

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2021

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SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2021
(expressed in United States Dollars)

<u>Assets</u>	<u>30-Sep-21</u>	<u>30-Jun-21</u>	<u>30-Sep-20</u>
Cash and cash equivalents	\$ 2,380,127	\$ 118,660	\$ 1,680,204
Securities purchased under resale agreements	15,421,166	17,596,594	19,868,246
Financial assets at fair value through profit or loss	140,715,528	140,924,487	129,376,952
Other receivables	12,740	136,165	9,718
Receivable for investments sold	-	830,386	-
Interest receivable	-	-	180,583
Total assets	<u>\$ 158,529,561</u>	<u>\$ 159,606,292</u>	<u>\$ 151,115,703</u>
<u>Equity</u>			
Share Capital	\$ 1,000	\$ 1,000	\$ 1,000
<u>Liabilities</u>			
Due to related parties	\$ 644,689	\$ 631,351	\$ 600,781
Accrued expenses	87,714	73,553	69,069
Redemptions payable	2,683	8,500	4,042
Balance due to brokers	-	505,000	-
Tax withholding liability	-	-	11
Total Liabilities (excluding net assets attributable to holders of investment shares)	<u>\$ 735,086</u>	<u>\$ 1,218,404</u>	<u>\$ 673,903</u>
Net assets attributable to holders of investment shares	<u>\$ 157,793,475</u>	<u>\$ 158,386,888</u>	<u>\$ 150,440,800</u>
Value per investment share based on number of shares			
Class A shares issued and outstanding as at September 30, 2021 44,129,292 (June 2021: 43,211,336; September 2020: 41,993,410)	<u>\$ 3.5755</u>	<u>\$ 3.6652</u>	<u>\$ 3.5823</u>
Class I shares issued and outstanding as at September 30, 2021 1,439 (June 2021: 1,424; September 2020: 1,380)	<u>\$ 4.8959</u>	<u>\$ 5.0191</u>	<u>\$ 4.9056</u>

Issuance approved on behalf of Scotia Caribbean Income Fund Inc.'s Board of Directors by:

Adrian Stokes
Adrian Stokes
Director

Colleen Cyrus
Colleen Cyrus
Director

Date : October 28, 2021

SCOTIA CARIBBEAN INCOME FUND INC.

UNAUDITED STATEMENT OF COMPREHENSIVE (LOSS) INCOME

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

(expressed in United States dollars)

<u>Investment income</u>	<u>30-Sep-21</u>	<u>30-Jun-21</u>	<u>30-Sep-20</u>
Interest income	\$ 1,838,216	\$ 1,828,474	\$ 1,786,494
Other income	2,092	780	459
Net realised gain on financial assets through profit or loss	27,917	367,051	127,826
Net change in unrealised (loss) gain in financial assets at fair value through profit or loss	<u>(3,985,092)</u>	<u>52,233</u>	<u>1,516,631</u>
Net investment (loss) income	<u>\$ (2,116,867)</u>	<u>\$ 2,248,538</u>	<u>\$ 3,431,410</u>
<u>Expenses</u>			
Management fees	\$ (644,690)	\$ (631,351)	\$ (600,781)
Trailer fees	(151,099)	(147,973)	(140,808)
Custodian & Administrator fees	(62,077)	(61,204)	(69,541)
Professional fees	(4,898)	(4,845)	(4,618)
Other expenses	<u>(59,907)</u>	<u>(44,685)</u>	<u>(60,723)</u>
Total operating expenses	<u>\$ (922,671)</u>	<u>\$ (890,058)</u>	<u>\$ (876,471)</u>
Operating (loss) profit before finance costs	<u>\$ (3,039,538)</u>	<u>\$ 1,358,480</u>	<u>\$ 2,554,939</u>
Finance costs			
Dividends to holders of investment shares	<u>\$ (907,759)</u>	<u>\$ (938,773)</u>	<u>\$ (910,539)</u>
Total finance costs	<u>\$ (907,759)</u>	<u>\$ (938,773)</u>	<u>\$ (910,539)</u>
Net comprehensive (loss) income for the period	<u>\$ (3,947,297)</u>	<u>\$ 419,707</u>	<u>\$ 1,644,400</u>

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED STATEMENT OF CHANGES IN NET ASSETS
FOR THE QUARTER ENDED SEPTEMBER 30, 2021
(expressed in United States dollars)

	<u>30-Sep-21</u>	<u>30-Jun-21</u>	<u>30-Sep-20</u>
Beginning Balance	\$ 158,386,888	\$ 157,397,372	\$ 146,296,208
Net comprehensive (loss) income for the period	(3,947,297)	419,707	1,644,400
Subscriptions	4,482,137	3,714,151	4,289,023
Reinvestments	777,331	745,858	786,715
Redemptions	<u>(1,905,584)</u>	<u>(3,890,200)</u>	<u>(2,575,546)</u>
Ending Balance	<u>\$ 157,793,475</u>	<u>\$ 158,386,888</u>	<u>\$ 150,440,800</u>

