

**SCOTIA CARIBBEAN INCOME FUND INC.**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 31ST DECEMBER, 2019**

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**SCOTIA CARIBBEAN INCOME FUND INC.**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS OF 31ST DECEMBER, 2019**  
**(expressed in United States Dollars)**

<b><u>Assets</u></b>	<b><u>31-Dec-19</u></b>	<b><u>30-Sep-19</u></b>	<b><u>31-Dec-18</u></b>
Cash and cash equivalents	\$ 371,856	\$ 674,959	\$ 543,178
Securities purchased under resale agreements	16,663,516	16,111,995	22,915,189
Financial assets at fair value through profit or loss	145,012,219	143,093,784	130,534,127
Receivable for investments sold	-	-	2,013,500
Interest receivable	180,539	50,946	-
Other receivables	<u>456,547</u>	<u>530,924</u>	<u>14,699</u>
<b>Total assets</b>	<b><u>\$ 162,684,677</u></b>	<b><u>\$ 160,462,608</u></b>	<b><u>\$ 156,020,693</u></b>
<b><u>Equity</u></b>			
Share Capital	\$ 1,000	\$ 1,000	\$ 1,000
<b><u>Liabilities</u></b>			
Due to related parties	\$ 644,112	\$ 635,496	\$ 620,460
Accrued expenses	124,182	93,303	88,967
Redemptions payable	36,197	102,429	82,849
Withholding taxes payable	-	23,522	16,294
Balance due to broker	<u>-</u>	<u>-</u>	<u>2,011,318</u>
<b>Total Liabilities (excluding net assets attributable to holders of investment shares)</b>	<b><u>\$ 804,491</u></b>	<b><u>\$ 854,750</u></b>	<b><u>\$ 2,819,888</u></b>
<b>Net assets attributable to holders of investment shares</b>	<b><u>\$ 161,879,186</u></b>	<b><u>\$ 159,606,858</u></b>	<b><u>\$ 153,199,805</u></b>
Value per investment share based on number of shares			
Class A shares issued and outstanding as at December 31, 2019			
43,028,025 (September 2019:42,629,373; December 2018: 42,520,048)	<u>\$ 3.7620</u>	<u>\$ 3.7439</u>	<u>\$ 3.6029</u>
Class I shares issued and outstanding as at December 31, 2019			
1,332 (September 2019: 1,317; December 2018: 1,273)	<u>\$ 5.1516</u>	<u>\$ 5.1274</u>	<u>\$ 4.9330</u>

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

Rhory McNamara  
Rhory McNamara  
Director

Robert Soverall  
Robert Soverall  
Director

Date : February 10, 2020

**SCOTIA CARIBBEAN INCOME FUND INC.**

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME (LOSS)**

**FOR THE QUARTER ENDED 31ST DECEMBER, 2019**

**(expressed in United States dollars)**

<b><u>Investment income</u></b>	<b><u>31-Dec-19</u></b>	<b><u>30-Sep-19</u></b>	<b><u>31-Dec-18</u></b>
Interest income	\$ 1,894,803	\$ 1,847,317	\$ 1,842,039
Other income	4,822	676	219
Net realised (loss) gain on financial assets through profit or loss	(309,530)	17,941	(389,482)
Net change in unrealised gain (loss) in financial assets at fair value through profit or loss	<u>1,104,767</u>	<u>1,451,559</u>	<u>(417,180)</u>
<b>Net investment income</b>	<b><u>\$ 2,694,862</u></b>	<b><u>\$ 3,317,493</u></b>	<b><u>\$ 1,035,596</u></b>
<b><u>Expenses</u></b>			
Management fees	\$ (644,112)	\$ (635,496)	\$ (620,460)
Trailer fees	(150,964)	(148,945)	(145,421)
Custodian & Administrator fees	(51,700)	(51,428)	(50,807)
Professional fees	(4,617)	(4,618)	(5,245)
Other expenses	<u>(42,208)</u>	<u>(29,267)</u>	<u>(14,828)</u>
<b>Total operating expenses</b>	<b><u>\$ (893,601)</u></b>	<b><u>\$ (869,754)</u></b>	<b><u>\$ (836,761)</u></b>
<b>Operating profit before finance costs</b>	<b><u>\$ 1,801,261</u></b>	<b><u>\$ 2,447,739</u></b>	<b><u>\$ 198,835</u></b>
<b>Finance costs</b>			
Dividends to holders of investment shares	<u>\$ (1,031,107)</u>	<u>\$ (975,182)</u>	<u>\$ (1,005,122)</u>
<b>Total finance costs</b>	<b><u>\$ (1,031,107)</u></b>	<b><u>\$ (975,182)</u></b>	<b><u>\$ (1,005,122)</u></b>
<b>Net comprehensive income (loss) for the period</b>	<b><u>\$ 770,154</u></b>	<b><u>\$ 1,472,557</u></b>	<b><u>\$ (806,287)</u></b>

