



Sagikor
SELECTFUNDS

2023

ANNUAL REPORT

Manufacturing & Distribution Select Fund
Financial Select Fund

YOUR SHARE OF
WEALTH

Sales	\$ 69,948	- 28%	Purchased	\$ 34,341	
Customer	4,220	- 29%	Total Earning	\$ 81,416	- 24%

25%

67%

50%

82%



ABOUT US

Sagicor Select Funds Limited is a publicly traded company which has the primary purpose of trading in securities listed on recognised exchanges. The Company comprises five (5) classes of shares, each representing a separate fund within the Company.

The Financial Select Fund (SELECTF) and the Manufacturing & Distribution Select Fund (SELECTMD) represent the Class B and Class C shares, respectively. These are two of the five classes of ordinary shares in Sagicor Select Funds Limited. Both share classes are Listed Equity Fund (LEF) that primarily owns stocks listed on the Jamaica Stock Exchange (JSE).

The objective of the LEF is to provide exposure to price and yield performance of the stated index. The SELECTF and SELECTMD are expected to track the JSE Financial Index, as well as JSE Manufacturing and Distribution Index, respectively. These are indices established by the Jamaica Stock Exchange.

The current funds provide a low-cost and efficient means of investing in a diverse pool of companies on the stock market. The holdings in each fund is dependent on the proportion of each stock in the indices. This ensures that diversity is maintained over time.



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STATEMENT FROM THE CHAIRMAN

During 2023, global markets were surprisingly resilient. Economic growth and market activity was estimated to have been stronger than expected in the second half of 2023. Disinflation, led to optimism in financial markets, that interest rates could fall faster than what was expected at the beginning of that year.

Jamaica, which saw a spike in inflation in 2022, had a similar experience of disinflation in 2023. Core inflation, that excludes food and fuel prices, decelerated to 5.7% at December 2023, from 8.5% at December 2022. To combat the high inflation, the Bank of Jamaica (BOJ), raised the policy rate to 7% in 2022 and kept it there throughout 2023.

While inflation was tamed during the calendar year, local equity markets were a casualty of the higher interest rates. In 2023, the average Main Market Index stock declined approximately 6% and the average Junior Market Index stock declined approximately 4%. One of the major market segments that declined over the year was the financial services sector. In contrast, Manufacturing stocks saw a steady increase.

Under these difficult conditions, at the end of 2023 the company, managed assets totaling J\$7.1 billion on behalf of 22,776 shareholders across two classes of shares:

Class B shares – Financial Select Fund

Class C shares – Manufacturing & Distribution Select Fund.

Going forward into 2024, the economic outlook remains uncertain, particularly as interest rates are still relatively high. To meet these challenges, the Board of Sagicor Select Funds Limited looks forward to continuing with the execution of plans to benefit shareholders and investors. We remain committed to developing new funds and keeping the promise of providing innovative investment options for shareholders.

Colin Steele
Chairman

OWNERSHIP

CLASS A SHARES

Class A shares are wholly owned by Sagicor Investments Jamaica Limited (SIJL).

Class A shares bring special rights.

CLASS B SHARES

Class B shares represent those offered to the General Public as an IPO in August 2019.

Class B shares provide rights over all the assets being purchased by the Financial Select Fund.

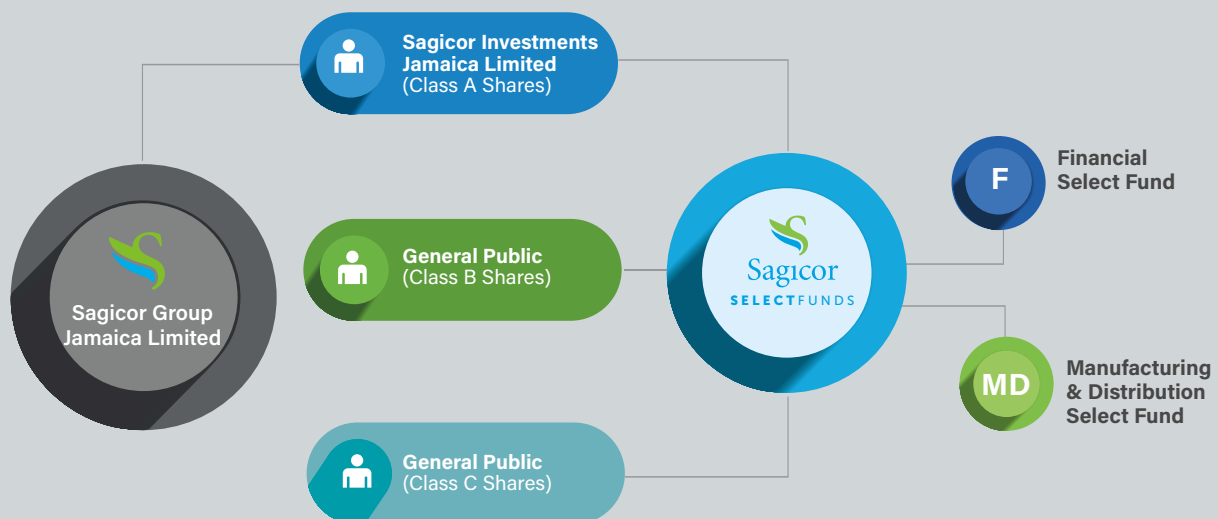
CLASS C SHARES

Class C shares represent shares offered to the General Public as an IPO in December 2019.

Class C shares provide rights over all the assets being purchased by the Manufacturing & Distribution Select Fund.



SAGICOR SELECT FUND OWNERSHIP STRUCTURE



FIVE YEAR HISTORICAL DATA

SELECT FINANCIAL FUND

	Year ended 31-Dec-2023	Year ended 31-Dec-2022	Year ended 31-Dec-2021	Year ended 31-Dec-2020	Year ended 31-Dec-2019
FUND FINANCIAL DATA	(J\$'000)	(J\$'000)	(J\$'000)	(J\$'000)	(J\$'000)
Income Statement					
Net Income/(Loss)	(523,709)	(479,696)	(148,514)	(1,582,556)	973,921
Dividend Income	63,390	78,119	80,700	68,294	104,228
Interest Income	1,868	1,674	1,200	1,229	1,520
Expenses	26,913	34,883	40,553	34,370	65,112
Balance Sheet					
Total Assets	3,050,215	3,623,198	4,147,275	4,367,128	5,953,119
Shareholder's Equity	3,012,456	3,587,165	4,120,411	4,355,626	5,938,182
Retained Earnings/ Accumulated (loss)	(2,011,475)	(1,436,766)	(903,520)	(668,305)	914,251
Financial Ratios					
Earning per stock unit (EPS) '\$'	(0.10)	(0.09)	(0.03)	(0.31)	0.30
Expense Ratio	0.88%	0.96%	0.98%	0.79%	1.09%
Dividends per stock unit' (cents)	1.00	1.05	1.14	-	1.17
Dividends Paid	51,000	53,550	86,701	-	59,670
Dividend yield	2.56	2.63	2.28	-	1.04
Price to earnings ratio	-	-	-	-	3.77
Return on Assets	(15.7%)	(12.3%)	(3.5%)	(30.7%)	16.4%
Net Asset Value per stock unit	0.59	0.70	0.81	0.85	1.16
Other Data					
Market Price per share (JSE closing price)	0.39	0.4	0.5	0.62	1.12
Number of stock units	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000
Market Capitalisation	1,989,000	2,040,000	2,550,000	3,162,000	5,712,000
Number of Holdings as at year end	27	27	26	25	23

FIVE YEAR HISTORICAL DATA

SELECT MANUFACTURING AND DISTRIBUTION FUND

	Year ended 31-Dec-2023	Year ended 31-Dec-2022	Year ended 31-Dec-2021	Year ended 31-Dec-2020	Year ended 31-Dec-2019
FUND FINANCIAL DATA	(J\$'000)	(J\$'000)	(J\$'000)	(J\$'000)	(J\$'000)
Income Statement					
Net Income/(Loss)	191,046	20,295	866,777	(677,585)	160,544
Dividend Income	124,869	107,302	92,188	68,550	13,507
Interest Income	13,228	4,721	1,469	1,924	220
Expenses	27,726	33,363	28,149	27,870	40,233
Balance Sheet					
Total Assets	4,103,285	4,030,684	4,082,175	3,275,872	3,966,024
Shareholder's Equity	4,078,884	4,009,588	4,063,717	3,266,402	3,943,987
Retained Earnings/ Accumulated (loss)	295,441	226,145	280,274	(517,041)	160,544
Financial Ratios					
	2023	2022	2021	2020	2019
Earning per stock unit (EPS) '\$'	0.05	0.01	0.23	(0.18)	0.10
Expense Ratio	0.68%	0.83%	0.69%	0.85%	1.01%
Dividends per stock unit' (cents)	3.19	1.95	0.77	-	-
Dividends Paid	121,750	74,424	69,462	-	-
Dividend yield	5.41	3.75	1.03	-	-
Price to earnings ratio	11.79	97.8	3.3	-	10.2
Return on Assets	4.7%	0.5%	23.6%	(-18.7%)	4.0%
Net Asset Value per stock unit	1.07	1.05	1.06	0.86	1.03
Other Data					
	21				
Market Price per share (JSE closing price)	0.59	0.52	0.75	0.71	0.99
Number of stock units	3,816,612	3,816,612	3,816,612	3,816,612	3,816,612
Market Capitalisation	2,251,801.08	1,984,638.24	2,862,459.00	2,709,794.52	3,778,445.88
Number of Holdings as at year end	30	30	28	28	23

NOTICE OF ANNUAL GENERAL MEETING



Notice is hereby given that the Fifth Annual General Meeting of Sagicor Select Funds Limited will be held at the AC Hotel by Marriott, 38-42 Lady Musgrave Road, Kingston 5, on Wednesday, May 22, 2024, at 9:30 a.m., to consider, and if thought fit, pass the following Ordinary Resolutions:

1. TO RECEIVE THE AUDITED ACCOUNTS

To receive the Audited Financial Statements of the Company in respect of Sagicor Select Funds Limited – Financial Select Fund and in respect of Sagicor Select Funds Limited – Manufacturing and Distribution Fund for the year ended 31 December 2023, together with the Reports of the Directors and Auditors thereon.

Resolution No. 1

“THAT the Audited Financial Statements of the Company for the year ended 31 December 2023, together with the Reports of the Directors and Auditors thereon be and are hereby adopted”

2. DIVIDENDS

To declare the interim dividends paid by the Company on December 14, 2023, of \$0.01 per stock unit to stockholders of the Financial Select Fund and of \$0.0319 per stock unit payable to

the Manufacturing and Distribution Select Fund stockholders, as final for the year under review.

Resolution No. 2

"THAT as recommended by the Directors, the interim dividends paid on December 14, 2023, of \$0.01 per stock unit to stockholders of the Financial Select Fund and of \$0.0319 per stock unit payable to stockholders of the Manufacturing and Distribution Select Fund, be and are hereby declared as final for the year ended December 31, 2023."

3. RE-ELECTION OF DIRECTORS

In accordance with Article 44.1 of the Company's Articles of Incorporation, one-third of the Directors shall retire from office at each Annual General Meeting of the Company; accordingly, Ms. Faith Vincent and Mrs. Daniella Silvera retire from office and, being eligible, offer themselves for re-election.

Resolution No. 3 (a)

"THAT the Directors be and are hereby re-elected en bloc."

Resolution No. 3 (b)

"THAT Mrs. Daniella Silvera and Ms. Faith Vincent be and are hereby re-elected Directors of the Company."

4. REMUNERATION OF DIRECTORS

Resolution No. 4

To approve the Directors' fees and authorise the Board of Directors to fix the remuneration of Directors.

Resolution No. 4 (a)

"THAT the amount shown in the Audited Accounts of the company for the year ended December 31, 2023, as Directors' fees for their services as Directors be and is hereby approved"

Resolution No. 4 (b)

"THAT the Directors be and are hereby authorised to fix their remuneration for the ensuing year"

5. RE-APPOINTMENT AND REMUNERATION OF AUDITORS

To appoint the Auditors and authorise the Board of Directors to fix the remuneration of the Auditors..

Resolution No. 5

"THAT PricewaterhouseCoopers, Chartered Accountants, having agreed to continue in office as Auditors, be and are hereby appointed Auditors for the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

Dated this 27nd day of February 2024

BY ORDER OF THE BOARD



DR. SHARMA TAYLOR
COMPANY SECRETARY

NOTE: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A Proxy need not be a member of the Company. If you are unable to attend, we enclose a Form of Proxy for your convenience. This should be completed and deposited with the Registrar of the Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston, Jamaica, W.I. not less than forty-eight (48) hours before the time appointed for the meeting. The Proxy Form should bear stamp duty of \$100.00 before being signed. The stamp duty may be paid by adhesive stamps and cancelled by the person signing the Proxy.

DIRECTORS' REPORT

SELECT FINANCIAL FUND

The Directors are pleased to submit their report along with the Audited Financial Statements of the Sagicor Select Financial Fund for the year ended December 31, 2023.

ACCOUNTS

Sagicor Select Funds Limited - Financial Select Fund	2023 \$000s	2022 \$000s
(Deficit)/Income attributable to Stockholders	(523,709)	(479,696)
Dividends and distribution	51,000	53,550
Transfers, net		-
Accumulated deficit at the end of the year	2,011,475	1,436,766

DIVIDENDS

The Directors have recommended that the interim dividends of \$0.01 per share paid on December 14, 2023, be declared as final for the year ended December 31, 2023.

DIRECTORS

The Directors of the Company as at December 31, 2023, were:

Colin Steele	Chairman (Independent)
Janene Shaw	Independent Director
Omar Brown	Non-Executive Director
Faith Vincent	Non-Executive Director
Daniella Silvera	Independent Director
A. Cecile Watson	Independent Director

In accordance with Article 44.1 of the Company's Articles of Incorporation, one-third of the Directors shall retire from office at each Annual General Meeting.

Accordingly, Mrs. Daniella Silvera and Ms. Faith Vincent retire by rotation and, being eligible, offer themselves for re-election. .

AUDITORS

PricewaterhouseCoopers has expressed its willingness to continue in office in accordance with the provisions of Section 154(2) of the Companies Act.

Dated this 27th day of February 2024

BY ORDER OF THE BOARD



DR. SHARMA TAYLOR
COMPANY SECRETARY

DIRECTORS' REPORT

SELECT MANUFACTURING AND DISTRIBUTION FUND

The Directors are pleased to submit their report along with the Audited Financial Statements of the Sagicor Select Manufacturing and Distribution Fund for the year ended December 31, 2023.

ACCOUNTS

Sagicor Select Funds Limited - Manufacturing & Distribution Select Fund	2023 \$000s	2022 \$000s
Net Income attributable to Stockholders	191,046	20,295
Dividends and distribution	121,750	74,424
Transfers, net	-	
Retained Profits at the end of the year	295,441	226,145

DIVIDENDS

The Directors have recommended that the interim dividends of \$0.0319 per share paid on December 14, 2023, be declared as final for the year ended December 31, 2023.

DIRECTORS

The Directors of the Company as at December 31, 2023 are:

Colin Steele	Chairman (Independent)
Janene Shaw	Independent Director
Omar Brown	Non-Executive Director
Faith Vincent	Non-Executive Director
Daniella Silvera	Independent Director
A. Cecile Watson	Independent Director

In accordance with Article 44.1 of the Company's Articles of Incorporation, one-third of the Directors shall retire from office at each Annual General Meeting.


Accordingly, Mrs. Daniella Silvera and Ms. Faith Vincent retire by rotation and, being eligible, offer themselves for re-election. .

AUDITORS

PricewaterhouseCoopers has expressed its willingness to continue in office in accordance with the provisions of Section 154(2) of the Companies Act.

Dated this 27th day of February 2024

BY ORDER OF THE BOARD


DR. SHARMA TAYLOR
 COMPANY SECRETARY

OUR BOARD OF DIRECTORS



Colin Steele
Board Chairman
Independent Non-Executive Director

Colin Steele is a real estate developer who began his career as a Certified Public Accountant. He is experienced in lending, capital markets and investment banking. He is the chairman of Sagicor Select Funds Limited and has served as a Director of several Government companies including the Port Authority of Jamaica and the University Hospital of the West Indies. He also served as Chairman of the Economic Policy Committee of the Private Sector Organisation of Jamaica.



Faith Vincent
Non-Executive Director

Faith Vincent is Assistant Vice President, Treasury & Investment Operations of Sagicor Life Jamaica Limited in the Group Treasury and Asset Management Division. Faith has over 25 years of experience in the financial sector, having started her career in banking with Manufacturers Merchant Bank. She later moved to Dehring Bunting and Golding Limited where she worked in Corporate and Investment Banking. In 2001, she joined the Investment Division at Sagicor Life Jamaica Limited (formerly Life of Jamaica Limited) as an Investment Analyst. She was promoted to AVP in 2017 having had responsibility for managing the treasury and investment operations since 2010. Faith is a graduate of the American University with a degree in Biology, and received an MBA from Howard University.



