



Sagicor

SELECTFUNDS

Q2 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 June 2023. SELECTF was listed on the JSE in August 2019. As at the end of June 2023 the net Asset value of the Fund was J\$3,100 million.

OVERVIEW

Macro-Economic

In the second quarter of 2023, global economic data has indicated a turn towards an improvement. A majority of countries have continued to see a decline in their headline inflation rate, as energy prices have continued to dissipate from the initial price shock of the invasion of Ukraine. Economic conditions in developed countries have displayed slight signs of weakness, but not to the extent that was expected at the start of the year.

Rising interest rates have brought some disturbance in the global banking sector, but no broad financial upheaval has occurred. Also, while there has been an increase in credit tightening worldwide, unemployment in key advanced countries remained low and economic growth is still robust.

Jamaica's point to point inflation rate for June 2023 was 6.3%, about 0.1 percentage point higher than where it was in March 2023. Overall, the point-to-point inflation rate has eased considerably, when compared to the 10.2% recorded in June 2022.

The Bank of Jamaica (BOJ) at its last monetary policy meeting, in June 2023, highlighted that despite drought conditions and the effect on the agriculture sector, the economy continued to grow.

The estimated gross domestic product (GDP) growth rate of the fiscal year of 2022/23, which was 4.7%, was in line with their expectation.

At its meetings on June 27-28, 2023, the BOJ's Monetary Policy Committee (MPC), agreed to maintain the policy interest rate at 7%; despite economic growth being within their expected range and reduced inflation over the past several months. They also took the decision to maintain tight Jamaican dollar liquidity conditions and keep the Jamaican dollar relatively stable.

For the first quarter of 2023, total value added at constant prices increased by 4.2%, when compared to the first quarter of 2022. The manufacturing sector grew 3.6% and the finance and insurance services sector grew 1.9%.

Sector

For the first quarter of 2023, Real Value Added for the Finance & Insurance Services industry was estimated to have grown by 1.9%. 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 June 2023, the Bank of Jamaica (BOJ), unanimously agreed to hold the policy interest rate at 7%. At the end of the same period, the inflation

rate stood at 6.3%, which was outside the BOJ's target range of 4% to 6%. The BOJ viewed that the uptick in inflation above the target range is likely to continue during the September 2023 quarter and decelerate to the target range 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 Taking Institutions (DTIs), which came into effect on April 1, 2023.

According to surveys conducted by the BOJ, there was tightening in credit conditions faced by borrowers, during the March 2023 quarter. Also, lenders reported that they plan to continue to tighten credit conditions for the June 2023 and September 2023 quarters. The impact of the tightening in credit terms and higher interest rates have been reflected in the declined flow of new loans into the private sector.

Market

For the quarter ended June 2023, eight of the nine JSE indices decreased in value except for the US-Equities trading firm. The equities market has been on a downward trajectory for the past 12 months. Sentiments among institutional investors have started to improve given the outlook on interest rates and inflation due to the increase in volume seen traded in the market. Notwithstanding, the improved sentiments towards local equities, there continues to be flight to quality towards fixed income securities yielding higher returns. The Jamaica Stock Exchange's Main Index declined 1.6% and the Junior Market Index declined 2.45%. The Financial Index dipped by 1.93% and the Manufacturing & Distribution Index decreased by 1.99%.

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 continues to face headwinds as the sector continues to negatively impact investor expectation for further headwinds and reduced dividend payout.



Index	Sep-22 Value	Dec-22 Value	Mar-23 Value	Jun-23 Value
Combined- Index	376,221.72	368,591.98	352,487.53	346,528.89
	-6%	-2%	-4%	-2%
JSE-Index	361,691.60	355,896.64	340,535.88	335,070.77
	-6%	-2%	-4%	-2%
All-Jamaica	413,943.31	403,080.36	383,757.21	377,465.17
	-6%	-3%	-5%	-2%
JSE-Select	9,149.71	8,896.48	8,246.44	8,151.61
	-8%	-3%	-7%	-1%
Cross-Listed	58.61	60.78	59.58	58.72
	-5%	4%	-2%	-1%
JSE-Junior	4,229.54	3,986.44	3,795.21	3,701.89
	-3%	-6%	-5%	-2%
US-Equities	215.55	233.97	231.90	231.64
	2%	9%	-1%	0%
Financial Index	87.70	85.88	79.13	77.6
	-4%	-2%	-8%	-2%
Manufacturing & Distribution Index	99.47	97.42	97.16	95.22
	-8%	-2%	0%	-2%

