

REPUBLIC MONEY MARKET FUND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2023

Ernst & Young Services Limited



REPUBLIC MONEY MARKET FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEE OF REPUBLIC MONEY MARKET FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Republic Money Market Fund (“the Fund”), which comprise the statement of financial position as at 31 December 2023, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

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 are independent of the Fund in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (including International Independent Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Trustee for the Financial Statements

The Trustee is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund’s financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEE OF REPUBLIC MONEY MARKET FUND

Report on the Audit of the Financial Statements

(Continued)

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 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.
- Conclude on the appropriateness of 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 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 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.



INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEE OF REPUBLIC MONEY MARKET FUND

Report on the Audit of the Financial Statements
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements
(Continued)

We communicate with the Trustee 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.

A handwritten signature in black ink, consisting of the letters 'EY' in a stylized, cursive font, with a horizontal line extending to the right from the bottom of the 'Y'.

Port of Spain,
TRINIDAD:
23 April 2024

REPUBLIC MONEY MARKET FUND


STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

(Expressed in Thousands of Trinidad and Tobago Dollars)

	Notes	2023 \$	2022 \$
Assets			
Cash and cash equivalents	4	231,572	324,498
Interest receivable		84,051	76,055
Sundry debtors		132	–
Investment securities	5	<u>8,628,105</u>	<u>9,098,074</u>
Total assets		<u><u>8,943,860</u></u>	<u><u>9,498,627</u></u>
Liabilities			
Accrued expenses		45,902	48,294
Accruals for distribution	12	<u>6,697</u>	<u>7,040</u>
Total liabilities		<u><u>52,599</u></u>	<u><u>55,334</u></u>
Equity			
Unitholders' balances			
Capital account		<u>8,891,261</u>	<u>9,443,293</u>
Total unitholders' balances		<u><u>8,891,261</u></u>	<u><u>9,443,293</u></u>
Total liabilities and equity		<u><u>8,943,860</u></u>	<u><u>9,498,627</u></u>
Number of units	6	88,912,613	94,432,928
Net asset value per unit	6	100	100

These financial statements were approved by the Trustee and authorised for issue on 23 April 2024.



:Trustee



:Trustee

The accompanying notes form an integral part of these financial statements.

REPUBLIC MONEY MARKET FUND

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)

	Note	2023 \$	2022 \$
Investment income			
Interest income		300,941	273,238
Amortisation		–	3,328
Realised gain on investment securities		2,258	282
Gain on foreign exchange		–	60
Total investment income		<u>303,199</u>	<u>276,908</u>
Expenses			
Amortisation		8,342	–
Loss on foreign exchange		798	–
Net loss from investments at fair value through profit or loss		39,395	57,178
Fees	7	<u>189,122</u>	<u>192,817</u>
Total expenses		<u>237,657</u>	<u>249,995</u>
Total comprehensive income		<u><u>65,542</u></u>	<u><u>26,913</u></u>

The accompanying notes form an integral part of these financial statements.

REPUBLIC MONEY MARKET FUND

STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2023
 (Expressed in Thousands of Trinidad and Tobago Dollars)

	Capital account \$	Total unitholders' balances \$
Balance at 1 January 2022	8,983,920	8,983,920
Total comprehensive income	26,913	26,913
Issue of units	4,787,106	4,787,106
Redemptions	(4,272,855)	(4,272,855)
Distributions (Note 12)	<u>(81,791)</u>	<u>(81,791)</u>
Balance at year ended 31 December 2022	<u>9,443,293</u>	<u>9,443,293</u>
Year ended 31 December 2023		
Balance at 1 January 2023	9,443,293	9,443,293
Total comprehensive income	65,542	65,542
Issue of units	4,850,964	4,850,964
Redemptions	(5,387,137)	(5,387,137)
Distributions (Note 12)	<u>(81,401)</u>	<u>(81,401)</u>
Balance at year ended 31 December 2023	<u>8,891,261</u>	<u>8,891,261</u>

The accompanying notes form an integral part of these financial statements.

