

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31ST DECEMBER, 2017

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INDEX TO UNAUDITED FINANCIAL STATEMENTS
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SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS OF 31ST DECEMBER, 2017
(expressed in United States Dollars)

<u>Assets</u>	<u>31-Dec-17</u>	<u>30-Sep-17</u>	<u>31-Dec-16</u>
Cash and cash equivalents	\$ 4,507,775	\$ 5,340,804	\$ 5,014,061
Financial assets at fair value through profit or loss	117,634,302	120,741,283	98,198,469
Securities purchased under resale agreements	26,848,417	20,709,645	14,677,129
Other receivables	<u>130,521</u>	<u>231,234</u>	<u>267,329</u>
Total assets	<u>\$ 149,121,015</u>	<u>\$ 147,022,966</u>	<u>\$ 118,156,988</u>
 <u>Equity</u>			
Share Capital	\$ 1,000	\$ 1,000	\$ 1,000
 <u>Liabilities</u>			
Due to related parties	\$ 597,022	\$ 576,141	\$ 474,293
Accrued payables	<u>88,863</u>	<u>97,091</u>	<u>154,651</u>
Total Liabilities (excluding net assets attributable to holders of investment shares)	<u>\$ 685,885</u>	<u>\$ 673,232</u>	<u>\$ 628,944</u>
 Net assets attributable to holders of investment shares	 <u>\$ 148,434,130</u>	 <u>\$ 146,348,734</u>	 <u>\$ 117,527,044</u>
 Value per investment share based on number of shares			
Class A shares issued and outstanding as at December 31, 2017 39,719,235 (September 2017: 39,012,202; December 2016: 32,168,294)	<u>\$ 3.7369</u>	<u>\$ 3.7512</u>	<u>\$ 3.6535</u>
Class I shares issued and outstanding as at December 31, 2017 1,217 (September 2017: 1,203; December 2016: 1,160)	<u>\$ 5.1184</u>	<u>\$ 5.1379</u>	<u>\$ 5.0077</u>

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

112-


Date: February 5, 2018

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED STATEMENT OF COMPREHENSIVE (LOSS) INCOME
FOR THE QUARTER ENDED 31ST DECEMBER, 2017
(expressed in United States dollars)

<u>Investment income</u>	<u>31-Dec-17</u>	<u>30-Sep-17</u>	<u>31-Dec-16</u>
Interest income	\$ 1,778,534	\$ 1,686,649	\$ 1,398,455
Other income	3,287	4,612	-
Net realised (loss) gain on financial assets through profit or loss	(125,870)	225	159,902
Net change in unrealised (loss) gain in financial assets at fair value through profit or loss	<u>(444,615)</u>	<u>1,878,159</u>	<u>(3,233,620)</u>
Net investment income (loss)	<u>\$ 1,211,336</u>	<u>\$ 3,569,645</u>	<u>\$ (1,675,263)</u>
<u>Expenses</u>			
Fund Manager fees	\$ (597,022)	\$ (576,142)	\$ (475,715)
Administrator fees	(184,843)	(150,049)	(151,648)
Custodian fees	(8,034)	(3,701)	(8,488)
Audit fees	(4,537)	(4,537)	(4,286)
Legal fees	(110)	(110)	(3,098)
Other expenses	<u>14,353</u>	<u>18,023</u>	<u>(19,999)</u>
Total operating expenses	<u>\$ (780,193)</u>	<u>\$ (716,516)</u>	<u>\$ (663,234)</u>
Operating profit (loss) before finance costs	<u>\$ 431,143</u>	<u>\$ 2,853,129</u>	<u>\$ (2,338,497)</u>
Dividends to holders of investment shares	<u>\$ (999,871)</u>	<u>\$ (953,999)</u>	<u>\$ (747,145)</u>
Total finance costs	<u>\$ (999,871)</u>	<u>\$ (953,999)</u>	<u>\$ (747,145)</u>
Net comprehensive (loss) income for the period	<u>\$ (568,728)</u>	<u>\$ 1,899,130</u>	<u>\$ (3,085,642)</u>

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED STATEMENT OF CHANGES IN NET ASSETS
FOR THE QUARTER ENDED 31ST DECEMBER, 2017
(expressed in United States dollars)

	<u>31-Dec-17</u>	<u>30-Sep-17</u>	<u>31-Dec-16</u>
Beginning Balance	\$ 146,348,734	\$ 139,261,760	\$ 124,656,093
Net comprehensive (loss) income for the period	(568,728)	1,899,130	(3,085,642)
Subscriptions	6,441,853	7,379,362	7,092,285
Reinvestments	853,838	817,582	643,139
Redemptions	<u>(4,641,567)</u>	<u>(3,009,100)</u>	<u>(11,778,831)</u>
Ending Balance	<u>\$ 148,434,130</u>	<u>\$ 146,348,734</u>	<u>\$ 117,527,044</u>

SCOTIA CARIBBEAN INCOME FUND INC.
UNAUDITED NOTES TO FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31ST DECEMBER, 2017

1. General

Scotia Caribbean Income Fund Inc. (the "Fund") was incorporated on March 29, 2006 in Saint Lucia. The Fund is also licensed under the Saint Lucia International Mutual Fund Act as a public international mutual fund. On November 27, 2006 and on January 11, 2007; the Fund was registered under the Companies Act of Jamaica and Trinidad and Tobago, respectively. The Fund is registered under the Trinidad and Tobago Securities & Exchange Commission (SEC) as a reporting issuer. On September 7, 2009, the Fund was registered under the Companies Law of the Cayman Islands and on September 17, 2009, the Fund was registered under the Mutual Funds Law of the Cayman Islands.

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

The Fund's investment objective is to provide a regular stream of income and modest capital gains by investing primarily in US dollar denominated fixed income securities issued or guaranteed by governments or government sponsored agencies of a country in the Caribbean region, as well as money market and longer term fixed income securities issued by non-government issuers in accordance with the Investment Policy below. The Fund may also invest in other income generating securities, which may include dividend paying shares.

The investment activities of the Fund are managed by Scotia Asset Management (St. Lucia) Inc. (the "Fund Manager"). The custodian activities are performed by State Street Bank and Trust Company Ltd (the "Custodian"), which is an independent entity and is not a related party to the Fund Administrator or the Fund Manager. The Fund administrator is ADCO Inc. (the "Fund Administrator"), a company incorporated in Saint Lucia. The Fund Administrator has appointed State Street Cayman Trust Company Ltd., a trust company duly organised under the laws of the Cayman Islands as Fund Sub-Administrator. The Fund has no employees.

2. Significant accounting policies

These statements are prepared using the International Accounting Standards. Security transactions are accounted for on a trade date basis. Realized gains and losses on the sales of portfolio securities are calculated on an average cost basis. Interest is recorded on an accrual basis and dividend income is recognized on the ex-dividend date.