UNIT TRUST CORPORATION

SIDE BY SIDE WE STAND

Annual Report 2010

SAFETY ▪ STRENGTH ▪ STABILITY

Our Mission

To create and enhance customers' wealth by providing superior financial services, in a caring and cost effective manner through dynamic leadership, good governance, advanced technology and an empowered and knowledgeable staff.

Vision

To be the people's preferred financial services provider in the region.

Contents

BOARD OF DIRECTORS

Chairman	Ms. Amoy Chang Fong
Executive Director	Ms. Eutrice Carrington (with effect from February 8, 2011)
Directors	Mr. Leonardo Ambrose (Insurance Representative) Mrs. Michal Y. Andrews (Independent) Mr. Terrence Bharath (Independent) Mr. Peter Clarke (Insurance Representative) Mr. Alan Fitzwilliam (Bank Representative) Mr. Dennis Gurley (Bank Representative) Ms. Joan John (Central Bank Representative) Ms. Sharon Mohammed (Ministry of Finance Representative)

CHANGES IN THE BOARD

Mr. Gerald Hadeed (representative of insurance companies) resigned from the Board of Directors of the Unit Trust Corporation effective January 31, 2010, and **Mrs. Kristine Gibbon-Thompson** was appointed to the Board in place of Mr. Hadeed effective February 1, 2010, in accordance with Section 7(1)(f) and (5) of the Unit Trust Corporation of Trinidad and Tobago Act. Mrs. Gibbon-Thompson resigned from the Board on February 1, 2011 and was replaced by Leonardo Ambrose.

Mr. Marlon Holder, Executive Director, resigned from the Board of Directors effective April 9, 2010 and was replaced by **Ms. Eutrice Carrington** effective February 8, 2011.

Mr. Maurice Suite, Ministry of Finance Representative appointed effective March 17, 2009, was replaced by **Ms. Sharon Mohammed** effective January 18, 2011.

Mr. Herbert Goon Lun, Independent Director of the Board of Directors of the Unit Trust Corporation, ended his term on April 20, 2010.

Mr. Terrence Bharath and **Mrs. Michal Y. Andrews**, both Independent Directors, were re-appointed by the Board of Directors under Section 7, Sub-sections (2), (5A) and (6) of the Act for a period of one year with effect from April 23, 2010.

The term of **Mr. Walton Hilton-Clarke**, National Insurance Board of Trinidad and Tobago (NIBTT) representative, expired on October 12, 2010.

Ms. Amoy Chang Fong was re-appointed as Chairman of the Board of Directors of the Unit Trust Corporation in accordance with section 7(1)(a) and 10(1) of the Act with effect from December 5, 2010.

CORPORATE OFFICES

Head Office and Main Customer Service Centre

UTC Financial Centre
82 Independence Square
Port of Spain
Tel: (868) 624-UNIT (8648)
Fax: (868) 623-0092
E-Mail: utc@ttutc.com
Website: http://www.ttutc.com

CUSTOMER SERVICE CENTRES

ARIMA
40-40A Green Street
Arima
Tel: (868) 667-UNIT (8648)
Fax: (868) 667-2586

SANGRE GRANDE
2 Eastern Main Road
Sangre Grande
Tel: (868) 668-6475/691-UNIT (8648)
Fax: (868) 668-3872

MOVIETOWNE PORT OF SPAIN
Shop No. 27, Level 2
MovieTowne Boulevard
Invader's Bay, Audrey Jeffers Highway
Port of Spain
Tel: (868) 625-UNIT (8648)
Fax: (868) 624-0988

POINT FORTIN
13 Handel Road
Point Fortin
Tel: (868) 648-6836/2997
Tel/Fax: (868) 648-2997

COUVA
26 Southern Main Road
Couva
Tel: (868) 636-9871
Fax: (868) 636-4750

CHAGUANAS
Endeavour Road
Chaguanas
Tel: (868) 671-UNIT (8648)
Fax: (868) 671-6581

SAN FERNANDO
23 High Street
San Fernando
Tel: (868) 657-UNIT (8648)/0041
Fax: (868) 652-0620

ONE WOODBROOK PLACE
Unit 27, One Woodbrook Place
127-199 Tragarete Road
Port of Spain
Tel: (868) 625-UNIT (8648)
Fax: (868) 628-4879

TOBAGO
Cor. Castries and Main Streets
Scarborough
Tobago
Tel: (868) 639-5096
Fax: (868) 660-7730

AGENCIES

Garth Thomas
UTC Agency
Upper Level, Gulf City
Shopping Complex
La Romaine
Tel: (868) 652-8031
Fax: (868) 653-8709

Glen Miguel Figuera
UTC Agency
21 Shoppes of Maraval
Maraval
Tel/Fax: (868) 628-0809

Jovan Sankar-Paul
UTC Agency
2nd Floor
216 S.S. Erin Road
Debe
Tel: (868) 647-2721
Fax: (868) 647-2201

Michael Redhead
UTC Agency
Tropical Plaza
Pointe-a-Pierre

Tel/Fax: (868) 658-SAVE (7283)
(868) 658-7340

Samuel Saunders
UTC Agency
Level 2, Trincity Mall
Trincity
Tel/Fax: (868) 640-8589

Opufin Limited
UTC Agency
Anva Plaza
16-20 Eastern Main Road
Tunapuna
Tel: (868) 645-8648
Fax: (868) 645-8185

BANKERS

Local

Central Bank of Trinidad and Tobago
Central Bank Building
Eric Williams Plaza
Independence Square
Port of Spain

Republic Bank Limited
Promenade Centre
72 Independence Square
Port of Spain

Republic Bank Limited
58-60 Tragarete Road
Port of Spain

Republic Bank of Trinidad and Tobago Limited
55 Independence Square
Port of Spain

Citibank (Trinidad & Tobago) Limited
12 Queen's Park East
Port of Spain

First Citizens Bank Limited
62 Independence Square
Port of Spain

Overseas

Citibank N.A.
11 Wall Street
New York, NY 10043
USA

AUDITORS

External

The Auditor General of the Republic of Trinidad & Tobago
Eric Williams Finance Building
Eric Williams Plaza
Independence Square
Port of Spain

Internal

PricewaterhouseCoopers Chartered Accountants
11-13 Victoria Avenue
Port of Spain

ATTORNEYS

Local

Fitzwilliam, Stone, Furness Smith and Morgan
40-45 Sackville Street
Port of Spain

Mair and Company
50 Richmond Street
Port of Spain

Pollonais, Blanc, de la Bastide and Jacelon
Pembroke Court
17-19 Pembroke Street
Port of Spain

Chancellors
6 Maraval Road
Newtown

Overseas

Foley and Lardner
Firstar Centre
777 East Wisconsin Avenue
Milwaukee, WI 53202-5367
USA

Kelley Dry and Warren LLP
101 Park Avenue
New York, NY

Campbell Corporate Services Limited
P.O. Box 268
Grand Cayman KY 1104
Cayman Islands

Board of Directors

Amoy Chang Fong
Chairman

Eutrice Carrington
Executive Director
(Appointed
February 8, 2011)

Michal Y. Andrews
Independent

Terrence Bharath
Independent

Peter Clarke
Insurance
Representative

Sharon Mohammed
Ministry of Finance
Representative
(Joined the Board
January 18, 2011)

Joan John
Central Bank
Representative

Alan Fitzwilliam
Bank
Representative

Dennis Gurley
Bank
Representative

Leonardo Ambrose
Insurance
Representative
(Joined the Board
April 15, 2011)

Enhancing Confidence

Comfort, prosperity, stability – these are goals that any investor can achieve, even with limited resources and turbulent financial markets. That is one of our motivating beliefs. It helped guide our organisation during the troubling period of the global financial crisis, maintaining the quality of our financial services and the worth of our customers' assets. Investment is about the future and we are firm believers in the future and the fruits it can bring to our people and nation.

Mutual Fund Highlights

PORTFOLIO HIGHLIGHTS

	2006	2007	2008	2009	2010
Mutual Funds Under Management					
Growth & Income Fund	4,629.12	4,711.25	3,468.31	3,123.82	3,031.23
TT$ Income Fund	6,934.15	7,192.86	7,972.32	10,345.82	10,138.22
Universal Retirement Fund	146.63	153.37	138.67	149.26	162.90
US$ Income Fund	3,948.44	4,343.64	3,995.19	4,830.43	4,140.49
UTC Energy Fund	N/A	37.32	27.51	30.15	32.78
UTC Latin American Fund	N/A	0.25	6.22	6.71	8.12
UTC European Fund	N/A	0.47	5.75	6.38	6.67
UTC Asia-Pacific Fund	N/A	0.72	9.44	9.39	13.70
UTC Global Bond Fund	N/A	0.51	8.90	9.90	10.72
UTC North American Fund	N/A	N/A	190.75	215.20	195.29
Total Funds ($M)	**15,658.34**	**16,440.39**	**15,823.06**	**18,727.06**	**17,740.12**
Mutual Fund Sales ($M) for the year					
Growth & Income Fund	707.08	486.65	516.81	684.96	327.61
TT$ Income Fund	4,413.57	4,340.19	4,871.89	6,932.21	4,912.84
Universal Retirement Fund	17.56	16.60	23.23	23.79	23.21
US$ Income Fund	2,209.64	3,364.34	2,993.13	2,548.93	1,808.49
UTC Energy Fund	N/A	34.72	4.19	4.21	52.62
UTC Latin American Fund	N/A	0.27	6.45	0.12	0.51
UTC European Fund	N/A	0.50	6.45	0.08	0.23
UTC Asia-Pacific Fund	N/A	0.76	9.13	0.33	3.62
UTC Global Bond Fund	N/A	0.51	9.85	0.13	0.56
UTC North American Fund	N/A	N/A	130.06	1.93	1.70
Total Sales ($M)	**7,347.85**	**8,244.54**	**8,571.19**	**10,196.69**	**7,131.39**
Funds Mobilised ($M) to date	**48,744.72**	**56,989.26**	**65,560.45**	**75,757.14**	**82,888.53**
Unitholders	451,361	474,054	498,209	518,334	533,876

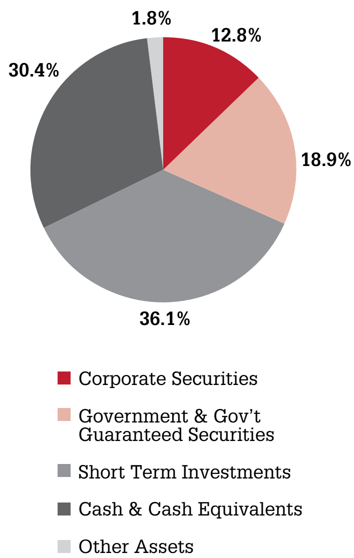
Portfolio of Investments For the year ended December 31, 2010

