

**SCOTIA CARIBBEAN INCOME FUND INC.**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 31ST MARCH, 2020**

**SCOTIA CARIBBEAN INCOME FUND INC.**  
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**FOR THE QUARTER ENDED 31ST MARCH, 2020**

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**SCOTIA CARIBBEAN INCOME FUND INC.**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS OF 31ST MARCH, 2020**  
**(expressed in United States Dollars)**

| <b><u>Assets</u></b>   | <b><u>31-Mar-20</u></b>      | <b><u>31-Dec-19</u></b>      | <b><u>31-Mar-19</u></b>      |
|--|------------------------------|------------------------------|------------------------------|
| Cash and cash equivalents  | \$ 465,512                   | \$ 371,856                   | \$ 477,979                   |
| Securities purchased under resale agreements   | 17,822,163                   | 16,663,516                   | 25,482,064                   |
| Financial assets at fair value through profit or loss  | 128,910,116                  | 145,012,219                  | 128,673,438                  |
| Receivable for investments sold  | 1,731,122                    | -                            | 1,507,447                    |
| Interest receivable  | 180,583                      | 180,539                      | -                            |
| Other receivables  | <u>103,210</u>               | <u>456,547</u>               | <u>413,905</u>               |
| <b>Total assets</b>  | <b><u>\$ 149,212,706</u></b> | <b><u>\$ 162,684,677</u></b> | <b><u>\$ 156,554,833</u></b> |
| <b><u>Equity</u></b>   |                              |                              |                              |
| Share Capital  | \$ 1,000                     | \$ 1,000                     | \$ 1,000                     |
| <b><u>Liabilities</u></b>  |                              |                              |                              |
| Balance due to broker  | \$ 1,134,256                 | \$ -                         | \$ 1,071,292                 |
| Due to related parties   | 644,774                      | 644,112                      | 605,640                      |
| Redemptions payable  | 441,006                      | 36,197                       | 157,439                      |
| Accrued expenses   | 71,808                       | 124,182                      | 98,230                       |
| Withholding taxes payable  | <u>-</u>                     | <u>-</u>                     | <u>7,504</u>                 |
| <b>Total Liabilities (excluding net assets attributable to holders of investment shares)</b>                                 | <b><u>\$ 2,291,844</u></b>   | <b><u>\$ 804,491</u></b>     | <b><u>\$ 1,940,105</u></b>   |
| <b>Net assets attributable to holders of investment shares</b>   | <b><u>\$ 146,919,862</u></b> | <b><u>\$ 161,879,186</u></b> | <b><u>\$ 154,613,728</u></b> |
| Value per investment share based on number of shares   |                              |                              |                              |
| Class A shares issued and outstanding as at March 31, 2020<br>42,527,244 (December 2019: 43,028,025; March 2019: 42,177,233) | <u>\$ 3.4546</u>             | <u>\$ 3.7620</u>             | <u>\$ 3.6657</u>             |
| Class I shares issued and outstanding as at March 31, 2020<br>1,348 (December 2019: 1,332; March 2019: 1,288)                | <u>\$ 4.7296</u>             | <u>\$ 5.1516</u>             | <u>\$ 5.0193</u>             |

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

Rhory McNamara  
Rhory McNamara  
Director

Chester Hinkson  
Chester Hinkson  
Director

Date : May 8, 2020

**SCOTIA CARIBBEAN INCOME FUND INC.**

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

**FOR THE QUARTER ENDED 31ST MARCH, 2020**

**(expressed in United States dollars)**

| <b><u>Investment income</u></b>   | <b><u>31-Mar-20</u></b>              | <b><u>31-Dec-19</u></b>         | <b><u>31-Mar-19</u></b>           |
|---|--------------------------------------|---------------------------------|-----------------------------------|
| Interest income   | \$ 1,942,606                         | \$ 1,894,803                    | \$ 1,815,956                      |
| Other income  | 29                                   | 4,822                           | 10,910                            |
| Net realised loss on financial assets through profit or loss                                  | (277,545)                            | (309,530)                       | (351,455)                         |
| Net change in unrealised (loss) gain in financial assets at fair value through profit or loss | <u>(13,099,786)</u>                  | <u>1,104,767</u>                | <u>2,992,975</u>                  |
| <b>Net investment (loss) income</b>   | <b><u>\$ (11,434,696)</u></b>        | <b><u>\$ 2,694,862</u></b>      | <b><u>\$ 4,468,386</u></b>        |
| <br>  |                                      |                                 |                                   |
| <b><u>Expenses</u></b>  |                                      |                                 |                                   |
| Management fees   | \$ (644,774)                         | \$ (644,112)                    | \$ (605,640)                      |
| Trailer fees  | (151,119)                            | (150,964)                       | (141,947)                         |
| Custodian & Administrator fees  | (79,025)                             | (51,700)                        | (50,447)                          |
| Professional fees   | (4,568)                              | (4,617)                         | (2,614)                           |
| Other expenses  | <u>(24,798)</u>                      | <u>(42,208)</u>                 | <u>(7,299)</u>                    |
| <b>Total operating expenses</b>   | <b><u>\$ (904,284)</u></b>           | <b><u>\$ (893,601)</u></b>      | <b><u>\$ (807,947)</u></b>        |
| <b>Operating (loss) profit before finance costs</b>   | <b><u>\$ (12,338,980)</u></b>        | <b><u>\$ 1,801,261</u></b>      | <b><u>\$ 3,660,439</u></b>        |
| <br>  |                                      |                                 |                                   |
| <b>Finance costs</b>  |                                      |                                 |                                   |
| Dividends to holders of investment shares   | <u>\$ (1,033,552)</u>                | <u>\$ (1,031,107)</u>           | <u>\$ (1,009,929)</u>             |
| <b>Total finance costs</b>  | <b><u>\$ (1,033,552)</u></b>         | <b><u>\$ (1,031,107)</u></b>    | <b><u>\$ (1,009,929)</u></b>      |
| <b>Net comprehensive (loss) income for the period</b>   | <b><u><u>\$ (13,372,532)</u></u></b> | <b><u><u>\$ 770,154</u></u></b> | <b><u><u>\$ 2,650,510</u></u></b> |

