



Sagicor

SELECTFUNDS

Q1 2023 Performance 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 are reporting on the performance of the Manufacturing & Distribution Select Fund (SELECTMD) for the three months ended March 2023. SELECTMD was listed on the JSE in December 2019. As at the end of March 2023 the Net Asset value of the Fund was J\$3,898.4 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 done 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 Manufacturing industry grew by an estimated 3.7%, due to increased output in both the Food, Beverages & Tobacco and the Other Manufacturing sub-industries. The Real Value Added for the Wholesale & Retail Trade; Repair & Installation of Machinery (WRTRIM) industry was estimated to have declined by 1.3%. The decline, according to Planning Institute of Jamaica (PIOJ), was due in part to a 4% decline in net remittance inflows. Remittances are a critical flow of foreign exchange and an essential source of financing to many Jamaicans. As the funds are used to supplement necessities such as food, utilities, and education.

According to the PIOJ estimates, six of the eight goods categories saw lower sales during the period. Among the declining categories were Wholesale & Repair of Household Goods & Office Equipment, down 12.8%; Hardware, Building Supplies, Electrical Goods & Machinery, down 11.6%; Motor Vehicles, Auto Repairs and Accessories, down 4.1% and Agriculture, Food, Beverages & Tobacco, down 2.2%.

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 an 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: Manufacturing Companies			
	Close Price (\$)				Close Price (\$)		
Security	Dec-22	Mar-23	% Change	Security	Dec-22	Mar-23	% Change
RPL	\$1.59	\$2.44	53.46%	JBG	\$31.00	\$37.10	19.68%
ISP	\$17.49	\$25.55	46.08%	PTL	\$1.95	\$2.15	10.26%
KEX	\$8.89	\$12.24	37.68%	INDIES	\$3.23	\$3.53	9.29%
MEEG	\$8.99	\$11.66	29.70%	SEP	\$71.00	\$77.50	9.15%
PURITY	\$1.66	\$2.15	29.52%	EFRESH	\$1.36	\$1.45	6.62%
CBNY	\$0.56	\$0.69	23.21%	LASM	\$4.22	\$4.45	5.45%
PBS	\$1.80	\$2.18	21.11%	MDS	\$4.77	\$4.95	3.77%
JBG	\$31.00	\$37.10	19.68%	AMG	\$2.90	\$3.00	3.45%
SML	\$5.14	\$6.00	16.73%	LASD	\$2.59	\$2.60	0.39%
GENAC	\$4.41	\$5.00	13.38%	JP	\$21.95	\$21.95	0.00%

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 have a cascading effect on local monetary policy, which will in turn could affect private sector development decisions.

FINANCIAL PERFORMANCE

The Manufacturing & Distribution Select Fund recorded a net loss of J\$111 million for the first quarter of 2023. This deterioration was principally resulting from unrealized reduction of J\$134.5 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 at \$27.5 million was an increase of 0.97% when compared to Q1 of 2022.

