



Sagicor

SELECTFUNDS

Q1 2023 Performance Report

Sagicor Select Funds - Financial Fund



YOUR SHARE OF
WEALTH

DIRECTORS' REPORT

On behalf of the Board of Directors of Sagicor Select Funds Limited, we are reporting on the performance of the Financial Select Fund (SELECTF) for the three months ended March 2023. SELECTF was listed on the JSE in August 2019. As at the end of March 2023 the net Asset value of the Fund was J\$3,349.2 million.

OVERVIEW

Macro-Economic

Elevated levels of inflation and rising interest rates continued as a major theme for global economies in the first quarter of 2023. Notwithstanding, inflation levels are lowering but still remain outside of target for most countries. The response with rising interest rates in the US and other developed countries has started to result in a slowdown in growth, with expectations of recession conditions in latter part of 2023. This has weighed on equities both locally and internationally, evidenced by declines in equity indices for the March 2023 quarter.

Jamaica's inflation rate for March 2023 was 6.2%, slowing in price movements relative to previous months in quarter, 7.8% in February and 8.1% in January. The inflation reading indicates that prices appear to be cooling as the trajectory is moving in the right direction.

During the March 2023 quarter, the BOJ held its policy interest rate at 7.00%. Given this major monetary policy shift, the expectation was a slowdown in consumer and investment spending. However, the economy continues to recover. Of note is that interest rates in the domestic money and capital markets, as well as term rates offered

by the deposit-taking institutions (DTIs), have generally increased in line with the policy rate.

While opting to hold the policy rate constant, the BOJ indicated its intention to increase by one percentage point (pp) the domestic and the foreign currency Cash Reserve Requirements (CRRs) applicable to deposit-taking institutions (DTIs), effective 01 April 2023. The increasing of the CCR is another means of helping the return of inflation to target of 4.0% to 6.0%. The domestic currency CRR had been reduced progressively from 12.0 per cent at the start of 2019 to 5.0 per cent as at May 2020. This was in the context of an extended period of low and stable inflation.

The Jamaican economy grew by 3.8% in the fourth quarter of 2022 compared to the similar quarter of the previous year. All industries contributed to the performance of the economy. With the removal of COVID-19 restrictions, the country has benefited significantly, especially the hotel and restaurant industry, which grew by 21.6% during that quarter.

Jamaica's Net International Reserve (NIR) increased by 5.63% at the end of the first quarter of 2023 compared to the same quarter of the previous year. This increase did not come as a surprise, as foreign assets increased from US\$4.47B in February to \$4.46B in March.

In February 2023, net remittance inflows increased by 0.8% to US\$226.6M compared to February 2022. This increase was due to a 30.5% reduction in total remittance outflows, which offset a decline of 2.9% in total remittance inflows.

Despite the rebounding Jamaican economy, the stock market has taken a hit due to the high-interest rate environment. The Main and Junior markets have seen a year-to-date decline of 4.32% and 4.80% respectively. Market sentiment toward local equities remains low, as returns on fixed income assets are more attractive.

Sector

For the fourth quarter of 2022, Real Value Added for the Finance & Insurance Services industry was estimated to have grown by 1.0%. The performance was due to higher net interest income and fees and commission income, aided by an improvement in economic activity and growth in business and consumer confidence.

At the end of March 2023, the Bank of Jamaica (BOJ), unanimously agreed to hold the policy interest rate at 7%. The BOJ viewed that incoming data was generally favourable for inflation continuing to ease and returning to the target range of 4% to 6% by the December 2023 quarter.

The BOJ's liquidity management strategy incorporates the impact of the one percentage point increase in the domestic and the foreign currency Cash Reserve Requirements applicable to Deposit Tacking Institutions (DTIs), which came into effect on April 01, 2023.

According to surveys conducted by the BOJ, there was tightening in credit conditions faced by borrowers, during the December 2022 quarter. Also, lenders reported that they plan to continue to tighten credit conditions for the March 2023

quarter. While the pace of tightening is expected to marginally decelerate for the June 2023 quarter. This is because some lenders are planning to increase the maximum repayment period.