TT$ INCOME FUND

	MARKET VALUE 2010 TT$
CORPORATE SECURITIES	
Agostini's Ltd $50Mn 5Yrs 9.20% FXRB 2013	12,691,966
ANSA Merchant Bank Ltd TTD$350Mn 5.5Yrs 6.50% FXRB Due 2015	75,000,000
Barclays Bank PLC FL-Rate $12,069Mn 2019	11,622,386
Barclays Bank Fixed to Float Bond Non-Callable 3mths libor	12,455,305
Bank of America 10Yrs Capped & Floored CMS Floater Due 2020	5,880,706
Broadway Properties Ltd 15Yrs 8.25% FXRB Due 2017	2,688,098
Citigroup Funding Inc. 5Yrs Non-Callable CMS Part. Notes	36,946,972
Citigroup Funding Inc 10yr Non-Callable Lined to CMS10 2020	6,153,236
Cool Pet (St. Luc) Ltd US$20.Mn 10Yrs 7.65% ANB 2017 Tran-C	15,421,658
Desalcott $204Mn 20Yrs VRB 2023 (8.00%for10Yrs/GOTT10yr+2.50%)	21,250,000
Development Finance Ltd $90Mn 30Yrs 8.00% FLRB 2030 Class C	30,000,000
Digicel Int'l Finance Ltd. 8% Senior Secured Bond Due 2013	27,311,551
EGE Haina $175Mn 10Yrs 9.50% Euroclear Note Due 2017	69,208,348
First Citizens Bank Ltd 500M 7Yrs 5.25% FXRB 2017	131,300,000
First Citizens Bank $500M 5Yrs 8.45% FXRB 2013	70,816,811
Grenada Airports Authority 7.5% Bond Due 2029 (Tranche B)	7,995,317
Cert of Interest in GHL $220Mn 8Yrs 7.50% Callable Bond 2011	52,774,716
Gulf Insurance TT$81.9Mn 7Yrs 8.75 Senior Secured FXRB 2013	3,422,555
Gulf Insurance TT$81.9Mn 7Yrs 8.75 Senior Secured FXRB 2013	2,304,091
COP in HDC TT$100M 8.5% FXB 2021 – ADB $360Mn	3,920,315
La Brea Industrial Deve't Comp $62Mn 10Yrs 6.05% FXRB 2015	9,250,000
Lloyds TSB Bank Fixed to Float Bond 10Yrs CMS 2020	12,413,100
Lloyds TSB Bank Plc Capped & Floored CMS Floater Due 2020	5,927,255
Morgan Stanley FL-Rate $12,069Mn 2020	11,420,052
Maintenance Training Service $225Mn 20Yrs 10.15% FXRB 2021	26,098
Petrotrin $750Mn 15Yrs 6.00% FXRB Due 2022	59,645,564
Republic Bank Limited $1Bn 10Yrs 8.55% FXRB 2018	220,878,210
Republic Bank Limited Floating Rate Bond 2006 Series E	23,000,000
Scotiabank of T&T TT$800M FXB Series A 2014 8.35%	60,000,000
Scotiabank of T&T TT$800M 8.45%FXB Series B Due 2015	52,621,716
Scotiabank of T&T $200Mn 6Yrs 6.30% FXRB 2011	50,000,000
Scotia/Merc Bank $6.20Mn 6Yrs 8.50% Guaranteed Invest-N 2012	1,609,311
Gov't of St Kitts & Nevis $10 Mn 10Yrs 10.50% FXRB 2011	37,239,300
Trading & Distribution Ltd $150Mn 10Yrs 6.25% FXRB 2015	9,900,000
Trinidad Cement Ltd $25Mn 18 Mths 7.25% FXRB 2010	18,619,650
TCL COP Due 27-Feb-2011	17,254,690
T&T Mortgage Finance Co. $100Mn 25Yrs TT Prime FLRB 2023	8,723,422
Udecott 2.40BN 8.15% FXRB Due 2010	100,361,874
TTUTC Property Development Ltd $16.04 10Yrs 8.00% FXRB 2013	187,716
MARKET VALUE OF CORPORATE SECURITIES	1,298,241,989
TOTAL VALUE OF GOVERNMENT AND GOVERNMENT GUARANTEED SECURITIES	1,911,137,210
SHORT TERM INVESTMENTS	3,663,038,178
CASH AND CASH EQUIVALENTS	3,080,605,262
OTHER ASSETS IN EXCESS OF LIABILITIES[1]	185,198,346
NET ASSETS	**10,138,220,985**

[1] This figure includes:
-Turks Development Ltd. Partnership US$62m 15% Transferable Loan due 2010 (Dellis Cay Project) - $3,349,617
-CL Financial US$320m Floating Rate Commercial Paper (Lascelles, De Mercado & Co. Ltd.) - $52,105,115

ASSET ALLOCATION FOR TT$ INCOME FUND



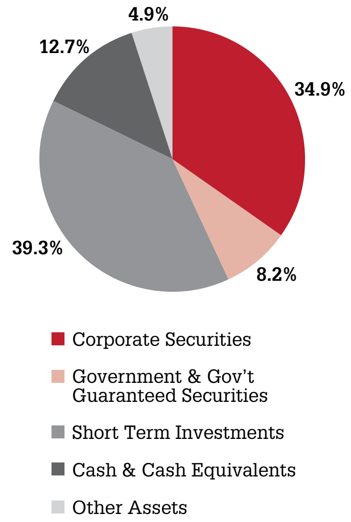
Portfolio of Investments For the year ended December 31, 2010

US$ INCOME FUND

	MARKET VALUE 2010 TT$
CORPORATE SECURITIES	
Barclays Bank PLC FL-Rate $12,069Mn 2019	58,111,928
Barclays Bank Fixed to Float Bond Non-Callable 3mths libor	93,414,784
Bank of America 10Yrs Capped & Floored CMS Floater Due 2020	58,807,061
Cap Cana 10% Senior Secured New Notes Due 2016	21,902,214
Cap Cana S.A. 10% Senior Secured Recovery Notes Due 2016	15,772,395
Citigroup Funding Inc. 5Yrs Non-Callable CMS Part. Notes	147,787,886
Citigroup Funding Inc 10Yrs Non-Callable Lined to CMS10 2020	61,532,357
Deutshe Bank $75Mn Fl-Rate Protected Invest-Alpha Notes 2012	153,581,080
Diageo Finance BV	30,514,311
EGE Haina $175Mn 10Yrs 9.50% Euroclear Note Due 2017	44,770,576
Lloyds TSB Bank Fixed to Float Bond 10Yrs CMS 2020	93,098,250
Lloyds TSB Bank Plc Capped & Floored CMS Floater Due 2020	59,272,553
Morgan Stanley FL-Rate $12,069Mn 2020	57,100,260
RBTT USD$100 10Yrs 6.60% FXRB 2015	5,004,569
Sagicor Financial US$150Mn 10Yrs 7.50% Eurobond 2016	133,086,710
Talisman Energy Inc US$700Mn 10Yrs 7.75% FXRB 2019	31,743,139
Trump Ocean Board Club US$220Mn 7Yrs 9.50% FXRB 2014 Tran-B	65,364,281
Cool Pet (St. Luc) Ltd US$20.Mn 10Yrs 7.65% ANB 2017 Tran-C	2,799,946
Certificates of Part. in Cool Pet. (St. Lucia) FXRB Ser. 19	4,478,166
Certificates of Part. in Cool Pet. (St. Lucia) FXRB Ser. 21	3,955,560
Certificates of Part. in Cool Pet. (St. Lucia) FXRB Ser. 22	3,872,403
Certificates of Part. in Cool Pet. (St. Lucia) FXRB Ser. 28	3,387,543
Certificates of Part. in Cool Pet. (St. Lucia) FXRB Ser. 29	3,306,254
Certificates of Part. in Cool Pet. (St. Lucia) FXRB Ser. 39	2,599,559
Certificates of Part. in Cool Pet. (St. Lucia) FXRB Ser. 40	2,534,824
Consolidated Water Co. Ltd $15.77Mn 10Yrs 5.95% ANB 2016	16,037,138
Desalcott $204Mn 20Yr VRB 2023 (8.00%for10Yrs/GOTT10yr+2.50%)	28,883,732
Digicel Int'l Finance Ltd. 8% senior Secured Bond Due 2012	27,311,551
Geonet Ethanol LLC $35.50Mn 7Yrs 9.90% FXRB Syn-Loan 2013	16,387,966
GHL Promissory Notes Due 25 Nov 2011	18,599,536
Guardian Holdings Promissory Note Due 25 Nov 2012	19,612,698
Guardian Holdings Promissory Note Due 25 Nov 2013	37,239,300
National Helicopter Ser Ltd US$6,375,000 4Yrs 6.50% FXRB 2011	3,103,275
St Kitt/Nev Anguilla National Bank $22Mn 10Yrs 8.00% FXRB 2014	40,278,027
Trinidad Cement Ltd $25Mn 18 Mths 7.25% FXRB 2010	77,581,875
UWI (Cave Hill) $10.475Mn 12Yrs 7.75% FXRB 2015 Series A	2,327,456
MARKET VALUE OF CORPORATE SECURITIES	1,445,161,162
TOTAL VALUE OF GOVERNMENT AND GOVERNMENT GUARANTEED SECURITIES	339,373,926
SHORT TERM INVESTMENTS	1,627,322,557
CASH AND CASH EQUIVALENTS	524,631,794
OTHER ASSETS IN EXCESS OF LIABILITIES[1]	204,001,961
NET ASSETS	**4,140,491,399**

1 This figure includes:
-CL Financial US$320m Floating Rate Commercial Paper (Lascelles, De Mercado & Co. Ltd.) - $157,171,533.00
-Turks Development Ltd. Partnership US$62m 15% Transferable Loan due 2010 (Dellis Cay Project) - $16,589,984.00

ASSET ALLOCATION FOR US$ INCOME FUND



Portfolio of Investments For the year ended December 31, 2010

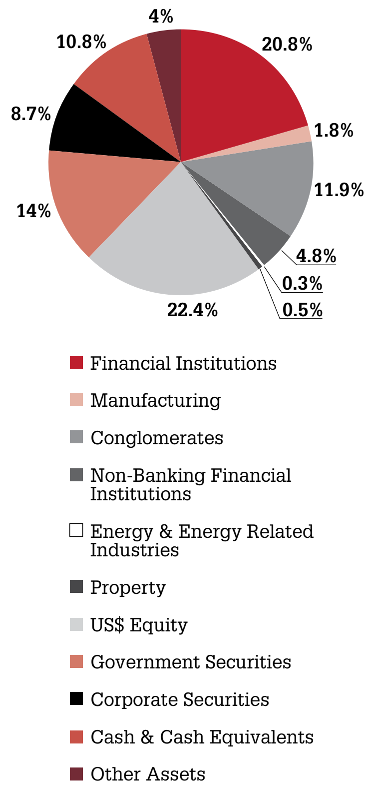
GROWTH AND INCOME FUND (FIRST UNIT SCHEME)

	SHAREHOLDING 2010 (STOCK UNITS)	MARKET VALUE 2010 $
EQUITY		
FINANCIAL INSTITUTIONS		
Scotiabank Trinidad & Tobago Limited	5,511,459	200,176,191
Republic Bank Limited	2,619,566	199,637,125
ANSA Merchant Bank Limited	1,798,833	57,112,948
FirstCaribbean International Bank Limited	6,943,139	60,821,898
National Commercial Bank of Jamaica	18,250,000	26,645,000
Sagicor Financial Corporation	8,687,579	69,500,632
Bank of Nova Scotia – Jamaica	11,750,000	18,057,223
MANUFACTURING		
Unilever Caribbean Limited	1,128,770	25,453,764
Trinidad Cement Limited	9,905,572	27,735,602
CONGLOMERATES		
ANSA Mc Al Limited	4,118,064	189,430,944
Neal & Massy Holdings Limited	4,427,432	163,814,984
Grace Kennedy & Company Limited	2,358,000	8,488,800
NON-BANKING FINANCIAL INSTITUTIONS		
American Life and General Insurance Company (Trinidad and Tobago) Limited	462,416	2,427,684
Guardian Holdings Limited	5,761,731	73,807,774
National Enterprises Limited	4,762,640	48,959,939
Savinvest Mutual Fund	278,698	17,421,381
Energy and Energy Related Industries		
Eastern Caribbean Gas Pipeline	1,425,489	8,847,368
PROPERTY		
Point Lisas Industrial Port Development Corporation Limited	2,966,876	14,537,692
Market Value TT$ Equity	93,156,264	1,212,876,948
Market Value US$ Equity	24,909,505	680,179,166
MARKET VALUE OF EQUITIES	118,065,769	1,893,056,114
GOVERNMENT AND GOVERNMENT GUARANTEED SECURITIES		425,647,463

