



Sagicor

SELECTFUNDS

June 2020 Quarterly Report

Sagicor Select Funds - Financial Fund



YOUR SHARE OF
WEALTH

DIRECTORS' STATEMENT

On behalf of the Board of Directors of Sagicor Select Funds Limited, we present the report on the performance of the Financial Select Fund (SELECTF) for the six-months ended June 2020.

OVERVIEW

Macro-Economic

The Jamaican economy continues to experience the impact of COVID-19 and the measures employed to contain the spread of the virus has resulted in a significant reduction in economic activities. Particularly sectors such as tourism, entertainment and commerce. For the first quarter of 2020 GDP declined by 2.3%, and projections indicate an expected decline of around 12% to 14% for the second quarter.

The Government of Jamaica's (GOJ) revenue has also declined during the second quarter; which has placed a strain on the country's fiscal progress. Accordingly, there has been reallocation of government spending toward supporting the needs arising from the Coronavirus. These included health care and cash transfers which would have aided in supporting economic stability. The GOJ also secured the support of US\$520 million under the IMF's rapid financing facility. These resources can be used for budget support, should the need arise.

The central bank has implemented measures to support both the Jamaican dollar and foreign currency liquidity. These include a bond-buying programme; removal of the limit for overnight borrowing; and re-introducing a long-term lending facility. During the quarter, the BOJ sold US\$70 million to the market to support foreign exchange needs. This is against the background of reduced inflows of foreign exchange via tourism and remittances.

Overall, stemming from the global pandemic, there has been numerous job losses and weakened demand from consumers. Also, there has been a broad decline in value of most if not all, asset classes. A significant impact on equities is the central bank's decision to limit dividend payments by deposit-taking intuitions to shareholders with 1% or less. Albeit, some sectors have fared better than others.

Sector

For January to March 2020, the Finance & Insurance Services industry recorded a decline of 1.2% in real value added. This was due to reduced performance in insurance services and investment and security dealings activities. The decline in the insurance services subindustry was largely attributed to a fall in both life and non-life insurance services.



However, the decline in the industry was tempered by growth in activities at commercial banks. The stock of loans and advances for commercial banks as of March 31, 2020, grew by 16.5% to J\$866,025 million from J\$743,244 million in 2019. The stock of deposits increased to J\$1,138,480 million in March 2020 from J\$1,002,371 million in 2019, representing an increase of 13.6%.

Market

The equities market displayed some rebound relative to the end of March 2020. Six of the nine JSE indices recorded increases ranging between 1.1% and 16.0%. Specifically, the JSE Main Market index increased by 1.2%, while the Junior Market index was higher by 12.5%. This is against the background of the decline in the market in March 2020, following the first confirmed case of COVID-19 in Jamaica. However, relative to a year prior all JSE indices declined in value, with the JSE Main

and Junior Market indices recording reductions of 18.0% and 16.5%, respectively.

In addition to reduced dividend pay-out, the losses in the value of assets held by financial companies have negatively impacted financial performance and lowered investor confidence. However, stocks more aligned with consumer staples, health care and delivery traded higher in the quarter.

OUTLOOK

The gradual reopening of economies worldwide has brought some optimism, but there remain substantial risks to economic activities associated with the COVID-19 pandemic. A return to normalcy is primarily predicated on the discovery of a COVID-19 vaccine. While there are early positive indications, there is still some way to go before the vaccine is ready and safe for the public.