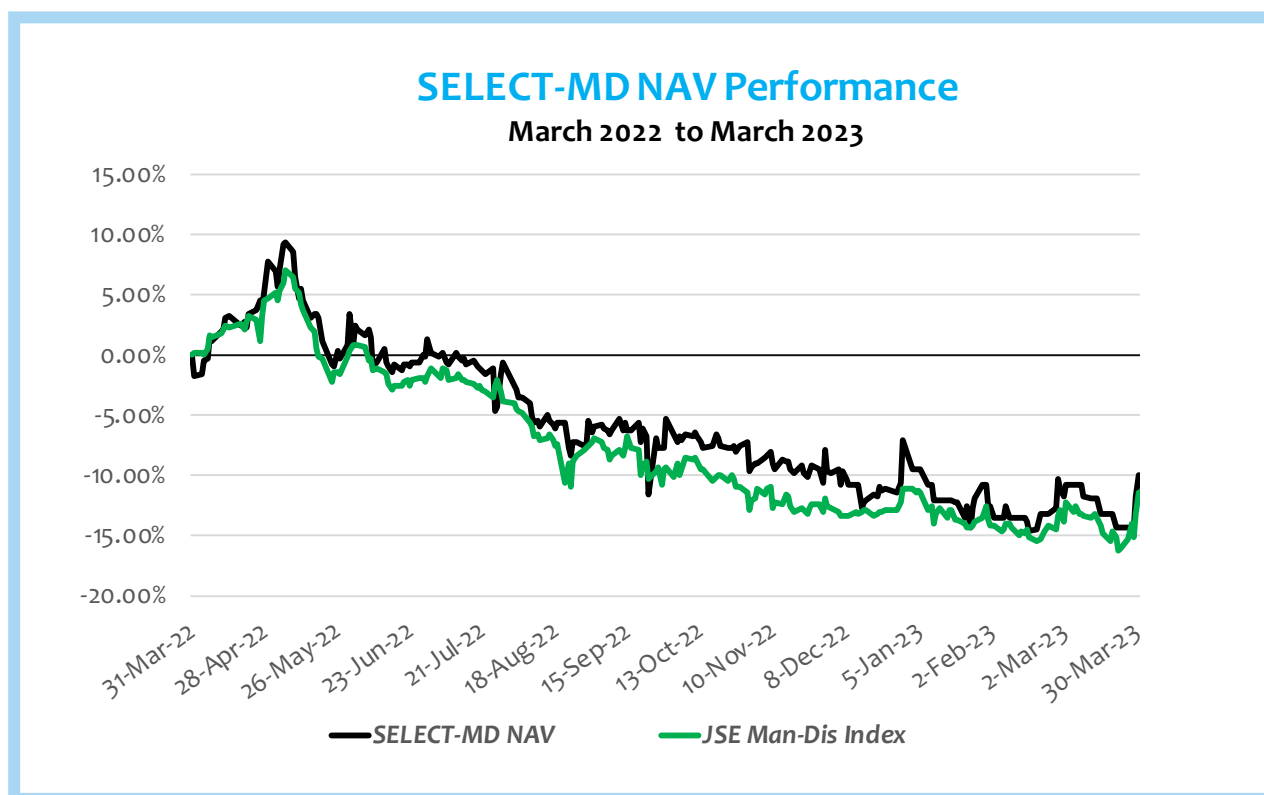
Total expenses for the quarter amounted to J\$6.7 million, a decrease compared to J\$8.4 million recorded in the corresponding quarter of 2022. Management fees, and legal & professional fees were the main cost items. Combined, both items accounted for 58% of total expenses. Management fees decreased by 9%, legal and professional fees decreased by 54%.

At the end of March 2023, the total assets were valued at J\$3,913.7 million. This comprised of Financial Assets held by the fund, at a fair value of J\$3,721 million (95.1%). The assets were financed by equity of J\$3,898.4 million and liabilities of J\$15.3 million.



PERFORMANCE

KEY FACTS	
Net Assets as of September 30, 2022 ('000)	\$3,898,410
Listing Date	18-Dec-19
Asset Class	Equity
Benchmark Index	JSE Manufacturing & Distribution Index
JSE Ticker	SELECTMD
Shares Outstanding ('000)	3,816,612
Number of Holdings March 31, 2023	30
Bid Price as of September 30, 2022	0.48
Expense Ratio	0.06%
Mgmt. Fees	0.30%