REPUBLIC MONEY MARKET FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in Thousands of Trinidad and Tobago Dollars)

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Net income		65,542	26,913
Adjustments:			
Exchange loss/(gain)		796	(73)
Net loss from investments at fair value through profit or loss		39,395	57,178
Realised gains from sale of investments (excluding t-bills)		(1,976)	(282)
Amortisation of investments		<u>8,342</u>	<u>(3,328)</u>
Net investment income before working capital changes		112,099	80,408
Increase in interest receivables		(7,996)	(9,263)
(Increase)/decrease in sundry debtors		(132)	2
(Decrease)/increase in accrued expenses		<u>(2,392)</u>	<u>2,393</u>
Cash used in operating activities		<u>(10,520)</u>	<u>(6,868)</u>
Net cash flows provided by operating activities		<u><u>101,579</u></u>	<u><u>73,540</u></u>
Cash flows from investing activities			
Purchase of investment securities		(4,779,440)	(4,995,987)
Proceeds on disposal of investment securities		<u>5,202,849</u>	<u>4,501,568</u>
Net cash flows provided by/(used in) investing activities		<u><u>423,409</u></u>	<u><u>(494,419)</u></u>
Cash flows from financing activities			
Issue of units		4,850,964	4,787,106
Redemptions of units		(5,387,137)	(4,272,855)
Distribution paid	12	<u>(81,741)</u>	<u>(81,574)</u>
Net cash flows (used in)/provided by financing activities		<u><u>(617,914)</u></u>	<u><u>432,677</u></u>
Net change in cash and cash equivalents		(92,926)	11,798
Cash and cash equivalents at beginning of the year		<u>324,498</u>	<u>312,700</u>
Cash and cash equivalents at the end of the year	4	<u><u>231,572</u></u>	<u><u>324,498</u></u>

The accompanying notes form an integral part of these financial statements.

REPUBLIC MONEY MARKET FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in Thousands of Trinidad and Tobago Dollars)

1. Principal activity and status

Republic Money Market Fund (the “Fund”) was established on 20 March 1998 as an open ended mutual fund. An open ended mutual fund is one in which the number of units which may be issued in the Fund is unlimited. The investment objective of the Fund is to seek a high total investment return by investing primarily in a diversified portfolio of debt securities of issuers domiciled in Trinidad and Tobago.

The Fund is governed by the laws of the Republic of Trinidad and Tobago and established by a Declaration of Trust made by the Trustee, duly incorporated and validly existing and licensed under the provisions of the Financial Institutions Act, 1993 of the Republic of Trinidad and Tobago. The Trustee, Manager and Distributor of the Fund is Republic Bank Limited. The Advisor of the Fund is Republic Wealth Management Limited. The address of the Trustee, Manager, Distributor and Advisor is 9-17 Park Street, Port of Spain, Trinidad. Republic Bank Limited (RBL) and its subsidiaries are therefore considered related parties.

2. Material accounting policy information

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

a) Basis of preparation

The Fund's financial statements are prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and are stated in Trinidad and Tobago Dollars.

These financial statements have been prepared on a historical cost basis except for measurement at fair value of investment securities classified as fair value through profit and loss.

REPUBLIC MONEY MARKET FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)
(Continued)

2. Material accounting policy information (continued)

b) Changes in accounting policies and disclosures

i) New accounting policies/improvements adopted

New standards and amendments/revisions to published standards and interpretations effective in 2023

In the current year, the Fund has applied the following amendments issued by the IASB that are mandatorily effective for the accounting period commencing 1 January 2023:

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- International Tax Reform – Pillar Two Model Risks – Amendments to IAS 12

The amendments listed above did not have a material impact on these financial statements.

ii) Improvements to International Financial Reporting

The annual process of the IASB deals with non-urgent but necessary clarifications and amendments to IFRS. There are no amendments applicable to annual periods beginning on or after 1 January 2023.

