



Proven Select Money Market JMD

**Financial Statements
31 March 2019**

Proven Select Money Market JMD

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31 March 2019

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Independent Auditor's Report

To the Fund Manager of Proven Select Money Market JMD

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Proven Select Money Market JMD (the portfolio) as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Portfolio's financial statements comprise:

- the statement of financial position as at 31 March 2019;
 - the statement of comprehensive income for the year then ended;
 - the statement of changes in net assets attributable to unitholders for the year then ended;
 - the statement of cash flows for the year then ended; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
-

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 *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Portfolio in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as management 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, management is responsible for assessing the Portfolio'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 management either intends to liquidate the Portfolio or to cease operations, or has no realistic alternative but to do so.

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



Auditor's 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 auditor's 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.

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 Portfolio'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 management'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 Portfolio's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Portfolio 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.

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
27 June 2019

Proven Select Money Market JMD

Statement of Comprehensive Income

Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	2019 \$'000	2018 \$'000
Income		
Interest income	31,544	6,773
Dividend income	1,915	73
Fair value gains on investments	464	2,210
Foreign exchange (losses)/gains	(2,156)	17
Loss on disposal of investment securities	-	(140)
Miscellaneous income	23	185
	<u>31,790</u>	<u>9,118</u>
Operating expenses		
Management fees	10,568	1,142
Administration expenses:		
Auditors' remuneration	616	507
Bank charges	43	21
Broker fees	9	2
Custody and trustee fees	1,588	220
Miscellaneous expenses	2,068	230
	<u>14,892</u>	<u>2,122</u>
Increase in Net Assets attributable to Unitholders from Investment Operations	<u><u>16,898</u></u>	<u><u>6,996</u></u>

Proven Select Money Market JMD

Statement of Financial Position

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 \$'000	2018 \$'000
Assets			
Cash and cash equivalents	4	51,972	82,633
Investment securities	5	876,748	261,129
Receivables	6	3,006	21,705
Due from related party	7	-	47,733
		<u>931,726</u>	<u>413,200</u>
Liabilities			
Payables	8	866	516
Due to related party	7	1,086	253
		<u>1,952</u>	<u>769</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	9	<u>929,774</u>	<u>412,431</u>

Approved for issue by the Directors of the Fund Manager on 26 June 2019 and signed on their behalf by:



Johann Heaven

Chief Executive Officer



Richard Gordon

Vice President & Chief
Investment Officer

Proven Select Money Market JMD

Statement of Changes in Net Assets Attributable to Unitholders

Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	2019 \$'000	2018 \$'000
Net assets attributable to unitholders at beginning of the period	412,431	-
Capital transactions		
Issue of units	577,080	410,657
Redemption of units	<u>(76,635)</u>	<u>(5,222)</u>
Net increase in capital transactions	912,876	405,435
Increase in net assets attributable to unitholders from investment operations	<u>16,898</u>	<u>6,996</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE PERIOD	<u><u>929,774</u></u>	<u><u>412,431</u></u>

Proven Select Money Market JMD

Statement of Cash Flows

Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	2019 \$'000	2018 \$'000
Cash Flows from Operating Activities		
Increase in net assets attributable to unitholders from investment operations	16,898	6,996
Adjustments for:		
Fair value gains on investments	(464)	(2,210)
Amortisation of premium on investment securities	6,907	558
Loss on disposal of investment securities	-	140
Foreign exchange losses/ (gains)	2,156	(17)
Interest income	(38,451)	(7,331)
Dividend income	(1,915)	(73)
	<u>(14,869)</u>	<u>(1,937)</u>
Changes in operating assets and liabilities:		
Receivables	18,699	(21,572)
Payables	350	516
Due from related party	47,733	(47,733)
Due to related party	833	253
Purchase of investments	(719,924)	(293,210)
Sale of investments	103,413	20,100
Repayment of principal on investments	-	15,986
	<u>(563,765)</u>	<u>(327,597)</u>
Interest received	27,924	4,705
Dividend received	1,781	73
Net cash used in operating activities	<u>(534,060)</u>	<u>(322,819)</u>
Cash Flows from Financing Activities		
Proceeds from sale of units	577,080	410,657
Redemption of units	(76,635)	(5,222)
Net cash provided by financing activities	<u>500,445</u>	<u>405,435</u>
Net (decrease)/ increase in cash and cash equivalent	(33,615)	82,616
Effect of foreign exchange rate changes on net cash balances	2,954	17
Cash and cash equivalent at the beginning of period	82,633	-
CASH AND CASH EQUIVALENT AT THE END OF PERIOD	<u><u>51,972</u></u>	<u><u>82,633</u></u>

