

Scotia Funds™

# SCOTIA CARIBBEAN INCOME FUND

**OFFERING MEMORANDUM**  
ISSUED IN RESPECT OF  
**SCOTIA CARIBBEAN INCOME FUND**

*[as amended, supplemented and restated in its entirety, effective on the continuance of Scotia Caribbean Income Fund Inc. under the laws of Barbados]*

**SCOTIA CARIBBEAN INCOME FUND INC.**

a company continued under the *Companies Act* of the Laws of Barbados  
and licensed as a mutual fund under the Mutual Funds Act of the laws of Barbados.

**SCOTIA ASSET MANAGEMENT (BARBADOS) INC.**  
MUTUAL FUND ADMINISTRATOR

**August 2023**

A COPY OF THIS OFFERING MEMORANDUM HAS BEEN FILED WITH THE FINANCIAL SERVICES COMMISSION  
AND REGISTERED WITH THE REGISTRAR OF CORPORATE AFFAIRS IN BARBADOS

**NONE OF THE FINANCIAL SERVICES COMMISSION OF BARBADOS, THE TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION OR  
THE FINANCIAL SERVICES COMMISSION OF JAMAICA HAS IN ANY WAY EVALUATED THE MERITS OF THE SECURITIES OFFERED HEREUNDER  
AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE**

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## IMPORTANT REGULATORY NOTICES

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### MUTUAL FUND AND OFFERING DOCUMENTATION

**Scotia Caribbean Income Fund Inc.** (the “Company”), is a company originally incorporated and licensed in accordance with the laws of Saint Lucia and which has been continued and organised under the *Companies Act* of the laws of Barbados, and is licensed as a mutual fund under the *Mutual Funds Act* of the Laws of Barbados.

This Offering Memorandum, together with the Corporate Instruments of the Company, and the Subscription Form, together constitute the complete offering documentation related to the mutual fund (the “Offering Documents”).

The Offering Documents relate to the sale and distribution of the specific classes of equity interest, as authorised to be issued by the Company (the “Fund”).

The Fund is constituted of the Class A Preference Shares and Class I Preference Shares of the Company as issued and outstanding from time to time (the “Investment Shares”).

Any distribution or reproduction of all or any part of the Offering Documents or the divulgence of its contents other than as specifically set forth herein, is unauthorised. No person has been authorised to give any information or to make any representation in connection with the offering of Investment Shares in the Company other than those contained in the Offering Documents and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors or the Fund Administrator (and any person authorised to act in relation to the Fund by the Fund Administrator). Statements in this Offering Memorandum are, except where otherwise stated, based on the law and practice currently in force in Barbados and other relevant jurisdictions at the date hereof and are subject to change.

Neither the delivery of this Offering Memorandum nor the issue of Investment Shares shall under any circumstances create any implication or constitute any representation that the affairs of the Company have not changed since the date hereof.

### INVESTOR RESPONSIBILITY

This Offering Memorandum has been prepared in connection with the offer and sale of the Investment Shares principally to persons who are resident in a CARICOM Member State, and to persons who are not resident within the United States of America. The Fund is intended to appeal to eligible persons who seek an income-yielding investment denominated in US\$ and who have a medium to long-term investment horizon.

**The distribution of this Offering Memorandum and the offer and sale of the Investment Shares may be restricted or inappropriate in certain jurisdictions. It is the responsibility of any person in possession of this document and any persons wishing to apply for the Investment Shares pursuant to this Offering Memorandum to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions.**

*Please consult your financial adviser or attorney-at-law if you do not fully understand the contents of this Offering Memorandum or any other Offering Document, or if you have any queries concerning this Offering Memorandum or any other Offering Document.*

No representations or warranties of any kind are intended or should be inferred with respect to the economic return from, or the tax consequences of, an investment in the Fund. No assurance can be given that existing laws will not be changed or interpreted adversely. Prospective investors are not to construe the Offering Documents as legal, investment or tax advice.

Prospective investors should review the Offering Documents carefully and in their entirety and consult with their legal, tax and financial advisors in relation to (i) the legal and regulatory requirements within the countries of their nationality, residence, ordinary residence or domicile for the purchase, holding, redeeming or disposing of the Investment Shares; (ii) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, redeeming or disposing of the Investment Shares; and (iii) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, redeeming or disposing of the Investment Shares.

## SECURITIES LAW DISTRIBUTION RESTRICTIONS

**This Offering Memorandum does not constitute an offer or solicitation by or to anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified so to do or to anyone to whom it is unlawful to make such an offer or solicitation.**

Furthermore, the distribution of this Offering Memorandum and the offering or purchase of the Investment Shares may be restricted in certain other jurisdictions. No person receiving a copy of the Offering Documents in any such jurisdiction may treat the Offering Documents as constituting an invitation to them to subscribe for the Investment Shares, nor should they in any event use such documents, unless in the relevant jurisdiction such an invitation could lawfully be made to them and the Offering Memorandum could lawfully be used without compliance with any registration or other legal requirements. Accordingly, the Offering Documents do not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Offering Memorandum and any persons wishing to apply for Investment Shares pursuant to the Offering Documents to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction.

The Company will not issue Investment Shares to any person if it determines that the issuance of such Investment Shares could cause adverse consequences for the Company or its shareholders. Moreover, the Company may, in its sole discretion and at any time, require the redemption or transfer of all or any part of any such person's Investment Shares to avoid such adverse consequences.

The Investment Shares described in the Offering Memorandum have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or any similar law, rule or regulation in any other jurisdiction (including any of the states of the United States of America). Investment Shares of the Company may not be directly or indirectly offered or sold to or for the benefit of any U.S. Person (as defined under US Securities laws).

In addition, neither the Company nor the Fund Administrator has been and will not be registered under the United States Investment Company Act of 1940, as amended or any similar law, rule or regulation in any other jurisdiction (including without limitation any law, rule or regulation of any of the states of the United States of America).

Investment Shares of the Fund will not be offered, sold, or delivered, directly or indirectly, in Canada, or to, or for the benefit of, any resident thereof, in contravention of the securities laws of Canada or any Province or Territory thereof. By subscribing for Investment Shares, subscribers will be deemed to have declared that they are not a resident of Canada and are not subscribing for Investment Shares on behalf of any resident of Canada.

The Offering Documents are not specifically intended for circulation to residents of Barbados, and this Offering Memorandum is not, and under no circumstances is, to be construed as, an advertisement or a public offering of securities in Barbados by any person. Although the purchase of the Investment Shares by residents of Barbados is not prohibited, the purchase of the Investment Shares constitutes the investment in foreign property and will be subject to applicable exchange control laws in Barbados. In the event of any sale of the Investment Shares to residents of Barbados, the Company may be required to file or cause to be filed with the Financial Services Commission of Barbados a report of such sale in accordance with section 69(12) of the *Securities Act*, and the regulations or guidelines currently in force and issued by the Financial Services Commission of Barbados, and may further be required to register as a reporting issuer under the *Securities Act*.

The sections in this Offering Memorandum, and which appear hereafter, titled respectively (1) SUPPLEMENT TO OFFERING DOCUMENTS FOR INVESTORS IN JAMAICA, and (2) SUPPLEMENT TO OFFERING DOCUMENTS FOR INVESTORS IN TRINIDAD AND TOBAGO (as the same may be amended and supplemented, together with all further similar supplements issued from time to time as required are incorporated herein.

## SECURITIES LAW REGISTRATION

The Company is licensed as a mutual fund in Barbados in accordance with sec. 3 of the *Mutual Funds Act*, and this Offering Memorandum together with the other Offering Documents are issued in compliance with sec. 8 of the *Mutual Funds Act*, and the Third and Fourth Schedules of the *Mutual Fund Regulations*. The Company is required to comply with all notice and reporting obligations of a licensed mutual fund as prescribed in the *Securities Act* and the regulations and guidelines currently in force and issued by the Financial Services Commission.

The offer and sale of the Investment Shares (including the solicitation of the sale of any Investment Shares), as well as the trade of the Investment Shares, constitutes a distribution of securities to the public for the purposes of the *Securities Act* and the regulations and guidelines currently in force and issued by the Financial Services Commission. As a consequence, unless exempted by the Financial Services Commission, the Company will be required to be registered with the Financial Services Commission of Barbados as a reporting issuer in accordance with sec. 58(2) of the *Securities Act*. The Company proposes to seek such exemption based on (a) its licence under the *Mutual Funds Act*, and (b) the intention that the Offering Documents will not be directly circulated to residents of Barbados and are not intended to be construed as, an advertisement or a public offering of securities in Barbados by any person. No assurance of the grant of such exemption can be given but in the event that it is not granted, the Company will register as a reporting issuer in accordance with sec. 58(2) of the *Securities Act*, and comply with the provisions of the *Securities Act*.

As the Company is engaged in or likely to be engaged in the continuous offering of the Investment Shares. the Company shall file a prospectus with the Registrar of Companies as required under Part II Division D of the *Companies Act*, in accordance with sec. 9(4)(a) of the *Mutual Funds Act*.

The Company is licensed in Barbados as a mutual fund in accordance with sec. 3 of the *Mutual Funds Act*, and as a consequence the Investment Shares shall not be registered with the Financial Services Commission of Barbados pursuant to sec. 59(2) of the *Securities Act*.

**Neither the Financial Services Commission of Barbados nor any regulatory commission or authority in Barbados has reviewed this Offering Memorandum.**

## INVESTMENT RISKS

The Fund may be suitable for persons who want to enjoy the advantages of investing in a US\$ denominated mutual fund that invests in fixed income securities and receives regular income payments and benefits from a source of liquidity when necessary. The Fund may further be appropriate for investors who understand and are willing to assume the potential risks involved, and for whom an investment in the Fund may not constitute a complete investment program. The Fund may be suitable for investors with low to medium tolerance for risk and a medium to long-term investment horizon. The level of risk and the investment horizon with any particular investment depends largely on your own personal circumstances and considerations. You should review your personal investment profile, consult your financial advisor and read the more detailed explanation of risks under the heading Potential Risks to Investors later in this document before making a decision whether this Fund is suitable for you.

It is important to note that Investment Shares are not guaranteed or insured by any authority. Mutual funds own different types of investments depending on their investment objectives. The value of these investments may change from day to day, reflecting changes in interest rates, economic conditions and news about issuers whose securities are held in the Fund. As a result, the value of Investment Shares may go up or down and the value of your investment in the Fund may be more or less when you redeem it than when you purchased it. Past performance of the Fund should not be taken as an indication of future performance. Please see the Fund's Investment Policy and an outline of Potential Risks to Investors later in this document for further details.

The investment in the Investment Shares of the Company, is only suitable for sophisticated investors who are able to bear the loss of a substantial portion or even all of the money they invest in the Funds, who understand the risks involved, and who believe that investment in the Funds is suitable for them based on their investment objectives and financial needs. Risk factors for an investor to consider are set out herein. Investors are therefore advised to seek independent professional advice on the implications of investing in the Funds.

