

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED MARCH 31, 2022

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SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2022
(expressed in United States Dollars)

<u>Assets</u>	<u>31-Mar-22</u>	<u>31-Dec-21</u>	<u>31-Mar-21</u>
Cash and cash equivalents	\$ 471,986	\$ 767,961	\$ 132,023
Securities purchased under resale agreements	14,304,960	11,445,319	19,873,159
Financial assets at fair value through profit or loss	127,958,844	141,842,353	138,080,479
Other receivables	167,861	127,039	57,697
Interest receivable	75,332	-	-
Receivable for investments sold	-	1,623,546	-
Total assets	<u>\$ 142,978,983</u>	<u>\$ 155,806,218</u>	<u>\$ 158,143,358</u>
<u>Equity</u>			
Share Capital	\$ 1,000	\$ 1,000	\$ 1,000
<u>Liabilities</u>			
Due to related parties	\$ 581,752	\$ 633,336	\$ 621,461
Income distribution payable	139,439	139,439	-
Accrued expenses	64,248	83,970	73,082
Tax withholding liability	25,169	-	-
Balance due to brokers	-	1,616,597	-
Redemptions payable	-	-	50,443
Total Liabilities (excluding net assets attributable to holders of investment shares)	<u>\$ 810,608</u>	<u>\$ 2,473,342</u>	<u>\$ 744,986</u>
Net assets attributable to holders of investment shares	<u>\$ 142,167,375</u>	<u>\$ 153,331,876</u>	<u>\$ 157,397,372</u>
Value per investment share based on number of shares			
Class A shares issued and outstanding as at March 31, 2022 42,151,183 (December 2021: 43,080,256; March 2021: 43,056,266)	<u>\$ 3.3726</u>	<u>\$ 3.5590</u>	<u>\$ 3.6555</u>
Class I shares issued and outstanding as at March 31, 2022 1,473 (December 2021: 1,455; March 2021: 1,408)	<u>\$ 4.6187</u>	<u>\$ 4.8739</u>	<u>\$ 5.0057</u>

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

Carol McKeever
Carol McKeever
Director

Lisl Lewis
Lisl Lewis
Director

Date : April 26, 2022

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED STATEMENT OF COMPREHENSIVE LOSS
FOR THE QUARTER ENDED MARCH 31, 2022
(expressed in United States dollars)

<u>Investment income</u>	<u>31-Mar-22</u>	<u>31-Dec-21</u>	<u>31-Mar-21</u>
Interest income	\$ 1,859,089	\$ 1,863,705	\$ 1,823,642
Other income	-	15,107	1,801
Net realized gain (loss) on financial assets through profit or loss	64,729	(18,107)	196,151
Net change in unrealized loss in financial assets at fair value through profit or loss	<u>(8,000,880)</u>	<u>(677,949)</u>	<u>(2,726,092)</u>
Net investment (loss) income	<u>\$ (6,077,062)</u>	<u>\$ 1,182,756</u>	<u>\$ (704,498)</u>
<u>Expenses</u>			
Management fees	\$ (581,751)	\$ (633,336)	\$ (621,461)
Trailer fees	(136,349)	(148,438)	(145,655)
Custodian & Administrator fees	(59,224)	(61,721)	(58,562)
Professional fees	(4,792)	(4,898)	(4,621)
Other expenses	<u>(43,363)</u>	<u>(116,476)</u>	<u>(43,564)</u>
Total operating expenses	<u>\$ (825,479)</u>	<u>\$ (964,869)</u>	<u>\$ (873,863)</u>
Operating (loss) profit before finance costs	<u>\$ (6,902,541)</u>	<u>\$ 217,887</u>	<u>\$ (1,578,361)</u>
Finance costs			
Dividends to holders of investment shares	<u>\$ (1,033,562)</u>	<u>\$ (913,120)</u>	<u>\$ (945,043)</u>
Total finance costs	<u>\$ (1,033,562)</u>	<u>\$ (913,120)</u>	<u>\$ (945,043)</u>
Net comprehensive loss for the period	<u><u>\$ (7,936,103)</u></u>	<u><u>\$ (695,233)</u></u>	<u><u>\$ (2,523,404)</u></u>

