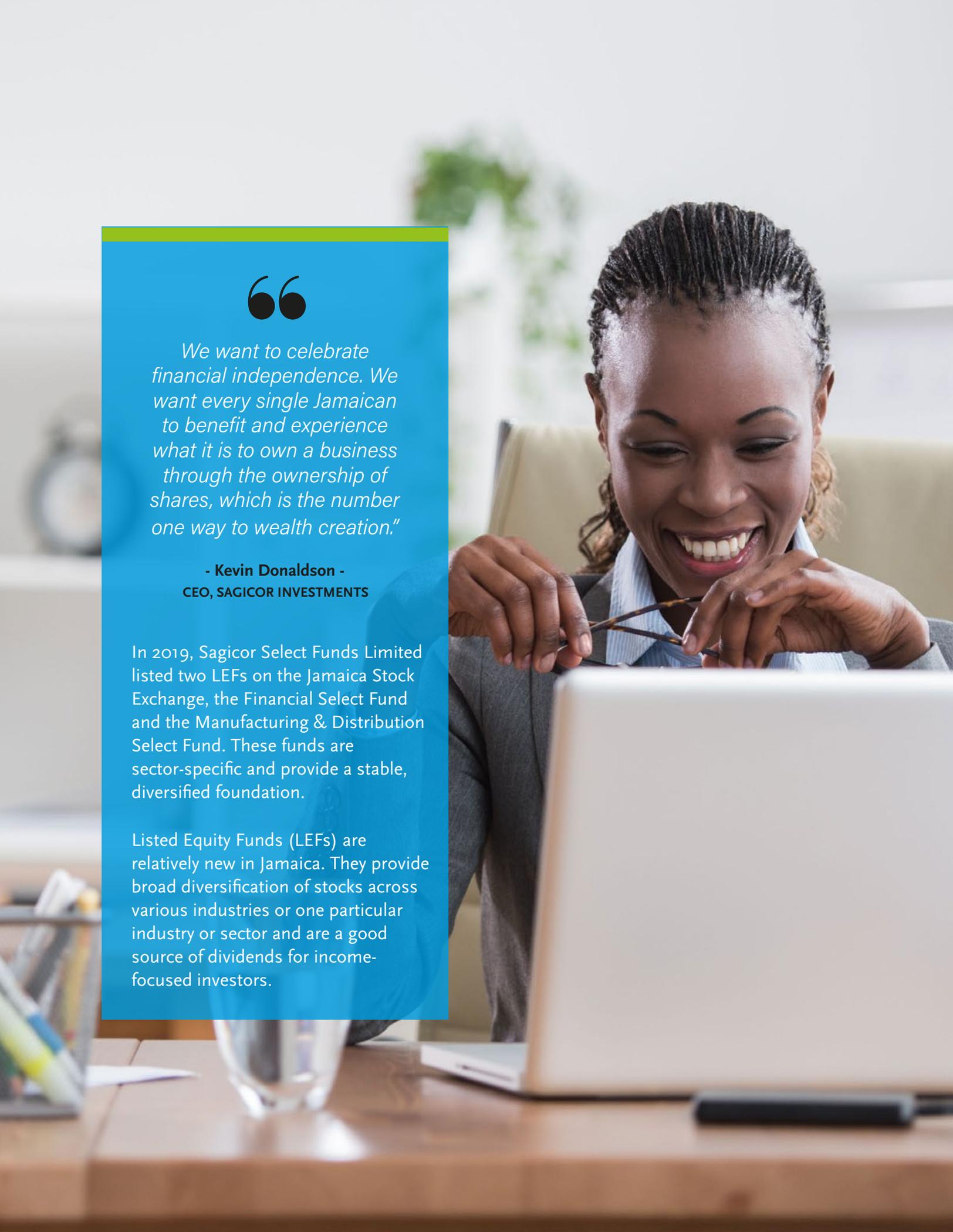


Annual Report
2019



YOUR SHARE ^{OF}
WEALTH

- Financial Select Fund
- Manufacturing & Distribution Select Fund

A woman with dark hair pulled back, wearing a grey business suit and a blue striped shirt, is smiling broadly while looking at a laptop screen. She is holding a pair of glasses in her hands. The background is a blurred office setting with a plant and a window.

“

We want to celebrate financial independence. We want every single Jamaican to benefit and experience what it is to own a business through the ownership of shares, which is the number one way to wealth creation.”

- Kevin Donaldson -
CEO, SAGICOR INVESTMENTS

In 2019, Sagicor Select Funds Limited listed two LEFs on the Jamaica Stock Exchange, the Financial Select Fund and the Manufacturing & Distribution Select Fund. These funds are sector-specific and provide a stable, diversified foundation.

Listed Equity Funds (LEFs) are relatively new in Jamaica. They provide broad diversification of stocks across various industries or one particular industry or sector and are a good source of dividends for income-focused investors.

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About Us

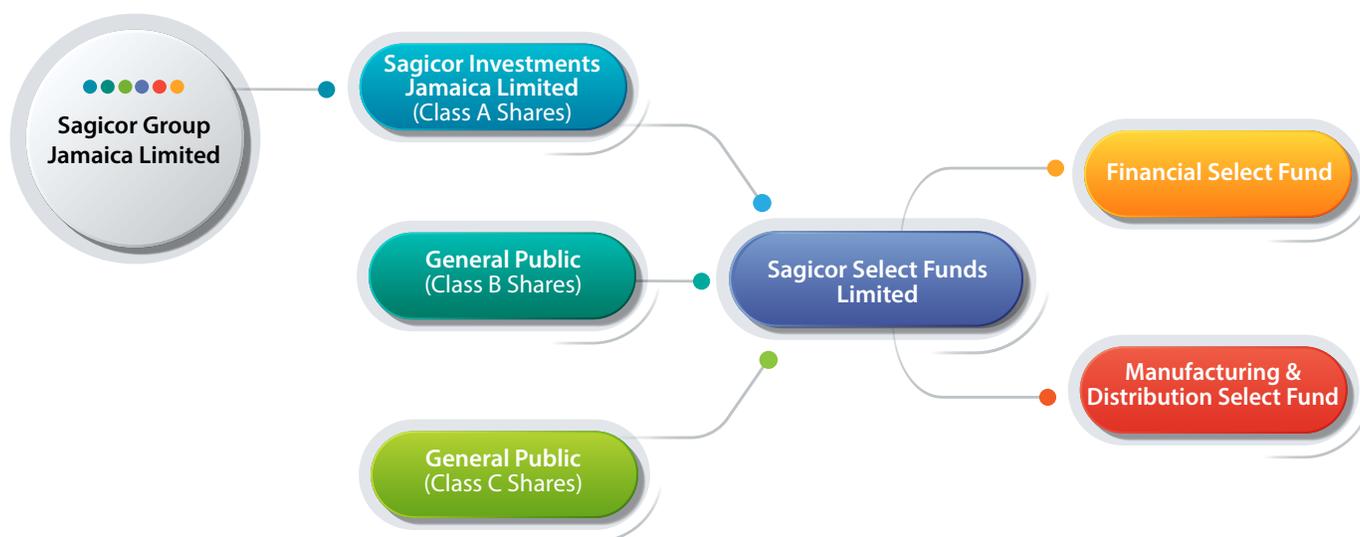
Sagicor Select Funds Limited is a publicly traded company which has the primary purpose of trading in securities listed on recognised exchanges. The Company comprises five (5) classes of shares, each representing a separate fund within the Company.

The Financial Select Fund (SELECTF) and the Manufacturing & Distribution Select Fund (SELECTMD) represent the Class B and Class C shares, respectively. These are two of the five classes of ordinary shares in Sagicor Select Funds Limited. Both share classes are Listed Equity Fund (LEF) that primarily own stocks listed on the Jamaica Stock Exchange (JSE).

The objective of the LEF is to provide precise exposure to price and yield performance of the stated index. The SELECTF and SELECTMD are expected to track the JSE Financial Index, as well as JSE Manufacturing and Distribution Index, respectively. These are indices established by the Jamaica Stock Exchange.

The current funds provide a low cost and efficient means of investing in a diverse pool of companies on the stock market. The holdings in each fund is dependent on the proportion of each stock in the indices. This ensures that diversity is maintained over time.

| OWNERSHIP | | |
|--|---|---|
| CLASS A SHARES | CLASS B SHARES | CLASS C SHARES |
| Class A shares will be wholly owned by Sagicor Investments Jamaica Limited (SIJL). | Class B shares were offered to the General Public as an IPO in August 2019. | Class C shares were offered to the General Public as an IPO in December 2019. |
| Class A shares bring special rights. | Class B shares provide rights over all the assets being purchased by the Financial Select Fund. | Class C shares provide rights over all the assets being purchased by the M&D Select Fund. |



Chairman's Statement



Building a resilient portfolio should include a balance of fixed income assets, real estate and stocks. Sagicor Select Funds Limited (SSF) was designed to focus on equity indexing. The launch of the first Listed Equity Fund (LEF) on the JSE gave investors broader and more efficient access to the equity market.

The sector-specific LEF divides the economy into groups of companies that operate similar businesses or provide related products and services. Creating these segments enables in-depth analysis of market dynamics to see which parts of the economy are flourishing - or lagging - in order to find pockets of potential outperformance.

This investment strategy has become important as an increasing number of investors require greater assistance and guidance in reaching their goals. Currently, more individuals are working and living longer. However, many have not invested enough for an additional decade or two of retirement. In order to have greater financial stability over a lifetime, persons need to invest early and consistently.

In modern Jamaica and across the Caribbean, wealth creation and rising

SAGICOR SELECT FUNDS LIMITED HAS DEVELOPED A COMPREHENSIVE AND INNOVATIVE INVESTMENT PLATFORM TO ASSIST MORE PEOPLE GAINING EXPOSURE TO THE EQUITIES MARKET. THE SECTOR-SPECIFIC FUNDS ALLOW INVESTORS TO BUILD DIVERSE PORTFOLIOS TOWARDS A BETTER FUTURE.

income levels are bringing more of the population into the middle class for the first time. However, persistently low rates and slow economic growth have made the investment environment challenging to navigate.

These factors are fuelling demand for financial services than ever before.

Sagicor Select Funds Limited has developed a comprehensive and innovative investment platform to assist more people in gaining exposure to the equities market. The sector-specific funds allow investors to build diverse portfolios towards a better future.

The company has invested in the major financial institutions, as well as some of the largest manufacturing and distribution companies across the Caribbean.

The primary objectives of SSF are:

- To track an established index;
- Investment in the stocks that comprised the index.

The purpose is to allow all investors to participate in the value creation process. Large institutional investors gain exposure to an entire sector in one

trade while the average investor benefits from the cost-effective and liquid access to the market. This is one of the opportunities offered to Jamaican and all Caribbean population to create, grow and preserve wealth.

At the end of 2019 the company managed assets totalling J\$9.9 billion on behalf of 24,730 shareholders across two classes of shares:

Class B shares
Financial Select Fund

Class C shares
Manufacturing & Distribution Select Fund

There is a focus on making investing easier for people to understand and access. The intention is to extend this investment philosophy beyond Jamaica to service several thousand more investors across the Caribbean. Over time, the company will build the most diverse and resilient investment platform, so that investors can build portfolios appropriate for achieving the stated goals.

Colin Steele
Chairman

Sagicor Select Funds

Sagicor Investments disrupted the market in 2019 when it launched Jamaica's first two listed equity funds – the Sagicor Financial Select Fund and the Sagicor Manufacturing and Distribution Select Fund – making investing doubly accessible to all Jamaicans.

Dismantling the notion that investing in the stock market is a practice for the wealthy, the company levelled the playing field for all Jamaicans and provided them with opportunities to benefit from investing in a pool of assets from a range of financial, and manufacturing and distribution firms listed on the junior and main market of the Jamaica Stock Exchange (JSE).



Our aim at Sagicor Investments is to take Jamaicans to the next level in investing, in order to create, grow and preserve their wealth."

- Kevin Donaldson -

CEO, SAGICOR INVESTMENTS

With share ownership being the number one way to wealth creation, Sagicor provided the opportunity for many Jamaicans to own portions of some of the island's largest and most profitable entities listed on the local stock market. In fact, with as little as J\$1,000 investors were able to buy shares and become part owners of the companies.

"We want to celebrate financial independence. We want every single Jamaican to benefit and experience what it is to own a business through the ownership of shares, which is the number one way to wealth creation. We believe that providing all Jamaicans with a path to create, grow and preserve their wealth will ultimately lead to a vibrant and strong economy," Donaldson noted at the time.

Launched last July, the Sagicor Financial Select Fund represents the "Class B" ordinary shares of Sagicor Select Funds Limited (SSFL) – the passive listed equity fund company which holds all select funds – and consists of stocks for 23 of the island's financial entities. Receiving an overwhelming support from investors, the fund was oversubscribed with over 20,000 applications and raised \$6.3 billion from its IPO. It was listed on the JSE in August.





1. Potential investors attentively listen to Kevin Donaldson, CEO, Sagicor Investments, at an investor briefing. 2. Kevin Donaldson, at the investor briefing. 3. Christopher Zacca (centre), President and CEO, Sagicor Group Jamaica, greets Dodridge Miller (left), Group President and CEO, Sagicor Financial Company Limited, and Barrington Chisholm, Chairman of the National Insurance Fund of Jamaica, at the investor briefing held in July at the AC Marriott Hotel in Kingston. 4. Kevin Donaldson (left) celebrates the listing of the Sagicor Financial Select Fund on the Jamaica Stock Exchange (JSE) during a ceremony on August 8, 2019 at the JSE office in Kingston. He is joined by Sagicor Investments and JSE team members. 5. Reynaldo Thompson (left), Assistant Vice President – Portfolio and Fund Management, Sagicor Investments, inserts the Sagicor Manufacturing and Distribution Select Fund strip on the listing board of the Jamaica Stock Exchange (JSE). Looking on are (front row, from left): Marlene Street Forrest, Managing Director, JSE; Sara Ying Henriques, Manager – Group Treasury and Operations, Sagicor Group Jamaica; Andrea Kelly, General Manager, Jamaica Central Securities Depository (JSCD) and SCSD Trustee Service; (back row, from left) Mischa McLeod Hines, Assistant Vice President – Capital Markets, Sagicor Investments; Jodian Aris, Research Strategy Analyst; and attorney Bazil-Lee Williams of MH&Co Attorneys-at-Law. 6. Reynaldo Thompson points to the Sagicor Manufacturing and Distribution Select Fund strip on the listing board at the Jamaica Stock Exchange, as he pauses for a photo with Marlene Street Forrest (centre) and Mischa McLeod-Hines.

The market innovators later listed the Sagicor Manufacturing and Distribution Select Fund, which represents the “Class C” ordinary shares of SSFL. The company successfully raised \$2.5 billion from this IPO and purchased shares in 30 of Jamaica’s publicly traded manufacturing and distribution companies in November.

The unique investment options also track the performance of the JSE financial and manufacturing and distribution indices – another first in the Jamaican market. Through this feature, investors are able to ascertain the funds’ net asset value, market value as well as the status of the indices daily.

| Sagicor Select Funds Limited (SSFL) | |
|-------------------------------------|---|
| Sagicor Financial Select Fund | Sagicor Manufacturing and Distribution Select Fund |
| “Class B” ordinary shares | “Class C” ordinary shares |
| 23 stocks of financial entities | 30 stocks of manufacturing and distribution companies |
| \$6.3 billion raised | \$2.5 billion raised |
| 20,000+ applicants | 5,000+ applicants |
| Listed August 2019 | Listed November 2019 |

Notice of Annual General Meeting

Notice is hereby given that the First Annual General Meeting of Sagicor Select Funds Limited will be held virtually on Tuesday, August 11, 2020 at 10:30 a.m. to consider, and if thought fit, pass the following Ordinary Resolutions:

1. TO RECEIVE THE AUDITED ACCOUNTS

To receive the Audited Accounts of the Company in respect of Sagicor Select Funds Limited – Financial Select Fund and in respect of Sagicor Select Funds Limited – Manufacturing and Distribution Fund for the year ended 31 December 2019, together with the Reports of the Directors and Auditors thereon.

Resolution No. 1

“THAT the Audited Accounts of the Company for the year ended 31 December 2019, together with the Reports of the Directors and Auditors thereon be and are hereby adopted.”

