCHANGE	1.6%	1.7%	-16.8%
VMIL	VICTORIA MUTUAL INVESTMENTS LIMITED	1.0%	1.0%	-21.3%
MJE	MAYBERRY JAMAICAN EQUITIES LTD.	0.8%	1.0%	-41.1%
MIL	MAYBERRY INVESTMENTS LTD.	0.7%	0.6%	-33.2%
AFS	ACCESS FINANCIAL SERVICES LIMITED	0.5%	0.4%	-45.8%
GENAC	GENERAL ACCIDENT INSURANCE CO JA	0.5%	0.5%	-28.1%
LASF	LASCO FINANCIAL SERVICES LIMITED	0.3%	0.3%	-40.2%
SCIJMD	SYGNUS CREDIT INVESTMENTS LIMITED (SCIJMD)	0.3%	0.3%	-30.5%
EPLY	EPPLEY LIMITED	0.2%	0.2%	-11.3%
PJX	PORTLAND JSX LIMITED	0.2%	0.2%	4.0%
SCIUSD	SYGNUS CREDIT INVESTMENTS LIMITED (SCIUSD)	0.2%	0.2%	0.0%
ISP	ISP FINANCE SERVICES LIMITED	0.1%	0.0%	-10.0%
QWI	QWI INVESTMENTS LIMITED	0.1%	0.1%	-23.9%
SIL	STERLING INVESTMENTS LIMITED	0.1%	0.1%	-4.7%
KEY	KEY INSURANCE COMPANY LIMITED	0.1%	0.0%	25.0%
ROC	IRONROCK INSURANCE COMPANY LIMITED	0.1%	0.1%	-29.0%
CABROKERS	CARIBBEAN ASSURANCE BROKERS LIMITED	0.1%	0.0%	
SSLVC	SSL VENTURE CAPITAL JAMAICA LIMITED	0.0%	0.0%	-50.9%

FINANCIAL STATEMENTS

Sagicor Select Funds Limited SELECTF			
Statement of Financial Position			
as at March 31, 2020	March 2020	March 2019	December 2019
(Expressed in thousands of Jamaica dollars)	Unaudited	Unaudited	Audited
Assets			
Cash and Cash Equivalents	93,199	24,729	87,575
Financial assets at fair value through profit or loss	4,377,599	1,093,462	5,863,759
Receivable	5	-	1,763
Taxation Recoverable	22	37	22
	4,470,825	1,118,228	5,953,119
Financed by:			
Capital account	5,023,931	1,100,000	5,023,931
Retained Earnings	914,251	-	-
Net (Loss)/Profit	(1,475,267)	16,826	914,251
	4,462,915	1,116,826	5,938,182
Liabilities			
Other Liability	7,910	1,402	14,937
	7,910	1,402	14,937
	4,470,825	1,118,228	5,953,119

Net asset value per stock unit (\$)	0.88	1.02	1.16
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Colin Steele Chairman



Janene Shaw Director

FINANCIAL STATEMENTS

Sagicor Select Funds Limited SELECTF Income Statement for the three-months ended March 2020 (Expressed in thousands of Jamaica dollars)	March 2020 Year-to-date Unaudited	March 2019 Year-to-date Unaudited	December 2019 Full Year Audited
Income			
Net investment income	(1,459,960)	18,229	1,037,513
Fees and other income	32	-	1,520
Total revenue	(1,459,927)	18,229	1,039,033
Expenses			
Administration expenses	15,339	1,403	65,112
Total expenses	15,339	1,403	65,112
NET (LOSS)/PROFIT	(1,475,267)	16,826	973,921
Issued shares ('000)	5,100,000	1,100,000	5,100,000
EPS	(0.29)	0.02	0.19

