



# **JMMB USD Income Fund**

**Audited Financial Statements**

**For the year ended April 30, 2021**



# JMMB USD INCOME FUND

Audited Financial Statements  
For the year ended April 30, 2021  
*(Expressed in United States Dollars)*

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## JMMB USD INCOME FUND

Fund's Directory  
As at April 30, 2021

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### **Trustee & Custodian**

First Citizens Trustee Services Limited  
Trust Services Department  
45 Abercromby Street  
Port of Spain  
Trinidad and Tobago

### **Fund Manager**

JMMB Investments (Trinidad and Tobago) Limited  
169 Tragarete Road  
Port of Spain  
Trinidad and Tobago

### **Registered Office**

JMMB Investments (Trinidad and Tobago) Limited  
169 Tragarete Road  
Port of Spain  
Trinidad and Tobago

### **Independent Auditors**

BDO  
2nd Floor, CIC Building  
122-124 Frederick Street  
Port of Spain  
Trinidad and Tobago

### **Legal Counsel**

M. Hamel-Smith & Co.  
Eleven Albion, Cor. Dere Albion Streets  
P.O. Box 219, Port of Spain  
Trinidad and Tobago

## JMMB USD INCOME FUND

### Statement of Trustee's Responsibilities Year ended April 30, 2021

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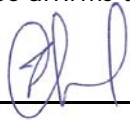
The Trustee, First Citizens Trustee Services Limited, is responsible for the following:

- The preparation and fair presentation of the accompanying financial statements of JMMB USD Income Fund (the "Fund") which comprise the statement of financial position as at April 30, 2021, the statements of comprehensive income, changes in net assets attributable to unitholders and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Fund keeps proper accounting records;
- Ensuring that appropriate accounting policies are selected and applied in a consistent manner;
- The implementation, monitoring and evaluation of the system of internal control that gives reasonable assurance of the security of the Fund's assets, detection/prevention of fraud, and the achievement of Fund operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Ensuring the production of reliable financial reporting that comply with laws and regulations of Trinidad and Tobago; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, the Trustee ensured that the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago were utilized. Where the International Financial Reporting Standards presented alternative accounting treatments, the Trustee chose those considered most appropriate in the circumstances.

Nothing has come to the attention of the Trustee to indicate that the Fund will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

The Trustee affirms that it has carried out its responsibilities as outlined above.



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Trustee  
August 26, 2021



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Fund Manager  
August 26, 2021

## Independent Auditors' Report

To the Unitholders of  
JMMB USD Income Fund

### Opinion

We have audited the financial statements of JMMB USD Income Fund (the "Fund"), which comprise the statement of financial position as at April 30, 2021, the related statements of comprehensive income, changes in net assets attributable to unitholders and cash flows for the year then ended and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at April 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code") and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Trustee and Those Charged with Governance for the Financial Statements

The Trustee is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Fund or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



## Independent Auditors' Report (continued)

### Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for BDO, featuring the letters 'BDO' in a blue, stylized, handwritten-style font.

August 26, 2021

*Port of Spain,  
Trinidad, West Indies*

# JMMB USD INCOME FUND

## Statement of Financial Position

As at April 30, 2021

(Expressed in United States Dollars)

	Notes	2021	2020
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	6	564,116	511,167
Cash and cash equivalents	7	51,183	47,520
Interest receivable		8,585	8,585
Due from JMMB Bank	8	7,419	22,231
Accounts receivable		2,553	2,553
<b>TOTAL ASSETS</b>		<b>\$633,856</b>	<b>\$592,056</b>
<b>LIABILITIES</b>			
Fund expenses payable	9	3,420	4,442
Trustee fees payable		13,616	22,894
Other liabilities		100	5,491
<b>TOTAL LIABILITIES</b>		<b>17,136</b>	<b>32,827</b>
<b>EQUITY</b>			
Net assets attributable to unitholders		616,720	559,229
<b>TOTAL EQUITY</b>		<b>616,720</b>	<b>559,229</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$633,856</b>	<b>\$592,056</b>

### Key figures

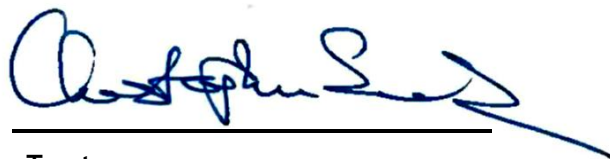
	2021	2020
Class A units outstanding	55,328.73	56,775.36
Net asset value per Class A unit	\$11.15	\$9.85

The accompanying notes on pages 10 to 24 form an integral part of the financial statements.