REPUBLIC MONEY MARKET FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)
(Continued)

2. Material accounting policy information (continued)

b) Changes in accounting policies and disclosures (continued)

iii) Standards in issue not yet effected

New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Fund

Effective 1 January 2024:

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Lease liability in a Sale and Leaseback – Amendments to IFRS 16
- Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

Effective 1 January 2025:

- Lack of exchangeability – Amendments to IAS 21

These new standards and amendments will have no impact on the Fund.

REPUBLIC MONEY MARKET FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in Thousands of Trinidad and Tobago Dollars) (Continued)

2. Material accounting policy information (continued)

c) Financial instruments

The Fund's financial assets and financial liabilities are recognised in the statement of financial position when it becomes party to the contractual obligation of the instrument. A financial asset is derecognised when the right to receive the cash flows from the asset has expired or where the Fund has transferred all the risks and rewards of ownership of the asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. All 'regular way' purchases and sales are recognised at trade date.

d) Investment securities

Investment securities with the exception of fixed deposits will be designated as fair value through profit or loss (FVPL). Financial assets in this category are those designated upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met.

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis, or
- The assets were managed and their performance evaluated on a fair value basis in accordance with a documented investment strategy.

Interest earned on instruments designated at FVPL is accrued in interest income. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other income when the right to the payment has been established.

REPUBLIC MONEY MARKET FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in Thousands of Trinidad and Tobago Dollars)

(Continued)

2. Material accounting policy information (continued)

d) Investment securities (continued)

The Fund only measures fixed deposits at amortised cost if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, and
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

i) Impairment of financial assets

IFRS 9 requires the Fund to record an allowance for expected credit losses (ECLs) for all financial assets not held at FVPL.

Cash and cash equivalents and fixed deposits are short term funds placed with companies of good financial strength and reputation and the Fund therefore considers the risk of default to be very low.

The ECL on these deposits were determined to be zero.

(ii) Fair value measurement

The Fund measures certain investment securities at fair value at each year end reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

REPUBLIC MONEY MARKET FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in Thousands of Trinidad and Tobago Dollars)

(Continued)

2. Material accounting policy information (continued)

d) Investment securities (continued)

(ii) Fair value measurement (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs specifically the fair values for unquoted equity instruments or unlisted securities are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. Assets and liabilities included in level 3 are held at cost, being the fair value of the consideration paid on acquisition and are regularly assessed for impairment.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

REPUBLIC MONEY MARKET FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)
(Continued)

2. Material accounting policy information (continued)

e) Revenue and expenditure recognition

Interest income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. Interest income is recognised as the interest accrues, taking into account the effective yield on the asset unless collectability is in doubt.

Expenses are accounted for on the accrual basis.

f) Cash and cash equivalents

Cash and cash equivalents are carried at cost and consist of cash at bank and highly liquid investments with original maturities of three months or less. Cash and cash equivalents are measured at amortised cost.

g) Foreign currency translation

Functional and presentation currency

The Fund's functional currency is the Trinidad and Tobago dollar (TTD), which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in TTD. Therefore, the TTD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's presentation currency is also the TTD.

Foreign currency transactions

Foreign currency transactions during the year are translated into Trinidad and Tobago dollars at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities in foreign currencies, at the statement of financial position date, are expressed in Trinidad and Tobago dollars at the exchange rates ruling at that date. Gains and losses thus arising are recorded in the statement of comprehensive income.

h) Subscriptions

Units are offered for sale at the net asset value per unit. This is calculated at a fixed price of \$100 for each subscription date, being the business day immediately following a valuation date.