Although the Investment Shares are redeemable, there is no public market for the Investment Shares and no such market is expected to develop in the future.

## RELIANCE ON OFFERING DOCUMENTS

***The directors of the Company, whose names appear in this Offering Memorandum, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the importance of such information. The directors accept responsibility accordingly.***

## **SUPPLEMENT TO THE OFFERING MEMORANDUM FOR INVESTORS IN JAMAICA**

The Scotia Caribbean Income Fund Inc. (“Fund”) has been registered in Jamaica by the Financial Services Commission as an overseas collective investment scheme pursuant to The Securities (Collective Investment Schemes) Regulations, 2013.

The principal place of business of the Fund in Jamaica is Corner Duke and Port Royal Streets, Kingston, Jamaica. Copies of the Register of Holders, Memorandum and Corporate Instruments, Annual and half yearly reports, Offering Document and audited financial statements shall be available for inspection there during normal business hours on any business day.

Investment Shares shall be available for purchase in Jamaica exclusively through Scotia Investments Jamaica Limited, a licensed dealer pursuant to the *Securities Act* of Jamaica.

The Fund Administrator is a direct subsidiary of Scotiabank Group Jamaica Limited and an indirect subsidiary of The Bank of Nova Scotia in Canada. The Custodian is a regulated institution in the respective jurisdictions in which it operates and is an independent and unrelated party to the Fund Administrator. In addition to mutual fund administration business as conducted in accordance with the *Mutual Funds Act*, the Fund Administrator performs similar functions as the manager under the Jamaican Securities (Collective Investment Schemes) Regulations, 2013, which means that the Fund Administrator is responsible for the management and performance of the functions of the Fund, including investment advice and operational services.

Income earned by Jamaican investors in the Fund will only be liable to income tax in Barbados which is currently at a rate of zero percent.

This Offering Memorandum is effective in Jamaica as of the date on which all regulatory approvals have been received and all notices, if required, given and will remain in effect, as amended and/or as amended and restated from time to time, until August 31, 2024. Upon the expiry of this effective period, this Offering Document should not be used for marketing Investment Shares of the Fund in Jamaica but may be used for marketing in certain other jurisdictions in accordance with applicable laws of those jurisdictions.

Approvals received from the Financial Services Commission of Jamaica do not constitute a guarantee by the Financial Services Commission of Jamaica as to the performance of the Fund or its creditworthiness. Furthermore, in granting such approvals the Financial Services Commission of Jamaica shall not be liable for the performance or default of the Fund or for the correctness of any opinions or statements expressed.

Investments in the Fund are not insured by the Jamaica Deposit Insurance Corporation.

## **SUPPLEMENT TO THE OFFERING MEMORANDUM FOR INVESTORS IN TRINIDAD AND TOBAGO**

- i. This distribution is being made by a foreign mutual fund pursuant to disclosure documents prepared in accordance with foreign securities laws. Investors should be aware that these requirements may differ from those of Trinidad and Tobago.
- ii. All of the directors and officers of the foreign mutual fund, and all of the experts named in this Offering Memorandum reside outside of Trinidad and Tobago. All of the assets of these persons and of a foreign mutual fund may be located outside of Trinidad and Tobago. The Fund has appointed Scotiabank Trinidad and Tobago Limited and Scotia Investments Trinidad and Tobago Limited, Scotia Centre, Port of Spain, Trinidad as its agents for Service of Process in Trinidad and Tobago. It may not be possible for investors to effect service of process within Trinidad and Tobago upon the directors and officers referred to above. It may also not be possible to enforce against a foreign mutual fund, its directors and officers, named in this Offering Memorandum judgements obtained in Trinidad and Tobago.
- iii. Investors should be aware that the expert(s) responsible for any expertise statement, report or opinion in the Offering Documents (has/have) not submitted to the jurisdiction of Trinidad and Tobago and therefore it may not be possible for an Investor to take legal proceedings against the expert(s) in Trinidad and Tobago.
- iv. The foreign mutual fund is incorporated or organised under the laws of a foreign jurisdiction, and the rights and remedies available under Trinidad and Tobago law may not be available.

The foregoing together with the following documents are incorporated herein by reference:

- a. Certificate regarding use of the Offering Documents in Trinidad and Tobago;
- b. Form of Submission to Jurisdiction and Appointment of Agents for Service of Process for a foreign mutual fund;
- c. Certificate regarding Appointment of Agents to distribute securities in Trinidad and Tobago;  
and
- d. Certificate of Compliance with securities legislation in the home jurisdiction;

which are filed with the Trinidad and Tobago Securities and Exchange Commission, constitutes full, true and plain disclosure of all material facts relating to the securities being distributed by this Offering Document.

A list of all broker-dealers registered under the Securities Act, Chap. 83:02 may be obtained on the website of the TTSEC- [www.ttsec.org.tt](http://www.ttsec.org.tt).



# FUND DETAILS DIRECTORY

## REGISTERED OFFICE

1<sup>st</sup> Floor, CGI Tower,  
Warrens, St. Michael  
Barbados

## PRINCIPAL BUSINESS OFFICE

1<sup>st</sup> Floor, CGI Tower,  
Warrens, St. Michael  
Barbados

## Fund Administrator

Scotia Asset Management (Barbados) Inc.  
1<sup>st</sup> Floor, CGI Tower,  
Warrens, St. Michael  
Barbados

## Investment Advisor

Scotia Asset Management (Barbados) Inc.  
1<sup>st</sup> Floor, CGI Tower,  
Warrens, St. Michael  
Barbados

## Custodian

State Street Bank and Trust Company  
225 Franklin Street  
Boston, Massachusetts 02110  
United States of America  
Phone: (617) 786-3000  
[www.Ssga.com](http://www.Ssga.com)

## Registrar and Transfer Agent

International Financial Data Services Ltd.  
30 Adelaide Street East, Suite 1  
Toronto, Ontario, M5C 3G9  
Canada  
Phone: 1 416 506 8000

## Auditors

KPMG  
Chartered Accountants  
Hastings, Christ Church  
Bridgetown, BB 15154

## Corporate Services Provider

Chancery Corporate Services Limited  
Chancery House, High Street  
Bridgetown, Barbados

## Attorneys-at-Law

Chancery Chambers LLP  
Chancery House, High Street  
Bridgetown, Barbados

## Bankers

Scotiabank (Barbados) Limited  
Broad Street  
Bridgetown, Barbados

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**THIS OFFERING MEMORANDUM CONTAINS INFORMATION TO HELP YOU MAKE AN INFORMED INVESTMENT DECISION AND TO HELP YOU UNDERSTAND YOUR RIGHTS.**

**IT CONTAINS INFORMATION ABOUT THE COLLECTIVE INVESTMENT SCHEME, AS WELL AS THE NAMES OF THE PERSONS RESPONSIBLE FOR ITS ORGANISATION AND MANAGEMENT.**

**YOU ARE ENCOURAGED TO READ THIS PROSPECTUS IN ITS ENTIRETY, PRIOR TO MAKING ANY INVESTMENT DECISION.**

## DEFINITIONS AND INTERPRETATION

In the Offering Documents the following words and phrases have the meanings set forth below:

- “affiliate”** “an affiliated body corporate or affiliated person as described below:
- (a)
    - (i) one body corporate is affiliated with another body corporate if one of them is the subsidiary of the other, or both are subsidiaries of the same body corporate, or each of them is controlled by the same person; and
    - (ii) if two bodies corporate are affiliated with the same body corporate at the same time, they are affiliated with each other;
  - (b) a body corporate is the holding body corporate of another if that other body corporate is its subsidiary; and
  - (c) a person that is not a body corporate or an individual is considered to be an affiliated person of another person, including a body corporate, if it is controlled by that other, provided that a person is controlled by another person, if
    - (i) in the case of a partnership, the second-mentioned person owns or holds more than fifty percent of the interest in the partnership; and
    - (ii) in the case of the first-mentioned person other than a body corporate, an individual, or a partnership, securities of the first mentioned person carrying more than fifty percent of the interests in such person are held or owned, by or for the benefit of the second mentioned person.”
- “Board of Directors”** means the board of directors of the Company.
- “business day”** means a day on which the New York Stock Exchange is open for business.
- “Caribbean Region”** means the area that lies between continental North America and continental South America and comprises the Caribbean Sea, the West Indies, and the adjacent mainland regions of Southern Mexico, Central America, Columbia and Venezuela.

<b>“Caricom Member States” or “Member States”</b>	means the Caribbean Community of 15 states as established by the Treaty of Chaguaramas 1973 and the subsequent Revised Treaty of Chaguaramas 2001, which includes Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Haiti, Jamaica, Grenada, Guyana, Monserrat, St. Lucia, Suriname. St. Kitts and Nevis, St. Vincent and the Grenadines and Trinidad and Tobago.
<b>“Class”</b>	means a class of Investment Shares.
<b>“Company”</b>	means the corporate entity as continued, constituted and organized under the laws of Barbados, in the name <b>Scotia Caribbean Income Fund Inc.</b>
<b>“Corporate Instruments”</b>	means: <ul style="list-style-type: none"> <li>(a) the Articles of Continuance of the Company, (together with each and every Schedule annexed thereto and incorporated therein) as may be amended, restated or revived from time to time (the “<u>Articles</u>”), and</li> <li>(b) any by-law, or other rule or regulation with regard to the administration of the affairs of the Company having the force of a by-law in accordance with the <i>Companies Act</i>, from time to time in force (the “<u>By-Laws</u>”);</li> </ul>
<b>“Custodian”</b>	means <b>State Street Bank and Trust Company</b> or such other entity appointed by the Fund to provide custody services.
<b>“dealing day”</b>	means each business day or such other day as the Board of Directors may from time to time prescribe.
<b>“diversification”</b>	means holding a portfolio with a variety of assets with various risk exposures, so as to lessen the risks associated with the portfolio.
<b>“dividend”</b>	means a portion of the Fund’s profits distributed to shareholders of the Fund in the form of cash, additional shares or in such other form as otherwise determined by the Board of Directors.
<b>“FSC”</b>	means the Financial Services Commission of Barbados, as the regulatory authority charged with the administration of the <i>Mutual Funds Act</i> and the <i>Securities Act</i> .
<b>“Fund”</b>	means the equity fund organized as a collective investment scheme and constituted of the Investment Shares issued by the Company.