Market

For the quarter ended March 2023, nine of the nine JSE indices decreased in value. The Jamaica Stock Exchange's Main Index declined 4.32% and the Junior Market Index declined 4.80%. The Financial Index dipped by 7.86% and the Manufacturing & Distribution Index decreased by 0.27%. The manufacturing & distribution index was the best performing index, having the smallest decline over the period. Correspondingly, the manufacturing & distribution division, being predominantly consumer staples providers, would be expected to be the division, with the highest probability to pass any increase in input costs and be able to maintain demand during a economic downturn. The financial index was the worst performer, as interest rate hikes and general economic uncertainty have impaired asset fair values.



Index	Jun-22 Value	Sep-22 Value	Dec-22 Value	Mar-23 Value
Combined- Index	398,329.22	376,221.72	368,591.98	352,487.53
		-6%	-2%	4%
JSE-Index	384,185.82	361,691.60	355,896.64	340,535.88
		-6%	-2%	4%
All-Jamaica	440,236.22	413,943.31	403,080.36	383,757.21
		-6%	-3%	-5%
JSE-Select	9,950.14	9,149.71	8,896.48	8,246.44
		-8%	-3%	-7%
Cross-Listed	61.95	58.61	60.78	59.58
		-5%	4%	-2%
JSE-Junior	4,349.44	4,229.54	3,986.44	3,795.21
		-3%	-6%	-5%
US-Equities	211.65	215.55	233.97	231.90
		2%	9%	-1%
Financial Index	91.4	87.70	85.88	79.13
		-4%	-2%	-8%
Manufacturing & Distribution Index	107.69	99.47	97.42	97.16
		-8%	-2%	0%

TOP TEN PERFORMERS (MARCH 2023)

Top 10 Performers: JSE Combined Index				Top 10 Performers: Financial Companies			
	Close Price (\$)				Close Price (\$)		
Security	Dec-22	Mar-23	% Change	Security	Dec-22	Mar-23	% Change
RPL	\$1.59	\$2.44	53.46%	GENAC	\$4.41	\$5.00	13.38%
ISP	\$17.49	\$25.55	46.08%	MFS	\$2.96	\$3.32	12.16%
KEX	\$8.89	\$12.24	37.68%	SCIUSD	\$18.95	\$20.90	10.29%
MEEG	\$8.99	\$11.66	29.70%	PJX	\$10.61	\$11.54	8.77%
PURITY	\$1.66	\$2.15	29.52%	SIL	\$2.72	\$2.90	6.62%
CBNY	\$0.56	\$0.69	23.21%	KEY	\$3.30	\$3.49	5.76%
PBS	\$1.80	\$2.18	21.11%	AFS	\$25.40	\$25.99	2.32%
JBG	\$31.00	\$37.10	19.68%	SGJ	\$34.23	\$34.98	2.19%
SML	\$5.14	\$6.00	16.73%	CABROKERS	\$1.88	\$1.91	1.60%
GENAC	\$4.41	\$5.00	13.38%	JMMBGL	\$32.95	\$33.25	0.91%

OUTLOOK

Total value added at constant prices for the Jamaican economy grew by 3.8% when compared to the fourth quarter of 2021. Both broad sectors booked increases. The services sector increased 3.6% and the Goods Producing sector increased 4.7%. The fourth quarter of 2022 had the benefit of not being under COVID-19 pandemic restrictions, when compared to its corresponding quarter a year ago. When compared to the third quarter of 2022, total value added in the fourth quarter grew by 0.3%, at constant prices. Preliminary estimates indicated that total value added at constant prices for the Jamaican economy grew by 5.2% in the calendar year 2022.

The International Monetary Fund has projected a 2.2% increase in Jamaica's GDP, during 2023, with general government gross debt falling to 78% of GDP and which would indicate a slowdown in growth when compared to the 2022 estimate. Depending on the unfurling of events abroad, the projections could be undone by a sharp economic recession in key trading partners, such as the United States and the United Kingdom. Furthermore, higher interest rates in key foreign markets will have a cascading effect on local monetary policy, which will in turn could affect private sector development decisions.

