



Sagicor

SELECTFUNDS

June 2020 Quarterly Report

Sagicor Select Funds

Manufacturing & Distribution 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 Manufacturing & Distribution Select Fund (SELECTMD) 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

The Manufacturing industry recorded a growth of 2.2% for the first quarter of 2020 relative to the similar quarter of 2019. The industry's performance was primarily attributed to an increase in both the Food, Beverages & Tobacco and the Other Manufacturing subindustries. Higher production



levels in the Food, Beverages & Tobacco sub-industry were mainly due to meat & meat products, bakery products and the manufacture of vegetable & animal oils and fats and beverages. The increase in beverages benefitted from the introduction of several new products to the market.

Contributing to the increase in the Other Manufacturing sub-industry were petroleum products, non-metallic minerals products and chemicals & chemical products. There were higher output levels of petroleum products, mainly due to a reduction in the factory downtime. Improved performance in the non-metallic mineral products, primarily resulted from the growth in the manufacture of cement. The growth in the chemicals & chemical products sub-group was largely attributed to an increase in the production of paints, fertilisers and laundry soap, detergents & cleaning preparations.

The Distribution industry fell by 1.3% from January to March 2020. This was influenced by reduced

output levels in the Construction industry as well as a decline in imports of goods. Imports for January to March 2020 fell by 19.0% when compared to the corresponding period in 2019. However, some areas within the industry, such as groceries and pharmacies, recorded increased revenue as a result of the demand for these products due to COVID-19.

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.

TOP TEN PERFORMERS (JUNE 2020)

Top 10 Performer: JSE Combined Index			
	Close Price (\$)		
Security	31-Mar-20	30-Jun-20	% Change
KEY	2.30	4.95	115.2%
FOSRICH	2.68	4.01	49.6%
FIRSTROCKJMD	9.99	14.77	47.8%
ELITE	3.04	4.49	47.7%
CBNY	0.08	0.11	37.5%
ECL	3.14	4.35	38.5%
DCOVE	6.04	8.28	37.1%
EPLY	12.05	16.50	36.9%
WISYNCO	14.07	18.97	34.8%
KW	42.89	56.52	31.8%

Top 10 Performer: Manufacturing Companies			
	Close Price (\$)		
Security	31-Mar-20	31-Jun-20	% Change
FOSRICH	2.68	4.01	49.6%
WISYMCO	14.07	18.97	34.8%
CFF	10.44	13.72	31.4%
EFRESH	0.62	0.80	29.0%
BRG	11.04	14.00	26.8%
LASM	2.99	3.77	26.1%
DTL	1.83	2.22	21.3%
PURITY	1.35	1.60	18.5%
JAMT	4.00	4.70	17.5%
JP	21.33	24.91	16.8%

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.

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

The Manufacturing & Distribution Select Fund recorded a net profit of J\$239.9 million for the second quarter of 2020. This was primarily due to unrealised appreciation in the value of investments of J\$230.5 million. The appreciation in investment value reflected a general increase in the prices of listed manufacturing and distribution companies relative to the end of March 2020. This was evidenced by the higher value of the JSE Manufacturing & Distribution index by 9.8% since the end of March 2020.

In addition, the fund earned J\$12.5 million from dividend income for the quarter. This outturn was

lower compared to the previous quarter, and possibly reflects the impact of COVID-19 on company's operations. The companies within the sector that provide household items may not be adversely impacted by the global pandemic. However, some companies are still reserving dividend payments to buffer their cash holdings due to possible fall-out in future.

Total expenses for June quarter amounted to J\$3.5 million. The cost was largely comprised of management fees and transaction costs of J\$1.5 million and J\$0.8 million, respectively. During the quarter, the fund capitalized from the lowering prices on the market and acquired holdings to improve the portfolio weightings. This led to portfolio weightings moving closer towards the index weightings during the quarter.

At the end of June 2020, the total asset was valued at J\$3,105 million. This comprised of Financial Assets Held by the fund J\$3,011 million (97%). The assets were financed by equity of J\$3,093 million and liabilities of J\$12 million.