<b>“Fund Administrator”</b>	means <b>Scotia Asset Management (Barbados) Inc.</b> or any other person as successor thereto, which is licensed as a mutual fund administrator under and pursuant to the <i>Mutual Funds Act</i> for the Fund, with responsibility for mutual fund administration within the meaning of the <i>Mutual Funds Act</i> and acts as the manager under the Jamaican Securities (Collective Investment Schemes) Regulations, 2013.
<b>“Fund Sub-Administrator”</b>	means <b>State Street Cayman Trust Company, Ltd.</b> or such other entity appointed by the Fund and/or the Fund Administrator to provide fund administration and sub-administration services.
<b>“institutional investors”</b>	means organizations, companies and other incorporated and unincorporated entities.
<b>“Investment Advisor”</b>	means the Fund Administrator or such other entity appointed by the Fund Administrator to provide investment advisory services to the Fund.
<b>“Investment Shares”</b>	means the issued and outstanding redeemable preference shares of either class, designated respectively Class A Preference Shares, or Class I Preference Shares in the Corporate Instruments of the Company.
<b>“leveraging”</b>	means investing with borrowed money.
<b>“Management Shares”</b>	means the issued and outstanding common shares of the class designated the Management Shares in the Corporate Instruments of the Company.
<b>“margin borrowing”</b>	means the use of borrowed money to purchase securities, using the purchased securities as collateral for the borrowed money.
<b>“money market”</b>	means the section of the financial markets comprising debt securities having a remaining term to maturity of 365 days or less.
<b>“Net Asset Value” or “NAV”</b>	means the aggregate value of all of the Fund’s assets less all its liabilities, calculated on the basis set out in the Corporate Instruments, as at a specific time on each Valuation Date.
<b>“Offering Documents”</b>	means: <ul style="list-style-type: none"> <li>(a) the Offering Memorandum,</li> <li>(b) the Corporate Instruments, and</li> <li>(c) the Subscription Form.</li> </ul>
<b>“Offering Memorandum”</b>	means this Offering Memorandum (as may be amended, supplemented, or restated from time to time);

<b>“Registrar and Transfer Agent”</b>	means <b>International Financial Data Services (Canada) Limited</b> or such other entity appointed by the Fund and/or the Fund Administrator to provide registrar and transfer agency services.
<b>“redemption request”</b>	means a Retraction Notice (as defined in the Corporate Instruments), issued in accordance with the Corporate Instruments.
<b>“Scotia Portfolio”</b>	one of a suite of managed portfolio solutions that invest in a diverse mix of underlying mutual funds to meet the needs of a range of investor profiles.
<b>“Scotia Portfolio Manager”</b>	means <b>Scotiabank &amp; Trust Cayman Limited</b> or such other entity appointed with respect to management of Scotia Portfolio.
<b>“Shares”</b>	means, collectively, the Investment Shares and the Management Shares of the Fund.
<b>“Subscription Form”</b>	means a request made in writing in the manner prescribed by the directors of the Company (or in an alternative form deemed acceptable to the Fund Administrator), for the subscription of Investment Shares.
<b>“USA”</b>	means the United States of America.
<b>“US\$” or “US dollars”</b>	means the lawful currency of the United States of America.
<b>“Valuation Date”</b>	means a business day on which the Fund’s NAV is determined, or such other day as the Board of Directors may from time to time determine.

(1) Terms defined elsewhere in this Offering Memorandum or any other Offering Document, or under any applicable law, unless otherwise indicated, shall have the meanings assigned to such terms in the Offering Documents.

(2) In the Offering Documents, any reference to a specific Act, Regulation or other statutory enactment except where expressly referring to the laws of another jurisdiction, shall refer to the same as enacted and having the force of law in Barbados, as the same may be from time to time amended as well as every statute substituted therefor. In the case of any such amendment or substitution, any references in this Agreement, to a specific provision of the Act, Regulation, statutory enactment, shall be read as references to the provisions as amended or substituted therefor in the amendment or the new statute or statutes.

## DETAILS OF THE COMPANY AND THE FUND

**Scotia Caribbean Income Fund Inc.** (the “Company”), was incorporated on March 29, 2006, as an international business company under the laws of St Lucia pursuant to the *International Business Companies Act* (Cap 12.14 of the Revised Laws of Saint Lucia). The Company was formerly known as **Scotia DBG Caribbean Income Fund Inc.**, and before that it was formerly known as DB&G Caribbean-Global Bond Fund. On March 25, 2011, the Company changed its name by Certificate of Amendment to **Scotia Caribbean Income Fund Inc.**

The Company was licensed in Saint Lucia as an international public mutual fund in accordance with the *International Mutual Funds Act* (Cap 12.16 of the Revised Laws of Saint Lucia), and its activities were regulated thereunder by the Financial Services Regulatory Authority of Saint Lucia.

The Company was continued under the *Companies Act* of the laws of Barbados on June 11, 2021 and has been issued a foreign currency permit in accordance with the *Foreign Currency Permits Act* of the laws of Barbados. The continuance of the Company does not affect the corporate continuity of the Company and does not cause any interruption in the legal personality or corporate existence of the Company. On continuance under the laws of Barbados, and subject to the amendments detailed in the Corporate Instruments and the provisions of the *Companies Act*, the existing shareholders of the Company have the same proprietary interest in the Investment Shares as prior to the continuance. Upon the continuance under the laws of Barbados (a) the property of the Company prior to continuance, continues as the property of the Company; (b) the Company continues to be liable for all obligations as in existence prior to continuance; (c) any existing cause of action, claim or liability to prosecution against the Company is unaffected; (d) a civil, criminal or administrative action or proceeding pending by or against the Company may be continued to be prosecuted by or against the Company; and (e) a conviction against, or ruling, order or judgement in favour of or against the Company may continue to be enforced by or against the Company.

The Company is registered as an external company under the *Companies Act* Chap. 81:01 of the laws of Trinidad and Tobago with a principal office at 56-58 Richmond Street, Port of Spain, Trinidad.

The Company is authorised to issue one hundred (100) common shares designated the Management Shares. All of the authorised Management Shares are issued and registered in the name of **Scotia Investments Jamaica Limited**.

The Management Shares do not constitute Investment Shares of the Fund, they instead represent the voting share capital in the Fund. The Management Shares do not have any ownership participation in, and shall not be entitled to any of the benefits or rewards or bear any of the risks derived from, the assets and liabilities of the Fund; and apart from their voting rights, have no economic rights or entitlements save for the right on a winding up to the repayment of the capital paid thereon after all the Investment Shares have been repaid in full.

In addition to the Management Shares, the Company is authorised to issue (1) an unlimited number of redeemable preference shares designated Class A Preference Shares, and (2) an unlimited number of redeemable preference shares designated Class I Preference Shares. There are



35,507,035 issued and outstanding Class A Preference Shares, and 1,569 issued and outstanding Class I Preference Shares (collectively, the Investment Shares, as referenced in this Offering Memorandum).

The Company may issue further and additional Class A Preference Shares and Class I Preference Shares (as authorised by the Board of Directors), and on the issue thereof such shares will constitute the Investment Shares of the Fund.

The Investment Shares only constitute the equity interests of the Fund. The Investment Shares together collectively comprise a 100% ownership participation in, and shall be entitled to all of the benefits and rewards and bear all of the risks derived from, the assets and liabilities of the Fund, and shall each individually comprise an aliquot portion of such benefits, rewards and risks. The Investment Shares are non-voting, save and except that the holders of Investment Shares shall be entitled to vote (a) on any resolution in respect of the specific matters set out in the *Companies Act*, and the further special transactions which require the consent of the holders of the Investment Shares as prescribed in the Corporate Instruments.

The Board of Directors reserve the right to cease issuing additional Investment Shares in the Fund, in the event that in their determination the issuance of such additional Investment Shares in the Fund is not in the interests of the shareholders of the Fund.

The Fund is designated the **SCOTIA CARIBBEAN INCOME FUND**.

The Company is licensed as a mutual fund pursuant to the *Mutual Funds Act*, and the activities of the Fund are regulated thereunder by the FSC. The Company is subject to the notice, and reporting obligations under the *Mutual Funds Act*.

**Scotia Asset Management (Barbados) Inc.** has been granted a restricted mutual fund administrator licence in respect of the administration of the Fund.

The Fund is further subject to securities laws in Jamaica and Trinidad and Tobago. The Offering Documents for the Fund are available for inspection on the Fund's website at <https://jm.scotiabank.com/scotia-investments/scotia-funds/fixed-income-funds/scotia-caribbean-income-fund.html> as well as at the offices of (1) the principal business offices of Fund Administrator in Barbados, (2) Scotia Investments Jamaica Limited located at Corner Duke and Port Royal Street, Kingston, Jamaica, and (3) Scotiabank Trinidad and Tobago Limited located at 56-58 Richmond Street, Port of Spain, Trinidad, during normal business hours and copies are available upon request.

Further, other important information is provided in the financial statements of the Fund as well as this Offering Memorandum which may be obtained on the Fund's website at <https://jm.scotiabank.com/scotia-investments/scotia-funds/fixed-income-funds/scotia-caribbean-income-fund.html>, as well as the aforementioned offices in Barbados (Telephone Number: 246-431-3059), Jamaica (Telephone Number: 876-960-6700) and Trinidad and Tobago (Telephone Number: 868-625-3566).

## MANAGEMENT OF THE FUND

### Directors, Officers and Executive Management of the Company:

At the date hereof the following are the details of the directors of the Company:

Sunil Chatrani

Lisl Lewis

Carol McKeever

Roger Best

Giancarlo Rossi

Neil Macdonald

**Sunil Chatrani** is the executive chairman of Apes Hill Development. The former Chief Executive Officer of the Elegant Hotel Group is a veteran tourism executive with more than 30 years of experience in finance, tourism, mergers and acquisitions and strategy in Barbados and throughout the Caribbean Region

**Lisl Lewis** B Eng (Hons), FCA is a UK chartered accountant with over 30 years' experience in the financial services industry in the UK and the Caribbean. She is also a member of the Board of Directors of Scotiabank (Barbados) Limited. Lisl has wide-ranging knowledge of investment management, captive insurance, banking and trust structures and has worked in senior positions in international banks and asset managers. She is an experienced non-executive director.

**Carol McKeever** is the Managing Director of Scotia Reinsurance Limited, Scotia Insurance (Barbados) Limited, and BNS International (Barbados) Limited; all subsidiaries of BNS International (Bahamas) Limited, in a position which she has governed for the last 4 years. An experienced and seasoned insurance industry professional, Ms. McKeever possesses a wealth of 30+ years' expertise in the insurance sector and has experience in financial management, analysis and reporting, control of reinsurance contracts, regulatory compliance, corporate governance, and risk management. She is a Fellow of the Chartered Institute of Accountants of Barbados (FCA), a qualified Chartered Accountant, and is the dual holder of the Chartered Professional Accountant (CPA), and Certified General Accountant (CGA) designations from the Chartered Professional Accountants of British Columbia.

**Roger Best** is the Director and Group Lead of the Corporate & Commercial Banking Centre for Scotiabank (Barbados) Limited based in Barbados, a position which he has held for the past 6 years. Roger possesses 30 years of banking experience; 22 years of which have been in the field of Corporate and Commercial Banking, Capital Markets and Corporate Finance within the English Northern, Southern and Dutch Caribbean. Prior to joining Scotiabank, Roger also worked with

two other local commercial banks in Barbados, in addition to one US based commercial bank. Roger holds an MBA in Financial Management and Markets, and a BSc. (Hons) in Economics and Management.

