

**SCOTIA CARIBBEAN INCOME FUND INC.**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30TH SEPTEMBER, 2018**

**SCOTIA CARIBBEAN INCOME FUND INC.**  
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**FOR THE QUARTER ENDED 30TH SEPTEMBER, 2018**

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**SCOTIA CARIBBEAN INCOME FUND INC.**

**UNAUDITED STATEMENT OF FINANCIAL POSITION**

**AS OF 30TH SEPTEMBER, 2018**

**(expressed in United States dollars)**

<b><u>Assets</u></b>	<b><u>30-Sep-18</u></b>	<b><u>30-Jun-18</u></b>	<b><u>30-Sep-17</u></b>
Cash and cash equivalents	\$ 4,382,330	\$ 1,593,988	\$ 5,340,804
Financial assets at fair value through profit or loss	124,756,853	125,071,005	120,741,283
Securities purchased under resale agreements	29,561,210	29,422,471	20,709,645
Other receivables	61,780	23,900	231,234
<b>Total assets</b>	<b>\$ 158,762,173</b>	<b>\$ 156,111,364</b>	<b>\$ 147,022,966</b>
<b><u>Equity</u></b>			
Share Capital	\$ 1,000	\$ 1,000	\$ 1,000
<b><u>Liabilities</u></b>			
Balance due to broker	\$ 2,000,000	\$ -	\$ -
Redemptions payable	846,150	58,504	2,544
Due to related parties	628,566	623,591	576,141
Accrued expenses	73,609	82,070	78,528
Withholding taxes payable	3,502	5,397	16,019
<b>Total Liabilities (excluding net assets attributable to holders of investment shares)</b>	<b>\$ 3,551,827</b>	<b>\$ 769,562</b>	<b>\$ 673,232</b>
<b>Net assets attributable to holders of investment shares</b>	<b>\$ 155,209,346</b>	<b>\$ 155,340,802</b>	<b>\$ 146,348,734</b>
Value per investment share based on number of shares			.
Class A shares issued and outstanding as at September 30, 2018 42,851,973 (June 2018: 42,703,558; September 2017: 39,012,202)	\$ 3.6218	\$ 3.6375	\$ 3.7512
Class I shares issued and outstanding as at September 30, 2018 1,258 (June 2018: 1,244; September 2017: 1,203)	\$ 4.9588	\$ 4.9802	\$ 5.1379

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

Lissant Mitchell  
Lissant Mitchell  
Director

Hugh Miller  
Hugh Miller  
Director

Date : November 12, 2018

**SCOTIA CARIBBEAN INCOME FUND INC.**  
**UNAUDITED STATEMENT OF COMPREHENSIVE (LOSS) INCOME**  
**FOR THE QUARTER ENDED 30TH SEPTEMBER, 2018**  
**(expressed in United States dollars)**

<b><u>Investment income</u></b>	<b><u>30-Sep-18</u></b>	<b><u>30-Jun-18</u></b>	<b><u>30-Sep-17</u></b>
Interest income	\$ 1,790,838	\$ 1,803,742	\$ 1,686,649
Other income	1,220	4,900	4,612
Net realised gain on financial assets through profit or loss	155,706	897	225
Net change in unrealised (loss)/gain in financial assets at fair value through profit or loss	<u>(838,413)</u>	<u>(3,271,767)</u>	<u>1,878,159</u>
<b>Net investment income (loss)</b>	<b><u>\$ 1,109,351</u></b>	<b><u>\$ (1,462,228)</u></b>	<b><u>\$ 3,569,645</u></b>
<b><u>Expenses</u></b>			
Management fees	\$ (628,566)	\$ (623,591)	\$ (576,142)
Trailer fees	(147,320)	(146,154)	(135,033)
Custodian & Administrator fees	(48,897)	(52,816)	(18,717)
Professional fees	(5,952)	(4,603)	(4,647)
Other expenses	<u>(480)</u>	<u>(10,061)</u>	<u>18,023</u>
<b>Total operating expenses</b>	<b><u>\$ (831,215)</u></b>	<b><u>\$ (837,225)</u></b>	<b><u>\$ (716,516)</u></b>
<b>Operating profit (loss) before finance costs</b>	<b><u>\$ 278,136</u></b>	<b><u>\$ (2,299,453)</u></b>	<b><u>\$ 2,853,129</u></b>
<b>Finance costs</b>			
Dividends to holders of investment shares	<u>\$ (949,803)</u>	<u>\$ (974,423)</u>	<u>\$ (953,999)</u>
<b>Total finance costs</b>	<b><u>\$ (949,803)</u></b>	<b><u>\$ (974,423)</u></b>	<b><u>\$ (953,999)</u></b>
<b>Net comprehensive (loss) income for the period</b>	<b><u><u>\$ (671,667)</u></u></b>	<b><u><u>\$ (3,273,876)</u></u></b>	<b><u><u>\$ 1,899,130</u></u></b>