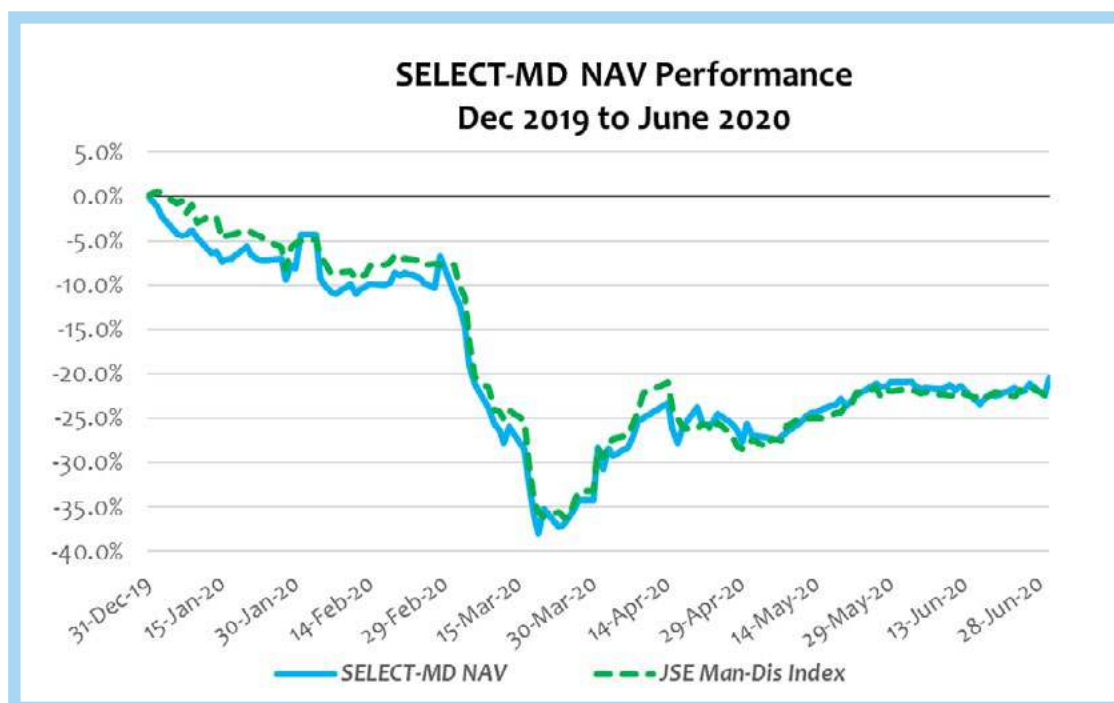
INVESTMENT OBJECTIVE

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 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 are comprised of publicly traded manufacturing & distribution stocks that are listed on the JSE.

PERFORMANCE

KEY FACTS	
Net Assets as of June 30, 2020	3,092,987,000
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 June 30, 2020	28
Bid Price as of June 30, 2020	0.81
Expense Ratio	0.46%
Mgmt. Fees	0.35%



PORTFOLIO INFORMATION – CLASS C SHARE: SELECTMD

TICKER	NAME	PORTFOLIO WEIGHTING	INDEX WEIGHTING	Q2 PRICE CHANGE (%)
WISYNCO	WISYNCO GROUP LTD	20.05%	18.97%	35.42%
GK	GRACEKENNEDY LTD	16.52%	15.28%	0.07%
CCC	CARIBBEAN CEMENT CO LTD	11.22%	11.25%	7.91%
CAR	CARRERAS LTD	10.96%	8.39%	-5.04%
SEP	SEPROD LTD	10.15%	9.83%	10.40%
JBG	JAMAICA BROILERS GROUP LTD	9.19%	9.17%	-3.45%
JP	JAMAICA PRODUCERS GROUP	5.05%	7.45%	4.64%
LASM	LASCO MANUFACTURING LTD	3.96%	4.15%	12.50%
LASD	LASCO DISTRIBUTORS LTD	2.35%	2.81%	-3.70%
DTL	DERRIMON TRADING CO LTD	2.25%	1.62%	48.98%
FTNA	FONTANA LIMITED	1.73%	1.77%	4.62%
JAMT	JAMAICAN TEAS LTD	0.85%	0.87%	15.54%
CPJ	CARIBBEAN PRODUCERS JAMAICA	0.85%	0.69%	1.73%
INDIES	INDIES PHARMA JAMAICA LTD	0.82%	0.89%	-9.80%
BRG	BERGER PAINTS JAMAICA LTD	0.80%	0.80%	29.18%
HONBUN	HONEY BUN 1982 LTD	0.69%	0.71%	-15.38%
FOSRICH	FOSRICH CO LTD	0.47%	0.54%	29.63%
SALF	SALADA FOODS LTD	0.36%	0.83%	0.00%
CFF	CARIBBEAN FLAVOURS & FRAGRANCES	0.28%	0.33%	47.44%
CAC	CAC 2000 LTD	0.27%	0.28%	-20.70%
AMG	AMG PACKAGING & PAPER CO LTD	0.22%	0.23%	5.23%
MDS	MEDICAL DISPOSABLES & SUPPLI	0.21%	0.45%	-2.92%
EFRESH	EVERYTHING FRESH LTD	0.19%	0.17%	19.35%
PTL	PARAMOUNT TRADING (JAMAICA) LIMITED	0.18%	0.82%	0.00%
KREMI	CARIBBEAN CREAM LTD	0.17%	0.27%	11.76%
LUMBER	LUMBER DEPOT LIMITED	0.14%	0.21%	-10.17%
PURITY	CONSOLIDATED BAKERIES JAMAICA	0.08%	0.10%	15.38%
BPOW	BLUE POWER GROUP LTD	0.03%	0.58%	-2.13%

