

Financial Statements of

ROYTRIN US DOLLAR INCOME FUND

December 31, 2020

(Expressed in United States dollars)

ROYTRIN US DOLLAR INCOME FUND

December 31, 2020

Contents	Page
Statement of Trustee's Responsibilities	1
Independent Auditors' Report	2 - 5
Statement of Financial Position	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Changes in Net Assets Attributable to Unitholders	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 38

**Statement of Trustee’s Responsibilities
Roytrin US Dollar Income Fund**


The Trustee is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Roytrin US Dollar Income Fund (the Fund), which comprise the statement of financial position as at December 31, 2020, the statements of profit or loss and other 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;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Fund’s assets, detection/prevention of fraud and the achievement of operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, to which the Fund is subject, but not limited to the Fund’s governing documentation; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these financial statements, the Trustee utilised 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. Where 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.

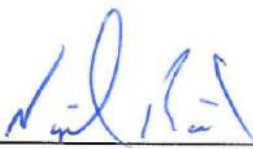
The Trustee affirms that it has carried out its responsibilities as outlined above.



Trustee

Date: April 30, 2021

RBC TRUST
(TRINIDAD & TOBAGO) LIMITED



Trustee

Date: April 30, 2021

RBC TRUST
(TRINIDAD & TOBAGO) LIMITED



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**Independent Auditors' Report
To the Trustee of Roytrin US Dollar Income Fund**

Opinion

We have audited the financial statements of Roytrin US Dollar Income Fund ("the Fund"), which comprise the statement of financial position as at December 31, 2020, the statements of profit or loss and other comprehensive income, changes in net assets attributable to unitholders and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2020, and 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with these requirements and with the IESBA Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matters (continued)

Valuation, completeness and existence of investment securities - quoted

Refer to Note 2 (e) “Significant Accounting Policies: Investment Securities”, Note 5 “Investment Securities” and Note 13 “Fair Value of Financial Instruments”.

Description of the key audit matter	How the matter was addressed in our audit
<p>The Fund’s quoted investment portfolio makes up 79% of total assets and is considered to be the key driver of the Fund’s capital and revenue performance. We do not consider these investments to be at high risk of significant misstatement, or to be subject to a significant level of judgment, because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered of most significance in the audit of the financial statements.</p>	<p>Our procedures over the completeness, existence and valuation of the Fund’s investment portfolio included, but were not limited to:</p> <ul style="list-style-type: none"> • documenting and assessing the design and implementation of the investment valuation processes and controls in place; • agreeing the valuation of 100% of the quoted investment portfolio to externally quoted prices; • obtaining external confirmation of the investment portfolio and agreeing it to the schedule of investments held at year end; <p>No material exceptions were noted as part of our testing.</p>

Valuation, completeness and existence of investment securities - unquoted

Refer to Note 2 (e) “Significant Accounting Policies: Investment Securities”, Note 5 “Investment Securities” and Note 13 “Fair Value of Financial Instruments”.

Description of the key audit matter	How the matter was addressed in our audit
<p>12% of Fund’s total assets consists of investments for which no quoted market price is available. Unquoted investments are measured at fair value, which is established by using observable measurements of value such as prices of recent orderly transactions and net assets. There is significant risk relating to the valuation of these investments given the judgmental nature of the matters that require consideration by the investment manager and Valuation Committee.</p>	<p>Our procedures over the completeness, existence and valuation of the Fund’s investment portfolio included, but were not limited to:</p>



Key Audit Matters (continued)

Valuation, completeness and existence of investment securities – unquoted
(continued)

Description of the key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none">• documenting and assessing the design and implementation of the investment valuation processes and controls in place;• assessing the fair value of the less liquid investments through the use of our own valuation specialist to independently test the valuation model and assess the appropriateness of the valuation by management, such as discount factors as well as utilized key underlying financial data inputs to external sources, as applicable;• obtaining external confirmation of the investment portfolio and agreeing it to the schedule of investments held at year end; <p>No material exceptions were noted as part of our testing.</p>



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

The Trustee, being those charged with the governance of the Fund, 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 the Trustee.



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

- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Marissa Quashie.