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED STATEMENT OF CHANGES IN NET ASSETS
FOR THE QUARTER ENDED MARCH 31, 2022
(expressed in United States dollars)

	<u>31-Mar-22</u>	<u>31-Dec-21</u>	<u>31-Mar-21</u>
Beginning Balance	\$ 153,331,876	\$ 157,793,475	\$ 158,040,832
Net comprehensive loss for the period	(7,936,103)	(695,233)	(2,523,404)
Subscriptions	1,646,307	3,337,408	5,142,723
Reinvestments	877,881	773,681	757,767
Redemptions	<u>(5,752,586)</u>	<u>(7,877,455)</u>	<u>(4,020,546)</u>
Ending Balance	<u>\$ 142,167,375</u>	<u>\$ 153,331,876</u>	<u>\$ 157,397,372</u>

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED MARCH 31, 2022
(expressed in United States dollars)

	<u>31-Mar-22</u>	<u>31-Dec-21</u>	<u>31-Mar-21</u>
Cash flows from operating activities			
Decrease in net assets attributable to holders of investment shares after income tax	\$ (7,936,103)	\$ (695,233)	\$ (2,523,404)
Adjustments for:			
Dividends paid to holders of investment shares	1,033,562	913,120	945,043
Net realized (gain)/loss on financial assets at fair value through profit or loss	(64,729)	18,107	(196,151)
Net change in unrealized loss on financial assets at fair value through profit or loss	8,000,880	677,949	2,726,092
	<u>1,033,610</u>	<u>913,943</u>	<u>951,580</u>
Interest received	2,215,180	2,053,338	2,427,027
Interest paid	(1,859,089)	(1,878,812)	(1,825,443)
Proceeds from sale of investments	5,948,750	6,233,033	5,311,977
Purchase of investments	(510,000)	(8,183,450)	(9,657,291)
Net non-interest payments for purchase and resale agreements	(2,782,456)	3,928,857	1,158,463
(Increase)/decrease in other receivables	(40,822)	(114,299)	69,752
Decrease/(increase) in receivable for investments sold	1,623,546	(1,623,546)	-
Decrease in due to related parties	(51,584)	(11,353)	(749)
Decrease in accrued expenses	(19,722)	(3,744)	(5,197)
Increase/(decrease) in withholding taxes payable	25,169	-	(19)
(Decrease)/increase in balance due to brokers	(1,616,597)	1,616,597	(1,041,969)
Increase in income distribution payable	-	139,439	-
Net cash provided by/(used in) operating activities	<u>3,965,985</u>	<u>3,070,003</u>	<u>(2,611,869)</u>
Cash flows from financing activities			
Proceeds from issue of investment shares	1,646,307	3,337,408	5,142,723
Proceeds from reinvested investment shares	877,881	773,681	757,767
Payments on redemption of investment shares	(5,752,586)	(7,880,138)	(3,975,485)
Dividends paid to holders of investment shares	<u>(1,033,562)</u>	<u>(913,120)</u>	<u>(945,043)</u>
Net cash (used in)/provided by financing activities	<u>(4,261,960)</u>	<u>(4,682,169)</u>	<u>979,962</u>
Net decrease in cash and cash equivalents	(295,975)	(1,612,166)	(1,631,907)
Cash and cash equivalents at beginning of period	<u>767,961</u>	<u>2,380,127</u>	<u>1,763,930</u>
Cash and cash equivalents at end of period	<u>\$ 471,986</u>	<u>\$ 767,961</u>	<u>\$ 132,023</u>

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED NOTES TO FINANCIAL STATEMENTS
FOR THE QUARTER ENDED MARCH 31, 2022

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.

Effective January 11, 2022, the Fund de-registered 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.