TOP TEN PERFORMERS (JUNE 2023)

Top 10 Performers: JSE Combined Index				Top 10 Performers: Financial Companies			
	Close Price (\$)				Close Price (\$)		
Security	Mar-23	Jun-23	% Change	Security	Mar-23	Jun-23	% Change
CABROKERS	\$1.91	\$3.26	70.68%	CABROKERS	\$1.91	\$3.26	70.68%
TJH	\$1.54	\$2.46	59.74%	SCIUSD	\$0.09	\$0.12	30.00%
SOS	\$15.75	\$23.16	47.05%	LASF	\$2.48	\$2.66	7.26%
CHL	\$13.30	\$19.02	43.01%	SCIJMD	\$12.08	\$12.66	4.80%
MEEG	\$11.66	\$16.31	39.88%	QWI	\$0.61	\$0.63	3.28%
LASD	\$2.60	\$3.50	34.62%	GENAC	\$5.00	\$4.94	-1.20%
KREMI	\$3.50	\$4.71	34.57%	AFS	\$25.99	\$25.66	-1.27%
SRFJMD	\$9.30	\$12.15	30.65%	EPLY	\$37.50	\$35.98	-4.05%
SCIUSD	\$0.09	\$0.12	30.00%	SGJ	\$34.98	\$33.44	-4.40%
BPOW	\$2.40	\$3.07	27.92%	PJX	\$11.54	\$10.99	-4.77%

OUTLOOK

The International Monetary Fund has projected, that in 2023, Jamaica's economy should increase by 2.2%, with general government gross debt falling to 78% of GDP. Compared to the 2022 estimate of 5.2%, 2023 would indicate a slowdown in growth compared to the 2022 estimate.

Given Jamaica's size, the projection is dependent 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 affect private sector development decisions.

So far inflation has fallen sharply. However, it could be affected by an increase in commodity prices in the second half of the year. Energy and food prices tend to be volatile and could easily reverse course as the year progresses.

FINANCIAL PERFORMANCE

The Financial Select Fund recorded a net loss of J\$487 million for the six months of 2023. The loss was due primarily to a net unrealised loss in fair value on financial assets of \$506 million.

The drop in the value of financial assets occurred during a general downturn in investor sentiment during the first half of the year due to economic uncertainty globally and rising interest rates. Dividend Income at \$29.298 million was a decrease of 36% compared to the six months of 2022.

Total expenses for the six-month period amounted to J\$11.529 million, a decrease compared to J\$19 million recorded in the corresponding period in 2022. Management fees were the main cost item, contributing 43% of total expenses. Overall, management fees decreased by 18%, closing the period at \$4.961 million. This reduction stemmed from lower net asset value of the fund relative to the corresponding period of 2022.

At the end of June 2023, the total assets were valued at J\$3,129 million. The main asset class was Financial Assets held by the fund, at a fair value of J\$3,068 million (98%). The assets were financed by equity of J\$3,100 million and liabilities of J\$29.394 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.

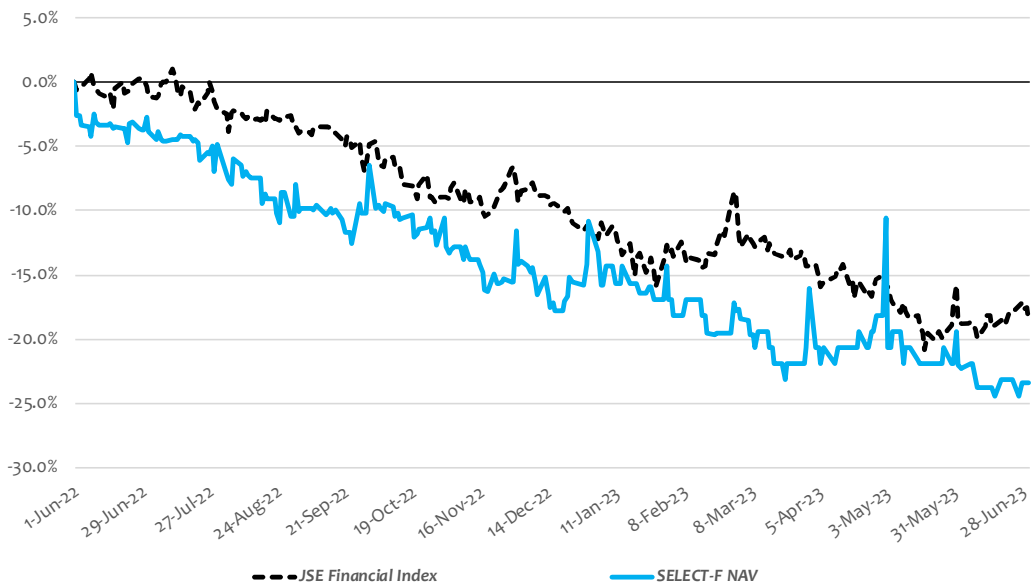
PERFORMANCE

KEY FACTS

Net Assets as of June 30, 2023 ('000)	3,116,100
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 June 30, 2023	27
Bid Price as of June 30, 2023	0.38
Expense Ratio	1.02%
Mgmt. Fees	0.30%