On August 26, 2021, the Trustee of JMMB USD Income Fund authorised these financial statements for issue.



Trustee



Trustee

## JMMB USD INCOME FUND

### Statement of Comprehensive Income For the year ended April 30, 2021 (Expressed in United States Dollars)

	Notes	2021	2020
<b>INVESTMENT INCOME</b>			
Dividend income		1,124	1,691
Interest income		29,284	33,494
Other income		9,135	-
Net foreign currency gain from financial assets		-	4,408
Net realised (loss)/gain on available for sale financial asset		(177)	1,033
Net change in unrealised gain/(loss) on financial assets at fair value through profit or loss		53,126	(39,450)
<b>TOTAL INVESTMENT INCOME</b>		<b>92,492</b>	<b>1,176</b>
<b>EXPENSES</b>			
Fund expenses	9	(3,420)	(4,442)
Trailer fees		-	(238)
Trustee fees		(12,000)	(12,000)
Other operating expenses		(20)	(9,251)
<b>TOTAL OPERATING EXPENSES</b>		<b>(15,440)</b>	<b>(25,931)</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>		<b>\$77,052</b>	<b>\$(24,755)</b>

*The accompanying notes on pages 10 to 24 form an integral part of the financial statements.*



## JMMB USD INCOME FUND

### Statement of Changes in Net Assets Attributable to Unitholders For the year ended April 30, 2021 (Expressed in United States Dollars)

	Unitholder # of units	balances Nominal Amount	Retained Earnings	Net assets attributable to Unitholders
<b>Year ended April 30, 2021:</b>				
Balance as at beginning of year	56,775.36	531,862	27,367	559,229
Proceeds from issuance of redeemable units	276.53	3,001	-	3,001
Redemption of redeemable units	(2,037.85)	(22,562)	-	(22,562)
Distribution to unitholders	-	-	(3,314)	(3,314)
Reinvestment of distributions	314.69	3,314	-	3,314
Total comprehensive income for the year	-	-	77,052	77,052
<b>Balance as at end of year</b>	<b>55,328.73</b>	<b>\$515,615</b>	<b>\$101,105</b>	<b>\$616,720</b>
	Unitholder # of units	balances Nominal Amount	Retained Earnings	Net assets attributable to Unitholders
<b>Year ended April 30, 2020:</b>				
Balance as at beginning of year	71,986.44	701,193	52,505	753,698
Proceeds from issuance of redeemable units	2,349.83	25,897	-	25,897
Redemption of redeemable units	(17,596.66)	(195,611)	-	(195,611)
Distribution to unitholders	-	-	(383)	(383)
Reinvestment of distributions	35.75	383	-	383
Total comprehensive loss for the year	-	-	(24,755)	(24,755)
<b>Balance as at end of year</b>	<b>56,775.36</b>	<b>\$531,862</b>	<b>\$27,367</b>	<b>\$559,229</b>

*The accompanying notes on pages 10 to 24 form an integral part of the financial statements.*

## JMMB USD INCOME FUND

### Statement of Cash Flows

For the year ended April 30, 2021

(Expressed in United States Dollars)

	Notes	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Total comprehensive income/(loss) for the year		77,052	(24,755)
<i>Adjustments for:</i>			
Interest income		(29,284)	(33,494)
Net loss/(gain) on the financial assets at fair value through profit or loss		177	(1,033)
Net change in unrealised loss on financial assets at fair value through profit or loss		(53,126)	39,450
<b>Net cash from operating activities before working capital changes</b>		<b>(5,181)</b>	<b>(19,832)</b>
Decrease in interest receivable			
Decrease/(increase) in due from JMMB		14,812	(4,553)
Decrease in accounts receivable		-	2,625
Decrease in fund expenses payable		(1,022)	(2,645)
(Decrease)/increase in trustee fees payable		(9,278)	10,894
(Decrease)/increase in other liabilities		(5,391)	238
<b>Net cash used in operating activities</b>		<b>(6,060)</b>	<b>(13,273)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds on disposal/maturities of financial assets at fair value through profit or loss		-	99,468
Interest received		29,284	35,813
<b>Net cash generated from investing activities</b>		<b>29,284</b>	<b>135,281</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of redeemable units		3,001	25,897
Redemptions paid		(22,562)	(195,611)
<b>Net cash used in financing activities</b>		<b>(19,561)</b>	<b>(169,714)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,663</b>	<b>(47,706)</b>
<b>Cash and cash equivalents as at beginning of year</b>		<b>47,520</b>	<b>95,226</b>
<b>Cash and cash equivalents as at end of year</b>	<b>7</b>	<b>\$51,183</b>	<b>\$47,520</b>