A Cecile Watson
Member of the Audit and Corporate Governance Committees
Independent Non-Executive Director

A Cecile Watson is a former senior regional banker with over 33 years in the banking and finance sectors. She is the founder of ShredWIZ Limited which serves data protection with a mobile shredding service. The company also supports Boards and C-Suite leaders with governance and strategy consulting. Cecile is an experienced governance professional and has been a director on boards for over 30 years. She currently serves on the Board of the Development Bank of Jamaica where she chairs the Audit and Corporate Governance Committee and the Private Capital Oversight Committee. Cecile is a Commonwealth Scholarship recipient and holds an MBA from the University of Western Ontario. She also graduated from the University of The West Indies with a First Class Honours degree in Electrical Engineering. She is a World Bank Certified facilitator and is also Certified in Data Protection (CDP), Certified as a Sustainability (ESG) Practitioner, and as a Financial Education Instructor (CFEI).



Daniella Silvera

**Chairman of the Corporate Governance Committee and Member of the Audit Committee
Independent Non-Executive Director**

Daniella Silvera is an Attorney-at-Law and a Partner in the law firm Livingston, Alexander & Levy. She was admitted to practice in Jamaica in 1994 and in England and Wales in 2002. Daniella obtained a Bachelor of Arts degree from the University of the West Indies and her LLB (with Honours) from the University of Dundee in Scotland.

Daniella practises in the areas of civil and commercial litigation, commercial law and banking and finance.

She is the current Chairman of the Disciplinary Committee of The General Legal Council and is a member of the Jamaican Bar Association and the Law Society of England and Wales.

She has served as a director of the Pegasus Hotel and the Urban Development Corporation. She is a director of Mustard Seed Communities.



Omar Brown

Non-Executive Director and Member of the Corporate Governance Committee

Omar Brown is the CEO, Alliance Financial Services Limited and is an experienced career banker and has been serving in the financial sector for over 20 years. A dedicated and diligent professional, Omar has risen through the ranks of his profession and currently has oversight for the Treasury Unit as an Assistant Vice President at Sagicor Bank Jamaica Limited. He is a CFA Charter holder, a Certified Financial Modelling Specialist and holds an honours degree in Banking and Finance from the University of the West Indies. Omar is also a director of Chain of Hope Jamaica and is a member of the CFA Society of Jamaica.



Janene Shaw

Independent Director

Mrs. Janene Shaw is a Chartered Accountant with over 25 years' experience. She is currently engaged in providing consultancy services in accounting, finance, corporate governance, and related areas. Mrs. Shaw has formerly held C-Suite and senior management roles at prominent Jamaican companies. Her most recent role was Finance Director and Company Secretary of Carreras Limited where she also served as a member of the Board of Directors. Prior to joining Carreras, she held various management positions at J. Wray & Nephew Limited and Lascelles deMercado & Co. Limited including Group Financial Officer and Accounting and Treasury Director. In the formative years of her career, Mrs. Shaw gained progressive audit experience to the level of Audit Manager at PricewaterhouseCoopers (formerly Price Waterhouse). She currently serves as a Director on the Board of IronRock Insurance Company Limited, Sagicor Select Funds Limited, Ackee for Charity, Mayberry Jamaican Equities Limited, and Emmanuel Baptist Church. She is a Fellow of both the Institute of Chartered Accountants of Jamaica and the Association of Chartered Certified Accountants (U.K.).

CORPORATE DATA

DIRECTORS:

Colin Steele - Chairman
Omar Brown
Faith Vincent
Janene Shaw
Daniella Silvera
A. Cecile Watson

Investment Manager:

Sagicor Investments Jamaica Limited

Corporate Secretary:

Dr. Sharma Taylor

Auditors:

PricewaterhouseCoopers

Bankers:

Sagicor Bank Jamaica Limited

Attorneys:

Patterson Mair Hamilton

Registered Office:

85 Hope Road,
Kingston 6,
Jamaica W.I.



**MANAGEMENT
DISCUSSIONS &
ANALYSES >>**



DOMESTIC MARKET OVERVIEW

The local economy is estimated to have grown by 2.6% in 2023, a sharp reversal from the 5.2% annual growth recorded in 2022.

During 2023, global markets were surprisingly resilient as they weathered the Russia-Ukraine conflict, attacks on global shipping in the Gulf of Aden, relatively high interest rates and an unexpected slump in Chinese demand, which was expected to rise after Beijing relaxed their 2022 COVID-19 pandemic measures.

Looking ahead to 2024, World Bank estimates of global growth are projected to be 3.1% in 2024

and 3.2% in 2025. This projected growth rate is 0.2% higher than their last projection in October 2023, a testament to the global economy's resilience, but lower than the average growth rate that prevailed between the years 2000 and 2019. The World Bank's projections came prior to the announcement that the United Kingdom and Japan were now officially in a recession.

In 2023, Jamaica's economy was also surprisingly resilient. Jamaica's real

gross domestic product (GDP) was estimated to have grown 2.6%, year over year. This was due to growth of 3.0% in the service Industry and a growth of 1.6% in the Goods Producing Industry. The strength of the economy was made evident by the record low unemployment rate of 4.2% as at October 2023 -a decline from 6.6% from July 2022.

The Goods-producing Industry was driven by the Mining and Quarrying industry, which in turn was driven

by increased alumina production. The Construction industry by 2.2%. The decline was attributed to the reduction in building construction. The Wholesale & Retail Trade; Installation of Machinery & Equipment grew by 1.0% driven by higher levels of output in Agriculture and Manufacturing industries.

Within the service sector, the following industries reported year-on-year growth: Hotels & Restaurants – 13.1%; Transport, Storage & Communication – 5.1%; Finance & Insurance Services – 2.3%; and Electricity & Water Supply – 4.7%. The industry that declined was the producers of government services.

Annual core inflation that excludes food and fuel prices decelerated to 5.7% at December 2023, from 8.5% at December 2022. Headline inflation was 6.9%. The Bank of Jamaica (BOJ) sees inflation averaging approximately 6.9% for the next two years. Therefore, the expectation is that inflation should be outside of the BOJ target range of 4% to 6%, but below the 2022 peak of 11.8%.

THE EQUITIES MARKET

While, in 2023, the economy did well, equity markets struggled. The average Main Market Index stock declined approximately 6% and the average Junior Market Index stock declined approximately 4%. One of the major market segments that declined over the year was the financial services sector, which declined approximately 18%. In contrast, Manufacturing stocks saw a steady increase.

For the main market, volume of trades was lower by 33.3%, and the value of trades fell by 40.10%, reflective of falling prices for main market stocks. The Junior market recorded increases in both the volume and value of trades by 48.19% and 13.48%, respectively. The Junior Market volumes and value of trade was buoyed by IPOs during the year and those that occurred a year prior that had its first full year in 2023.

The price performance of the stocks on the JSE Main Market, as measured by the advance to decline ratio, was 19:30 for the calendar year 2023. The price performance of the stocks on the JSE Junior Market, as measured by the advance to decline ratio, was 14:31 for the calendar year 2023.

Growth in GDP

2.6%

Growth in Services Industry

3.0%

Growth in Finance & Insurance Industry

2.3%

Growth in Manufacturing Sector

2.3%

Decline in Junior Market

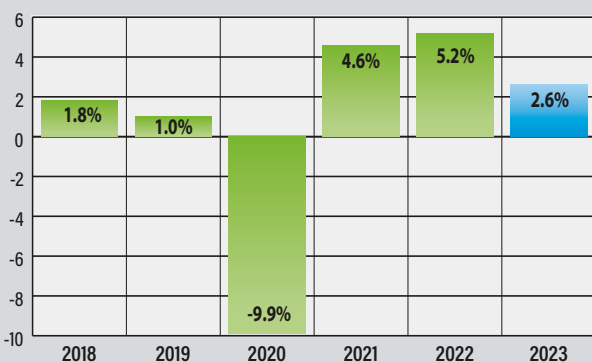
↓ 4.0%

Decline in Main Market

↓ 6.0%

GDP Annual Growth Rate (%)

2018 – 2023 (year over year)



Source: Statistical Institute of Jamaica

JSE Main Market 5-Year Performance

PERCENTAGE (%)



Source: Jamaica Stock Exchange

OUTLOOK

The outlook on the economy points to continued recovery in economic activities, especially within the services industry. However, the economy remains vulnerable to exogenous shocks such as high energy costs and commodities which could thwart efforts by the BOJ to reduce inflation. The ongoing Russia-Ukraine war could reverse easing of an already tight supply chain. This could see headline inflation remaining elevated.

The price performance of the stocks on the JSE Junior Market, as measured by the advance to decline ratio, was 14:31 for the calendar year 2023.

Top 10 Performer: JSE Combined Index

As at December 2023

Security	Close price (\$)		% Change
	Dec-23	Dec-22	
CBNY	\$0.56	\$1.11	98.21%
TJH	\$1.40	\$2.71	93.57%
ISP	\$17.49	\$28.94	65.47%
MEEG	\$8.99	\$13.90	54.62%
RPL	\$1.59	\$2.42	52.20%
LASD	\$2.59	\$3.77	45.56%
KEX	\$8.89	\$12.64	42.18%
DCOVE	\$13.66	\$17.61	28.92%
WISYNCO	\$17.67	\$21.50	21.68%
CHL	\$12.49	\$14.92	19.46%

Top 10 Performer: Financial Companies

As at December 2023

Security	Close Price (\$)		% Change
	Dec-23	Dec-22	
CABROKERS	\$2.21	\$1.88	17.55%
SGJ	\$38.35	\$34.23	12.04%
GENAC	\$4.85	\$4.41	9.98%
ROC	\$2.52	\$2.35	7.23%
MGL	\$8.94	\$8.77	1.94%
PJX	\$10.80	\$10.61	1.79%
AFS	\$25.00	\$25.40	-1.57%
EPLY	\$37.67	\$38.52	-2.21%
SELECTF	\$0.39	\$0.40	-2.50%
DOLLA	\$2.71	\$2.88	-5.90%

Top 10 Performer: Manufacturing Companies

As at December 2023

Security	Close price (\$)		% Change
	Dec-23	Dec-22	
RPL	\$2.42	\$1.59	52.20%
LASD	\$3.77	\$2.59	45.56%
WISYNCO	\$21.50	\$17.67	21.68%
KREMI	\$4.59	\$3.86	18.91%
PURITY	\$1.90	\$1.66	14.46%
SELECTMD	\$0.59	\$0.52	13.46%
MASSY	\$90.00	\$79.97	12.54%
SEP	\$79.69	\$71.00	12.24%
EFRESH	\$1.52	\$1.36	11.76%
JBG	\$34.15	\$31.00	10.16%



SELECT FINANCIAL FUND

INVESTMENT MANAGER'S REPORT

FINANCIAL HIGHLIGHTS

The Financial Select Fund recorded a net deficit of J\$523.71 million for FY2023, compared to a similar deficit of J\$479.70 million in 2022. This continued downturn was driven by lower dividend income and increased loss in fair value on financial assets.

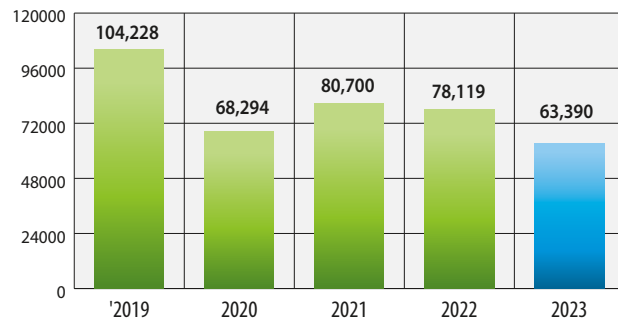
Over the past 5 years, dividend income received has seen marginal declines since the COVID-19 pandemic. Financial companies continue to face economic headwinds from high-interest rates and an inflationary environment. The financial index fell 17.73% for the year as investors flocked more toward fixed-income investments. This impact was seen in the loss in the fund's fair value on financial assets, with a loss in overall fair value on financial assets of J\$562.21 million compared to a loss of J\$524.47 million in the prior year.

Expenses witnessed a decline owing to decreases in management fees, legal & professional fees, and trustee fees. Total expenses amounted to J\$26.91 million, compared to J\$34.88 million in FY 2022. This collective amount accounted for 73.7% of total expenses. Management fees stood at J\$9.48 million, a decline from J\$11.61 million in 2022 due to a lower NAV value, on which fees are then calculated. Trustee fees recorded a decrease from J\$6.22 million in 2022 to J\$5.75 million in 2023. This was linked to a lower NAV, as a portion of the fees is a percentage of NAV and costs

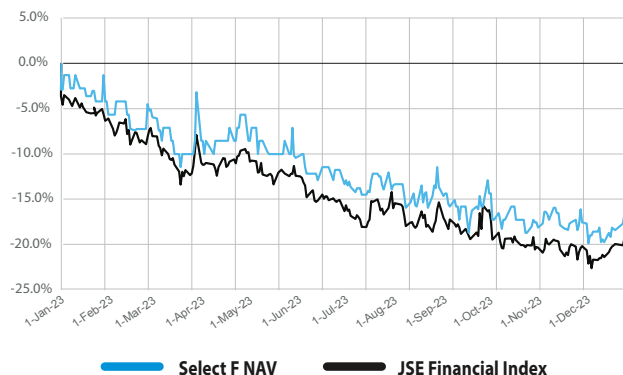
Dividend Income	J\$63.3 million
Total Expenses	J\$26.91 million
Total Assets	J\$3.05 billion
Expense Ratio	0.88 %

PERFORMANCE	
KEY FACTS	
Net Assets as of Dec 31, 2023	3,012,456,000
Listing Date	8-Aug-19
Asset Class	Equity
Benchmark Index	JSE Financial Index
JSE Ticker	SELECTF
Shares Outstanding	5,100,000,000
Number of Holdings as of Dec 31, 2023	27
Bid Price as of Dec 31, 2023	J\$ 0.37
Expense Ratio	0.88%

Sagikor Select Financial
Dividend Income
 JA \$'000

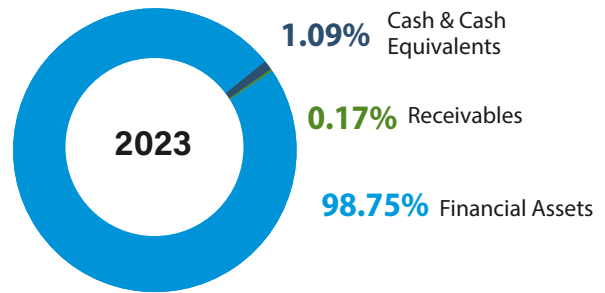


Sagikor Select Financial
Net Asset Value Performance
 PERCENTAGE (%)



Source: Jamaica Stock Exchange

Sagikor Select Financial
Asset Breakdown
 PERCENTAGE (%)



associated with dividend payments. The expense ratio declines to 0.88% in 2023 from 0.96% recorded in 2022. This was attributed to lower operational expenses.

As of December 31, 2023, the Fund's assets amounted to J\$3.05 billion, compared to J\$3.62 billion in December 2022. These assets consist largely of financial holdings held by the company (98.75%) and cash & cash equivalents (1.09%). Shareholder equity fell by 16.02% in FY2023, attributed to the increase in accumulated losses.

INVESTMENT OBJECTIVE

The Fund invests 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 Fund may or may not hold all of 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 consist of publicly traded financial stocks that are listed on the JSE.