SELECT-F NAV Performance

June 2022 to June 2023



PORTFOLIO INFORMATION – CLASS B SHARE: SELECTF

Ticker	Name	Portfolio Weighting	Index Weighting	Q2 Price Change (%)
SJ	SAGICOR GROUP JAMAICA LTD	21.78%	21.23%	-7.36%
NCBFG	NCB FINANCIAL GROUP LTD	19.70%	19.45%	-11.93%
SGJ	SCOTIA GROUP JAMAICA	13.14%	11.16%	-4.40%
GHL	GUARDIAN HOLDINGS LTD	10.14%	11.75%	-15.15%
JMMBGL	JMMB GROUP LTD	7.86%	6.10%	-6.44%
PJAM	PAN JAMAICA GROUP LTD	7.62%	8.90%	-1.24%
BIL	BARITA INVESTMENTS LTD	6.93%	10.09%	-5.52%
MJE	MAYBERRY JAMAICAN EQUITY	2.11%	1.53%	-13.69%
JSE	JAMAICA STOCK EXCHANGE LTD	1.39%	1.02%	-19.58%
MIL	MAYBERRY INVESTMENTS LTD	1.25%	1.00%	12.88%
PROVENJA	PROVEN GROUP LTD	1.07%	2.26%	-16.22%
EPLY	EPPLEY LTD	0.92%	0.74%	-4.05%
AFS	ACCESS FINANCIAL SERVICES LTD	0.77%	0.72%	-1.27%
GENAC	GENERAL ACCIDENT INSURANCE JAMAICA LTD	0.71%	0.53%	-1.20%
VMIL	VM WEALTH INVESTMENTS LIMITED	0.71%	0.60%	-11.79%
PROVEN	PROVEN GROUP LTD	0.59%	0.01%	-9.60%
PJX	PORTLAND JSX LTD	0.51%	0.37%	-4.77%
SCIJMD	SYGNUS CREDIT NVESTMENTS LTD SCIJMD	0.49%	0.43%	4.80%
LASF	LASCO FINANCIAL SERVICES	0.40%	0.33%	7.26%
SCIJA	SYGNUS CREDIT INVESTMENTS LTD SCIJA	0.32%	0.43%	30.00%
KEY	KEY INSURANCE CO LTD	0.26%	0.19%	-15.19%
MFS	MFS CAPITAL PARTNERS LIMITED	0.21%	0.14%	-9.64%
SIL	STERLING INVESTMENTS LTD	0.13%	0.13%	-7.93%
QWI	QWI INVESTMENTS LTD	0.11%	0.08%	3.28%
ROC	IRONROCK INSURANCE CO LTD	0.06%	0.05%	24.38%
CABROKERS	CARIBBEAN ASSURANCE BROKERS LIMITED	0.06%	0.05%	70.68%
DOLLA	DOLLA FINANCIAL SERVICES LIMITED	0.05%	0.70%	-22.06%

FINANCIAL STATEMENTS

Sagicor Select Funds Limited SELECTF STATEMENT OF FINANCIAL POSITION

as at June 30, 2023

(Expressed in thousands of Jamaican dollars)

	June 2023 Unaudited	June 2022 Unaudited	December 2022 Audited
ASSETS:			
Cash and Cash Equivalents	56,471	71,493	44,570
Financial assets at fair value through profit or loss	3,068,103	3,872,342	3,574,184
Receivables	4,888	8,285	4,444
TOTAL ASSETS	3,129,463	3,952,121	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	(1,923,862)	(1,101,595)	(1,436,766)
Total Equity	3,100,069	3,922,336	3,587,165
Liabilities			
Other liabilities	29,394	29,785	36,033
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	3,129,463	3,952,121	3,623,198
Net asset value per stock unit	\$0.61	\$0.77	\$0.70