Proven Select Money Market JMD

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

Proven Select Money Market JMD is a portfolio under the Proven Select Fund, an open-ended Collective Investment Scheme registered by the Financial Services Commission under certificate number UT/PSF/1 on 1 August 2017. Proven Select Fund is a product offered by Proven Fund Managers Limited which is an Investment Management Company licensed to deal in securities by the Financial Services Commission under license number DM/PFM/329. Proven Fund Managers Limited ("the Fund Manager") is a company incorporated and domiciled in Jamaica with its registered office at 26 Belmont Road, Kingston 5, Jamaica.

The Trustee and Custodian of the Fund is JCSD Trustee Services Limited, a Company duly incorporated and licensed under the Laws of Jamaica and having its registered office at 40 Harbour Street, Kingston, Jamaica. The Trust Deed was signed by the Fund Manager and the Trustee and Custodian on 20 July 2017 and is available for inspection at 26 Belmont Road, Kingston 5, Jamaica.

The objective of the portfolio is to provide capital preservation and liquidity by investing in short to medium term fixed instruments.

The financial statements show the financial position and results of operations of the Portfolio.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets. The preparation of financial statements in conformity with IFRS requires the Fund Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on the Fund Manager's best knowledge of current events and actions, actual results could differ from those estimates.

Standards, interpretations of and amendments to published accounting standards effective in the current year

Certain standards, amendments and interpretations to existing standards have been published that became effective during the current financial period. The Portfolio has assessed the relevance of all such new interpretations and amendments, and has adopted the following, which are relevant to its operations.

Proven Select Money Market JMD

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations of and amendments to published accounting standards effective in the current year (continued)

IFRS 9, 'Financial Instruments', (effective for annual periods beginning on or after 1 January 2018). As of January 1, 2018, the Portfolio adopted IFRS 9 - Financial Instruments ("IFRS 9"). As permitted by the transition provisions in IFRS 9, the Portfolio has elected not to restate comparative period results; accordingly, all comparative period information on financial instruments is prepared in accordance with the accounting policies disclosed in the note 2 (g) of the annual 2019 financial statements. There were no adjustments to the carrying amounts of financial assets and financial liabilities as of April 1, 2018. New or amended disclosures have been provided for the current period, where applicable, and comparative period disclosures are consistent with those made in 2018.

IFRIC 22, 'Foreign currency transactions and advance consideration', (effective for annual periods beginning on or after 1 January 2018). This IFRIC address foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment / receipt is made as well as for situations where multiple payment / receipts are made. There was no significant impact from the adoption of this amendment during the year.

Standards, interpretations of and amendments to published standards that are not yet effective

At the date of authorisation of these financial statements, a number of new standards, amendments and interpretations to existing standards have been issued which were not effective at the date of the statement of financial position, and which the Portfolio has not early adopted. The Portfolio has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations, and has concluded as follows:

Amendment to IFRS 9, 'Financial instruments' (effective for annual periods beginning on or after 1 January 2019). This amendment confirms that when a financial liability measured at amortized cost is modified without this resulting in de-recognition, a gain or loss should be recognized immediately in the profit and loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread across the remaining life of the instrument which may be changed in practice from IAS 39. The Portfolio is currently assessing the impact of future adoption of the new standard on its financial statements.

Amendment to IAS 1 and IAS 8, (effective for annual periods beginning on or after 1 January 2020). These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use of a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. The Portfolio is currently assessing the impact of future adoption of the new standard on its financial statements.