PORTFOLIO INFORMATION – CLASS B SHARE: SELECT

Security Name	Number of Units	Position	Capital	Unrealised Gains/ (Losses)
ACCESS FINANCIAL SERVICES LTD	993,805	31,801,760	25,838,930	(5,962,830)
BANK OF JAMAICA FIXED RATE CD	18,000,000	17,972,675	18,000,000	27,325
BARITA INVESTMENTS LTD	2,900,747	179,469,859	223,299,504	43,829,645
CARIBBEAN ASSURANCE BROKERS LIMITED	1,140,933	2,179,182	2,453,006	273,824
DOLLA FINANCIAL SERVICES LIMITED	578,504	578,504	1,469,400	890,896
EPPLEY LTD	835,000	14,195,000	31,312,500	17,117,500
GENERAL ACCIDENT INSURANCE JAMAICA LIMITED	5,066,798	21,027,212	24,523,302	3,496,091
GUARDIAN HOLDINGS LIMITED	700,000	539,000,000	246,400,000	(292,600,000)
IRONROCK INSURANCE CO LTD	1,000,000	4,500,000	2,060,000	(2,440,000)
JAMAICA STOCK EXCHANGE LTD	3,328,641	61,709,910	33,286,410	(28,423,500)
JMMB GROUP LTD	7,918,810	332,726,565	198,128,626	(134,597,938)
KEY INSURANCE CO LTD	2,743,705	9,634,824	6,063,588	(3,571,236)
LASCO FINANCIAL SERVICES LTD	5,500,000	25,850,000	10,175,000	(15,675,000)
MAYBERRY INVESTMENTS LTD	5,206,681	46,248,742	39,310,442	(6,938,300)
MAYBERRY JAMAICAN EQUITY LTD	6,482,385	78,305,797	64,434,907	(13,870,890)
MFS CAPITAL PARTNERS LIMITED	2,109,741	3,476,141	4,050,703	574,562
NCB FINANCIAL GROUP LTD	8,807,137	1,681,971,363	616,411,519	(1,065,559,844)
PAN JAMAICA INVT TRUST LTD	4,561,955	441,998,353	231,291,119	(210,707,235)
PORTLAND JSX LTD	1,486,257	11,543,515	16,051,576	4,508,060
PROVEN INVESTMENTS LTD	1,349,090	48,470,321	35,872,303	(12,598,018)
PROVEN INVESTMENTS LTD	750,000	25,557,656	16,837,500	(8,720,157)
QWI INVESTMENTS LIMITED	5,874,627	6,147,105	3,466,030	(2,681,075)
SAGICOR GROUP JAMAICA LTD	13,787,731	695,831,396	668,704,954	(27,126,442)
SCOTIA GROUP JAMAICA LTD	12,578,986	685,973,650	466,051,431	(219,922,219)
STERLING INVESTMENTS LTD	1,623,516	6,370,640	5,009,133	(1,361,507)
SYGNUS CREDIT INVESTMENTS LTD SCIIA	794,875	10,381,068	11,036,143	655,076
SYGNUS CREDIT INVESTMENTS LTD SCIIJD	1,349,219	24,419,217	15,381,097	(9,038,120)
VM WEALTH INVESTMENTS LIMITED	6,135,970	38,595,154	16,751,198	(21,843,956)



SELECT MANUFACTURING AND DISTRIBUTION FUND

INVESTMENT MANAGER'S REPORT

FINANCIAL HIGHLIGHTS

The Manufacturing & Distribution Select Fund recorded a net surplus of J\$191.05 million for FY2023, compared to J\$20.30 million in the previous year. This upturn was driven by higher dividend income and reduced expenses.

Over the past 5 years, the fund has seen a continuous increase in dividend income year-over-year. During the year, dividend income grew by J\$17.57 million to J\$124.87 million. Despite facing continued headwinds in equity investment due to the high-interest rate environment, the M&D sector grew by 3.49% in FY 2023, poised for a gain in overall fair value on financial assets of J\$80.68 million compared to a loss of J\$74.12 million in the prior year.

Expenses witnessed a decline owing to decreases in management fees and legal and professional fees, totalling J\$27.73 million compared to J\$33.36 million in FY 2022. This collective

amount accounted for 59.13% of total expenses, contributing to the reduction in the fund's overall expense ratio, which decreased to 0.68% in 2023 from 0.83% in 2022.

As of December 31, 2023, the Fund's assets amounted to J\$4.10 billion, compared to J\$4.03 billion in December 2022, reflecting a compounded annual growth rate of 0.85% over the past 5 years. These assets consist largely of financial holdings held by the company (95.94%) and cash & cash equivalents (3.97%). Shareholder equity grew by 1.73% in FY2023, attributed to the increase in retained earnings.

Net Surplus

J\$191.05 million

Dividend Income

J\$124.87 million

Total Assets

J\$4.10 billion

Expense Ratio

0.68%

PERFORMANCE	
KEY FACTS	
Net Assets as of Dec 31, 2023	4,078,884,000
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 as of Dec 31, 2023	30
Bid Price as of Dec 31, 2023	J\$ 0.57
Expense Ratio	0.68%

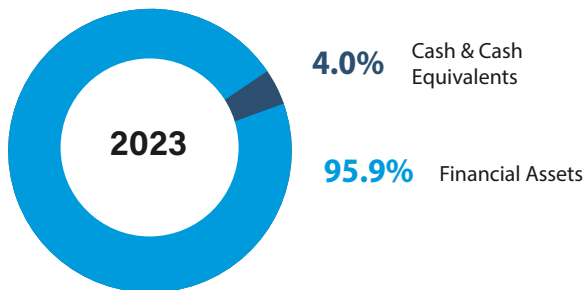
INVESTMENT OBJECTIVE

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 consist of publicly traded Manufacturing and Distribution stocks that are listed on the JSE.

Sagcor Select Manufacturing & Distribution

Asset Breakdown

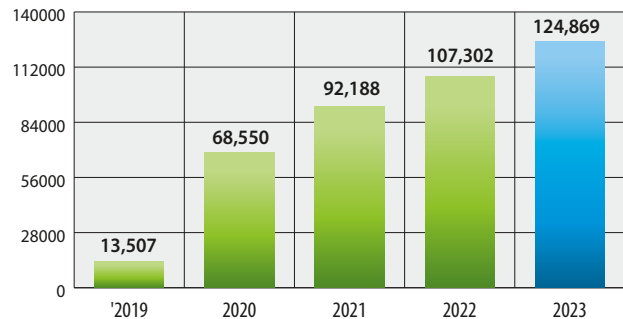
PERCENTAGE (%)



Sagcor Select Manufacturing & Distribution

Dividend Income

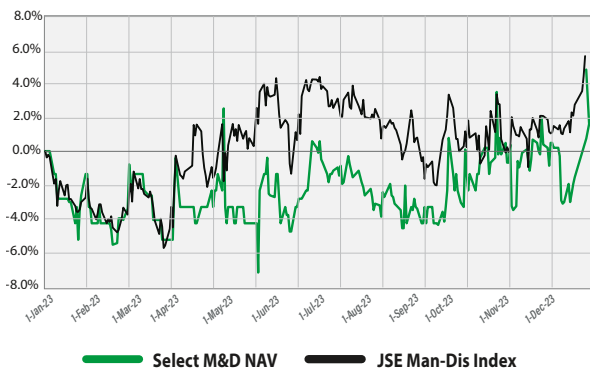
JA \$'000



Sagcor Select Manufacturing & Distribution

Net Asset Value Performance

PERCENTAGE (%)



Source: Jamaica Stock Exchange

As of December 31, 2023, the Fund's assets amounted to J\$4.10 billion, compared to J\$4.03 billion in December 2022, reflecting a compounded annual growth rate of 0.85% over the past 5 years.

PORTFOLIO INFORMATION – CLASS C SHARE: SELECTMD				
Description	Number of Units	Position Cost	Capital Value	Unrealised Gains/(Losses)
AMG PACKAGING & PAPER CO LTD	4,029,679	8,462,326	9,469,746	1,007,420
BANK OF JAMAICA FIXED RATE CD	140,000,000	139,787,470	140,000,000	212,531
BERGER PAINTS JAMAICA LTD	1,719,169	30,773,125	11,363,707	(19,409,418)
BLUE POWER GROUP LTD	454,816	1,683,241	1,214,359	(468,882)
CAC 2000 LTD	1,035,021	14,037,029	3,105,063	(10,931,966)
CARIBBEAN CEMENT CO LTD	6,827,319	510,559,664	409,639,140	(100,920,524)
CARIBBEAN CREAM LTD	3,121,508	10,314,958	12,392,387	2,077,429
CARIBBEAN FLAVOURS & FRAGRANCES LTD	7,212,860	9,376,718	13,848,691	4,471,973
CARIBBEAN PRODUCERS JAMAICA LTD	6,567,373	30,565,465	55,165,933	24,600,469
CARRERAS LTD	51,556,419	409,116,994	445,963,024	36,846,030
CONSOLIDATED BAKERIES JAMAICA LTD	1,547,510	2,570,767	2,862,894	292,127
DERRIMON TRADING CO LTD	36,111,055	89,138,999	66,805,452	(22,333,548)
EVERYTHING FRESH LTD	7,727,500	7,727,500	12,364,000	4,636,500
FONTANA LIMITED	10,028,143	70,205,444	100,281,430	30,075,986
FOSRICH CO LTD	40,289,600	17,324,528	104,350,064	87,025,536
GRACEKENNEDY LTD	8,104,903	535,842,247	647,986,995	112,144,747
HONEY BUN 1982 LTD	3,780,227	24,487,755	24,004,441	(483,314)
INDIES PHARMA JAMAICA LTD	10,688,828	35,566,249	33,028,479	(2,537,770)
JAMAICA BROILERS GROUP LTD	9,882,806	352,596,602	330,085,720	(22,510,882)
JAMAICA PRODUCERS GROUP	8,591,613	210,144,986	193,311,293	(16,833,693)
JAMAICAN TEAS LTD	16,726,656	33,313,390	46,834,637	13,521,247
LASCO DISTRIBUTORS LTD	27,753,880	94,668,214	106,574,899	11,906,685
LASCO MANUFACTURING LTD	32,816,914	172,350,164	141,112,730	(31,237,434)
LUMBER DEPOT LIMITED	5,800,000	9,517,966	15,660,000	6,142,034
MASSY HOLDINGS LTD.	1,000,000	91,000,000	89,990,000	(1,010,000)
MEDICAL DISPOSABLES & SUPPLIES LTD	1,009,026	7,032,801	2,724,370.20	(4,308,431)
PARAMOUNT TRADING (JAMAICA) LIMITED	2,844,270	5,670,343	4,664,602.80	(1,005,740)
SALADA FOODS LTD	4,083,620	11,773,698	16,538,661.00	4,764,963
SEPROD LTD	4,189,298	210,692,891	345,617,085.00	134,924,194
TROPICAL BATTERY COMPANY LIMITED	4,222,222	4,276,856	8,402,221.78	4,125,366
WISYNCO GROUP LTD	30,964,303	718,392,903	681,214,666.00	(37,178,237)



RISK MANAGEMENT

In addition to other information set forth in this Annual Report, investors should be mindful of the risks described. These risks are not the only ones facing shareholders. Additional risks not presently known to the Directors or that the Directors may presently consider being immaterial may also impair Select Funds' operations. Select Funds' actual results could differ materially from those anticipated as a result of certain factors, including the following risks faced by Select Funds.

ORDINARY STOCK PRICE FLUCTUATIONS

The trading price of Select Funds' shares has fluctuated since its listing on the JSE Stock Exchange. Some of the reasons for fluctuations in the price of the shares include but are not limited to:

- **General conditions in the economy and the local stock market;**
- **Changes in the law regarding several matters including but not limited to taxation, planning and the environment.**

In addition, prices on the stock market may be particularly subject to volatility. In many cases, the fluctuations may be unrelated to the operating performance of the affected

companies. As a result, the price of the shares could fluctuate in the future without regard to operating performance.

CHANGES IN GOVERNMENT POLICIES

The Government of Jamaica may from time to time affect macroeconomic conditions through fiscal and monetary policies, which may have an adverse impact on the local companies, the stock market and the performance of Select Funds. The Select Funds' shares, listed on the Jamaica Stock Exchange, may not be readily saleable and shareholders who may want to "cash out" may not be able to do so or may only be able to do so at a discount.

TAXATION RISKS

The transaction model is tax-sensitive. Changes in the tax treatment of Select Funds in Jamaica or of companies listed on the Jamaica Stock Exchange could materially affect the profitability of Select Funds.

FOREIGN CURRENCY RISKS

Certain costs may be increased as a result of the devaluation of the Jamaican dollar relative to the United States dollar and other foreign currencies. Accordingly, the fund may be exposed to the risk that the value of the future cash flows may fluctuate because of changes in foreign exchange rates. The fund does not, at this point, hedge its foreign exchange risks, and it has no current plans to do so.

OPERATIONAL RISKS

In the execution of its business functions, Select Funds is exposed to operational risks arising from failures in systems and the processes through which it operates. Critical areas of operational risks include:

- **Employee errors – Trading and administration errors;**
- **Accounting errors, data entry errors; and**
- **Fraud (internal and external) or other criminal activity.**
- **Index Tracking Errors**

THIN MARKET IN COMPANY'S SHARES

The Jamaican stock market is relatively small, and the market in Select Funds' shares may be relatively thin compared to broader capital markets. That means that trade in small quantities of Select Funds' shares can trigger wide swings (up or down) in the market price of the shares and make it easier for the stock price to be manipulated.

SALE OF A SUBSTANTIAL BLOCK OF SHARES MAY CAUSE THE MARKET PRICE TO DECLINE

Select Funds' shares are freely tradable. Sagicor Investments Jamaica Limited (SIJL) and Sagicor Sigma Global Funds are not restricted in the manner or timing of the disposal of any of their shares. Pension funds and institutional investors may acquire relatively large blocks of shares. A sale of a substantial block of shares by any one or more shareholders may cause the market price of the shares to decline materially.

THE SPECIAL SHARE HELD BY SIJL WILL DETER TAKE-OVER BIDS

The fact that SIJL holds the Special Share which gives it control over the election of Directors and other key corporate decisions will make it unlikely that any investor other than SIJL or entities affiliated to SIJL would bid for control of Select Funds. Such bid, if made, would usually be expected to be at a premium above the prevailing trading price of the shares. Accordingly, the likelihood of stockholders receiving a take-over bid is reduced, perhaps significantly.

CYBER RISKS

Cyber risks have the potential to directly and indirectly impact the performance of the funds. This can materialize through, but not limited to, the following channels:

- **Operational Disruptions:- inability to execute timely transactions resulting in financial losses.**
- **Reputational Damages:- eroding investor confidence leading to a reduction in assets under management.**
- **Market Impacts:- as cyber incidents may result in liquidity freeze or fire sales affecting valuation.**

CONCENTRATION RISKS

The consolidation of companies via mergers and/or acquisitions may significantly influence concentration risks. Reduced competition in the market may lead to higher prices or limit the choices for divestment. As such, if the funds hold sizeable positions in companies that are merging, exposure to specific parts of the sectors will increase. Additionally, as mergers and acquisitions potentially impact volatility, this may have impact on market dynamics

thereby shifting strategy and affecting performance.

RELATED PARTY & POTENTIAL CONFLICT OF INTEREST

Sagicor Select Funds Limited is managed by Sagicor Investments Jamaica Limited (SIJL). Sagicor Investments Jamaica Limited is also providing investment management services to the Sigma Global Funds, substantial investors in Select Funds. Despite the multiple roles which Sagicor Investments will play, the interests of the various parties are generally aligned. Notwithstanding that the parties all share a common interest in the success of Select Funds, it is possible that conflicts of interest would arise in the day-to-day operations of Select Funds. Select Funds has a robust Corporate Governance Committee which includes non-executive directors.

That Committee is charged with the duty of ensuring adherence to best practice standards of corporate governance and ethics within the Group. This Board Committee, among other things, reviews related party transactions and monitors conflict of interest situations to ensure that all such transactions are carried out on an arm's length basis with the utmost integrity.

In addition, Select Funds has appointed independent directors to chair its Corporate Governance and Audit Committees. The Corporate Governance Committee also monitors and reviews related party transactions and other potential conflict of interest scenarios to ensure strict compliance with best practice benchmarks. Select Funds' goal in risk management is to ensure that it understands, measures, and monitors the various risks that arise, and that it adheres strictly to the policies and procedures which are established to address these potential risks.

AUDIT COMMITTEE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The Audit Committee, established by the Board of Directors, is comprised of three independent non-executive directors, with one serving as the Chairman. The Committee is responsible for monitoring the effectiveness of the company's internal control systems and ensuring compliance with applicable regulations and laws.

The purpose of the Committee is to assist the Board in the oversight of:

- (a) Reviewing and recommending for approval, the unaudited and audited financial statements of the Company;
- (b) Recommending the appointment of external and internal auditors;
- (c) Monitoring and reviewing the effectiveness of the Company's internal audit functions;
- (d) Evaluating the effectiveness of the company's internal control systems to mitigate potential financial, operational, and compliance risks;
- (e) Monitoring of the company's investment portfolios and investment strategies;
- (f) Overseeing and assessing the company's system of risk management;
- (g) Any other duties assigned by the Board of Directors and/or reasonably expected to be undertaken by the Audit Committee

The Audit Committee held four (4) meetings during the year with full participation from its members.

The Engagement Partner of PwC, the company's external auditors, remains a permanent invitee to meetings of the Audit Committee.

For the financial year, the Committee deliberated the following key activities:

- Reviewing and recommending for the Board's approval the quarterly unaudited financial statements and submissions to the JSE.
- Reviewing and recommending for approval by the Board the audited financial statements of the company for the year ended December 31, 2023, and the Auditor's reports thereon.
- Reviewing the quarterly Risk Report and Investment Report and reporting thereon to the Board.
- Reviewing and recommending for approval by the Board the external Auditor's proposed audit strategy, audit plan and audit fees.
- Engaging with the Group Internal Auditor regarding the Internal Audit Plan and held meetings with the

Internal Auditor independent of the management team.