REPUBLIC MONEY MARKET FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in Thousands of Trinidad and Tobago Dollars)

(Continued)

2. Material accounting policy information (continued)

i) Redemptions

Redemption of units are effected on the redemption date, being the business day immediately following a valuation date. Units are redeemed at the redemption price less an early redemption charge, if redeemed within one year of the date such units are issued and less any stamp duty or taxation leviable on the relevant redemption date.

j) Provision

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.

REPUBLIC MONEY MARKET FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in Thousands of Trinidad and Tobago Dollars)

(Continued)

3. Significant accounting judgements and estimates

The preparation of the Fund's financial statements requires the Trustee to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Fund's exposure to risks and uncertainties include:

Risk management (Note 10)

Fund management (Note 13)

i) Judgement

In the process of applying the Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of investment securities (Note 2 d)).

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is valuation of investment securities (Note 2 d). The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

REPUBLIC MONEY MARKET FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)
(Continued)

	2023	2022
	\$	\$
4. Cash and cash equivalents		
Cash at bank	229,947	309,433
Call deposits	<u>1,625</u>	<u>15,065</u>
	<u><u>231,572</u></u>	<u><u>324,498</u></u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Call deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Fund and earn interest at the respective short-term deposit rates.

	2023	2022
	\$	\$
5. Investment securities		
Fair value through profit or loss:		
Government securities	3,066,175	3,663,101
State-owned company securities	2,560,127	1,914,631
Corporate securities	826,240	714,760
Treasury notes	149,697	48,728
Treasury bills	<u>15,077</u>	<u>581,365</u>
	6,617,316	6,922,585
Amortised cost:		
Fixed deposits	<u>2,010,789</u>	<u>2,175,489</u>
Total investment securities	<u><u>8,628,105</u></u>	<u><u>9,098,074</u></u>

REPUBLIC MONEY MARKET FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in Thousands of Trinidad and Tobago Dollars) (Continued)

6. Units

The Fund is authorised to issue an unlimited number of units. The table below illustrates the movement in the number of issued units during the year:

	Number of units	
	2023	2022
Units at beginning of the year	94,432,928	89,839,196
Total comprehensive income	655,423	269,124
Issue of units	48,509,642	47,871,061
Redemption of units	(53,871,375)	(42,728,548)
Distribution of income	<u>(814,005)</u>	<u>(817,905)</u>
Units at end of the year	<u>88,912,613</u>	<u>94,432,928</u>

Redemptions and subscriptions are accepted on a daily basis at the Net Asset Value (NAV) per unit. The NAV as at 31 December 2023 was \$100 per unit (2022: \$100 per unit).

REPUBLIC MONEY MARKET FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in Thousands of Trinidad and Tobago Dollars) (Continued)

7. Fees

Republic Bank Limited (“RBL”) has been appointed as Trustee, Investment Manager and Distributor of the Fund. Under the terms of the agreement, RBL is entitled to receive a trustee, management and distribution fee.

The Fund Manager is responsible for the daily management of the Fund and is paid quarterly at an annual rate not to exceed 1.00% of the average Net Asset Value. The Fund Distributor is paid a quarterly fee at an annual rate not to exceed 0.25% of the average Net Asset Value.

The Advisor of the Fund is Republic Wealth Management Limited. Advisory fees are payable quarterly in arrears at an annual rate not to exceed 0.60% of the average Net Asset Value.

These rates have remained consistent year-on-end.

The following is a breakdown of fees in the statement of comprehensive income which complies with the approved fee structure:

	2023	2022
	\$	\$
Investment and management	152,076	154,798
Distribution	22,698	23,104
Trustee	13,619	13,862
Audit	218	548
Administration	479	470
Other	32	35
	<u>189,122</u>	<u>192,817</u>
Total fees	<u>189,122</u>	<u>192,817</u>

REPUBLIC MONEY MARKET FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)
(Continued)

8. Related parties

From time to time the Fund will acquire investments from a related party, the Investment Manager, at commercial rates and in the normal course of business. Investments in related party instruments and the recognised income thereon were as follows:

	2023	2022
Assets	\$	\$
<u>Cash and cash equivalents</u>		
Republic Bank Limited (Group) - Cash	229,947	309,433
Republic Bank Limited (Group) - Call	<u>408</u>	<u>13,393</u>
	<u>230,355</u>	<u>322,826</u>
<u>Financial instruments</u>		
Republic Bank Limited (Group)	<u>1,567,537</u>	<u>2,102,616</u>
	<u>1,567,537</u>	<u>2,102,616</u>
<u>Interest receivable</u>		
Republic Bank Limited (Group)	<u>15,055</u>	<u>11,301</u>
	<u>15,055</u>	<u>11,301</u>
Unitholder balances		
Republic Bank Limited (Group)	<u>467,249</u>	<u>902,348</u>
Liabilities		
Republic Bank Limited (Group)	42,472	44,402
Republic Bank Limited (Trustee)	<u>3,310</u>	<u>3,460</u>
	<u>45,782</u>	<u>47,862</u>

REPUBLIC MONEY MARKET FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of Trinidad and Tobago Dollars)
(Continued)

8. Related parties (continued)	2023	2022
	\$	\$
Income		
Republic Bank Limited (Group)	<u>30,603</u>	<u>22,254</u>
	<u>30,603</u>	<u>22,254</u>
Expenses		
Republic Bank Limited (Group)	174,775	177,902
Republic Bank Limited (Trustee)	<u>13,619</u>	<u>13,862</u>
	<u>188,394</u>	<u>191,764</u>

9. Fair value of financial instruments

Financial instruments are recorded at fair value using valuation techniques as current market transactions or observable market data are not available. Their fair value is determined using a valuation model that has been tested against the prices of actual market transactions and using the Investment Manager's best estimate of the most appropriate model inputs. These are adjusted to reflect counterparty credit spread.

Assets for which fair value approximates carrying value

For financial assets and liabilities that are liquid or have a short-term maturity it is assumed that the carrying amounts approximate to their fair value. These include cash and cash equivalents, interest receivable, accrued expenses and accruals for distributions.

REPUBLIC MONEY MARKET FUND

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9. Fair value of financial instruments (continued)

Fair value hierarchy

The following table shows an analysis of financial instruments recognised at fair value, analysed by level of fair value hierarchy:

Investment securities	31 December 2023			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Government securities	–	3,066,175	–	3,066,175
State-owned company securities	35,696	2,524,431	–	2,560,127
Corporate securities	233,075	593,165	–	826,240
Treasury notes	–	149,697	–	149,697
Treasury bills	–	15,077	–	15,077
	<u>268,771</u>	<u>6,348,545</u>	<u>–</u>	<u>6,617,316</u>
	31 December 2022			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Government securities	84,664	3,578,437	–	3,663,101
State-owned company securities	35,065	1,879,566	–	1,914,631
Corporate securities	120,442	589,260	5,058	714,760
Treasury notes	–	48,728	–	48,728
Treasury bills	–	581,365	–	581,365
	<u>240,171</u>	<u>6,677,356</u>	<u>5,058</u>	<u>6,922,585</u>

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9. Fair value of financial instruments (continued)

The following table shows a reconciliation of all movement in the fair value of financial instruments categorised within Level 3 between the beginning and end of the reporting year:

	31 December 2023			Total
	Government securities	State-owned company securities	Corporate securities	
Assets	\$	\$	\$	\$
Opening balance	–	–	5,058	5,058
Receipts	–	–	(5,058)	(5,058)
Closing balance	–	–	–	–

	31 December 2022			Total
	Government securities	State-owned company securities	Corporate securities	
Assets	\$	\$	\$	\$
Opening balance	–	–	5,975	5,975
Receipts	–	–	(917)	(917)
Closing balance	–	–	5,058	5,058

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10. Risk management

Introduction

Risk is inherent in the Fund's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls.