Colin Steele Chairman



Janene Shaw Director

FINANCIAL STATEMENTS

Sagicor Select Funds Limited SELECTF

INCOME STATEMENT

for the six-months ended June 30, 2023
(Expressed in thousands of Jamaican dollars)

	Q2 2023 Unaudited	Q2 2022 Unaudited	June 2023 Year to date Unaudited	June 2022 Year to date Unaudited	December 2022 Full Year Audited
Revenue:					
Net changes in fair value on financial assets at fair value through profit or loss	(259,541)	(90,157)	(506,067)	(226,316)	(524,471)
Dividend income	15,277	32,215	29,928	46,955	78,119
Interest income	224	251	430	465	1,674
Net investment income	(244,040)	(57,691)	(475,710)	(178,896)	(444,776)
Net foreign currency losses/gain and other income	183	(100)	142	(116)	(132)
Total revenue	(243,858)	(57,791)	(475,567)	(179,012)	(444,813)
	-	-	-	-	-
Expenses:					
Administration expenses	5,322	8,421	11,529	19,063	34,883
Total expenses	5,322	8,421	11,529	19,063	34,883
	-	-	-	-	-
Net (Loss)/Profit	(249,179)	(66,212)	(487,096)	(198,075)	(479,696)
EPS	-\$0.05	-\$0.01	-\$0.10	-\$0.04	-\$0.09

FINANCIAL STATEMENTS

Sagicor Select Funds Limited SELECTF STATEMENT OF CHANGES IN EQUITY

for the six-months ended June 30, 2023
(Expressed in thousands of Jamaican dollars)

	Share Capital	Retained Earnings	Total Stockholders' Equity Unaudited
Period ended June 30, 2023:			
Balance as reported December 31, 2022	5,023,931	(1,436,766)	3,587,165
Total comprehensive loss for the period	-	(487,096)	(487,096)
Dividend to share holders			-
Balance as at June 30, 2023	5,023,931	(1,923,862)	3,100,069
Period ended June 30, 2022:			
Balance as reported December 31, 2021	5,023,931	(903,520)	4,120,411
Total comprehensive income for the period	-	(198,075)	(198,075)
Dividend to share holders			-
Shares issued and fully paid			
Balance as at June 30, 2022	5,023,931	(1,101,595)	3,922,336

FINANCIAL STATEMENTS

Sagicor Select Funds Limited SELECTF STATEMENT OF CASH FLOWS

for the six-months ended June 30, 2023
(Expressed in thousands of Jamaican dollars)

	June 2023 Year-to-date Unaudited	June 2022 Year- to-date Unaudited	December 2022 Full Year Audited
Cash Flows from Operating Activities:			
Net (Loss)/Profit	(487,096)	(198,075)	(479,696)
Adjustments for:			
Items not affecting cash:			
Adjustments for non-cash items, interest and dividends	(30,358)	(47,420)	(79,793)
Changes in other operating assets and liabilities	498,996	226,789	539,481
Interest received	430	465	1,633
Dividend received	29,928	46,955	73,716
Net cash (used in) operating activities	11,900	28,714	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	11,900	28,714	1,791
Cash and cash equivalents at beginning of year	44,570	42,778	42,778
Cash and cash equivalents at end of period	56,471	71,493	44,570
Comprising:			
Balances with Banks	46,948	44,766	35,402
Certificate of Deposits /Securities purchased under resale agreement	9,523	26,727	9,168
	56,471	71,493	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 June 30, 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 June 30, 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. PAN JAMAICA GROUP 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		107,230,333	2.1026%
		1,053,149	0.0206%
	Client total ownership	108,283,482	2.1232%
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. Claudine Murphy		2,298,441	0.0451%
	JADE A. O. M. SPEER	28,402,201	0.5569%
	CHANEL GRAINGER	28,481,204	0.5585%
	Client total ownership	59,181,846	1.1604%
10. BRITISH CARIBBEAN INSURANCE CO. LTD.		52,287,880	1.0253%
	Client total ownership	52,287,880	1.0253%
Total Issued Capital		5,100,000,000	
Total Units Owned by Top 10 Shareholders		2,400,949,641	
Total Percentage Owned by Top 10 Shareholders		47.0774%	

DIRECTORS AND THEIR CONNECTED PARTIES

For Sagikor Select Funds Limited - Financial

As at June 30, 2023

	Primary Name Joint Holder (s)	Relationship	Volume	Percentage
Director				
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	Connected	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	0.00300%
		Director Holdings	0.0	0.00000%
		Connected Party	153,000	0.00300%
		Combined Holdings	153,000	0.00300%
Cecile Watson	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%