- Considered management's proposal for the dividend payment in November 2023, which was recommended for approved by the Board.
- Audit Committee Quarterly Reports submitted by the Chairman of the Audit Committee to the Board.

EXTERNAL AUDITORS

The external auditors, PricewaterhouseCoopers (PwC), were recommended by the Audit Committee and Board and approved by the shareholders at the Annual General Meeting in 2023. PwC, as independent auditors, are responsible for planning and carrying out, in accordance with professional standards, an audit of the company's annual financial statements.

The Audit Committee managed the relationship with the company's external auditors on behalf of the Board. It assessed the cost-effectiveness of the audit process, together with the auditor's

independence, approach to audit quality and transparency in making its recommendation.

Having undertaken a review of the specific guidelines which govern the conduct of non-audit work by the external auditors, the Audit Committee remains confident that the objectivity and independence of the external auditors are not in any way impaired.

INTERNAL AUDITORS

With oversight from the Audit Committee, the Group Internal Audit Department reviews and assesses the company's systems of internal controls and regulatory compliance through discussions with management and external auditors. The External Auditors and the Group Internal Audit Department maintain separate independent auditing and reporting functions.

Signed,

Mrs Janene Shaw
Chairman
SSFL Audit Committee



CORPORATE GOVERNANCE

Sagikor Select Funds Limited remains steadfast in its commitment to rigorous corporate governance while navigating the operational challenges stemming from the COVID-19 pandemic and ongoing geopolitical unrest.

The Sagikor Select Funds Limited, an affiliate of the Sagikor Jamaica Group of Companies, continues to adhere to a high standard of corporate governance appropriate to the nature of the Company's operation and is guided by the principles and guidelines set out in the Company's Corporate Governance Policy which is available on the Sagikor website at: <https://sagikor.info/ssfcorporategovernance>.



Scan to View Corporate Governance Policy

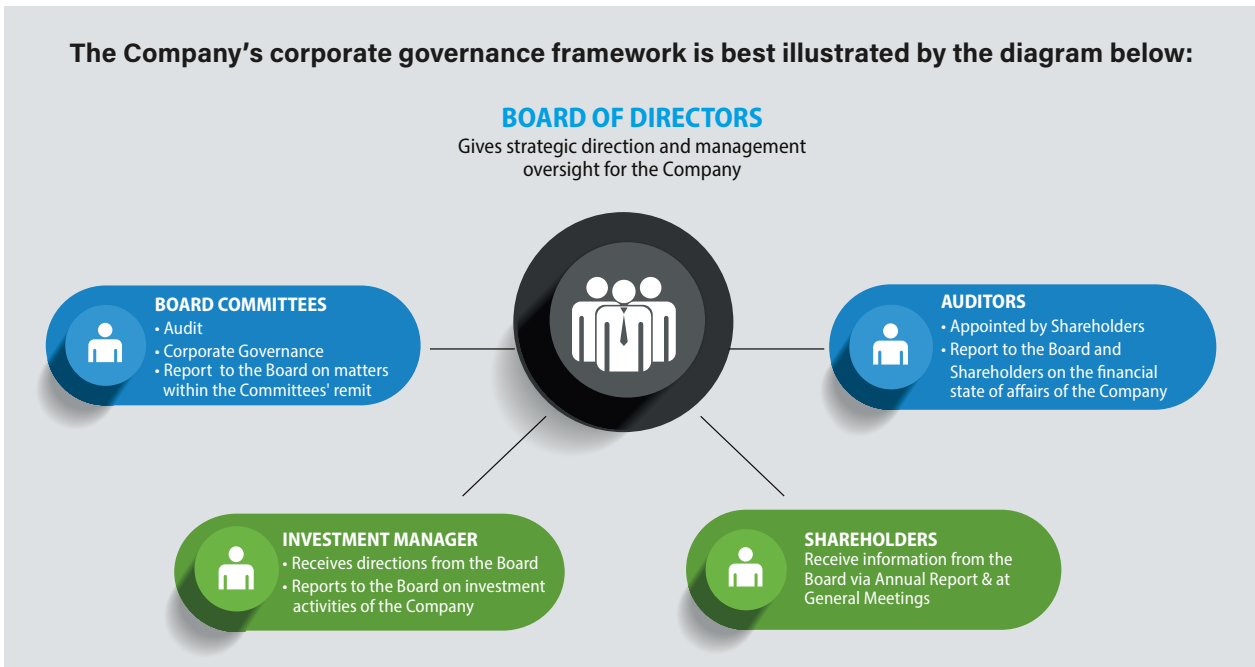
BOARD OF DIRECTORS

The Board is collectively responsible for the long-term success of the Company and provides strategic leadership within a framework of prudent and effective controls which enable risks to be assessed and managed. In this role, the Board is pivotal in the Company's governance structure and oversees the management of the longer-term interests of stakeholders.

The Board of Directors has the following responsibilities:

- establishing the strategic direction of Sagikor Select Funds, which involves setting business objectives and plans for achieving them
- execution of the approved business objectives through adequate management, leadership and resources
- monitoring the performance of the Funds to achieve the strategic objectives and ensure compliance with all applicable legal and regulatory regimes
- due and proper accounting to all stakeholders of the Company, including, in particular, the stockholders.
- formulating and monitoring investment portfolios and investment strategies for the Company.

The Company’s corporate governance framework is best illustrated by the diagram below:



The diagram below illustrates the diverse skill set of the Directors.

BOARD COMPOSITION AND STRUCTURE

The Board comprises six (6) directors, two (2) Non-Executive Directors and four (4) Independent Non-Executive Directors. The Board delegates authority for the Company's day-to-day management to the fund managers - Sagicor Investments Jamaica Limited (SIJL), thereby maintaining a clear division of responsibilities between the Board and the Executives.

Board members are selected from diverse businesses and professional backgrounds with an appropriate mix of knowledge, skill and experience relevant to the business of Sagicor Select Funds. The Company has a management agreement in place with SIJL, who acts as the Fund Manager.

SKILLS & EXPERTISE	BOARD MEMBERS					
	Colin Steele	Janene Shaw	Omar Brown	A Cecile Watson	Daniella Silvera	Faith Vincent
GENERAL MANAGEMENT		*		*		
STRATEGIC MANAGEMENT	*	*	*	*		*
ENTREPRENEURSHIP	*			*		
INVESTMENTS	*	*				*
CAPITAL MARKETS	*					
FINANCE	*	*		*		
TREASURY MANAGEMENT		*	*			*
FINANCIAL MODELLING			*			*
ASSET MANAGEMENT		*				
CORPORATE GOVERNANCE				*	*	
CORPORATE LAW					*	
BANKING	*		*	*		*
CORPORATE FINANCE (MERGERS & ACQUISITIONS)		*	*			
PROPERTY	*					
REGULATORY EXPERIENCE		*		*	*	
FUND MANAGEMENT			*			*
MARKET ANALYSIS			*			*

CHAIRMAN

The Board is chaired by an Independent Non-Executive Director, Mr. Colin Steele. This structure provides for a clear division of responsibilities between the running of the Board and the executive responsibility for running the Company's business. In this role, he is principally responsible for the effective operation of the Board and ensuring that the information it receives is sufficient to make informed judgments.

SECRETARY

Our Corporate Secretary, Dr. Sharma Taylor is responsible for ensuring that the Board operates in accordance with the highest standards of ethical behaviour and accountability. This includes implementing policies and procedures that encourage transparency, integrity, and responsible decision-making. She is also responsible for maintaining accurate and complete records of board meetings and decisions, ensuring adherence to its bylaws and Articles of Incorporation, and ensuring that the Board is provided with the necessary information and resources for informed decision-making.

ATTENDEES TO THE MEETING

Senior representatives of SIJL attend Board meetings and report on the management of the Funds. They also provide additional insight into the Company's operations as required by the Board in its deliberation of strategic matters and its decision-making process.

DIRECTOR INDEPENDENCE

In accordance with the Corporate Governance Policy, the Board maintains a structure that includes four (4) independent directors to add objectivity and transparency in the management and dealings of the Company. The term 'independent' means a Director who has no material relationship with the Company, except that he receives remuneration for holding office as Director.

Independent directors should be free from any interest and any business or other relationship, other than an interest or relationship arising purely from their shareholding or a customer relationship, being strictly in accordance with the Company's normal business practices.

Other considerations to determine the independence of a director are:

- whether the director has been an employee of the Company within the last three years
- whether the director has or has had, within the last three years, a material business relationship with the Company either directly as a director, shareholder, or senior employee of a body that has such a relationship with the Company
- whether the director receives additional remuneration from the Company or participates in a performance-related pay scheme
- whether the director has close family ties with any of the Company's directors or senior employees
- whether the director (or a related party) holds 5% or more of the total shareholdings in the Company

Directors' independence is continually assessed, and directors are required to submit to an annual self-assessment of their compliance with these criteria and any conflict of interest requirements.

In 2023, the Directors who met the independent criteria were:

- Colin Steele, Chairman
- Janene Shaw
- Daniella Silvera
- A. Cecile Watson

DIRECTOR NOMINATION AND APPOINTMENT

The Company's Articles of Incorporation sets out the basis on which directors are appointed. A director may hold office until he/she ceases to be a director. At the first Annual General Meeting of the Company held in 2020, all the directors retired from office and were re-elected.

Annually, at least one-third of the directors will be retired at the Company's Annual General Meeting and said directors are eligible for re-election. Directors co-opted by the Board are presented for re-election at the next Annual General Meeting of the Company.

BOARD, COMMITTEES AND ATTENDANCE RECORDS AND ACTIVITIES FOR THE YEAR ENDED 2023

The Board met seven times in 2023, with virtual meetings continuing throughout the year, providing greater flexibility and efficiency. The key agenda items deliberated during the year included:

- Review and approval of the quarterly unaudited financial statements and full-year audited financial statements and reports to the stockholders
- Discussion on the performance of the Funds, major investments/ operations, strategic business initiatives, Directors' Fees and Audit Plan
- Review of the Company's management accounts
- Consideration of the payment of dividends and approving management's recommendation for Board approval.
- Preparation for Annual General Meeting
- Approval of the Company's Budget
- Considered and approved the appointment of new Directors
- Review of Committee Reports, Risk Reports and Management Reports
- Approval of the Auditors' Fees

In addition to the scheduled Board Meetings held during the year, the Board consulted with management on an ongoing basis as was required.



BOARD COMMITTEES

The Board has delegated certain of its responsibilities to Committees to focus on complex and specialized issues. The Board has established two (2) Committees - the Audit Committee and the Corporate Governance Committee - to ensure an ongoing review of its corporate integrity and the Company's ability to achieve its strategic and operational objectives. The Board of Directors appoints the Committee Members to

hold office until otherwise determined by the Board or until they cease to be directors. The Committees comprise a majority of independent non-executive directors. Representatives of the Fund Managers attend Committee meetings as invitees and participate in the meetings by presenting discussion documents and developing strategies. The CEO of SIJL is a permanent invitee to all board meetings.

AUDIT COMMITTEE

For the year under review, the Audit Committee comprised three (3) independent non-executive directors, namely, Mrs. Janene Shaw, Chairperson, Mrs. Daniella Silvera, and Mrs. A Ceclie Watson. The Committee is responsible for safeguarding the shareholders' investments and the Company's value. It

is responsible for ensuring the Company maintains an ongoing system of internal control and risk management framework in relation to risks faced by the Funds, to provide it with reasonable assurance regarding the effective and efficient operation, internal financial control and compliance with laws and regulations.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee is chaired by Mrs. Daniella Silvera, and is supported by Mrs. A Cecile Watson and Mr. Omar Brown as committee members. The Committee's key areas of oversight include:

- Review of transactions between the Company and its subsidiaries and/or related parties to ensure compliance with established policies and procedures;
- Establish and ensure adherence to procedures designed to identify potential conflicts of interest, prevent conflicts of interest and resolve them if they occur;
- Review the annual Board Evaluation and initiate and assess the outcome against best practices and the identified needs of the Board.
- Establish and ensure adherence to procedures regarding disclosure in accordance with legislation, regulations and the JSE.

Attendance at meetings of the Board and Committees as at December 31, 2023 is summarised below:

Board Members	Non-Executive (NE)/ (Independent Non-Executive INE)	Board	Audit Committee	Corporate Governance Committee
Mr. Colin Steele	INE	7/7	-	-
Mrs. A Cecile Watson	INE	7/7	4/4	5/5
Mrs. Janene Shaw	INE	7/7	4/4	N/A
Mrs. Daniella Silvera	INE	7/7	4/4	5/5
Mr. Omar Brown	NE	7/7	N/A	5/5
Mrs. Faith Vincent	NE	5/7	-	-

DIRECTOR'S REMUNERATION

The Board determines the level and structure of fees paid to the independent non-executive directors; the other non-executive directors do not receive fees in respect of their office as directors of the Company. Directors are authorized by a resolution passed at the Company's Annual General Meeting to fix their remuneration, and for the year, there were no changes in the fees paid to directors.

The Directors' fees comprise a basic retainer fee, and additional fees for appointments to Board committees.

The Chairperson of each board committee is also paid a higher fee compared with the members of the respective committees, given the greater responsibility carried by that office.

Directors do not receive any share-based compensation and are entitled to purchase shares on the open market subject to the Company's policy on Securities Transactions by Directors and Officers.

The fees paid to directors for the year ended December 31, 2023, were as follows:

Board/Committee (\$)	Annual Retainer	Audit	Corporate Governance
Board Chairman	\$681,345.00		
Board Members	\$454,230.00		
Committee Chair		\$476,941.50	\$476,941.50
Members		\$317,961.00	\$317,961.00



BOARD EVALUATION

This process is ongoing, the Directors completed the 2022 Board Review in January 2023. The 2023 Board Evaluation is scheduled for delivery in the first quarter of 2024. The exercise continues to evaluate the Board's performance, including its directors, to determine the Board's effectiveness in fulfilling its mandate for the overall governance of the Company. The questionnaires were based on Corporate Governance best practices and were reviewed by the Corporate Governance Committee, which maintains responsibility for Board Evaluations.

The evaluation process consists of three elements:

- (i) **Self-Assessment**
- (ii) **Board Assessment**
- (iii) **Peer Assessment**

The assessment is a key part of reviewing the Board's functioning and effectiveness and identifying possible paths for improvement. Each Director was requested to evaluate the effectiveness of the Board dynamics and relationships, information flow, decision-making of the directors, Company performance and strategy, and the effectiveness of the whole Board and its committees. This review process also covered the evaluation of the Fund Managers and the Company Secretary. Led by the Corporate Governance Committee, and the Chairman, an action plan was established based on the survey to improve the Board's overall performance. The Corporate Governance Committee will monitor the progress and resolution of the action items.

DIRECTOR ORIENTATION AND TRAINING

The Company's Corporate Governance policy provides for directors' orientation upon appointment and recognizes the importance of continuing education for its Directors. Continuing Educational training is usually scheduled in collaboration with the Sagicor Group ("the Group") Directors' Training Programme, which is geared to meet the specific needs of Sagicor Select Funds. All new directors inducted to the Board are introduced to the business through a formal orientation process, including an overview of the Company's operations, the organizational structure, services, group structure and subsidiaries, constitution, Board procedures, the major risks and risk management strategy.

During the year, all directors participated in the annual mandatory AML/CFT (Anti Money Laundering & Counter Finance Terrorist Activity) training, which examined key trends and compliance in these areas. All directors were required to score at a preset level to complete the course. Directors also underwent the Group's ongoing mandatory Data Privacy and Cybersecurity training. Directors' training sessions on Environmental, Social, and Governance (ESG), FinTechs & Insurtech Landscape, Corporate Governance and Financial Holding Companies and the Roles of the Board of Directors were also offered to Directors.

DISCLOSURE AND TRANSPARENCY - OUR COMMITMENT TO OUR SHAREHOLDERS

Sagicor Select Funds prioritizes transparency and accountability, understanding that trust is paramount in our relationships with investors, stakeholders, and the public. Our Board of Directors oversees robust disclosure practices, ensuring compliance with regulations and accuracy in disclosures. The Company believes in preserving investor confidence by meeting its disclosure obligations effectively, providing all investors with equal access to timely and balanced information.

Key commitments include:

- Implementing procedures and practices to address self-dealing and insider trades, in compliance with laws.
- Setting criteria and benchmarks for transactions with related parties.
- Reviewing transactions with related parties to assess potential impacts on company stability.
- Establishing written policies for compliance with JSE Listing Rule disclosure requirements, ensuring accountability at the executive level.

- Authorizing processes for timely, factual, and comprehensive company announcements that allow investors to assess information impact.
- Providing commentary on financial results to enhance reporting clarity and balance, enabling informed investor assessments.

The Company posts on the JSE website its quarterly unaudited financial statements and full-year audited financial statements with accompanying Management and Discussion Analysis.