Proven Select Money Market JMD

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Units issued and redeemed

Units are issued to unitholders based on the prevailing unit price at the time of issue. Units redeemed by unitholders are based on the prevailing unit price at the time of redemption.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Portfolio operates ('the functional currency'). The financial statements are presented in Jamaican dollars, which is the Portfolio's functional currency.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary and non-monetary assets and liabilities are recognised in the statement of comprehensive income.

(d) Revenue recognition

Income comprises the fair value of the consideration received or receivable from investments made in the ordinary course of the Portfolio's activities. Income is recognised as follows:

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Gain or loss on sale of investment

Gain or loss on the sale of investments is determined by comparing sale proceeds with the carrying amount of the investment. This amount is recognised in the statement of comprehensive income.

Fair value gains or losses on investments

Fair value gains or losses on investments are recognised when there is a change in the fair value of investments from one period to the next.

Miscellaneous income

Miscellaneous income is recognised when it becomes receivable.

(e) Taxation

The Portfolio is domiciled in Jamaica and is exempt from paying corporation taxes under section 12(t) of the Income Tax Act.

Proven Select Money Market JMD

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(f) Expenses

Expenses are accounted for on an accrual basis and are charged to the statement of comprehensive income. In addition to the management fees, the Portfolio is responsible for the payment of all direct expenses relating to its operations such as audit, broker, custody and trustee fees and, professional fees.

(g) Financial instruments

Financial instruments carried on the statement of financial position include cash, securities purchased under agreements to resell, investment securities, receivables, securities sold under agreements to repurchase and payables.

The fair value of the Portfolio's financial instruments is discussed in Note 3.

The Portfolio classifies its financial assets in the following categories: loans and receivables and fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. The Fund Manager determines the classification of the Portfolio's financial assets at initial recognition and re-evaluates this designation at every reporting date.

Fair value through profit or loss

A financial asset is classified in this category if it is so designated by the Fund Manager or is acquired principally for the purpose of selling in the short term.

Purchases and sales of investment securities are recognised on the settlement date - the date on which the Portfolio receives or transfers the security. Investments are initially recognised at fair value, and transaction costs for all financial assets carried at fair value through profit or loss are expensed as incurred.

Investments are derecognised when the rights to receive cash flows from the investments have expired or the Portfolio has transferred substantially all risks and rewards of ownership.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss category are included in income and expenditure in the period in which they arise.

The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Portfolio is the current bid price. If the market for a financial asset is not active (and for unlisted securities), the Portfolio establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

(h) Receivables

Receivables are carried at cost which approximates the fair value of those assets.

Proven Select Money Market JMD

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(i) **Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and short term deposits with original maturities of three months or less, net of bank overdrafts.

(j) **Payables**

Payables are initially recognised at fair value and are subsequently carried at amortised cost.

(k) **Related party balance and transactions**

Parties are considered to be related if they have common directors and/or common shareholders or if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party transactions and balances are recognised and disclosed for the following:

(i) Enterprises and individuals having operational and financial decision making responsibilities for the Portfolio that gives them significant influence over the Portfolio's affairs and close members of the family of these individuals.

(ii) Key management personnel that are those persons having authority and responsibility for planning, directing and controlling the activities of the Portfolio, including management and close members of the families of these individuals.

3. Financial Risk Management

The Portfolio's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Portfolio's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Portfolio's financial performance.

The Fund Manager is ultimately responsible for the establishment and oversight of the Portfolio's risk management framework. The Fund Manager provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

(a) **Credit risk**

The Portfolio takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the Portfolio by failing to discharge their contractual obligations. Credit risk is the most significant risk for the Portfolio's business. The Fund Manager therefore carefully manages the Portfolio's exposure to credit risk. Credit exposure arises principally from the Portfolio's operating activities. The Portfolio structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to any one investment.

Credit review process

The Fund Manager performs ongoing analyses of the ability of borrowers and other counterparties to meet repayment obligations.

(i) **Investment securities**

The Portfolio limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality. Accordingly, the Fund Manager does not expect any counterparty to fail to meet its obligations.

Proven Select Money Market JMD

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

(ii) Cash

Cash transactions are limited to high credit quality financial institutions. The Portfolio has policies in place to limit the amount of exposure to any one financial institution.