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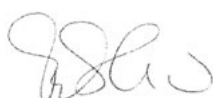
Sagicor Select Funds Limited SELECTMD
Statement of Financial Position
as at 30 June 2020
(Expressed in thousands of Jamaican dollars)

	June 2020	December 2019
	Unaudited	Audited
ASSETS:		
Cash and Cash Equivalents	83,209	243,021
Financial assets at fair value through profit or loss	3,011,164	3,721,950
Taxation recoverable	91	83
Receivables	10,325	970
TOTAL ASSETS	3,104,789	3,966,024
STOCKHOLDERS' EQUITY AND LIABILITIES:		
Equity attributable to:		
Stockholders' of the company		
Share capital	3,783,443	3,783,443
Retained earnings	(690,456)	160,544
Total Equity	3,092,987	3,943,987
Liabilities		
Other liabilities	11,802	22,037
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	3,104,789	3,966,024
Net asset value per stock unit	\$0.81	\$1.03

There are no comparative figures for June 2019 as the fund was launched in August 2019.



Colin Steele Chairman



Janene Shaw Director

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

	Q2 2020	June 2020	December 2019
	Unaudited	Year-to-date	Full Year
	Unaudited	Unaudited	Audited
Revenue:			
Net investment income	243,383	(836,724)	200,777
Fees and other income	10	28	-
Total revenue	243,393	(836,696)	200,777
Expenses:			
Administration expenses	3,510	14,304	40,233
Total expenses	3,510	14,304	40,233
Net Profit/(Loss)	239,883	(851,000)	160,544
Issued shares ('000)	3,816,612	3,816,612	3,816,612
EPS	\$0.06	-\$0.22	\$0.10

There are no comparative quarter or year to date figures for June 2019 as the fund was launched in August 2019.

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Sagicor Select Funds Limited SELECTMD
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	3,783,443	160,544	3,943,987
Total comprehensive loss for the period	-	(851,000)	(851,000)
Balance as at June 30, 2020	3,783,443	(690,456)	3,092,987

There are no comparative figures for June 2019 as the fund was launched in August 2019.

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

	June 2020	December 2019
	Year-to-date	Full Year
	Unaudited	Audited
	<u> </u>	<u> </u>
Cash Flows from Operating Activities:		
Net (Loss)/Profit	(851,000)	160,544
Adjustments for:		
Items not affecting cash:		
Adjustments for non-cash items, interest and dividends	(30,738)	(8,316)
Changes in other operating assets and liabilities	689,523	(3,699,996)
Interest received	1,120	206
Dividend received	31,283	12,551
Net cash used in operating activities	<u>(159,812)</u>	<u>(3,535,011)</u>
Cash Flows from Financing activities:		
Issue of ordinary shares	-	3,783,443
Interest paid	-	(5,411)
Dividends paid to stockholders	-	-
Net cash generated from financing activities	<u>-</u>	<u>3,778,032</u>
Cash and cash equivalents:		
(Decrease)/Increase in cash and cash equivalents	(159,812)	243,021
Cash and cash equivalents at beginning of year	243,021	-
Cash and cash equivalents at end of period	<u>83,209</u>	<u>243,021</u>
Comprising:		
Balances with Banks	13,006	43,021
Securities purchased under resale agreements	70,203	200,000
	<u>83,209</u>	<u>243,021</u>

There are no comparative figures for June 2019 as the fund was launched in August 2019.