A list of the top ten largest shareholders and the list of directors' shareholdings and their connected parties are disclosed on the JSE website on a regular basis. Shareholders also have the opportunity to participate effectively through a question-and-answer session at the Company's Annual General Meeting, the minutes of which are posted on the Group's website.

CORPORATE VALUES

Corporate Governance is the task of a company's Board to provide entrepreneurial leadership, guidance, and oversight to the Company for maximizing shareholder wealth within the constraints of law and community standards of ethical behaviour. The direction and momentum assumed by the Governance process are driven by a value system that permeates the enterprise to ensure business priority alignment between the Board and management. The following policies guide the Sagicor value system:

Code of Conduct

The Company is guided by the provisions of its Articles of Incorporation in dealing with directors' interests to avoid any exploitation of property, information or opportunity, whether or not the Company could take advantage of it. Being a related entity of Sagicor Group Jamaica, SSFL is governed by the Sagicor Code of Business Conduct and Ethics, which regulates the behaviour of Directors, officers, agents, and employees of the Group.

The standards contained in the Code emphasize the deterrence of wrongdoing that could lead to fraud and misconduct and address the following essential areas:

- Conflicts of interest
- Corporate opportunities
- Confidentiality
- Fair dealing
- Protection and use of company assets
- Compliance with laws
- Rules and regulations, including insider trading laws, and
- Encouraging and reporting of any illegal or unethical behaviour

The Board has adopted the Code applicable to the Group.

Conflict of Interest

Under the Code, the Directors are required to complete an Internal Disclosure Certificate annually to declare any personal interest he or she may have (whether directly or indirectly) which may impact any matters being considered by the Board. The completed disclosure certificates are submitted to the Corporate Governance Committee for onward transmission to the Group Compliance Officer (Sagicor Group).



FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

FINANCIAL SELECT FUND

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MANUFACTURING AND DISTRIBUTION SELECT FUND

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Independent auditor's report

To the Members of Sagicor Select Funds Limited – Financial Select Fund

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Sagicor Select Funds Limited – Financial Select Fund (the Fund) as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act.

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.



We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Fund, the accounting processes and controls, and the industry in which the Fund operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of investments</p> <p><i>Refer to notes 2 (c) and 6 to the financial statements for disclosures of related accounting policies and balances.</i></p> <p>The investment portfolio, which comprises listed equity securities, represented \$3.01 billion or 98.7% of total assets as at 31 December 2023.</p> <p>We focused on the valuation and existence of investments because the investment portfolio represents the principal element of the net asset value.</p>	<p>Our approach to addressing the matter involved the following procedures, amongst others:</p> <ul style="list-style-type: none"> Tested the valuation of the investment portfolio of listed equity securities by evaluating the prices used by the Fund against prices reported by the Jamaica Stock Exchange. Tested the existence of the investment portfolio by comparing the holdings to a custodian confirmation from Jamaica Central Securities Depository Limited. <p>Based on the procedures performed, no adjustments were identified.</p>

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.


From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Recardo Nathan.


Chartered Accountants
Kingston, Jamaica
29 February 2024

FINANCIAL SELECT FUND

Statement of Comprehensive Income

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 \$'000	2022 \$'000
Income			
Dividend income		63,390	78,119
Interest income		1,868	1,674
Net foreign currency gains/(losses) on cash and cash equivalents		160	(132)
Other net changes in fair value on financial assets at fair value through profit or loss	6	<u>(562,214)</u>	<u>(524,474)</u>
		<u>(496,796)</u>	<u>(444,813)</u>
Expenses			
Auditors' remuneration		2,025	1,910
Bank charges	8	37	32
Directors' fees	8	1,976	1,976
Irrecoverable General Consumption Tax		2,994	4,406
Legal and professional fees		4,601	8,686
Management fees to fund manager	8	9,478	11,607
Transaction costs		41	39
Trustee fees		5,755	6,225
Other expenses		<u>6</u>	<u>2</u>
		<u>26,913</u>	<u>34,883</u>
Net Loss, being Total Comprehensive Income for the Year		<u><u>(523,709)</u></u>	<u><u>(479,696)</u></u>
Earnings per stock unit			
Basic and diluted (expressed in \$)	10	<u><u>(0.10)</u></u>	<u><u>(0.09)</u></u>

FINANCIAL SELECT FUND**Statement of Financial Position**

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 \$'000	2022 \$'000
ASSETS			
Financial assets at fair value through profit or loss	6	3,011,970	3,574,184
Receivables		5,116	4,444
Cash and cash equivalents	7	33,129	44,570
		<u>3,050,215</u>	<u>3,623,198</u>
EQUITY			
Capital and Reserves Attributable to Equity Holders of the Fund			
Share capital	9	5,023,931	5,023,931
Accumulated loss		<u>(2,011,475)</u>	<u>(1,436,766)</u>
		<u>3,012,456</u>	<u>3,587,165</u>
LIABILITIES			
Payables		10,325	10,244
Due to related parties	8	14,101	12,319
Withholding tax payable		13,333	13,470
		<u>37,759</u>	<u>36,033</u>
		<u>3,050,215</u>	<u>3,623,198</u>
Net assets value per stock unit (\$)	10	<u>0.59</u>	<u>0.70</u>

Approved for issue by the Board of Directors on 27 February 2024 and signed on its behalf by:



Colin Steele

Chairman



Janene Shaw

Director

FINANCIAL SELECT FUND

Statement of Changes in Equity

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital \$'000	Accumulated Loss \$'000	Total \$'000
Balance at 1 January 2021		5,023,931	(903,520)	4,120,411
Total comprehensive income for the year		-	(479,696)	(479,696)
Transaction with owners: -				
Dividend paid	11	-	(53,550)	(53,550)
Balance at 31 December 2022		5,023,931	(1,436,766)	3,587,165
Total comprehensive income for the year		-	(523,709)	(523,709)
Transaction with owners: -				
Dividend paid		-	(51,000)	(51,000)
Balance at 31 December 2023		5,023,931	(2,011,475)	3,012,456

FINANCIAL SELECT FUND**Statement of Cash Flows**

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 \$'000	2022 \$'000
Cash Flows from Operating Activities			
Net loss for the year		(523,709)	(479,696)
Adjustments to determine net cash flows provided by operating activities:			
Interest income		(1,868)	(1,674)
Foreign exchange (gains)/losses on cash and cash equivalents		(160)	132
Dividend income		(63,390)	(78,119)
Fair value losses on financial assets at fair value through profit or loss	6	562,214	524,474
		(26,913)	(34,883)
Change in operating assets and liabilities			
Financial assets at fair value through profit or loss		-	(578)
Payables		81	4,931
Receivable		-	6,417
Due to related parties		1,782	(488)
Withholding tax payable		(137)	4,726
Cash used in operations		(25,187)	(19,875)
Dividend received		62,761	73,716
Interest received		1,825	1,633
Net cash provided by operating activities		39,399	55,474
Cash Flows from Financing Activities			
Dividends paid to equity holders	11	(51,000)	(53,550)
Net cash used in financing activities		(51,000)	(53,550)
Net (decrease)/increase in cash and cash equivalents		(11,601)	1,924
Effects of exchange rate changes on cash and cash equivalents		160	(132)
Cash and cash equivalents at beginning of year		44,570	42,778
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	7	33,129	44,570

2023

Financial Select Fund

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***1. Identification and Principal Activities**

Sagikor Select Funds Limited (the Company) was incorporated on the 11th of January 2019 as a public company. The principal activity of the Company is the operation of listed equity funds that track various indexes established by the Jamaica Stock Exchange.

Each fund is close-ended and is represented by a separate class of share in the Company. The assets of the Company are specifically owned and segregated for each share class. The Company has five (5) classes of shares with 'Class A' being the "Management Share" and is issued to Sagikor Investments Jamaica Limited (SIJL), the investment manager of the funds. The other shares of the Company represent four (4) segregated classes being the "Class B", "Class C", "Class D" and "Class E" shares.

At 31 December 2023, "Class B", The Financial Select Fund (the Fund) was one of two classes which were operational. A public invitation for subscription in the Fund was made by Sagikor Select Funds Limited via prospectus dated 12 June 2019, in Jamaica. The offer closed on 16 July 2019.

The Company maintains its registered office at 85 Hope Road, Kingston 6, St. Andrew, Jamaica and its operations takes place out of the office of the Sagikor Investments Jamaica Limited which also maintains its registered office at 85 Hope Road, Kingston 6, St. Andrew.

The Company entered into a management agreement with SIJL to act as manager of the Fund.

The income of the Fund is exempt from income tax, under Section 12(t) of the Income Tax Act.

The financial statements were authorised for issue by the Directors of the Fund on 27 February 2024. The Directors have the power to amend and reissue the financial statements.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with IFRS® Accounting Standards. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS® Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC® Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC® Interpretations).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments at fair value through profit 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 Fund's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***2. Significant Accounting Policies (Continued)****(a) Basis of preparation (continued)*****Standards, interpretations and amendments to published standards effective in the current year***

There were no new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year that is relevant to The Fund's operations.

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Fund

The Fund has concluded that the following standards, which are published but not yet effective, are relevant to its operations. These pronouncements are effective for annual periods beginning on or after year end dates noted and will be applied by the Fund as of those dates unless otherwise indicated.

Amendments to IAS 1 'Presentation of financial statements' on classification of liabilities, (effective for annual periods beginning on or after 1 January 2024). These amendments to IAS 1 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectation of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The adoption of this amendment is not expected to have a significant impact on the Fund.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The adoption of these amendments are not expected to have a significant impact on the Fund.

(b) Foreign currency translation**(i) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates ('the functional currency'). The financial statements are presented in Jamaican dollars, which is the Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the statement of financial position date, assets and liabilities denominated in the foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of comprehensive income.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within 'other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss'.

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***2. Significant Accounting Policies (Continued)****(c) Financial assets at fair value through profit or loss****(i) Classification**

The Fund classifies its investments based on both the Fund'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 Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund's policy requires the investment manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund 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 receive cash flows from the investments have expired or the Fund 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 Fund'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.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the reporting date. The Fund utilises the closing bid price for financial assets.

If a significant movement in fair value occurs subsequent to the close of trading up to midnight in Jamaica on the year-end date, valuation techniques will be applied to determine the fair value. A significant event is any event that occurs after the last market price for a security, close of market or close of the foreign exchange, but before the Fund's valuation time that materially affects the integrity of the closing prices for any security, instrument, currency or securities affected by that event so that they cannot be considered 'readily available' market quotations.

(iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***2. Significant Accounting Policies (Continued)****(d) Accrued expenses**

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method. In addition to management fees, the Fund is responsible for the payment of all direct expenses relating to its operations.

(e) Transaction costs

Transaction costs are costs incurred to acquire financial assets at fair value through profit or loss. They include fees and commission paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense.

(f) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

(g) Share capital

Ordinary stock units are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of new ordinary stock units are included in the cost of acquisition as part of the purchase consideration.

The shares of the Fund are redeemable at the issuer's option. Such shares are classified as equity as they are redeemable for cash equal to a proportionate share of the Fund's net asset value attributable to the share class. The Fund's net asset value per stock unit is calculated by dividing the capital and reserves attributable to equity holders of the Fund with the total number of outstanding stock units in issue for the respective share class. In accordance with the provisions of the Fund's regulations, investment positions are valued based on the closing bid price for the purpose of determining the net asset value per stock unit for redemptions.

Where the Fund re-purchases its stock units, the consideration paid, including any directly attributable incremental costs is deducted from capital and reserves attributable to equity holders of the Fund's until the ordinary stock units are cancelled, reissued or disposed of. Where such stock units are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Fund's equity holders.

(h) 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.

The Fund has not issued any stock units or other instruments that are considered to have dilutive potential.

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***2. Significant Accounting Policies (Continued)****(i) Interest income from financial assets at amortised cost**

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents.

(j) Dividend income

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

(k) Dividend distribution

Dividend distribution to the Fund's stockholders is recognised as a liability in the Fund's financial statements in the period in which the dividends are approved by the Fund's stockholders.

(l) Receivables

Receivables represent amounts due from brokers and dividend receivables. Amounts due from brokers represent receivables for securities sold that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. Receivable balances are held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the customer, probability that the customer will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired. Details about the Fund's impairment policies and the calculation of the loss allowance are provided in Note 3(b).

(m) Payables

Payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(n) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors who makes the strategic decisions.

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***3. Financial Risk Management**

The Fund's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Fund's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Fund's financial performance.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

The Fund's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Fund regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The management of these risks is carried out by the investment manager under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and the investment of excess liquidity. The investment manager has established committees/departments for managing and monitoring risks, as follows:

(i) Audit Committee

The Audit Committee is responsible for the development of credit and investment policies and standards that conform to applicable law, regulations and corporate policies; approving credit proposal requests; reviewing and approving exceptions to core credit and investment policies that may represent unusual risk; and ensuring that aggregate credit risk exposure is within the Fund's risk-taking capacity. This Committee is also responsible for formulating and monitoring investment portfolios and investment strategies for the Fund. In addition, this Committee is responsible for approval and monitoring of appropriate trading limits, reports and compliance controls to ensure that the mandate is properly followed. The Committee's decisions receive final ratification at Board Meetings.

The Audit Committee also oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The Audit Committee is assisted in its oversight role by the Internal Audit Department of the investment manager. Internal Audit Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee. The Audit Committee ensures adherence to internal policies and procedures, and regulatory rules and guidelines.

(ii) The Asset Management Division

The Asset Management Division of the investment manager is responsible for managing the Fund's assets and liabilities and the overall financial structure. It is also primarily responsible for the Funding and liquidity risks of the Fund.

The most important types of risks faced by the Fund are market risk, credit risk, liquidity risk and operational risk. Market risk includes equity price risk, currency risk and interest rate.

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Market risk

The Fund takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rate, credit spreads, foreign exchange rates and equity prices. Market risk is monitored by the Audit Committee which carries out research and monitors the price movement of financial assets on the local markets. Market risk exposures are measured using sensitivity analysis and historical value-at-risk.

There has been no change to the Fund's exposure to market risks or the manner in which it manages and measures the risk.

(i) Equity price risk

The Fund is exposed to equity securities price risk. This arises for investments held by the Fund for which price in the future is uncertain.

The Fund's equity investments are publicly traded on the Jamaica Stock Exchange.

The Fund's policy is to track the Financial Index of the JSE and therefore manages the investment portfolio to hold equities in similar weightings to that of the index. There is no limit placed on the value of any one stock in the investment portfolio.

The table below summarizes the sensitivity of the Fund's net income to equity price movement as at 31 December. The analysis is based on the assumption of a 6% (2022- 6%) increase or 3% (2022- 6%) decrease in equity prices, with all other variables held constant.

	Effect on capital and reserves attributable to equity holders of the fund 2023 \$'000	Effect on capital and reserves attributable to equity holders of the fund 2022 \$'000
6% (2022- 6%) increase	180,718	214,451
3% (2022- 6%) decrease	(90,359)	(214,451)

The sensitivity analysis presented is based upon the portfolio composition as at 31 December.

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***3. Financial Risk Management (Continued)****(a) Market risk (continued)****(ii) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk occurs when the Fund takes on open position in a currency. To control this exchange risk, the Fund ensures that the net exposure in US dollar is kept to an acceptable level by monitoring currency positions.

The Fund also has transactional currency exposure. This exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to settle. The Fund ensures that its net exposure is kept at approved levels. The Fund does not have any significant currency risk exposure with this exposure being \$xxx (2022- \$271,900) representing a US dollar cash balance and US dollar financial assets carried at fair value through profit or loss at the year-end.

The Fund's exposure to foreign currency exchange rate risk at year-end was as follows:

	JA\$ J\$'000	US\$ J\$'000	Total J\$'000
	2023		
Financial Assets			
Financial assets carried at fair value through profit	2,985,916	26,054	3,011,970
Receivables	5,116	-	5,116
Cash and cash equivalents	23,512	9,617	33,129
Total financial assets	3,014,544	35,671	3,050,215
Financial Liabilities			
Financial liabilities	24,426	-	24,426
Total financial liabilities	24,426	-	24,426
Net financial position	2,990,118	35,671	3,025,789
	2022		
Financial Assets			
Financial assets carried at fair value through profit or	3,540,816	33,368	3,574,184
Receivables	4,444	-	4,444
Cash and cash equivalents	36,879	7,691	44,570
Total financial assets	3,582,139	41,059	3,623,198
Financial Liabilities			
Financial liabilities	22,563	-	22,563
Total financial liabilities	22,563	-	22,563
Net financial position	3,559,576	41,059	3,600,635

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

The following table indicates the currencies to which the Fund had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for the percentage change in foreign exchange rates as noted below. The sensitivity of the profit was mainly as a result of foreign exchange gains on translation of foreign currency-denominated financial assets carried at fair value through profit or loss and cash and cash equivalents. The percentage change in the currency rate will impact each financial asset/liability included in the sensitivity analysis differently. Consequently, individual sensitivity analyses were performed.