GROWTH AND INCOME FUND (FIRST UNIT SCHEME) continued

	MARKET VALUE 2010 $
CORPORATE SECURITIES	
Agostini's Ltd $50Mn 5Yrs 9.20% FXRB 2013	5,000,000
ANSA Merchant Bank Ltd TTD$350Mn 5.5Yrs 6.50% FXRB Due 2015	5,000,000
Cool Pet (St. Luc) Ltd US$20.Mn 10 Yrs 7.65% ANB 2017 Tran-C	8,415,677
Desalcott $204Mn 20Yr VRB 2023(8.00%for10yrs/GOTT10yr+2.50%)	3,541,667
Digicel Int'l Finance Ltd. 8% Senior Secured Bond Due 2012	49,160,792
Grenada Airports Authority 7.5% Bond Due 2029 (Tranche A)	10,985,495
Gulf Insurance Convert Subordinated $31.5Mn 5Yr FR-Note 2011	6,842,697
Gulf Insurance TT$81.9Mn 7Yrs 8.75 Senior Secured FXRB 2013	2,135,545
La Brea Industrial Deve't Comp $62Mn 10Yrs 6.05% FXRB 2015	9,250,000
Prestige Holdings Ltd. TT$91.7Mn 7.75% FXB Due 2015	2,500,000
Reed Monza Rate Financing Facility	303,695
Republic Bank Limited $1Bn 10 Yrs 8.55% FXRB 2018	35,000,000
Scotiabank of T&T TT$800M FXB Series A 2014 8.35%	20,000,000
Scotiabank of T&T TT$800M 8.45%FXB Series B Due 2015	25,000,000
Scotiabank of T&T $200Mn 6Yrs 6.30% FXRB 2011	20,000,000
Trading & Distribution Ltd $150Mn 10Yrs 6.25% FXRB 2015	4,850,000
TransJamaican Highway US$72Mn 11.50% 8yrs FXRB Due 2014	20,782,227
TransJamaican Highway Ltd $130Mn 10Yr 11.50% FXRB 2014 Tra-B	490,728
TransJamaican Highway Ltd $130Mn 10Yrs 11.50% FXRB 2014 DD6	449,971
T&T Mortgage Finance Co. $100Mn 25Yrs TT Prime FLRB 2023	400,000
UTC Prop Deve't Ltd Chag Build $38.6Mn 10 Yrs 8.00% ANB 2014	2,186,407
WASA Zero Coupon Bond Series G Due 2018	32,549,539
TOTAL VALUE OF CORPORATE SECURITIES	264,844,439
	2,583,548,016
TOTAL VALUE OF INVESTMENT SECURITIES	**2,583,548,016**
CASH AND CASH EQUIVALENTS	**327,746,695**
OTHER ASSETS IN EXCESS OF LIABILITIES[1]	**119,930,620**
NET ASSETS	**3,031,225,332**

ASSET ALLOCATION FOR GROWTH AND INCOME FUND (FIRST UNIT SCHEME)



[1] This figure includes:
– CL Financial US$320m Floating Rate Commercial Paper (Lascelles, De Mercado & Co. Ltd.) - $152,890,596.00

Portfolio of Investments For the year ended December 31, 2010

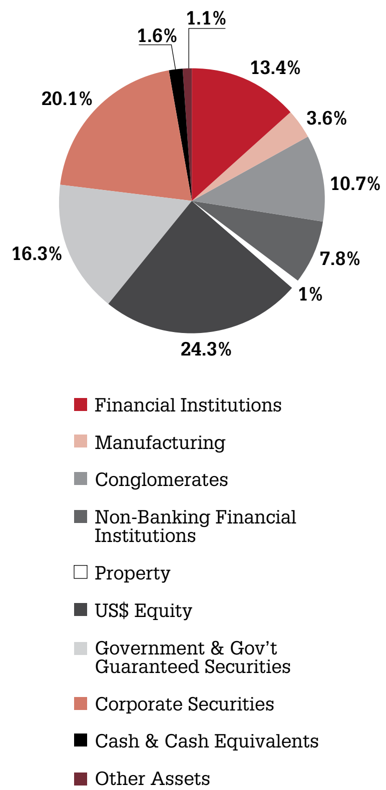
UNIVERSAL RETIREMENT FUND

	SHAREHOLDING 2010 (STOCK UNITS)	MARKET VALUE 2010 $
EQUITY		
FINANCIAL INSTITUTIONS		
ANSA Merchant Bank Limited	252,791	8,026,114
FirstCaribbean International Bank Limited	188,269	1,649,236
National Commercial Bank – Jamaica	1,200,000	1,752,000
Republic Bank Limited	65,385	4,982,991
Scotiabank Trinidad & Tobago Limited	149,052	5,413,550
MANUFACTURING		
Readymix (West Indies) Limited	36,780	1,153,053
The West Indian Tobacco Company Limited	68,288	3,264,849
Trinidad Cement Limited	350,960	982,688
Unilever Caribbean Limited	20,975	472,986
CONGLOMERATES		
ANSA Mc Al Limited	170,028	7,821,288
Grace Kennedy & Company Limited	549,867	1,979,521
Neal & Massy Holdings Limited	207,698	7,684,826
NON-BANKING FINANCIAL INSTITUTIONS		
Guardian Holdings Limited	398,313	5,102,390
National Enterprises Limited	348,417	3,581,727
Sagicor Financial Corporation	512,263	4,098,104
PROPERTY		
Point Lisas Industrial Port Development Corporation Limited	343,014	1,680,769
Market Value TT$ Equity	4,862,100	59,646,093
UTC North American Fund	1,007	63,671
Market Value US$ Equity	2,393,055	39,503,268
MARKET VALUE OF EQUITIES	**7,256,162**	**99,213,032**
GOVERNMENT AND GOVERNMENT GUARANTEED SECURITIES		26,531,228

UNIVERSAL RETIREMENT FUND continued

	MARKET VALUE 2010
	$
CORPORATE SECURITIES	
Agostini's Ltd $50Mn 5Yrs 9.20% FXRB 2013	3,000,000
ANSA Merchant Bank Ltd TTD$350Mn 5.5Yrs 6.50% FXRB Due 2015	1,000,000
Broadway Properties Ltd $64.00Mn 14Yrs 8.25% FXRB 2017	349,104
Cert. of Part. in Cool Petroleum (St. Lucia) Due 2015 Ser.30	3,229,156
Digicel Int'l Finance Ltd. 8% Senior Secured Bond Due 2012	5,462,310
Gulf Insurance TT$81.9Mn 7Yrs 8.75 Senior Secured FXRB 2013	1,642,727
Cert. of Part. in HDC Due 2012 (ZCB) Ser 1	3,725,816
Prestige Holdings Ltd. TT$91.7Mn 7.75% FXB Due 2015	500,000
Republic Bank Limited $1Bn 10Yrs 8.55% FXRB 2018	8,000,000
Scotiabank of T&T TT$800M 8.45%FXB Series B Due 2015	2,500,000
Trading & Distribution Ltd $150Mn 10Yrs 6.25% FXRB 2015	250,000
Udecott 2.40BN 8.15% FXRB Due 2010	557,820
Value Assets Int'l $300Mn 7Yrs 8.95% FXRB M'gage Notes 2015	2,489,676
TOTAL VALUE OF CORPORATE SECURITIES	32,706,609
TOTAL DEBT SECURITIES	**59,237,837**
TOTAL VALUE OF INVESTMENT SECURITIES	158,450,869
CASH AND CASH EQUIVALENTS	2,576,258
OTHER ASSETS IN EXCESS OF LIABILITIES1[1]	1,868,862
NET ASSETS	**162,895,988**

ASSET ALLOCATION FOR UNIVERSAL RETIREMENT FUND



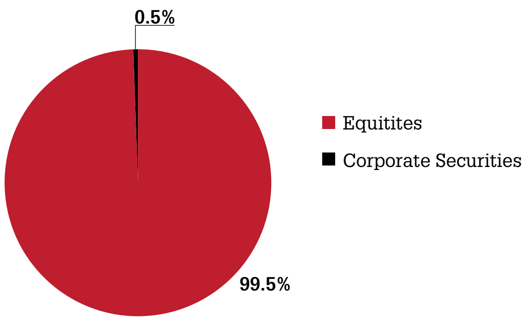
[1] **This figure includes:**
-CL Financial US$320m Floating Rate Commercial Paper (Lascelles, De Mercado & Co. Ltd.) - $1,223,125.00

Portfolio of Investments For the year ended December 31, 2010

ENERGY FUND

	SHAREHOLDING 2010 (STOCK UNITS)	MARKET VALUE 2010 $
EQUITY		
Apache Corporation	1,641	195,656
Bershire Hathaway Inc Class B	1,400	112,154
Baker Hughes Incoporated	1,050	60,029
Peabody Energy Corporation	1,725	110,366
Chesapeake Energy Corporation	3,367	87,239
Canadian Natural Resources	1,600	71,072
Consol Energy Inc	1,127	54,930
ConocoPhillips Company	1,576	107,326
Chevron Corporation	3,040	277,400
Concho Resources Inc	900	78,903
Claymore Canadian Energy Index ETF	7,650	154,148
EOG Resources Inc	982	89,765
Market Vectors Gold Miners ETF	1,955	120,174
iShares S&P Global	1,515	59,176
Market Vectors Nuclear Energy ETF	3,205	81,247
National Oilwell Varco Inc	1,340	90,115
Oil Services Holders	1,400	196,742
Occidental Petroleum Corporation	2,055	201,596
Petroleo Brasileiro	3,989	150,944
Transocean Inc.	2,460	170,995
Spectra Energy Corporation	2,000	49,980
Schlumberger Ltd	2,059	171,927
Vanguard Energy ETF	1,300	129,571
SPDR Oil & Gas Equipment & Services ETF	2,116	77,678
Energy Select Sector SPDR	6,535	446,014
Technology Select Sector SPDR	4,205	105,924
Utilities Select Sector SPDR	1,646	51,586
Exxon Mobil Corporation	3,571	261,112
SPDR S&P Oil & Gas Exploration	3,304	174,286
DB Energy Select Fund (International) L.P	140,000	140,000
United States Power Fund III	335,808	335,808
MARKET VALUE OF EQUITIES	**546,521**	**4,413,858**
CORPORATE SECURITIES		
EGE Haina $175Mn 10Yrs 9.50% Euroclear Note Due 2017		2,103
Geonet Ethanol LLC $35.50Mn 7Yrs 9.90% FXRB Syn-Loan 2013		19,717
MARKET VALUE OF CORPORATE SECURITIES		**21,821**
TOTAL VALUE OF INVESTMENT SECURITIES		**4,435,679**
CASH AND CASH EQUIVALENTS		**1,131,301**
OTHER LIABILITIES IN EXCESS OF ASSETS		**(284,712)**
TOTAL NET ASSETS		**5,282,268**