2. DIVIDENDS

To declare the interim dividends paid on November 14, 2019, as final for the year under review.

Resolution No. 2

“THAT as recommended by the Directors, the interim dividends of \$0.0117 per stock unit paid on November 14, 2019, be and are hereby declared as final for the year ended December 31, 2019.”

3. RE-ELECTION OF DIRECTORS

In accordance with Article 44.1 of the Company's Articles of Incorporation, at the first Annual General Meeting of the Company all the Directors being Directors Colin Steele, Kevin Donaldson, Faith Vincent, Janene Shaw, Warren Chin, Omar Brown, and Daniella Silvera retire from office and, being eligible, offer themselves for re-election.

Resolution No. 3 (a)

“THAT the Directors retiring by rotation and offering themselves for re-election be re-elected en bloc.”

Resolution No. 3 (b)

“THAT Directors Colin Steele, Kevin Donaldson, Faith Vincent, Janene Shaw, Warren Chin, Omar Brown, and Daniella Silvera be and are hereby re-elected Directors of the Company.”

4. RE-APPOINTMENT AND REMUNERATION OF AUDITORS

To appoint the Auditors and authorise the Board of Directors to fix the remuneration of the Auditors.

Resolution No. 4

“THAT PricewaterhouseCoopers, Chartered Accountants, having signified their willingness to serve, continue in office as Auditors of the Company pursuant to Section 154 of the Companies Act to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company.”

Dated this 11th day of May, 2020

BY ORDER OF THE BOARD



JANICE A.M. GRANT TAFFE
COMPANY SECRETARY

NOTE: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A Proxy need not be a member of the Company. If you are unable to attend, we enclose a Form of Proxy for your convenience. This should be completed and deposited with the Secretary at the Registered Office of the Company, at 28-48 Barbados Avenue, Kingston 5 not less than forty-eight (48) hours before the time appointed for the meeting. The Proxy Form should bear stamp duty of \$100.00 before being signed. The stamp duty may be paid by adhesive stamps and cancelled by the person signing the Proxy.

Directors' Report

SAGICOR SELECT FINANCIAL FUND

The Directors are pleased to submit their report along with the Audited Financial Statements of the Sagicor Select Financial Fund for the year ended December 31, 2019.

Accounts

| Sagicor Select Funds Limited – Financial Select Fund | | 2019 |
|--|--|---------|
| | | \$000s |
| Profits attributable to Stockholders | | 973,921 |
| Dividends and distribution | | 59,670 |
| Transfers, net | | - |
| Retained Profits at the end of year | | 914,251 |

Dividends

An interim dividend of \$0.0117 per share was paid on October 31, 2019, and the Directors recommend this be declared as final for the year ended December 31, 2019.

Directors

The Directors of the Company as at December 31, 2019 were:

| | |
|-------------------------|------------------------|
| Colin Steele | Chairman (Independent) |
| Kevin Donaldson | Non-Executive Director |
| Janene Shaw | Independent Director |
| Omar Brown | Non-Executive Director |
| Faith Vincent | Non-Executive Director |
| Daniella Silvera | Independent Director |
| Dr. Warren Chin | Independent Director |

In accordance with Article 44.1 of the Company's Articles of Incorporation, at the first Annual General Meeting of the Company, all the directors shall retire from office by rotation and, being eligible, offer themselves for re-election.

Auditors

PricewaterhouseCoopers has expressed its willingness to continue in office in accordance with the provisions of Section 154(2) of the Companies Act.

Dated 11th May, 2020,

BY ORDER OF THE BOARD



JANICE A.M. GRANT TAFFE
COMPANY SECRETARY

Directors' Report

SAGICOR SELECT MANUFACTURING AND DISTRIBUTION FUND

The Directors are pleased to submit their report along with the Audited Financial Statements of the Sagicor Select Manufacturing and Distribution Fund for the year ended December 31, 2019.

Accounts

| Sagicor Select Funds Limited – Manufacturing & Distribution Select Fund | 2019 |
|---|---------|
| | \$000s |
| Profits attributable to Stockholders | 160,544 |
| Dividends and distribution | - |
| Transfers, net | - |
| Retained Profits at the end of year | 160,544 |

Directors

The Directors of the Company as at December 31, 2019 are:

| | |
|-------------------------|------------------------|
| Colin Steele | Chairman (Independent) |
| Kevin Donaldson | Non-Executive Director |
| Janene Shaw | Independent Director |
| Omar Brown | Non-Executive Director |
| Faith Vincent | Non-Executive Director |
| Daniella Silvera | Independent Director |
| Dr. Warren Chin | Independent Director |

In accordance with Article 44.1 of the Company's Articles of Incorporation, at the first Annual General Meeting of the Company all the directors shall retire from office by rotation and, being eligible, offer themselves for re-election.

Auditors

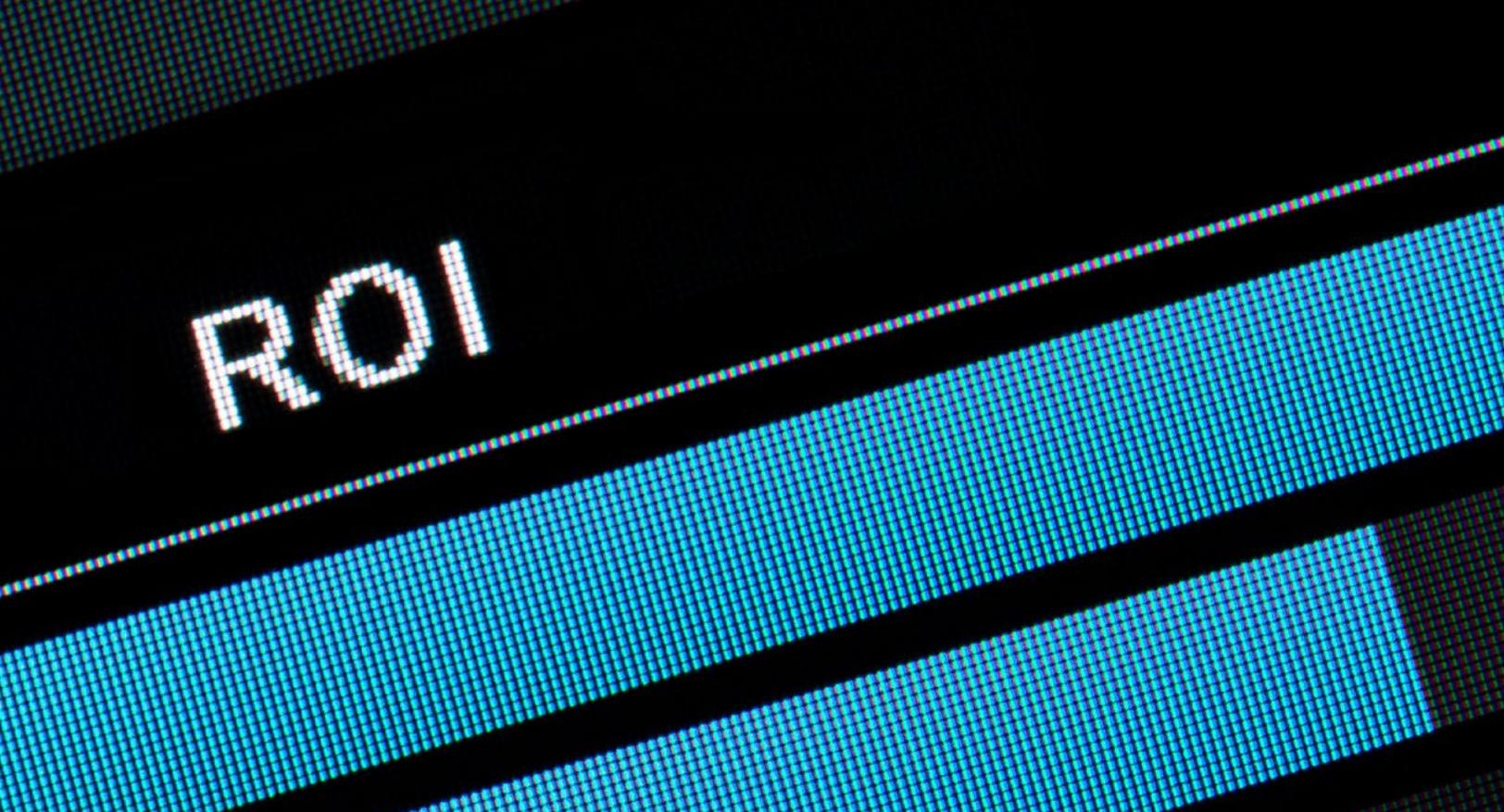
PricewaterhouseCoopers has expressed its willingness to continue in office in accordance with the provisions of Section 154(2) of the Companies Act.

Dated May 11, 2020,

BY ORDER OF THE BOARD



JANICE A.M. GRANT TAFFE
COMPANY SECRETARY



ROI

As opposed to single stock investing, the LEFs provide exposure to companies listed on the Main and Junior markets with one investment. Another significant benefit of LEF is the moderate weighting towards large-cap companies, but not overly so.

Given the broad exposure, LEFs offer ample advantages to investors, including:

- Access to many stocks across various industries
- Low expense ratios and fewer broker commissions
- Risk management through diversification
- LEFs that focus on targeted industries.

Board of Directors



Colin Steele

Board Chairman – Independent Non-Executive Director

Colin Steele is an entrepreneur in the retail business and a housing developer who began his career as a Certified Public Accountant. He is experienced in lending, capital markets and investment banking. Colin has served as a Director of several Government companies including the Port Authority of Jamaica and the University Hospital of the West Indies. He also served as Chairman of the Economic Policy Committee of the Private Sector Organisation of Jamaica.



Omar Brown

Non-Executive Director and Member of the Corporate Governance Committee

Omar Brown is an experienced career banker and has been serving in the financial sector for over 20 years. A dedicated and diligent professional, Omar has risen through the ranks of his profession and currently has oversight for the Treasury Unit as an Assistant Vice President at Sagicor Bank Jamaica Limited. He is a CFA Charter holder, a Certified Financial Modelling Specialist and holds an honours degree in Banking and Finance from the University of the West Indies. Omar is also a director of Chain of Hope Jamaica and is a member of the CFA Society of Jamaica.



Faith Vincent

Non-Executive Director and Member of the Corporate Governance Committee

Faith Vincent is Assistant Vice President, Treasury & Investment Operations of Sagicor Life Jamaica Limited in the Group Treasury and Asset Management Division. Faith has over 25 years of experience in the financial sector, having started her career in banking with Manufacturers Merchant Bank. She later moved to Dehring Bunting and Golding Limited where she worked in Corporate and Investment Banking. In 2001, she joined the Investment Division at Sagicor Life Jamaica Limited (formerly Life of Jamaica Limited) as an Investment Analyst. She was promoted to AVP in 2017 having had responsibility for managing the treasury and investment operations since 2010. Faith is a graduate of the American University with a degree in Biology, and received an MBA from Howard University.



Kevin Donaldson

Non-Executive Director

Kevin Donaldson's journey at Sagicor started at the acquired Manufacturers Sigma as an investment analyst in 2003. He rose steadily through the ranks with many achievements along the way, including building the equities unit of Pan Caribbean Financial Services and leading innovation by creating the first venture and corporate debt funds for the local market.

In 2011, Kevin joined the senior management team at GraceKennedy Group, where he worked on mergers/acquisitions and capital allocation. Kevin re-joined Sagicor Investments in 2016 and was responsible for the Fund Management and Capital Markets Division where he managed over US\$800 million in assets. He was appointed Acting General Manager October 2017, with responsibility for the overall operations Sagicor Investments Jamaica Limited. In January 2018, Kevin was then appointed CEO of Sagicor Investments and to the Leadership team of Sagicor Group Jamaica.

Kevin has over 17 years' experience in the financial industry, spanning several areas of the industry such as Insurance, Investment Banking, Treasury and Research at both the local and international levels.

Kevin has an M.B.A. (distinction) in Banking and Finance from Mona School of Business, a B.Sc. in Economics from the University of the West Indies. He is a Director of the Jamaica Stock Exchange and Elite Diagnostics, Treasurer of the Jamaica Security Dealers Association and the Treasurer for Wolmer's Old Boys' Association.



Janene Shaw

Chairman of the Audit Committee Independent Non-Executive Director

Janene Shaw is a Chartered Accountant with over 25 years' experience in auditing, accounting and finance. She is a former Finance Director and Company Secretary of Carreras Limited where she also served as a member of the Board of Directors. Prior to joining Carreras, she held various senior positions at J. Wray & Nephew Limited / Lascelles deMercado & Co. Limited, being, General Manager Finance & Administration – J. Wray & Nephew Agricultural Division, Group Financial Officer and Accounting and Treasury Director. In the formative years of her career, Janene gained progressive audit experience to the level of Audit Manager at PriceWaterhouseCoopers (formerly Price Waterhouse). Janene is a Fellow of the Institute of Chartered Accountants of Jamaica and a Fellow of the Association of Chartered Certified Accountants in the U.K.



Daniella Silvera

**Chairman of the Corporate Governance Committee and Member of the Audit Committee
Independent Non-Executive Director**

Daniella Silvera is an Attorney-at-Law and a Partner in the law firm Livingston, Alexander & Levy. She was admitted to practice in Jamaica in 1994 and in England and Wales in 2002. Daniella obtained a Bachelor of Arts degree from the University of the West Indies and her LLB (with Honours) from the University of Dundee in Scotland.

Daniella practises in the areas of civil and commercial litigation, commercial law and banking and finance.

She is the current Chairman of the Disciplinary Committee of The General Legal Council and is a member of the Jamaican Bar Association and the Law Society of England and Wales.

She has served as a director of the Pegasus Hotel and the Urban Development Corporation. She is a director of Mustard Seed Communities.



Dr. Warren Chin

**Member of the Audit Committee
Independent Non-Executive Director**

Dr. Warren Chin is a consultant urologist with subspecialty training in endourology. He is a founding partner and director of Island Medical Specialist as well as a consultant at Kingston Public Hospital for over a decade. Currently, he serves as the President of the Jamaica Urological Society and is a member of several medical associations located in Jamaica, Europe and the United States. He has a Bachelor of Surgery and a Doctor of Medicine in Urology from the University of the West Indies, where he is an Associate Lecturer.

Corporate Data

DIRECTORS:

Colin Steele
Chairman

Omar Brown

Faith Vincent

Kevin Donaldson

Janene Shaw

Daniella Silvera

Warren Chin

Investment Manager

Sagicor Investments Jamaica Limited

Corporate Secretary:

Janice Grant Taffe

Auditors:

PricewaterhouseCoopers

Bankers:

Sagicor Bank Jamaica Limited

Attorneys

Matthew Hogarth and Company

Registered Office:

85 Hope Road,
Kingston 6,
Jamaica W.I.



Domestic Market Overview

During 2019, the Jamaican economy continued to demonstrate improvements which positively benefited the local equity market.

Most macro-economic indicators continued to show positive signs, with low external current account deficits, comfortable levels of foreign currency reserves, low interest rate environment and an all-time low unemployment rate of 7.2%.

In the March 2020 release by the Statistical Institute of Jamaica, it was reported that GDP for 2019 grew by 0.9%, relative to 2018. This growth reflected higher output from most industries. The industries recording the highest increases were Hotels & Restaurants, Finance & Insurance Services, Manufacturing and Other Services.

The improvement in the Finance & Insurance industry reflected the overall low interest rate environment, which resulted in increased loan disbursement from commercial banks. Within the Manufacturing sector, growth largely stemmed from higher output in food & beverage processing; and higher production of petroleum products; and growth in paper, printing & publishing.

Economic growth and corporate profits continued to strengthen in light of the low interest rates and improving investor confidence. These conditions have supported the new heights achieved in the prices of financial assets. The Bank of Jamaica's reduction in interest rates four times in 2019, bolstered future expectations, which allowed investors to bid up share prices aggressively.

Relative to other asset classes, the local equity market continues to outperform. For 2019, the JSE main market index appreciated 34%. At the end of 2019, the JSE Financial Index was up 37% relative to inception of the index in March 2009. This performance of the equities is supported by the favourable economic climate, which resulted in a general improvement in company earnings and increased investor confidence. Notwithstanding the positive movement in the index, the JSE Manufacturing & Distribution Index remained relatively flat since inception in October 2019.