	% Change in Currency Rate	Effect on Net Loss	% Change in Currency Rate	Effect on Net Loss
	2023	2023 \$'000	2022	2022 \$'000
Currency:				
USD – Appreciation	1	(309)	1	(411)
USD – Depreciation	-4	1,130	-4	1,642

(iii) Cash flow and fair value Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. Floating rate instruments expose the Fund to cash flow interest risk, whereas fixed rate instruments expose the Fund to fair value interest risk.

The Fund's exposure to interest rate risk is limited to cash and cash equivalent balances which totalled \$33,129,000 (2022 - \$44,570,000) at the year-end and all mature within one month.

Interest rate sensitivity

The Fund's interest rate risk arises from its cash and cash equivalents. The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the income statement.

	Change in Basis Points	Effect on Net Loss	Change in Basis Points	Effect on Net Loss
	2023	2023 \$'000	2022	2022 \$'000
JMD	+25	59	+100	369
JMD	-25	(59)	-50	(184)
USD	+25	-	+100	59
USD	-25	-	-50	(30)

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***3. Financial Risk Management (Continued)****(b) Credit risk**

The Fund takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the Fund by failing to discharge their contractual obligations. Credit risk is an important risk for the Fund's business; management therefore carefully monitors its exposure to credit risk. The Fund credit exposures arise principally from cash and cash equivalents, amounts due from brokers and other receivable balances. The Fund structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

The following tables summarise the Fund's maximum credit exposure for financial assets at their carrying amounts, as categorised by issuer:

	2023	2022
	\$'000	\$'000
Receivables	5,116	4,444
Cash and cash equivalents	33,129	44,570
	<u>38,245</u>	<u>49,014</u>

At 31 December, all receivables, Bank of Jamaica certificates of deposits and cash at bank are held with reputable financial institutions and are due to be settled within 60 days. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

(c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Liquidity risk management process

The Fund's liquidity management process, as carried out within the Fund and monitored by the investment manager largely includes optimising cash returns on investments which are used to settle financial liabilities which include payables and amounts due to related parties. These were all contractually payable within one month.

(d) Capital management

The capital of the Fund is represented by the capital and reserves attributable to equity holders of the Fund. The investment manager's objective when managing the Fund's capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for holders of stock units, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund.

The Fund is close ended, and capital is deployed to track the Financial Index of the JSE in order to earn the market return on listed equities representing the financial sector of Jamaica.

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value estimation

The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the year-end date. The Fund utilises the closing bid price for financial assets. If a significant movement in fair value occurs subsequent to the close of trading up to midnight in Jamaica on the year-end date, valuation techniques will be applied to determine the fair value.

An active market is a market in which transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The carrying value less impairment provision of cash and cash equivalents, other receivables and payables are assumed to approximate their fair values.

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Fund’s accounting policies

In the process of applying the Fund’s accounting policies, management has made no significant judgements regarding the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

In the process of applying the Fund’s accounting policies, management has made no significant estimate on the amounts recognised in the financial statements.

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***5. Financial Instruments by Category****(a) Financial assets**

	2023 \$'000	2022 \$'000
Financial assets at fair value through profit or loss	3,011,970	3,574,184
Financial assets at amortised cost -		
Receivables	5,116	4,444
Cash and cash equivalents	33,129	44,570
	<u>3,050,215</u>	<u>3,623,198</u>

(b) Financial liabilities

	2023 \$'000	2022 \$'000
Financial liabilities at amortised cost -		
Due to related parties	14,101	12,319
Payables	10,325	10,244
	<u>24,426</u>	<u>22,563</u>

The Fund's financial instruments resulted in the following income, expenses and gains and losses recognised in the statement of comprehensive income:

	2023 \$'000	2022 \$'000
Fair value through profit or loss:		
Dividend income	63,690	78,119
Unrealised depreciation in value of financial assets at fair value through profit or loss	(562,214)	(524,474)
	<u>(498,524)</u>	<u>(446,355)</u>
Amortised cost:		
Foreign exchange gains/(losses)	160	(132)
Interest income	1,868	1,674
	<u>2,028</u>	<u>1,542</u>

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***6. Financial Assets at Fair Value through Profit or Loss**

The Fund is structured to track the Financial Index, an index created by the JSE which is constituted of equity securities listed on the JSE from the financial sector. The Index will vary from time to time and the investment manager will seek to track same on an ongoing basis and shall rebalance the composition of the securities held by the fund on a monthly basis, if required, in order to track the index as closely as possible.

	2023 \$'000	2022 \$'000
Quoted equity securities	<u>3,011,970</u>	<u>3,574,184</u>

During the year, the following losses were recognised in the profit or loss in relation to financial assets at fair value through profit or loss:

	2023 \$'000	2022 \$'000
Unrealised loss	<u>(562,214)</u>	<u>(524,474)</u>
Total loss	<u>(562,214)</u>	<u>(524,474)</u>

	2023 \$'000	2022 \$'000
At the beginning of the year	3,574,184	4,098,080
Purchase of quoted equity securities	-	578
Fair value losses on quoted equities	<u>(562,214)</u>	<u>(524,474)</u>
At the end of the year	<u>3,011,970</u>	<u>3,574,184</u>

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

6. Financial Assets at Fair Value through Profit or Loss (Continued)

	31 December 2023		
	No. of Stock units	Carrying Value \$'000	% of portfolio
Investments			
Quoted equities:			
Access Financial Services Limited	993,805	25,838	0.86%
Barita Investments Limited	2,900,747	223,300	7.41%
Caribbean Assurance Brokers Limited	1,140,933	2,453	0.08%
Dolla Financial Services Limited	578,504	1,469	0.05%
Eppley Limited	835,000	31,313	1.04%
General Accident Insurance Company Ja. Limited	5,066,798	24,523	0.81%
Guardian Holdings Limited	700,000	246,400	8.18%
Ironrock Insurance Company Limited	1,000,000	2,060	0.07%
Jamaica Stock Exchange Limited	3,328,641	33,286	1.11%
JMMB Group Limited	7,918,810	198,129	6.58%
Key Insurance Company Limited	2,743,705	6,064	0.20%
Lasco Financial Services Limited	5,500,000	10,175	0.34%
Mayberry Investments Limited	5,206,681	43,996	1.46%
Mayberry Jamaican Equities Limited	6,482,385	64,435	2.14%
MFS Capital Partners Limited	2,109,741	4,051	0.13%
NCB Financial Group Limited	8,807,137	616,412	20.47%
PanJam Investment Limited	4,561,955	231,291	7.68%
Portland JSX Limited	1,486,257	16,052	0.53%
Proven Investments Limited	1,349,090	30,287	1.01%
Proven Investments Limited (USD)	750,000	16,227	0.54%
QWI Investment Limited	5,874,627	3,466	0.12%
Sagicor Group Jamaica Limited	13,787,731	668,705	22.20%
Scotia Group Jamaica Limited	12,578,986	466,051	15.47%
Sterling Investments Limited	1,623,516	4,026	0.13%
Sygnus Credit Investments Limited (USD)	794,875	9,828	0.33%
Sygnus Credit Investments Limited	1,349,219	15,381	0.51%
Victoria Mutual Investments Limited	6,135,970	16,751	0.56%
Total quoted equities	105,605,113	3,011,969	100%

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FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

6. Financial Assets at Fair Value through Profit or Loss (Continued)

	31 December 2022		
	No. of Stock units	Carrying Value \$'000	% of portfolio
Investments			
Quoted equities:			
Access Financial Services Limited	993,805	25,839	0.72%
Barita Investments Limited	2,900,747	288,711	8.08%
Caribbean Assurance Brokers Limited	1,140,933	2,156	0.06%
Dolla Financial Services Limited	578,504	1,655	0.05%
Eppley Limited	835,000	33,317	0.93%
General Accident Insurance Company Ja. Limited	5,066,798	22,345	0.63%
Guardian Holdings Limited	700,000	380,170	10.64%
Ironrock Insurance Company Limited	1,000,000	1,910	0.05%
Jamaica Stock Exchange Limited	3,328,641	52,759	1.48%
JMMB Group Limited	7,918,810	269,240	7.53%
Key Insurance Company Limited	2,743,705	7,847	0.22%
Lasco Financial Services Limited	5,500,000	14,960	0.42%
Mayberry Investments Limited	5,206,681	42,278	1.18%
Mayberry Jamaican Equities Limited	6,482,385	79,085	2.21%
MFS Capital Partners Limited	2,109,741	5,928	0.17%
NCB Financial Group Limited	8,807,137	695,764	19.47%
PanJam Investment Limited	4,561,955	260,944	7.30%
Portland JSX Limited	1,486,257	17,241	0.48%
Proven Investments Limited	1,349,090	35,481	0.99%
Proven Investments Limited (USD)	750,000	22,085	0.62%
QWI Investment Limited	5,874,627	4,053	0.11%
Sagicor Group Jamaica Limited	13,787,731	819,267	22.92%
Scotia Group Jamaica Limited	12,578,986	433,975	12.14%
Sterling Investments Limited	1,623,516	4,789	0.13%
Sygnus Credit Investments Limited (USD)	794,875	11,283	0.32%
Sygnus Credit Investments Limited	1,349,219	16,865	0.47%
Victoria Mutual Investments Limited	6,135,970	24,237	0.68%
Total quoted equities	105,605,113	3,574,184	100%

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***7. Cash and Cash Equivalents**

Cash and cash equivalents comprise:

	2023	2022
	\$'000	\$'000
Cash at bank	15,129	35,402
Certificate of deposit	18,000	9,168
	<u>33,129</u>	<u>44,570</u>

The weighted average effective interest rate on cash at bank, certificates of deposit and securities purchased under agreements to resell was:

	2023	2022
	%	%
Cash at bank (J\$)	0.15 – 0.40	0.15 - 0.40
Cash at bank (US\$)	0.01	0.01
Certificates of deposit	<u>7.5</u>	<u>7.50</u>

The weighted maturity days on certificates of deposit and securities purchased under agreements to resell was:

	2023	2022
Certificates of deposit	<u>31</u>	<u>31</u>

8. Related Party Balances and Transactions

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

Related parties include directors, key management and companies for which the Fund and the Company are provided with management services.

The fund manager, Sagicor Investments Jamaica Limited is part of Sagicor Group Jamaica Limited and therefore related companies include Sagicor Group Jamaica Limited and its fellow subsidiaries, associated companies, related entities including funds managed by Sagicor Group Jamaica Limited and related entities. Based on the structure of the fund, all these parties would be classified as other related parties.

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

8. Related Party Balances and Transactions (Continued)

(a) Related party transactions

The following transactions were carried out with related parties:

(i) Income –

	2023	2022
	\$'000	\$'000
Dividend income – Sagicor Group Jamaica Limited	16,890	22,092
Dividend income – Pan Jam Investment Limited	2,053	6,410
Interest income – Sagicor Bank Jamaica Limited	85	100
Interest income – Sagicor Investments Jamaica Limited	948	665
	<u>19,976</u>	<u>29,267</u>

(ii) Expenses –

	2023	2022
	\$'000	\$'000
(i) Sagicor Bank Jamaica Limited		
Bank charges	<u>37</u>	<u>32</u>
(ii) Sagicor Investments Jamaica Limited		
Management fee	9,478	11,607
Trade commissions	41	39
	<u>9,519</u>	<u>11,646</u>

	2023	2022
	\$'000	\$'000
Directors' emoluments –		
Directors' fees	<u>1,976</u>	<u>1,976</u>

(iii) Other – Dividends paid

	2023	2022
	\$'000	\$'000
Sagicor Sigma Global Funds – Sigma Equity	12,907	13,552
Sagicor Pooled Equity Fund	849	891
Sagicor Sigma Global Funds – Sigma Diversified	2,505	2,630
Sagicor Sigma Global Funds – Sigma Global Venture	817	858
Sagicor Equity Fund	1,445	1,528
Sagicor Investments Jamaica Limited	50	53
Pan Jam Investments Limited	2,520	2,646
Directors	1	33
	<u>21,094</u>	<u>22,191</u>

FINANCIAL SELECT FUND**Notes to the Financial Statements**

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*(expressed in Jamaican dollars unless otherwise indicated)***8. Related Party Balances and Transactions (Continued)****(b) Year-end balances arising from operations**

Year-end balances arising from transactions are as follows:

	2023 \$'000	2022 \$'000
(i) Due to related parties		
Sagicor Investments Jamaica Limited	14,101	8,855
Directors	-	3,952
	<u>14,101</u>	<u>12,807</u>
(ii) Financial assets at fair value through profit or loss (Note 6)		
Sagicor Group Jamaica Limited	668,705	819,267
PanJam Investments Limited	231,291	260,944
	<u>899,996</u>	<u>1,080,211</u>
(iii) Cash and cash equivalents (Note 7)		
Sagicor Bank Jamaica Limited	15,129	35,402
	<u>15,129</u>	<u>35,402</u>

During 2022, the Fund obtained a short-term loan totalling \$166,521,000 from Sagicor Investments Jamaica Limited. The interest rate on these loans was 2.80% per annum. The loan was fully repaid in 2022.

FINANCIAL SELECT FUND

Notes to the Financial Statements

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***9. Share Capital**

The Fund's authorised share capital is indefinite with no par value. This is issued as Class B shares, and carry equal voting rights, is entitled to dividends and are entitled to a proportionate share of the Fund's capital and reserves attributable to equity holders of the Fund. All issued shares are fully paid.

	2023	2022
	\$'000	\$'000
Issued and fully paid –		
5,100,000,000 (2022 – 5,100,000,000) ordinary stock units at no par value	<u>5,023,931</u>	<u>5,023,931</u>

10. Earnings per Stock Unit and Net Assets Value per Stock Unit

Basic earnings per stock unit is calculated by dividing the loss for the year by the weighted average number of ordinary units in issue during the year.

	2023	2022
Loss for the year (\$'000)	(523,709)	(479,696)
Weighted average number of ordinary stock units in issue ('000)	5,100,000	5,100,000
Earnings per stock unit – basic and diluted (\$)	<u>0.10</u>	<u>(0.09)</u>

Net asset value per stock unit is calculated by dividing the net asset value at the end of the year by the number of ordinary stock units in issue.

	2023	2022
Net asset value (\$'000)	3,012,456	3,587,165
Number of ordinary stock units in issue ('000)	5,100,000	5,100,000
Net asset value per stock unit (\$)	<u>0.59</u>	<u>0.70</u>

11. Dividends

Dividends paid to shareholders:

	2023	2022
	\$'000	\$'000
1.00 cents per stock units – 14 December 2023	51,000	-
1.05 cents per stock unit - 9 December 2022	-	53,550
	<u>51,000</u>	<u>53,550</u>

FINANCIAL SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***12. Fair Values of Financial Instruments**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. As all the Fund's investments are quoted equities in an active market the investments are classified as level 1 in the fair value hierarchy.

13. Segment Reporting

The Board of Directors makes the strategic resource allocations on behalf of the Fund. The Fund has determined the operating segments based on the reports reviewed by the Board of Directors, which are used to make strategic decisions.

The Board of Directors are responsible for the Fund's portfolio and considers the Fund to have a single operating segment. The Board of Directors' asset allocation decisions are based on a single, integrated investment strategy, and the Fund's performance is evaluated on an overall basis.

The internal reporting provided to the Board of Directors for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS.

The Fund has no assets classified as non-current assets.

At 31 December, there was one stockholder who held more than 10% of the Financial Select Fund's net asset value. Their holding was 25.31% (2022- 25.31%) and the stockholder is a related party, Sagicor Sigma Global Funds – Sigma Equity.



Independent auditor's report

To the Members of Sagicor Select Funds Limited – Manufacturing and Distribution Select Fund

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Sagicor Select Funds Limited – Manufacturing and Distribution Select Fund (the Fund) as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act.

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.



We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Fund, the accounting processes and controls, and the industry in which the Fund operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of investments Refer to notes 2 (c) and 6 to the financial statements for disclosures of related accounting policies and balances.</p> <p>The investment portfolio, which comprises listed equity securities, represented \$3.94 billion or 95.9% of total assets as at 31 December 2023.</p> <p>We focused on the valuation and existence of investments because the investment portfolio represents the principal element of the net asset value.</p>	<p>Our approach to addressing the matter involved the following procedures, amongst others:</p> <ul style="list-style-type: none"> Tested the valuation of the investment portfolio of listed equity securities by evaluating the prices used by the Fund against prices reported by the Jamaica Stock Exchange. Tested the existence of the investment portfolio by comparing the holdings to a custodian confirmation from Jamaica Central Securities Depository Limited. <p>Based on the procedures performed, no adjustments were identified.</p>

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.


From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Recardo Nathan.