FINANCIAL STATEMENTS

Sagicor Select Funds Limited SELECTF Statement of Cash Flows for the three-months ended March 2020 (Expressed in thousands of Jamaica dollars)	March 2020 Year-to-date Unaudited	March 2019 Year-to-date Unaudited	December 2019 Full Year Audited
Cash Flows from Operating Activities			
Net (Loss)/Profit for the period	(1,475,267)	16,826	973,921
Adjustments for:			
Items not affecting cash:			
Adjustments for non-cash items, interest and dividends	1,461,729	(18,229)	(101,832)
Changes in other operating assets and liabilities	-	(1,074,361)	(5,855,763)
Dividend received	21,734	493	102,470
Net cash used in operating activities	8,196	(1,075,271)	(4,881,204)
Changes in operating assets and liabilities:			
Sale of ordinary shares	-	1,100,000	5,023,931
Loans proceeds	-	-	3,700,000
Loan repayment	-	-	(3,700,000)
Dividend Payment	-	-	(51,236)
Costs associated with ordinary shares issued	-	-	(5,375)
Net cash provided by investing activities	-	1,100,000	4,967,320
Increase in cash and cash equivalents	8,196	24,729	87,575
Cash and cash equivalents at beginning of year	87,575	-	-
Effects of exchange rate changes on cash and cash equivalents	(2,573)	-	-
Cash and Cash Equivalents at End of Year	93,199	24,729	87,575
Comprising:			
Balances with Banks	43,199	24,729	7,575
Securities purchased under resale agreements	50,000	-	80,000
	93,199	24,729	87,575

FINANCIAL STATEMENTS

Sagicor Select Funds Limited SELECTF
Statement of change in Shareholders' Net Equity
for the three-months ended March 2020
 (Expressed in thousands of Jamaica dollars)

	Share Capital	Retained Earnings	Total
Period Ended March 31, 2020			
Balance as at December 31, 2019	<u>5,023,931</u>	<u>914,251</u>	<u>5,938,182</u>
Total Comprehensive Income	-	(1,475,267)	(1,475,267)
Dividend	-	-	-
Balance as at March 31, 2020	<u>5,023,931</u>	<u>(561,016)</u>	<u>4,462,915</u>
Period Ended March 31, 2019			
Balance as at December 31, 2018	-	-	-
Total Comprehensive Income	-	16,826	16,826
Shares Issued and fully paid	<u>1,100,000</u>	-	<u>1,100,000</u>
Balance as at March 31, 2019	<u>1,100,000</u>	<u>16,826</u>	<u>1,116,826</u>

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Notes to the Financial Statement

1. Identification

The Company was incorporated on the 11th of January 2019 as a public company, for the primary purpose of trading in securities listed on recognized exchanges. The Financial Select Fund is a close-ended non-diversified investment fund.

The Company entered into a management agreement with SIJL to act as Fund Manager.

2. Summary of Significant Accounting Policies

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Entity's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note.

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

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Entity has assessed the relevance of all such new standards, interpretations and amendments and has put into effect the following:

- IFRS 9, 'Financial Instruments', became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

(i) Classification of financial assets

The Entity classifies its investments based on both the Entity'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 Entity is primarily focused on fair value information and uses that information to assess the assets' performance and to make decision. The Entity has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Entity's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows is only incidental to

FINANCIAL STATEMENTS

achieving the Entity'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 recognized on the trade date – the date on which the Entity commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognized when the rights to received cash flows from the investments have expired or the Entity 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 of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other net changes in fair value of financial assets at fair value through profit or loss in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognized in the statement of comprehensive income within dividend income when the Entity's right to receive payments is established. Interest on debt securities at fair value through profit or loss is recognized in the statement of comprehensive income within interest income based on the effective interest rate.

Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly trading securities) is based on quoted market prices at the statement of position date. The quoted market price used for financial assets held by the Entity is the current bid price. If the market for a financial asset is not active (and for unlisted securities),

the Entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

(iii) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from investment in securities purchased under agreements to resell, Government of Jamaica securities, quoted and unquoted equities and other investment services provided in the ordinary course of the Fund's activities. Revenue is recognised as follows:

Dividend income

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

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

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

Gain or loss on sale of investment

Gain or loss on the disposal or maturity of investment, is determined by comparing sale proceeds with the carrying amount of the investment. This amount is recognised in income or expenditure.