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Notes to the Financial Statement

1. Identification

The Company was incorporated on the 11th of January 2019 as a public company, for the primary purpose of trading in securities listed on recognised exchanges. The Manufacturing & Distribution 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

FINANCIAL STATEMENTS

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.

(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 - Manufacturing & Distribution

As at June 30, 2020

Primary Account Holder	Joint Holder(s)	Volume	Percentage
1. JCSD TRUSTEE SERVICES LTD - SIGMA EQUITY			0.0000%
		2,182,162,078	57.1754%
	Client total owner:	2,182,162,078	57.1754%
2. SAGICOR POOLED EQUITY FUND			10.4805%
		400,000,000	10.4805%
	Client total owner:	400,000,000	10.4805%
3. JCSD TRUSTEE SERVICES LTD - SIGMA DIVERSIFIED INVESTOR			6.1066%
		233,066,308	6.1066%
	Client total owner:	233,066,308	6.1066%
4. JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE			5.6333%
		215,000,000	5.6333%
	Client total owner:	215,000,000	5.6333%
5. ADVANTAGE GENERAL INSURANCE COMPANY			2.6201%
		100,000,000	2.6201%
	Client total owner:	100,000,000	2.6201%
6. JCSD TRUSTEE SERVICES LTD. A/C #76579-02			2.2271%
		85,000,000	2.2271%
	Client total owner:	85,000,000	2.2271%
7. LLOYD H. DENNIS			0.3627%
		13,843,263	0.3627%
	Client total owner:	13,843,263	0.3627%
8. DONALD R. GORDON			0.3406%
		13,000,000	0.3406%
	Client total owner:	13,000,000	0.3406%
9. BRUCE R. V. JAMES			0.1310%
		5,000,000	0.1310%
	Client total owner:	5,000,000	0.1310%
10. VERITAT NOMINEES LIMITED			0.1310%
		5,000,000	0.1310%
	Client total owner:	5,000,000	0.1310%
Total Issued Capital		3,816,612,000	
Total Units Owned by Top 10 Shareholders		3,252,071,649	
Total Percentage Owned by Top 10 Shareholders		85.2083%	

DIRECTORS AND THEIR CONNECTED PARTIES

For Sagikor Select Funds Limited - Manufacturing & Distribution

As at June 30, 2020

Director	Primary Name Joint Holder (s)	Relationship	Volume	Percentage
Omar Brown	Omar Brown	Self	0.0	0.0%
		Director Holdings	0.0	0.0%
		Connected Party	0.0	0.0%
		Combined Holdings	0.0	0.0%
Faith Vincent	Faith Vincent	Self	0.0	0.0%
		Director Holdings	0.0	0.0%
		Connected Party	0.0	0.0%
		Combined Holdings	0.0	0.0%
Kevin Donaldson	Kevin Donaldson Ramona L. Donaldson Khalil J. Donaldson	Self	1,000,000	0.026%
		Director Holdings	50,000	0.001%
		Connected Party	50,000	0.001%
		Combined Holdings	1,000,000	0.026%
		Combined Holdings	100,000	0.003%
Colin Steele	Colin Steele	Self	0.0	0.000%
		Director Holdings	0.0	0.000%
		Connected Party	0.0	0.000%
		Combined Holdings	0.0	0.000%
Janene Shaw	Janene Shaw	Self	0.0	0.000%
		Director Holdings	0.0	0.000%
		Connected Party	0.0	0.000%
		Combined Holdings	0.0	0.000%
Daniella Silvera	Daniella Silvera	Self	0.0	0.000%
		Director Holdings	0.0	0.000%
		Connected Party	0.0	0.000%
		Combined Holdings	0.0	0.000%
Warren Chin	Warren Chin	Self	1,747,000	0.046%
		Director Holdings	1,747,000	0.046%
		Connected Party	-	0.000%
		Combined Holdings	1,747,000	0.046%
Issued Shares			3,816,612,000	
Combined Directors' Holdings			2,747,000	0.072%
Combined Connected Party Holdings			100,000	0.003%
Combined Holdings			2,847,000	0.075%