The accompanying notes on pages 10 to 24 form an integral part of the financial statements.

# JMMB USD INCOME FUND

Notes to the Financial Statements  
For the year ended April 30, 2021  
(Expressed in United States Dollars)

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## 1. General information

JMMB USD Income Fund (formerly AIC TT (US\$) Income Fund) (the “Fund”) was established by AIC Financial Group Limited (the “Former Fund Manager”) under a Trust Deed dated November 2, 2004. The Former Fund Manager resigned effective February 23, 2014, and at a unitholder’s meeting on March 20, 2014, it was resolved to appoint JMMB Investments (Trinidad and Tobago) Limited (the “Fund Manager”) as the new Fund Manager.

AIC TT (US\$) Income Fund was renamed JMMB USD Income Fund, with effect from March 20, 2014.

The investment objective of the Fund is to provide US dollar capital preservation over the medium-term and to earn high income by investing primarily in fixed-income instruments, denominated in US dollars.

### Classes of Units

The Fund is authorised to issue an unlimited number of classes of redeemable units and may issue an unlimited number of units of each class. The Fund currently offers two classes of units - Mutual Fund Units (Class A Units) and Class F Units. The Fund Manager may establish additional classes of units and may determine the rights of those classes. The principal difference between the Class A Units and the Class F Units relates to the management fee and the expenses payable by the unitholders of each class. All units are entitled to participate in the Fund’s assets on liquidation on a class basis.

Unitholders may change Class A units to Class F units of the same Fund once they are eligible. If for any reason a member ceases to be eligible to hold Class F units, the Fund Manager may convert these units to Class A units after giving 30 days notice. The dealer may charge a Front-End Sales charge. As at April 30, 2021, there were no outstanding Class F Units (2020: Nil).

Management fees are assessed on the weighted net asset value of each class of units during each month and is calculated daily and payable monthly. The Class F Units have lower management fees due to cost savings from not paying distribution, servicing or trailing commissions. Instead, the investor pays a fee directly to the dealer. The annual management fees are as follows:

Class A Units - 2%

Class F Units - 1.25%

### Subscriptions

The minimum initial investment by an investor is US\$150 per account and the minimum subsequent investment is US\$100; these minimums may be reduced or increased at any time at the discretion of the Fund Manager.

### Distributions

The Fund distributes its net investment income and net realised gains on a quarterly basis at the discretion of the Fund Manager. Distributions are automatically reinvested and used to purchase additional units of the same class unless instructions are received to do otherwise.

### Redemptions

Redemption of units may be made on each trading day at the net asset value on the relevant trading day as defined in the Fund’s Prospectus.

# JMMB USD INCOME FUND

Notes to the Financial Statements  
For the year ended April 30, 2021  
(Expressed in United States Dollars)

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## 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

### 2.1 Basis of preparation

The Fund's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in United States (US) dollars. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

#### (a) Use of estimates

The preparation of these financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on the Trustee's best knowledge of current events and actions, actual results may differ from those estimates. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

#### (b) New and amended standards adopted by the Fund

There were no new or amended standards adopted by the Fund.

#### (c) New standards, amendments and interpretations issued but not effective for the financial year beginning May 1, 2020, and not early adopted

There are a number of standards, amendments to standards and interpretations which have been issued by the IASB that are effective in future accounting periods but are not considered relevant to the Fund and have not been disclosed.

#### (d) Standards and amendments to published standards early adopted by the Fund

The Fund did not early adopt any new, revised or amended standards.