**SCOTIA CARIBBEAN INCOME FUND INC.**  
**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE QUARTER ENDED 30TH SEPTEMBER, 2018**  
**(expressed in United States dollars)**

	<b><u>30-Sep-18</u></b>	<b><u>30-Jun-18</u></b>	<b><u>30-Sep-17</u></b>
Beginning Balance	\$ 155,340,802	\$ 157,206,802	\$ 139,261,760
Net comprehensive (loss) income for the period	(671,667)	(3,273,876)	1,899,130
Subscriptions	4,132,383	4,976,275	7,379,362
Reinvestments	811,627	839,522	817,582
Redemptions	<u>(4,403,799)</u>	<u>(4,407,921)</u>	<u>(3,009,100)</u>
<b>Ending Balance</b>	<b><u>\$ 155,209,346</u></b>	<b><u>\$ 155,340,802</u></b>	<b><u>\$ 146,348,734</u></b>

**SCOTIA CARIBBEAN INCOME FUND INC.**  
**UNAUDITED STATEMENT OF CASH FLOWS**  
**FOR THE QUARTER ENDED 30TH SEPTEMBER, 2018**  
**(expressed in United States dollars)**

	<u>30-Sep-18</u>	<u>30-Jun-18</u>	<u>30-Sep-17</u>
<b>Cash flows from operating activities</b>			
(Decrease)/increase in net assets attributable to holders of investment shares after income tax	\$ (671,667)	\$ (3,273,876)	\$ 1,899,130
<b>Adjustments for:</b>			
Dividends paid to holders of investment shares	949,803	974,423	953,999
Net realized (gain) on financial assets at fair value through profit or loss	(155,706)	(897)	(225)
Net change in unrealized loss/(gain) on financial assets at fair value through profit or loss	838,413	3,271,767	(1,878,159)
	<u>960,843</u>	<u>971,417</u>	<u>974,745</u>
Interest received	2,876,139	485,987	2,176,245
Interest paid	(1,792,058)	(1,808,642)	(1,691,261)
Proceeds from sale of investments	6,931,866	8,333	560,787
Purchase of investments	(9,052,168)	(2,970,216)	(5,987,049)
Net non-interest payments for purchase and resale agreements	528,927	2,311,710	2,947,361
(Increase)/Decrease in other receivables	(37,880)	725,770	831,164
Increase/(Decrease) in balance due to brokers	2,000,000	(4,440,682)	-
Increase in due to related parties	4,975	27,464	36,665
(Decrease)/Increase in accrued payables	(8,461)	7,290	(47,649)
(Decrease)/Increase in withholding taxes payable	(1,895)	4,442	(19,038)
<b>Net cash provided by (used in) operating activities</b>	<u>2,410,288</u>	<u>(4,677,127)</u>	<u>(218,030)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of investment shares	4,132,383	4,976,275	7,379,362
Proceeds from reinvested investment shares	811,627	839,522	817,582
Payments on redemption of investment shares	(3,616,153)	(4,814,297)	(3,010,856)
Dividends paid to holders of investment shares	(949,803)	(974,423)	(953,999)
<b>Net cash from financing activities</b>	<u>378,054</u>	<u>27,077</u>	<u>4,232,089</u>
<b>Net increase/(decrease)in cash and cash equivalents</b>	2,788,342	(4,650,050)	4,014,059
Cash and cash equivalents at beginning of period	<u>1,593,988</u>	<u>6,244,038</u>	<u>1,326,745</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 4,382,330</u>	<u>\$ 1,593,988</u>	<u>\$ 5,340,804</u>

**SCOTIA CARIBBEAN INCOME FUND INC.**  
**UNAUDITED NOTES TO FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30TH SEPTEMBER, 2018**

**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.