(b) Liquidity risk

Liquidity risk is the risk that the Portfolio is unable to meet its payment obligations associated with its financial liabilities when they fall due and demands for redemption of units, when such demands are made. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The Portfolio is exposed to cash redemptions by unit holders. The Portfolio's liquidity management process, as carried out within the Portfolio and monitored by the Fund Manager, includes:

- (i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of collateral which could be used to secure funding if required.
- (ii) Maintaining a portfolio of highly marketable and liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- (iii) Optimising cash returns on investments.

The maturity profile of the Portfolio's financial liabilities at year end based on contractual undiscounted payments was as follows:

The Portfolio's undiscounted liabilities at year end, equal their carrying amounts, as these liabilities bear no interest. At 31 March 2019, all liabilities are due within three months. The Portfolio is also exposed to liquidity risks from redemption of units held by unit holders. The potential liability arising from these redemptions is fully backed by the assets held by the Portfolio, which can be liquidated by the Portfolio to settle any such amounts which will be then owing.

Proven Select Money Market JMD

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk

The Portfolio takes on exposure to market risks, which is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the Portfolio's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Portfolio is exposed to foreign exchange risk primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and, recognised assets and liabilities.

The Portfolio manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept at an acceptable level by monitoring currency positions. The Portfolio further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

Concentrations of currency risk

The Portfolio has investment securities and interest receivable denominated in United States dollars, amounting to an asset of J\$34,033,000 (2018- \$12,720,000).

The Fund Manager estimates that a reasonably possible change in the exchange rate of the United States dollar is likely to be +2/-4 percent. Should such a change occur, the net assets attributable to unitholders from investment operations would increase or decrease as follows:

	% Change in Currency Rate		% Change in Currency Rate	
	2019	Effect on Net Profit 2019 \$'000	2018	Effect on Net Profit 2018 \$'000
Currency:				
USD - Revaluation	2%	1,064	2%	254
USD - Devaluation	-4%	(2,129)	-4%	(508)

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Portfolio to cash flow interest risk, whereas fixed interest rate instruments expose the Portfolio to fair value interest risk.

The Portfolio's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets. The Portfolio has no interest bearing financial liabilities.

The following table summarises the Portfolio's exposure to interest rate risk. It includes the Portfolio's financial instruments at carrying amounts, categorised by the earlier of contractual interest rate repricing or maturity dates.

Proven Select Money Market JMD

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

	2019					Total \$'000
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non- Interest Bearing	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Assets						
Cash and cash equivalents	51,972	-	-	-	-	51,972
Investment securities	55,132	105,625	444,883	219,765	51,343	876,748
Receivables	-	-	-	-	3,006	3,006
Due from related parties	-	-	-	-	-	-
Total financial assets	107,104	105,625	444,883	219,765	54,349	931,726
Liabilities						
Payables	-	-	-	-	866	866
Due to related party	-	-	-	-	1,086	1,086
Total financial liabilities	-	-	-	-	1,952	1,952
Total interest repricing gap	107,104	105,625	444,883	219,765	52,397	929,774

	2018					Total \$'000
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non- Interest Bearing	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Assets						
Cash and cash equivalents	82,633	-	-	-	-	82,633
Investment securities	-	51,987	181,368	20,583	7,191	261,129
Receivables	-	-	-	-	20,677	20,677
Due from related parties	-	-	-	-	47,733	47,733
Total financial assets	82,633	51,987	181,368	20,583	75,601	412,172
Liabilities						
Payables	-	-	-	-	508	508
Due to related party	-	-	-	-	253	253
Total financial liabilities	-	-	-	-	761	761
Total interest repricing gap	82,633	51,987	181,368	20,583	74,840	411,411

Proven Select Money Market JMD

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(d) Market risk (continued)

Interest rate sensitivity

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Portfolio's comprehensive income.

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on net assets attributable to unitholders based on the investment securities. Revaluing fixed rate financial assets at fair value through profit or loss for the effects of the assumed changes in interest rates will impact fair value gains or losses. The effect on changes in net assets attributable to unitholders below is the total of the individual sensitivities done for each asset.