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2021
(expressed in United States dollars)

	<u>30-Sep-21</u>	<u>30-Jun-21</u>	<u>30-Sep-20</u>
Cash flows from operating activities			
(Decrease)/increase in net assets attributable to holders of investment shares after income tax	\$ (3,947,297)	\$ 419,707	\$ 1,644,400
Adjustments for:			
Dividends paid to holders of investment shares	907,759	938,773	910,539
Net realized gain on financial assets at fair value through profit or loss	(27,917)	(367,051)	(127,826)
Net change in unrealized loss/(gain) on financial assets at fair value through profit or loss	3,985,092	(52,233)	(1,516,631)
	<u>917,637</u>	<u>939,196</u>	<u>910,482</u>
Interest received	2,455,648	1,790,241	2,429,146
Interest paid	(1,840,308)	(1,829,254)	(1,786,953)
Proceeds from sale of investments	14,290,866	4,376,400	4,728,703
Purchase of investments	(18,518,064)	(6,709,397)	(6,826,981)
Net non-interest payments for purchase and resale agreements	2,039,070	2,223,851	(502,830)
Decrease/(increase) in other receivables	123,425	(78,468)	122,360
Decrease/(increase) in receivable for investments sold	830,386	(830,386)	-
Increase in due to related parties	13,338	9,890	27,778
Increase/(decrease) in accrued expenses	14,161	471	(14,474)
(Decrease)/increase in balance due to brokers	(505,000)	505,000	-
Decrease in withholding taxes payable	-	-	(10)
Net cash (used in)/provided by operating activities	<u>(178,841)</u>	<u>397,544</u>	<u>(912,779)</u>
Cash flows from financing activities			
Proceeds from issue of investment shares	4,482,137	3,714,151	4,289,023
Proceeds from reinvested investment shares	777,331	745,858	786,715
Payments on redemption of investment shares	(1,911,401)	(3,932,143)	(2,828,850)
Dividends paid to holders of investment shares	(907,759)	(938,773)	(910,539)
Net cash provided by/(used in) financing activities	<u>2,440,308</u>	<u>(410,907)</u>	<u>1,336,349</u>
Net increase/(decrease) in cash and cash equivalents	2,261,467	(13,363)	423,570
Cash and cash equivalents at beginning of period	<u>118,660</u>	<u>132,023</u>	<u>1,256,634</u>
Cash and cash equivalents at end of period	<u>\$ 2,380,127</u>	<u>\$ 118,660</u>	<u>\$ 1,680,204</u>

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED NOTES TO FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2021

1. General

Scotia Caribbean Income Fund Inc. (the “Fund”) was incorporated on March 29, 2006 in Saint Lucia. The Fund was also licensed under the Saint Lucia International Mutual Fund Act as a public international mutual fund. On November 27, 2006 and on January 11, 2007; the Fund was registered under the Companies Act of Jamaica and Trinidad and Tobago, respectively. The Fund is registered under the Trinidad and Tobago Securities & Exchange Commission (SEC) as a reporting issuer. On September 7, 2009, the Fund was registered under the Companies Law of the Cayman Islands and on September 17, 2009, the Fund was registered under the Mutual Funds Law of the Cayman Islands.

Effective June 11, 2021, the Fund was re-domiciled and transitioned from a corporation under the laws of Saint Lucia to a company continued in and licensed as a mutual fund under the laws of Barbados. The transition did not affect the assets of the Fund or the value of the investments.

The registered office of the Fund is located at Chancery House, High Street, Bridgetown, Barbados.

The Fund is in the process of de-registering with the Cayman regulator as a registered mutual fund.

The Fund’s investment objective is to provide a regular stream of income and modest capital gains by investing primarily in US dollar denominated fixed income securities issued or guaranteed by governments or government sponsored agencies of a country in the Caribbean region, as well as money market and longer term fixed income securities issued by non-government issuers in accordance with the Investment Policy below. The Fund may also invest in other income generating securities, which may include dividend paying shares.

The investment activities of the Fund are managed by Scotia Asset Management (Barbados) Inc. (the “Fund Manager”). The custodian activities are performed by State Street Bank and Trust Company Ltd (the “Custodian”), which is an independent entity and is not a related party to the Fund Administrator or the Fund Manager. The Fund administrator is Scotia Asset Management (Barbados) Inc. (the “Fund Administrator”), a company incorporated in Barbados. The Fund Administrator has appointed State Street Cayman Trust Company Ltd., a trust company duly organised under the laws of the Cayman Islands as Fund Sub-Administrator. The Fund has no employees.

2. Significant accounting policies

These statements are prepared using the International Accounting Standards. Security transactions are accounted for on a trade date basis. Realized gains and losses on the sales of portfolio securities are calculated on an average cost basis. Interest is recorded on an accrual basis and dividend income is recognized on the ex-dividend date.