Chartered Accountants

Port of Spain
Trinidad and Tobago
April 30, 2021

ROYTRIN US DOLLAR INCOME FUND

Statement of Financial Position

December 31, 2020

(Expressed in United States dollars)

	Notes	2020 \$	*Restated 2019 \$	*Restated 2018 \$
ASSETS				
Investment securities	5	267,714,873	288,078,722	278,954,271
Interest income receivable		3,240,487	3,356,356	3,602,867
Other receivables		566,694	8,457	35,299
Cash and cash equivalents	10	21,726,784	15,757,421	11,421,318
Total assets		<u>293,248,838</u>	<u>307,200,956</u>	<u>294,013,755</u>
LIABILITIES				
Distributions payable		18,429	14,858	19,456
Management fees payables	10	48,971	120,082	81,746
Other payables		898,896	307,879	325,875
Total liabilities		<u>966,296</u>	<u>442,819</u>	<u>427,077</u>
Net assets		<u>292,282,542</u>	<u>306,758,137</u>	<u>293,586,678</u>
Net assets attributable to unitholders		<u>292,282,542</u>	<u>306,758,137</u>	<u>293,586,678</u>
Number of participating units	6	<u>10,176,082</u>	<u>11,322,113</u>	<u>11,902,247</u>
Net asset value per unit		<u>28.723</u>	<u>27.094</u>	<u>24.666</u>

*The comparative information is restated on account of a change in classifications. See Note 2(n).

The notes on pages 10 to 38 are an integral part of these financial statements.

On April 30, 2021, the Trustee of the Roytrin US Dollar Income Fund authorised these financial statements for issue.

 Trustee

RBC TRUST
(TRINIDAD & TOBAGO) LIMITED

 Trustee

RBC TRUST
(TRINIDAD & TOBAGO) LIMITED

ROYTRIN US DOLLAR INCOME FUND

Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2020
(Expressed in United States dollars)

	Notes	2020	2019
		\$	\$
Income			
Net income from financial instruments at FVTPL	9	<u>26,752,396</u>	<u>39,206,043</u>
Expenses			
Management fees	7	(5,888,775)	(6,147,244)
Other administrative expenses		<u>(8,599)</u>	<u>(11,413)</u>
Total expenses		<u>(5,897,374)</u>	<u>(6,158,657)</u>
Net income for the year		<u>20,855,022</u>	<u>33,047,386</u>

The notes on pages 10 to 38 are an integral part of these financial statements.

ROYTRIN US DOLLAR INCOME FUND

Statement of Changes in Net Assets Attributable to Unitholders

Year ended December 31, 2020
(Expressed in United States Dollars)

	2020	2019
	\$	\$
Balance as at January 1	<u>306,758,137</u>	<u>293,586,678</u>
Increase in net assets attributable to unitholders	20,855,022	33,047,386
Distributions paid to unitholders	(5,501,881)	(4,534,030)
Subscriptions	27,051,962	31,780,304
Redemptions	<u>(56,880,698)</u>	<u>(47,122,201)</u>
Balance as at December 31	<u><u>292,282,542</u></u>	<u><u>306,758,1</u></u>

The notes on pages 10 to 38 are an integral part of these financial statements.

ROYTRIN US DOLLAR INCOME FUND

Statement of Cash Flows

Year ended December 31, 2020

(Expressed in United States Dollars)

	Notes	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		20,855,022	33,047,386
Adjustments:			
Net unrealised loss on revaluation of investment securities	9	(14,722,649)	(27,158,302)
Net realised (gain) loss on disposal of investment securities		<u>(26,217)</u>	<u>560,203</u>
Net income before working capital changes		6,106,156	6,449,287
Changes in:			
- Interest income and other receivables		(442,368)	273,353
- Liabilities		523,478	15,742
Purchase of investments securities		(47,741,105)	(107,479,096)
Proceeds from disposal of investment securities		<u>82,853,819</u>	<u>124,952,744</u>
Net cash from operating activities		<u>41,299,980</u>	<u>24,212,030</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
*Subscriptions received		21,550,081	27,246,274
Redemptions		<u>(56,880,698)</u>	<u>(47,122,201)</u>
Net cash used in financing activities		<u>(35,330,617)</u>	<u>(19,875,927)</u>
Net increase in cash and cash equivalents		5,969,363	4,336,103
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>15,757,421</u>	<u>11,421,318</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>21,726,784</u>	<u>15,757,421</u>
New subscriptions and distributions re-invested		27,051,962	31,780,304
Distributions paid and re-invested		<u>(5,501,881)</u>	<u>(4,534,030)</u>
*Subscriptions received		<u>21,550,081</u>	<u>27,246,274</u>

The notes on pages 10 to 38 are an integral part of these financial statements.

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

1. Description of the Fund

The following brief description of the Roytrin US Dollar Income Fund (the Fund) is provided for general information purposes only. Reference should be made to the Trust Deed and rules of the Fund for more complete information.

General

The Fund is an open-ended fund registered in Trinidad and Tobago and was established by RBC Royal Bank (Trinidad and Tobago) Limited (the Bank), under a Trust Deed dated 1 May 2001. The principal activity of the Fund is to provide investors having similar investment objectives the opportunity to access professional investment management in achieving maximum income returns, minimization of risk and reasonable safety of capital. The Trustee of the Fund is RBC Trust (Trinidad and Tobago) Limited and the Investment Manager is RBC Investment Management (Caribbean) Limited.