PORTFOLIO INFORMATION – CLASS C SHARE: SELECTMD

TICKER	NAME	PORTFOLIO WEIGHTING	INDEX WEIGHTING	Q1 PRICE CHANGE (%)
GK	GRACEKENNEDY LTD	16.34%	12.52%	-5.07%
WISYNCO	WISYNCO GROUP LTD	13.83%	10.12%	-1.53%
CAR	CARRERAS LTD	10.84%	6.30%	-3.64%
CCC	CARIBBEAN CEMENT CO LTD	10.52%	7.69%	-0.79%
JBG	JAMAICA BROILERS GROUP LTD	9.41%	7.09%	19.68%
SEP	SEPROD LTD	8.34%	8.37%	9.15%
JP	JAMAICA PRODUCERS GROUP	4.84%	3.90%	0.00%
LASM	LASCO MANUFACTURING LTD	3.51%	2.85%	5.45%
FOSRICH	FOSRICH CO LTD	2.72%	2.12%	-31.46%
MASSY	MASSY HOLDINGS LTD.	2.19%	27.48%	9.59%
FTNA	FONTANA LIMITED	2.09%	1.64%	-5.94%
DTL	DERRIMON TRADING CO LTD	1.95%	1.49%	-6.54%
LASD	LASCO DISTRIBUTORS LTD	1.85%	1.44%	0.39%
CPJ	CARIBBEAN PRODUCERS JAMAICA	1.62%	1.67%	-16.23%
JAMT	JAMAICAN TEAS LTD	0.97%	0.77%	-10.59%
INDIES	INDIES PHARMA JAMAICA LTD	0.97%	0.68%	9.29%
HONBUN	HONEY BUN 1982 LTD	0.63%	0.50%	-19.27%
SALF	SALADA FOODS LTD	0.40%	0.63%	-9.11%
BRG	BERGER PAINTS JAMAICA LTD	0.36%	0.29%	-22.64%
LUMBER	LUMBER DEPOT LIMITED	0.32%	0.27%	-13.01%
EFRESH	EVERYTHING FRESH LTD	0.29%	0.19%	6.62%
AMG	AMG PACKAGING & PAPER CO LTD	0.29%	0.24%	3.45%
KREMI	CARIBBEAN CREAM LTD	0.28%	0.21%	-9.33%
CFF	CARIBBEAN FLAVOURS & FRAGRAN	0.22%	0.18%	-31.32%
TROPICAL	TROPICAL BATTERY COMPANY LIMITED	0.21%	0.42%	-5.88%
CAC	CAC 2000 LTD	0.19%	0.15%	-16.27%
PTL	PARAMOUNT TRADING (JAMAICA) LIMITED	0.16%	0.53%	10.26%
MDS	MEDICAL DISPOSABLES & SUPPLI	0.13%	0.21%	3.77%
PURITY	CONSOLIDATED BAKERIES JAMAICA	0.10%	0.09%	29.52%
BPOW	BLUE POWER GROUP LTD	0.03%	0.28%	-21.57%

FINANCIAL STATEMENTS

Sagicor Select Funds Limited SELECTMD

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	183,117	69,706	171,675
Financial assets at fair value through profit or loss	3,721,434	4,258,793	3,855,902
Receivables	9,161	9,320	3,107
TOTAL ASSETS	3,913,712	4,337,819	4,030,684
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Equity attributable to:			
Stockholders' of the company			
Share capital	3,783,443	3,783,443	3,783,443
Retained earnings	114,967	536,745	226,145
Total Equity	3,898,410	4,320,188	4,009,588
Liabilities			
Other liabilities	15,302	17,631	21,096
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	3,913,712	4,337,819	4,030,684
Net asset value per stock unit	\$1.02	\$1.13	\$1.05



Colin Steele Chairman



Janene Shaw Director

FINANCIAL STATEMENTS

Sagicor Select Funds Limited SELECTMD

INCOME STATEMENT

for the three-months ended March 31, 2023

(Expressed in thousands of Jamaican dollars)

	March 2023 Year -to- date Unaudited	March 2022 Year -to- date Unaudited	December 2022 Full Year Audited
Revenue:			
Net changes in fair value on financial assets at fair value through P&L	(134,514)	237,321	(58,365)
Dividend income	27,535	27,271	107,302
Interest income	2,503	243.96	4,721
Net investment income	(104,476)	264,836	53,658
other income	-	21	-
Total revenue	(104,476)	264,857	53,658
Expenses:			
Administration expenses	6,702	8,386	33,363
Total expenses	6,702	8,386	33,363
Net (Loss)/Profit	(111,177)	256,471	20,295
Issued shares ('000)	3,816,612	3,816,612	3,816,612
EPS	-\$0.03	\$0.07	\$0.01

FINANCIAL STATEMENTS

Sagicor Select Funds Limited SELECTMD

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	3,783,443	226,145	4,009,588
Total comprehensive loss for the period	-	(111,177)	(111,177)
Dividend			-
Balance as at March 31, 2023	3,783,443	114,967	3,898,410
Period ended March 31, 2022:			
Balance as reported December 31, 2021	3,783,443	280,274	4,063,717
Total comprehensive income for the period	-	256,471	256,471
Dividend			-
Balance as at March 31, 2022	3,783,443	536,745	4,320,188