+0.9%
Growth in GDP

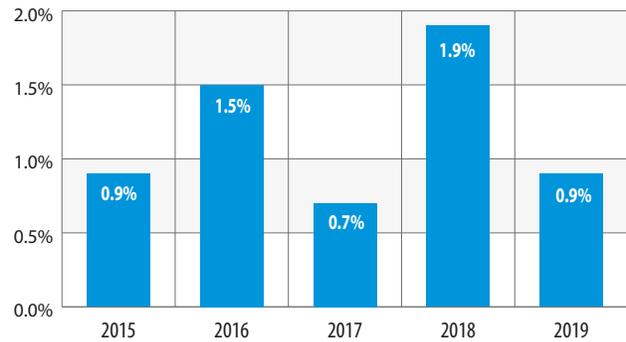
7.2%
Unemployment Rate



RELATIVE TO OTHER ASSET CLASSES, THE LOCAL EQUITY MARKET CONTINUES TO OUTPERFORM. THIS PERFORMANCE OF THE EQUITIES IS SUPPORTED BY THE FAVOURABLE ECONOMIC CLIMATE, WHICH RESULTED IN A GENERAL IMPROVEMENT IN COMPANY EARNINGS AND INCREASED INVESTOR CONFIDENCE.

GDP Annual Growth Rate

2015 - 2019 (year over year)



Source: Statistical Institute of Jamaica

JSE Main Market 5-Year Performance

PERCENTAGE (%)



+34%

Increase in JSE Main Market Index for 2019

+37%

Increase in JSE Financial Index at end of 2019 relative to inception March 2019

GLOBAL OUTPUT AND ACTIVITIES ARE EXPECTED TO CONTRACT FOR 2020 SIGNIFICANTLY. AN EXPECTED COORDINATED APPROACH FROM GOVERNMENTS, CENTRAL BANKS AND MULTI-LATERALS TO SUPPORT ECONOMIES SHOULD FACILITATE A START TO ECONOMIC RECOVERY IN 2021.

| Top 10 Performer: JSE Main Index | | | |
|----------------------------------|------------------|-----------|----------|
| As at December 2019 | | | |
| Security | Close price (\$) | | % Change |
| | 31-Dec-18 | 31-Dec-19 | |
| JSE | 10.26 | 27.58 | 169% |
| VMIL | 3.76 | 8.96 | 138% |
| SCIJMD | 10.97 | 25.98 | 137% |
| WISYNCO | 10.94 | 23.31 | 113% |
| RJR | 0.89 | 1.83 | 106% |
| PULSE | 2.99 | 6.00 | 101% |
| PALACE | 1,450.00 | 2,900.00 | 100% |
| CCC | 42.40 | 83.41 | 97% |
| SJ | 37.47 | 72.58 | 94% |
| PROVENJA | 26.47 | 46.52 | 76% |

| Top 10 Performer: Financial Companies | | | |
|---------------------------------------|------------------|-----------|----------|
| As at December 2019 | | | |
| Security | Close price (\$) | | % Change |
| | 31-Dec-18 | 30-Dec-19 | |
| JSE | 10.26 | 27.58 | 169% |
| VMIL | 3.76 | 8.96 | 138% |
| SCIJMD | 10.97 | 25.98 | 137% |
| GENAC | 3.54 | 7.10 | 101% |
| SJ | 37.47 | 72.58 | 94% |
| PROVENJA | 26.47 | 46.52 | 76% |
| ISP | 20.00 | 32.90 | 60% |
| EPLY | 9.15 | 14.10 | 54% |
| MJE | 9.26 | 12.97 | 40% |
| PJAM | 72.67 | 100.88 | 39% |

The price performance of the stocks on the JSE Main Index, as measured by the advance to decline ratio, was 26:10 for the calendar year 2019. Stock price appreciation was largely concentrated among the Financial and Manufacturing sectors, which combined accounts for 70% of the top performers for the year. During 2019, the Financial category accounted for five of the list of top ten advancing stocks, while there were two Manufacturing companies in the list.

Going into 2020, the expectation was for a continued trend in equity performance. This was primarily predicated on the overall macro-environment and government's steadfast approach to debt reduction, which would aid in re-directing capital toward productive areas. The planned expansion by listed companies and expected higher profits by large corporations would also positively impact the performance of the equities market.

However, the global outbreak of the novel Coronavirus in the first quarter of 2020 has led to a revised negative outlook for most economies. Global output and activities are expected to contract for 2020 significantly. All asset classes will be negatively impacted, and a recovery in 2021 largely hinges on the development of a vaccine. Notwithstanding, an expected coordinated approach from governments, central banks and multi-laterals, to support economies, should facilitate a start to economic recovery in 2021.

Despite an overall anticipated period of price depreciation and reduced activities in the equities market, pockets of opportunities will arise for investors to **Create, Grow and Preserve Wealth**.

| Top 10 Performer: Manufacturing Companies | | | |
|---|------------------|-----------|----------|
| As at December 2019 | | | |
| Security | Close price (\$) | | % Change |
| | 31-Dec-18 | 31-Dec-19 | |
| WISYNCO | 10.94 | 23.31 | 113% |
| CCC | 42.40 | 83.41 | 97% |
| HONEYBUN | 3.90 | 7.23 | 85% |
| SEPROD | 29.96 | 50.98 | 70% |
| JBG | 29.12 | 40.91 | 40% |
| JAMT | 4.50 | 6.27 | 39% |
| SOS | 8.35 | 11.02 | 32% |
| LASM | 3.70 | 4.69 | 27% |
| JP | 22.61 | 27.25 | 21% |
| AMG | 1.90 | 2.11 | 11% |

Investment Manager's Report



J\$973 million
Net Earnings

J\$5.95 billion
Total Assets
Under Management

Financial Select Fund

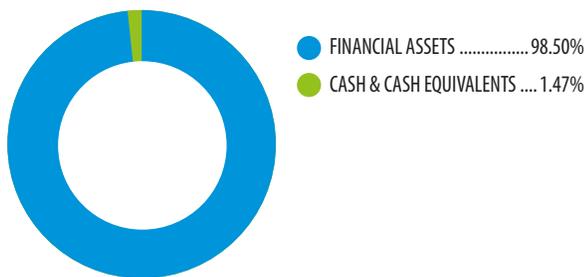
Financial Highlights

For the year ending December 2019, the Financial Select Fund recorded net earnings of J\$973.9 million. This was attributable to the income of J\$1,039.0 million, which was higher than the expenses of J\$65.1 million.

The Fund benefited from the stock market performance over the period. Revenue was largely derived from appreciation in prices of the securities held, as well as dividends. On average, the main market stocks appreciated by 42% during 2019. The financial companies listed on the Jamaica Stock Exchange (JSE) are among the companies with higher dividend pay-outs, specifically Scotia Group Jamaica Limited (SGJ) with a dividend yield of 8.55% for 2019, owing to the payment of special dividends.

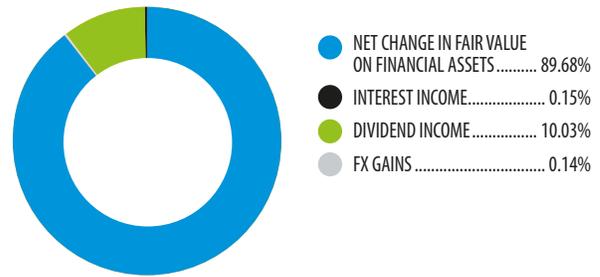
Sagicor Select Financial Assets Breakdown

PERCENTAGE (%)



Sagicor Select Financial Income Breakdown

PERCENTAGE (%)



| PERFORMANCE | |
|---------------------------------------|---------------------|
| KEY FACTS | |
| Net Assets as of Dec 31, 2019 | 5,938,182,000 |
| 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 as of Dec 31, 2019 | 23 |
| Bid Price as of | |
| Dec 31, 2019 | 1.12 |
| Expense Ratio | 0.30% |
| Mgmt Fees | 0.00% |

Total expenses for the FY2019 amounted to J\$65.1 million, which was largely for administrative expenses. The majority of the expenses were due to transaction costs associated with the acquisition of the stocks, and legal & professional fees associated with the cost of the initial public offering.

The Fund's assets as at the end of December 2019 was J\$5.95 billion. These assets are largely financial holdings held by the company (98.5%) and cash & cash equivalents (1.5%). The assets held by the company were mainly financed by a capital injection of J\$1.1 billion by the seed investor and J\$3.92 billion raised at the IPO in July 2019. Additionally, net surplus accounts for 15.4% of shareholders' equity.

SelectF Net Asset Value Performance

PERCENTAGE (%)



Investment Objective

The Fund invests 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 Fund may or may not hold all of 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 consist of publicly traded financial stocks that are listed on the JSE.

PORTFOLIO INFORMATION – CLASS B SHARE: SELECTF

| Security Name | Number of Units | Position Cost | Capital Value | Unrealised Gains/(Losses) |
|-------------------------------|-----------------|---------------|---------------|---------------------------|
| NCB FINANCIAL GROUP LTD | 10,692,834 | 1,951,735,073 | 2,150,328,917 | 198,593,844 |
| SAGICOR GROUP JAMAICA LTD | 16,930,674 | 818,563,320 | 1,319,746,038 | 501,182,719 |
| SCOTIA GROUP JAMAICA | 13,487,986 | 733,836,683 | 770,164,001 | 36,327,318 |
| PAN JAMAICA INVT TRUST LTD | 4,621,955 | 447,794,353 | 464,506,478 | 16,712,125 |
| JMMB GROUP LTD | 8,368,810 | 347,149,065 | 400,865,999 | 53,716,934 |
| BARITA INVESTMENTS LTD | 3,100,000 | 193,750,000 | 232,469,000 | 38,719,000 |
| JAMAICA STOCK EXCHANGE LTD | 3,328,641 | 61,709,910 | 92,769,225 | 31,059,315 |
| MAYBERRY JAMAICAN EQUITIES | 6,482,385 | 78,305,797 | 78,177,563 | (128,234) |
| PROVEN INVESTMENTS LTD | 1,349,090 | 48,470,321 | 60,709,050 | 12,238,729 |
| VICTORIA MUTUAL INVESTMENTS | 6,135,970 | 38,595,154 | 54,610,133 | 16,014,979 |
| MAYBERRY INVESTMENTS LTD | 5,206,681 | 46,248,742 | 43,267,519 | (2,981,223) |
| ACCESS FINANCIAL SERVICES LTD | 993,805 | 31,801,760 | 35,776,980 | 3,975,220 |
| GENERAL ACCIDENT INSURANCE | 5,066,798 | 21,027,212 | 33,187,527 | 12,160,315 |
| PROVEN INVESTMENTS LTD | 750,000 | 25,557,656 | 32,801,794 | 7,244,137 |
| LASCO FINANCIAL SERVICES LTD | 5,500,000 | 25,850,000 | 23,925,000 | (1,925,000) |
| SYGNUS CREDIT INVESTMENTS LTD | 799,219 | 16,334,217 | 20,699,772 | 4,365,555 |
| EPPLEY LTD | 835,000 | 14,195,000 | 11,773,500 | (2,421,500) |
| PORTLAND JSX LTD | 1,486,257 | 11,543,515 | 10,507,837 | (1,035,678) |
| SYGNUS CREDIT INVESTMENTS LTD | 794,875 | 10,381,068 | 10,381,068 | 0 |
| QWI INVESTMENTS LIMITED | 5,874,627 | 6,147,105 | 6,403,343 | 256,239 |
| STERLING INVESTMENTS LTD | 1,623,516 | 6,370,640 | 4,805,607 | (1,565,033) |
| IRONROCK INSURANCE CO LTD | 1,000,000 | 4,500,000 | 3,520,000 | (980,000) |
| SSL VENTURE CAPITAL JAMAICA | 2,109,741 | 3,476,141 | 2,362,910 | (1,113,231) |

Investment Manager's Report

J\$160.5 million
Net Earnings

J\$3.97 billion
Total Assets
Under Management

Manufacturing & Distribution Select Fund

Financial Highlights

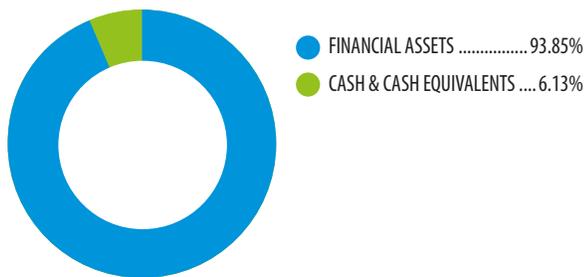
The Manufacturing & Distribution Select Fund recorded net earnings of J\$160.5 million for FY2019. This outturn reflected income of J\$200.8 million, outweighing expenses of \$40.2 million.

The Fund holds securities list on the JSE and would have benefited from the price appreciation of stocks as well as dividend income. Expenses for the FY2019 were largely related to the setting up of the Fund and costs associated with the initial public offering of the Class C shares on the market.

The Fund's assets as at the end of December 2019 was J\$3.97 billion. These assets are largely financial holdings held by the company (93.84%) and cash & cash equivalents (6.13%). The assets held by the company were mainly financed by a capital injection of J\$1.1 billion by the seed investor and approximately J\$2.68 billion raised at the IPO in December 2019.

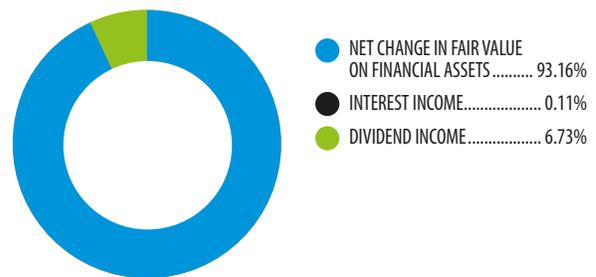
Sagcor Select Manufacturing & Distribution Assets Breakdown

PERCENTAGE (%)



Sagcor Select Manufacturing & Distribution Income Breakdown

PERCENTAGE (%)

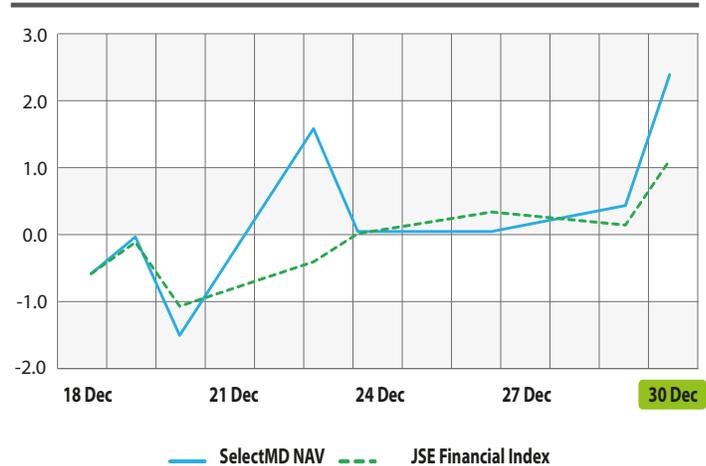


Investment Objective

The Manufacturing & Distribution Select Fund seeks to track the investment results of an index composed of Jamaican equities in the manufacturing & distribution sector. The Fund and the index consist of publicly traded manufacturing and distribution stocks that are listed on the JSE.

SelectMD Net Asset Value Performance

PERCENTAGE (%)



| PERFORMANCE | |
|---------------------------------------|--|
| KEY FACTS | |
| Net Assets as of Dec 31, 2019 | 3,943,987,000 |
| Listing Date | 18-Dec-19 |
| Asset Class | Equity |
| Benchmark Index | JSE Manufacturing & Distribution Index |
| JSE Ticker | SELECTMD |
| Shares Outstanding | 3,816,612,000 |
| Number of Holdings as of Dec 31, 2019 | 23 |
| Bid Price as of Dec 31, 2019 | 0.99 |
| Expense Ratio | 0.47% |
| Mgmt Fees | 0.00% |

SAGICOR SELECT MANUFACTURING & DISTRIBUTION FUND IS AN IDEAL WAY TO HOLD STOCKS IN DEFENSIVE SECTORS SUCH AS CONSUMER STAPLES AND HEALTH CARE. DUE TO ITS WEIGHTING TOWARDS MAIN AND JUNIOR MARKET STOCKS, IT IS A PARTICULARLY GOOD INDEX FUND FOUNDATION TO TAKE ON TO WEATHER TURBULENT MARKETS.

