

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30TH SEPTEMBER, 2019

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SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS OF 30TH SEPTEMBER, 2019
(expressed in United States Dollars)

<u>Assets</u>	<u>30-Sep-19</u>	<u>30-Jun-19</u>	<u>30-Sep-18</u>
Cash and cash equivalents	\$ 674,959	\$ 392,407	\$ 4,382,330
Securities purchased under resale agreements	16,111,995	20,077,675	29,561,210
Financial assets at fair value through profit or loss	143,093,784	136,583,765	124,756,853
Interest receivable	50,946	-	-
Other receivables	<u>530,924</u>	<u>17,446</u>	<u>61,780</u>
Total assets	<u>\$ 160,462,608</u>	<u>\$ 157,071,293</u>	<u>\$ 158,762,173</u>
<u>Equity</u>			
Share Capital	\$ 1,000	\$ 1,000	\$ 1,000
<u>Liabilities</u>			
Due to related parties	\$ 635,496	\$ 617,504	\$ 628,566
Redemptions payable	102,429	53,281	846,150
Accrued expenses	93,303	80,633	73,609
Withholding taxes payable	23,522	17,074	3,502
Balance due to broker	<u>-</u>	<u>-</u>	<u>2,000,000</u>
Total Liabilities (excluding net assets attributable to holders of investment shares)	<u>\$ 854,750</u>	<u>\$ 768,492</u>	<u>\$ 3,551,827</u>
Net assets attributable to holders of investment shares	<u>\$ 159,606,858</u>	<u>\$ 156,301,801</u>	<u>\$ 155,209,346</u>
Value per investment share based on number of shares			
Class A shares issued and outstanding as at September 30, 2019 42,629,373 (June 2019: 42,139,478; September 2018: 42,851,973)	<u>\$ 3.7439</u>	<u>\$ 3.7090</u>	<u>\$ 3.6218</u>
Class I shares issued and outstanding as at September 30, 2019 1,317 (June 2019: 1,302; September 2018: 1,258)	<u>\$ 5.1274</u>	<u>\$ 5.0795</u>	<u>\$ 4.9588</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 : November 5, 2019

SCOTIA CARIBBEAN INCOME FUND INC.

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

FOR THE QUARTER ENDED 30TH SEPTEMBER, 2019

(expressed in United States dollars)

<u>Investment income</u>	<u>30-Sep-19</u>	<u>30-Jun-19</u>	<u>30-Sep-18</u>
Interest income	\$ 1,847,317	\$ 1,845,084	\$ 1,790,838
Other income	676	242	1,220
Net realised gain (loss) on financial assets through profit or loss	17,941	(88,702)	155,706
Net change in unrealised gain (loss) in financial assets at fair value through profit or loss	<u>1,451,559</u>	<u>1,917,421</u>	<u>(838,413)</u>
Net investment income	<u>\$ 3,317,493</u>	<u>\$ 3,674,045</u>	<u>\$ 1,109,351</u>
<u>Expenses</u>			
Management fees	\$ (635,496)	\$ (617,504)	\$ (628,566)
Trailer fees	(148,945)	(144,727)	(147,320)
Custodian & Administrator fees	(51,428)	(50,524)	(48,897)
Professional fees	(4,618)	(4,682)	(5,952)
Other expenses	<u>(29,267)</u>	<u>(31,113)</u>	<u>(480)</u>
Total operating expenses	<u>\$ (869,754)</u>	<u>\$ (848,550)</u>	<u>\$ (831,215)</u>
Operating profit before finance costs	<u>\$ 2,447,739</u>	<u>\$ 2,825,495</u>	<u>\$ 278,136</u>
Finance costs			
Dividends to holders of investment shares	<u>\$ (975,182)</u>	<u>\$ (1,006,090)</u>	<u>\$ (949,803)</u>
Total finance costs	<u>\$ (975,182)</u>	<u>\$ (1,006,090)</u>	<u>\$ (949,803)</u>
Net comprehensive income (loss) for the period	<u>\$ 1,472,557</u>	<u>\$ 1,819,405</u>	<u>\$ (671,667)</u>

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED STATEMENT OF CHANGES IN NET ASSETS
FOR THE QUARTER ENDED 30TH SEPTEMBER, 2019
(expressed in United States dollars)

	<u>30-Sep-19</u>	<u>30-Jun-19</u>	<u>30-Sep-18</u>
Beginning Balance	\$ 156,301,801	\$ 154,613,728	\$ 155,340,802
Net comprehensive income (loss) for the period	1,472,557	1,819,405	(671,667)
Subscriptions	4,368,165	1,807,055	4,132,383
Reinvestments	835,934	861,924	811,627
Redemptions	<u>(3,371,599)</u>	<u>(2,800,311)</u>	<u>(4,403,799)</u>
Ending Balance	<u>\$ 159,606,858</u>	<u>\$ 156,301,801</u>	<u>\$ 155,209,346</u>

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30TH SEPTEMBER, 2019
(expressed in United States dollars)

	<u>30-Sep-19</u>	<u>30-Jun-19</u>	<u>30-Sep-18</u>
Cash flows from operating activities			
Increase/(decrease) in net assets attributable to holders of investment shares after income tax	\$ 1,472,557	\$ 1,819,405	\$ (671,667)
Adjustments for:			
Dividends paid to holders of investment shares	975,182	1,006,090	949,803
Net realized (gain)/loss on financial assets at fair value through profit or loss	(17,941)	88,702	(155,706)
Net change in unrealized (gain)/loss on financial assets at fair value through profit or loss	<u>(1,451,559)</u>	<u>(1,917,421)</u>	<u>838,413</u>
	978,239	996,776	960,843
Interest received	2,670,341	1,511,217	2,876,139
Interest paid	(1,847,993)	(1,845,326)	(1,792,058)
Proceeds from sale of investments	12,206,290	3,441,666	6,931,866
Purchase of investments	(18,081,507)	(9,255,826)	(9,052,168)
Net non-interest payments for purchase and resale agreements	3,927,084	5,471,050	528,927
(Increase)/decrease in other receivables	(513,478)	396,459	(37,880)
Increase in due to related parties	17,992	11,864	4,975
Increase/(decrease) in accrued expenses	12,670	(17,578)	(8,461)
Increase/(decrease) in withholding taxes payable	6,448	9,551	(1,895)
(Decrease)/increase in balance due to brokers	-	(1,071,292)	2,000,000
Decrease in receivable for investments sold	-	<u>1,507,447</u>	<u>-</u>
Net cash (used in)/provided by operating activities	<u>(623,914)</u>	<u>1,156,008</u>	<u>2,410,288</u>
Cash flows from financing activities			
Proceeds from issue of investment shares	4,368,165	1,807,055	4,132,383
Proceeds from reinvested investment shares	835,934	861,924	811,627
Payments on redemption of investment shares	(3,322,451)	(2,904,469)	(3,616,153)
Dividends paid to holders of investment shares	<u>(975,182)</u>	<u>(1,006,090)</u>	<u>(949,803)</u>
Net cash provided by/(used in) financing activities	<u>906,466</u>	<u>(1,241,580)</u>	<u>378,054</u>
Net increase/(decrease) in cash and cash equivalents	282,552	(85,572)	2,788,342
Cash and cash equivalents at beginning of period	<u>392,407</u>	<u>477,979</u>	<u>1,593,988</u>
Cash and cash equivalents at end of period	<u>\$ 674,959</u>	<u>\$ 392,407</u>	<u>\$ 4,382,330</u>

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED NOTES TO FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30TH SEPTEMBER, 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.