FINANCIAL PERFORMANCE

For the first quarter of 2023, the Financial Select Fund recorded a net loss of J\$237.9 million. This deterioration was principally resulting from unrealized depreciation of J\$246.5 million in the value of investments as most of securities in the Fund recorded a decrease in prices during the quarter. This negative performance is due to economic uncertainty globally and rising interest

rates. Dividend Income was \$14.7 million, this is a decrease of 0.61% when compared to Q1 of 2022.

Total expenses for the quarter amounted to J\$6.2 million, a decrease compared to J\$10.6 million recorded in the corresponding quarter of 2022. This downward movement was largely due to legal and professional fees decreasing four-fold. Management fees declined by approximately 26% reflecting a fall in the net asset value.

At the end of March 2023, the total assets were valued at J\$3,374 million. This comprised Financial Assets held by the fund of J\$3,327.6 million (98.6%). Cash and cash equivalent declined to \$ 33.68 million relative to J\$42.8 million at the end of March 2022. The assets were financed by equity of \$3,349 million and liabilities of J\$24.6 million.

INVESTMENT OBJECTIVE

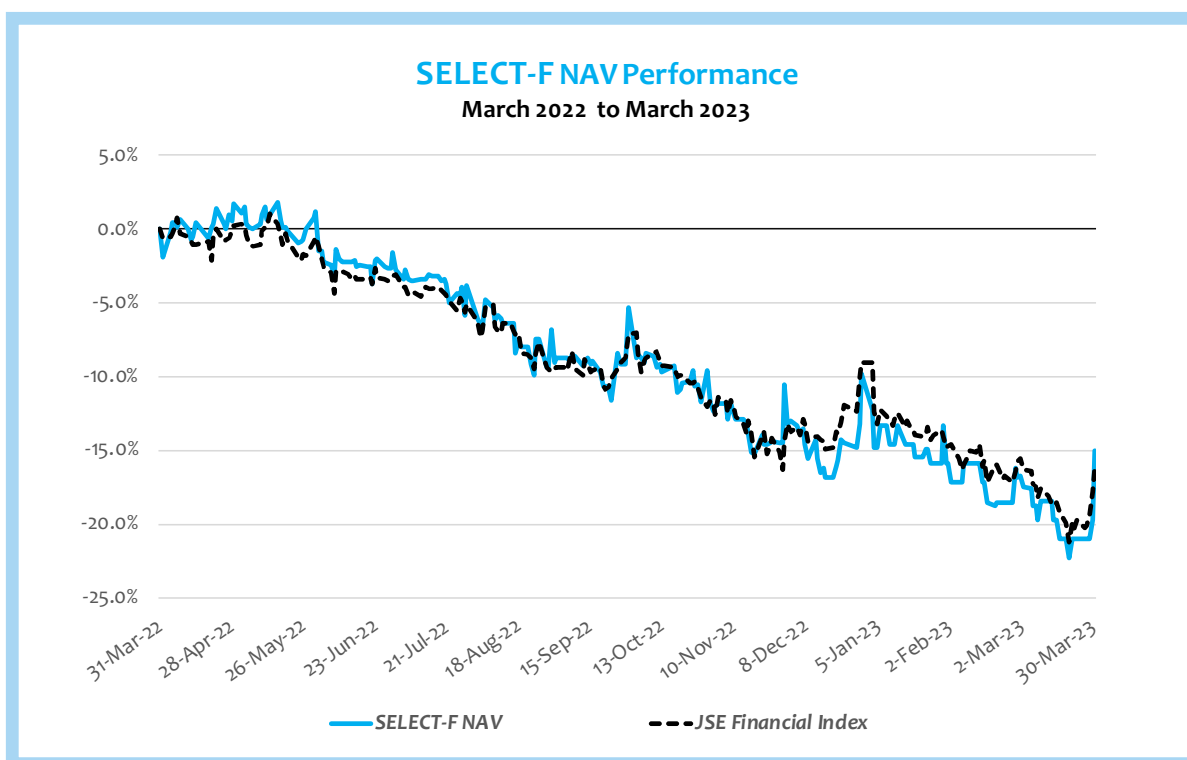
The Funds invest in a representative sample of securities included in the respective Indices that collectively has an investment profile similar to the Indices. Due to the use of representative sampling, the Funds may or may not hold all the securities that are included in the respective Indices.