Subscriptions

Subscriptions to the Fund are made by investors at a price per unit (subscription price) based on the net asset value per unit. Units may be subscribed at a minimum value of US\$100 and US\$25 thereafter.

Distributions

The net income and net realised capital gains of the Fund are allocated and distributed to the investors monthly at the discretion of the Investment Manager. Investors have the option to either receive a cash distribution, or to reinvest income distributions into units at the prevailing subscription price as at the date of distribution. All distributions will, in the absence of instructions from the investor to the contrary, be reinvested in additional units of the Fund at the net asset value calculated on the date of distribution.

Redemptions

Units are redeemed without charge at a price per unit (bid price) based on the net asset value per unit at the date of receipt of the request for redemption. Units may be redeemed in cash up to a limit of US\$50,000 or one percent of the net asset value of the Fund, whichever is lower, during any ninety-day period for any one investor. Should a redemption request exceed this limit, units in excess may at the discretion of the Trustee be redeemed in specie in proportion to the underlying assets.

Taxation

Distributions paid to resident unit holders are not subject to tax. For distributions paid to non-resident unit holders, tax on interest income is withheld at the rates applicable to the country in which the unit holders reside.

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

2. 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 years presented, unless otherwise stated.

a. Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

b. Use of judgements and estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Trustee to exercise their judgment in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

c. Basis of measurement

These financial statements have been prepared on a historical cost basis except for Investment Securities at fair value through profit or loss (FVTPL), that have been measured at fair value.

d. Foreign currency transactions

(i) Functional and presentation currency

These financial statements are presented in United States dollars which is the Fund's functional and presentational currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss. IFRS allows net foreign exchange gains/losses to be netted with realised gains/losses shown separately.

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

2. Significant Accounting Policies (continued)

e. Investment securities

The Fund classifies its investment securities as fair value through profit or loss (FVTPL). Management determines the classification of its investment securities at initial recognition.

Fair value through profit or loss investment securities

Fair value through profit or loss investments are those investment securities intended to be traded on a periodic basis to maximize capital gains.

(i) Recognition, initial and subsequent measurement

Fair value through profit or loss investment securities are initially recognised at cost and are subsequently remeasured at fair value based on quoted market prices where available or discounted cash flow models. Unrealised gains and losses arising from changes in the fair value of investment securities classified as fair value through profit or loss are recognised in profit or loss. Refer to Note 9.

(ii) Classification

On initial recognition, the Fund classifies financial assets at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI).

All other financial assets of the Fund are measured at FVTPL.

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

2. Significant Accounting Policies (continued)

e. Investment securities (continued)

(ii) Classification (continued)

Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

2. Significant Accounting Policies (continued)

e. *Investment securities* (continued)

(ii) *Classification* (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund has determined that it has two business models.

- *Held-to-collect business model*: this includes cash and cash equivalents, interest income receivable and other receivables. These financial assets are held to collect contractual cash flow.
- *Other business model*: this includes debt securities and equity investments. These financial assets are managed and their performance is evaluated on a fair value basis, with frequent sales taking place.

(iii) *Fair value estimation*

The fair values of quoted investments in active markets are based on current bid prices. For unlisted securities and those where the market is not active, the Fund establishes fair value by using valuation techniques.

These include the use of recent arm's length transactions, discounted cash flow analysis, pricing models and other valuation techniques commonly used by market participants.

All purchases and sales of investment securities are recognised on the trade date.

(iv) *Derecognition*

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

2. Significant Accounting Policies (continued)

e. Investment securities (continued)

(iv) Derecognition (continued)

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

When the Fund enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

2. Significant Accounting Policies (continued)

f. Impairment of financial assets

The Fund utilizes the expected credit loss (ECL) model to determine impairment of financial assets which are classified as debt instruments at FVOCI and financial instruments that are not measured a FVTPL, for these financial instrument's lifetime ECLs are recognised.

Objective evidence that an investment security is impaired includes observable data that comes to the attention of the Fund about the following loss events:

- (i) significant financial difficulty of the issuer or debtor;
- (ii) a breach of contract, such as default or delinquency in payments;
- (iii) it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- (iv) the disappearance of an active market for that financial asset because of financial difficulties;
- (v) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of individual assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - adverse changes in the payment status of issuers or debtors in the group; or
 - national or local economic conditions that correlate with defaults on assets in the group.

g. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits with banks and short term investments with original maturities of less than three months at the time of acquisition.

h. Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

2. Significant Accounting Policies (continued)

i. Net assets attributable to unitholders

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The fund has only class of redeemable units in issue and on liquidation of the Fund, they entitle the holders to the residual net assets, after repayment of all debts, liabilities, fees or commissions outstanding. All units rank pari passu in all respects and have identical terms and conditions. The redeemable units provide unitholders with the right to require redemption for cash at a value proportionate to the unitholder's share in the Fund's net assets at each redemption date, subject to certain restrictions as outlined in Note 1, and also in the event of the Fund's liquidation.