**SCOTIA CARIBBEAN INCOME FUND INC.**  
**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE QUARTER ENDED 31ST DECEMBER, 2019**  
**(expressed in United States dollars)**

	<b><u>31-Dec-19</u></b>	<b><u>30-Sep-19</u></b>	<b><u>31-Dec-18</u></b>
Beginning Balance	\$ 159,606,858	\$ 156,301,801	\$ 155,209,346
Net comprehensive income (loss) for the period	770,154	1,472,557	(806,287)
Subscriptions	3,996,294	4,368,165	1,392,821
Reinvestments	890,860	835,934	861,906
Redemptions	<u>(3,384,980)</u>	<u>(3,371,599)</u>	<u>(3,457,981)</u>
<b>Ending Balance</b>	<b><u>\$ 161,879,186</u></b>	<b><u>\$ 159,606,858</u></b>	<b><u>\$ 153,199,805</u></b>

**SCOTIA CARIBBEAN INCOME FUND INC.**  
**UNAUDITED STATEMENT OF CASH FLOWS**  
**FOR THE QUARTER ENDED 31ST DECEMBER, 2019**  
**(expressed in United States dollars)**

	<b><u>31-Dec-19</u></b>	<b><u>30-Sep-19</u></b>	<b><u>31-Dec-18</u></b>
<b>Cash flows from operating activities</b>			
Increase/(decrease) in net assets attributable to holders of investment shares after income tax	\$ 770,154	\$ 1,472,557	\$ (806,287)
<b>Adjustments for:</b>			
Dividends paid to holders of investment shares	1,031,107	975,182	1,005,122
Net realized loss/(gain) on financial assets at fair value through profit or loss	309,530	(17,941)	389,482
Net change in unrealized (gain)/loss on financial assets at fair value through profit or loss	<u>(1,104,767)</u>	<u>(1,451,559)</u>	<u>417,180</u>
	1,006,024	978,239	1,005,497
Interest received	1,925,429	2,670,341	1,245,043
Interest paid	(1,899,625)	(1,847,993)	(1,842,258)
Proceeds from sale of investments	8,204,046	12,206,290	16,204,594
Purchase of investments	(9,475,682)	(18,081,507)	(22,214,151)
Net non-interest payments for purchase and resale agreements	(558,480)	3,927,084	6,668,857
Decrease/(increase) in other receivables	74,377	(513,478)	47,081
Increase/(decrease) in due to related parties	8,616	17,992	(8,106)
Increase in accrued expenses	30,879	12,670	15,358
(Decrease)/increase in withholding taxes payable	(23,522)	6,448	12,792
Increase in balance due to brokers	-	-	11,318
Increase in receivable for investments sold	<u>-</u>	<u>-</u>	<u>(2,013,500)</u>
<b>Net cash used in operating activities</b>	<u>(707,938)</u>	<u>(623,914)</u>	<u>(867,475)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of investment shares	3,996,294	4,368,165	1,392,821
Proceeds from reinvested investment shares	890,860	835,934	861,906
Payments on redemption of investment shares	(3,451,212)	(3,322,451)	(4,221,282)
Dividends paid to holders of investment shares	<u>(1,031,107)</u>	<u>(975,182)</u>	<u>(1,005,122)</u>
<b>Net cash provided by/(used in) financing activities</b>	<u>404,835</u>	<u>906,466</u>	<u>(2,971,677)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(303,103)	282,552	(3,839,152)
Cash and cash equivalents at beginning of period	<u>674,959</u>	<u>392,407</u>	<u>4,382,330</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 371,856</u>	<u>\$ 674,959</u>	<u>\$ 543,178</u>

**SCOTIA CARIBBEAN INCOME FUND INC.**  
**UNAUDITED NOTES TO FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 31ST DECEMBER, 2019**

**1. General**

Scotia Caribbean Income Fund Inc. (the "Fund") was incorporated on March 29, 2006 in Saint Lucia. The Fund is 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.

The registered office of the Fund is located at 20 Micoud Street, Castries, Saint Lucia.

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 (St. Lucia) 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 ADCO Inc. (the "Fund Administrator"), a company incorporated in Saint Lucia. 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.