PORTFOLIO INFORMATION – CLASS C SHARE: SELECTMD

| Description | Number of Units | Position Cost | Capital Value | Unrealised Gains/(Losses) |
|--------------------------------|-----------------|---------------|---------------|---------------------------|
| WISYNCO GROUP LTD | 30,080,303 | 698,795,303 | 705,383,105 | 6,587,802 |
| GRACEKENNEDY LTD | 7,980,637 | 533,665,565 | 582,586,501 | 48,920,936 |
| CARIBBEAN CEMENT CO LTD | 6,827,319 | 510,559,664 | 580,322,115 | 69,762,451 |
| CARRERAS LTD | 51,556,419 | 409,116,994 | 420,184,815 | 11,067,821 |
| JAMAICA BROILERS GROUP LTD | 9,813,806 | 350,352,722 | 401,875,356 | 51,522,633 |
| SEPROD LTD | 5,938,684 | 300,139,776 | 290,995,516 | (9,144,260) |
| JAMAICA PRODUCERS GROUP | 5,348,430 | 138,704,310 | 153,767,363 | 15,063,053 |
| LASCO MANUFACTURING LTD | 32,816,914 | 172,350,164 | 150,957,804 | (21,392,360) |
| DERRIMON TRADING CO LTD | 31,000,000 | 77,495,080 | 80,290,000 | 2,794,920 |
| LASCO DISTRIBUTORS LTD | 22,302,196 | 74,947,836 | 75,827,466 | 879,630 |
| CARIBBEAN PRODUCERS JAMAICA | 10,917,106 | 50,922,215 | 53,493,819 | 2,571,604 |
| MAILPAC GROUP LIMITED | 20,139,026 | 39,774,702 | 42,291,955 | 2,517,253 |
| INDIES PHARMA JAMAICA LTD | 10,646,854 | 35,432,382 | 37,157,520 | 1,725,139 |
| JAMAICAN TEAS LTD | 5,412,983 | 32,329,847 | 33,019,196 | 689,349 |
| BERGER PAINTS JAMAICA LTD | 1,719,169 | 30,773,125 | 30,601,208 | (171,917) |
| HONEY BUN 1982 LTD | 3,616,120 | 23,289,774 | 25,240,518 | 1,950,744 |
| FOSRICH CO LTD | 4,028,960 | 17,324,528 | 16,881,342 | (443,186) |
| CAC 2000 LTD | 964,269 | 13,152,629 | 12,535,497 | (617,132) |
| CARIBBEAN FLAVOURS & FRAGRANCE | 721,286 | 9,376,718 | 10,819,290 | 1,442,572 |
| EVERYTHING FRESH LTD | 7,727,500 | 7,727,500 | 9,427,550 | 1,700,050 |
| AMG PACKAGING & PAPER CO LTD | 3,029,679 | 6,362,326 | 6,241,139 | (121,187) |
| CARIBBEAN CREAM LTD | 321,508 | 1,376,054 | 1,093,127 | (282,927) |
| CONSOLIDATED BAKERIES JAMAICA | 547,510 | 930,767 | 958,143 | 27,376 |

Risk Management



In addition to other information set forth in this Annual Report, investors should be mindful of the risks described. These risks are not the only ones facing shareholders. Additional risks not presently known to the Directors or that the Directors may presently consider being immaterial may also impair Select Funds' operations. Select Funds' actual results could differ materially from those anticipated as a result of certain factors, including the following risks faced by Select Funds.

Ordinary Stock Price Fluctuations

The trading price of Select Funds' shares has fluctuated since its listing on the JSE Stock Exchange. Some of the reasons for fluctuations in the price of the shares include but are not limited to:

- General conditions in the economy and the local stock market;
- Changes in the law regarding several matters including but not limited to taxation, planning and the environment.

In addition, prices on the stock market may be particularly subject to volatility. In many cases, the fluctuations may

be unrelated to the operating performance of the affected companies. As a result, the price of the shares could fluctuate in the future without regard to operating performance.

Changes in Government Policies

The Government of Jamaica may from time to time affect macroeconomic conditions through fiscal and monetary policies, which may have an adverse impact on the local companies, the stock market and the performance of Select Funds. The Select Funds' shares, listed on the Jamaica Stock Exchange, may not be readily saleable and shareholders who may want to "cash out" may not be able to do so or may only be able to do so at a discount.

Taxation Risks

The transaction model is tax-sensitive. Changes in the tax treatment of Select Funds in Jamaica or of companies listed on the Jamaica Stock Exchange could materially affect the profitability of Select Funds.

Foreign Currency Risks

Certain costs may be increased as a result of the devaluation of the Jamaican dollar relative to the United States dollar and other foreign currencies. Accordingly, the fund may be exposed to the risk that the value of the future cash flows may fluctuate because of changes in foreign exchange rates. The fund does not, at this point, hedge its foreign exchange risks, and it has no current plans to do so.

Operational Risks

In the execution of its business functions, Select Funds is exposed to operational risks arising from failures in systems and the processes through which it operates. Critical areas of operational risks include:

- Employee errors – Trading and administration errors;
- Accounting errors, data entry errors; and
- Fraud (internal and external) or other criminal activity.

Thin Market in Company's Shares

The Jamaican stock market is relatively small, and the market in Select Funds' shares may be relatively thin compared to broader capital markets. That means that trade in small quantities of Select Funds' shares can trigger wide swings (up or down) in the market price of the shares and make it easier for the stock price to be manipulated.

Sale of a substantial block of shares may cause the market price to decline

Select Funds' shares are freely tradable. Sagicor Investments Jamaica Limited (SIJL) and Sagicor Sigma Global Funds are not restricted in the manner or timing of the disposal of any of their shares. Pension funds and institutional investors may acquire relatively large blocks of shares. A sale of a substantial block of shares by any one or more shareholders may cause the market price of the shares to decline materially.

Impact of Covid-19

The risk associated with the Corona Virus (COVID-19) is expected to continue into 2020 and possibly 2021. Even though the measures employed to limit the spread of the virus are expected to be temporary, the overall impact on economic growth and fiscal progress in Jamaica will be significant. Projections suggest that the economy will experience growth in 2021; however, a return to pre-COVID GDP levels will not be experienced until later.

As the funds are market based, they will be impacted by the overall performance of the economy and investors' assessment of market conditions. However, the investment policy has guidelines on how to treat holdings that fall outside set thresholds. The investment manager is tasked to monitor the funds and its holdings.

Related Party & Potential Conflict of Interest

Sagicor Select Funds Limited is managed by Sagicor Investments Jamaica Limited (SIJL). Sagicor Investments Jamaica Limited is also providing investment management services to the Sigma Global Funds, substantial investors in Select Funds. Despite the multiple roles which Sagicor Investments will play, the interests of the various parties are generally aligned. Notwithstanding that the parties all share a common interest in the success of Select Funds, it is possible that conflicts of interest would arise in the day-to-day operations of Select Funds. Select Funds has a robust Corporate Governance Committee which includes non-executive directors.

That Committee is charged with the duty of ensuring adherence to best practice standards of corporate governance and ethics within the Group. This Board Committee, among other things, reviews related party transactions and monitors conflict of interest situations to ensure that all such transactions are carried out on an arm's length basis with the utmost integrity.

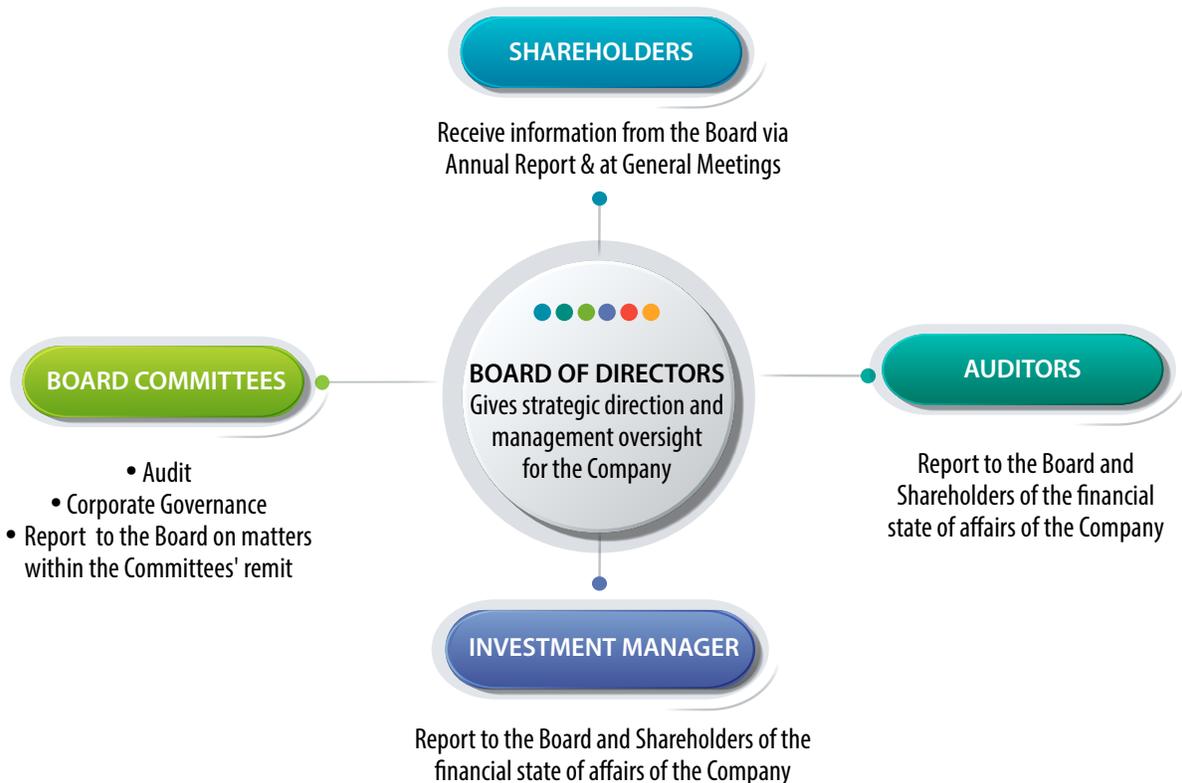
In addition, Select Funds has appointed an independent director to chair its Audit Committee. The Audit Committee also monitors and reviews related party transactions and other potential conflict of interest scenarios to ensure strict compliance with best practice benchmarks. Select Funds' goal in risk management is to ensure that it understands, measures, and monitors the various risks that arise, and that it adheres strictly to the policies and procedures which are established to address these potential risks.

Corporate Governance

The Sagicor Select Funds Limited adheres to a high standard of corporate governance appropriate to the nature of the company's operation and is guided by the principles and guidelines laid out in the Company's Corporate Governance Policy which is available on the Sagicor Website at <https://bit.ly/SSFCorporateGovernancePolicy> or <https://www.sagicor.com/en-JM/Personal-Solution/Investment/Sagicor-Select-Funds-Ltd>. The Board is collectively responsible for directing the affairs of the Company and is mindful of its duty to promote its long-term success.



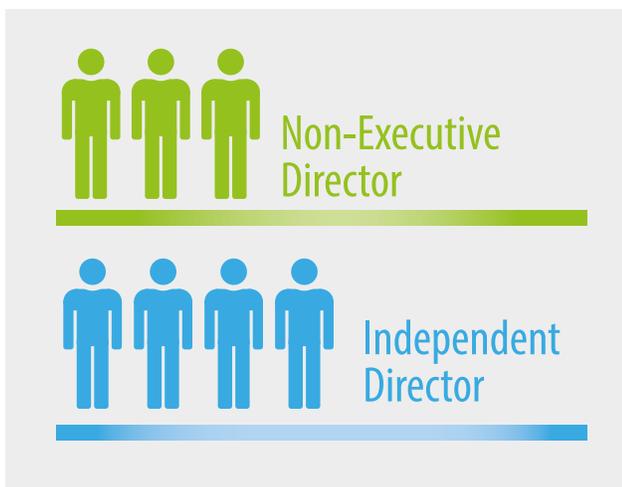
The Company's corporate governance framework is best illustrated by the diagram below:



Board of Directors

The Board of Directors has the following responsibilities:

- establishing the strategic direction of Sagicor Select Funds which involves setting business objectives and the plans for achieving them
- execution of the approved business objectives through adequate management, leadership and resources
- monitoring the performance of the Funds with a view to achieving the strategic objectives and ensuring compliance with all applicable legal and regulatory regimes
- due and proper accounting to all stakeholders of the Company including in particular, the stockholders.



Board Composition and Structure

The Board comprises seven (7) directors, three (3) Non-Executive Directors and four (4) Independent Non-Executive Directors. The Board is chaired by an Independent Non-Executive Director and delegates authority for the day-to-day management of the Company to the Fund Managers - Sagicor Investments Jamaica Limited, thereby, maintaining a clear division of responsibilities between leading the Board and the executive responsibility. Board members are selected from diverse businesses and professional background with an appropriate mix of knowledge, skill and experience relevant to the business of Sagicor Select Funds.

The Company has entered into a management agreement with Sagicor Investments Jamaica Limited to act as Manager of the Funds.

Additional attendees to the meeting

Representatives of the Investment Manager attend Board meetings and provide additional insight given their first-hand knowledge of the areas of the Company's business being discussed.

Director Independence

In accordance with the Corporate Governance Policy, the Board has maintained a structure which includes four (4) independent directors to add to the objectivity and transparency of the Board. The term 'independent' means a Director who has no material relationship with the Company save to the extent that he receives remuneration for holding office as Director.

Independent directors should be free from any interest and any business or other relationship, other than an interest or relationship arising purely from their shareholding or a customer relationship being strictly in accordance with the Company's normal business practices.

Other considerations to determine the independence of a director are:

- whether the director has been an employee of the Company within the last 3 years
- whether the director has or has had within the last three years, a material business relationship with the Company either directly as a director, shareholder, or senior employee of a body that has such a relationship with the Company
- whether the director receives additional remuneration from the Company or participates in a performance-related pay scheme
- whether the director has close family ties with any of the Company's directors or senior employees
- whether the director (or a related party) holds 5% or more of the total shareholdings in the Company

Board Operations

The Board is scheduled to meet quarterly, in addition to any special meetings as are required to deal with urgent matters. The critical agenda items which were covered at Board Meetings in 2019 included:

- Establishment of Committees - Audit and Corporate Governance
- The review and approval of the quarterly unaudited financial statements and reports to the stockholders
- Discussion on the performance of the Fund, major investments/operations and strategic business initiatives
- Review of the Company's accounts - considered and declared the payment of a dividend
- Establishment of the Company's Investment Policy
- Initial Public Offering for Class "B" and "C" shares
- The Listing of the Financial Select Fund (SELECTF) and the Manufacturing and Distribution Select Fund (SELECTMD)

Board Appointment, Term, Election & Retirement

The Company's Articles of Incorporation sets out the basis on which directors are appointed. A director may hold office until he/she ceases to be a director. At the first Annual General Meeting of the Company all the directors will retire and may be re-elected. Annually, at least one third of the directors will be retired at the Company's Annual General Meeting and said directors are eligible for re-election.

Board Committees and Attendance Records

The Company's "Class B" shares representing the Financial Select Fund were listed on the Jamaica Stock Exchange in August 2019 and the "Class C" shares, the Manufacturing and Distribution Select Fund were listed in December 2019. During the year, the Board held two meetings. In addition to the scheduled Board Meetings held during the year, the Board regularly provided consultation to the Company by electronic means.

The Committee Members are appointed by the Board of Directors and hold office until otherwise determined by the Board or until they cease to be directors. The Committees comprise a majority of independent non-executive directors. Representatives of the Investment Manager attend Committee meetings as invitees and participate in the meetings through presentation of discussion documents and development of strategies.