A puttable financial instrument that includes a contractual obligation for the Fund to repurchase or redeem that instruments for cash or another financial asset is classified as equity if it meets all of the following conditions:

- It entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- It is in the class of instruments that is subordinate to all other classes of instruments;
- All financial instruments are in the class of instruments that is subordinate to all other classes of instruments have identical features;
- Apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- The total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

The Fund's redeemable shares meet these conditions and are classified as equity.

j. Net income from financial instrument at FVTPL

Net income from financial instrument at FVTPL includes all realised and unrealised fair value changes, foreign exchange differences and interest and dividend income.

k. Expenses

Expenses are accounted for on the accrual basis.

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

2. Significant Accounting Policies (continued)

l. Subscriptions and redemptions

Subscriptions and redemptions are recorded when the subscription and redemption is incurred.

m. Income tax

Under the current system of taxation in Trinidad and Tobago, the Fund is exempt from paying income taxes.

However, some dividend and interest income received by the Fund is subject to withholding tax imposed in certain countries of origin. Income that is subject to such tax is recognised gross of the taxes and the corresponding withholding tax is recognised as tax expense.

The Fund has determined that interest and penalties related to income taxes do not meet the definition of an income tax. They are therefore accounted for under IAS 37, *Provision, Contingent Liabilities and Contingent Assets*.

n. Comparative

During 2020, the Fund corrected a prior period error by restating the prior period comparatives as a result of the classification of Net assets attributable to unitholders as a financial liability rather than as equity (See Note 2(i)). Prior to restatement, distributions were shown in statement of profit or loss and after restatement it is shown within the statements of changes in net assets attributable to unitholders. Comparative amounts in the statements of financial and changes in net assets attributable to unitholders were reclassified for consistency.

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

2. Significant Accounting Policies (continued)

n. Comparatives (continued)

Statement of financial position reclassification

	<u>2019</u>	<u>Adjustment</u>	<u>2019 restated</u>
	\$	\$	\$
Net assets attributable to unit holders – Liability	306,758,137	(306,758,137)	-
Net assets attributable to unit holders – Equity	-	306,758,137	306,758,137
	<u>306,758,137</u>	<u>-</u>	<u>306,758,137</u>

Statement of Changes in Net Assets Attributable to Unitholders:

	<u>2019</u>	<u>Adjustment</u>	<u>2019 restated</u>
	\$	\$	\$
Increase in net assets attributable to Unit holders	28,513,356	4,534,030	33,047,386
Distributions	-	(4,534,030)	(4,534,030)
	<u>28,513,356</u>	<u>-</u>	<u>28,513,356</u>

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

3. New and Revised International Financial Reporting Standards (IFRS)

a. New and amended standards adopted by the Fund

There has not been any standard adopted by the Fund for the first time for the financial year beginning on or after January 1, 2020.

b. New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2020, and earlier application is permitted; however, the Fund has not early adopted these new or amended standards in preparing these financial statements. None of these are expected to have a material impact on the Fund's financial statements.

4. Critical Accounting Estimates and Judgments in Applying Accounting Principles

Determination of fair value of unquoted financial assets

The fair values of financial assets that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates.

	<u>2020</u>	<u>2019</u>
	\$	\$
5. Investment Securities		
Government debt securities	56,192,588	59,615,513
Corporate debt securities	174,819,977	204,925,972
Total quoted investment securities	<u>232,012,565</u>	<u>264,541,585</u>
Government debt securities	24,690,041	13,412,516
Corporate debt securities	9,912,267	4,624,621
Short term investments	2,100,000	5,500,000
Total unquoted investment securities	<u>36,702,308</u>	<u>23,537,137</u>
Total investment securities	<u>267,714,873</u>	<u>288,078,722</u>

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

	<u>2020</u>	<u>2019</u>
	No.	No.
6. Number of Participating Units		
Units outstanding at beginning of the year	11,322,113	11,902,247
Subscriptions	985,183	1,209,157
Redemptions	<u>(2,131,214)</u>	<u>(1,789,291)</u>
Units outstanding at the end of the year	<u>10,176,082</u>	<u>11,322,113</u>

7. Management Fees

In accordance with the rules of the Trust Deed, management fees are paid to the Trustee at a rate of up to 2% of the average net assets of the Fund calculated on a daily basis.

8. Total Annual Return

Total annual return represents capital appreciation during the period. Returns without the reinvestment option is calculated as the change in the net asset value during the period by adjusting the net asset value per unit if no reinvestments were made. Returns with the reinvestment option is calculated as the change in the net asset value during the period.