This process of risk management is critical to the Fund's continuing profitability. It is exposed to market risk, credit risk and liquidity risk.

Role of the Trustee

The Trustee's responsibility is that of safeguarding unitholders' interests. The Trustee ensures that the Fund is externally audited every year, all provisions within the prospectus are followed by the Fund Distributor and that all regulatory requirements are fulfilled.

Risk management structure

Republic Bank Limited (RBL), which acts as the Fund Distributor, is ultimately responsible for identifying and controlling risks. RBL is also responsible for the overall risk management approach and for approving the risk strategies, principles and policies and procedures. Day to day adherence to risk principles are carried out by the executive management of RBL in compliance with the policies approved by the Board of Directors.

The Fund is exposed to various risks. A summary of these risks is as follows:

Market risk

Market risk is the risk that investments held in the portfolio will fluctuate due to changes in market prices. Market risk comprises of interest rate risk, currency risk and other price risk. The Fund's exposure to other price risk is considered minimal, as the Fund does not have significant equity holdings.

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10. Risk management (continued)

Market risk (continued)

Interest rate risk

The Fund's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of interest rates on its financial position and cash flows. The Investment Manager reviews the interest rate risk using gap analysis, interest rate sensitivity and exposure limits for financial instruments.

The table below demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Fund's net investment income and net assets.

	Change in basis points	\$ Effect on net investment income	\$ Effect on net assets
	+/-	+/-	+/-
2023	100	198	(150,809)
2022	100	214	(137,888)

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(Continued)

10. Risk management (continued)

Market risk (continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund's exposure to the effects of fluctuations in foreign currency exchange rates arises mainly from its financial assets. The Fund has no financial liabilities denominated in currencies other than the reporting currency. The table below summaries the Fund's exposure to currency risks:

	TTD	USD	Total
	\$	\$	\$
2023 Assets			
Cash and cash equivalents	229,947	1,625	231,572
Interest receivable	80,307	3,744	84,051
Sundry debtors	–	132	132
Investment securities	<u>8,251,711</u>	<u>376,394</u>	<u>8,628,105</u>
Total assets	<u><u>8,561,965</u></u>	<u><u>381,895</u></u>	<u><u>8,943,860</u></u>
2022 Assets			
Cash and cash equivalents	309,434	15,064	324,498
Interest receivable	72,072	3,983	76,055
Investment securities	<u>8,754,335</u>	<u>343,739</u>	<u>9,098,074</u>
Total assets	<u><u>9,135,841</u></u>	<u><u>362,786</u></u>	<u><u>9,498,627</u></u>

The analysis below reflects the effect on the financial statements of a reasonably possible movement of the currency rate against the TTD, with all other variables held constant. A negative change in rate reflects a potential net reduction in net assets while a positive change reflects a net potential increase.

Currency	Change in currency rate +/- (%)	\$ Effect on net assets 2023	\$ Effect on net assets 2022
USD	5	19,095	18,139

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in Thousands of Trinidad and Tobago Dollars) (Continued)

10. Risk management (continued)

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Fund. Impairment provisions are provided for losses that have been incurred by the statement of financial position date, if any.

The Fund's main credit risk concentration lies in debt securities. The Fund manages credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits. The Investment Manager monitors the Fund's credit exposure on a quarterly basis.

The following table shows the maximum exposure to credit risk without taking account of any collateral or other credit enhancements:

Assets	Gross maximum exposure	
	2023	2022
	\$	\$
Cash and cash equivalents	231,572	324,498
Interest receivables	84,051	76,055
Sundry debtors	132	–
Investment securities	<u>8,628,105</u>	<u>9,098,074</u>
	<u>8,943,860</u>	<u>9,498,627</u>

Total credit risk exposure

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

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10. Risk management (continued)

Credit risk (continued)

Risk concentrations of the maximum exposure to credit risk

Concentration of risk is managed by asset class, geographical region and industry sector. The majority of the Fund's assets are concentrated in Trinidad and Tobago.