Attendance at meetings of the Board as at December 31, 2019 is summarized below:

| BOARD ATTENDANCE | | |
|------------------|------------|---|
| Meetings Held: 2 | | |
| Name of Director | Attendance | |
| Colin Steele | ■ | ■ |
| Kevin Donaldson | ■ | ■ |
| Janene Shaw | ■ | ■ |
| Daniella Silvera | ■ | ■ |
| Warren Chin | ■ | ■ |
| Omar Brown | ■ | ■ |
| Faith Vincent | ■ | ■ |

Directors' Remuneration

The Board determines the level and structure of fees paid to non-executive directors; executive directors do not receive fees in respect of their office as directors of the Company or any of the companies within the Sagicor Group. The remuneration of the directors shall be such amount as the Board of Directors, or any appropriate committee of the Board of Directors, may determine.

THE BOARD IS COMMITTED TO MAINTAINING HIGH STANDARDS OF CORPORATE DISCLOSURE AND TRANSPARENCY AND ENSURES THAT ALL SHAREHOLDERS ARE PROVIDED WITH ADEQUATE AND TIMELY INFORMATION ON THE PERFORMANCE OF THE FUNDS.

Board Sub-Committees

The Board of Sagicor Select Funds Limited established two (2) Committees to ensure that there is an ongoing review of its corporate integrity and the Company's ability to achieve its strategic and operational objectives. The active Committees are Audit Committee and Corporate Governance Committee.

Audit Committee

The Audit Committee comprises three (3) independent non-executive directors; namely, Mrs. Janene Shaw, Chairperson, Mrs. Daniella Silvera, and Dr. Warren Chin. The Committee has responsibility for safeguarding the shareholders' investment and the Company's value. It has overall responsibility for ensuring the Company maintains an ongoing system of internal control and risk management, to provide it with reasonable assurance regarding effective and efficient operation, internal financial control and compliance with laws and regulations. Included among its roles is that of formulating and monitoring investment portfolios and investment strategies for the Company.

Corporate Governance Committee

The Corporate Governance Committee is chaired by Mrs. Daniella Silvera, who is supported by Mr. Omar Brown and Ms. Faith Vincent. The Committee serves to:

- Approve or decline transactions between the Company and its subsidiaries and/or related parties;
- Establish and ensure adherence to procedures designed to identify potential conflicts of interest, preventing conflicts of interest and resolving them, if they occur;
- Review the annual Board Evaluation and initiate and assess the outcome of the evaluations of the previous year or as the election and re-election procedures determine and at such other times as any member of the Board may request.

Board Evaluation

In accordance with the Company's Corporate Governance guidelines, the Board intends to evaluate its performance and that of its individual directors annually to determine the effectiveness of the individual directors, the Board as a whole and its Committees. A review of the Board's performance will be conducted in 2020.

Director Orientation and Education

The Company's Corporate Governance policy provides for directors' orientation upon appointment and recognizes the importance of continuing education for its Directors. Continuing Educational training will be scheduled in collaboration with the Sagicor Group Directors' Training Programme.

Dividend Policy

The Board intends to pay a dividend at least twice per year. During 2019, a dividend was paid to the holders of "Class B" shares.

Shareholder Rights and Responsibilities

The Board is committed to maintaining high standards of corporate disclosure and transparency and ensures that all shareholders are provided with adequate and timely information on the performance of the Funds. Shareholders also have the opportunity to participate effectively through a question and answer session at the Company's Annual General Meeting.



2019

Financial Statements

Year ended 31 December 2019

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Independent auditor's report

To the Members of Sagicor Select Funds Limited – Financial Select Fund

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 Sagicor Select Funds Limited – Financial Select Fund (the Fund) as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

Sagicor Select Funds Limited – Financial Select Fund's financial statements comprise:

- the statement of financial position as at 31 December 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity 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.

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 Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Fund, the accounting processes and controls, and the industry in which the Fund operates.

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L.A. McKnight P.E. Williams B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore T.N. Smith DaSilva K.D. Powell



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| <p><i>Valuation and existence of investments</i></p> <p><i>Refer to notes 2 (c) and 6 to the financial statements for disclosures of related accounting policies and balances.</i></p> <p>The investments portfolio totalling \$5.864 billion at 31 December 2019 is comprised of listed equity securities.</p> <p>We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the statement of financial position in the financial statements.</p> | <p>We tested the valuation of the investment portfolio of listed equity securities by comparing the prices used by the Fund to prices reported by the Jamaica Stock Exchange.</p> <p>We tested the existence of the investment portfolio by agreeing the holdings to external confirmation.</p> |

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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 Fund'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 Fund'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 Fund 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Recardo Nathan.

PricewaterhouseCoopers
Chartered Accountants
28 February 2020
Kingston, Jamaica

FINANCIAL SELECT FUND**Statement of Comprehensive Income**

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2019 \$'000 |
|--|-------------|------------------------|
| Income | | |
| Interest income | | 1,520 |
| Dividend income | | 104,228 |
| Net foreign currency gains or losses on cash and cash equivalents | | 1,459 |
| Other net changes in fair value on financial assets at fair value through profit or loss | | <u>931,826</u> |
| | | <u>1,039,033</u> |
| Expenses | | |
| Auditors' remuneration | | 1,800 |
| Legal and professional fees | | 254 |
| Bank charges | | 26 |
| Transaction costs | | 37,934 |
| Loan interest | | 5,375 |
| Irrecoverable General Consumption Tax | | 13,863 |
| Trustee fees | | 3,668 |
| Other expenses | | <u>2,192</u> |
| | | <u>65,112</u> |
| Net Income, being Total Comprehensive Income for the Year | | <u><u>973,921</u></u> |
| Earnings per stock unit | | |
| Basic and diluted (expressed in \$) | 10 | <u><u>0.30</u></u> |

FINANCIAL SELECT FUND**Statement of Financial Position**

31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2019 \$'000 |
|--|------|------------------|
| ASSETS | | |
| Current Assets | | |
| Financial assets at fair value through profit or loss | 6 | 5,863,759 |
| Receivables | | 1,763 |
| Withholding tax recoverable | | 22 |
| Cash and cash equivalents | 7 | 87,575 |
| | | <u>5,953,119</u> |
| EQUITY | | |
| Capital and Reserves Attributable to Equity Holders of the Fund | | |
| Share capital | 9 | 5,023,931 |
| Retained earnings | | 914,251 |
| | | <u>5,938,182</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Payables | | 6,503 |
| Withholding tax payable | | 8,434 |
| | | <u>14,937</u> |
| | | <u>5,953,119</u> |
| Net assets value per stock unit (\$) | 10 | <u>1.16</u> |

Approved for issue by the Board of Directors on 28 February 2020 and signed on its behalf by:



Colin Steele

Chairman



Janene Shaw

Director

FINANCIAL SELECT FUND**Statement of Changes in Equity**

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | Share Capital \$'000 | Retained Earnings \$'000 | Total \$'000 |
|---|------|-------------------------|--------------------------------|------------------|
| Balance at 1 January 2019 | | - | - | - |
| Issue of shares, net of issue costs | 9 | 5,023,931 | - | 5,023,931 |
| Total comprehensive income for the year | | - | 973,921 | 973,921 |
| Dividends paid | 11 | - | (59,670) | (59,670) |
| Balance at 31 December 2019 | | <u>5,023,931</u> | <u>914,251</u> | <u>5,938,182</u> |

FINANCIAL SELECT FUND**Statement of Cash Flows**

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2019 \$'000 |
|---|------|----------------------|
| Cash Flows from Operating Activities | | |
| Net income for the year | | 973,921 |
| Adjustments to determine net cash flows provided by operating activities: | | |
| Interest income and interest from financial assets at fair value through profit or loss | | (1,520) |
| Exchange gains on cash and cash equivalents | | (1,459) |
| Dividend income | | (104,228) |
| Interest expense | | 5,375 |
| | | <u>872,089</u> |
| Change in operating assets and liabilities | | |
| Increase in financial assets at fair value through profit or loss | | (5,863,759) |
| Payables | | 6,503 |
| Withholding tax payable | | 8,434 |
| Cash used in operations | | <u>(4,976,733)</u> |
| Tax withheld at source | | (22) |
| Dividend received | | 102,470 |
| Interest received | | 1,515 |
| Net cash used in operating activities | | <u>(4,872,770)</u> |
| Cash Flows from Financing Activities | | |
| Proceeds from issue of stock units | 9 | 5,023,931 |
| Dividends paid to equity holders | 11 | (59,670) |
| Related party loan received | 8 | 3,700,000 |
| Related party loan repaid | | (3,700,000) |
| Interest paid | | (5,375) |
| Net cash provided by financing activities | | <u>4,958,886</u> |
| Net increase in cash and cash equivalents | | 86,116 |
| Effects of exchange rate changes on cash and cash equivalents | | 1,459 |
| Cash and cash equivalents at beginning of year | | - |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 7) | | <u><u>87,575</u></u> |

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***1. Identification and Principal Activities**

Sagicor Select Funds Limited (the Company) was incorporated on the 11th of January 2019 as a public company. The principal activity of the Company is the operation of listed equity funds that track various indexes established by the Jamaica Stock Exchange.

Each fund is close-ended and is represented by a separate class of share in the Company. The assets of the Company are specifically owned and segregated for each share class. The Company has five (5) classes of shares with 'Class A' being the "Management Share" and is issued to Sagicor Investments Jamaica Limited (SIJL), the investment manager of the funds. The other shares of the Company represent four (4) segregated classes being the "Class B", "Class C", "Class D" and "Class E" shares.

At 31 December 2019, "Class B", The Financial Select Fund (the Fund) was one of two classes which were operational. A public invitation for subscription in the Fund was made by Sagicor Select Funds Limited via prospectus dated 12 June 2019, in Jamaica. The offer closed on 16 July 2019.

The Company maintains its registered office at 85 Hope Road, Kingston 6, St. Andrew, Jamaica.

The Company entered into a management agreement with SIJL to act as manager of the Fund.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments at fair value through profit 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 Fund's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

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 Fund has assessed the relevance of all such new standards, interpretations and amendments and has determined that none are relevant to its operations.

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***2. Summary of Significant Accounting Policies (Continued)****(a) Basis of preparation (continued)*****Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Fund***

The Fund has concluded that the following standards, which are published but not yet effective, are relevant to its operations. These pronouncements are effective for annual periods beginning on or after year end dates noted and will be applied by the Fund as of those dates unless otherwise indicated.

Amendments to IAS 1 and IAS 8 on the definition of material (effective for annual period beginning on or after 1 January 2020). These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. The adoption of this standard is not expected to have a significant impact on the Fund.

(b) 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 Fund operates ('the functional currency'). The financial statements are presented in Jamaican dollars, which is the Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the statement of financial position date, assets and liabilities denominated in the 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 assets and liabilities are recognised in the statement of comprehensive income.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within 'other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss'.

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***2. Summary of Significant Accounting Policies (Continued)****(c) Financial assets at fair value through profit or loss****(i) Classification**

The Fund classifies its investments based on both the Fund'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 Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund'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 Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund's policy requires the investment manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund 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. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund 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 recognised in the statement of comprehensive income within dividend income when the Fund's right to receive payments is established. Interest on debt securities at fair value through profit or loss is recognised in the statement of comprehensive income.

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***2. Summary of Significant Accounting Policies (Continued)****(c) Financial assets at fair value through profit or loss (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 financial assets traded in active markets are based on quoted market prices at the close of trading on the reporting date. The Fund utilises the closing bid price for financial assets.

If a significant movement in fair value occurs subsequent to the close of trading up to midnight in Jamaica on the year end date, valuation techniques will be applied to determine the fair value. A significant event is any event that occurs after the last market price for a security, close of market or close of the foreign exchange, but before the Fund's valuation time that materially affects the integrity of the closing prices for any security, instrument, currency or securities affected by that event so that they cannot be considered 'readily available' market quotations.

(iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(d) Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method. In addition to management fees, the Fund is responsible for the payment of all direct expenses relating to its operations.

(e) Transaction costs

Transactions costs are costs incurred to acquire financial assets at fair value through profit or loss. They include fees and commission paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***2. Summary of Significant Accounting Policies (Continued)****(g) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of new ordinary stock units are included in the cost of acquisition as part of the purchase consideration.

The shares of the Fund are redeemable at the issuer's option. Such shares are classified as equity as they are redeemable for cash equal to a proportionate share of the Fund's net asset value attributable to the share class. The Fund's net asset value per stock unit is calculated by dividing the capital and reserves attributable to equity holders of the Fund with the total number of outstanding stock units in issue for the respective share class. In accordance with the provisions of the Fund's regulations, investment positions are valued based on the closing bid price for the purpose of determining the net asset value per stock unit for redemptions.

Where the Fund re-purchases its stock units, the consideration paid, including any directly attributable incremental costs is deducted from capital and reserves attributable to equity holders of the Fund's until the ordinary stock units are cancelled, reissued or disposed of. Where such stock units are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Fund's equity holders.

(h) Net asset value per stock and earnings per stock unit

The net asset value per stock unit is calculated by dividing the net assets of each share class by the number of outstanding stock units.

Basic earnings per stock unit is calculated by dividing the profit for the year by the weighted average number of ordinary stock units in issue during the year, excluding the average number of ordinary stock units purchased by the Fund and held as treasury shares.

The Fund has not issued any stock units or other instruments that are considered to have dilutive potential.

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***2. Summary of Significant Accounting Policies (Continued)****(i) 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.

(j) Dividend income

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

(k) Dividend distribution

Dividend distribution to the Fund's stockholders is recognised as a liability in the Fund's financial statements in the period in which the dividends are approved by the Fund's stockholders.

(l) Receivables

Receivables represent amounts due from brokers and dividend receivables. Amounts due from brokers represent receivables for securities sold that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. Receivable balances are held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the customer, probability that the customer will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired. Details about the Fund's impairment policies and the calculation of the loss allowance are provided in Note 3(b).

(m) Payables

Payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***2. Summary of Significant Accounting Policies (Continued)****(n) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors who makes the strategic decisions.

3. Financial Risk Management

The Fund's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Fund's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Fund's financial performance.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

The Fund's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Fund regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The management of these risks is carried out by the investment manager under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and the investment of excess liquidity. The investment manager has established committees/departments for managing and monitoring risks, as follows:

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***3. Financial Risk Management (Continued)****(i) Audit Committee**

The Audit Committee is responsible for the development of credit and investment policies and standards that conform to applicable law, regulations and corporate policies; approving credit proposal requests; reviewing and approving exceptions to core credit and investment policies that may represent unusual risk; and ensuring that aggregate credit risk exposure are within the Fund's risk taking capacity. This Committee is also responsible for formulating and monitoring investment portfolios and investment strategies for the Fund. In addition, this Committee is responsible for approval and monitoring of appropriate trading limits, reports and compliance controls to ensure that the mandate is properly followed. The Committee's decisions receive final ratification at Board Meetings.

The Audit Committee also oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The Audit Committee is assisted in its oversight role by the Internal Audit Department of the investment manager. Internal Audit Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee. The Audit Committee ensures adherence to internal policies and procedures, and regulatory rules and guidelines.

(ii) The Asset Management Division

The Asset Management Division of the investment manager is responsible for managing the Fund's assets and liabilities and the overall financial structure. It is also primarily responsible for the Funding and liquidity risks of the Fund.

The most important types of risks faced by the Fund are market risk, credit risk, liquidity risk and operational risk. Market risk includes equity price risk, currency risk and interest rate.

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***3. Financial Risk Management (Continued)****(a) Market risk**

The Fund takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rate, credit spreads, foreign exchange rates and equity prices. Market risk is monitored by the Audit Committee which carries out research and monitors the price movement of financial assets on the local markets. Market risk exposures are measured using sensitivity analysis and historical value-at-risk.

There has been no change to the Fund's exposure to market risks or the manner in which it manages and measures the risk.

(i) Equity price risk

The Fund is exposed to equity securities price risk. This arises for investments held by the Fund for which price in the future is uncertain.

The Fund's equity investments are publicly traded on the Jamaica Stock Exchange.

The Fund's policy is to track the Financial Index of the JSE and therefore manages the investment portfolio to hold equities in similar weightings to that of the index. There is no limit placed on the value of any one stock in the investment portfolio.