ASSET ALLOCATION FOR ENERGY FUND

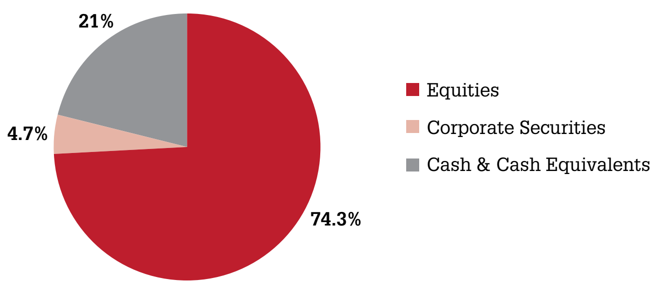


Portfolio of Investments For the year ended December 31, 2010

ASIA-PACIFIC FUND

	SHAREHOLDING 2010 (STOCK UNITS)	MARKET VALUE 2010 $
EQUITY		
Baidu Inc	570	55,022
DBS Group Holdings	425	19,100
Wisdom Tree Japan Hedged Equity Fund	3,270	124,816
iShares MSCI Hong Kong Index Fund	5,340	101,033
iShares MSCI Japan Index	14,234	155,293
iShares MSCI Malaysia Index Fund	5,800	83,404
iShares MSCI Singapore Index Fund	11,725	162,391
iShares MSCI Taiwan Index Fund	1,465	22,883
SPDR Index SHS FDS S&P China ETF	985	75,096
Guggenheim China Small Cap Index ETF	1,655	49,749
Hong Kong Electric Holdings Ltd	9,127	57,044
Market Vectors Indonesia Index ETF	1,075	93,858
Jardine Matheson Holdings Limited	1,969	87,148
BlackRock Global Allocation Fund Class A	507	21,269
PowerShares India Portfolio ETF	6,625	168,408
Pohang Iron & Steel Company	345	37,153
Dr. Reddy's Laboratories Limited	2,514	92,917
Shiseido Company Limited. ARD	3,514	77,027
Templeton Dragon Fund Inc	2,510	77,145
iShares MSCI Thailand Investable Market Index Fund	685	44,258
PT Telekomunikasi Indonesia	1,324	47,194
VisionChina Media Inc	2,992	13,883
MARKET VALUE OF EQUITIES	**78,656**	**1,666,091**
HUTCHINSON WAMPOA 4.625% SEPTEMBER 11, 2015		**105,270**
TOTAL VALUE OF INVESTMENT SECURITIES		**1,771,361**
CASH AND CASH EQUIVALENTS		**471,574**
OTHER LIABILITIES IN EXCESS OF ASSETS		**(35,491)**
TOTAL NET ASSETS		**2,207,444**

ASSET ALLOCATION FOR ASIA-PACIFIC FUND

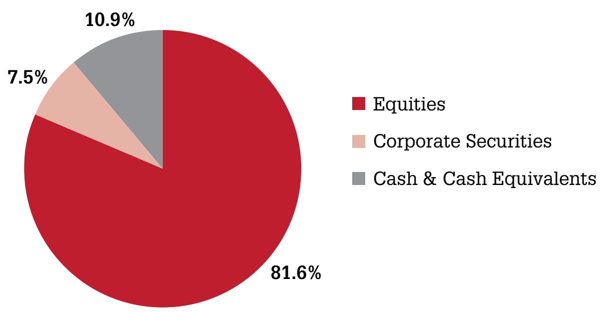


Portfolio of Investments For the year ended December 31, 2010

EUROPEAN FUND

	SHAREHOLDING 2010 (STOCK UNITS)	MARKET VALUE 2010 $
EQUITY		
ABB Ltd. (ADR)	1,127	25,301
iShares MSCI BRIC Index Fund	431	21,175
British American Tobacco PLC	305	23,699
Anheuser Busch Inbev NV	447	25,519
Central Europe & Russia Fund	1,188	49,706
iShares MSCI Poland Investable Market Index Fund	485	16,291
iShares MSCI Sweden Index Fund	754	23,547
iShares MSCI Germany Index	2,206	52,812
iShares MSCI France Index Fund	1,332	32,567
Fresenius Medical Care AG & Co. (ADR)	378	21,807
iShares S&P Europe 350 Index Fund	2,462	96,707
iShares S&P Global Infrastructure Index Fund	1,365	47,857
SPDR Index SHS FDS SPDR S&P International Health Care Sector	1,802	54,276
iShares S&P Global Financial Sectors Index Fund	858	39,580
iShares S&P Global Technology Sector ETF	268	16,459
Nestle SA	442	25,998
Novartis AG	468	27,589
Royal Dutch Shell PLC ADR “A” Shares	340	22,705
Rio Tinto PLC	370	26,514
iShares S&P Global Consumer Discretionary Index	396	21,150
Syngenta AG ADR	576	33,857
iShares MSCI Turkey Investable Market Index Fund	208	13,772
Vanguard European ETF	1,698	83,355
Vodafone Group Plc	1,666	44,049
Utilities Select Sector SPDR	637	19,964
DB Energy Select Fund (International) L.P	24,640	24,640
MARKET VALUE OF EQUITIES	**46,849**	**890,896**
CORPORATE SECURITIES		
Barclays Bank PLC FL-Rate $12,069Mn 2019		17,790
Diageo Finance BV		46,284
Morgan Stanley FL-Rate $12,069Mn 2020		17,480
MARKET VALUE OF CORPORATE SECURITIES		**81,554**
TOTAL VALUE OF INVESTMENT SECURITIES		**972,450**
CASH AND CASH EQUIVALENTS		**119,475**
OTHER LIABILITIES IN EXCESS OF ASSETS		**(16,823)**
TOTAL NET ASSETS		**1,075,102**

ASSET ALLOCATION FOR EUROPEAN FUND

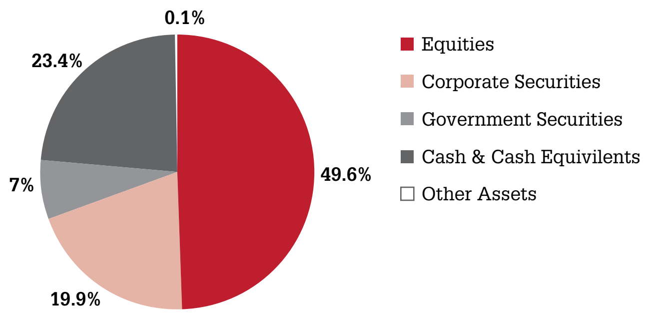


Portfolio of Investments For the year ended December 31, 2010

GLOBAL BOND FUND

	SHAREHOLDING 2010 (STOCK UNITS)	MARKET VALUE 2010 $
EQUITY		
Barclays Aggregate Bond Fund	1,098	116,114
SPDR Gold Trust	145	20,114
iShares S&P Citigroup International Treasury Bond Fund	1,483	151,667
ETFS Palladium Trust	1,011	80,739
ETFS Platinum Trust	552	97,213
ProShares Advisors LLC	1,748	27,391
AllianceBernstein Global Bond Portfolio	6,710	63,678
Rydex Investment Currency Shares Euro Trust	270	35,934
MFS European Bond Fund	7,035	74,993
Franklin Templeton Global Total Return Fund	9,118	71,914
Franklin Templeton Global Bond Fund		66,709
US Dollar Floating Rate Fund Ltd.	34,965	50,000
MARKET VALUE OF EQUITIES	**64,135**	**856,465**
CORPORATE SECURITIES		
Barclays Bank PLC FL-Rate $12,069Mn 2019		46,815
Cap Cana 10% Senior Secured New Notes Due 2016		37,182
Cap Cana S.A. 10% Senior Secured Recovery Notes Due 2016		26,750
Diageo Finance BV		56,570
Morgan Stanley FL-Rate $12,069Mn 2020		46,000
Sagicor Financial US$150Mn 10Yrs 7.50% Eurobond 2016		105,662
Talisman Energy Inc US$700Mn 10Yrs 7.75% FXRB 2019		24,589
MARKET VALUE OF CORPORATE SECURITIES		**343,567**
TOTAL VALUE OF GOVERNMENT SECURITIES		**120,350**
TOTAL VALUE OF INVESTMENT SECURITIES		**1,320,382**
CASH AND CASH EQUIVALENTS		**405,600**
OTHER ASSETS IN EXCESS OF LIABILITIES		**1,353**
TOTAL NET ASSETS		**1,727,335**

ASSET ALLOCATION FOR GLOBAL BOND FUND

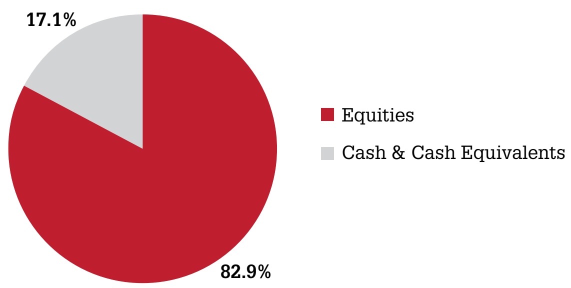


Portfolio of Investments For the year ended December 31, 2010

LATIN AMERICAN FUND

	SHAREHOLDING 2010 (STOCK UNITS)	MARKET VALUE 2010 $
EQUITY		
Companhia De Bebidas-PRF ADR	915	28,392
America Movil ADR	715	40,998
Banco Bradesco S.A.	671	13,615
Global X Brazil Consumer ETF	1,400	28,868
Global X Brazil Mid Cap ETF	1,400	25,886
Market Vectors Brazil Small Cap ETF	1,718	99,094
EGA Emerging Global SHS Index Brazil Infrastructure Index Fund	1,000	24,469
Ecopetrol SA	952	41,526
iShares MSCI Chile Investable Market Index Fund	735	58,506
iShares MSCI All Peru Capped Index Fund	915	46,079
iShares MSCI Mexico Investab	689	42,663
iShares MSCI Brazil Free Index Fund	1,028	79,567
iShares TR MSCI Brazil Sm Cap Index	1,700	50,832
First Cash Financial Services Inc	504	15,619
SPDR S&P Emerging Latin America ETF	705	63,267
Global X/InterBolsa FTSE Colombia 20 ETF	904	38,447
iShares S&P Latin America 40	2,260	121,724
Itau Unibanco	781	18,752
Coca Cola Femsa S.A.B de C.V	945	77,896
Market Vectors ETF Latin America Small Cap ETF	1,625	53,414
Petroleo Brasileiro	1,550	58,652
Vale SA ADR	1,175	40,620
DB Energy Select Fund (International) L.P	30,800	30,800
MARKET VALUE OF EQUITIES	**55,087**	**1,099,686**
TOTAL VALUE OF INVESTMENT SECURITIES		**1,099,686**
CASH AND CASH EQUIVALENTS		**227,175**
OTHER LIABILITIES IN EXCESS OF ASSETS		**(18,871)**
TOTAL NET ASSETS		**1,307,990**

ASSET ALLOCATION FOR LATIN AMERICAN FUND



Serving Customers Well

Our work begins and ends with people – not investments. Helping people achieve their financial goals entails much more than offering financial services. To serve the customer well we need to listen to them but also hear what they are unable to express. Give them the knowledge they need but also learn from them exactly what their needs are. Serving the customer means ensuring that their experience with us is just as pleasant, productive and profitable as the financial future they wish to achieve.

Amoy Chang Fong
Chairman

Chairman's Review

The past year has proved to be no less daunting for investors in Trinidad and Tobago and around the globe than the years since the global financial and economic crisis began. Through it all, we have followed our conservative approach to investing, disciplined risk management and purposeful diversification to preserve our Unitholders' capital and deliver competitive market returns.

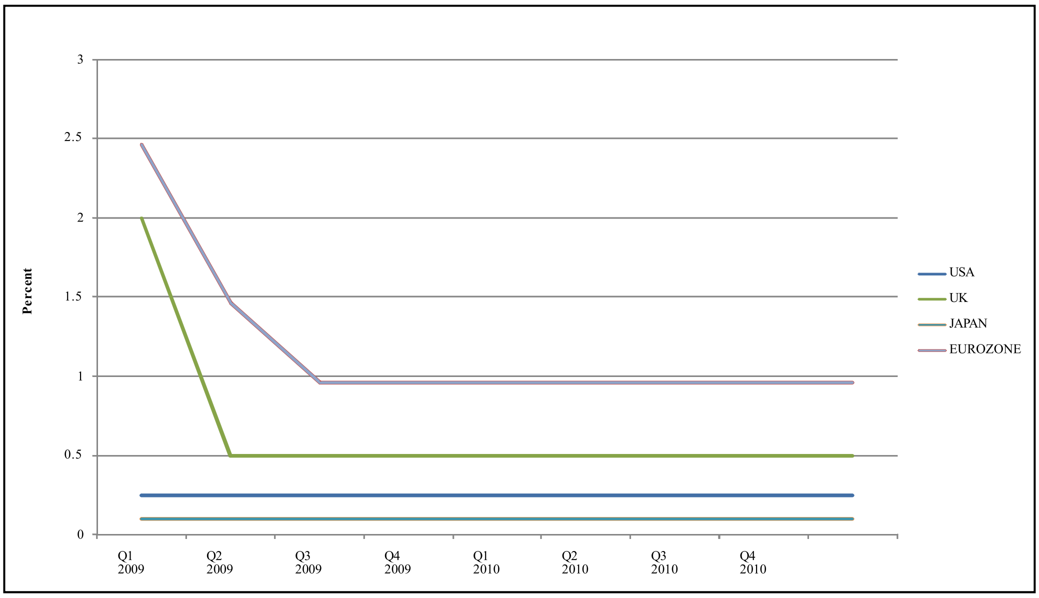
In this annual report, we will review both global and local markets for 2010 as well as the Corporation's performance and our outlook for 2011.