	<u>2020</u>	<u>2019</u>
	%	%
Actual rate of return without the reinvestment option <i>(See Note 1 – Distributions)</i>	<u>7.74</u>	<u>1.62</u>
Actual rate of return with the reinvestment option <i>(See Note 1 – Distributions)</i>	<u>7.84</u>	<u>1.71</u>

9. Net Income from Financial Instruments at FVTPL

All the gains below represent income from debt securities

	<u>2020</u>	<u>2019</u>
	\$	\$
Realised	12,569,748	12,047,741
Unrealised	<u>14,182,650</u>	<u>27,158,302</u>
	<u>26,752,396</u>	<u>39,206,043</u>

The realised gain/loss from financial instruments at FVTPL represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price. Realised gains/losses also includes interest and dividend income.

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

9. Net Income from Financial Instruments at FVTPL (continued)

The unrealised gain/loss represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and the carrying amount at the current reporting period.

10. Related Party Transactions

A party is related to the Fund if:

- (a) The party is a subsidiary or an associate of the Fund;
- (b) The party is, directly or indirectly, either under common control or subject to significant influence with the Fund, or has significant influence over or joint control of the Fund.
- (c) The party is a close family member of a person who is part of key management personnel or who controls the Fund;
- (d) The party is controlled or significantly influenced by a member of key management personnel or by a person who controls the Fund;
- (e) The party is a joint venture in which the Fund is a venture partner;
- (f) The party is a member of the Fund's or its Trustee's key management personnel;
- (g) The party is a post-employment benefit plan for Fund's employees.
- (h) The party, or any member of a group of which it is a part, provides key management personnel services to the Fund.

The related party balances and transactions are as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Cash and cash equivalents	<u>21,726,784</u>	<u>15,757,421</u>
Net assets attributable to unitholders	<u>11,704,997</u>	<u>20,017,331</u>
Management fees charged	<u>5,888,775</u>	<u>6,147,244</u>
Management fees payable	<u>48,971</u>	<u>120,082</u>
Distributions to unitholders	<u>216,272</u>	<u>251,534</u>

In the normal course of business, the Fund maintains account relationships with various affiliated parties in accordance with established commercial practice.

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

11. Financial Risk Management

Financial Instruments

Financial assets include investment securities, interest income receivable, other receivables and cash and cash equivalents.

Financial liabilities include management fees payable, distributions payable and other payables.

a. Risk management

The Fund's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risk. Taking risk is core to the financial business and operational risks are an inevitable consequence of being in business. The Trustee's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects in the Fund's financial performance by focusing on the unpredictability of financial markets.

The Trustee's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls and to monitor the risks and adherence to limits by means of reliable and up to date information systems.

The most important types of risks to the Fund are liquidity risk, market risk, and credit risk. Market risks include currency risk, interest rate risk and other price risk.

While the Trustee is ultimately responsible for identifying and controlling risks, there are separate independent bodies responsible for managing and monitoring risks as follows:

Board of Directors of the Bank

The Board of Directors of the Trustee has overall responsibility and oversight for corporate governance and specifically, approval of the investment policy and limits of authority. The Board of Directors has delegated authority to the Investment Committee and the Sub-Investment Committee as appropriate.

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

11. Financial Risk Management (continued)

a. Risk management (continued)

Investment Policy Committee

The Investment Policy Committee is the body responsible for approving all Statements of Investment Policy (SIP) and reviewing compliance with same. The Investment Policy Committee meets on a quarterly basis to review and ratify any changes to the SIP.

Investment Strategy Committee

The Investment Strategy Committee is engaged in providing guidance to the Investment Manager relative to economic and capital markets. In this regard, input would include economic data, foreign currency perspectives, local, regional and international equity and fixed income information. From this body of information, the Committee shall distil its views with respect to an assessment of global fiscal and monetary conditions, projected economic growth, inflation, direction of interest rates, major currencies and stock prices.

Excessive Risk Concentration

In order to avoid an excessive concentration of risk, the Fund's investment policy and risk management procedures include specific guidelines to ensure the maintenance of a diversified portfolio.

The Investment Manager is mandated within prescribed limits to manage excessive concentration risk when it arises.

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

11. Financial Risk Management (continued)

b. Classification of financial assets and financial liabilities

The table below sets out the classifications of the carrying amounts of the Fund's financial assets and financial liabilities into the categories of financial instruments.