The table below summarises the sensitivity of the Fund's net income to equity price movement as at 31 December. The analysis is based on the assumption of a 10% increase or decrease in equity prices, with all other variables held constant.

| | Effect on capital and reserves attributable to equity holders of the fund |
|--------------|--|
| | 2019 |
| | \$'000 |
| 10% increase | 586,376 |
| 10% decrease | (586,376) |

The sensitivity analysis presented is based upon the portfolio composition as at 31 December.

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***3. Financial Risk Management (Continued)****(a) Market risk (continued)****(ii) Currency risk**

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

Foreign exchange risk occurs when the Fund takes on open position in a currency. To control this exchange risk, the Fund ensures that the net exposure in US dollar is kept to an acceptable level by monitoring currency positions.

The Fund also has transactional currency exposure. This exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to settle. The Fund ensures that its net exposure is kept at approved levels. The Fund does not have any significant currency risk exposure with this exposure being \$7,000 representing a US dollar cash balance at the year end.

(iii) Cash flow and fair value Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. Floating rate instruments expose the Fund to cash flow interest risk, whereas fixed rate instruments expose the Fund to fair value interest risk.

The Fund's exposure to interest rate risk is limited to securities purchased under agreements to resell which totalled \$80,000,000 at the year end and all mature within one month.

Interest rate sensitivity

The Fund's interest rate risk arises from its securities purchased under agreements to resell. There is no sensitivity to interest rate risk as securities purchased under agreements to resell are short term and are at fixed interest rates.

(b) Credit risk

The Fund takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the Fund by failing to discharge their contractual obligations. Credit risk is an important risk for the Fund's business; management therefore carefully monitors its exposure to credit risk. The Fund credit exposures arise principally from cash and cash equivalents, amounts due from brokers and other receivable balances. The Fund structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***3. Financial Risk Management (Continued)****(b) Credit risk (continued)**

The following tables summarise the Fund's maximum credit exposure for financial assets at their carrying amounts, as categorised by issuer:

| | 2019 |
|---------------------------|----------------------|
| | \$'000 |
| Receivables | 1,763 |
| Cash and cash equivalents | <u>87,575</u> |
| | <u><u>89,338</u></u> |

At 31 December 2019, all receivables, securities purchased under agreements to resell and cash at bank are held with reputable financial institutions and are due to be settled within 30 days. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***3. Financial Risk Management (Continued)****(c) Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Liquidity risk management process

The Fund's liquidity management process, as carried out within the Fund and monitored by the investment manager largely includes optimising cash returns on investments which are used to settle financial liabilities which include payables and amounts due to related parties. These were all contractually payable within one month.

(d) Capital management

The capital of the Fund is represented by the capital and reserves attributable to equity holders of the Fund. The investment manager's objective when managing the Fund's capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for holders of stock units, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund.

The Fund is close ended and capital is deployed to track the Financial Index of the JSE in order to earn the market return on listed equities representing the financial sector of Jamaica.

(e) Fair value estimation

The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the year end date. The Fund utilises the closing bid price for financial assets. If a significant movement in fair value occurs subsequent to the close of trading up to midnight in Jamaica on the year end date, valuation techniques will be applied to determine the fair value.

An active market is a market in which transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The carrying value less impairment provision of cash and cash equivalents, other receivables and payables are assumed to approximate their fair values.

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Fund's accounting policies

In the process of applying the Fund's accounting policies, management has made no significant judgements regarding the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

In the process of applying the Fund's accounting policies, management has made no significant estimate on the amounts recognised in the financial statements.

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***5. Financial Instruments by Category****(a) Financial assets**

| | 2019 \$'000 |
|---|------------------------------|
| Financial assets at fair value through profit or loss | 5,863,759 |
| Financial assets at amortised cost - | |
| Receivables | 1,763 |
| Cash and cash equivalents | <u>87,575</u> |
| | <u><u>5,953,097</u></u> |

(b) Financial liabilities

| | 2019 \$'000 |
|---|------------------------------|
| Financial liabilities at amortised cost - | |
| Payables | <u>6,503</u> |

The Fund's financial instruments resulted in the following income, expenses and gains and losses recognised in the statement of comprehensive income:

| | 2019 \$'000 |
|---|------------------------------|
| Fair value through profit or loss: | |
| Dividend income | 104,228 |
| Gains on sale of financial assets at fair value through profit or loss | 11,640 |
| Unrealised appreciation in value of financial assets at fair value through profit or loss | <u>920,186</u> |
| | <u><u>1,036,054</u></u> |
| Amortised cost: | |
| Foreign exchange gains | 1,459 |
| Interest income | <u>1,520</u> |
| | <u><u>2,979</u></u> |

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***6. Financial Assets at Fair Value through Profit or Loss**

| | |
|--|------------------|
| | 2019 |
| | \$'000 |
| Quoted equity securities | <u>5,863,579</u> |
| | 2019 |
| | \$'000 |
| Net changes in fair value on financial assets at fair value through profit or loss comprise: | |
| Realised | 11,640 |
| Unrealised | <u>920,186</u> |
| Total gains | <u>931,826</u> |

Investments

Quoted equities:

| | 31 December 2019 | | |
|--|-----------------------|-----------------------------|----------------|
| | No. of Stock units | Carrying Value \$'000 | % of portfolio |
| Access Financial Services Limited | 993,805 | 35,777 | 0.61% |
| Barita Investments Limited | 3,100,000 | 232,469 | 3.96% |
| Eppley Limited | 835,000 | 11,774 | 0.20% |
| General Accident Insurance Company Limited | 5,066,798 | 33,188 | 0.57% |
| Ironrock Insurance Company Limited | 1,000,000 | 3,520 | 0.06% |
| Jamaica Stock Exchange Limited | 3,328,641 | 92,769 | 1.58% |
| JMMB Group Limited | 8,368,810 | 400,866 | 6.84% |
| Lasco Financial Services Limited | 5,500,000 | 23,925 | 0.41% |
| Mayberry Investments Limited | 5,206,681 | 43,268 | 0.74% |
| Mayberry Jamaican Equities Limited | 6,482,385 | 78,178 | 1.33% |
| NCB Financial Group Limited | 10,692,834 | 2,150,329 | 36.67% |
| PanJam Investments Limited | 4,621,955 | 464,506 | 7.92% |
| Portland JSX Limited | 1,486,257 | 10,508 | 0.18% |
| Proven Investments Limited | 1,349,090 | 60,708 | 1.04% |
| Proven Investments Limited (USD) | 750,000 | 32,802 | 0.56% |
| QWI Investment Limited | 5,874,627 | 6,403 | 0.11% |
| Sagicor Group Jamaica Limited | 16,930,674 | 1,319,746 | 22.51% |
| Scotia Group Jamaica Limited | 13,487,986 | 770,163 | 13.13% |
| SSL Venture Capital Jamaica | 2,109,741 | 2,363 | 0.04% |
| Sterling Investments Limited | 1,623,516 | 4,806 | 0.08% |
| Sygnus Credit Investments Limited (USD) | 794,875 | 10,381 | 0.18% |
| Sygnus Credit Investments Limited | 799,219 | 20,700 | 0.35% |
| Victoria Mutual Investments Limited | 6,135,970 | 54,610 | 0.93% |
| Total quoted equities | <u>106,538,864</u> | <u>5,863,759</u> | <u>100.00%</u> |

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***6. Financial Assets at Fair Value through Profit or Loss (Continued)**

The Fund is structured to track the Financial Index, an index created by the JSE which is constituted of equity securities listed on the JSE from the financial sector. The Index will vary from time to time and the investment manager will seek to track same on an ongoing basis and shall rebalance the composition of the securities held by the fund on a monthly basis, if required, in order to track the index as closely as possible.

7. Cash and Cash Equivalents

Cash and cash equivalents comprises:

| | 2019 |
|--|---------------|
| | \$'000 |
| Cash at bank | 7,575 |
| Securities purchased under agreements to resell (with original maturity of less than 90 days) | 80,000 |
| | <u>87,575</u> |

The weighted average effective interest rate on the securities purchased under agreements to resell was 2.50%

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***8. Related Party Balances and Transactions**

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

Related parties include directors, key management and companies for which the Fund and the Company are provided with management services.

The fund manager, Sagicor Investments Jamaica Limited is part of Sagicor Group Jamaica Limited and therefore related companies include Sagicor Group Jamaica Limited and its fellow subsidiaries, associated companies, related entities including funds managed by Sagicor Group Jamaica Limited and related entities. Based on the structure of the fund, all these parties would be classified as other related parties.

(a) Related party transactions

The following transactions were carried out with related parties:

(i) Income –

| | 2019 |
|---|---------------|
| | \$'000 |
| Dividend income – Sagicor Group Jamaica Limited | 14,726 |
| Interest income – Sagicor Investments Jamaica Limited | 1,520 |
| | <u>16,246</u> |

(ii) Expenses –

| | 2019 |
|---|---------------|
| | \$'000 |
| (i) Sagicor Bank Jamaica Limited | |
| Bank charges | <u>26</u> |
| (ii) Sagicor Investments Jamaica Limited | |
| Broker and arranger fees | 34,644 |
| Trade commissions | 20,728 |
| Interest expense | 5,375 |
| | <u>60,747</u> |

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***8. Related Party Balances and Transactions (Continued)****(a) Related party transactions (continued)**

(iii) Other – Dividends paid

| | 2019 |
|--|---------------|
| | \$'000 |
| Sagicor Sigma Global Funds – Sigma Equity | 14,808 |
| Sigma Pooled Equity Fund | 993 |
| Sagicor Sigma Global Funds – Sigma Diversified Investor | 948 |
| Sagicor Sigma Global Funds – Sigma Global Venture | 253 |
| Sagicor Investments Jamaica Limited | 82 |
| | <u>17,084</u> |

(b) Year-end balances arising from operations

Year-end balances arising from transactions are as follows:

| | 2019 |
|---|------------------|
| | \$'000 |
| (i) Financial assets at fair value through profit or loss (Note 6) | |
| Quoted equities – Sagicor Group Jamaica Limited | <u>1,319,746</u> |
| (ii) Cash and cash equivalents (Note 7) | |
| Sagicor Bank Jamaica Limited | 7,575 |
| Sagicor Investments Jamaica Limited | 80,000 |
| | <u>87,575</u> |

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***8. Related Party Balances and Transactions (Continued)**

During the year, the Fund obtained short term loans totalling \$3,700,000,000 from Sagicor Investments Jamaica Limited. The interest rate on these loans was 2.5% per annum. The loans were fully repaid during the year.

Net Debt Reconciliation

The table below details changes in the Fund's liabilities arising from financing activities.

| | Related party loans |
|------------------------|--------------------------------|
| | 2019 |
| | \$'000 |
| At 1 January | - |
| Cash movements - | |
| Repayment of principal | (3,700,000) |
| Repayment of interest | (5,375) |
| Loan received | 3,700,000 |
| Non-cash movement - | |
| Interest charge | 5,375 |
| At 31 December | - |

9. Share Capital

The Fund's authorised share capital is indefinite with no par value. This is issued as Class B shares, and carry equal voting rights, is entitled to dividends and are entitled to a proportionate share of the Fund's capital and reserves attributable to equity holders of the Fund. All issued shares are fully paid.

On 27 February 2019, the Fund issued 1,100,000,000 ordinary shares with value of \$1,100,000,000.

On 17 July 2019, the Fund issued an additional 4,000,000,000 ordinary stock units with value of \$3,923,931,000. The Fund incurred transaction costs \$41,069,000 for the issue.

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***10. Earnings per Stock Unit and Net Assets Value per Stock Unit**

Basic earnings per stock unit is calculated by dividing the profit for the year by the weighted average number of ordinary unit in issue during the year.

| | 2019 |
|---|-------------|
| Profit for the year (\$'000) | 973,921 |
| Weighted average number of ordinary stock units in issue ('000) | 3,275,896 |
| Earnings per stock unit – basic and diluted (\$) | 0.30 |

Net asset value per stock unit is calculated by dividing the net asset value at the end of the year by the number of ordinary stock units in issue.

| | 2019 |
|--|-------------|
| Net asset value (\$'000) | 5,938,182 |
| Number of ordinary stock units in issue ('000) | 5,100,000 |
| Net asset value per stock unit (\$) | 1.16 |

11. Dividends

The dividends paid in 2019 amounted to \$59,670,000 (\$0.0117 per stock unit).

12. Fair Values of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. As all the Fund's investments are quoted equities in an active market the investments are classified as level 1 in the fair value hierarchy.

13. Segment Reporting

The Board of Directors makes the strategic resource allocations on behalf of the Fund. The Fund has determined the operating segments based on the reports reviewed by the Board of Directors, which are used to make strategic decisions.

The Board of Directors are responsible for the Fund's portfolio and considers the Fund to have a single operating segment. The Board of Directors' asset allocation decisions are based on a single, integrated investment strategy, and the Fund's performance is evaluated on an overall basis.

The internal reporting provided to the Board of Directors for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS.

The Fund has no assets classified as non-current assets.

The Fund also has a diversified stockholder population. However, as at 31 December 2019, there was one stockholder who held more than 10% of the Financial Select Fund's net asset value. Their holding was 24.15% and the stockholder is a related party, Sagicor Sigma Global Funds – Sigma Equity.



Independent auditor's report

To the Members of Sagicor Select Funds Limited – Manufacturing and Distribution Select Fund

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 Sagicor Select Funds Limited – Manufacturing and Distribution Select Fund (the Fund) as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

Sagicor Select Funds Limited – Manufacturing and Distribution Select Fund's financial statements comprise:

- the statement of financial position as at 31 December 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity 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.

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 Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Fund, the accounting processes and controls, and the industry in which the Fund operates.

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

L.A. McKnight P.E. Williams B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore T.N. Smith DaSilva K.D. Powell



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| <p><i>Valuation and existence of investments</i></p> <p><i>Refer to notes 2 (c) and 6 to the financial statements for disclosures of related accounting policies and balances.</i></p> <p>The investments portfolio totalling \$3.722 billion at 31 December 2019 is comprised of listed equity securities.</p> <p>We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the statement of financial position in the financial statements.</p> | <p>We tested the valuation of the investment portfolio of listed equity securities by comparing the prices used by the Fund to prices reported by the Jamaica Stock Exchange.</p> <p>We tested the existence of the investment portfolio by agreeing the holdings to external confirmation.</p> |

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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 Fund'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 Fund'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 Fund 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Recardo Nathan.