TOP TEN PERFORMERS (JUNE 2020)

Top 10 Performer: JSE Main Index				Top 10 Performer: Financial Companies			
	Close Price (\$)				Close Price (\$)		
Security	31-Mar-20	30-Jun-20	% Change	Security	31-Mar-20	30-Jun-20	% Change
KEY	2.30	4.95	115.2%	KEY	2.30	4.95	115.2%
FOSRICH	2.68	4.01	49.6%	EPLY	12.05	16.50	36.9%
FIRSTROCKJMD	9.99	14.77	47.8%	GENAC	5.01	6.07	21.2%
ELITE	3.04	4.49	47.7%	MJE	6.63	8.00	20.7%
CBNY	0.08	0.11	37.5%	VMIL	6.62	7.50	13.3%
ECL	3.14	4.35	38.5%	MIL	5.64	5.92	5.0%
DCOVE	6.04	8.28	37.1%	SJ	47.95	50.26	4.8%
EPLY	12.05	16.50	36.9%	BIL	58.97	60.36	2.4%
WISYNCO	14.07	18.97	34.8%	CABROKERS	2.13	2.18	2.3%
KW	42.89	56.52	31.8%	AFS	24.95	25.46	2.0%

Jamaica’s reopening of the local economy with sectors such as tourism and entertainment offers some positive indications. Projections indicate that the economy should record growth in 2021; however, a return to pre-COVID output level is still further out. As such, the earnings for most companies could continue to be depressed beyond the near-term.

FINANCIAL PERFORMANCE

For the quarter ending June 2020, the Financial Select Fund recorded a net loss of J\$323.7 million. This outturn was due to unrealised depreciation in value of investments of J\$334.9 million. The fund holds securities listed on the JSE and the value of these stocks reflected the overall market conditions that prevailed during the quarter.

The fund primarily earns income from dividends. For the quarter dividend income was J\$16.6 million, this was lower than previous quarters due to the impact of COVID-19. The central bank’s decision to suspend dividend payments by deposit-taking institutions as well as companies reserving payments to buffer their cash holdings due to possible fall-out were among factors that led to reduced dividend earnings.

Total expenses for June quarter amounted to J\$5.7 million. The cost was largely comprised of management fees and trustee fees of J\$3.0 million and J\$1.6 million, respectively.

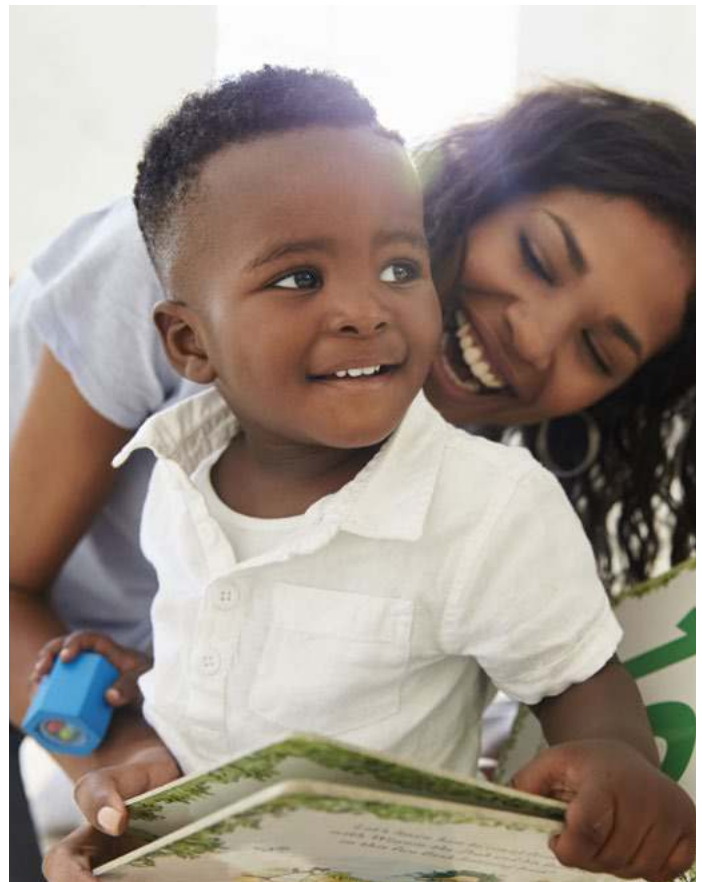
At the end of June 2020, the total asset was valued at J\$4,151 million. This comprised Financial Assets Held by the fund J\$4,047million (97%). During the quarter, shares in Key Insurance were acquired.