### 2.2 Foreign currency

#### (a) Functional and presentational currency

The accounting records, as well as the financial statements of the Fund, are maintained in the United States ("US") dollars. US dollar is the functional and reporting currency of the Fund and subscriptions and redemptions are performed in US dollars. The Trustee considers the US dollar to be the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

#### (b) Transactions and balances

Foreign currency transactions are translated into US dollars using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into US dollars using the exchange rate prevailing at the statement of financial position date.

## JMMB USD INCOME FUND

Notes to the Financial Statements  
For the year ended April 30, 2021  
(Expressed in United States Dollars)

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### 2. Summary of significant accounting policies (continued)

#### 2.2 Foreign currency (continued)

##### *(b) Transactions and balances (continued)*

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Translation differences on non-monetary financial assets and liabilities are recognised in the statement of comprehensive income.

#### 2.3 Valuation principles

The Fund's net asset value is calculated daily, based on the valuation of its underlying assets and liabilities pertaining to the close of business on that business day. All subscriptions and redemptions are based on the Fund's equity as determined by the Fund Manager at the close of each business day.

The net asset value per unit is expressed in US dollars and is determined by dividing the equity of the Fund by the number of units in issue at the close of each business day.

The net asset attributable to unitholders of the Fund comprise the principal aggregate of all the investments owned by the Fund, cash, bills, accrued interest, or other property of any kind as defined by the Trustee, from which are deducted the management fees, custodian payments and administrative expenses, the aggregate amount of any borrowings, any interest or other charges, or other liabilities of any kind as defined by the Trustee.

#### 2.4 Financial instruments

The Fund classifies its investments as financial assets at fair value through profit or loss and financial assets at amortised cost. The classification depends on the purpose for which financial assets were acquired or originated. There were no changes in the presentation and measurement of financial liabilities.

##### *i) Amortised cost*

Financial assets measured at amortised cost include cash and cash equivalents and interest receivable, due from JMMB Bank and accounts receivable.

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

Interest receivable, due from JMMB Bank and accounts receivable are initially recognised at fair value and subsequently at amortised cost, less provision for impairment.

For impairment of receivables, the Fund applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from the initial recognition of the receivables.

## JMMB USD INCOME FUND

Notes to the Financial Statements  
For the year ended April 30, 2021  
(Expressed in United States Dollars)

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### 2. Summary of significant accounting policies (continued)

#### 2.4 Financial instruments (continued)

##### ii) *Fair value through profit or loss*

Certain equity instruments and investment in corporate and government bonds are classified as fair value through profit or loss.

These financial assets are held in a business model where they are held for trading. All of the investments are traded on the stock exchange and it is management's intention to sell based on responses to financial risks, inclusive of liquidity risk, market risk and price risk. Management assesses the performance of the investment portfolio based on the movement in fair value and is also compensated based on the fair value of the portfolio.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value, based on their quoted market price at the reporting date without any deduction for transaction costs or their recoverable value. Gains and losses, both realised and unrealised, arising from the change in the fair value of financial assets at fair value through profit or loss are recognized in the statement of comprehensive income.

#### 2.5 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### 2.6 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for investing operations in the ordinary course of the Fund's activities.

The Fund recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Fund and when specific criteria have been met for the Fund's activities. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The Fund bases its estimates on historical results, taking into consideration the type of investment, the type of transaction and the specifics of each arrangement.

#### 2.7 Interest and dividend income

Interest income is recognised in the statement of comprehensive income for all interest-bearing instruments using the effective yield method. Interest income includes coupons earned on fixed income investments and trading securities and accrued discounts on treasury bonds, commercial papers, floating-rate notes and other discounted instruments.

Dividend income is recognized in the statement of comprehensive income when the Fund's right to receive payment has been established.

#### 2.8 Accrued expenses

Accrued expenses are recognised initially at transaction price and subsequently stated at its amortised cost less repayments.

#### 2.9 Distributions payable to the holders of redeemable units

The Fund distributes net investment income quarterly based on the Fund Manager's discretion. Distributions are accrued on a daily basis. Distributions to holders of redeemable units are recognised in the statement of changes in equity.

## JMMB USD INCOME FUND

Notes to the Financial Statements  
For the year ended April 30, 2021  
(Expressed in United States Dollars)

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### 2. Summary of significant accounting policies (continued)

#### 2.10 Taxation

##### a) Tax levied on Unitholders

Tax on distribution income is withheld on distributions paid to non-resident unitholders at the rates applicable to the country in which the unitholders reside. Distribution income for Trinidad and Tobago residents are not subject to taxation.