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 March 31, 2023 ('000)	3,349,248
Listing Date	8-Aug-19
Asset Class	Equity
Benchmark Index	JSE Financial Index
JSE Ticker	SELECTF
Shares Outstanding ('000)	5,100,000
Number of Holdings March 31, 2023	27
Bid Price as of March 31, 2023	0.36
Expense Ratio	0.03%
Mgmt. Fees	0.30%



PORTFOLIO INFORMATION – CLASS B SHARE: SELECTF

Ticker	Name	Portfolio Weighting	Index Weighting	Q1 Price Change (%)
SJ	SAGICOR GROUP JAMAICA LTD	21.78%	21.23%	-6.87%
NCBFG	NCB FINANCIAL GROUP LTD	19.70%	19.45%	-6.16%
SGJ	SCOTIA GROUP JAMAICA	13.14%	11.16%	2.19%
GHL	GUARDIAN HOLDINGS LTD	10.14%	11.75%	-14.72%
JMMBGL	JMMB GROUP LTD	7.86%	6.10%	0.91%
PJAM	PAN JAMAICA INVT TRUST LTD	7.62%	8.90%	-5.64%
BIL	BARITA INVESTMENTS LTD	6.93%	10.09%	-21.82%
MJE	MAYBERRY JAMAICAN EQUITY	2.11%	1.53%	-1.22%
JSE	JAMAICA STOCK EXCHANG LTD	1.39%	1.02%	-8.04%
MIL	MAYBERRY INVESTMENTS LTD	1.25%	1.00%	-8.78%
PROVENJA	PROVEN GROUP LTD	1.07%	2.26%	-2.10%
EPLY	EPPLEY LTD	0.92%	0.74%	-2.65%
AFS	ACCESS FINANCIAL SERVICES LTD	0.77%	0.72%	2.32%
GENAC	GENERAL ACCIDENT INSURANCE JAMAICA LTD	0.71%	0.53%	13.38%
VMIL	VM WEALTH INVESTMENTS LIMITED	0.71%	0.60%	-2.99%
PROVEN	PROVEN GROUP LTD	0.59%	0.01%	-7.89%
PJX	PORTLAND JSX LTD	0.51%	0.37%	8.77%
SCIJMD	SYGNUS CREDIT NVESTMENTS LTD SCIJMD	0.49%	0.43%	-4.66%
LASF	LASCO FINANCIAL SERVICES	0.40%	0.33%	-13.89%
SCIJA	SYGNUS CREDIT INVESTMENTS LTD SCIJA	0.32%	0.43%	10.29%
KEY	KEY INSURANCE CO LTD	0.26%	0.19%	5.76%
MFS	MFS CAPITAL PARTNERS LIMITED	0.21%	0.14%	12.16%
SIL	STERLING INVESTMENTS LTD	0.13%	0.13%	6.62%
QWI	QWI INVESTMENTS LTD	0.11%	0.08%	-12.86%
ROC	IRONROCK INSURANCE CO LTD	0.06%	0.05%	-14.47%
CABROKERS	CARIBBEAN ASSURANCE BROKERS LIMITED	0.06%	0.05%	1.60%
DOLLA	DOLLA FINANCIAL SERVICES LIMITED	0.05%	0.70%	-2.43%

FINANCIAL STATEMENTS

Sagicor Select Funds Limited SELECTF STATEMENT OF FINANCIAL POSITION

as at 31 March 2023
(Expressed in thousands of Jamaican dollars)

	March 2023 Unaudited	March 2022 Unaudited	December 2022 Audited
ASSETS:			
Cash and Cash Equivalents	33,681	42,772	44,570
Financial assets at fair value through profit or loss	3,327,658	3,961,920	3,574,184
Receivables	12,497	9,752	4,444
TOTAL ASSETS	3,373,836	4,014,444	3,623,198
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Equity attributable to:			
Stockholders' of the company			
Share capital	5,023,931	5,023,931	5,023,931
Retained earnings	(1,674,683)	(1,035,383)	(1,436,766)
Total Equity	3,349,248	3,988,548	3,587,165
Liabilities			
Other liabilities	24,587	25,896	36,033
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	3,373,836	4,014,444	3,623,198
Net asset value per stock unit	\$0.66	\$0.78	\$0.70