PricewaterhouseCoopers

Chartered Accountants
28 February 2020
Kingston, Jamaica

MANUFACTURING AND DISTRIBUTION SELECT FUND**Statement of Comprehensive Income**

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2019 \$'000 |
|--|------|-----------------------|
| Income | | |
| Interest income | | 220 |
| Dividend income | | 13,507 |
| Other net changes in fair value on financial assets at fair value through profit or loss | | 187,050 |
| | | <u>200,777</u> |
| Expenses | | |
| Auditors' remuneration | | 1,800 |
| Legal and professional fees | | 1,076 |
| Bank charges | | 6 |
| Transaction cost | | 25,796 |
| Miscellaneous | | 537 |
| Loan interest | | 5,411 |
| Management Fees | | 817 |
| Irrecoverable general consumption tax | | 4,790 |
| | | <u>40,233</u> |
| Net Income, being Total Comprehensive Income for the Year | | <u><u>160,544</u></u> |
| Earnings per stock unit | | |
| Basic and diluted (expressed in \$) | 10 | <u><u>0.10</u></u> |

MANUFACTURING AND DISTRIBUTION SELECT FUND**Statement of Financial Position**

31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2019 \$'000 |
|--|------|------------------|
| ASSETS | | |
| Current Assets | | |
| Financial assets at fair value through profit or loss | 6 | 3,721,950 |
| Receivables | | 970 |
| Withholding tax recoverable | | 83 |
| Cash and cash equivalents | 7 | <u>243,021</u> |
| | | <u>3,966,024</u> |
| EQUITY | | |
| Capital and Reserves Attributable to Equity Holders of the Fund | | |
| Share capital | 9 | 3,783,443 |
| Retained earnings | | <u>160,544</u> |
| | | <u>3,943,987</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Payables | | 4,024 |
| Due to related party | 8 | <u>18,013</u> |
| | | <u>22,037</u> |
| | | <u>3,966,024</u> |
| Net assets value per stock unit (\$) | 10 | <u>1.03</u> |

Approved for issue by the Board of Directors on 28 February 2020 and signed on its behalf by:



Colin Steele

Director



Janene Shaw

Director

MANUFACTURING AND DISTRIBUTION SELECT FUND**Statement of Changes in Equity**

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | Share Capital \$'000 | Retained Earnings \$'000 | Total \$'000 |
|---|------|----------------------------|--------------------------------|------------------|
| Balance at 1 January 2019 | | - | - | - |
| Issue of shares, net of issue costs | 9 | 3,783,443 | - | 3,783,443 |
| Total comprehensive income for the year | | - | 160,544 | 160,544 |
| Balance at 31 December 2019 | | <u>3,783,443</u> | <u>160,544</u> | <u>3,943,987</u> |

MANUFACTURING AND DISTRIBUTION SELECT FUND**Statement of Cash Flows**

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2019 \$'000 |
|---|------|-----------------------|
| Cash Flows from Operating Activities | | |
| Net income for the year | | 160,544 |
| Adjustments to determine net cash flow provided by operating activities: | | |
| Interest income and interest from financial assets at fair value through profit or loss | | (220) |
| Dividend income | | (13,507) |
| Interest expense | | 5,411 |
| | | <u>152,228</u> |
| Changes in operating assets and liabilities: | | |
| Increase in financial assets at fair value through profit or loss | | (3,721,950) |
| Payables | | 4,024 |
| Related party | | 18,013 |
| Cash used in operating activities | | <u>(3,547,685)</u> |
| Dividend received | | 12,551 |
| Tax withheld at source | | (83) |
| Interest received | | 206 |
| Net cash used in operating activities | | <u>(3,535,011)</u> |
| Cash Flows from Financing Activities | | |
| Proceeds from issue of stock units, net of issue costs | 9 | 3,783,443 |
| Related party loan received | 8 | 1,760,000 |
| Related party loan repaid | | (1,760,000) |
| Interest paid | | (5,411) |
| Net cash provided by financing activities | | <u>3,778,032</u> |
| Net increase in cash and cash equivalents | | 243,021 |
| Cash and cash equivalents at beginning of year | | - |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 7) | | <u><u>243,021</u></u> |

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***1. Identification and Principal Activities**

Sagicor Select Funds Limited (the Company) was incorporated on the 11th of January 2019 as a public company. The principal activity of the Company is the operation of listed equity funds that track various indexes established by the Jamaica Stock Exchange.

Each fund is close-ended and is represented by a separate class of share in the Company. The assets of the Company are specifically owned and segregated for each share class. The Company has five (5) classes of shares with 'Class A' being the "Management Share" and is issued to Sagicor Investments Jamaica Limited (SIJL), the investment manager of the funds. The other shares of the Company represent four (4) segregated classes being the "Class B", "Class C", "Class D" and "Class E" shares.

At 31 December 2019, "Class C", The Manufacturing and Distribution Select Fund (the Fund) was one of two classes which were operational. A public invitation for subscription in the Fund was made by Sagicor Select Funds Limited via prospectus dated 30 October 2019, in Jamaica. The offer closed on 4 December 2019.

The Company maintains its registered office at 85 Hope Road, Kingston 6, St. Andrew, Jamaica.

The Company entered into a management agreement with SIJL to act as manager of the Fund.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments at fair value through profit 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 Fund's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

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 Fund has assessed the relevance of all such new standards, interpretations and amendments and has determined that none are relevant to its operations.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***2. Summary of Significant Accounting Policies****(a) Basis of preparation (continued)*****Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Fund***

The Fund has concluded that the following standards, which are published but not yet effective, are relevant to its operations. These pronouncements are effective for annual periods beginning on or after year end dates noted and will be applied by the Fund as of those dates unless otherwise indicated.

Amendments to IAS 1 and IAS 8 on the definition of material (effective for annual period beginning on or after 1 January 2020). These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. The adoption of this standard is not expected to have a significant impact on the Fund.

(b) 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 Fund operates ('the functional currency'). The financial statements are presented in Jamaican dollars, which is the Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the statement of financial position date, assets and liabilities denominated in the 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 assets and liabilities are recognised in the statement of comprehensive income.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within 'other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss'.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***2. Summary of Significant Accounting Policies (Continued)****(c) Financial assets at fair value through profit or loss****(i) Classification**

The Fund classifies its investments based on both the Fund'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 Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund'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 Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund's policy requires the investment manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund 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. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund 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 recognised in the statement of comprehensive income within dividend income when the Fund's right to receive payments is established. Interest on debt securities at fair value through profit or loss is recognised in the statement of comprehensive income.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***2. Summary of Significant Accounting Policies (Continued)****(c) Financial assets at fair value through profit or loss (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 financial assets traded in active markets are based on quoted market prices at the close of trading on the reporting date. The Fund utilises the closing bid price for financial assets.

If a significant movement in fair value occurs subsequent to the close of trading up to midnight in Jamaica on the year end date, valuation techniques will be applied to determine the fair value. A significant event is any event that occurs after the last market price for a security, close of market or close of the foreign exchange, but before the Fund's valuation time that materially affects the integrity of the closing prices for any security, instrument, currency or securities affected by that event so that they cannot be considered 'readily available' market quotations.

Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(d) Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method. In addition to management fees, the Fund is responsible for the payment of all direct expenses relating to its operations.

(e) Transaction costs

Transaction costs are costs incurred to acquire financial assets at fair value through profit or loss. They include fees and commission paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***2. Summary of Significant Accounting Policies (Continued)****(g) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of new ordinary stock units are included in the cost of acquisition as part of the purchase consideration.

The shares of the Fund are redeemable at the issuer's option. Such shares are classified as equity as they are redeemable for cash equal to a proportionate share of the Fund's net asset value attributable to the share class. The Fund's net asset value per stock unit is calculated by dividing the capital and reserves attributable to equity holders of the Fund with the total number of outstanding stock units in issue for the respective share class. In accordance with the provisions of the Fund's regulations, investment positions are valued based on the closing bid price for the purpose of determining the net asset value per stock unit for redemptions.

Where the Fund re-purchases its stock units, the consideration paid, including any directly attributable incremental costs is deducted from capital and reserves attributable to equity holders of the Fund's until the ordinary stock units are cancelled, reissued or disposed of. Where such stock units are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Fund's equity holders.

(h) Net asset value per stock unit and earnings per stock unit

The net asset value per stock unit is calculated by dividing the net assets of each share class by the number of outstanding stock units.

Basic earnings per stock unit is calculated by dividing the profit for the year by the weighted average number of ordinary stock units in issue during the year, excluding the average number of ordinary stock units purchased by the Fund and held as treasury shares.

The Fund has not issued any stock units or other instruments that are considered to have dilutive potential.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***2. Summary of Significant Accounting Policies (Continued)****(i) 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.

(j) Dividend income

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

(k) Dividend distribution

Dividend distribution to the Fund's stockholders is recognised as a liability in the Fund's financial statements in the period in which the dividends are approved by the Fund's stockholders.

(l) Receivables

Receivables represent amounts due from brokers and dividend receivables. Amounts due from brokers represent receivables for securities sold that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. Receivable balances are held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the customer, probability that the customer will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired. Details about the Fund's impairment policies and the calculation of the loss allowance are provided in Note 3(b).

(m) Payables

Payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***2. Summary of Significant Accounting Policies (Continued)****(n) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors who makes the strategic decisions.

3. Financial Risk Management

The Fund's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Fund's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Fund's financial performance.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

The Fund's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Fund regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The management of these risks is carried out by the investment manager under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and the investment of excess liquidity. The investment manager has established committees/departments for managing and monitoring risks, as follows:

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***3. Financial Risk Management (Continued)****(i) Audit Committee**

The Audit Committee is responsible for the development of credit and investment policies and standards that conform to applicable law, regulations and corporate policies; approving credit proposal requests; reviewing and approving exceptions to core credit and investment policies that may represent unusual risk; and ensuring that aggregate credit risk exposure are within the Fund's risk taking capacity. This Committee is also responsible for formulating and monitoring investment portfolios and investment strategies for the Fund. In addition, this Committee is responsible for approval and monitoring of appropriate trading limits, reports and compliance controls to ensure that the mandate is properly followed. The Committee's decisions receive final ratification at Board Meetings.

The Audit Committee also oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The Audit Committee is assisted in its oversight role by the Internal Audit Department of the investment manager. Internal Audit Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee. The Audit Committee ensures adherence to internal policies and procedures, and regulatory rules and guidelines.

(ii) The Asset Management Division

The Asset Management Division of the investment manager is responsible for managing the Fund's assets and liabilities and the overall financial structure. It is also primarily responsible for the Funding and liquidity risks of the Fund.

The most important types of risks faced by the Fund are market risk, credit risk, liquidity risk and operational risk. Market risk includes equity price risk, currency risk and interest rate.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***3. Financial Risk Management (Continued)****(a) Market risk**

The Fund takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rate, credit spreads, foreign exchange rates and equity prices. Market risk is monitored by the Audit Committee which carries out research and monitors the price movement of financial assets on the local markets. Market risk exposures are measured using sensitivity analysis and historical value-at-risk.

There has been no change to the Fund's exposure to market risks or the manner in which it manages and measures the risk.

(i) Equity price risk

The Fund is exposed to equity securities price risk. This arises for investments held by the Fund for which price in the future is uncertain.

The Fund's equity investments are publicly traded on the Jamaica Stock Exchange.

The Fund's policy is to track the Manufacturing and Distribution Index of the JSE and therefore manages the investment portfolio to hold equities in similar weightings to that of the index. There is no limit placed on the value of any one stock in the investment portfolio.

The table below summarises the sensitivity of the Fund's net income to equity price movement as at 31 December. The analysis is based on the assumption of a 10% increase or decrease in equity prices, with all other variables held constant.

| | Effect on capital and reserves attributable to equity holders of the fund |
|--------------|--|
| | 2019 |
| | \$'000 |
| 10% increase | 372,195 |
| 10% decrease | (372,195) |

The sensitivity analysis presented is based upon the portfolio composition as at 31 December.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***3. Financial Risk Management (Continued)****(a) Market risk (continued)****(ii) Currency risk**

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

Foreign exchange risk occurs when the Fund takes on open position in a currency. To control this exchange risk, the Fund ensures that the net exposure in US dollar is kept to an acceptable level by monitoring currency positions.

The Fund also has transactional currency exposure. The fund did not have any foreign currency balances at the year end neither did it enter into any foreign currency transaction during the period therefore there is no foreign currency concentration.

(i) Cash flow and fair value Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. Floating rate instruments expose the Fund to cash flow interest risk, whereas fixed rate instruments expose the Fund to fair value interest risk.

The Fund's exposure to interest rate risk is limited to securities purchased under agreements to resell which totalled \$200,000,000 at the year end and all mature within one month.

Interest rate sensitivity

The Fund's interest rate risk arises from its securities purchased under agreements to resell. There is no sensitivity to interest rate risk as securities purchased under agreements to resell are short term and are at fixed interest rates.

(b) Credit risk

The Fund takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the Fund by failing to discharge their contractual obligations. Credit risk is an important risk for the Fund's business; management therefore carefully monitors its exposure to credit risk. The Fund credit exposures arise principally from cash and cash equivalents, amounts due from brokers and other receivable balances. The Fund structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***3. Financial Risk Management (Continued)****(b) Credit risk (continued)**

The following tables summarise the Fund's maximum credit exposure for financial assets at their carrying amounts, as categorised by issuer:

| | 2019 |
|---------------------------|----------------|
| | \$'000 |
| Receivables | 970 |
| Cash and cash equivalents | <u>243,021</u> |
| | <u>243,991</u> |

At 31 December 2019, all receivables, securities purchased under agreements to resell and cash at bank are held with reputable financial institutions and are due to be settled within 30 days. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12month expected credit losses as any such impairment would be wholly insignificant to the Fund.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***3. Financial Risk Management (Continued)****(c) Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Liquidity risk management process

The Fund's liquidity management process, as carried out within the Fund and monitored by the investment manager largely includes optimising cash returns on investments which are used to settle financial liabilities which include payables and amounts due to related parties. These were all contractually payable within one month.

(d) Capital management

The capital of the Fund is represented by the capital and reserves attributable to equity holders of the Fund. The investment manager's objective when managing the Fund's capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for holders of stock units, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund.

The Fund is close ended and capital is deployed to track the Manufacturing and Distribution Index of the JSE in order to earn the market return on listed equities representing the manufacturing and distribution sector of Jamaica.

(e) Fair value estimation

The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the year end date. The Fund utilises the closing bid price for financial assets. If a significant movement in fair value occurs subsequent to the close of trading up to midnight in Jamaica on the year end date, valuation techniques will be applied to determine the fair value.

An active market is a market in which transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The carrying value less impairment provision of cash and cash equivalents, other receivables and payables are assumed to approximate their fair values.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***4. Critical Accounting Estimates and Judgements in Applying Accounting Policies**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Fund's accounting policies

In the process of applying the Fund's accounting policies, management has made no significant judgements regarding the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

In the process of applying the Fund's accounting policies, management has not made any significant estimate on the amounts recognised in the financial statements.

5. Financial Instruments by Category**(a) Financial assets**

| | 2019 \$'000 |
|---|------------------------------|
| Financial assets at fair value through profit or loss | 3,721,950 |
| Financial assets at amortised cost - | |
| Receivables | 970 |
| Cash and cash equivalents | 243,021 |
| | <u>3,965,941</u> |

(b) Financial liabilities

| | 2019 \$'000 |
|---|------------------------------|
| Financial liabilities at amortised cost - | |
| Payables | 4,024 |
| Due to related party | 18,013 |
| | <u>22,037</u> |

The Fund's financial instruments resulted in the following income, expenses and gains and losses recognised in the statement of comprehensive income:

| | 2019 \$'000 |
|---|------------------------------|
| Fair value through profit or loss: | |
| Dividend income | 13,507 |
| Unrealised appreciation in value of financial assets at fair value through profit or loss | 187,050 |
| | <u>200,557</u> |
| Amortised cost: | |
| Interest income | 220 |

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***6. Financial Assets at Fair Value through Profit or Loss**

| | |
|--|------------------|
| | 2019 |
| | \$'000 |
| Quoted equity securities - | <u>3,721,950</u> |
| | 2019 |
| | \$'000 |
| Net changes in fair value on financial assets at fair value through profit or loss comprise: | |
| Unrealised gains | <u>187,050</u> |
| Total gains | <u>187,050</u> |

| | 31 December 2019 | | |
|---------------------------------------|-----------------------|-----------------------------|----------------|
| | No. of Stock units | Carrying Value \$'000 | % of portfolio |
| Investments | | | |
| Quoted equities: | | | |
| AMG Packaging & Paper Company Limited | 3,029,679 | 6,241 | 0.17% |
| Berger Paints Jamaica Limited | 1,719,169 | 30,601 | 0.82% |
| CAC 2000 Limited | 964,269 | 12,535 | 0.34% |
| Caribbean Cement Company Limited | 6,827,319 | 580,322 | 15.59% |
| Caribbean Cream Limited | 321,508 | 1,093 | 0.03% |
| Caribbean Flavors and Fragrances | 721,286 | 10,819 | 0.29% |
| Caribbean Producers Jamaica Limited | 10,917,106 | 53,494 | 1.44% |
| Carreras Limited | 51,556,419 | 420,185 | 11.29% |
| Consolidated Bakers (Jamaica) Limited | 547,510 | 958 | 0.03% |
| Derrimon Trading Company Limited | 31,000,000 | 80,290 | 2.15% |
| Everything Fresh Limited | 7,727,500 | 9,428 | 0.25% |
| Fosrich Company Limited | 4,028,960 | 16,881 | 0.45% |
| Grace Kennedy Limited | 7,980,637 | 582,587 | 15.65% |
| Honey Bun Limited | 3,616,120 | 25,241 | 0.68% |
| Indies Pharma Jamaica Limited | 10,646,854 | 37,158 | 1.00% |
| Jamaica Broilers Group Limited | 9,813,806 | 401,875 | 10.80% |
| Jamaica Producers Group | 5,348,430 | 153,767 | 4.13% |
| Jamaica Teas Limited | 5,412,983 | 33,019 | 0.89% |
| Lasco Distributors Limited | 22,302,196 | 75,827 | 2.04% |
| Lasco Manufacturing Limited | 32,816,914 | 150,958 | 4.05% |
| Mailpac Group Limited | 20,139,026 | 42,292 | 1.14% |
| Seprod Limited | 5,938,684 | 290,996 | 7.82% |
| Wisynco Group Limited | 30,080,303 | 705,383 | 18.95% |
| Total quoted equities | <u>273,456,678</u> | <u>3,721,950</u> | <u>100.00%</u> |

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***6. Financial Assets at Fair Value through Profit or Loss (Continued)**

The Fund is structured to track the Manufacturing and Distribution Index, an index created by the JSE which is constituted of equity securities listed on the JSE from the manufacturing and distribution sector. The Index will vary from time to time and the investment manager will seek to track same on an ongoing basis and shall rebalance the composition of the securities held by the fund on a monthly basis, if required, in order to track the index as closely as possible.