	2023	2022
	\$	\$
a) Credit risk - by asset class		
Cash and cash equivalents	231,572	324,498
Government & corporate bonds	6,452,542	6,292,492
Fixed deposits	2,010,789	2,175,489
Treasury bills	15,077	581,365
Treasury notes	149,697	48,728
Sundry debtors	132	–
Other	84,051	76,055
	<u>8,943,860</u>	<u>9,498,627</u>
b) Credit risk - by geographical region		
Trinidad and Tobago	8,698,310	9,431,205
United States of America	198,085	51,196
Other Countries	47,465	16,226
	<u>8,943,860</u>	<u>9,498,627</u>
c) Credit risk - by industry sector		
Government and government bodies	3,832,128	4,326,890
Financial sector	2,649,078	3,060,932
Other	2,462,654	2,110,805
	<u>8,943,860</u>	<u>9,498,627</u>

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10. Risk management (continued)

Credit risk (continued)

Risk concentrations of the maximum exposure to credit risk

Credit risk - analysis of financial assets bearing credit risk

2023	Neither past due nor impaired \$	Past due but not impaired \$	Impaired \$	Total \$
Cash and cash equivalents	231,572	–	–	231,572
Interest receivable	84,051	–	–	84,051
Sundry debtors	132	–	–	132
Investment securities	<u>8,628,105</u>	<u>–</u>	<u>–</u>	<u>8,628,105</u>
	<u>8,943,860</u>	<u>–</u>	<u>–</u>	<u>8,943,860</u>
2022	Neither past due nor impaired \$	Past due but not impaired \$	Impaired \$	Total \$
Cash and cash equivalents	324,498	–	–	324,498
Interest receivable	76,055	–	–	76,055
Investment securities	<u>9,098,074</u>	<u>–</u>	<u>–</u>	<u>9,098,074</u>
	<u>9,498,627</u>	<u>–</u>	<u>–</u>	<u>9,498,627</u>

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10. Risk management (continued)

Credit risk (continued)

Credit quality per class of financial assets

The credit quality of financial assets that are not impaired is managed by the Fund using internal investments ratings. These ratings are based on the financial strength, reputation and market position of the issuing company and the ability of that company to service the debt.

Superior: Investments classified as superior comprise of Government and Government guaranteed bonds secured by a Letter of Comfort from the Government. These securities are considered risk free. Also included in this category are corporate bonds where the issuing company has excellent financial strength and reputation. These instruments are current and are being serviced in accordance with the terms and conditions of the underlying agreements.

Desirable: Investments classified as desirable include corporate bonds and money market instruments. These instruments are current and are being serviced in accordance with the terms and conditions of the underlying agreements. Issuing company has good financial strength and reputation.

Acceptable: Acceptable investments include mortgages and corporate loans. These securities are current and are being serviced in accordance with the terms and conditions of the underlying agreements. Issuing company has fair financial strength and reputation.

Sub-standard: Assets classified as sub-standard represent securities displaying indicators of impairment, however are being serviced in accordance with their existing terms and conditions, or have been restructured in prior financial years but are currently being serviced in accordance with their new terms and conditions.

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10. Risk management (continued)

Credit risk (continued)

Credit quality per class of financial assets (continued)

2023	Superior	Desirable	Acceptable	Total
Assets	\$	\$	\$	\$
Cash and cash equivalents	–	231,572	–	231,572
Interest receivable	59,699	24,352	–	84,051
Sundry debtors	132	–	–	132
Investment securities	<u>6,211,551</u>	<u>2,416,554</u>	<u>–</u>	<u>8,628,105</u>
	<u>6,271,382</u>	<u>2,672,478</u>	<u>–</u>	<u>8,943,860</u>
2022	Superior	Desirable	Acceptable	Total
Assets	\$	\$	\$	\$
Cash and cash equivalents	–	324,498	–	324,498
Interest receivable	55,938	20,117	–	76,055
Investment securities	<u>6,206,506</u>	<u>2,891,568</u>	<u>–</u>	<u>9,098,074</u>
	<u>6,262,444</u>	<u>3,236,183</u>	<u>–</u>	<u>9,498,627</u>

There were no financial assets classified in sub-standard for the years ended 31 December 2023 and 31 December 2022.