Colin Steele Chairman



Janene Shaw Director

FINANCIAL STATEMENTS

Sagicor Select Funds Limited SELECTF

INCOME STATEMENT

for the three-months ended March 31 2023

(Expressed in thousands of Jamaican dollars)

	Q1 2023 Unaudited	Q1 2022 Unaudited	December 2022 Full Year Audited
Revenue:			
Net changes in fair value on financial assets at fair value through prof	(246,526)	(136,160)	(524,474)
Dividend income	14,651	14,740	78,119
Interest income	206	214	1,674
Net investment income	(231,669)	(121,205)	(444,681)
Net foreign currency losses	(40)	(16)	(132)
Total revenue	(231,709)	(121,221)	(444,813)
Expenses:			
Administration expenses	6,208	10,642	34,883
Total expenses	6,208	10,642	34,884
Net (Loss)	(237,917)	(131,863)	(479,696)
EPS	-\$0.05	-\$0.03	-\$0.09

FINANCIAL STATEMENTS

Sagicor Select Funds Limited SELECTF STATEMENT OF CHANGES IN EQUITY

for the three-months ended March 31, 2023

(Expressed in thousands of Jamaican dollars)

	Share Capital	Retained Earnings	Total Stockholders' Equity Unaudited
Period ended March 31, 2023:			
Balance as reported December 31, 2022	5,023,931	(1,436,766)	3,587,165
Total comprehensive loss for the period	-	(237,917)	(237,917)
Dividend to share holders			-
Balance as at March 31, 2023	5,023,931	(1,674,683)	3,349,248
Period ended March 31, 2022:			
Balance as reported December 31, 2021	5,023,931	(903,520)	4,120,411
Total comprehensive income for the period	-	(131,863)	(131,863)
Dividend to share holders			-
Shares issued and fully paid			
Balance as at March 31, 2022	5,023,931	(1,035,383)	3,988,548

FINANCIAL STATEMENTS

Sagicor Select Funds Limited SELECTF STATEMENT OF CASH FLOWS

for the three-months ended March 31 2023
(Expressed in thousands of Jamaican dollars)

	March 2023 Year- to-date Unaudited	March 2023 Year-to-date Unaudited	December 2022 Full Year Audited
Cash Flows from Operating Activities:			
Net (Loss)/Profit	(237,917)	(131,863)	(479,696)
Adjustments for:			
Items not affecting cash:			
Adjustments for non-cash items, interest and dividends	(14,857)	(14,955)	(79,793)
Changes in other operating assets and liabilities	234,628	131,857	539,481
Interest received	249	214	1,633
Dividend received	7,007	14,740	73,716
Net cash (used in) operating activities	(10,890)	(7)	55,341
Cash Flows from Financing activities:			
Issue of ordinary shares	-	-	-
Deposits and securities liabilities, net	-	-	-
Interest paid	-	-	-
Dividends paid to stockholders	-	-	(53,550)
Net cash used in financing activities	-	-	(53,550)
Cash and cash equivalents:			
Effect of exchange rate on cash and cash equivalents	-	-	-
decrease in cash and cash equivalents	(10,890)	(7)	1,792
Cash and cash equivalents at beginning of year	44,570	42,778	42,778
Cash and cash equivalents at end of period	33,681	42,772	44,570
Comprising:			
Balances with Banks	24,308	16,295	35,402
Securities purchased under resale agreements	9,374	26,477	9,168
	33,681	42,772	44,570

Notes to the Financial Statements

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 nondiversified investment fund.

The Company entered into a management agreement with SIJL to act as Fund Manager. The Company is exempt from income tax.

2. Basis of Preparation

This condensed interim financial report for the reporting period ended March 31, 2023, has been prepared in accordance with Accounting Standards IAS 34 'Interim Financial Reporting'. These financial statements should be read in conjunction with the accounting policies and other disclosures as set out in the audited financial statements with disclosure notes for the year ended December 31, 2022.