**Giancarlo Rossi** is the Vice President, International Asset Management and joined Scotiabank in 2021. He has over 20 years' experience in Asset Management including leadership roles at State Street Canada and Citco Fund Services. Giancarlo's career covered client relationship, operational excellence and P&L management for Offshore and Alternative Asset Managers. In his current role at Scotiabank, Giancarlo is responsible for product alignment, operational design and distribution strategies across Scotia Asset Management teams in the Caribbean and Latin America. Giancarlo holds a Master of Arts in Political Science, a Bachelor of Arts (High Honours) in Political Science and History and is also a Certified Anti-Money Laundering Specialist (CAMS).

**Neil Macdonald** is the Regional Wealth Management, Head, Caribbean, Central America and Uruguay, The Bank of Nova Scotia (The Bahamas) with responsibility for the Offshore Trust, Private Banking, Asset Management and Brokerage Advisory businesses across the region. Neil's career started with The Bank of Nova Scotia (Canada) in 2007 in Asset Management. He held numerous positions across the group including Managing Director Product Development & Innovation and Head Scotia Asset Management. He holds an M.B.A. in Business Administration from Ivey Business School, Western University and is a Chartered Financial Analyst.

## **FUND ADMINISTRATOR AND AGENTS OF THE FUND**

### **FUND ADMINISTRATOR**

#### **Fund Administrator**

**Scotia Asset Management (Barbados) Inc.**, (the "Fund Administrator"), has been granted a restricted mutual fund administrator licence in respect of the administration of the Fund.

The Fund Administrator is responsible for the management and administration of the Fund, including (a) the management of (including the control of all or substantially all the assets of) the Fund or the administration of the Fund; (b) the provision of the principal office of the Fund in Barbados; (c) the provision of an operator to the Fund; and (d) the provision of the administrative services to the Fund including the accounting. In addition to mutual fund administration business as conducted in accordance with the Mutual Funds Act, the Fund Administrator performs similar functions as the manager under the Jamaican Securities (Collective Investment Schemes) Regulations, 2013, which means that the Fund Administrator is responsible for the management and performance of the functions of the Fund, including investment advice and operational services.

The Fund Administrator was incorporated on April 21, 2009, as an international business company under the laws of St Lucia pursuant to the International Business Companies Act (Cap 12.14 of the Revised Laws of Saint Lucia) in the name **Scotia DBG Fund Managers Inc.** and changed its

name by Certificate of Amendment dated May 06, 2011 to **Scotia Asset Management (St. Lucia) Inc.** in accordance with the laws of St Lucia. The Fund Administrator was continued under the *Companies Act* of the laws of Barbados on June 11, 2021, and has been issued a foreign currency permit in accordance with the *Foreign Currency Permits Act* of the laws of Barbados. The registered address of the Fund Administrator is 1<sup>st</sup> Floor, CGI Tower, Warrens, St. Michael, Barbados and its principal business activity is the administration and portfolio management of mutual funds.

#### **Directors of the Fund Administrator:**

At the date hereof the following are the details of the directors of the Fund Administrator:

Suzette Armoogam-Shah	Director
Carol McKeever	Director
Roger Best	Director
Giancarlo Rossi	Director
Neil Macdonald	Director

#### **Fund Sub-Administrator**

The Fund Sub-Administrator has an unrestricted mutual fund administrator's licence issued by the Cayman Islands Monetary Authority under the Mutual Funds Law (as revised) of the Cayman Islands. The Sub-Administrator is a company incorporated in Grand Cayman on June 10, 1985. The Sub-Administrator is indirectly wholly owned by State Street Bank and Trust Company, the Custodian of the Fund, which is in turn wholly owned by State Street Corporation, a financial holding company organized in 1969 under the laws of the Commonwealth of Massachusetts, with its registered office at One Lincoln Street, Boston, Massachusetts, United States of America.

The Fund Sub-Administrator is responsible for the general administration of the Fund, and, as such, keeps the books of account, calculates the Net Asset Value of Investment Shares, and deals with subscriptions and redemptions in respect of the Fund. The Fund Sub-Administrator is at liberty to provide similar or other services to other funds and companies.

#### **Strategic Investment Advisor**

Pursuant to a Strategic Advisor Agreement dated June 11, 2021, between the Fund Administrator and Scotia Investments Jamaica Limited, effective June 11, 2021, the Fund Administrator has appointed **Scotia Investments Jamaica Limited**, as its Strategic Investment Advisor, to assist in the provision of the investment advisory and fund management services in accordance with the investment policy and objectives set forth in this Offering Documents.

Scotia Investments Jamaica Limited is a company duly incorporated under the laws of Jamaica on March 11, 1992 and a securities dealer licensed by the Financial Services Commission in Jamaica.

Scotia Investments Jamaica Limited and the Fund Administrator are both indirectly owned by Scotiabank and are members of the Scotiabank Group, as defined below under the heading “Scotiabank Group”.

### **Registrar and Transfer Agent**

The Fund Administrator has appointed International Financial Data Services (Canada) Ltd. as the Registrar and Transfer Agent of the Fund, to provide accounting and registrar services to the Fund. A register of shareholders will be kept by the Registrar and Transfer Agent. The register will list the names and addresses of shareholders and the number of Investment Shares held by each shareholder. The Corporate Instruments permit the register of shareholders in the Fund to be a book-entry system (an electronic system of book-based entries) in which all Investment Shares are recorded and accounted for and may be subscribed for, redeemed or cancelled by book-keeping entry without physical delivery of certificates. Subscriptions and redemptions of Investment Shares will be recorded in the book-entry system and evidenced by confirmations issued by the Fund or on its behalf.

### **Custodian**

The Custodian of the assets of the Fund is State Street Bank and Trust Company. The Custodian is an independent entity and is not a related party to the Fund or the Fund Administrator. The Custodian is a trust company that traces its beginnings to the founding of the Union Bank in 1792. The charter under which the Custodian now operates was authorised by a special act of the Massachusetts Legislation the United States of America in 1891, and its present name was adopted in 1960. The Custodian is wholly owned by State Street Corporation, a financial holding company organized in 1969 under the laws of the Commonwealth of Massachusetts, with its registered office at One Lincoln Street, Boston, Massachusetts, United States of America.

In its capacity as Custodian, State Street Bank and Trust Company is responsible for holding the Fund’s assets in trust, maintaining proper financial records and providing the Fund with a monthly asset summary, quarterly reconciliations and such other additional statements, reports and particulars relating to the Fund as may reasonably be requested by the Fund or its auditors from time to time.

### **Scotiabank Group**

The Bank of Nova Scotia (“Scotiabank”) is a leading financial services provider in over 55 countries and Canada's most international bank. It is a Schedule I bank chartered under the Bank Act (Canada). Scotiabank's registered office is located at 1709 Hollis Street, Halifax, Nova Scotia, B3J 3B7 Canada and its executive offices are at Scotia Plaza, 44 King Street West, Toronto, Ontario, M5H 1H1 Canada. The Fund Administrator and Scotia Investments Jamaica Limited (as Strategic Investment Advisor), are both indirectly owned by Scotiabank and are members of the Scotiabank Group (as defined below).

Scotiabank, together with its subsidiaries, affiliates, officers, employees and agents (the “**Scotiabank Group**”), is engaged in wholesale and retail banking, lending, equity investing,

financial and merger and acquisition advisory, underwriting, investment management, brokerage, trustee, custodial and similar activities on a world-wide basis. In addition, members of the Scotiabank Group, including the Fund Administrator and Scotia Investments Jamaica Limited, may manage other funds with objectives identical or similar to or overlapping those of the Fund. In the course of engaging in these activities, members of the Scotiabank Group may compete with the Fund or provide financing or other services to competitors of the Fund. Members of the Scotiabank Group will be under no obligation to refer any opportunity to the Fund, or refrain from investing in, or providing advice or services to others with respect to any such opportunity. Members of the Scotiabank Group have relationships with a significant number of clients and provide, and will in the future provide, advisory services to its clients.

In the course of considering the execution of any transaction on behalf of the Fund, the Fund Administrator and Scotia Investments Jamaica Limited, as applicable, may consider a client relationship and may choose not to execute any such transaction for the Fund on account of any such client relationship. In providing services to other clients, a member of the Scotiabank Group may recommend actions that would compete with or otherwise adversely affect the Fund. Members of the Scotiabank Group may from time to time come into the possession of information that could preclude the Fund Administrator and Scotia Investments Jamaica Limited from taking an action that would be in the best interest of the Fund. In addition, members of the Scotiabank Group have in the past sponsored or advised, and in the future may sponsor or advise, clients that may acquire interests in, provide financing to or otherwise deal with entities, the securities of which may be acquired, held or disposed of by the Fund. Such securities may be, or have been, underwritten, distributed or placed by a member of the Scotiabank Group. A member of the Scotiabank Group may, in certain circumstances, be selling an asset in circumstances in which the Fund is acquiring or retaining the same asset, acquire or dispose of an asset, or take or refrain from taking an action that may adversely affect the Fund.

Furthermore, the Fund may from time to time acquire and hold assets, deposits and investments underwritten, promoted, issued, sold or distributed by a member of the Scotiabank Group.

In certain circumstances, there may be foreign exchange transactions where Scotiabank Group members act as counterparty. In such cases, the Scotiabank Group counterparty may take a reasonable spread or commission on these transactions.

Other transactions may occur where Scotiabank Group members broker or effect such transactions on reasonable, commercial-term basis where a spread or commission is taken by such other members.

It is intended that all such transactions would be undertaken on economic terms consistent with market pricing.

The Corporate Instruments generally do not restrict any actions taken by Scotiabank or its affiliates. Accordingly, no assurance can be given that potentially suitable investments of which Scotiabank may become aware will be offered to the Fund, nor is there any assurance that suitable investments will not be acquired by Scotiabank or other Scotiabank clients.

## OBJECTIVES OF THE 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.

## INVESTMENT POLICY

The Fund's investment policy is primarily intended to generate interest income as most of the Fund's assets are fixed income investments. The Fund may invest in the following assets, and at least 50% of the assets of the Fund will be invested in assets described at (i), (ii) and (iii) below.