##### b) Tax levied on the Fund

Under the provisions of the Corporation Tax Act of Trinidad and Tobago, the Fund is exempt from taxation on its profits; therefore, no provisions have been made in these financial statements for taxes.

The Fund is subject to foreign withholding tax on certain interest, dividends and capital gains receivable.

### 3. Financial risks

#### 3.1 Financial risk factors

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that reduces the risk of loss of value of the securities held by the custodian in the event of its failure, the ability of the Fund to transfer the securities might be temporarily impaired.

The Fund's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's policy allows it to use derivative financial instruments to both moderate and create certain risk exposures.

All financial assets investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair value of those positions.

The Trustee is ultimately responsible for identifying and controlling risks, they are separate independent bodies responsible for managing and monitoring risks.

##### (a) Board of Directors

The Board of Directors of the Trustee has overall responsibility and oversight for corporate governance and specifically, investment policy approval and limits of authority. The Board of Directors has delegated authority to the management and risk management committee of the Fund Manager as appropriate.

##### (b) Risk Management Committee

The Risk Management Committee provides oversight of the implementation and maintenance of risk-related procedures to ensure an independent control process. The Chief Risk Officer and Credit Risk Division is also responsible for monitoring compliance with risk policies and limits in the three key areas of market risk, credit risk and operational risk.

The day to day management of these risks is carried out by the Fund Manager under policies approved by the Board of Directors of the Trustee. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and the investment of excess liquidity.

## JMMB USD INCOME FUND

Notes to the Financial Statements  
For the year ended April 30, 2021  
(Expressed in United States Dollars)

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### 3. Financial risks (continued)

#### 3.1 Financial risk factors (continued)

##### (b) Risk Management Committee (continued)

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

##### 3.1.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

##### (a) Currency risk

The Fund does not hold significant financial assets or liabilities denominated in currencies other than US dollars, the functional currency. Foreign currency risk, as defined in IFRS 7 *Financial Instruments: Disclosures* arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. In accordance with the Fund's policy, the Fund Manager monitors the Fund's monetary and non-monetary foreign exchange exposure on a daily basis, and the Fund Manager's Board reviews it on a monthly basis.

The table below summarises the Fund's assets, monetary and non-monetary, which are denominated in a currency other than US dollars.

<b>As at April 30, 2021</b>	<b>TTD Exposure</b>
<b>Assets</b>	
Monetary and non-monetary assets	5,986
<b>As at April 30, 2021</b>	<b>\$5,986</b>
<b>As at April 30, 2020</b>	<b>TTD Exposure</b>
<b>Assets</b>	
Monetary and non-monetary assets	4,887
<b>As at April 30, 2020</b>	<b>\$4,887</b>

The Fund's liabilities, monetary and non-monetary, are all denominated in US dollars.

As at April 30, 2021, had the TTD strengthened or weakened by 5%, with all other variables held constant, net assets attributable to holders of redeemable participating shares would have decreased or increased by approximately \$299 (2020: \$244).



## JMMB USD INCOME FUND

Notes to the Financial Statements  
For the year ended April 30, 2021  
(Expressed in United States Dollars)

### 3. Financial risks (continued)

#### 3.1 Financial risk factors (continued)

##### 3.1.1 Market risk (continued)

###### (b) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow.

The Fund manages its exposure to interest rate risk by monitoring the daily interest sensitivity gap and attempts to ensure that an appropriate mix of interest-bearing securities are held.

As at April 30, 2021, if interest rates on assets and liabilities had been lower by 1% with all other variables held constant, the increase in equity would have been \$nil (2020: \$nil).