Chartered Accountants
Kingston, Jamaica
29 February 2024

MANUFACTURING AND DISTRIBUTION SELECT FUND

Statement of Comprehensive Income

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 \$'000	2022 \$'000
Income			
Dividend income		124,869	107,302
Gain on sale of financial assets at fair value through profit or loss	6	-	15,767
Interest income		13,228	4,721
Other net changes in fair value on financial assets at fair value through profit or loss	6	80,675	(74,132)
		<u>218,772</u>	<u>53,658</u>
Expenses			
Auditor's remuneration		2,025	1,910
Bank charges	8	19	15
Directors' fees	8	1,976	1,976
Irrecoverable General Consumption Tax		3,209	3,915
Legal and professional fees		4,661	6,476
Management fees	8	11,734	12,688
Miscellaneous		9	4
Transaction cost		101	2,221
Trustee fees		3,992	4,158
		<u>27,726</u>	<u>33,363</u>
Net Income, being Total Comprehensive Income for the Year		<u>191,046</u>	<u>20,295</u>
Earnings per stock unit			
Basic and diluted (expressed in \$)	10	<u>0.05</u>	<u>0.01</u>

2023

Manufacturing & Distribution Select Fund

MANUFACTURING AND DISTRIBUTION SELECT FUND**Statement of Financial Position**

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 \$'000	2022 \$'000
ASSETS			
Financial assets at fair value through profit or loss	6	3,936,577	3,855,902
Receivables		3,839	3,107
Cash and cash equivalents	7	162,869	171,675
		<u>4,103,285</u>	<u>4,030,684</u>
EQUITY			
Capital and Reserves Attributable to Equity Holders of the Fund			
Share capital	9	3,783,443	3,783,443
Retained earnings		295,441	226,145
		<u>4,078,884</u>	<u>4,009,588</u>
LIABILITIES			
Payables		6,819	6,454
Due to related parties	8	13,092	11,306
Withholding tax payable		4,490	3,336
		<u>24,401</u>	<u>21,096</u>
		<u>4,103,285</u>	<u>4,030,684</u>
Net assets value per stock unit (\$)	10	<u>1.07</u>	<u>1.05</u>

Approved for issue by the Board of Directors on 27 February 2024 and signed on its behalf by:



Colin Steele

Chairman



Janene Shaw

Director

2023

Manufacturing & Distribution Select Fund

MANUFACTURING AND DISTRIBUTION SELECT FUND**Statement of Changes in Equity**

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 January 2021		3,783,443	280,274	4,063,717
Total comprehensive income for the year		-	20,295	20,295
Transactions with owners: -				
Dividends paid	11	-	(74,424)	(74,424)
Balance at 31 December 2022		3,783,443	226,145	4,009,588
Total comprehensive income for the year				
Transactions with owners: -		-	191,046	191,046
Dividends paid	11	-	(121,750)	(121,750)
Balance at 31 December 2023		<u>3,783,443</u>	<u>295,441</u>	<u>4,078,884</u>

MANUFACTURING AND DISTRIBUTION SELECT FUND**Statement of Cash Flows**

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 \$'000	2022 \$'000
Cash Flows from Operating Activities			
Net income for the year		191,046	20,295
Adjustments to determine net cash flow provided by operating activities:			
Interest income		(13,228)	(4,721)
Gain on sale of financial assets at fair value through profit or loss	6	-	(15,767)
Fair value (gains)/losses on financial assets at fair value through profit or loss	6	(80,675)	74,132
Dividend income		<u>(124,869)</u>	<u>(107,302)</u>
		(27,726)	(33,363)
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		-	107,205
Receivables		-	2,791
Payables		365	2,083
Withholding tax payables		1,153	1,502
Related parties		<u>1,786</u>	<u>(856)</u>
Cash (used in)/generated from operations		(24,422)	79,362
Dividend received		123,867	104,725
Interest received		<u>13,499</u>	<u>4,192</u>
Net cash provided by operating activities		<u>112,944</u>	<u>188,279</u>
Cash Flows from Financing Activities			
Dividend paid	11	<u>(121,750)</u>	<u>(74,424)</u>
Net (decrease)/increase in cash and cash equivalents		(8,806)	113,855
Cash and cash equivalents at beginning of year		<u>171,675</u>	<u>57,820</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	7	<u><u>162,869</u></u>	<u><u>171,675</u></u>

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***1. Identification and Principal Activities**

Sagikor Select Funds Limited (the Company) was incorporated on the 11 January 2019 as a public company. The principal activity of the Company is the operation of listed equity funds that track various indexes established by the Jamaica Stock Exchange.

Each fund is close-ended and is represented by a separate class of share in the Company. The assets of the Company are specifically owned and segregated for each share class. The Company has five (5) classes of shares with 'Class A' being the "Management Share" and is issued to Sagikor Investments Jamaica Limited (SIJL), the investment manager of the funds. The other shares of the Company represent four (4) segregated classes being the "Class B", "Class C", "Class D" and "Class E" shares.

At 31 December 2023, "Class C", The Manufacturing and Distribution Select Fund (the Fund) was one of two classes which were operational. A public invitation for subscription in the Fund was made by Sagikor Select Funds Limited via prospectus dated 30 October 2019, in Jamaica. The offer closed on 4 December 2019.

The Company maintains its registered office at 85 Hope Road, Kingston 6, St. Andrew, Jamaica and its operations takes place out of the office of the Sagikor Investments Jamaica Limited which also maintains its registered office at 85 Hope Road, Kingston 6, St. Andrew.

The Company entered into a management agreement with SIJL to act as manager of the Fund.

The income of the Fund is exempt from income tax, under Section 12(t) of the Income Tax Act.

The financial statements were authorised for issue by the Directors of the Fund on 27 February 2024. The Directors have the power to amend and reissue the financial statements.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with IFRS® Accounting Standards. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS® Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC® Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC® Interpretations).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments at fair value through profit 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 Fund's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***2. Significant Accounting Policies (Continued)****(a) Basis of preparation (continued)*****Standards, interpretations and amendments to published standards effective in the current year***

There were no new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year that is relevant to The Fund's operations.

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Fund

The Fund has concluded that the following standards, which are published but not yet effective, are relevant to its operations. These pronouncements are effective for annual periods beginning on or after year end dates noted and will be applied by the Fund as of those dates unless otherwise indicated.

Amendments to IAS 1 'Presentation of financial statements' on classification of liabilities, (effective for annual periods beginning on or after 1 January 2024). These amendments to IAS 1 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectation of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The adoption of this amendment is not expected to have a significant impact on the Fund.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023) The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The adoption of these amendments are not expected to have a significant impact on the Fund.

(b) Foreign currency translation**(i) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates ('the functional currency'). The financial statements are presented in Jamaican dollars, which is the Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the statement of financial position date, assets and liabilities denominated in the foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of comprehensive income.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within 'other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss'.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***2. Significant Accounting Policies (Continued)****(c) Financial assets at fair value through profit or loss****(i) Classification**

The Fund classifies its investments based on both the Fund'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 Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund's policy requires the investment manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund 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 receive cash flows from the investments have expired or the Fund 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 Fund'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.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the reporting date. The Fund utilises the closing bid price for financial assets.

If a significant movement in fair value occurs subsequent to the close of trading up to midnight in Jamaica on the year-end date, valuation techniques will be applied to determine the fair value. A significant event is any event that occurs after the last market price for a security, close of market or close of the foreign exchange, but before the Fund's valuation time that materially affects the integrity of the closing prices for any security, instrument, currency or securities affected by that event so that they cannot be considered 'readily available' market quotations.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***2. Significant Accounting Policies (Continued)****(d) Accrued expenses**

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method. In addition to management fees, the Fund is responsible for the payment of all direct expenses relating to its operations.

(e) Transaction costs

Transaction costs are costs incurred to acquire financial assets at fair value through profit or loss. They include fees and commission paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense.

(f) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

(g) Share capital

Ordinary stock units are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of new ordinary stock units are included in the cost of acquisition as part of the purchase consideration.

The shares of the Fund are redeemable at the issuer's option. Such shares are classified as equity as they are redeemable for cash equal to a proportionate share of the Fund's net asset value attributable to the share class. The Fund's net asset value per stock unit is calculated by dividing the capital and reserves attributable to equity holders of the Fund with the total number of outstanding stock units in issue for the respective share class. In accordance with the provisions of the Fund's regulations, investment positions are valued based on the closing bid price for the purpose of determining the net asset value per stock unit for redemptions.

Where the Fund re-purchases its stock units, the consideration paid, including any directly attributable incremental costs is deducted from capital and reserves attributable to equity holders of the Fund's until the ordinary stock units are cancelled, reissued or disposed of. Where such stock units are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Fund's equity holders.

(h) Net asset value per stock unit 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.

The Fund has not issued any stock units or other instruments that are considered to have dilutive potential.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***2. Significant Accounting Policies (Continued)****(i) Interest income from financial assets at amortised cost**

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents.

(j) Dividend income

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

(k) Dividend distribution

Dividend distribution to the Fund's stockholders is recognised as a liability in the Fund's financial statements in the period in which the dividends are approved by the Fund's stockholders.

(l) Receivables

Receivables represent amounts due from brokers and dividend receivables. Amounts due from brokers represent receivables for securities sold that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. Receivable balances are held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the customer, probability that the customer will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired. Details about the Fund's impairment policies and the calculation of the loss allowance are provided in Note 3(b).

(m) Payables

Payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(n) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors who makes the strategic decisions.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***3. Financial Risk Management**

The Fund's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Fund's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Fund's financial performance.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

The Fund's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Fund regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The management of these risks is carried out by the investment manager under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and the investment of excess liquidity. The investment manager has established committees/departments for managing and monitoring risks, as follows:

(i) Audit Committee

The Audit Committee is responsible for the development of credit and investment policies and standards that conform to applicable law, regulations and corporate policies; approving credit proposal requests; reviewing and approving exceptions to core credit and investment policies that may represent unusual risk; and ensuring that aggregate credit risk exposure is within the Fund's risk-taking capacity. This Committee is also responsible for formulating and monitoring investment portfolios and investment strategies for the Fund. In addition, this Committee is responsible for approval and monitoring of appropriate trading limits, reports and compliance controls to ensure that the mandate is properly followed. The Committee's decisions receive final ratification at Board Meetings.

The Audit Committee also oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The Audit Committee is assisted in its oversight role by the Internal Audit Department of the investment manager. Internal Audit Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee. The Audit Committee ensures adherence to internal policies and procedures, and regulatory rules and guidelines.

(ii) The Asset Management Division

The Asset Management Division of the investment manager is responsible for managing the Fund's assets and liabilities and the overall financial structure. It is also primarily responsible for the Funding and liquidity risks of the Fund.

The most important types of risks faced by the Fund are market risk, credit risk, liquidity risk and operational risk. Market risk includes equity price risk, currency risk and interest rate.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***3. Financial Risk Management (Continued)****(a) Market risk**

The Fund takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rate, credit spreads, foreign exchange rates and equity prices. Market risk is monitored by the Audit Committee which carries out research and monitors the price movement of financial assets on the local markets. Market risk exposures are measured using sensitivity analysis and historical value-at-risk.

There has been no change to the Fund's exposure to market risks or the manner in which it manages and measures the risk.

(i) Equity price risk

The Fund is exposed to equity securities price risk. This arises for investments held by the Fund for which price in the future is uncertain.

The Fund's equity investments are publicly traded on the Jamaica Stock Exchange.

The Fund's policy is to track the Manufacturing and Distribution Index of the JSE and therefore manages the investment portfolio to hold equities in similar weightings to that of the index. There is no limit placed on the value of any one stock in the investment portfolio.

The table below summarises the sensitivity of the Fund's net income to equity price movement as at 31 December. The analysis is based on the assumption of a 6% (2022- 6%) increase or 3% (2022- 6%) decrease in equity prices, with all other variables held constant.

	Effect on capital and reserves attributable to equity holders of the fund	Effect on capital and reserves attributable to equity holders of the fund
	2023	2022
	\$'000	\$'000
6% (2022- 6%) increase	236,194	231,354
3% (2022- 6%) decrease	(118,097)	(231,354)

The sensitivity analysis presented is based upon the portfolio composition as at 31 December.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk occurs when the Fund takes on open position in a currency. To control this exchange risk, the Fund ensures that the net exposure in US dollar is kept to an acceptable level by monitoring currency positions.

The Fund also has transactional currency exposure. The fund did not have any foreign currency balances at the year-end neither did it enter into any foreign currency transaction during the period therefore there is no foreign currency concentration.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***3. Financial Risk Management (Continued)****(a) Market risk (continued)****(iii) Cash flow and fair value Interest rate risk**

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. Floating rate instruments expose the Fund to cash flow interest risk, whereas fixed rate instruments expose the Fund to fair value interest risk.

The Fund's exposure to interest rate risk is limited to cash and cash equivalent balances which totalled \$162,689,000 (2022 - \$171,675,000) at the year-end and all mature within one month.

Interest rate sensitivity

The Fund's interest rate risk arises from its cash and cash equivalents. There is no sensitivity risk as the cash and cash equivalents held by the Fund are short term and are at fixed interest rates.

	Change in Basis Points 2023	Effect on Net Profit 2023 \$'000	Change in Basis Points 2022	Effect on Net Profit 2022 \$'000
JMD	+50	700	+100	1,717
JMD	-25	(350)	-50	(858)

(b) Credit risk

The Fund takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the Fund by failing to discharge their contractual obligations. Credit risk is an important risk for the Fund's business; management therefore carefully monitors its exposure to credit risk. The Fund credit exposures arise principally from cash and cash equivalents, amounts due from brokers and other receivable balances. The Fund structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

The following tables summarise the Fund's maximum credit exposure for financial assets at their carrying amounts, as categorised by issuer:

	2023 \$'000	2022 \$'000
Receivables	3,839	3,107
Cash and cash equivalents	162,869	171,675
	<u>166,708</u>	<u>174,782</u>

At 31 December, all receivables, securities purchased under agreements to resell, certificates of deposits and cash at bank are held with reputable financial institutions and are due to be settled within 31 days. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***3. Financial Risk Management (Continued)****(c) Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Liquidity risk management process

The Fund's liquidity management process, as carried out within the Fund and monitored by the investment manager largely includes optimising cash returns on investments which are used to settle financial liabilities which include payables and amounts due to related parties. These were all contractually payable within one month.

(d) Capital management

The capital of the Fund is represented by the capital and reserves attributable to equity holders of the Fund. The investment manager's objective when managing the Fund's capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for holders of stock units, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund.

The Fund is close ended and capital is deployed to track the Manufacturing and Distribution Index of the JSE in order to earn the market return on listed equities representing the manufacturing and distribution sector of Jamaica.

(e) Fair value estimation

The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the year-end date. The Fund utilises the closing bid price for financial assets. If a significant movement in fair value occurs subsequent to the close of trading up to midnight in Jamaica on the year-end date, valuation techniques will be applied to determine the fair value.

An active market is a market in which transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The carrying value less impairment provision of cash and cash equivalents, other receivables and payables are assumed to approximate their fair values.

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Fund's accounting policies

In the process of applying the Fund's accounting policies, management has made no significant judgements regarding the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

In the process of applying the Fund's accounting policies, management has not made any significant estimate on the amounts recognised in the financial statements.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***5. Financial Instruments by Category****(a) Financial assets**

	2023	2022
	\$'000	\$'000
Financial assets at fair value through profit or loss	3,936,577	3,855,902
Financial assets at amortised cost -		
Receivables	3,839	3,107
Cash and cash equivalents	162,869	171,675
	<u>4,103,285</u>	<u>4,030,684</u>

(b) Financial liabilities

	2023	2022
	\$'000	\$'000
Financial liabilities at amortised cost -		
Payables	6,819	6,454
Due to related parties	13,092	11,306
	<u>19,911</u>	<u>17,760</u>

The Fund's financial instruments resulted in the following income, expenses and gains and losses recognised in the statement of comprehensive income:

	2023	2022
	\$'000	\$'000
Fair value through profit or loss:		
Dividend income	124,869	107,302
Gain on sale of financial assets at fair value through profit or loss	-	15,767
Unrealised appreciation/(depreciation) in value of financial assets at fair value through profit or loss	80,675	(74,132)
	<u>205,544</u>	<u>48,937</u>
Amortised cost:		
Interest income	13,228	4,721
	<u>13,228</u>	<u>4,721</u>

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***6. Financial Assets at Fair Value through Profit or Loss**

The Fund is structured to track the Manufacturing and Distribution Index, an index created by the JSE which is constituted of equity securities listed on the JSE from the manufacturing and distribution sector. The Index will vary from time to time and the investment manager will seek to track same on an ongoing basis and shall rebalance the composition of the securities held by the fund on a monthly basis, if required, in order to track the index as closely as possible.