- (i) US\$-denominated cash or deposits with licensed deposit-taking institutions. The Fund may also invest in reverse repurchase agreements backed by securities issued by sovereign states in the Caribbean region.
- (ii) US\$-denominated interest-bearing securities issued or guaranteed by the Government of Jamaica, the Bank of Jamaica or any entity owned or controlled by the Government of Jamaica.
- (iii) US\$-denominated interest-bearing securities issued or guaranteed by any sovereign state or any entity owned or controlled by any such sovereign state, other than Jamaica that has an equal or superior credit rating to that of Jamaica, if rated by Moody's Investor Services or Standard & Poor's, or, if rated by CariCRIS, BBB on a Caribbean regional basis or A on a national basis.
- (iv) US\$-denominated fixed income securities issued by a company or other body lawfully authorised to issue such instruments, with an equal or superior credit rating to that of Jamaica if rated by Moody's Investor Services or Standard & Poor's, or, if rated by CariCRIS, BBB on a Caribbean regional basis or A on a national basis, or that are rated as equivalent or higher to the CariCRIS rating as determined by the Investment Advisor when considered in the context of the Caribbean region, and which meet such liquidity criteria as the Investment Advisor requires from time to time.
- (v) US\$-denominated short-term securities such as bills of exchange or promissory notes and or commercial paper issued by a company or other body lawfully authorised to issue such instruments, with an equal or superior credit rating to that of Jamaica if rated by Moody's Investor Services or Standard & Poor's, or, if rated by CariCRIS, BBB on a Caribbean regional basis or A on a national basis, or that are rated as equivalent or higher to the CariCRIS as determined by the Investment Advisor when considered in the context of the Caribbean region, and which meet such liquidity criteria as the Investment Advisor requires from time to time.

For yield-enhancement and liquidity purposes, the Fund may, from time to time, assume currency exposure by acquiring deposits, interest-bearing or other fixed income securities denominated in

one or more currencies at sovereign states that are members of the Group of 20 (G20), from time to time other than the US\$, or in currencies issued by Caricom Member States, provided that such deposits and securities do not comprise in excess of 20% of the total assets of the Fund at time of purchase or acquisition.

The Fund may invest in, or otherwise enter into, hedging transactions to manage currency and interest rate risks, as determined by the Investment Advisor from time to time.

The Investment Advisor assesses credit risk from a national and regional perspective. Assets rated BBB on a Caribbean regional basis or A on a national basis by CariCRIS or equivalent by the Investment Advisor when considered in the context of the Caribbean region, may be treated as such by the Investment Advisor whether or not such assets are assigned a lower credit rating by a recognized rating agency or body by non-national or non-regional Caribbean standards.

For asset diversification purposes, with the exception of assets described at (i), (ii) and (iii) above, not more than ten percent (10%) of the assets of the Fund will be invested in individual instruments, or in instruments issued by the same issuer, at the time of purchase or acquisition.

For liquidity purposes, at the time of purchase, a minimum of 5% of assets held by the Fund will be invested in instruments which are repayable within three hundred and sixty-five (365) days beginning on the date upon which they become part of the assets held by the Fund, or which are made on terms on which repayment may be demanded within the period unconditionally and without penalty.

The Fund may also invest in other funds managed by the Fund Administrator, funds managed by any related party of the Fund Administrator, or managed by third party institutions. In such instance no management or other fee is payable by the Fund if payment thereof could reasonably be perceived as a duplication of fees payable by the Fund. No sales or redemption fees are paid or payable by the Fund when it buys or sells securities in a fund that is managed by the Fund Administrator or any of its affiliates.

## **BORROWING & USE OF LEVERAGE**

The Fund may enter into margin borrowing and other forms of leveraging arrangements, to the extent determined by the Investment Advisor from time to time, to finance positions in the Fund's portfolio with a view to enhancing the earnings and returns of the Fund.

After giving effect to all borrowing transactions (including leveraging), the outstanding amount of all borrowings of the Fund will not exceed five per cent (5%), of the portfolio assets of the Fund taken at market value at the time of the borrowing.

The Fund may establish both long and short positions in securities to take advantage of anticipated price movements, and may enter into borrowing arrangements with respect to securities to facilitate the opening, maintaining and closing of such positions.



## **SUMMARY OF TAX POSITION**

### **Barbados**

The Fund is liable to income tax in Barbados on its taxable income at the rate of 1% to 5%. In addition, the Fund may incur withholding tax on income and proceeds of some of its investments, which may not be recoverable.

It is anticipated that a substantial part of the assets of the Fund will be comprised of interest-bearing securities issued by Caricom Member States, which have exempted such interest from income tax in the issuing state. Under the Caricom Tax Convention among Caricom Member States, interest paid by an issuer of debt who is tax resident in one Member State to a debt-holder who is tax resident in another Member State is only taxable in the Member State in which it arises, and therefore interest on such securities will not be subject to income tax in Barbados.

The Fund is not obliged to withhold tax on dividends to shareholders, or from amounts paid to shareholders on the redemption of Investment Shares.

Under the Caricom Tax Convention, dividends paid by the Fund to shareholders who are resident in another Caricom Member State which has incorporated the provisions of the Caricom Tax Convention into its domestic law, will only be liable to income tax in the Caricom Member State where the Fund is resident, and such liability is currently at the rate of zero per cent (0% in Barbados). Subscriptions and redemptions of Investment Shares are not subject to any duty or tax in Barbados.

### **US Tax Withholding and Reporting Under the Foreign Tax Compliance Act**

Generally, the Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 (or “FATCA”) impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States (such as interest and dividends), (ii) gross proceeds from the sale or disposition of property that can produce U.S. source interest or dividends, (iii) “foreign passthru payments” made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iv) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. FATCA came into effect in phases, beginning on July 1, 2014. The Fund will likely be classified as a foreign financial institution for these purposes. If an amount in respect of such withholding tax were to be deducted or withheld either from amounts due to the Fund or from payments made to shareholders, neither the Fund nor any other person would be required to pay additional amounts as a result of the deduction or withholding. In order to avoid withholding tax attributable to FATCA the Fund will likely need to provide the US Internal Revenue Service or other applicable taxing authority with certain information in respect of its shareholders and (where applicable) their beneficial owners. Shareholders who do not provide required information may also be subject to a 30% withholding tax. In addition, if a shareholder does not provide the information necessary for the Fund to comply with these requirements, the Fund may redeem the securities held by such shareholder.

## **Common Reporting Standard**

In addition, to meet the objectives of the Organisation for Economic Co-operation and Development Common Reporting Standard (the “CRS”), the Fund is required to report to certain information (including residency details and financial information such as account balances) relating to investments held by unitholders or by the “controlling persons” of certain entities. The information would then be available for sharing with CRS reportable jurisdictions in which the Shareholder resides for tax purposes under the provision and safeguards of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, Multilateral Competent Authority Agreement or the relevant double taxation treaty.

## **General**

The above summarizes the tax position of the Fund as at the date of this Offering Document, as it is understood by the Board of Directors. The Board of Directors does not guarantee the correctness of the above summary, and shall not be liable in the event that any aspect of it is or becomes incorrect, incomplete or otherwise inaccurate.

**THE ABOVE SUMMARY IS NOT INTENDED TO BE A COMPLETE OR EXHAUSTIVE DESCRIPTION OF THE TAXATION IMPLICATIONS OF THE FUND AND INVESTMENT THEREIN. SHAREHOLDERS ARE ENCOURAGED TO SEEK TAX ADVICE FROM COMPETENT PROFESSIONALS BEFORE INVESTING IN THE FUND.**

## **SHARE PRICE QUOTATIONS AND VALUATION**

### *(a) NAVPS Quotations*

The Fund’s portfolio of investments is carried out at fair value and is valued daily by the Fund Sub-Administrator by reference to the market prices prevailing as at 4:00 p.m. Eastern Time. The Net Asset Value of each Class of preferences share (“NAVPS”) is determined by the Fund Sub-Administrator accordingly.

The NAVPS is available from the Fund Administrator and is posted each day on the web at <https://jm.scotiabank.com/scotia-investments/fund-prices.html>. In addition, the NAVPS may be periodically published in the daily press in Jamaica, Barbados and Trinidad and Tobago.

### *(b) Calculation of Net Asset Value*

The Net Asset Value of the Fund will be determined by the Fund Sub-Administrator as at 4:00 pm Eastern Time on each Valuation Date in accordance with the Corporate Instruments and in accordance with the valuation policies summarized below. The Net Asset Value represents the market value of all assets less all liabilities of the Fund as at 4:00 p.m. Eastern Time on the Valuation Date.

The Net Asset Value of each Class will be determined by the Fund Sub-Administrator as at 4:00 p.m. Eastern Time on each Valuation Date in accordance with the Corporate Instruments and in accordance with the valuation policies summarised below. The NAV of each Class represents the market value of all assets of that Class less all liabilities attributed to it as at 4:00 p.m. Eastern Time on the Valuation Date.

(c) *Valuation Policies*

The NAVPS is calculated by taking on the relevant Valuation Date the Net Asset Value of the Class to which an Investment Share belongs dividing it by the number of Investment Shares outstanding or deemed to be outstanding in that Class, calculated to four decimal places.

Those investments of the Fund that are securities quoted on a regulated securities market or exchange, are generally valued for the purpose of arriving at the NAVPS at midway between quoted bid prices and offer prices as at the close of such market or exchange. However, where the Fund Sub-Administrator considers the prices quoted on some other market to be a fairer indicator of current market value for any security, it may use such prices. Securities, which are not quoted on any active market, will be valued in accordance with the Fund Administrator's customary valuation methodology for such securities. Under the Fund Administrator's customary valuation methodology, the market value of such securities will be calculated using the yield curves developed by reputable international and local securities broker-dealers and which are published on a daily basis. Further, the market value of securities which are not traded internationally will be determined using the yield curve developed or approved by the Jamaican Securities Dealers Association.

## PURCHASE OF INVESTMENT SHARES

Currently, the Fund offers Class A Preference Shares and Class I Preference Shares denominated in US Dollars. Class A Preference Shares are available to all investors. Class I Preference Shares are only available to eligible institutional investors and certain other investors as determined by the Fund or the Fund Administrator in their sole discretion from time to time. The Subscription Form for the Fund will identify what Classes are available.

Investment Shares of the Fund are issued on any dealing day at the NAVPS determined as at 4:00 p.m. United States Eastern Time Zone on such dealing day, for subscriptions in good order received by the Fund Administrator or other authorised person prior to 4:00 p.m. Eastern Time Zone on such dealing day.

The minimum required initial subscription amount for Investment Shares is US\$5,000 or such other amount or currencies as may be prescribed from time to time by the Board of Directors. Subsequent subscriptions for Investment Shares are subject to a minimum of US\$1,000, or such other amount or currencies as may be prescribed from time to time by the Board of Directors. Subscription for Investment Shares made through a Pre-Authorised Contribution (PAC) program are subject to a minimum of US\$100 per transaction or such other amount as may be prescribed by the Board of Directors.

The minimum initial investment required to subscribe for a Scotia Portfolio account is US\$5,000 or such other amounts or currencies as may be prescribed from time to time by the Directors. Subscriptions for each subsequent investment in a Scotia Portfolio account are subject to a minimum of US\$100 which will be allocated to the individual funds within the Scotia Portfolio Model selected by the shareholder. Please see “Scotia Portfolios” later in this document for more information.