Global Markets

While international markets eagerly anticipated recovery from the financial fallout of 2009, the year was also filled with trepidation as risk of double dip recession remained high. As the year progressed, emerging and developing countries showed themselves as the main drivers of economic growth. In contrast to the continuing malaise in North America and Europe, the economies of newly industrialising countries in the East and South East Asia, Africa and Latin America grew at healthy rates. Emerging economies expanded by 7.1 percent with the main impetus being domestic demand. This strong performance brought average global growth to 5.0 percent (up from negative 0.5 percent one year ago). In contrast, growth in advanced economies was a tepid 3.0 percent (up from negative 3.4 percent the year before), mainly due to inventory accumulation and fiscal stimuli. Prospects for North America and Europe were overshadowed by growing unemployment, fiscal imbalances and debt sustainability risks.

Most financial markets remained fragile in 2010, suffering from the effects of subdued interest rates and sub-normal returns (Chart 1). Advanced economies continued to experience low interest rates. In the United States, Eurozone, United Kingdom and Japan, 2010 rates remained unchanged from their historically low 2009 levels. The United States pledged to maintain its rate in a range from zero to 0.25 percent. The European Central Bank (ECB) kept interest rates at a record low after the Federal Reserve embarked on a new round of quantitative easing and tensions increased on Europe's sovereign-debt markets. The Bank of Japan (BOJ) kept its target for its policy interest rate, the overnight call rate (OCR), at between zero percent and 0.1 per cent in 2010 and, even at these low levels, faced criticism for providing insufficient support to the economy.

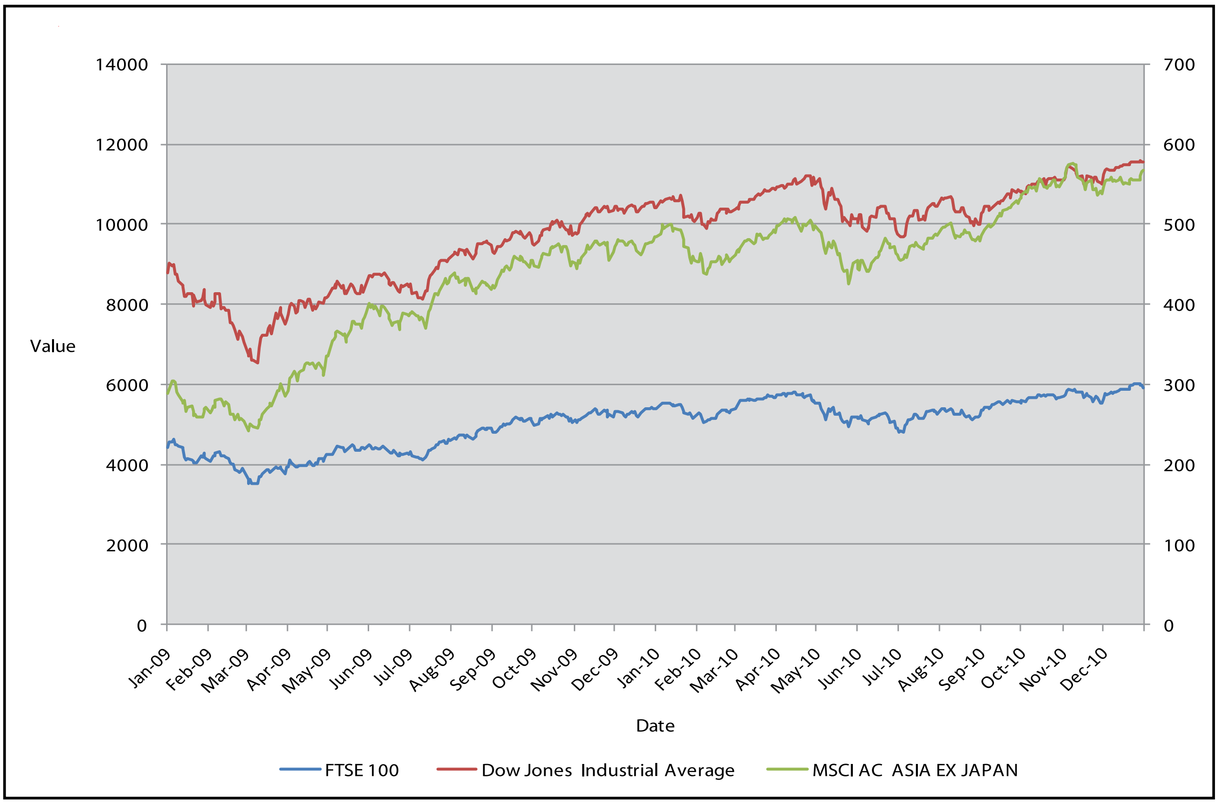
Chart 1: Bank Policy Rates



SOURCE: Bloomberg

Notwithstanding the continuing vulnerabilities in the real estate and securities markets and bouts of turbulence upsetting financial markets during 2010, global financial conditions broadly improved as lending conditions eased and equity markets rose. Commotions within the markets were primarily related to technical stock market glitches and debt problems of Portugal, Italy, Spain, Greece and Dubai. These disturbances sparked prolonged debates on monetary and financial sector issues as well as a spate of sovereign credit risk rating downgrades for former investment-grade countries such as Portugal and Spain and a lowered credit rating to junk status for Greece. Given such uncertain conditions, market players remained discriminatory and generally risk averse with gains not shared across the board. The S&P 500, Dow Jones Industrial Average (DJIA) and FTSE 100 reported returns of 14.82 percent, 13.77 percent and 12.62 percent, respectively, by the end of 2010 (Chart 2). A closer look at the DJIA indicates that it had risen from its post-crisis low of 6547.05 recorded in March 2009 to a high of 11585.38 in December 2010, after registering below 10000 in July. The Index ended the year at 11577.51 and already in April 2011 has topped 12000.

Chart 2: Dow Jones Industrial Average, FTSE 100 and MSCI Asia ex Japan Performance for 2009-2010



SOURCE: Bloomberg

The year 2010 was volatile for the commodity market. Grains outperformed soft and precious metals as severe weather conditions in Russia and Eastern Europe devastated a substantial portion of their wheat and barley crop, driving grain prices up by 43.9 percent. Floods in the Indian sub-continent affected the region's rice harvests, creating further upward pricing pressure on food supplies globally. The prices of precious metals also increased during 2010 by 34.4 percent. Gold and silver continued to be in strong demand as a safe-haven asset and by the growing middle and wealthy classes in emerging economic giants.

Oil prices continued to gain momentum in 2010 after the recovery of 2009. Price improvement continued well into 2011 as unrest in the Middle East and North Africa in the early months of 2011 raised concerns about the security of supply. Natural gas prices have also strengthened.

Domestic Economy and Financial Markets

Against the background of hesitant recovery in our major trading partner countries, the performance of the domestic economy was flat. Sharp reduction in exports to major Caribbean markets and low business/consumer confidence contributed significantly to the lackluster performance in the local non-energy sector. This subdued output overshadowed expansion in the energy sector and resulted in overall growth rate of just 0.1 percent. However, this was an improvement over 2009's negative 3.5 percent. Growth in the energy sector was due largely to a 6.3 percent increase in natural gas production, which outweighed a contraction in crude oil output of 3.0 percent. The average price of crude oil for 2010 was US$79.61 per barrel, reaching a high of US$91.51 in December 2010. The average for natural gas was US$4.38 per mmbtu with a high of US$6.00 per mmbtu recorded in January 2010 (Chart 3).

Chart 3: Natural Gas and Crude Oil Prices from January 2006 to March 2011

SOURCE: Bloomberg

Domestically, the fiscal balance improved significantly for the fiscal year ended September 2010, registering a negative 0.2 percent of GDP compared with a negative 4.9 percent in 2009. Improvement can be attributed to higher energy prices and frugal capital expenditure. The National Budget for the current fiscal year ending September 2011 was based on prices for oil and gas of US$65 per barrel and US$2.75 per mmbtu, respectively. A deficit of 5.2 percent of GDP is projected in the Budget, but the outlook based on current prices could witness a reduction in the deficit.

Domestic interest rates continued to be soft as banking system liquidity remained high with the lack of credit demand. The 3-month T-Bill rate declined from 1.34 percent in January 2010 to 0.37 percent in December 2010 while overnight inter-bank rates fell from 1.99 percent in January 2010 to 0.75 percent in December 2010. The Central Bank continued its accommodative monetary policy stance with the reduction of the repo rate from 5.25 percent at the end of 2009 to 3.75 percent at the end of 2010. The local stock market indices rose with the TT Composite Index rising by 9.2 percent in 2010. Overall, out of the 40 stocks in the market, 22 advanced, 11 declined while 7 remained unchanged by the end of the year.

Domestic capital market activity showed a marginal decline year-on-year as 19 issues were offered on the primary bond market in 2010 compared to 24 issues in 2009. The aggregate face value declined by 5.33 percent to TT$7.1 billion from TT$7.5 billion over the time period with government and state enterprises accounting for the majority of the issues. On the secondary market, however, there was a significant increase in activity as the market value traded increased by 149 percent year-on-year rising to TT$1.84 billion by the end of 2010. Similarly, the number of transactions rose by 56 percent to 137 in 2010 from 88 transactions in 2009. The auction of bond issues for the Government offered yields of 5.16 percent and 5.65 percent, respectively, for tenors of 10 years and 15 years, compared to yields of 5.94 percent and 7.00 percent one year before.

New Regulations
In September 2010, the Minister of Finance signalled changes to the legislation governing the Unit Trust Corporation. Essentially, the changes are aimed at separating the mutual fund business of the Corporation to better comply with the Mutual Fund Guidelines of the Securities and Exchange Commission. This will benefit the Funds' investors by providing them with Financial Statements and Accounts for each Fund separately from that of the Corporation. The Corporation's Financial Statements regarding the Funds will thereafter reflect revenue from the services that it provides to the different Funds, rather than the total revenue earned by the Funds less their expenses. Some re-structuring of the organisation at the corporate level will therefore be necessary, although there will be no impact on the net income of the Corporation.

The proposed changes in the legislation will not affect how we operate our business but will ensure that information provided to Unitholders is clear and uncluttered. Although the actual legislation will take some time to be brought into effect, the Corporation will begin publication of the separate Accounts in 2011.

Funds Management
In 2010's challenging environment, we continued our conservative investment philosophy and strong diversification policy. These tenets maintained liquidity for our Unitholders during a difficult period when many investors in Trinidad and Tobago were unable to access their capital because of the high-profile failure of a local financial institution.

Given the turbulence in the international fixed income market during the year, the strategy of the Income Funds was a conservative one, which when added to the low interest rate environment in most markets yielded lower but positive returns compared to the previous year. Among the international Funds, four of the five Funds produced positive returns for the Unitholders, with the UTC Energy Fund providing the highest return of 6.98 percent. We believe that our ongoing strategy of geographic and sector diversification for these Funds will produce positive results for investors pursuing a diversification strategy.

As we look ahead to the investment strategy for the period to come, the unfortunate triple impact of the earthquake, tsunami and nuclear crisis in Japan could have serious effects on production of automotive and electronic goods in other countries, notably North America, given the inter-dependence of the globalised supply chain. On the other hand, demand for rebuilding supplies could positively impact other goods and services. Our strategy going forward will continue to be a conservative policy to preserve the capital of the Funds while focusing on selecting appropriate assets to ensure optimum returns.

