

SCOTIA CARIBBEAN INCOME FUND INC.

UNAUDITED FINANCIAL STATEMENTS

PERIOD ENDED DECEMBER 31, 2022

SCOTIA CARIBBEAN INCOME FUND INC.
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SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED STATEMENT OF FINANCIAL POSITION
(expressed in United States Dollars)

<u>Assets</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash and cash equivalents	\$ 238,286	\$ 471,986
Securities purchased under resale agreements	18,809,879	14,304,960
Financial assets at fair value through profit or loss	100,345,261	127,958,844
Other receivables	49,575	167,861
Interest receivable	-	75,332
Total assets	\$ 119,443,001	\$ 142,978,983
<u>Equity</u>		
Share Capital	\$ 1,000	\$ 1,000
<u>Liabilities</u>		
Due to related parties	\$ 476,470	\$ 581,752
Accrued expenses	81,558	64,249
Tax withholding liability	14,233	25,169
Redemptions payable	7,404	-
Income distribution payable	-	139,438
Total Liabilities (excluding net assets attributable to holders of investment shares)	\$ 579,665	\$ 810,608
Net assets attributable to holders of investment shares	\$ 118,862,336	\$ 142,167,375
Value per investment share based on number of shares		
Class A shares issued and outstanding as at December 31, 2022 36,753,180 (March 2022: 42,151,183)	<u>\$ 3.2339</u>	<u>\$ 3.3726</u>
Class I shares issued and outstanding as at December 31, 2022 1,532 (March 2022: 1,473)	<u>\$ 4.4305</u>	<u>\$ 4.6187</u>

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



 Sunil Chatrani
 Director



 Lisl Lewis
 Director

Date : January 26, 2023

SCOTIA CARIBBEAN INCOME FUND INC.

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

(expressed in United States dollars)

	For the three month periods ended		For the nine month periods ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
<u>Investment income</u>				
Interest income	\$ 1,725,597	\$ 1,863,705	\$ 5,044,549	\$ 5,530,395
Other income	1,209	15,107	102,013	17,979
Net realized (loss) gain on financial assets through profit or loss	(97)	(18,107)	(67,396)	376,861
Net change in unrealized gain (loss) in financial assets at fair value through profit or loss and foreign currencies	4,226,084	(677,949)	(5,889,587)	(4,610,808)
Net investment income (loss)	\$ 5,952,793	\$ 1,182,756	\$ (810,421)	\$ 1,314,427
<u>Expenses</u>				
Management fees	\$ (476,470)	\$ (633,336)	\$ (1,521,887)	\$ (1,909,377)
Trailer fees	(111,673)	(148,438)	(356,692)	(447,510)
Custodian & Administrator fees	(63,062)	(61,721)	(192,437)	(185,002)
Professional fees	(7,436)	(4,898)	(20,695)	(14,641)
Other expenses	(57,034)	(116,476)	(71,590)	(221,068)
Total operating expenses	\$ (715,675)	\$ (964,869)	\$ (2,163,301)	\$ (2,777,598)
Operating gain (loss) before finance costs	\$ 5,237,118	\$ 217,887	\$ (2,973,722)	\$ (1,463,171)
Finance costs				
Dividends to holders of investment shares	\$ (1,005,801)	\$ (913,120)	\$ (2,973,076)	\$ (2,759,652)
Total finance costs	\$ (1,005,801)	\$ (913,120)	\$ (2,973,076)	\$ (2,759,652)
Net comprehensive income (loss) for the period	\$ 4,231,317	\$ (695,233)	\$ (5,946,798)	\$ (4,222,823)

SCOTIA CARIBBEAN INCOME FUND INC.

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS

(expressed in United States dollars)

	For the nine month periods ended	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Beginning Balance	\$ 142,167,375	\$ 157,397,372
Net comprehensive loss for the period	(5,946,798)	(4,222,823)
Subscriptions	2,254,990	11,533,696
Reinvestments	2,522,808	2,296,870
Redemptions	<u>(22,136,039)</u>	<u>(13,673,239)</u>
Ending Balance	<u>\$ 118,862,336</u>	<u>\$ 153,331,876</u>

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED STATEMENT OF CASH FLOWS
(expressed in United States dollars)

	For the nine month periods ended	
	December 31, 2022	December 31, 2021
Cash flows from operating activities		
Decrease in net assets attributable to holders of investment shares after income tax	\$ (5,946,798)	\$ (4,222,823)
Adjustments for:		
Dividends paid to holders of investment shares	2,973,076	2,759,652
Net realized loss/(gain) on financial assets at fair value through profit or loss	67,396	(376,861)
Net change in unrealized loss on financial assets at fair value through profit or loss	5,889,593	4,610,808
	<u>2,983,267</u>	<u>2,770,776</u>
Interest received	6,135,026	6,299,227
Interest paid	(5,146,562)	(5,548,374)
Proceeds from sale of investments	25,598,408	24,900,299
Purchase of investments	(4,897,483)	(33,410,911)
Net non-interest payments for purchase and resale agreements	(4,462,382)	8,191,778
Decrease/(increase) in other receivables	118,286	(69,342)
Increase in receivable for investments sold	-	(1,623,546)
(Decrease)/increase in due to related parties	(105,282)	11,875
Increase in accrued expenses	17,309	10,888
Decrease in withholding taxes payable	(10,936)	-
(Decrease)/increase in income distribution payable	(139,438)	139,439
Increase in balance due to brokers	-	1,616,597
Net cash provided by operating activities	<u>20,090,213</u>	<u>3,288,706</u>
Cash flows from financing activities		
Proceeds from issue of investment shares	2,254,990	11,533,696
Proceeds from reinvested investment shares	2,522,808	2,296,870
Payments on redemption of investment shares	(22,128,635)	(13,723,682)
Dividends paid to holders of investment shares	(2,973,076)	(2,759,652)
Net cash used in by financing activities	<u>(20,323,913)</u>	<u>(2,652,768)</u>
Net (decrease)/increase in cash and cash equivalents	(233,700)	635,938
Cash and cash equivalents at beginning of period	471,986	132,023
Cash and cash equivalents at end of period	<u>\$ 238,286</u>	<u>\$ 767,961</u>

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED NOTES TO FINANCIAL STATEMENTS
PERIOD ENDED DECEMBER 31, 2022

1. General

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

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

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

Effective January 11, 2022, the Fund de-registered with the Cayman regulator as a registered mutual fund.

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

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

2. Significant accounting policies

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