3. Summary of Significant Accounting Policies

a) Financial assets at fair value through profit or loss

(i) Classification

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.

(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.

Notes to the Financial Statements

(iii) Fair value estimation

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

b) Dividend income

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

c) 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.

d) 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.

TOP TEN SHAREHOLDINGS

For Sagicor Select Funds Limited - Financial

As at March 31, 2023

Primary Account Holder	Joint Holder(s)	Volume	Percentage
1. JCSD TRUSTEE SERVICES LTD - SIGMA EQUITY		-	0.0000%
		1,290,668,650	25.3072%
	Client total ownership	1,290,668,650	25.3072%
2. PANJAM INVESTMENT LIMITED		251,981,715	4.9408%
	Client total ownership	251,981,715	4.9408%
3. JCSD TRUSTEE SERVICES LTD - SIGMA DIVERSIFIED INVESTOR		250,500,000	4.9118%
	Client total ownership	250,500,000	4.9118%
4. SAGICOR EQUITY FUND		145,506,312	2.8531%
	Client total ownership	145,506,312	2.8531%
5. PAM - POOLED EQUITY FUND		102,351,795	2.0069%
		1,053,149	0.0206%
	Client total ownership	103,404,944	2.0275%
6. SAGICOR POOLED EQUITY FUND		84,900,212	1.6647%
	Client total ownership	84,900,212	1.6647%
7. JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE		81,679,107	1.6016%
	Client total ownership	81,679,107	1.6016%
8. DEAN M. NATHAN		75,960,437	1.4894%
	Client total ownership	75,960,437	1.4894%
9. BRITISH CARIBBEAN INSURANCE CO. LTD.		52,287,880	1.0253%
	Client total ownership	52,287,880	1.0253%
10. Claudine murphy		2,298,441	0.0451%
	JADE A. O. M. SPEER	23,898,995	0.4686%
	CHANEL GRAINGER	23,079,828	0.4525%
	Client total ownership	49,277,264	0.9662%
Total Issued Capital		5,100,000,000	
Total Units Owned by Top 10 Shareholders		2,386,166,521	
Total Percentage Owned by Top 10 Shareholders			46.7876%

DIRECTORS AND THEIR CONNECTED PARTIES

For Sagikor Select Funds Limited - Financial

As at March 31, 2023

	Primary Name	Relationship	Volume	Percentage
Director	Joint Holder (s)			
Omar Brown	Omar Brown	Self	0.0	0.00000%
	Poliana Brown	Connected	0.0	0.00000%
		Director Holdings	0.0	0.00000%
		Connected Party	0.0	0.00000%
		Combined Holdings	0.0	0.00000%
Faith Vincent	Faith Vincent	Self	102,000	0.00200%
	Jason Adams	Connected	31,625	0.00062%
	Jason Adams		25,000	0.00049%
		Director Holdings	102,000	0.00200%
		Connected Party	56,625	0.00111%
		Combined Holdings	158,625	0.00311%
Colin Steele	Colin Steele	Self	3,000,000	0.05882%
		Director Holdings	3,000,000	0.05882%
		Connected Party	-	0.00000%
		Combined Holdings	3,000,000	0.05882%
Janene Shaw	Janene Shaw	Self	0.0	0.00000%
		Director Holdings	0.0	0.00000%
		Connected Party	0.0	0.00000%
		Combined Holdings	0.0	0.00000%
Daniella Silvera	Daniella Silvera	Self	0.0	0.00000%
	David Silvera	Connected	153,000	0.00401%
		Director Holdings	-	0.00000%
		Connected Party	-	0.00000%
		Combined Holdings	153,000	0.00401%
A. Cecile Watson	A. Cecile Watson	Self	0.0	0.00000%
		Director Holdings	0.0	0.00000%
		Connected Party	0.0	0.00000%
		Combined Holdings	0.0	0.00000%
Issued Shares			5,100,000,000	
Combined Directors' Holdings			3,102,000	0.06082%
Combined Connected Party Holdings			209,625	0.00411%
Combined Holdings			3,311,625	0.06493%