Outlook
Continuing in the same vein as last year, our view is that global economic recovery will be two-pronged, with buoyant activity for emerging and developing countries and relatively slower growth prospects for the advanced economies. Factors imposing upon expansion include downside risks from continued uncertainties regarding debt crises faced by some European countries, civil unrest in the Middle East and the recent natural disasters in Japan.

The importance of emerging economies in sustaining global growth going forward cannot be overstated. They account for 40 percent of global consumption and over two-thirds of global growth. In 2011, emerging and developing countries are expected to grow at a rate of 6.5 percent, while advanced economies are expected to expand by 2.4 percent. Leading the way is developing Asia (8.4 percent) and sub-Saharan Africa (5.5 percent). However, rapid economic growth in these countries is beginning to result in overheating and rising inflation. Given the significant contribution to world demand and growth, these downside risks will be carefully monitored by us.

We do not foresee a rise in interest rates in the near term, as the major North American and European economies continue to struggle with high unemployment rates, slow growth in output and increasing debt profiles.

Tightening market conditions have pushed up oil prices, which will continue trending upwards driven by increasing global demand and rising political turmoil in the Middle East and North Africa. The full impact of the natural disasters in Japan will only be understood as the reconstruction effort begins. The current focus on stabilising the area could negatively affect world output and trade during this quarter and the next.

Latin America and the Caribbean region are expected to grow by 4.7 percent in 2011. Growth in most of the Caribbean countries will be subdued amid moderate prospects for tourism and remittances with limited room for policy support in light of chronic public debt burdens. Given the varying strengths of macroeconomic policy frameworks throughout the Latin American region, the outlook for Latin America is projected to be diverse. Domestic demand and capital inflows have thus far fuelled the region's expansion. Yet, the downside risks of overheating, inequitable distribution of wealth and inflation remain and will be watched closely.

With ongoing growth in the global economy remaining steady and the demand for oil and natural gas likely to rise, the Trinidad and Tobago economy is expected to expand by 2 percent in 2011. This projection, however, is predicated upon improving trade statistics with the rest of the Caribbean.

Monetary and fiscal policy initiatives articulated for 2011 will assist in improving business confidence and domestic demand. On the monetary side, there is flexibility and room for manoeuvring the interest rate. On the fiscal side, a deficit of 5.2 percent of GDP, which indicates a fiscal stimulus, is expected to boost performance in the construction, agriculture and distribution sectors. Like the other economies within the Caribbean region, the domestic economy remains susceptible to turmoil in the international financial markets. Headline inflation continues to be a challenge at a projected 7 percent for 2011, as increasing international prices of wheat, social expenditure needs and oil costs cause fluctuations in prices.

Conclusion

The experiences of the Corporation during the past year underscore the critical importance of maintaining best practices in corporate governance and cultivating a loyal customer base. The Board, management and staff have re-dedicated themselves to maintaining the trust and confidence of our Unitholders and other stakeholders. A new Executive Director is now taking the Corporation forward with a sound mandate of world-class investment principles and operational excellence that delivers consistent returns over the long term. We will continue to re-tool and re-train ourselves to meet the evolving needs of a fund manager in these volatile markets.

At the UTC we will remain focused on returns and service for our Unitholders. I can assure you that the Corporation will continue to position itself to seek out and execute investment opportunities with the right risk profiles and competitive returns for you, our most valued Unitholders.

Amoy Chang Fong
Chairman

April 21, 2011

Eutrice Carrington
Executive Director

Executive Director's Letter

DEAR FELLOW UNITHOLDERS,

I am honoured and privileged, as the newly appointed Executive Director, to present my report on the financial year ended December 31, 2010.

For the past 20 years, I have had the pleasure of serving this Corporation. Throughout our history, whether economic conditions have been strong or stormy, the Unit Trust Corporation's greatest strength has been its conservative investment strategy and its ongoing commitment to diversification. The UTC was built on the principles of careful and astute investment analysis, a conservative approach to risk and risk management, and an emphasis on continually striving for excellence in customer service. It is the Corporation's aim to protect investors while responsibly growing their capital. We take this responsibility seriously. With nearly every household in Trinidad and Tobago invested with the Unit Trust Corporation, we are a national institution with a proud lineage, standing side by side with our Unitholders.

I remain confident about the UTC's vital role in the years ahead. While the economy in 2010 continued to provide challenges for investors both globally and locally, the Corporation was able to preserve Unitholder value while delivering competitive investment returns.

This Letter to Fellow Unitholders will outline how we fared and our steadfast commitment to your financial well-being.

Steady Performance through Unsteady Times

It is no secret that the past year has been filled with economic uncertainty. Coming off of the worst global financial crisis in the past 60 years, 2010 saw ongoing historically low interest rates in the developed world and tumultuous credit markets driven by fears of sovereign defaults in the European Union and elsewhere. Locally, the high-profile failures of marquee Caribbean financial institutions, deteriorating property markets and challenging equity returns created an environment of apprehension and increasingly diminished investment opportunities. Notwithstanding the foregoing challenges, the Corporation was successful in achieving the following results:

- A 7.6 percent reduction in total expenses for 2010 to TT$421.6 million compared to TT$456.3 million one year earlier.
- Growth in the UTC's customer base from 518,334 to 533,876, an increase of 15,542 new customers.
- Total number of Unitholder accounts crossed the 750,000 threshold, reaching 764,685 by December 2010 compared to the prior year's figure of 742,996.

We were not, however, unaffected by economic conditions in 2010. Impairments have impacted our overall revenue. Retained income fell by a modest 2.9 percent primarily due to TT$50.8 million in payments made to Growth & Income Fund Unitholders under that fund's capital guarantee reserve facility. Lower investment income earned from group operations during 2010 arising in part from the low domestic interest rate environment caused total group income to fall by

20.1 percent year-on-year. In line with our competitors, distributions to our Unitholders declined significantly over 2009's distributions.

Our Operations

During the year Total Assets Under Management fell from TT$22.6 billion to TT$20.9 billion. The main contributor towards this fall was a combination of lower sales and increased redemptions across the collective investment schemes. Sales totalled TT$7.1 billion, compared to redemptions of TT$8.1 billion, giving rise to net redemptions of approximately TT$1.0 billion. The funds negatively impacted by these net redemptions included the US$ Income Fund, the TT$ Income Fund, the Growth & Income Fund, and the North American Fund.

The other contributors to the decline in Assets Under Management were the cessation of new business in the Merchant Bank in the second quarter of 2009, as well as maturities and disposals which occurred during 2010. This operation incorporates the net assets of the Merchant Banking and Treasury operations, as well as the Corporation's subsidiary undertakings.

During 2010, there were impairment charges of TT$165.8 million in relation to the Merchant Bank's portfolio. The impairment arose due to the deteriorating regional economic environment, which adversely affected the credit profile of a cross-section of borrowers in various economic sectors. In response, the Corporation has retained the services of a team of experienced and highly regarded consultants to assist in working out the Merchant Bank's portfolio. In line with our strategic goals, this work-out will reduce the UTC's overall credit and financial risk, position the Corporation to continue its focus on low risk business, and place the Corporation in a stronger financial position going forward.

Management charge earned by the Corporation in 2010 from all funds under management totalled TT$307.0 million, which represents a modest improvement over the 2009 figure of TT$300.7 million. Net income for the year was TT$51.6 million down from TT$88.9 million a year ago.

Our Funds

Over the past year, many investors in Trinidad and Tobago unfortunately had their liquidity and principal impacted by the failure of a high profile institution. At the UTC, I am proud to say we preserved our Unitholders' capital while generating competitive market returns. Our 10 funds' performances overall were predominately positive and only two funds experienced small negative returns. In 2011 and beyond, our back-to-basics conservative investment philosophy and strategic planning will ensure we continue safeguarding Unitholders' capital while minimising volatility irrespective of the economic circumstances.

TT$ Income Fund:
The TT$ Income Fund's fund-size as at December 31, 2010 stood at TT$10.1 billion, down 2.0 percent from TT$10.3 billion a year ago. The fund provided Unitholders with a net return of 2.25 percent for the year. The fund consistently outperformed its benchmark return of 1.72 percent during the year as a result of better than forecast returns earned on its money-market and bond components, which accounted for 65.4 percent and 34.6 percent respectively of the portfolio's assets.

Net investment income for 2010 fell from TT$390.2 million to TT$238.1 million. As a result, the income distributed to Unitholders declined from TT$387.4 million in 2009 to TT$231.8 million, representing a pay-out ratio of 97.4 percent.

US$ Income Fund:
The US$ Income Fund's fund-size as at the end of 2010 was TT$4.1 billion (US$667.1 million). The fund provided Unitholders with a net return of 1.95 percent for the year.

Net investment income fell by 33.8 percent in 2010 to TT$107.6 million compared to TT$162.7 million in the previous year. Distributions paid to Unitholders during the year amounted to TT$92.3 million, down from TT$160.2 million in the previous year. The remaining TT$15.3 million of net investment income was allocated to the fund's reserves and will benefit unitholders in the future.

Growth & Income Fund:
The Growth & Income Fund's fund-size as at December 31, 2010 was TT$3.03 billion, down slightly from TT$3.12 billion a year ago. The bid and offer prices as at December 31, 2010 were TT$13.21 and TT$13.47 per unit respectively, providing a total annualised return to Unitholders of -1.55 percent. Overall fund performance was favourably impacted by higher than expected returns realised by the fund's international equity and fixed-income components which comprised 21.2 percent and 39.4 percent of the portfolio respectively.

Investment income declined by 26.6 percent year-on-year from TT$211.7 million to TT$155.4 million. Distribution for 2010 fell from TT$152.5 million to TT$6.9 million, reflecting a lower distribution rate of 4 cents per unit compared to 60 cents per unit in 2009. The significant reduction in the distribution payout was due to lower investment income earned and realised by the fund and undistributed losses brought forward from 2009. It should be noted, however, that to reward Unitholders' loyalty, a special distribution totalling TT$16.5 million was paid in July 2010 out of the Corporation's retained earnings. Consequently the overall payout to Unitholders amounted to 11 cents per unit.

Universal Retirement Fund:
As at December 31, 2010, the Universal Retirement Fund's fund-size had grown by 9.1 percent to TT$162.9 million. The fund's Net Asset Value (NAV) increased from TT$28.65 in 2009 to TT$29.64 at the end of 2010.

Net return to Unitholders improved to 3.46 percent in 2010, compared to 1.99 percent in the previous year. The fund enjoyed higher than expected returns from its international equity and fixed-income components, which represented 20.2 percent and 36.7 percent respectively of the portfolio. Net investment income earned for 2010 amounted to TT$6.3 million, down by 34.1 percent relative to 2009.

UTC Energy Fund:
The UTC Energy Fund's fund-size grew by 8.9 percent year-on-year from US$4.9 million (TT$30.2 million) to US$5.3 million (TT$32.9 million). The Net Asset Value (NAV) increased from US$21.20 in 2009 to US$22.68 over the same period.

The net return to Unitholders for 2010 was 6.98 percent, compared to 22.8 percent a year ago. The portfolio's cash and cash equivalent component of 16.1 percent and the fund's 83.6 percent international equity component produced results consistent with the market in 2010.

Asia-Pacific Fund:
Total fund-size grew by 45.7 percent year-on-year from US$1.5 million (TT$9.4 million) to US$2.2 million (TT$13.7 million) by the end of 2010. The fund's offer and bid prices were US$24.82 and US$23.58 respectively by the end of 2010, compared to US$22.82 and US$21.68 a year prior.

The net return generated by the Asia-Pacific Fund for 2010 was 3.33 percent, up from 1.22 percent in 2009. The fund's cash and cash equivalent component comprised 19.8 percent of total assets as at year's end, while, its equity component, constituted 75.5 percent of the portfolio.