	Change in Basis Points 2019	Effect on Statement of Comprehensive Income 2019 \$'000	Change in Basis Points 2018	Effect on Statement of Comprehensive Income 2018 \$'000
JMD	+100	7,722	+100	1,233
JMD	-100	(7,722)	-100	(1,233)
USD	+50	266	+50	27
USD	-50	(266)	-50	(27)

(d) Capital management

The capital of the Portfolio is represented by the net assets attributable to unitholders. The Portfolio is not directly subject to any externally imposed capital requirement. Capital is managed by the Fund Manager who reports the required information on a quarterly basis to the Financial Services Commission.

Proven Select Money Market JMD

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at year end. The quoted market price used for financial assets held by the Portfolio is the current bid price.

The financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Portfolio uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used for quoted debt securities. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The following methods and assumptions have been used:

- (i) Investment securities are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques.

Proven Select Money Market JMD

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value of financial instruments (continued)

- (ii) The fair value of liquid assets and other assets maturing within three months is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short term elements of all other financial instruments.

	2019			Total Balance \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
At 31 March 2019				
Investment securities				
Government bonds	-	291,355	-	291,355
Corporate bonds	-	-	450,231	450,231
USD government bonds	-	18,916	-	18,916
USD corporate bonds	-	-	33,742	33,742
Quoted preference shares	24,802	-	-	24,802
Unit trust	-	51,343	-	51,343
	<u>24,802</u>	<u>361,614</u>	<u>483,973</u>	<u>870,389</u>
				2019 \$'000
Reconciliation of level 3 inputs				
Balance at beginning of the period				158,524
Purchases				410,849
Disposals				(63,408)
Fair value losses				(21,992)
Balance at period end				<u>483,973</u>

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Notes to the Financial Statements

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3. Financial Risk Management (Continued)

(e) Fair value of financial instruments (continued)

	2018			Total Balance \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
At 31 March 2018				
Investment securities				
Government bonds	-	95,414	19,000	114,414
Corporate bonds	-	-	126,868	126,868
USD corporate bonds	-	-	12,656	12,656
Quoted preference shares	4,602	-	-	4,602
	<u>4,602</u>	<u>95,414</u>	<u>158,524</u>	<u>258,540</u>
				2018 \$'000
Reconciliation of level 3 inputs				
Balance at beginning of the period				-
Purchases				158,500
Fair value gains				24
Balance at period end				<u>158,524</u>

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Notes to the Financial Statements

31 March 2019

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3. Financial Risk Management (Continued)

(f) Equity price risk

The Portfolio is exposed to equity securities price risk. This arises for investments held by the Portfolio for which price in the future is uncertain.

The sensitivity analysis for equity risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded in the market.

The Fund Manager monitors movements of financial assets and equity price risk movements on a monthly basis by assessing the expected changes in the different portfolios due to movements in the various stock exchange indices on the various stock exchanges with all other variables held constant and all equity instruments in that particular index moving proportionally.

The equity securities described in this note are classified as financial assets at fair value through profit or loss. The percentage used in the analysis represents the Fund Manager's assessment of a reasonably possible change in the stock market indices.

	Effect on Statement of Comprehensive Income 2019 \$'000	Effect on Statement of Comprehensive Income 2018 \$'000
Change in equity prices:		
-15%	(3,720)	(690)
+15%	3,720	690

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Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

4. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2019 \$'000	2018 \$'000
Cash and bank balances	4,334	68,068
Deposits with original maturities of less than three months	47,638	14,565
	<u>51,972</u>	<u>82,633</u>

The weighted average effective interest rate on bank balances and deposits at year end was approximately Nil and 2.4% (2018- Nil and 4%).