FINANCIAL STATEMENTS

Sagicor Select Funds Limited SELECTMD 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 2022 Year-to-date Unaudited	December 2022 Full Year Audited
Cash Flows from Operating Activities:			
Net (Loss)/Profit	(111,177)	256,471	20,295
Adjustments for:			
Items not affecting cash:			
Adjustments for non-cash items, interest and dividends	(30,038)	(27,515)	(127,790)
Changes in other operating assets and liabilities	127,716	(244,585)	186,857
Interest received	3,032	244	4,192
Dividend received	21,909	27,271	104,725
Net cash inflow from operating activities	11,441	11,886	188,279
Cash Flows from Financing activities:			
Issue of ordinary shares	-	-	-
Interest paid	-	-	-
Dividends to stockholders	-	-	(74,424)
Net cash generated from financing activities	-	-	(74,424)
Cash and cash equivalents:			
Increase/(decrease)in cash and cash equivalents	11,441	11,886	113,856
Cash and cash equivalents at beginning of year	171,675	57,820	57,820
Cash and cash equivalents at end of period	183,117	69,706	171,675
Comprising:			
Balances with Banks	63,332	32,860	54,633
Securities purchased under resale agreements	119,785	36,846	117,042
	183,117	69,706	171,675

Notes to the Financial Statements

1. Identification and Principal Activities

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. 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 - Manufacturing & Distribution

As at March 31, 2023

Primary Account Holder	Joint Holder(s)	Volume	Percentage
1. JCSD TRUSTEE SERVICES LTD - SIGMA EQUITY			
		2,158,381,094	56.5523%
	Client total owners!	2,158,381,094	56.5523%
2. SAGICOR POOLED EQUITY FUND			
		507,526,881	13.2978%
	Client total owners!	507,526,881	13.2978%
3. JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE			
		198,436,820	5.1993%
	Client total owners!	198,436,820	5.1993%
4. JCSD TRUSTEE SERVICES LTD - SIGMA DIVERSIFIED INVESTOR			
		117,894,604	3.0890%
	Client total owners!	117,894,604	3.0890%
5. ADVANTAGE GENERAL INSURANCE COMPANY			
		97,890,000	2.5648%
	Client total owners!	97,890,000	2.5648%
6. JCSD TRUSTEE SERVICES LTD. A/C #76579-02			
		85,000,000	2.2271%
	Client total owners!	85,000,000	2.2271%
7. PAM - POOLED EQUITY FUND			
		40,511,501	1.0615%
		2,300,000	0.0603%
	Client total owners!	42,811,501	1.1217%
8. LLOYD H. DENNIS			
	IAN A. IVES	13,843,263	0.3627%
	Client total owners!	13,843,263	0.3627%
9. DONALD R. GORDON			
		13,000,000	0.3406%
	Client total owners!	13,000,000	0.3406%
10. BULL INVESTMENT LIMITED			
		5,500,000	0.1441%
		3,550,000	0.0930%
	Client total owners!	9,050,000	0.2371%
Total Issued Capital		3,816,612,000	
Total Units Owned by Top 10 Shareholders		3,243,834,163	
Total Percentage Owned by Top 10 Shareholders		84.9925%	

DIRECTORS AND THEIR CONNECTED PARTIES

For Sagikor Select Funds Limited - Manufacturing & Distribution

As at March 31, 2023

	Primary Name	Relationship	Volume	Percentage
Director	Joint Holder (s)			
Omar Brown	Omar Brown	Self	-	0.0%
	Polliana Brown	Connected	-	0.0%
		Director Holdings	-	0.0%
		Connected Party	-	0.0%
		Combined Holdings	-	0.0%
Faith Vincent	Faith Vincent	Self	-	0.0%
	Jason Adams	Connected	-	0.0%
		Director Holdings	-	0.0%
		Connected Party	-	0.0%
		Combined Holdings	-	0.0%
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	Connected	-	0.000%
		Director Holdings	-	0.000%
		Connected Party	-	0.000%
		Combined Holdings	-	0.000%
A. Cecile Watson	A. Cecile Watson	Self	-	0.000%
		Director Holdings	-	0.000%
		Connected Party	-	0.000%
		Combined Holdings	-	0.000%
Issued Shares			3,816,612,000	
Combined Directors' Holdings			-	0.000%
Combined Connected Party Holdings			-	0.000%
Combined Holdings			-	0.000%