	2020			
	Mandatorily at FVTPL	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	-	21,726,784	-	21,726,784
Investment securities	267,714,873	-	-	267,714,873
Interest income receivable	-	3,240,487	-	3,240,487
Other receivables	-	566,694	-	566,694
Total financial assets	<u>267,714,873</u>	<u>25,533,965</u>	-	<u>293,248,838</u>
Financial liabilities				
Distributions payable	-	-	18,429	18,429
Management fees payable	-	-	48,971	48,971
Other payables	-	-	898,896	898,896
Total financial liabilities	<u>-</u>	<u>-</u>	<u>966,296</u>	<u>966,269</u>

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

11. Financial Risk Management (continued)

b. Classification of financial assets and financial liabilities (continued)

	2019 Restated*			
	Mandatorily at FYTPL	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	-	15,757,421	-	15,757,421
Investment securities	288,078,722	-	-	288,078,722
Interest income receivable	-	3,356,356	-	3,356,356
Other receivable	-	8,457	-	8,457
Total financial assets	<u>288,078,722</u>	<u>19,122,234</u>	-	<u>307,200,956</u>
Financial liabilities				
Distributions payable	-	-	14,858	14,858
Management fees payable	-	-	120,082	120,082
Other payables	-	-	307,879	307,879
Total financial liabilities	-	-	<u>442,819</u>	<u>442,819</u>

c. Liquidity risk

The Fund is exposed to daily cash redemptions of units. At least 5% of the investment portfolio is usually held in short-term instruments that can be quickly converted to cash. The Fund also has the ability to borrow in the short term to ensure settlement, however no such borrowing occurred during the year. The Trust Deed also permits the Fund to settle in specie in proportion to the underlying assets, if the redemptions of a unit holder are in excess of 1% of the Fund.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis with the Investment Policy Committee performing a quarterly review.

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

11. Financial Risk Management (continued)

c. Liquidity risk (continued)

The table below analyses the fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	2020				
	Carrying Value	Contractual Cash Flows			Over 5 Years
		Total	Up to 1 Year	1 – 5 Years	
\$	\$	\$	\$	\$	
Financial liabilities					
Distributions payable	18,429	18,429	18,429	-	-
Management fees payable	48,971	48,971	48,971	-	-
Other payables	898,896	898,896	898,896	-	-
Total financial liabilities	<u>966,296</u>	<u>966,296</u>	<u>966,296</u>	<u>-</u>	<u>-</u>

	2019 Restated*				
	Carrying Amount	Contractual Cash Flows			Over 5 Years
		Total	Up to 1 Year	1 – 5 Years	
\$	\$	\$	\$	\$	
Financial liabilities					
Distributions payable	14,858	14,858	14,858	-	-
Management fees payable	120,082	120,082	120,082	-	-
Other payables	307,879	307,879	307,879	-	-
Total financial liabilities	<u>442,819</u>	<u>442,819</u>	<u>442,819</u>	<u>-</u>	<u>-</u>

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

11. Financial Risk Management (continued)

d. Market price risk

Market 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 trade in the market. The Fund is not exposed to equity securities risk.

The Investment Manager moderates this risk through a careful selection of securities and other financial instruments within specified limits. The Fund's overall market positions are reviewed on a quarterly basis by the Investment Policy Committee.

e. Interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund takes on exposure to the effects of fluctuations in prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Investment Policy sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored on a quarterly basis by the Investment Policy Committee.

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

11. Financial Risk Management (continued)

e. Interest rate risk (continued)

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

	2020				
	Up to 1 Year	1-5 Years	Over 5 Years	Non- Interest Bearing	Total
	\$	\$	\$	\$	\$
Financial assets					
Investment securities					
- FVTPL	3,713,222	56,184,862	207,816,789	-	267,714,873
Interest income receivable	-	-	-	3,240,487	3,240,487
Other receivables	-	-	-	566,694	566,694
Cash and cash equivalents	21,726,784	-	-	-	21,726,784
Total financial assets	<u>25,440,006</u>	<u>56,184,862</u>	<u>207,816,789</u>	<u>3,807,181</u>	<u>293,248,838</u>
Financial liabilities					
Distributions payable	-	-	-	18,429	18,429
Management fees payables	-	-	-	48,971	48,971
Other payables	-	-	-	898,896	898,896
Total financial liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>966,296</u>	<u>966,296</u>

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

11. Financial Risk Management (continued)

e. Interest rate risk (continued)

	2019 Restated*				
	Up to	1-5	Over 5	Non-	Total
	1 Year	Years	Years	Interest	
	\$	\$	\$	Bearing	\$
				\$	
Financial assets					
Investment securities					
- FVTPL	7,198,206	94,374,668	186,505,848	-	288,078,722
Interest income					
receivable	-	-	-	3,356,356	3,356,356
Other receivables	-	-	-	8,457	8,457
Cash and cash					
equivalents	15,757,421	-	-	-	15,757,421
Total					
financial assets	<u>22,955,627</u>	<u>94,374,668</u>	<u>186,505,848</u>	<u>3,364,813</u>	<u>307,200,956</u>
Financial liabilities					
Distributions payable	-	-	-	14,858	14,858
Management					
fees payables	-	-	-	120,082	120,082
Other payables	-	-	-	307,879	307,879
Total					
financial liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>442,819</u>	<u>442,819</u>

Sensitivity of possible movements in interest rates

As at December 31, 2020, had the interest rates increased or decreased by 100 basis points with all other variables held constant, the increase or decrease in net assets attributable to unitholders would amount to \$18,797,871 (2019: \$19,348,935), arising substantially from the increase/decrease in market values of debt securities.