When a Subscription Form is accepted by the Fund, the Fund Administrator or other authorised person shall issue a written confirmation of such subscription to the subscriber before subscribing for Investment Shares in the Fund, it is important to read this Offering Document, as amended, supplemented or restated from time to time, in its entirety. If you require further explanation on any aspect of this Offering Document, please contact the office of the Fund Administrator or your financial advisor.

To invest in the Fund, a Subscription Form in good order must be forwarded to the Fund Administrator through an authorised distributor of the Fund, together with payment in full for the subscription. Upon receipt and acceptance of a Subscription Form and any other required documents in satisfactory form and payment in good and clear funds, a confirmation will be issued, confirming the transaction.

Currently, only one currency purchase option and two classes of Investment Shares, Class A Preference Shares and Class I Preference Shares are available for purchase, both denominated in US dollars. The Board of Directors has the power to create additional currency purchase options, classes and series in the future. Any new class or series may be denominated in a different currency and may have investment policies that differ from those of the existing class. The terms of each subsequent class will be specified in the Corporate Instruments and this Offering Document.

No money should be paid to any person in Jamaica to acquire the Investment Shares unless that person is licensed or registered as a dealer under the Securities Act of Jamaica.

## SCOTIA PORTFOLIOS

Scotia Portfolios (formerly the Scotiabank Asset Management Service) are a suite of managed portfolio solutions that invest in a diverse mix of underlying investment funds to meet the needs of a range of investor profiles. Each portfolio is diversified by asset class, region and security. The Scotia Portfolio Manager monitors and maintains each Scotia Portfolio to ensure that it remains aligned with the investor’s risk profile. The prescribed weightings for the Fund, if any, in each Scotia Portfolio is determined by the Scotia Portfolio Manager and may be changed from time to time without notification to shareholders. A shareholder electing to open a Scotia Portfolio account is authorising the Fund Administrator as its attorney-in-fact to subscribe and redeem shares of any of the investment funds, including Investment Shares of the Fund, as, and when, the Scotia Portfolio Manager deems appropriate to maintain the Scotia Portfolio selected by the shareholder.

When a Scotia Portfolio is selected for an account, all subsequent Scotia Portfolio purchases and redemptions will be allocated based on the prescribed fund weightings for the selected Scotia

Portfolio, unless written signed instructions are given to discontinue the Scotia Portfolio in the shareholder's account or apply a different Scotia Portfolio are provided by the shareholder to the Scotia Portfolio Manager and are in good order.

On the 20<sup>th</sup> of March, June, September, and December (calendar quarter end month) or the next available dealing day if the 20<sup>th</sup> is not a dealing day, (each a **Rebalancing Day**), Scotia Portfolio accounts will be electronically reviewed to determine if any of the funds that constitute the assigned Scotia Portfolio have deviated from their prescribed weighting by 3.0% or more positively or negatively. In the event that any fund has deviated by 3.0% or more with respect of the assigned Scotia Portfolio, holdings of shares will be rebalanced to the prescribed fund weightings of the assigned Scotia Portfolio, resulting in an appropriate exchange of shares. Individual holdings of shares in funds are exchanged to restore the account to the assigned Scotia Portfolio's specifications. Commission charges, if applicable, may be charged on these transactions.

The minimum initial investment in a Scotia Portfolio is US\$5,000 or such other amounts or currencies as may be prescribed from time to time by the Board of Directors. Subscriptions for subsequent investment in a Scotia Portfolio account are subject to a minimum of US\$100 which will be allocated to the individual funds within the Scotia Portfolio selected by the shareholder.

The annual fee for each Scotia Portfolio account is 0.1% (minimum US\$25, maximum US\$100) of the market value of the Scotia Portfolio account three days prior to the last Rebalancing Day of each calendar year. The calculated annual fee is deducted directly from each Scotia Portfolio account, and paid to the Scotia Portfolio Manager. The Scotia Portfolio Manager reserves the right to waive the annual fee at its sole discretion and suspend or cancel this service at any time, in any jurisdiction, without notice.

Please ask your authorised distributor for a copy of a prospectus of mutual funds participating in the Scotia Portfolio program. The purchase, ownership and redemption of mutual funds participating in each Scotia Portfolio is subject to the fees, terms and conditions set out in the prospectus for such funds.

## **REDEMPTION OF INVESTMENT SHARES**

A redeeming shareholder must complete and submit a redemption request in the form of a Retraction Notice (as set out in the Corporate Instruments), to the offices of the Fund, Fund Administrator or any other authorised person through an authorised distributor of the Fund together with any other required documents in satisfactory form.

Redemption requests received in good order before 4:00 p.m. United States Eastern Time Zone on a Valuation Date will be fulfilled at the NAVPS determined as of 4:00 p.m. Eastern Time on such Valuation Date.

Redemption requests in good order which are received after 4:00 p.m. United States Eastern Time Zone on a Valuation Date (or such other time as the Board of Directors may specify from time to

time) or received on a day other than a Business Day, will be processed on the next following Business Day. Payment of redemption proceeds will normally be dispatched within three business days after the relevant Valuation Date at the risk and expense of the redeeming shareholder, but may be dispatched up to seven business days after the relevant dealing day at the discretion of the Fund Administrator.

If Investment Shares are redeemed within 90 days of purchase, they may be, at the sole discretion of the Fund Administrator, subject to an early redemption fee of 2% of the redemption amount. Redemption proceeds, if unclaimed for three (3) years, may be forfeited by a resolution of the Board of Directors for the benefit of the Fund.

An ongoing investment of US\$5,000 is required in each shareholder account. If a redemption would give rise to a holding of less than US\$5,000 in a shareholder account, the amount of the redemption may (unless the Fund Administrator determines otherwise, in its discretion) be adjusted to include the entire remaining balance of the redeeming shareholder in such shareholder account.

Subject to the *Companies Act* and in accordance with the provisions of the Corporate Instruments, the Board of Directors, by giving a notice of redemption to a shareholder, may redeem all or any portion of the shareholders' Investment Shares at the then current NAVPS for any reason.

## TRANSFER OF INVESTMENT SHARES

The transfer of Investment Shares is subject to the restrictions of transfer provisions in the Corporate Instruments of the Fund.

In connection with any transfer, the appropriate, fully executed and completed Instrument of Transfer shall be forwarded to the Fund Administrator through an authorised distributor of the Fund and a new account shall be established in the name of the transferee.

A Fund may decline to register a transfer of Shares:

- a) unless a fully and duly completed instrument of transfer is provided to the Fund Administrator together with any other evidence necessary to show the transferor's right to transfer,
- b) if the transferee and any person upon whose behalf the transferee would hold them are prohibited from investing in the Funds as described in "Distribution",
- c) if following registration, the holdings of the transferee (and the transferor if such be the case) would result in the Fund or Board of Directors giving a redemption notice redeeming all of the shareholders' investment shares (see "REDEMPTION OF INVESTMENT SHARES").

## EXCHANGE OF INVESTMENT SHARES

A shareholder holding Investment Shares in the Fund may exchange such Investment Shares for shares of the same class and currency of certain other funds ("Select Funds") offered by the Fund Administrator or its affiliates under a separate prospectus. Upon exchange, the redemption of Investment Shares held by the shareholder will occur and the redemption proceeds will be applied to subscribe for Investment Shares in a Select Fund. Following the exchange of Investment Shares, the number of shares held by the investor will change since each class of shares of Select Funds involved has a different Net Asset Value. Following the exchange of Investment Shares into the shares of a Select Fund, the fees, terms and conditions set out in the prospectus for such Select Fund will apply to your acquisition, ownership and redemption of shares of a Select Fund. Administrative charges or sales fees may be charged on such transactions with Select Funds.

Please ask your authorised distributor for the list of Select Funds participating in this program and a copy of the prospectus of Select Funds you wish to acquire.

## SUSPENSION OF VALUATION

The Board of Directors may at any time suspend the determination of the Net Asset Value in accordance with the Corporate Instruments, and no Investment Shares shall be issued or redeemed during any period in which the determination of the Net Asset Value is suspended. The provisions related to the suspension of the determination of the Net Asset Value and the suspension of the issuance and redemption of any class of Investment Shares in the Fund, are set out in Schedule IV, Part A of the Articles of Continuance of the Company and include the following:

- A.6.1** *The directors may at any time authorise, after consultation with the Fund Administrator, the suspension of the determination of Net Asset Value and/or NAVPS, or for the whole or any part of any period:*
- (a) during which any securities market on which a material part of the Company's assets are listed is closed, other than for ordinary holidays and weekends, or during which dealings in them are restricted or suspended in a manner which undermines the determination of the fair value of those assets;*
  - (b) during the existence of any state of affairs which, in the opinion of the directors, constitutes an emergency as a result of which disposition by the Company of assets owned by it is not reasonably practicable or would be seriously prejudicial to the Members of the Company;*
  - (c) during any breakdown in the means of communication normally employed in determining the price or value of any of the Company's assets, or when for any other reason the prices or values of any such assets cannot reasonably be promptly ascertained with reasonable accuracy;*
  - (d) during which the transfer of funds involved in the realization or acquisition of any assets of the Company cannot, in the directors' opinion, be effected at normal rates of exchange*



*or costs, or transactions in the Shares cannot, in the directors' opinion, be carried out without undue delay and at normal rates of exchange and costs; or*

*(e) that the Company is, in the directors' opinion, unable reasonably to determine the Net Asset Value or NAVPS.*

*A.6.2 Any such suspension shall be published by the directors in such manner as they may deem appropriate to the Members likely to be affected thereby.*

*A.6.3 The directors shall take such steps as they reasonably can to end any such suspension as quickly as possible.*

*A.6.4 Any such suspension will take effect at such time as the directors declare but not later than the close of business on the Business Day next following the declaration and after that there shall be no determination of the Net Asset Value or NAVPS until the directors declare the suspension to be terminated, except that the suspension will end in any event on the first Business Day on which:*

*(a) the condition giving rise to the suspension ceases to exist; and*

*(b) no other condition under which suspension is authorised under these Articles exists.*

*A.6.5 Each declaration by the directors suspending determination of Net Asset Value must be consistent with such laws and regulations, if any, in effect at the time relating to its subject matter as may have been promulgated by any authority having jurisdiction over the Company. To the extent not inconsistent with such laws and regulations, the directors' determination will be conclusive.*

## **FEES AND EXPENSES**

### **Fees and Expenses Payable by the Fund**

Management Fee paid to the Fund Administrator	Up to 1.60%
Trailer Fees paid Fund Distributor(s)	Up to 0.375%
Custodian Fees (incl. sub-administrator and Transfer Agent fees)	Up to 0.60%
Professional Fees & Other Expenses	Up to 0.15%

### **Management Fee**

Under the Fund Administration and Investment Management Agreement dated June 11, 2021 between the Company and the Fund Administrator, (the “**Fund Administration Agreement**”), the Fund Administrator is entitled to receive a management fee on the Class A Preference Shares at an annual rate of 1.60% of the NAV of the Fund that is calculated and accrued daily and payable quarterly in arrears based on the daily NAV of Class A Preference Shares. These amounts are payable out of the assets of the Class A Preference Shares of the Fund.