The assets were financed by equity of J\$4,139 million and liabilities of J\$12 million.

INVESTMENT OBJECTIVE

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

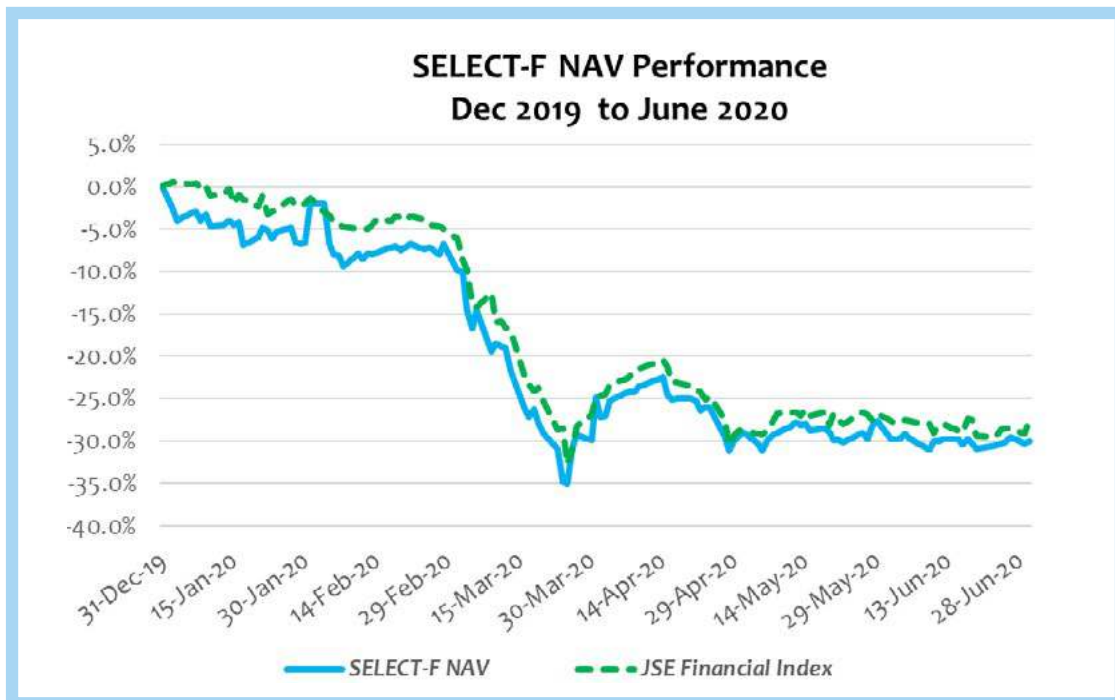
More specifically, the Financial Select Fund seeks to track the investment results of an index composed of Jamaican equities in the financial sector. The fund and the index are comprised of publicly traded financial stocks that are listed on the JSE.



PERFORMANCE

KEY FACTS

Net Assets as of June 30, 2020	4,139,172,456
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 June 30, 2020	25
Bid Price as of June 30, 2020	0.69
Expense Ratio	0.51%
Mgmt. Fees	0.35%