5. Investment Securities

	Carrying Value 2019 \$'000	Carrying Value 2018 \$'000
Investment securities	870,389	258,540
Interest receivable	6,359	2,589
	<u>876,748</u>	<u>261,129</u>
	Carrying Value 2019 \$'000	Carrying Value 2018 \$'000
<i>Investment securities -</i>		
Government bonds	291,355	114,414
Corporate bonds	450,231	126,868
USD government bonds	18,916	-
USD corporate bonds	33,742	12,656
Quoted preference shares	24,802	4,602
Unit trust	51,343	-
	<u>870,389</u>	<u>258,540</u>
Interest receivable	6,359	2,589
	<u>876,748</u>	<u>261,129</u>

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Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

5. Investment Securities (Continued)

Investment securities comprise the following:

(a) Government bonds

	2019		2018	
	Nominal Value \$'000	Carrying Value \$'000	Nominal Value \$'000	Carrying Value \$'000
Government of Jamaica FR 8.5% BIN 2019	76,000	77,194	76,000	79,454
Government of Jamaica FR 11.875% BIN 2030	1,000	1,517	1,000	1,330
Government of Jamaica FR 5.50% BIN 2023	22,700	23,800	2,700	2,630
Government of Jamaica FR 9.50% BIN 2026	10,000	12,970	-	-
Government of Jamaica VR BIN 2018	-	-	19,000	19,000
Government of Jamaica VR BIN 2019	27,000	26,994	12,000	12,000
Government of Jamaica VR BIN 2020	119,000	118,832	-	-
Government of Jamaica VR BIN 2023	30,100	30,048	-	-
	<u>285,800</u>	<u>291,355</u>	<u>110,700</u>	<u>114,414</u>

(b) Corporate bonds

	2019		2018	
	Nominal Value \$'000	Carrying Value \$'000	Nominal Value \$'000	Carrying Value \$'000
Victoria Mutual Building Society 5.5% 2018	-	-	20,000	20,000
Unicomer Floating Rate Bond as at 2026	-	-	9,137	9,137
Derrimon Trading Company Limited 11% 2019	-	-	4,000	4,000
Pan Jam Bond 2025 Tranche B 2025	5,000	5,000	5,000	5,000
Hardware and Lumber FR 12% Unsecured Bond 2022	2,000	2,000	2,000	2,000
Seprod Limited Senior Unsecured F/V Rate Notes 2022	10,000	10,000	10,000	10,000
GK Unsecured Corporate Paper 2018	-	-	1,447	1,447
Lasco Financial Services Limited Unsecured FR Bond 2023	20,000	20,000	20,000	20,000
NCB Capital Markets Limited 6% Secured Corp Bond 2019	35,000	35,000	35,000	35,000
PIL 6.25% JMD Note 2019	-	-	20,284	20,284
	<u>72,000</u>	<u>72,000</u>	<u>126,868</u>	<u>126,868</u>

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Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

5. Investment Securities (Continued)

(b) Corporate bonds (continued)

	2019		2018	
	Nominal Value \$'000	Carrying Value \$'000	Nominal Value \$'000	Carrying Value \$'000
Access Financial Services 11.0% Due Aug 2020	1,000	1,000	-	-
PanJam Investment Ltd 5.25% Secured Note Due 2019- Tranche 1	20,000	20,000	-	-
Caribbean Producers Jamaica Limited 8% Fixed/Variable Rate J\$ Secured Note 2023	25,000	25,000	-	-
Unicomer Jamaica Limited Fixed/Floating Due 2028	9,231	9,231	-	-
NCBFG 6.45% FR Unsecured Bond Due 2023- Tranche A	5,000	5,000	-	-
JMMBGL 6.25% FR Unsecured Bond Due 2020	5,000	5,000	-	-
Access Financial Services 8.00% Due 2025	35,000	35,000	-	-
Knutsford Express Limited Fixed to Floating Rate Senior Unsecured Bond Due 2025	50,000	50,000	-	-
Wigton Windfarm 6.65% Series 'A' Secured Bond Due 2020	30,000	30,000	-	-
Wigton Windfarm 7.40% Series 'B' Secured Bond Due 2023	40,000	40,000	-	-
Island Car Rentals 7.00% Senior Secured FR Bond Due 2023	28,000	28,000	-	-
Select Brands Ltd 7.25% Senior Unsecured Fixed Rate Bond	80,000	80,000	-	-
JPSCO 8.40% FR Senior Unsecured JMD Bond Due 2034	50,000	50,000	-	-
	<u>378,231</u>	<u>378,231</u>	<u>-</u>	<u>-</u>
	<u>450,231</u>	<u>450,231</u>	<u>126,868</u>	<u>126,868</u>