European Fund:
The European Fund grew by 4.7 percent from US$1.0 million (TT$6.4 million) in 2009 to US$1.1 million (TT$6.7 million) by the end of 2010. The fund's offer and bid prices were US$21.43 and US$20.36 respectively by the end of 2010, improved over their 2009 values of US$20.61 and US$19.58. The net return to Unitholders for 2010 was -1.21 percent, down in relation to the 2009 return of 2.4 percent. Concerns about Europe's debt crisis negatively impacted investor confidence and was reflected in the subdued gains achieved in the major European stock markets for the year compared with double-digit returns in 2009.

Global Bond Fund:
The Global Bond Fund expanded by 8.1 percent year-on-year from US$1.6 million (TT$9.9 million) to US$1.7 million (TT$10.7 million) by the end of 2010. The fund's net asset value (NAV) stood at US$20.16 as at December 31, 2010, slightly improved over the US$19.42 NAV reported a year ago. The net return generated by the fund for 2010 was 3.81 percent, up from the 2009 return of 3.03 percent.

Latin American Fund:
The Latin American Fund's fund-size increased during 2010 by 20.9 percent, growing from TT$6.7 million (US$1.1 million) to TT$8.1 million (US$1.3 million). The fund's offer and bid prices were US$25.12 and US$23.86 respectively by the end of 2010, compared to their 2009 values of US$22.65 and US$21.52. The net return to Unitholders for 2010 was 5.34 percent, down from the 6.45 percent return posted in 2009. The Fund's equity component comprised 84.4 percent of the portfolio as at the end of 2010.

UTC North American Fund:
Total fund-size contracted by 9.2 percent from US$34.6 million (TT$215.2 million) in 2009 to US$31.5 million (TT$195.3 million), owing to net redemptions made during the year.

The net asset value (NAV) per share as at December 31, 2010 stood at US$10.19, compared to US$9.66 a year prior. The net return to investors for 2010 was 5.49 percent, down from 17.23 percent a year ago. The decline in fund performance was attributable to the fund's lower holdings of bonds relative to equities in the first half of the year. Bonds did better than equities in the first half of the year.

I also want to address an Emphasis of Matter raised in the Report of the Auditor General regarding certain funds' investments of approximately TT$37.2 million in Guaranteed Investment Certificates in 2006 - 2009, arranged by our Merchant Banking Department. The UTC confirmed in 2009, with local Senior Counsel as well as with English Queen's Counsel that the Unit Trust schemes' participation in these Guaranteed Investment Certificates falls within our enabling legislation.

Strategic Planning for the Future

During 2010, the Unit Trust Corporation commenced work on the formulation of a strategic plan for the next five years. As part of a newly-instituted inclusive approach to strategic planning, one in every five of our employees participated in this process. This strategic plan will focus the UTC on its core values while, at the same time, modernising the organisation to deal effectively with the realities of today's market. Crucial to our short-term and long-term planning will be a relentless focus on our fundamental commitment to conservative investing principles and financially prudent decision-making.

Some of the key strategic initiatives will include re-engineering how we engage our customers as well as improved corporate governance and efficiency, financial restructuring, and an enhancement of our reputation and trust. Our stakeholders can expect to reap substantive benefits from the discipline we will apply to the strategic planning process and from the execution of our plans, such as: improved returns on investment, enhanced customer service delivery systems, increased information and communications input and output, and greater transparency in corporate governance and risk management systems.

Our Unwavering Focus on Our Customers & Community

The Corporation invested heavily in improving our customers' experience in 2010, including the opening of two new Customer Service Centres (CSCs). In June 2010, the Corporation opened a new CSC at MovieTowne. Subsequently, in September 2010, the UTC opened its 11th customer service centre at One Woodbrook Place. These new customer service centres reinforce the Corporation's ongoing physical commitment in West Trinidad. Customers located in the West can now choose between two prime business locations to conduct their financial transactions in a convenient and customer-friendly environment. To streamline operations, the UTC's Westmoorings CSC at the Guardian Building was formally closed in September 2010.

Throughout the year, the UTC provided opportunities for our Unitholders to interact and learn from our staff of professionals. Over 70 financial planning seminars were held for our customers at various locations across Trinidad and Tobago. We also used technology to inform and exchange information with Unitholders. The Corporation provided more information on our website and continued to actively communicate with our customers on Facebook, YouTube and Twitter to better serve your needs.

In 2010, the UTC continued to carry out its longstanding commitment to the communities of Trinidad and Tobago. In total, we sponsored and donated funds totalling over TT$2 million in the areas of education (including our flagship programme of SEA scholarships which provide full scholarships at the secondary and tertiary level for needy high-performing students), sport, culture, health and other organisations, touching 163 different groups. Additionally, our employees volunteered their time and the Corporation donated over TT$200,000 to community outreach programmes. These activities go far in building better communities, educational opportunities and improved standards of living for families in need.

Our Steady Commitment to Employees

Consistent with our enduring commitment to providing high-quality financial services to our loyal Unitholders, the Corporation encourages its staff to participate in various technical and soft skills training programmes. Our rigorous training programmes help to ensure that our people continue to maintain world-class standards and best practices in their work, and involve many significant professional bodies from around the world.

Aligning with our strategic planning initiative, our staff received quarterly training in a range of customer service techniques, including best practices in customer service basics, corporate client etiquette, relationship development and communications, all of which have added to our clients' improved experience.

Coupled with customer service training and development, the UTC offered quarterly learning and development for employees on investing principles such as characteristics of mutual funds, fees and expenses, share pricing, customer metrics and risk and return.

These programmes amounted to over 2,500 training days for employees.

Over the coming year, the Corporation will continue to evidence this commitment to the development of its human capital as we train and retrain employees to support and execute on our new strategic initiatives.

Preserving Value and Maximising Opportunity for Unitholders in 2011

Global markets have shown signs of continued recovery, with advanced markets progressing at a slower pace than emerging and developing countries. Locally, the Trinidad and Tobago economy is expected to expand at 2 percent; however, a 7 percent projected inflation may challenge the national economy in 2011. Undoubtedly, considerable risk remains for the Caribbean and global economies. We will continue to monitor these markets in the months ahead, but believe that the checks and balances in place at the UTC will minimise risk and optimise opportunity for Unitholders in the coming year.

Our adherence to the principles of conservative risk management and investing, diversification and astute analysis enable us to pursue opportunities for our Unitholders, regardless of economic conditions. This approach, coupled with our emphasis on continually striving for excellence in customer service, will continue to guide our work in 2011. In the first quarter of 2011, we have already seen the benefits of decisions made in 2010 – namely, leadership changes, and new strategic initiatives – with strengthening sales and flows of capital.

Standing Side by Side with Our Unitholders

I wish to express my sincere thanks to the Chairman and the members of the Board of Directors for the confidence they have placed in me. The entire UTC benefits from the intellectual and professional rigour the members of the Board bring to the table, and I look forward to working with them in 2011 and beyond.

I also want to convey my deep gratitude to the executive and management team of the UTC who have demonstrated an enduring commitment to this organisation through their integrity, teamwork and responsibility to Unitholders. Sincere thanks to all members of the UTC staff, our most valuable and competitive resource, who bear the responsibilities every single day for doing what is right to make this great institution the people's institution.

Finally, heartfelt thanks to you, our loyal and valued Unitholders. Your strength is our strength. Standing side by side with you, the UTC will continue to ensure your investments are safe, stable and secure both for now and for generations to come.

Eutrice Carrington
Executive Director

April 21, 2011

Growing Our Funds Together

We have a big vision – and to make that vision a reality we need a big team of driven and dedicated professionals, all working towards enriching our customers and providing the highest quality of financial services in the nation. Equally important are the goals of our customers themselves – how do they perceive their financial destinies, what paths do they want to take in reaching their destinations? Together we can make long-term prosperity a reality.

Executive Management Team

Gayle Daniel-Worrell
Vice President, Marketing
and International Business

Marilyn Clarke-Andrews
Chief Financial Officer

David Thompson
Vice President,
Trust Services

Gary Pierre
Vice President,
Corporate Support Services

Richard Shepherd
Vice President,
Electronic Services

Emily Chee Wah
Chief Risk Officer

Amoy Van Lowe
Chief Marketing Officer

Ruben McSween
Vice President,
Customer Service Centres

Kriss Marcus
Vice President,
Investment Management Services

Michelle Persad
Group Treasurer

Patricia Ilkhtchoui
Corporate Secretary

Amber Rondon
Vice President,
Human Resources

International Coastal Clean-Up

Every year for more than two decades, the Ocean Conservancy organises the "International Coastal Clean-Up," the world's largest volunteer effort for ocean health. The UTC chose to be a part of International Coastal Clean-Up 2010 because we understand that in addition to the social outlet that our beaches provide, they also increase the economic strength of the surrounding communities. By participating in this effort, our staff helped to ensure that our nation's beaches remain an ideal tourist attraction that will continue the stream of tourism revenue that supports our local communities.

The Clean-Up also focused attention on the issue of marine debris, which is a symptom of a much larger water pollution problem caused by our everyday lifestyle. By participating in the Clean-Up, UTC staff showed that the first step towards finding a solution is being part of it.

Assisting the Elderly

The UTC understands that human contact is critical for health and longevity and as such, our staff continued their volunteer activities at facilities for the elderly. The volunteer activities included spending quality time with residents, talking, taking walks and sharing meals. These activities were conducted to help create and preserve memories that will provide comfort for the residents in their later years.

UTC and Unitholders Assist the Red Cross

Many families throughout Trinidad and Tobago were severely affected by the ravages of floods during the rainy season. UTC employees donated food, medicine, toiletries, linens and other household items to assist families affected by the floods. These items were distributed through the T&T Red Cross Society.

Unitholders and Employees also made contributions to the UTC Haiti Relief Fund, which was a collaborative effort between the Red Cross Society and UTC after the devastating earthquake in Haiti. Donations to this fund totalled TT$130,382.92 which, according to UTC's Executive Director Eutrice Carrington, "is testament to the fact that even in tough economic times, members of the public and UTC staff dug deep into their pockets and contributed in a meaningful way to assist with the reconstruction of our Caribbean neighbour, Haiti."

Raising Awareness of Kidney Disease

"Well organised and everyone had a good time. Without the input of the UTC the event would not have been the success that it was." These were the words of Courtney Tyson, President of the Renal Transplant Support Group, in response to the UTC's support of the Group's 1st Annual Walk-a-Thon at the Eddie Hart Grounds in Tacarigua.

The UTC partnered with the Renal Transplant Support Group to raise awareness of kidney disease in Trinidad and Tobago and its relation to diabetes and kidney failure.

In giving our support to the event, UTC volunteers managed the various activities on the day and interacted with those affected by the disease and their families.

Gift-Giving at Schools

UTC staff celebrated Christmas with the kids at various primary schools, bringing our warmest season's greetings. This was a project geared toward spreading Christmas cheer to the children by presenting each child with a Christmas gift and a bag of goodies.

"This is the season for giving and the UTC made this experience a memorable one for the children and teachers. Thank you, UTC," said Tianna Assee, teacher at the La Seiva RC Primary School.

Racing Against HIV/AIDS

UTC continues to be a leader in the movement against HIV/AIDS by hosting its 16th annual “Ribbons of Hope” 5K race. Ribbons of Hope was created to promote HIV/AIDS awareness and health and wellness. Over 3,000 persons participated in the race, which raised funds to assist in the fight against this condition. Non-governmental and community-based organisations benefited from this enormously popular event.

At left: Minister in the Ministry of Education, the Honourable Mr. Clifton De Coteau; Minister of Education, the Honourable Dr. Tim Gopeesingh; Chairman Ms. Amoy Chang Fong and UTC Executive Director Ms. Eutrice Carrington with the winning SEA scholarship students from Trinidad.