PORTFOLIO INFORMATION – CLASS B SHARE: SELECTF

Ticker	Name	Portfolio Weighting	Index Weighting	Q2 Price Change (%)
NCBFG	NCB FINANCIAL GROUP LTD	35.88%	34.96%	-8.13%
SJ	SAGICOR GROUP JAMAICA LTD	19.36%	20.39%	-12.19%
SGJ	SCOTIA GROUP JAMAICA	15.22%	14.72%	-5.38%
PJAM	PAN JAMAICA INVT TRUST LTD	8.56%	8.09%	-5.58%
JMMBGL	JMMB GROUP LTD	6.84%	6.62%	-17.71%
BIL	BARITA INVESTMENTS LTD	4.62%	5.17%	1.75%
JSE	JAMAICA STOCK EXCHANGE LTD	1.82%	1.57%	-5.39%
MJE	MAYBERRY JAMAICAN EQUITY LTD	1.30%	1.00%	14.08%
VMIL	VM WEALTH INVESTMENTS LIMITED ORDINARY SHARES	1.14%	1.17%	6.43%
PROVEN	PROVEN INVESTMENTS LTD	1.12%	2.25%	-21.36%
GENAC	GENERAL ACCIDENT INSURANCE JAMAICA LIMITED	0.76%	0.65%	27.81%
MIL	MAYBERRY INVESTMENTS LTD	0.74%	0.74%	3.60%
AFS	ACCESS FINANCIAL SERVICES LT	0.67%	0.73%	38.39%
SCIJA	SYGNUS CREDIT INVESTMENTS LTD SCIJA	0.36%	0.00%	0.00%
LASF	LASCO FINANCIAL SERVICES LTD	0.35%	0.34%	-1.92%
EPLY	EPPLEY LTD	0.34%	0.33%	32.00%
SCIJMD	SYGNUS CREDIT INVESTMENTS LTD SCIJMD	0.31%	0.32%	-12.06%
PJX	PORTLAND JSX LTD	0.27%	0.24%	0.00%
SIL	STERLING INVESTMENTS LTD	0.11%	0.11%	-0.71%
QWI	QWI INVESTMENTS LIMITED	0.11%	0.11%	-9.64%
ROC	IRONROCK INSURANCE CO LTD	0.06%	0.07%	-2.00%
SSLVC	SSL VENTURE CAPITAL JAMAICA	0.04%	0.04%	43.64%
KEY	KEY INSURANCE CO LTD	0.01%	0.19%	92.00%
CABROKERS	CARIBBEAN ASSURANCE BROKERS LIMITED	0.00%	0.06%	-2.37%

FINANCIAL STATEMENTS

Sagicor Select Funds Limited SELECTF
Statement of Financial Position
as at 30 June 2020
(Expressed in thousands of Jamaican dollars)

	June 2020	June 2019	December 2019
	Unaudited	Unaudited	Audited
ASSETS:			
Cash and Cash Equivalents	103,311	234,083	87,575
Financial assets at fair value through profit or loss	4,047,102	2,482,938	5,863,759
Broker balances	721	-	-
Taxation recoverable	22	22	22
Receivables	5	-	1,763
TOTAL ASSETS	4,151,161	2,717,043	5,953,119
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Equity attributable to:			
Stockholders' of the company			
Share capital	5,023,931	1,100,000	5,023,931
Retained earnings	(884,759)	411,650	914,251
Total Equity	4,139,172	1,511,650	5,938,182
Liabilities			
Other liabilities	11,989	1,205,393	14,937
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	4,151,161	2,717,043	5,953,119
Net asset value per stock unit	\$0.81	\$1.37	\$1.16



Colin Steele Chairman



Janene Shaw Director

FINANCIAL STATEMENTS

Sagicor Select Funds Limited SELECTF
Income Statement
for the six-months ended June 2020
(Expressed in thousands of Jamaican dollars)

	Q2 2020	Q2 2019	June 2020	June 2019	December 2019
	Unaudited	Unaudited	Year-to-date	Year-to-date	Full Year
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue:					
Net investment income	(318,540)	415,965	(1,778,500)	434,194	1,037,513
Fees and other income	530	-	562	-	1,520
Total revenue	(318,010)	415,965	(1,777,938)	434,194	1,039,033
Expenses:					
Administration expenses	5,733	21,141	21,072	22,544	65,112
Total expenses	5,733	21,141	21,072	22,544	65,112
Net (Loss)/Profit	(323,743)	394,824	(1,799,010)	411,650	973,921
Issued shares ('000)	5,100,000	1,100,000	5,100,000	1,100,000	5,100,000
EPS	-\$0.06	\$0.36	-\$0.35	\$0.37	\$0.30