	2023 \$'000	2022 \$'000
Quoted equity securities	<u>3,936,577</u>	<u>3,855,902</u>

During the year, the following gains and losses were recognised in the profit or loss in relation to financial assets at fair value through profit or loss:

	2023 \$'000	2022 \$'000
Gain on sale of financial assets at fair value through profit or loss	-	15,767
Unrealised gains/(losses)	<u>80,675</u>	<u>(74,132)</u>
Total gains/(losses)	<u>80,675</u>	<u>(58,365)</u>
	2023 \$'000	2022 \$'000
At the beginning of the year	3,855,902	4,021,472
Purchase of quoted equity securities	-	91,000
Disposal of quoted equity securities	-	(182,438)
Fair value gains/(losses) on quoted equities	<u>80,675</u>	<u>(74,132)</u>
At the end of the year	<u>3,936,577</u>	<u>3,855,902</u>

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***6. Financial Assets at Fair Value through Profit or Loss (Continued)**

	31 December 2023		
	No. of Stock units	Carrying Value \$'000	% of portfolio
Investments			
Quoted equities:			
AMG Packaging & Paper Company Limited	4,029,679	9,470	0.24%
Berger Paints Jamaica Limited	1,719,169	11,364	0.29%
Blue Power Group Limited	454,816	1,214	0.03%
CAC 2000 Limited	1,035,021	3,105	0.08%
Caribbean Cement Company Limited	6,827,319	409,639	10.41%
Caribbean Cream Limited	3,121,508	12,392	0.31%
Caribbean Flavors and Fragrances Limited	7,212,860	13,849	0.35%
Caribbean Producers Jamaica Limited	6,567,373	55,166	1.40%
Carreras Limited	51,556,419	445,963	11.33%
Consolidated Bakers (Jamaica) Limited	1,547,510	2,863	0.07%
Derrimon Trading Company Limited	36,111,055	66,805	1.70%
Everything Fresh Limited	7,727,500	12,364	0.31%
Fontana Limited	10,028,143	100,281	2.55%
Fosrich Company Limited	40,289,600	104,350	2.65%
GraceKennedy Limited	8,104,903	647,987	16.46%
Honey Bun Limited	3,780,227	24,004	0.61%
Indies Pharma Jamaica Limited	10,688,828	33,029	0.84%
Jamaica Broilers Group Limited	9,882,806	330,086	8.39%
Jamaica Producers Group Limited	8,591,613	193,311	4.91%
Jamaica Teas Limited	16,726,656	46,835	1.19%
Lasco Distributors Limited	27,753,880	106,575	2.71%
Lasco Manufacturing Limited	32,816,914	141,113	3.58%
Lumber Depot Limited	5,800,000	15,660	0.40%
Massy Holdings Limited	1,000,000	89,990	2.29%
Medical Disposables & Supplies Limited	1,009,026	2,724	0.07%
Paramount Trading (Jamaica) Limited	2,844,270	4,665	0.12%
Salada Foods Limited	4,083,620	16,539	0.42%
Seprod Limited	4,189,298	345,617	8.78%
Tropical Battery Company Limited	4,222,222	8,402	0.21%
Wisynco Group Limited	30,964,303	681,215	17.30%
Total quoted equities	<u>350,686,538</u>	<u>3,936,577</u>	<u>100%</u>

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***6. Financial Assets at Fair Value through Profit or Loss (Continued)**

	31 December 2022		
	No. of Stock units	Carrying Value \$'000	% of portfolio
Investments			
Quoted equities:			
AMG Packaging & Paper Company Limited	4,029,679	10,719	0.28%
Berger Paints Jamaica Limited	1,719,169	16,005	0.42%
Blue Power Group Limited	454,816	1,287	0.03%
CAC 2000 Limited	1,035,021	6,986	0.18%
Caribbean Cement Company Limited	6,827,319	423,226	10.98%
Caribbean Cream Limited	3,121,508	10,675	0.28%
Caribbean Flavors and Fragrances Limited	7,212,860	12,406	0.32%
Caribbean Producers Jamaica Limited	6,567,373	69,286	1.80%
Carreras Limited	51,556,419	440,807	11.43%
Consolidated Bakers (Jamaica) Limited	1,547,510	2,786	0.07%
Derrimon Trading Company Limited	36,111,055	79,805	2.07%
Everything Fresh Limited	7,727,500	10,432	0.27%
Fontana Limited	10,028,143	89,250	2.31%
Fosrich Company Limited	40,289,600	169,619	4.40%
GraceKennedy Limited	8,104,903	680,812	17.66%
Honey Bun Limited	3,780,227	30,204	0.78%
Indies Pharma Jamaica Limited	10,688,828	37,625	0.98%
Jamaica Broilers Group Limited	9,882,806	305,873	7.93%
Jamaica Producers Group Limited	8,591,613	196,748	5.10%
Jamaica Teas Limited	16,726,656	41,817	1.08%
Lasco Distributors Limited	27,753,880	67,719	1.76%
Lasco Manufacturing Limited	32,816,914	129,627	3.36%
Lumber Depot Limited	5,800,000	13,688	0.36%
Massy Holdings Limited	1,000,000	79,950	2.07%
Medical Disposables & Supplies Limited	1,009,026	4,642	0.12%
Paramount Trading (Jamaica) Limited	2,844,270	5,262	0.14%
Salada Foods Limited	4,083,620	16,743	0.43%
Seprod Limited	4,189,298	335,144	8.69%
Tropical Battery Company Limited	4,222,222	9,711	0.25%
Wisynco Group Limited	30,964,303	557,048	14.45%
Total quoted equities	<u>350,686,538</u>	<u>3,855,902</u>	<u>100.00%</u>

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***7. Cash and Cash Equivalents**

Cash and cash equivalents comprise:

	2023	2022
	\$'000	\$'000
Cash at bank	22,869	54,633
Bank of Jamaica Certificate of deposits	140,000	117,042
	<u>162,869</u>	<u>171,675</u>

The weighted average effective interest rate on certificates of deposit and securities purchased under agreements to resell was:

	2023	2022
	%	%
Cash at bank (J\$)	0.15 – 0.40	0.15 - 0.40
Certificates of deposit	<u>7.50</u>	<u>7.50</u>

The weighted maturity days on certificates of deposit and securities purchased under agreements to resell was:

	2023	2022
Certificates of deposit	<u>31</u>	<u>31</u>

8. Related Party Balances and Transactions

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

Related parties include directors, key management and companies for which the Fund and the Company are provided with management services.

The fund manager, Sagicor Investments Jamaica Limited is part of Sagicor Group Jamaica Limited and therefore related companies include Sagicor Group Jamaica Limited and its fellow subsidiaries, associated companies, related entities including funds managed by Sagicor Group Jamaica Limited and related entities. Based on the structure of the fund, all these parties would be classified as other related parties.

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***8. Related Party Balances and Transactions (Continued)****(a) Related party transactions**

The following transactions were carried out with related parties:

(i) Interest Income	2023	2022
	\$'000	\$'000
Sagicor Investments Jamaica Limited	3,492	1,221
Sagicor Bank Jamaica Limited	195	262
	<u>3,687</u>	<u>1,483</u>
(ii) Expenses –	2023	2022
	\$'000	\$'000
(i) Sagicor Bank Jamaica Limited		
Bank charges	19	15
	<u>19</u>	<u>15</u>
(ii) Sagicor Investments Jamaica Limited		
Management fees	11,734	12,688
Trade commission	101	1,157
	<u>11,835</u>	<u>13,845</u>
(iii) Directors' emoluments –		
Directors' fees	1,976	1,976
	<u>1,976</u>	<u>1,976</u>
(iii) Other – Dividends paid	2023	2022
	\$'000	\$'000
Sagicor Sigma Global Funds – Sigma Equity	68,852	42,088
Sagicor Pooled Equity Fund	16,190	9,897
Sagicor Sigma Global Funds – Sigma Diversified Investor	3,761	2,299
Sagicor Sigma Global Funds – Sigma Global Venture	6,330	3,870
Advantage General Insurance Company Limited	3,123	1,909
	<u>98,256</u>	<u>60,063</u>
(b) Year-end balances arising from operations		
Year-end balances arising from transactions are as follows:	2023	2022
	\$'000	\$'000
(i) Cash and cash equivalents (Note 7)		
Sagicor Bank Jamaica Limited	22,869	54,633
	<u>22,869</u>	<u>54,633</u>
(ii) Due to related parties		
Sagicor Investments Jamaica Limited	13,092	5,379
Directors	-	5,927
	<u>13,092</u>	<u>11,306</u>

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***9. Share Capital**

The Fund's authorised share capital is indefinite with no par value. These are issued as Class B shares, which carry equal voting rights, are entitled to dividends and are entitled to a proportionate share of the Fund's capital and reserves attributable to equity holders of the Fund. All issued shares are fully paid.

	2023 \$'000	2022 \$'000
Issued and fully paid -		
3,816,612,000 (2022 - 3,816,612,000) ordinary stock units at no par value	<u>3,783,443</u>	<u>3,783,443</u>

10. Earnings per Stock Unit and Net Assets Value per Stock Unit

Basic earnings per stock unit is calculated by dividing the income/(loss) for the year by the weighted average number of ordinary stock units in issue during the year.

	2023	2022
Income for the year (\$'000)	191,046	20,295
Weighted average number of ordinary stock units in issue ('000)	3,816,612	3,816,612
Earnings per stock unit – basic and diluted (\$)	<u>0.05</u>	<u>0.01</u>

Net asset value per stock unit is calculated by dividing the net asset value at the end of the year by the number of ordinary stock units in issue.

	2023	2022
Net asset value (\$'000)	4,078,884	4,009,588
Number of ordinary stock units in issue ('000)	3,816,612	3,816,612
Net asset value per stock unit (\$)	<u>1.07</u>	<u>1.05</u>

11. Dividends

Dividends paid to shareholders:

	2023 \$'000	2022 \$'000
3.19 cents per stock unit -14 December 2023	121,750	-
1.95 cents per stock unit - 9 December 2022	-	74,424
	<u>121,750</u>	<u>74,424</u>

MANUFACTURING AND DISTRIBUTION SELECT FUND**Notes to the Financial Statements**

31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)***12. Fair Values of Financial Instruments**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. As all the Fund's investments are quoted equities in an active market the investments are classified as level 1 in the fair value hierarchy.

13. Segment Reporting

The Board of Directors makes the strategic resource allocations on behalf of the Fund. The Fund has determined the operating segments based on the reports reviewed by the Board of Directors, which are used to make strategic decisions.

The Board of Directors are responsible for the Fund's portfolio and considers the Fund to have a single operating segment. The Board of Directors' asset allocation decisions are based on a single, integrated investment strategy, and the Fund's performance is evaluated on an overall basis.

The internal reporting provided to the Board of Directors for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS.

The Fund has no assets classified as non-current assets.

At 31 December, there was one stockholder who held more than 10% of the Manufacturing and Distribution Select Fund's net asset value. Their holding was 56.55% (2022- 56.55%) and the stockholder is a related party, Sagicor Sigma Global Funds – Sigma Equity.

DISCLOSURE OF SHAREHOLDING

For Sagicor Select Funds Limited - Financial

As at December 31, 2023

TOP TEN SHAREHOLDERS - FINANCIAL			
PRIMARY ACCOUNT HOLDER	JOINT HOLDER(S)	VOLUME	PERCENTAGE
1. JCSD TRUSTEE SERVICES LTD - SIGMA EQUITY		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 - POOL EQUITY FUND		109,261,328	2.1424%
	Client total ownership	1,053,149	0.0206%
		110,314,477	2.1630%
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		2,567,627	0.0503%
	JADE A. O. M. SPEER	33,315,816	0.6533%
	CHANEL GRAINER	29,792,803	0.5842%
	Client total ownership	65,676,246	1.2878%
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		2,409,475,036	
Total Percentage Owned by Top 10 Shareholders		47.2446%	

DISCLOSURE OF SHAREHOLDING (CONT'D)**For Sagicor Select Funds Limited - Financial**

As at December 31, 2023

DIRECTORS AND THEIR CONNECTED PARTIES - FINANCIAL				
PRIMARY NAME				
DIRECTOR	JOINT HOLDER (S)	RELATIONSHIP	VOLUME	PERCENTAGE
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%
				0.00000%
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%

DISCLOSURE OF SHAREHOLDING (CONT'D)**For Sagicor Select Funds Limited - Manufacturing & Distribution**

As at December 31, 2023

TOP TEN SHAREHOLDERS - MANUFACTURING & DISTRIBUTION			
PRIMARY ACCOUNT HOLDER	JOINT HOLDER(S)	VOLUME	PERCENTAGE
1. JCSD TRUSTEE SERVICES LTD - SIGMA EQUITY		2,158,381,094	56.5523%
	Client total ownership	2,158,381,094	56.5523%
2. SAGICOR POOLED EQUITY FUND		507,526,881	13.2978%
	Client total ownership	507,526,881	13.2978%
3. JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE		198,436,820	5.1993%
	Client total ownership	198,436,820	5.1993%
4. JCSD TRUSTEE SERVICES LTD - SIGMA DIVERSIFIED INVESTOR		117,894,604	3.0890%
	Client total ownership	117,894,604	3.0890%
5. ADVANTAGE GENERAL INSURANCE COMPANY		97,890,000	2.5648%
	Client total ownership	97,890,000	2.5648%
6. JCSD TRUSTEE SERVICES LTD. A/C #76579-02		85,000,000	2.2271%
	Client total ownership	85,000,000	2.2271%
7. PAM - POOLED EQUITY FUND		42,694,304	1.1186%
		2,300,000	0.0603%
	Client total ownership	44,994,304	1.1789%
8. BULL INVESTMENT LIMITED		11,000,000	0.2882%
		4,000,000	0.1048%
	Client total ownership	15,000,000	0.3930%
9. LLOYD H. DENNIS			
	IAN A. IVES	13,843,263	0.3627%
	Client total ownership	13,843,263	0.3627%
10. DONALD R. GORDON			
		13,000,000	0.3406%
	Client total ownership	13,000,000	0.3406%
Total Issued Capital		3,816,612,000	
Total Units Owned by Top 10 Shareholders		3,251,966,966	
Total Percentage Owned by Top 10 Shareholders		85.2056%	

DISCLOSURE OF SHAREHOLDING (CONT'D)**For Sagicor Select Funds Limited - Manufacturing & Distribution**

As at December 31, 2023

DIRECTORS AND THEIR CONNECTED PARTIES - MANUFACTURING & DISTRIBUTION				
PRIMARY NAME				
DIRECTOR	JOINT HOLDER (S)	RELATIONSHIP	VOLUME	PERCENTAGE
Omar Brown				
	Omar Brown	Self	0.0	0.0%
	Polliana Brown	Connected	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%
	Jason Adams	Connected	0.0	0.0%
		Director Holdings	0.0	0.0%
		Connected Party	0.0	0.0%
		Combined Holdings	0.0	0.0%
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%
	David Silvera	Connected	0.0	0.000%
		Director Holdings	0.0	0.000%
		Connected Party	0.0	0.000%
		Combined Holdings	0.0	0.000%
A. Cecile Watson				
	A. Cecile Watson	Self	0.0	0.000%
		Director Holdings	0.0	0.000%
		Connected Party	0.0	0.000%
		Combined Holdings	0.0	0.000%
Issued Shares			3,816,612,000	
Combined Directors' Holdings			0	0
Combined Connected Party Holdings			0	0
Combined Holdings			0	0

FORM OF PROXY



I/We.....[insert name]

of[address]

being a shareholder(s) of the above-named Company, hereby appoint:

.....[proxy name]

of[address]

or failing him/her,[alternate proxy]

of [address]

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at the AC Hotel by Marriott, 38-42 Lady Musgrave Road, Kingston 5, on Wednesday, May 22, 2024, at 9:30 a.m. and at any adjournment thereof.

This Form is to be used as instructed. Unless otherwise instructed, the Proxy Form will be used as he/she thinks fit. Please tick the appropriate box.

ORDINARY RESOLUTIONS		
	FOR	AGAINST
Resolution 1		
Resolution 2		
Resolution 3 (a)		
Resolution 3 (b)		
Resolution 4 (a)		
Resolution 4 (b)		
Resolution 5		

\$100
POSTAGE
STAMP
Affix Here

Signed this _____ day of _____ 2024

Print Name: _____

Signature: _____

Signature: _____

NOTES:

- To be valid, this Form of Proxy must be completed and lodged with the Registrar of the Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston, Jamaica, W.I., not less than forty-eight (48) hours before the time for holding the meeting.
- The Proxy Form should bear stamp duty of \$100.00, which may be adhesive and duly cancelled by the persons signing the proxy form.
- If the appointer is a Corporation, this Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.

YOUR SHARE ^{OF}
WEALTH



Sagicor

SELECTFUNDS

| Financial Select Fund

| Manufacturing & Distribution Select Fund