###### Concentration of interest rate risk

The table below summarises the Fund's exposure to interest rate risk. Included in the table are the Fund's assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

Year ended April 30, 2021	Up to One year	Over one year	Interest bearing but not Exposed	Non- interest bearing	Total
Financial assets at fair value through P&L	-	-	522,709	41,407	564,116
Cash and cash equivalents	40,181	-	11,002	-	51,183
Interest receivable	-	-	-	8,585	8,585
Due from JMMB Bank	-	-	-	7,419	7,419
Accounts receivable	-	-	-	2,553	2,553
<b>Total Financial Assets</b>	<b>\$40,181</b>	<b>\$-</b>	<b>\$533,711</b>	<b>\$59,964</b>	<b>\$633,856</b>
Current liabilities	-	-	-	17,136	17,136
<b>Total Financial Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$17,136</b>	<b>\$17,136</b>
<b>Interest Sensitivity Gap</b>	<b>\$40,181</b>				
Year ended April 30, 2020	Up to One year	Over one year	Interest bearing but not Exposed	Non- interest bearing	Total
Financial assets at fair value through P&L	-	-	473,858	37,309	511,167
Cash and cash equivalents	13,499	-	34,021	-	47,520
Interest receivable	-	-	-	8,585	8,585
Due from JMMB Bank	-	-	-	22,231	22,231
Accounts receivable	-	-	-	2,553	2,553
<b>Total Financial Assets</b>	<b>\$13,499</b>	<b>\$-</b>	<b>\$507,879</b>	<b>\$70,678</b>	<b>\$592,056</b>
Current liabilities	-	-	-	32,827	32,827
<b>Total Financial Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$32,827</b>	<b>\$32,827</b>
<b>Interest Sensitivity Gap</b>	<b>\$13,499</b>				

# JMMB USD INCOME FUND

Notes to the Financial Statements  
For the year ended April 30, 2021  
(Expressed in United States Dollars)

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## 3. Financial risks (continued)

### 3.1 Financial risk factors (continued)

#### 3.1.1 Market risk (continued)

##### (c) Price risk

The Fund is exposed to price risk on its equity securities. Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or issuer, or factors affecting all similar financial instruments traded in the market.

The Fund's policy is to manage price risk through diversification and selection of financial instruments within specified limits set by the Fund Manager's Board of Directors. If the market prices at April 30, 2021, had increased or decreased by 5% with all other variables held constant, this would have led to a corresponding increase or decrease in equity of approximately \$28,206 (2020: \$25,558).

#### 3.1.2 Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also exposed to counterparty credit risk on cash and cash equivalents and other receivable balances. The Fund aims to mitigate this risk by carefully screening debt issuers prior to purchase and ensuring that deposits are maintained only with high-quality financial institutions.

In accordance with the Fund's policy, the Fund monitors the Fund's credit position on a daily basis while the Fund Manager's Board of Directors reviews it on a quarterly basis. The maximum exposure to credit risk before any credit enhancements at year-end is the carrying amount of the financial assets as set out below.

	Maximum Exposure 2020	Maximum Exposure 2020
Financial assets at fair value through the profit or loss	522,709	473,858
Cash and cash equivalents	51,183	47,520
Interest receivable	8,585	8,585
Due from JMMB Bank	7,419	22,231
Accounts receivable	2,553	2,553
<b>Total Financial Assets</b>	<b>\$592,449</b>	<b>\$554,747</b>

## JMMB USD INCOME FUND

Notes to the Financial Statements  
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### 3. Financial risks (continued)

#### 3.1 Financial risk factors (continued)

##### 3.1.2 Credit risk (continued)

Impaired asset:

- (a) The Fund holds a corporate debt security in Gilliani Ltd - Secured 8.75% Fixed Rate Bonds 2006-2013 originally purchased for \$32,855. The interest payments on this bond have been suspended and are not expected to resume. Cumulative impairment loss recognised as at April 30, 2021 amounted to \$29,089 (2020: \$29,089) and the bond is now valued at \$3,771(2020: \$3,771) after the impairment.

The clearing and depository operations for the Fund's transactions are with various custodians or brokers that are considered to be highly reputable for creditworthiness and providing quality services. At April 30, 2021, and 2020, all financial assets were within their custody.

##### 3.1.3 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Fund's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Fund's operations.

The Fund's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Fund's reputation with overall cost-effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit.

A significant component of operational risk that has become increasingly prevalent in the business environment and that affects the operations of the Fund, is technology and information security risk.

The Fund acknowledges that the constantly evolving nature of technology and its importance in the conduct of financial transactions globally have increased the risk of attacks on the networks and systems that support electronic and digital information and transactions flow. The impact of any such attack on the Fund's technology and information systems includes, among others, unauthorised access to these systems, loss, misappropriation and destruction of data including that of customers and other stakeholders, critical system unavailability, increased costs of operations, potential fines and penalties for breaches of privacy laws, reputational damage and financial loss.