FINANCIAL STATEMENTS

Sagicor Select Funds Limited SELECTF
Statement of Changes in Equity
for the six-months ended June 2020
(Expressed in thousands of Jamaican dollars)

	Share Capital	Retained Earnings	Total Stockholders' Equity Unaudited
Period ended June 30, 2020:			
Balance as reported December 31, 2019	5,023,931	914,251	5,938,182
Total comprehensive loss for the period	-	(1,799,010)	(1,799,010)
Balance as at June 30, 2020	5,023,931	(884,759)	4,139,172
Period ended June 30, 2019:			
Balance as reported December 31, 2018	-	-	-
Total comprehensive income for the period	-	411,650	411,650
Shares issued and fully paid	1,100,000	-	1,100,000
Balance as at June 30, 2019	1,100,000	411,650	1,511,650

FINANCIAL STATEMENTS

Sagicor Select Funds Limited SELECTF
Statement of Cash Flows
for the six-months ended June 2020
(Expressed in thousands of Jamaican dollars)

	June 2020 Year-to-date Unaudited	June 2019 Year-to-date Unaudited	December 2019 Full Year Audited
Cash Flows from Operating Activities:			
Net (Loss)/Profit	(1,799,010)	411,650	973,921
Adjustments for:			
Items not affecting cash:			
Adjustments for non-cash items, interest and dividends	(38,908)	3,213	(101,832)
Changes in other operating assets and liabilities	1,814,743	(2,492,353)	(5,848,844)
Interest received	562	-	1,515
Dividend received	38,349	11,573	102,470
Net cash generated from/(used in) operating activities	15,736	(2,065,917)	(4,872,770)
Cash Flows from Financing activities:			
Issue of ordinary shares	-	1,100,000	5,023,931
Deposits and securities liabilities, net	-	1,200,000	-
Interest paid	-	-	(5,375)
Dividends paid to stockholders	-	-	(59,670)
Net cash generated from financing activities	-	2,300,000	4,958,886
Cash and cash equivalents:			
Effect of exchange rate on cash and cash equivalents	-	-	1,459
Increase in cash and cash equivalents	15,736	234,083	86,116
Cash and cash equivalents at beginning of year	87,575	-	-
Cash and cash equivalents at end of period	103,311	234,083	87,575
Comprising:			
Balances with Banks	13,019	234,083	7,575
Securities purchased under resale agreements	90,292	-	80,000
	103,311	234,083	87,575

FINANCIAL STATEMENTS

Notes to the Financial Statement

1. Identification

The Company was incorporated on the 11th of January 2019 as a public company, for the primary purpose of trading in securities listed on recognised exchanges. The Financial Select Fund is a close-ended non-diversified investment fund. The Company entered into a management agreement with SIJL to act as Fund Manager.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets at fair value through profit and loss. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Entity's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note. Standards, interpretations and amendments to published standards effective in the current year. Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Entity has assessed the relevance of all such new standards, interpretations and amendments and has put into effect the following:

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

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

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

(i) Classification of financial assets

The Entity classifies its investments based on both the Entity's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed, and performance is evaluated on a fair value basis. The Entity is primarily focused on fair value information and uses that information to assess the assets' performance and to make decision. The Entity has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Entity's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows is only incidental to achieving the Entity's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

FINANCIAL STATEMENTS

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Entity commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income. Financial assets are derecognised when the rights to received cash flows from the investments have expired or the Entity has transferred substantially all risks and rewards of ownership. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in the statement of comprehensive income within other net changes in fair value of financial assets at fair value through profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income when the Entity’s right to receive payments is established. Interest on debt securities at fair value through profit or loss is recognised in the statement of comprehensive income within interest income based on the effective interest rate.

Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly trading securities) is based on quoted market prices at the statement of position date. The quoted market price used for financial assets held by the Entity is the current bid price. If the market for a financial asset is not active (and for unlisted securities), Entity establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

(iii) Revenue recognition

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

Dividend income

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

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

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

Gain or loss on sale of investment

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

Fair value gains or losses on investments

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

TOP TEN SHAREHOLDINGS

For Sagicor Select Funds Limited - Financial

As at June 30, 2020

Primary Account Holder	Joint Holder(s)	Volume	Percentage
1. JCSD TRUSTEE SERVICES LTD - SIGMA EQUITY		-	0.0000%
		1,508,003,186	29.5687%
	Client total ownership	1,508,003,186	29.5687%
2. JCSD TRUSTEE SERVICES LTD - SIGMA DIVERSIFIED INVESTOR		286,500,000	5.6176%
	Client total ownership	286,500,000	5.6176%
3. SAGICOR EQUITY FUND		145,506,312	2.8531%
	Client total ownership	145,506,312	2.8531%
4. JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE		105,931,787	2.0771%
	Client total ownership	105,931,787	2.0771%
5. SAGICOR POOLED EQUITY FUND		84,900,212	1.6647%
	Client total ownership	84,900,212	1.6647%
6. NCB INSURANCE COMPANY LIMITED		63,861,367	1.2522%
	Client total ownership	63,861,367	1.2522%
7. BRITISH CARIBBEAN INSURANCE CO. LTD.		52,287,880	1.0253%
	Client total ownership	52,287,880	1.0253%
8. PANJAM INVESTMENT LIMITED		35,981,715	0.7055%
	Client total ownership	35,981,715	0.7055%
9. PAM - POOLED EQUITY FUND		14,422,028	0.2828%
	Client total ownership	14,422,028	0.2828%
10. WINSTON HOO		3,121,410	
		11,060,850	0.2169%
	Client total ownership	14,182,260	0.2781%
Total Issued Capital		5,100,000,000	
Total Units Owned by Top 10 Shareholders		2,311,576,747	
Total Percentage Owned by Top 10 Shareholders			45.3250%

DIRECTORS AND THEIR CONNECTED PARTIES

For Sagicor Select Funds Limited - Financial

As at June 30, 2020

Director	Primary Name Joint Holder (s)	Relationship	Volume	Percentage
Omar Brown	Omar Brown	Self	-	0.000%
		Director Holdings	-	0.000%
		Connected Party	-	0.000%
		Combined Holdings	-	0.000%
Faith Vincent	Faith Vincent	Self	102,000	0.002%
		Jason Adams	25,000	0.000%
	Director Holdings	102,000	0.002%	
		Connected Party	25,000	0.000%
		Combined Holdings	127,000	0.002%
Kevin Donaldson	Kevin Donaldson	Self	1,300,000	0.025%
	Ramona L. Donaldson	Connected	102,000	0.002%
	Khalil J. Donaldson	Connected	151,000	0.003%
	Director Holdings	1,300,000	0.025%	
	Connected Party	253,000	0.005%	
	Combined Holdings	1,553,000	0.030%	
Colin Steele	Colin Steele	Self	-	0.000%
		Director Holdings	-	0.000%
		Connected Party	-	0.000%
		Combined Holdings	-	0.000%
Janene Shaw	Janene Shaw	Self	-	0.000%
		Director Holdings	-	0.000%
		Connected Party	-	0.000%
		Combined Holdings	-	0.000%
Daniella Silvera	Daniella Silvera	Self	-	0.000%
		David Silvera	153,000	0.003%
	Director Holdings	-	0.000%	
		Connected Party	153,000	0.003%
		Combined Holdings	153,000	0.003%
Warren Chin	Warren Chin	Self	3,571,000	0.070%
		Director Holdings	3,571,000	0.070%
		Connected Party	-	0.000%
		Combined Holdings	3,571,000	0.070%
Issued Shares			5,100,000,000	
Combined Directors' Holdings			4,973,000	0.098%
Combined Connected Party Holdings			431,000	0.008%
Combined Holdings			5,404,000	0.106%