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10. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Fund will be unable to liquidate positions to satisfy commitments to unitholders for redemptions due to market conditions. The Fund is exposed to daily cash redemptions by unitholders. The Fund manages its liquidity risk by investing primarily in marketable securities that can be readily disposed.

The table below analyses the undiscounted cash flows of the Fund's financial assets and liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

2023	Due on demand	Up to one year	One to five years	Over five years	Total
	\$	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	231,572	–	–	–	231,572
Interest receivable	–	84,051	–	–	84,051
Sundry debtors	–	132	–	–	132
Investment securities	<u>40,016</u>	<u>2,381,725</u>	<u>5,042,977</u>	<u>1,163,387</u>	<u>8,628,105</u>
	<u>271,588</u>	<u>2,465,908</u>	<u>5,042,977</u>	<u>1,163,387</u>	<u>8,943,860</u>
Financial liabilities					
Accrued expenses	–	45,902	–	–	45,902
Accruals for distributions	<u>–</u>	<u>6,697</u>	<u>–</u>	<u>–</u>	<u>6,697</u>
	<u>–</u>	<u>52,599</u>	<u>–</u>	<u>–</u>	<u>52,599</u>

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10. Risk management (continued)

Liquidity risk (continued)

2022	Due on demand	Up to one year	One to five years	Over five years	Total
	\$	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	324,498	–	–	–	324,498
Interest receivable	–	76,055	–	–	76,055
Investment securities	<u>39,228</u>	<u>3,851,320</u>	<u>3,176,683</u>	<u>2,030,843</u>	<u>9,098,074</u>
	<u>363,726</u>	<u>3,927,375</u>	<u>3,176,683</u>	<u>2,030,843</u>	<u>9,498,627</u>
Financial liabilities					
Accrued expenses	–	48,294	–	–	48,294
Accruals for distributions	<u>–</u>	<u>7,040</u>	<u>–</u>	<u>–</u>	<u>7,040</u>
	<u>–</u>	<u>55,334</u>	<u>–</u>	<u>–</u>	<u>55,334</u>

REPUBLIC MONEY MARKET FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in Thousands of Trinidad and Tobago Dollars) (Continued)

11. Taxation

Tax on interest income is withheld on distributions to non-resident unitholders at the rates applicable to the country in which the unitholders reside. Resident unit-holders are exempted from tax on distributions.

12. Distributions

Distributions in the Fund are made quarterly. The total distribution paid for the period January to November 2023 totalled \$81,741 (2022: \$81,574). As at 31 December 2023, accrued distributions amounted to \$6,697 (2022: \$7,040). This is payable on 28 February 2024.

13. Fund management

When managing capital, which is represented by unitholders' balances, the objectives of the Trustees are:

- To comply with the requirements set out in the Fund's Prospectus and Trust Deed;
- To safeguard the Fund's ability to continue as a going concern so that it can continue to provide returns for unitholders'; and
- To maintain a strong capital base to support the development of its business.

The Fund endeavours to invest the proceeds from the issue of units in appropriate investments while maintaining sufficient liquidity to meet redemptions where necessary, such liquidity being augmented by disposal of investment securities where necessary.

The use of proceeds from the issue of units is monitored on a daily basis by the Fund Distributor, based on guidelines set out in the Prospectus and the Trust Deed. The Fund complied with the requirements set out in the Prospectus and Trust Deed during the reporting financial periods and no changes were made to the Fund's objectives, policies and processes from the previous year.