7. Cash and Cash Equivalents

Cash and cash equivalents comprises:

| | 2019 \$'000 |
|--|------------------------------|
| Cash at bank | 43,021 |
| Securities purchased under agreements to resell (with original maturity of less than 90 days) | 200,000 |
| | <u>243,021</u> |

The weighted average effective interest rate on the securities purchased under agreements to resell was 2.50%.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***8. Related Party Balances and Transactions**

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

Related parties include directors, key management and companies for which the Fund and the Company are provided with management services.

The fund manager, Sagicor Investments Jamaica Limited is part of Sagicor Group Jamaica Limited and therefore related companies include Sagicor Group Jamaica Limited and its fellow subsidiaries, associated companies, related entities including funds managed by Sagicor Group Jamaica Limited and related entities. Based on the structure of the fund, all these parties would be classified as other related parties.

(a) Related party transactions

The following transactions were carried out with related parties:

(i) Income –

| | 2019 \$'000 |
|--|------------------------------|
| Interest income – Sagicor Investments Jamaica Limited | <u>220</u> |

(ii) Expenses –

| | 2019 \$'000 |
|--|------------------------------|
| (i) Sagicor Bank Jamaica Limited | |
| Bank charges | <u>6</u> |
| (ii) Sagicor Investments Jamaica Limited | |
| Management fees | 817 |
| Broker and arranger fees | 23,729 |
| Trade commission | 14,135 |
| Interest expense | <u>5,411</u> |
| | <u>44,092</u> |

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***8. Related Party Balances and Transactions (Continued)****(b) Year-end balances arising from operations**

Year-end balances arising from transactions are as follows:

| | 2019 \$'000 |
|--|------------------------------|
| (i) Cash and cash equivalents (Note 7) | |
| Sagikor Bank Jamaica Limited | 43,021 |
| Sagikor Investments Jamaica Limited | 200,000 |
| | <u>243,021</u> |
| (ii) Due to related party - | |
| Sagikor Investments Jamaica Limited | <u>18,013</u> |

During the year the Fund obtained short term loans totalling \$1,760,000,000 from Sagikor Investments Jamaica Limited. The interest rate on these loans was 2.5% per annum. The loans were fully repaid during the year.

Net Debt Reconciliation

The table below details changes in the Fund's liabilities arising from financing activities.

| | Related party loans |
|------------------------|--------------------------------------|
| | 2019 \$'000 |
| At 1 January | |
| Cash movements - | |
| Repayment of principal | (1,760,000) |
| Repayment of interest | (5,411) |
| Loan received | 1,760,000 |
| Non-cash movement - | |
| Interest charge | 5,411 |
| At 31 December | <u><u>-</u></u> |

9. Share Capital

The Fund's authorised share capital is indefinite with no par value. These are issued as Class C shares, which carry equal voting rights, are entitled to dividends and are entitled to a proportionate share of the Fund's capital and reserves attributable to equity holders of the Fund. All issued shares are fully paid.

On 19 August 2019, the Fund issued 1,100,000,000 ordinary shares with value of \$1,100,000,000.

On 4 December 2019, the Fund issued an additional 2,716,612,000 ordinary stock units with value of \$2,683,443,000. The Fund incurred transaction costs \$31,435,000 for the issue.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2019

*(expressed in Jamaican dollars unless otherwise indicated)***10. Earnings per Stock Unit and Net Assets Value per Stock Unit**

Basic earnings per stock unit is calculated by dividing the profit for the year by the weighted average number of ordinary stock units in issue during the year.

| | 2019 |
|---|-------------|
| Profit for the year (\$'000) | 160,544 |
| Weighted average number of ordinary stock units in issue ('000) | 1,647,377 |
| Earnings per stock unit – basic and diluted (\$) | 0.10 |

Net asset value per stock unit is calculated by dividing the net asset value at the end of the year by the number of ordinary stock units in issue.

| | 2019 |
|--|-------------|
| Net asset value (\$'000) | 3,943,987 |
| Number of ordinary stock units in issue ('000) | 3,816,612 |
| Net asset value per stock unit (\$) | 1.03 |

11. Fair Values of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. As all the Fund's investments are quoted equities in an active market the investments are classified as level 1 in the fair value hierarchy.

12. Segment Reporting

The Board of Directors makes the strategic resource allocations on behalf of the Fund. The Fund has determined the operating segments based on the reports reviewed by the Board of Directors, which are used to make strategic decisions.

The Board of Directors are responsible for the Fund's portfolio and considers the Fund to have a single operating segment. The Board of Directors' asset allocation decisions are based on a single, integrated investment strategy, and the Fund's performance is evaluated on an overall basis.

The internal reporting provided to the Board of Directors for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS.

The Fund has no assets classified as non-current assets.

At 31 December 2019, there was one stockholder who held more than 10% of the Manufacturing and Distribution Select Fund's net asset value. Their holding was 55% and the stockholder is a related party, Sagicor Sigma Global Funds – Sigma Equity.

Disclosure of Shareholding

For Sagicor Select Funds Limited - Financial

As at December 31, 2019

| TOP TEN SHAREHOLDERS - FINANCIAL | | | |
|---|-------------------------------|----------------------|-----------------|
| PRIMARY ACCOUNT HOLDER | JOINT HOLDER(S) | VOLUME | PERCENTAGE |
| 1. JCSD TRUSTEE SERVICES LTD - SIGMA EQUITY | | 131,570,019 | 2.5798% |
| | | 1,100,000,000 | 21.5686% |
| | Client total ownership | 1,231,570,019 | 24.1484% |
| 2. JCSD TRUSTEE SERVICES LTD - SIGMA DIVERSIFIED INVESTOR | | 146,500,000 | 2.8725% |
| | Client total ownership | 146,500,000 | 2.8725% |
| 3. SAGICOR EQUITY FUND | | 145,506,312 | 2.8531% |
| | Client total ownership | 145,506,312 | 2.8531% |
| 4. SAGICOR POOLED EQUITY FUND | | 84,900,212 | 1.6647% |
| | Client total ownership | 84,900,212 | 1.6647% |
| 5. JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE | | 65,931,787 | 1.2928% |
| | Client total ownership | 65,931,787 | 1.2928% |
| 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. JAMAICA PROPERTIES LIMITED | | 23,267,445 | 0.4562% |
| | Client total ownership | 23,267,445 | 0.4562% |
| 10. CHRISTOPHER W. ZACCA | | 20,400,000 | 0.4000% |
| | Client total ownership | 20,400,000 | 0.4000% |
| Total Issued Capital | | 5,100,000,000 | |
| Total Units Owned by Top 10 Shareholders | | 1,870,206,737 | |
| Total Percentage Owned by Top 10 Shareholders | | 36.6707% | |

Disclosure of Shareholding (Cont'd)

For Sagicor Select Funds Limited - Financial

As at December 31, 2019

| DIRECTORS AND THEIR CONNECTED PARTIES - FINANCIAL | | | | |
|---|---------------------|-------------------|----------------------|------------|
| PRIMARY NAME | | | | |
| DIRECTOR | JOINT HOLDER(S) | RELATIONSHIP | VOLUME | PERCENTAGE |
| Omar Brown | | | | |
| | Omar Brown | Self | 0 | 0.0000 |
| | | Director Holdings | 0 | 0.0000 |
| | | Connected Party | 0 | 0.0000 |
| | | Combined Holdings | 0 | 0.0000 |
| Faith Vincent | | | | |
| | Faith Vincent | Self | 102,000 | 0.0000 |
| | | Director Holdings | 102,000 | 0.0000 |
| | | Connected Party | 0 | 0.0000 |
| | | Combined Holdings | 102,000 | 0.0000 |
| Kevin Donaldson | | | | |
| | Kevin Donaldson | Self | 1,000,000 | 0.0002 |
| | Ramona L. Donaldson | | 102,000 | 0.0000 |
| | Khalil J. Donaldson | | 51,000 | 0.0000 |
| | | Director Holdings | 1,000,000 | 0.0002 |
| | | Connected Party | 153,000 | 0.0000 |
| | | Combined Holdings | 1,153,000 | 0.0002 |
| Colin Steele | | | | |
| | Colin Steele | Self | 8,000,000 | 0.0016 |
| | | Director Holdings | 8,000,000 | 0.0016 |
| | | Connected Party | 0 | 0.0000 |
| | | Combined Holdings | 8,000,000 | 0.0016 |
| Janene Shaw | | | | |
| | Janene Shaw | Self | 0 | 0.0000 |
| | | Director Holdings | 0 | 0.0000 |
| | | Connected Party | 0 | 0.0000 |
| | | Combined Holdings | 0 | 0.0000 |
| Daniella Silvera | | | | |
| | Daniella Silvera | Self | 0 | 0.0000 |
| | | Director Holdings | 0 | 0.0000 |
| | | Connected Party | 0 | 0.0000 |
| | | Combined Holdings | 0 | 0.0000 |
| Warren Chin | | | | |
| | Warren Chin | Self | 3,571,000 | 0.0007 |
| | | Director Holdings | 3,571,000 | 0.0007 |
| | | Connected Party | 0 | 0.0000 |
| | | Combined Holdings | 3,571,000 | 0.0007 |
| | | | 5,100,000,000 | |

Disclosure of Shareholding (Cont'd)

For Sagicor Select Funds Limited - Manufacturing & Distribution

As at December 31, 2019

| TOP TEN SHAREHOLDERS - MANUFACTURING & DISTRIBUTION | | | |
|---|-------------------------------|----------------------|-----------------|
| PRIMARY ACCOUNT HOLDER | JOINT HOLDER(S) | VOLUME | PERCENTAGE |
| 1. JCSD TRUSTEE SERVICES LTD - SIGMA EQUITY | | 1,012,511,796 | 26.5291% |
| | | 1,100,000,000 | 28.8214% |
| | Client total ownership | 2,112,511,796 | 55.3504% |
| 2. SAGICOR POOLED EQUITY FUND | | 400,000,000. | 10.4805% |
| | Client total ownership | 400,000,000 | 10.4805% |
| 3. JCSD TRUSTEE SERVICES LTD - SIGMA DIVERSIFIED INVESTOR | | 207,000,000 | 5.4237% |
| | Client total ownership | 207,000,000 | 5.4237% |
| 4. JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE | | 203,400,000 | 5.3293% |
| | Client total ownership | 203,400,000 | 5.3293% |
| 5. ADVANTAGE GENERAL INSURANCE COMPANY | | 100,000,000 | 2.6201% |
| | Client total ownership | 100,000,000 | 2.6201% |
| 6. JCSD TRUSTEE SERVICES LTD. A/C #76579-02 | | 85,000,000 | 2.2271% |
| | Client total ownership | 85,000,000 | 2.2271% |
| 7. DENNIS, LLOYD H. | | 14,029,000 | 0.3676% |
| | Client total ownership | 14,029,000 | 0.3676% |
| 8. GORDON, DONALD R. | | 13,000,000 | 0.3406% |
| | Client total ownership | 13,000,000 | 0.3406% |
| 9. THOMAS, RENALDO M. | | 5,099,000 | 0.1336% |
| | Client total ownership | 5,099,000 | 0.1336% |
| 10. ALEXANDER, BRUCE N. | | 5,000,000 | 0.1310% |
| | Client total ownership | 5,000,000 | 0.1310% |
| Total Issued Capital | | 3,816,612,000 | |
| Total Units Owned by Top 10 Shareholders | | 3,145,039,796 | |
| Total Percentage Owned by Top 10 Shareholders | | 82.4040% | |

Disclosure of Shareholding (Cont'd)

For Sagicor Select Funds Limited - Manufacturing & Distribution

As at December 31, 2019

| DIRECTORS AND THEIR CONNECTED PARTIES - MANUFACTURING & DISTRIBUTION | | | | |
|--|---------------------|-------------------|---------------|------------|
| PRIMARY NAME | | | | |
| DIRECTOR | JOINT HOLDER(S) | RELATIONSHIP | VOLUME | PERCENTAGE |
| Omar Brown | | | | |
| | Omar Brown | Self | 0 | 0.0000 |
| | | Director Holdings | 0 | 0.0000 |
| | | Connected Party | 0 | 0.0000 |
| | | Combined Holdings | 0 | 0.0000 |
| Faith Vincent | | | | |
| | Faith Vincent | Self | 102,000 | 0.0000 |
| | | Director Holdings | 102,000 | 0.0000 |
| | | Connected Party | 0 | 0.0000 |
| | | Combined Holdings | 102,000 | 0.0000 |
| Kevin Donaldson | | | | |
| | Kevin Donaldson | Self | 1,000,000 | 0.0003 |
| | Ramona L. Donaldson | | 50,000 | 0.0000 |
| | Khalil J. Donaldson | | 50,000 | 0.0000 |
| | | Director Holdings | 1,000,000 | 0.0003 |
| | | Connected Party | 100,000 | 0.0000 |
| | | Combined Holdings | 1,100,000 | 0.0003 |
| Colin Steele | | | | |
| | Colin Steele | Self | 0 | 0.0000 |
| | | Director Holdings | 0 | 0.0000 |
| | | Connected Party | 0 | 0.0000 |
| | | Combined Holdings | 0 | 0.0000 |
| Janene Shaw | | | | |
| | Janene Shaw | Self | 0 | 0.0000 |
| | | Director Holdings | 0 | 0.0000 |
| | | Connected Party | 0 | 0.0000 |
| | | Combined Holdings | 0 | 0.0000 |
| Daniella Silvera | | | | |
| | Daniella Silvera | Self | 0 | 0.0000 |
| | | Director Holdings | 0 | 0.0000 |
| | | Connected Party | 0 | 0.0000 |
| | | Combined Holdings | 0 | 0.0000 |
| Warren Chin | | | | |
| | Warren Chin | Self | 1,747,000 | 0.0005 |
| | | Director Holdings | 1,747,000 | 0.0005 |
| | | Connected Party | 0 | 0.0000 |
| | | Combined Holdings | 1,747,000 | 0.0005 |
| | | | 3,816,612,000 | |

Form of Proxy

I/We..... [insert name]

of [address]

being a shareholder(s) of the above-named Company, hereby appoint:

..... [proxy name]

of [address]

or failing him, [alternate proxy]

of [address]

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held virtually on Tuesday, August 11, 2020 at 10:30 a.m. and at any adjournment thereof.

This Form is to be used as instructed. Unless otherwise instructed the Proxy Form will be used as he/she thinks fit. Please tick appropriate box.

| ORDINARY RESOLUTIONS | | |
|----------------------|-----|---------|
| | FOR | AGAINST |
| Resolution 1 | | |
| Resolution 2 | | |
| Resolution 3 (a) | | |
| Resolution 3 (b) | | |
| Resolution 4 | | |

\$100
POSTAGE
STAMP
Affix Here

Signed this _____ day of _____ 2020

Print Name: _____ Signature: _____

NOTES:

- To be valid, this Form of Proxy must be completed and lodged with the Secretary of the Company, 28-48 Barbados Avenue, Kingston 5 not less than forty-eight (48) hours before the time for holding the meeting.
- The Proxy Form should bear stamp duty of \$100.00 which may be adhesive and duly cancelled by the persons signing the proxy form.
- If the appointer is a Corporation, this Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.



Sagicor

SELECTFUNDS

- Financial Select Fund
- Manufacturing & Distribution Select Fund