The management fee for Class I Preference Shares is paid directly by Class I Preference Shareholders who negotiate such fee separately with the Fund Administrator.



### **Fee payable to the Strategic Advisor**

An annual fee of 0.40% will be paid by Scotia Asset Management (Barbados) to Scotia Investments Jamaica Limited in its capacity as Strategic Advisor. This fee will be paid out of management fees earned by the Fund Administrator and is not an additional cost to the Fund.

### **Sales Commissions and Other Fees Payable by shareholders**

The Fund Administrator, distributors and sub-distributors of the Fund may charge a sales commission on subscriptions for Class A Preference Shares of up to 2% of the subscription amount. The sales commission will be deducted from the total amount paid by investors to the Fund.

Holders of Class I Preference Shares pay no sales commission when buying or selling Class I Preference Shares, except as otherwise specified below.

The Fund distributor(s) may be entitled to receive an annual trailer fee on each Class distributed by it/them at an annual rate of up to 0.375% of the NAV of such Class, calculated and accrued daily and payable monthly in arrears based on the daily average net assets under management in the corresponding Class. The annual trailer fees on Class A Preference Shares, if any, are payable out of the assets of the Class A Preference Shares of the Fund. The annual trailer fees on Class I Preference Shares, if any, are payable out of the management fee received by the Fund Administrator on Class I Preference Shares. A sub-distributor may be paid by its distributor out of this trailer fee.

Investment Shares that are redeemed within ninety (90) days of their subscription on a first in/first out basis may be, at the sole discretion of the Fund Administrator, subject to an early redemption fee of 2% of the redemption amount, payable to the Fund.

### **Other charges to be borne by the Fund**

The fees of the Fund's auditors will be borne by the Fund, as will the costs incurred in connection with the printing and sending of notices of meetings and other communications to shareholders.

All third-party trade commissions, taxes and other out of pocket expenses incurred on sales and purchases of assets for the account of the Fund shall be borne by the Fund.

The Fund Administrator will be responsible for promotional costs, including this Offering Memorandum, and any modifications, supplements or restatements of this Offering Memorandum. The Fund will be responsible for its operational expenses including, but not limited to, custody, transfer agency, fund administration, sub-administration services, annual filing and registration fees, audit fees, legal fees, interest on borrowed money and any tax to which it may become subject. The Fund may pay fees or remuneration to each member of the Board of Directors. Each Class of shares bears the expenses and liabilities directly attributable to that Class and a portion of the Fund's general administrative expenses of that Class allocated on the basis of total net assets or another equitable method.

The Fund Sub-Administrator and the Registrar and Transfer Agent will receive fees payable out of the assets of the Fund at the Net Asset Value (or NAV) on each day of the Fund for registrar services and for accounting functions performed for the Fund. This will include reasonable out of pocket expenses, where applicable, to perform their duties. The fees payable to the Fund Administrator, the Sub Administrator and the Registrar and Transfer Agent for their respective services are detailed below.

The Fund Sub-Administrator and the Registrar and Transfer Agent shall be paid an aggregate minimum annual fee of US\$22,035.00 out of the assets of the Fund for services rendered, including general administration, registrar and transfer agent services in accordance with the terms of the Fund Sub-Administration Agreement dated January 9, 2013, between the Fund, the Fund Administrator and the Fund Sub-Administrator and a Registrar and Transfer Agent Agreement dated April 12, 2019, between the Fund, the Fund Administrator and the Registrar and Transfer Agent. These fees accrue daily and are paid quarterly in arrears.

The Custodian shall be paid a fee up to 0.60% per annum of the Net Asset Value of the Fund, calculated in accordance with the Custodian Agreement dated September 11, 2009 between the Fund and the Custodian. The Custodian is also entitled to be reimbursed by the Fund the amount of all its out-of-pocket disbursements (excluding its normal overhead costs) wholly and exclusively incurred in performance of its duties with respect of the Fund.

The Fund's external auditors, KPMG, will be paid a minimum annual fee of US\$10,000.00.

The Fund Administrator may, from time to time, choose to absorb some or all of the fees or expenses ordinarily payable by the Fund, including but not limited to the management fee, to ensure that the Fund's management expense ratio remains competitive.

With effect as of the date to be advised in a prior 30-day notice to the shareholders, each member of the Board of Directors not employed by Scotiabank or its affiliates may be paid an annual remuneration not to exceed US\$10,000 by the Fund, and their reasonable out-of-pocket expenses will only be borne by the Fund to the extent that such expenses are incurred in carrying on the business of the Fund. The Fund is not entitled to pay a fee to Directors who are employed by Scotiabank or its affiliates.

Shareholders will be provided with at least 30 days prior notice of any increase in the fees or additional expenses payable by the Fund in the form of a modification, supplement or restatement of this Offering Document or by such other permissible means.

Full details of the fees and expenses of the Fund are outlined in the Fund's interim unaudited and final audited financial statements available for viewing on our website at <https://jm.scotiabank.com/scotia-investments/scotia-funds/fixed-income-funds/scotia-caribbean-income-fund.html>.

## FUND CAPITAL

The Fund offers Class A and Class I Preference Shares. Each Class of shares bears the expenses and liabilities directly attributable to that Class and a portion of the Fund's general administrative expenses of that Class allocated on the basis of total net assets or another equitable method. The Net Asset Value of each Class is calculated separately. However, there is a risk that the expenses or liabilities of one Class may affect the Net Asset Value of the other Classes. For additional information, refer to "Cross Class Risk" in "Potential Risks to Investors" later in this document.

Investment Shares are issued in registered form and no certificates will be issued. The Fund will issue or will cause to be issued a confirmation, which will act as affirmation of subscription or redemption. The advantage of issuing Investment Shares in registered form over a certificate is that Investment Shares may be redeemed without the necessity of surrendering a certificate.

## SHAREHOLDERS' RIGHTS

The rights of holders of Investment Shares will be governed by Barbados law, including the *Companies Act* and the Corporate Instruments. The rights of shareholders under Barbados law may differ from the rights of shareholders of companies incorporated in other jurisdictions, and in some cases may be incompatible with the laws of another jurisdiction.

The holders of Investment Shares will also have common-law rights related to the purchase and acquisition of the Investment Shares, and may be entitled to exercise a right of action (a) for the rescission of the purchase or (b) for damages, jointly and severally against Company or its agents. The enforcement of shareholder rights may be limited by reason of limitation of action or be subject to the requirement for payment of security for costs in respect of judicial proceedings commenced in Barbados.

In addition, shareholders are entitled to the benefit of certain rights under the *Mutual Funds Act* and the *Securities Act*.

**THE ABOVE SUMMARY IS NOT INTENDED TO BE A COMPLETE OR EXHAUSTIVE DESCRIPTION OF THE RIGHTS AND REMEDIES OF THE HOLDERS OF INVESTMENT SHARES OF THE FUND. SHAREHOLDERS ARE ENCOURAGED TO SEEK INDEPENDENT LEGAL ADVICE AS TO YOUR LEGAL RIGHTS AS A SHAREHOLDER OF THE FUND BEFORE INVESTING IN THE FUND.**

## POTENTIAL RISKS TO SHAREHOLDERS

An investment in the Fund is at the sole risk of a shareholder. Changes to the market values of the securities owned by the Fund will be reflected in the NAVPS, which will therefore go up or down. The shareholders in the Fund accept market pricing risks of the securities held in the Fund, and the credit risks associated with the issuers of those securities. The Investment Advisor, as part of its

diversification and to help mitigate the risks of the Fund, may employ various investment strategies including investing in securities which offer the best risk-reward ratio, while giving due consideration to variables such as market outlook, market liquidity and duration. The Investment Advisor may also establish long and short positions in securities to take advantage of anticipated price movements and any perceived arbitrage opportunities to benefit the shareholders.

The more pertinent risk factors are discussed below. This is not intended as an exhaustive or complete list of all risks associated with investment in the Fund.

### ***EXTERNAL RISK FACTORS***

Economic Conditions. The success of any investment activity is affected by general economic conditions, which may be affected by the level and volatility of interest rates and market prices. Unexpected volatility or illiquidity with regard to the securities which the Fund holds could impair the ability of the Fund to carry on business or cause it to incur losses.

Political and Regulatory Risks. The value of the assets of the Fund may be affected by uncertainties such as international political developments, changes in government policies, taxation, and restrictions on foreign investment on currency repatriation, currency fluctuations, and other developments in the laws and regulations of the countries in which the Fund invests its assets.

Credit Risk. Credit risk is the possibility that an issuer of a security held in the Fund defaulting on its obligations under that security and not repaying its obligations on time or at all. This would negatively impact the value of Investment Shares in the Fund. Bond prices are also sensitive to ratings, and changes in ratings, issued by credit rating agencies such as Moody's and Standard and Poor's. Credit ratings can also be more sharply affected by exogenous shocks to an economy. Such shocks typically reduce the ability of an issuer to repay obligations, thus making its debt less attractive in the market and affecting the market value of its outstanding tradable debt securities.

Cross Class Risk. The Fund may offer multiple Classes of shares. Although the Net Asset Value of each Class is calculated separately, there remains a risk that the expenses or liabilities of one Class of shares may affect the Net Asset Value of the other Classes, as in the event of the insolvency of the Fund. If one Class of shares is unable to cover its liabilities, the other Classes are legally responsible for covering the difference.

Foreign Exchange Risk. When the Fund buys an investment that is denominated in a currency other than U.S. dollars, changes in the exchange rate between that currency and the US dollar will affect the value of the Fund.

Foreign Investment Risk. Investments issued by foreign companies or governments can be riskier. Foreign countries can be affected by political, social, legal or diplomatic developments, including the imposition of currency and exchange controls. Some foreign markets can be less liquid, are less regulated, and are subject to different reporting practices and disclosure requirements.

Inflation Risk and Interest Rate Risk. Other factors that affect bond prices include inflation and interest rates. Inflation affects bond prices through its effect on interest rates. As inflation rises, nominal interest rates typically rise so as to maintain real interest rate levels. A higher level of interest rates in the financial markets debt previously issued at fixed interest rates become

relatively less attractive, and thus tends to depress prices on existing fixed rate debt instruments. The market prices of the Fund's assets will therefore tend to be sensitive to movements of general interest rates in the US economy.

Market Risk. Since the prices of securities held in the Fund fluctuate in the market, the NAVPS could fall or rise. Prices fluctuate as a result of a variety of factors, including changes in credit ratings, changes to the actual or perceived economic, social or political climate of the nation or organization that issued the securities, movements in interest rates in the US and on other US\$ denominated debt instruments, and changes in international financial market conditions.