(c) USD Government bonds

	2019		2018	
	Nominal Value \$'000	Carrying Value \$'000	Nominal Value \$'000	Carrying Value \$'000
BOJ 2.70% FR US Indexed Note Due 2020	151	18,916	-	-

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31 March 2019

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5. Investment Securities (Continued)

(d) USD Corporate bonds

	2019		2018	
	Nominal Value \$'000	Carrying Value \$'000	Nominal Value \$'000	Carrying Value \$'000
Cacao JEP 5.5% USD Indexed Secured Note 2018	-	-	60,015	7,540
Jamaica Energy Partners V/R Secured Bonds Tranche B 2025	160	20,040	40,723	5,116
Gulfstream Petroleum SRL Unsecured USD 8.50% FR Indexed Bond Due 2024	110	13,702	-	-
	<u>270</u>	<u>33,742</u>	<u>100,738</u>	<u>12,656</u>

(e) Quoted preference shares

	2019		2018	
	No. of Stock units/shares	Carrying Value \$'000	No. of Stock units/shares	Carrying Value \$'000
Eppley 8.75% Cumulative Red. Pref Shares 2023	767,026	4,602	767,026	4,602
JMMB Group 7.25% VR JMD CR Pref Shares 2025	10,000,000	20,200	-	-
	<u>10,767,026</u>	<u>24,802</u>	<u>767,026</u>	<u>4,602</u>

(f) Unit trust

	2019		2018	
	No. of Stock units/shares	Carrying Value \$'000	No. of Stock units/shares	Carrying Value \$'000
NCB CAP Income Optimizer	4,561,780	51,343	-	-

6. Receivables

	2019 \$'000	2018 \$'000
Other receivables	1,978	20,677
Withholding tax recoverable	1,028	1,028
	<u>3,006</u>	<u>21,705</u>

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7. Related Party Transactions and Balances

(a) Related party transactions

(i) Transactions with the Fund Manager

	2019 \$'000	2018 \$'000
Miscellaneous income	-	10
Management fees	<u>(10,568)</u>	<u>(1,142)</u>

(ii) Transactions with the Broker

	2019 \$'000	2018 \$'000
Broker fees (Proven Wealth Limited)	<u>(9)</u>	<u>(2)</u>

(iii) Transactions with Unitholders

	2019 \$'000	2018 \$'000
Contributions		
Proven Fund Managers Limited	<u>-</u>	<u>20,334</u>

(b) Related party balances

	2019 \$'000	2018 \$'000
(i) Due from related parties		
Proven Fund Managers Limited (Fund Manager)	-	20,000
Proven Wealth Limited (Broker)	<u>-</u>	<u>27,733</u>
	<u>-</u>	<u>47,733</u>
(ii) Due to related party		
Proven Fund Managers Limited	<u>1,086</u>	<u>253</u>

The balance represents unpaid management fees at period end.

	2019 \$'000	2018 \$'000
(iii) Cash and cash equivalents		
Proven Wealth Limited	<u>33,007</u>	<u>14,565</u>

The Portfolio has Reverse Repurchase Agreements (deposits) with its broker Proven Wealth Limited that have original maturities of three months or less. During the period, the Portfolio recorded \$290,000 (2018- \$704,000) interest income from the Reverse Repurchase Agreements.

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Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

8. Payables

	2019 \$'000	2018 \$'000
Other payables	716	508
Withholding tax payable	150	8
	<u>866</u>	<u>516</u>

9. Net Assets Attributable to Unitholders

	2019 Units	2018 Units
Movement of units issued		
Balance of units issued at the beginning of the period	401,249,052	-
Units issued during the period	577,079,948	406,522,421
Units redeemed during the period	<u>(76,635,246)</u>	<u>(5,273,369)</u>
Balance of units issued at the end of the period	<u>901,693,754</u>	<u>401,249,052</u>
	\$	\$
Net assets attributable to unitholders	929,774,000	412,431,000
Net asset value per unit	<u>1.031</u>	<u>1.028</u>