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

11. Financial Risk Management (continued)

f. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. All of the Fund's financial assets and liabilities primarily are denominated in US\$ hence the Fund is not exposed to any significant currency risk.

g. Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit exposures arise principally in investment activities that bring debt securities and other bills into the Fund's asset portfolio.

Credit risk is mitigated to some extent by not limiting the Fund's total exposure to a single credit. The Fund also reduces this risk by prudent credit analysis of issuers to restrict questionable credits in the Fund. The Fund also manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties industry concentrations, and by monitoring exposures in relation to such limits.

The Trustee has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating and are validated, where appropriate, by comparisons with externally available data. The rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. Risk ratings are subject to regular revision. The credit quality review process allows the Trustee to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

11. Financial Risk Management (continued)

g. Credit risk (continued)

(i) Internal ratings scale and mapping of external ratings.

Internal Rating	Description of Grade	External rating Standard & Poor's Equivalent
1	Excellent	AAA, AA, A
2	Very good	BBB
3	Good	BB
4	Special mention	B, CCC
5	Unacceptable	CC, C

The rating of the major rating agency shown in the table above are mapped to the internal rating classes based on the long-term average default rates of each external grade. The Fund uses the external ratings where available to benchmark the internal credit risk assessment. Observed defaults per rating category vary year on year, especially over an economic cycle. Where a credit is not assigned a risk rating under the internal risk rating system and cannot be benchmarked against an international rating, these have been classified as unrated.

(ii) Maximum exposure to credit risk

The Fund's exposure to credit risk arises in respect of cash and cash equivalents, interest income receivable, other receivables and investment securities. The table below represents a worst case scenario of credit risk exposure to the Fund at December 31, 2020 and 2019. No ECLs have been recorded due to the amounts being immaterial.

	Maximum Exposure	
	2020	2019
	\$	\$
Investment securities		
- Government debt securities	80,882,630	77,652,750
- Corporate debt securities	184,732,243	204,925,972
- Short term investments	2,100,000	5,500,000
Interest income receivable		
- Government debt securities	1,082,842	1,203,021
- Corporate debt securities	1,849,645	2,094,224
- Short term investments	308,000	59,111
Other receivables	566,694	8,457
Cash and cash equivalents	<u>21,726,784</u>	<u>15,757,421</u>
As at December 31	<u>293,248,838</u>	<u>307,200,956</u>

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

11. Financial Risk Management (continued)

g. Credit risk (continued)

(iii) Investment securities and interest income receivable

Investment securities and investment income receivable are summarised as follows:

	2020		2019	
	Investment Securities	Interest- Income Receivable	Investment Securities	Interest Income Receivable
	\$	\$	\$	\$
Neither past due nor impaired	<u>267,714,873</u>	<u>3,240,487</u>	<u>288,078,722</u>	<u>3,356,356</u>

(iv) Investment securities and interest income receivable neither past due nor impaired

The credit quality of the investment securities and interest income receivable that are neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Fund.

	2020			
	Government Debt Securities	Corporate Debt Securities	Short-term Investments and Equities	Total
	\$	\$	\$	\$
1. Excellent (AAA, AA, A)	7,227,460	19,516,669	-	26,744,129
2. Very good (BBB)	67,013,664	123,529,163	-	190,542,827
3. Good (BB)	6,103,213	43,536,057	2,408,000	52,047,269
4. Special mention (B, CCC)	165,055	-	-	165,055
5. Unacceptable (CC, C)	-	-	-	-
6. Unrated	<u>1,456,080</u>	<u>-</u>	<u>-</u>	<u>1,456,040</u>
Total	<u>81,965,472</u>	<u>186,581,889</u>	<u>2,408,000</u>	<u>270,955,360</u>

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

11. Financial Risk Management (continued)

g. Credit risk (continued)

(iv) Investment securities and interest income receivable neither past due nor impaired (continued)

	2019 Restated*			
	Government Debt Securities	Corporate Debt Securities	Short-term Investments and Equities	Total
	\$	\$	\$	\$
1. Excellent (AAA, AA, A)	15,399,732	38,162,774	2,500,000	56,062,506
2. Very good (BBB)	52,035,744	121,421,457	3,059,111	176,516,312
3. Good (BB)	9,767,300	47,435,964	-	57,203,265
4. Special mention (B, CCC)	196,914	-	-	196,914
5. Unacceptable (CC, C)	-	-	-	-
6. Unrated	1,456,081	-	-	1,456,081
Total	78,855,771	207,020,196	5,559,111	291,435,078

*During 2020, the Fund corrected a prior period error by restating the prior period comparatives as a result of the classification of Net assets attributable to unitholders as a financial liability rather than as equity (See Note 2(i)). As a result, Net Assets attributable to unit holders previously classified as a financial liability is now classified as equity and was removed from the 2019 financial risk management notes.