Fair value gains or losses on investments

Fair value gains or losses on investments are recognized when there is a change in the fair value of investments from one period to the next.

TOP TEN SHAREHOLDINGS

For Sagicor Select Funds Limited - Financial

As at March 31, 2020

Primary Account Holder	Joint Holder(s)	Volume	Percentage
1. JCSD TRUSTEE SERVICES LTD - SIGMA EQUITY		1,513,301,724	29.6726%
	Client total ownership	1,513,301,724	29.6726%
2. JCSD TRUSTEE SERVICES LTD - SIGMA DIVERSIFIED INVESTOR		286,500,000	5.6176%
	Client total ownership	286,500,000	5.6176%
3. SAGICOR EQUITY FUND		145,506,312	2.8531%
	Client total ownership	145,506,312	2.8531%
4. JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE		105,931,787	2.0771%
	Client total ownership	105,931,787	2.0771%
5. SAGICOR POOLED EQUITY FUND		84,900,212	1.6647%
	Client total ownership	84,900,212	1.6647%
6. NCB INSURANCE COMPANY LIMITED		63,861,367	1.2522%
	Client total ownership	63,861,367	1.2522%
7. BRITISH CARIBBEAN INSURANCE CO. LTD.		52,287,880	1.0253%
	Client total ownership	52,287,880	1.0253%
8. PANJAM INVESTMENT LIMITED		35,981,715	0.7055%
	Client total ownership	35,981,715	0.7055%
9. PAM- POOLED EQUITY FUND		14,422,028	0.2828%
	Client total ownership	14,422,028	0.2828%
10. WINSTON HOO		3,121,410	0.0612%
		11,060,850	0.2169%
	Client total ownership	14,182,260	0.2781%
Total Issued Capital		5,100,000,000	
Total Units Owned by Top 10 Shareholders		2,316,875,285	
Total Percentage Owned by Top 10 Shareholders		45.4289%	

DIRECTORS AND THEIR CONNECTED PARTIES

For Sagikor Select Funds Limited - Financial

As at March 31, 2020

Director	Primary Name Joint Holder (s)	Relationship	Volume	Percentage
Omar Brown	Omar Brown	Self	0.0	0
		Director Holdings	0.0	0
		Connected Party	0.0	0
		Combined Holdings	0.0	0
Faith Vincent	Faith Vincent	Self	102,000	0.00002
		Director Holdings	102,000	0.00002
		Connected Party	-	0
		Combined Holdings	102,000	0.00002
Kevin Donaldson	Kevin Donaldson	Self	1,300,000	0.000255
		Ramona L. Donaldson	102,000	0.000020
		Khalil J. Donaldson	151,000	0.000030
		Director Holdings	1,300,000	0.000255
		Connected Party	253,000	0.000050
Combined Holdings	1,553,000	0.000305		
Colin Steele	Colin Steele	Self	-	0
		Director Holdings	-	0
		Connected Party	-	0
		Combined Holdings	-	0
Janene Shaw	Janene Shaw	Self	0.0	0
		Director Holdings	0.0	0
		Connected Party	0.0	0
		Combined Holdings	0.0	0
Daniella Silvera	Daniella Silvera	Self	0.0	0
		Director Holdings	0.0	0
		Connected Party	0.0	0
		Combined Holdings	0.0	0
Warren Chin	Warren Chin	Self	3,571,000	0.0007002
		Director Holdings	3,571,000	0.0007002
		Connected Party	-	0.0000000
		Combined Holdings	3,571,000	0.0007002
Issued Shares			5,100,000,000	
Combined Director's Holdings			4,973,000	0.09751
Combined Connected Party Holdings			253,000	0.00496
Combined Holdings			5,226,000	0.10247