The Fund has implemented appropriate processes and controls across all its critical electronic interfaces and touchpoints to continuously monitor, manage and mitigate the impact of this risk on its networks, systems and other technology infrastructure in order to safeguard its information and other assets and by extension those of its customers and other stakeholders. This is monitored via an IT risk dashboard risk and a Cybersecurity Response Plan is in place to manage cyber-attacks. This is supported by ongoing updates to its technology infrastructure, system vulnerability assessments, training of IT team members and sensitisation of customers and other stakeholders to any new and emerging threats.

# JMMB USD INCOME FUND

Notes to the Financial Statements  
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## 3. Financial risks (continued)

### 3.1 Financial risk factors (continued)

#### 3.1.3 Operational risk (continued)

Compliance with the Fund's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to senior management and the Audit Committee.

A proactive approach is being taken to manage the risk of COVID-19 in the workspace.

The Fund triggered, prior to the lockdown, its Pandemic Preparedness and Response Plan which detailed various scenarios and response strategies based on feedback from the BCP Committee / Crisis Management and Communication Team. One of the key measures implemented is the Pandemic Risk Dashboard, which highlights the key risk elements of the plan that are monitored on a weekly basis to ensure that the risks associated with the Pandemic are mitigated. The Fund has since documented and communicated to key stakeholders its 'return to work' strategies which includes workplace readiness for re-entry.-

#### 3.1.4 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's major liquidity exposure is the settlement of daily cash redemptions of redeemable units. Its policy is, therefore, to invest a suitable portion of its assets in investments that are traded in an active market and can be readily disposed of.

The Fund may periodically invest in debt securities that are traded over the counter and unlisted equity investments that are not traded in an active market. As a result, the Fund may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

In accordance with the Fund's policy, the Fund Manager monitors the Fund's liquidity position on a daily basis; the Board of Directors reviews it on a quarterly basis.

The table below summarises the maturity profile of the Fund's financial liabilities as of April 30, 2021, and 2020 based on contractual undiscounted payments:

As at April 30, 2021	On-demand/ no stated maturity	Less than 3 months	Less than 6 months	Total
Fund expenses payable	-	3,420		3,420
Trustee fees payable	-	13,616		13,616
Other liabilities	-	100		100
<b>Total</b>	<b>\$ -</b>	<b>\$17,136</b>		<b>\$17,136</b>

As at April 30, 2020	On-demand/ no stated maturity	Less than 3 months	Less than 6 months	Total
Fund expenses payable	-	4,442		4,442
Trustee fees payable	-	22,894		22,894
Other liabilities	-	5,491		5,491
<b>Total</b>	<b>\$ -</b>	<b>\$32,827</b>	<b>\$ -</b>	<b>\$32,827</b>

## JMMB USD INCOME FUND

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### 3. Financial risks (continued)

#### 3.2 Capital risk management

The capital of the Fund is represented by equity. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders while maintaining a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's strategy is to:

- Monitor the level of daily subscriptions and redemptions relative to the assets it expects to be able to liquidate.
- Restrict same-day redemptions to 1% of the total Net Asset Value of the Fund. If the amount requested for redemption exceeds 1% of the total net asset value of the Fund, only the portion of the redemption request up to 1% of the total Net Asset Value will be processed. The balance of the redemption request is settled on a subsequent day.

### 4. Fair value classification

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year-end date. IFRS 13 *Fair Value Measurement* requires the use of the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs for the asset or liability that are based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

## JMMB USD INCOME FUND

Notes to the Financial Statements  
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### 4. Fair value classification (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at:

**As at April 30, 2021:**

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Equity securities	41,407	-	-	41,407
Debt securities	-	518,156	4,553	522,709
<b>Total assets</b>	<b>\$41,407</b>	<b>\$518,156</b>	<b>\$4,553</b>	<b>\$564,116</b>

**As at April 30, 2020:**

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Equity securities	37,309	-	-	37,309
Debt securities	-	469,310	4,548	473,858
<b>Total assets</b>	<b>\$37,309</b>	<b>\$469,310</b>	<b>\$4,548</b>	<b>\$511,167</b>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1 include active listed equities.

Level 2 investments include corporate debt securities that are listed on a stock exchange but not actively traded.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include certain corporate debt securities. As observable prices are not available for these securities, the Fund has used valuation techniques and broker quotes to derive the fair value.