12. Operational Risk Management

Operational risk is inherent within all business activities. It is the risk of direct or indirect loss arising from lapses in the Trustee's processes, internal controls, personnel, technology and other external factors. Examples include natural disasters, errors and omissions by personnel, and intentional behaviours such as fraud. The Trustee's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and innovation. Operational risk is managed by developing standards and guidelines in the following areas:-

- Appropriate segregation of duties and access
- Reconciling and monitoring of transactions
- Documentation of controls and procedures
- Training and development of staff
- Reporting of operational losses and proposed remedial actions
- Development of contingency plans
- Assessments of the processes
- Business continuity planning

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

12. Operational Risk Management (continued)

The operational risk framework is supported by a programme of periodic review undertaken by Internal Audit. The results of Internal Audit reviews are discussed with management and summaries are submitted to the Audit Committee.

13. Fair Value of Financial Instruments

(a) Valuation framework

The Fund has an established control framework with respect to the measurement of fair values. This framework includes oversight by the Investment Management Committee. The main valuation methodology used is the Discounted Cash Flow (DCF) method. The DCF method requires the determination of the following three parameters:

1. projection period;
2. cash flows over the projection period plus terminal value;
3. the discount rate(s).

(b) Valuation models

The Fund's financial assets are measured at fair value at the end of each reporting period. The Fund measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

13. Fair Value of Financial Instruments (continued)

(c) *Fair value of financial assets and liabilities that are not measured at fair value*

Management considers that the carrying amounts of the following financial assets and financial liabilities recognised in these financial statements approximate to their fair values due to short maturities on these instruments.

	2020		2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	\$	\$	\$	\$
Financial assets				
Interest income receivable	3,240,487	3,240,487	3,356,356	3,356,356
Other receivables	566,694	566,694	8,457	8,457
Cash and cash equivalents	<u>21,726,784</u>	<u>21,726,784</u>	<u>15,757,421</u>	<u>15,757,421</u>
	<u>25,533,965</u>	<u>25,533,965</u>	<u>19,122,234</u>	<u>19,122,234</u>
Financial liabilities				
Distributions payable	18,429	18,429	14,858	14,858
Management fees payable	48,971	48,971	120,082	120,082
Other payables	<u>898,896</u>	<u>898,896</u>	<u>307,879</u>	<u>307,879</u>
	<u>966,296</u>	<u>966,296</u>	<u>442,819</u>	<u>442,819</u>
Net assets attributable to unitholders	<u>292,282,542</u>	<u>292,282,542</u>	<u>306,758,137</u>	<u>306,758,137</u>

The financial instruments not measured at FVTPL include:

- i. cash and cash equivalents, interest income receivable, other receivables, distributions payable, management fees payable and other payables. These are short-term financial assets and financial liabilities whose carrying amounts approximate fair value, because of their short-term nature and the high credit quality of counterparties; and
- ii. net assets attributable to unit holders. The Fund routinely redeems and issues unites at the amount equal to the unit price at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of the net assets attributable to unit holders approximates their fair value. The amounts are categorised into Level 2 of the fair value hierarchy.

ROYTRIN US DOLLAR INCOME FUND

Notes to the Financial Statements

December 31, 2020

(Expressed in United States dollars)

13. Fair Value of Financial Instruments (continued)

c. Fair value of financial assets that are measured at fair value on a recurring basis

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Fair Value Hierarchy	Fair Value as at		Valuation Technique (S) and Key Inputs (S)
	2020	2019	
	\$	\$	
Level 1	231,021,565	264,541,585	Quoted market prices.
Level 1	36,702,308	23,537,137	These are valued using an internally generated discounted cash flow model. The model considers key inputs from observable yield curves at the end of the reporting period.
	<u>267,714,873</u>	<u>288,078,722</u>	

14. Impact of COVID-19

On March 11, 2020, the World Health Organization (WHO), declared the Coronavirus. (COVID-19), as a global pandemic due to its rapid spread across the Globe. The situation has adversely impacted global commercial activities and asset prices and has led to economic uncertainties. The rapid development and fluidity of this situation precludes any predictions of its ultimate impact, which may have a continued adverse impact on economic and market conditions. Up to the date of approval of the financial statements, the Trustee does not believe there is any significant financial impact on these financial statements as at December 31, 2020.