Repurchase, Reverse Repurchase and Securities Lending Risk From time to time, the Fund may enter into repurchase transactions and reverse repurchase transactions to the extent permitted by the securities regulatory authorities. In a repurchase transaction, the Fund sells a security at one price to a third party for cash and agrees to buy the same security back from the same party, again for cash, at a specified price on a designed future date. This is a way for the Fund to borrow short-term cash. In a reverse repurchase transaction, the Fund buys a security at one price from a third party and agrees to sell the same security back to the same party (usually at a higher price) later on. This is a way for the Fund to earn a profit (or interest) and for the other party to borrow some short-term cash.

In the case of a reverse repurchase transaction, the Fund could incur a loss if the value of the security sold or loaned has increased more than the value of the cash or collateral held. To minimize these risks:

- < The Fund requires the other party to the transaction to put up collateral. The value of the collateral must be at least the market value of the security sold or loaned plus some margin to be determined by the Investment Advisor or its authorised personnel.
- < The collateral held by the Fund may consist only of cash, qualified securities or securities that can be immediately converted into identical securities to those that are on loan. Collateral is checked and reset to ensure adequate coverage
- < The Fund cannot loan more than 50% of the total value of its assets; and
- < The Fund's total exposure to any one borrower will be based on credit limits determined by the Investment Advisor or its authorised personnel.

### ***INTERNAL RISK FACTORS***

Achievement of Objectives. There is no guarantee that the Fund will achieve its investment objectives.

Conflicts of Interest Instances may arise where the interests of the Fund Administrator and the Investment Advisor and its affiliates conflict with the interests of the Fund and its shareholders. Such conflicts include, but are not limited to, the fact that the Fund Administrator and the Investment Advisor may be engaged in other substantial activities apart from the activities described in this Offering Document and may therefore devote to the Fund only such time as they

consider reasonably necessary. Furthermore, the Fund may from time to time invest in products promoted by, or assets owned by the Fund Administrator's affiliates.

Large Transaction Risk. Certain investors may make subscriptions or redemption for significant amounts of Investment Shares in the Fund. These transactions may impact the Fund's cash flow, and the Fund may be required to alter its investment portfolio by buying or selling a large portion of its investments. When a large investor subscribes for Investment Shares with cash, the Fund may temporarily have a higher than normal cash position until this cash can be invested. In the case of a large redemption, the Fund may be required to sell investments at unfavourable prices if it does not have enough cash on hand to fund the redemption. In order to mitigate the impact of this risk to shareholders, the Fund Administrator asks, but does not require, large investors to provide notice when significant redemptions are being contemplated, and otherwise reserves the right to pay the proceeds of large redemptions over a seven-day period.

Where any of the securities in the Fund have been acquired by margin borrowing or leverage, these factors may result in margin calls to reduce those borrowings which, if not met by the Fund, may result in the sale of the securities in adverse market conditions.

As part of the risk management process, the Investment Advisor develops and monitors key risk metrics and trend analysis including, shareholder concentration, issuer and geographic concentration, value at risk, credit ratings, on periodic basis.

In order to mitigate the risks outlined above the Investment Advisor ensures that the assets of the Fund are invested in accordance with the limits outlined in the "INVESTMENT POLICY" above. These include diversification and concentration limits, minimum credit rating, minimum liquid asset and maximum borrowing limit.

## **DISTRIBUTIONS TO SHAREHOLDERS**

The directors reserve the right to distribute a percentage of the income of the Fund, both accrued and received by way of dividends to shareholders, subject to any relevant factors which may mitigate against a distribution being made.

While it is the intention of The Board of Directors to distribute a percentage of income as noted herein, factors may occur that would result in no distribution to investors in any given calendar quarter. These distributions are not guaranteed and may change at any time at the discretion of the Board of Directors.

Any decision to declare and pay dividends in the future will be made at the discretion of the Board of Directors. Dividends may only be declared and paid out of assets legally available, In determining the amount of any future dividends, factors our Board of Directors may consider include: (1) financial results; (2) available cash, as well as anticipated cash requirements (including debt servicing); (3) general economic and business conditions; (4) restrictions applicable t under Barbados and other applicable laws, regulations and policies; and (5) any other factors that our Board of Directors may deem relevant. Therefore, there can be no assurance that the Company

will declare or pay any dividends to holders of the Investment Shares, or as to the amount of any such dividends.

The Fund may distribute up to a maximum of 100% of its net earned income during the calendar quarter for which the distribution will be made, by the last business day of each calendar quarter. Dividends held will be automatically reinvested in additional Investment Shares of the Fund, unless a shareholder indicates a preference to the Fund Administrator or its agents for cash distributions. Distributions, if unclaimed for three (3) years, may be forfeited by a resolution of the Board of Directors for the benefit of the Fund.

Information about distributions paid to the shareholders of the Fund during the three most recently completed fiscal years of the Fund is available on our website at <https://jm.scotiabank.com/scotia-investments/scotia-funds/fixed-income-funds/scotia-caribbean-income-fund.html>.

## SUBSCRIPTION FORM

A Subscription Form for purchasing Investment Shares in the Fund may be obtained from the Fund Administrator or one of the authorised.

## AUDIT & FINANCIAL STATEMENTS

Important information about the Fund is provided in the financial statements of the Fund.

Within ninety (90) days after the end of each financial year of the Fund (being March 31<sup>st</sup> or such other date as the directors may from time to time determine), audited financial statements will be prepared by the Fund's external auditors, KPMG, Chartered Accountants in Barbados, in respect of financial year or other accounting period ending on that date.

Financial statements for each financial year or other accounting period, with the Auditors' Report annexed, shall be filed with such regulatory entities as may be required by applicable law and sent to shareholders within ninety (90) days where required by regulatory requirements.

Copies of the Fund's interim unaudited and final audited financial statements and other regulatory reports will be also available for inspection by shareholders during business hours at the office of the Fund Administrator and our website at <https://jm.scotiabank.com/scotia-investments/scotia-funds/fixed-income-funds/scotia-caribbean-income-fund.html>. Such documents will be made available within the applicable regulatory period.

## PERFORMANCE DATA

The Fund's return will be calculated based on the percentage change in the Fund's NAVPS plus distributions of income over the relevant period, and may be quoted on an annual and year to date basis and for any other period.

## AMENDMENT OF OFFERING MEMORANDUM AND CORPORATE INSTRUMENTS

The Articles of the Company may be amended only by a special resolution of the shareholders. Although the Investment Shares do not ordinarily entitle the holder to vote, in accordance with the *Companies Act*, certain fundamental constitutional changes require the approval of the holders of the Investment Shares. The fundamental constitutional changes which require the approval of each class of Investment Shares (voting separately as a class), is included in the Articles.

The Offering Memorandum and the By-Laws may be amended by resolution of the directors. Notwithstanding certain transactions require the prior consent of the holders of the Investment Shares, namely (a) the appointment of an Investment Advisor which is not Scotia Asset Management (Barbados) Inc., or a direct or indirect affiliate of Scotia Investment Jamaica Limited; and (b) the appointment of any administrator or custodian of the Company or the Company's assets which is a related party to the Investment Advisor of the Company.

## POTENTIAL CONFLICTS OF INTEREST

The Investment Advisor - Scotia Investments Jamaica Limited holds all of the Management Shares, which represent the voting share capital in the Fund. The Fund has engaged the Fund Administrator and the Fund Administrator has engaged the services of Scotia Investments Jamaica Limited, to assist, subject to the Fund Administration Agreement, in carrying out the duties of the Strategic Advisor. The Fund Administrator is a wholly-owned subsidiary of Scotia Investments Jamaica Limited.

Scotia Investments Jamaica Limited carries on the business of trading in securities, including securities that would qualify for investment by the Fund, and it may from time to time as a principal enter into transactions in securities which are being purchased or sold for the account of the Fund. A similar situation could arise in respect of dealings in securities by the Fund Administrator or its affiliated companies. The Fund Administrator may also aggregate transactions entered into on behalf of the Fund with transactions entered into on behalf of itself or third parties, provided that the terms of such transactions are no less favourable to the Fund than would have been the case had the transactions not been so aggregated.

A majority of the directors are currently either directors or are senior officers employed by affiliates of the Fund Administrator. The directors of Scotia Investments Jamaica Limited and the Fund Administrator may from time to time act as directors, manager, investment advisor or distributor in relation to, or be otherwise involved in other funds or collective investment schemes which have similar investment objectives to those of the Fund.

It is therefore possible that any of them may, in the course of their responsibilities or business, have potential conflicts of interest with the Fund. In such event, each will at all times have regard to his obligations under the Corporate Instruments, the agreements between the Fund and affiliated companies of the Fund Administrator, and the obligation to act in the best interests of the



shareholders of the Fund when undertaking any transactions where conflicts of interest may arise. Each will also endeavour to ensure that such conflicts are resolved fairly.

In summary, there is no prohibition on dealings in the assets of the Funds with entities related to the directors of the Fund, the Fund Administrator or its affiliated companies, provided that such transactions are carried out as if effected at arm's length on normal commercial terms.

Transactions will be regarded as being effected at arm's length on normal commercial terms if they are executed on terms which the Fund Administrator reasonably regards as conforming to normal commercial terms then prevailing.

## TERMINATION OF FUND AND WINDING UP OF COMPANY

The Fund is intended to remain in existence indefinitely, and the holder of the Management Shares, Scotia Investments Jamaica Limited, has no present intention to wind up the Fund after any particular period of time.

The holder of the Management Shares has the power by special resolution to voluntarily wind up the Fund, and liquidate and dissolve the Company. The holder of the Management Shares may determine to reorganise or wind-up the Fund and/or liquidate and dissolve the Company at the direction of the FSC or any regulatory authority, or on revocation of its licence under the *Mutual Funds Act*.

The courts of Barbados, on the application of the FSC, have the authority to order the winding up of the Fund, and appoint a liquidator pursuant to the *Mutual Funds Act*. The courts of Barbados may order the winding up of the Fund, and the liquidation and dissolution of the Company in respect of proceedings commenced by a shareholder or other interested person.

On a winding up of the Fund, the assets of the Fund will be liquidated, its liabilities and the costs of the winding up settled, and any surplus remaining thereafter will be distributed on a *pari passu* to the holders of the Investment Shares in accordance with the liquidation entitlement as set out in the Corporate Instruments.

## DATE(S) OF LICENSING/REGISTRATION

The Fund was licensed in Barbados as a mutual fund effective on the date of continuance of the Company under the laws of Barbados on June 11, 2021. The Fund was licensed in Jamaica by the Financial Services Commission on December 10, 2008 and its registration has been renewed on an annual basis in compliance with applicable Jamaican law. The Fund was registered with the Trinidad and Tobago Securities and Exchange Commission on November 26, 2006.

It is anticipated that, as the Fund grows, further applications may be made to register the Fund in other jurisdictions.

Signed on behalf of Scotia Caribbean Income Fund Inc., by its directors effective as of the 31st day of August, 2023.



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Sunil Chatrani



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Lisl Lewis



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Carol McKeever



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Roger Best



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Giancarlo Rossi



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Neil Macdonald