**SCOTIA CARIBBEAN INCOME FUND INC.**  
**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE QUARTER ENDED 31ST MARCH, 2020**  
**(expressed in United States dollars)**

|  | <b><u>31-Mar-20</u></b>      | <b><u>31-Dec-19</u></b>      | <b><u>31-Mar-19</u></b>      |
|--|------------------------------|------------------------------|------------------------------|
| Beginning Balance                              | \$ 161,879,186               | \$ 159,606,858               | \$ 153,199,805               |
| Net comprehensive (loss) income for the period | (13,372,532)                 | 770,154                      | 2,650,510                    |
| Subscriptions                                  | 7,577,671                    | 3,996,294                    | 2,463,171                    |
| Reinvestments                                  | 889,603                      | 890,860                      | 863,998                      |
| Redemptions                                    | <u>(10,054,066)</u>          | <u>(3,384,980)</u>           | <u>(4,563,756)</u>           |
| <b>Ending Balance</b>                          | <b><u>\$ 146,919,862</u></b> | <b><u>\$ 161,879,186</u></b> | <b><u>\$ 154,613,728</u></b> |

**SCOTIA CARIBBEAN INCOME FUND INC.**  
**UNAUDITED STATEMENT OF CASH FLOWS**  
**FOR THE QUARTER ENDED 31ST MARCH, 2020**  
**(expressed in United States dollars)**

|   | <u>31-Mar-20</u>   | <u>31-Dec-19</u>   | <u>31-Mar-19</u>   |
|---|--------------------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>   |                    |                    |                    |
| (Decrease)/increase in net assets attributable to holders of investment shares after income tax | \$ (13,372,532)    | \$ 770,154         | \$ 2,650,510       |
| <b>Adjustments for:</b>   |                    |                    |                    |
| Dividends paid to holders of investment shares  | 1,033,552          | 1,031,107          | 1,009,929          |
| Net realized loss on financial assets at fair value through profit or loss                      | 277,545            | 309,530            | 351,455            |
| Net change in unrealized loss/(gain) on financial assets at fair value through profit or loss   | <u>13,099,786</u>  | <u>(1,104,767)</u> | <u>(2,992,975)</u> |
|   | 1,038,351          | 1,006,024          | 1,018,919          |
| Interest received   | 2,499,350          | 1,925,429          | 2,932,968          |
| Interest paid   | (1,942,635)        | (1,899,625)        | (1,826,866)        |
| Proceeds from sale of investments   | 13,218,804         | 8,204,046          | 16,746,944         |
| Purchase of investments   | (11,178,446)       | (9,475,682)        | (13,380,950)       |
| Net non-interest payments for purchase and resale agreements                                    | (1,030,992)        | (558,480)          | (2,536,762)        |
| Decrease/(increase) in other receivables  | 353,337            | 74,377             | (399,206)          |
| Increase/(decrease) in balance due to brokers   | 1,134,256          | -                  | (940,026)          |
| Increase/(decrease) in due to related parties   | 662                | 8,616              | (14,820)           |
| (Decrease)/Increase in accrued expenses   | (52,374)           | 30,879             | 9,244              |
| Decrease in withholding taxes payable   | -                  | (23,522)           | (8,771)            |
| (Increase)/decrease in receivable for investments sold  | <u>(1,731,122)</u> | <u>-</u>           | <u>506,053</u>     |
| <b>Net cash provided by/(used in) operating activities</b>                                      | <u>2,309,191</u>   | <u>(707,938)</u>   | <u>2,106,727</u>   |
| <b>Cash flows from financing activities</b>   |                    |                    |                    |
| Proceeds from issue of investment shares  | 7,577,671          | 3,996,294          | 2,463,171          |
| Proceeds from reinvested investment shares  | 889,603            | 890,860            | 863,998            |
| Payments on redemption of investment shares   | (9,649,257)        | (3,451,212)        | (4,489,166)        |
| Dividends paid to holders of investment shares  | <u>(1,033,552)</u> | <u>(1,031,107)</u> | <u>(1,009,929)</u> |
| <b>Net cash (used in)/provided by financing activities</b>                                      | <u>(2,215,535)</u> | <u>404,835</u>     | <u>(2,171,926)</u> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                     | 93,656             | (303,103)          | (65,199)           |
| Cash and cash equivalents at beginning of period  | <u>371,856</u>     | <u>674,959</u>     | <u>543,178</u>     |
| <b>Cash and cash equivalents at end of period</b>   | <u>\$ 465,512</u>  | <u>\$ 371,856</u>  | <u>\$ 477,979</u>  |

**SCOTIA CARIBBEAN INCOME FUND INC.**  
**UNAUDITED NOTES TO FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 31ST MARCH, 2020**

**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.