## JMMB USD INCOME FUND

Notes to the Financial Statements  
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### 5. Critical accounting estimates and judgments

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

#### Fair value of securities not quoted in an active market

The fair value of securities not quoted in an active market may be determined by the Fund using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Fund would exercise judgement and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Fund may price positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The inputs into these models are primarily earning multiples and discounted cash flows. The models used to determine fair values are validated and periodically reviewed by experienced personnel at the Fund Manager, independent of the party that created them. The models used for debt securities are based on net present value of estimated future cash flows, adjusted as appropriate for liquidity, and credit and market risk factors.

In instances where it is not possible to value the investments based on models due to lack of available data, the investments are carried at cost. Such investments are reviewed annually for impairment.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

### 6. Financial assets at fair value through profit or loss

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Equity securities	41,583	41,407	41,583	37,309
Corporate debt securities	248,605	206,254	249,387	204,549
Government debt securities	306,050	316,455	306,050	269,309
	<b>\$596,238</b>	<b>\$564,116</b>	<b>\$597,020</b>	<b>\$511,167</b>
			2021	2020
<b>Movement during the year:</b>				
Balance brought forward			511,167	649,052
Disposals/maturities				(99,468)
Net realised (loss)/gain			(177)	1,033
Net change in unrealised gain/(loss)			53,126	(39,450)
<b>Balance carried forward</b>			<b>\$564,116</b>	<b>\$511,167</b>

## JMMB USD INCOME FUND

### Notes to the Financial Statements For the year ended April 30, 2021 (Expressed in United States Dollars)

#### 7. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances with an original maturity of fewer than 90 days:

	2021	2020
Cash at bank	40,181	13,499
Short term deposits	11,002	34,021
<b>Total</b>	<b>\$51,183</b>	<b>\$47,520</b>

#### 8. Due from JMMB Bank

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Fund utilises the services of JMMB Bank (T&T) Limited (“JMMB Bank”) to process subscription and redemption transactions with unitholders and pay certain fund expenses on behalf of the Fund. As at the year-end, the balance due from JMMB Bank for the above transactions was \$7,419 (2020: \$22,231).

#### 9. Fund expenses

The expenses of the Fund related to its operations, including regulatory filing fees, custodian fees, bank charges, legal fees, audit fees, director’s fees, trustee fees and the cost of financial reporting are allocated between the classes as applicable. Each class bear separately any expense item that can be specifically attributed to such class. Common expenses are allocated on one of the following bases depending on the nature of the expense: the relative Net Asset Value of each class, or the relative amount of sales or redemptions of units and account activity of each class during any given period, or the relative number of investors in each class. Any transfer agent and administrative services provided by the Fund Manager are charged to the Fund and are included in the statement of comprehensive income. Total fund expenses for the year amounted to \$3,420 (2020: \$4,442) which was included in fund expenses payable of \$3,420 (2020: \$4,442) as at April 30, 2021.

#### 10. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

##### *Management fee*

The Fund Manager of the Fund, JMMB Investments (Trinidad and Tobago) Limited is a related party by virtue of common directors and is entitled to management fees for Class A of up to 2% per annum based on the net asset value of the Fund. For the year ended April 30, 2021, the Fund Manager accepted a fee return of 0% (2020: 0%) on the net asset value of the Fund. The management fee for the year ended April 30, 2021, totalled \$nil (2020: \$ nil) of which \$nil was payable as at April 30, 2021 (2020: \$nil).

#### 11. Impact of Covid-19

The World Health Organization declared the outbreak of a respiratory disease caused by a coronavirus as a “pandemic”. First identified in late 2019 and known now as COVID 19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations.

No impairments were recorded as of the statement of financial position date as no triggering events or changes in circumstances had occurred as of year-end; however, due to significant uncertainty surrounding the situation, management’s judgement regarding this could change in the future.



## JMMB USD INCOME FUND

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### 12. Subsequent events

The Fund evaluated all events that occurred from May 1, 2021, through August 26, 2021, the date the financial statements were available to be issued. During the period, the Fund did not have any subsequent events requiring recognition or disclosure in the financial statements, other than those disclosed below.

From May 1, 2021, through August 26, 2021, the Fund had subscriptions of \$294, redemptions of \$nil and made distributions of \$nil.