Manager, Tobago Customer Service Centre, Mrs. Florence Forbes and School Supervisor I (Ag), Division of Education, Youth Affairs and Sport, Tobago, Mrs. Claudia Benjamin, with the winning students from Tobago.

UTC SEA Scholarship Programme

UTC’s SEA Scholarship Programme awarded scholarships to ten more students based on their academic brilliance and need for financial assistance. This brings the total number of students currently in the programme to sixty-two. Eight of the ten students were from Trinidad and two from Tobago. Education Minister Dr. Tim Gopeesingh, and Minister in the Education Ministry Mr. Clifton De Coteau, both in attendance at the Scholarship ceremony, congratulated UTC on the establishment and success of the programme and described it as an inspiration to the Ministry to implement similar initiatives on a wider scale. The scholarship winners also received additional support at a three-day workshop, “Strategies 4 Success”, facilitated by school psychologist Mr. Lyndon Mitchell.

Schools' Investment Game

UTC's Schools' Investment Game, now in its 17th year, has been our trademark event for many schools throughout Trinidad and Tobago. This annual game is an interactive, online tool designed to educate students in the basics of investing through the building and management of investment portfolios. Over 22 schools and 80 teams participated in 2010. The winning team from Queen's Royal College was given a two-month internship at the UTC.

Chairman Ms. Amoy Chang Fong and teacher Ms. Carla Bryan with the winning team from Queen's Royal College.

Mungal Patasar and his band Pantar played in their usual captivating style to the enjoyment of all.

Ms. Eutrice Carrington and Ms. Amoy Chang Fong with winners from the primary schools.

Ms. Carrington and Ms. Chang Fong with winners from the secondary schools.

A guest has mehendi applied to her hand.

Divali Celebrations

UTC celebrated with the Hindu community by hosting its 10th Annual Divali Function and 5th Divali Annual Art Competition and Ceremony on October 26, 2010 at the Chaguanas Customer Service Centre. Several members of the community attended, including His Worship the Mayor of Chaguanas, Mr. Orlando Nagessar and Councillor for Cunupia Ms. Renuka Kangal.

The theme of the competition was "Lights of Hope and Peace". Over 287 students participated in the competition from 88 schools (43 primary and 45 secondary). This represented a 76 percent increase from the number of entries in 2009.

The appreciative crowd was treated to live performances by renowned artists Mungal Patasar and Pantar, Amritam Shakti Dance Company and Malick Tassa Group. There was also a cultural fashion show.

From left to right: UTC Chairman Ms. Amoy Chang Fong; His Worship the Mayor of Port of Spain, Louis Lee Sing; Canon Knolly Clarke; Securities and Exchange Commission (SEC) Chairman Mrs. Deborah Thomas-Felix; and UTC Executive Director Ms. Eutrice Carrington cut the ribbon at the One Woodbrook Place Customer Service Centre.

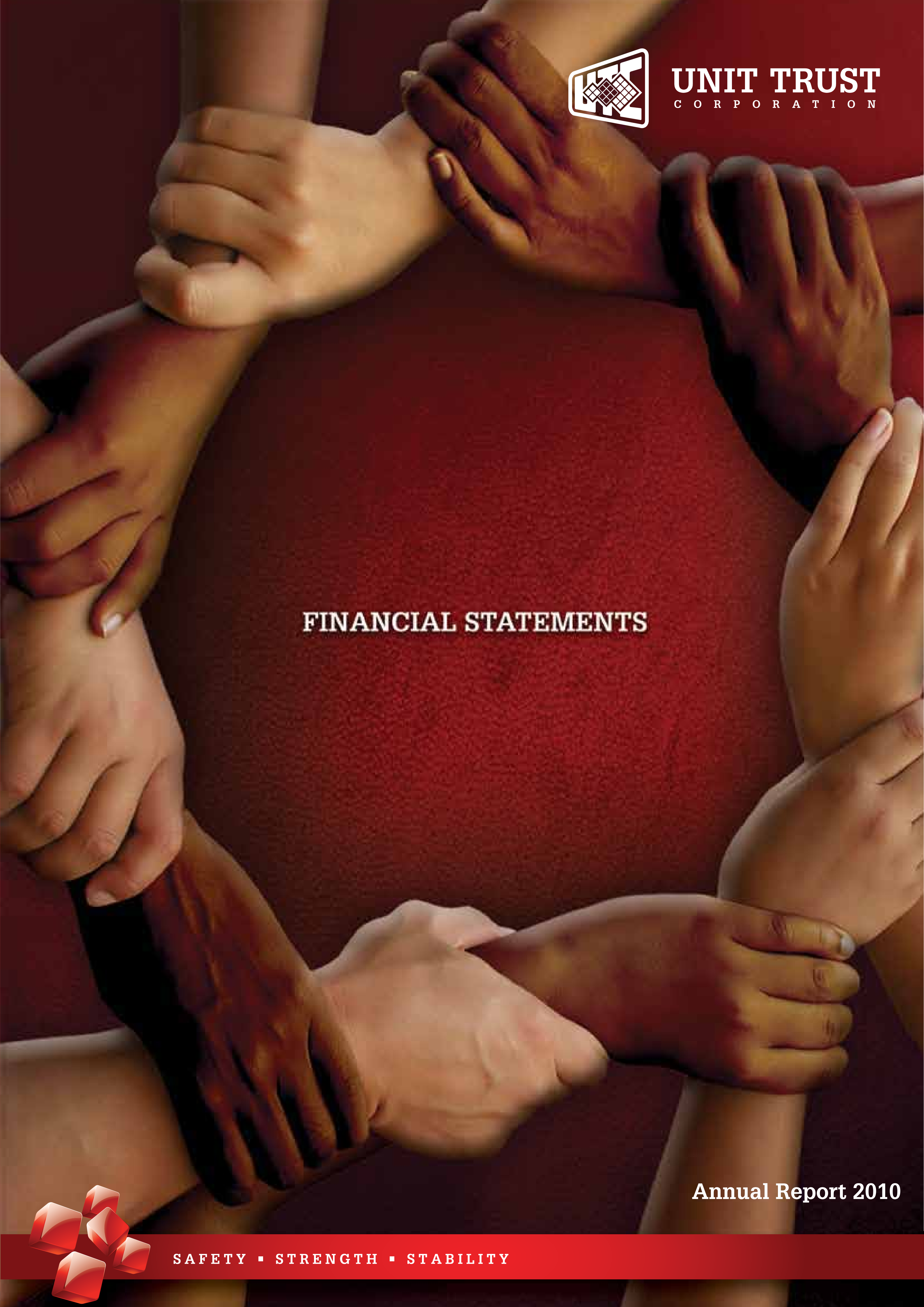
UTC Opens Two Customer Service Centres

In 2010 UTC opened its tenth and eleventh Customer Service Centres at MovieTowne and at One Woodbrook Place.

From left to right: Ms. Carrington, SEC Chairman Mrs. Thomas-Felix and Ms. Chang Fong cut the ribbon as the IRO (International Religious Organisation) representative looks on at the new MovieTowne Customer Service Centre.

Our Performance

Investments that provide profitability and stability – that is what our clients depend on us to provide, even during periods of uncertainty. As the nation's economy improved in 2010, our customers' portfolios benefited, just as they remained healthy during the economic downturn of the preceeding years. At UTC exceptional performance is not situational, it is essential.



UNIT TRUST
CORPORATION

FINANCIAL STATEMENTS

Annual Report 2010

SAFETY ▪ STRENGTH ▪ STABILITY

Auditor General's Report

TO: THE BOARD OF DIRECTORS
TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRINIDAD AND TOBAGO UNIT TRUST CORPORATION FOR THE YEAR ENDED 2010 DECEMBER 31

The accompanying Consolidated Financial Statements of the Trinidad and Tobago Unit Trust Corporation for the year ended 2010 December 31 have been audited. The statements as set out on pages 1 to 67 comprise:

(i) a Consolidated Statement of Financial Position as at 2010 December 31, a Consolidated Statement of Income, a Consolidated Statement of Comprehensive Income, a Consolidated Statement of Changes in Equity and a Consolidated Statement of Cash Flows for the year ended 2010 December 31 in respect of the Trinidad and Tobago Unit Trust Corporation;

(ii) a Statement of Financial Position as at 2010 December 31, a Statement of Comprehensive Income and a Statement of Cash Flows for the year ended 2010 December 31 in respect of each of the following: the Growth and Income Fund (First Unit Scheme), the TT Dollar Income Fund, The Universal Retirement Fund and the US Dollar Income Fund respectively, and

(iii) Notes to the Consolidated Financial Statements for the year ended 2010 December 31 numbered 1 to 39.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The management of the Trinidad and Tobago Unit Trust Corporation is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

3. The Auditor General's responsibility is to express an opinion on these Financial Statements in accordance with section 30 (4) of the Unit Trust Corporation of Trinidad and Tobago Act, Chapter 83:03 (the Act) based on the audit. The audit which was carried out in accordance with section 30 (1) of the said Act was conducted in accordance with generally accepted Auditing Standards. Those Standards require that ethical requirements be complied with and that the audit be planned and performed to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the comments made at paragraphs 6 and 7 of this Report.

OPINION

6. In my opinion the Consolidated Financial Statements present fairly, in all material respects, the financial position of the Trinidad and Tobago Unit Trust Corporation as at 2010 December 31 and its financial performance and its cash flows for the year ended 2010 December 31 in accordance with International Financial Reporting Standards.

EMPHASIS OF MATTER

7. Without qualifying the above opinion, attention is drawn to the following:

   (i) Section 13 (1A) of the Act states inter alia:

   "Subject to subsection (1B), the Board may carry on and transact any of the following kinds of business:
   (a) merchant banking business;…"

   (ii) Section 13 (1B) of the Act states:

   "In the exercise of its powers under subsection (1A), the Board shall not utilise any funds held for the purpose of a unit trust scheme."

   (iii) It was noted that funds of the unit trust schemes are invested in Guaranteed Investment Certificates which were arranged to fund the Corporation's merchant banking business.

2011 MARCH 31

REPUBLIC OF TRINIDAD AND TOBAGO
2011 03 31
AUDITOR GENERAL

SHARMAN OTTLEY
AUDITOR GENERAL

Consolidated Statement of Financial Position

As at December 31, 2010

	Notes	2010 $ '000	2009 $ '000
ASSETS			
Investment Funds	3	**17,472,833**	18,449,327
Cash and Cash Equivalents		**260,557**	311,998
Receivables	4	**868,876**	257,848
Prepayments and Other Assets		**25,490**	17,951
Investment Securities	5	**2,159,188**	3,416,205
Property, Plant and Equipment	6	**186,226**	190,246
Intangible Assets	7	**25,499**	25,737
TOTAL ASSETS		**20,998,669**	22,669,312
LIABILITIES			
CURRENT			
Accounts Payable and Short-term Liabilities		**29,947**	54,773
Other Liabilities		**33,439**	36,802
Short-term Financial Instruments	8(a)	**2,312,160**	2,873,962
Current Portion of Finance Lease	9	**–**	3,289
TOTAL CURRENT LIABILITIES		**2,375,546**	2,968,826
LONG TERM			
Long-term Financial Instruments	8(b)	**271,425**	286,117
Deferred Income Tax Liability	33	**2,244**	1,399
Finance Lease	9	**–**	49,758
TOTAL LIABILITIES		**2,649,215**	3,306,100
CAPITAL AND RESERVES			
Initial Capital	10	**4,766**	4,766
Unit Capital	11	**17,468,067**	18,444,561
		17,472,833	18,449,327
Fund Reserves	12	**88,793**	66,478
Statutory Reserves	13	**5,050**	5,050
Revaluation Reserve	14	**(20,214)**	24,707
Retained Income		**704,637**	725,533
		778,266	821,768
Non-controlling Interest		**98,355**	92,117
TOTAL LIABILITIES, CAPITAL AND RESERVES		**20,998,669**	22,669,312

REPUBLIC OF TRINIDAD AND TOBAGO
20100331
AUDITOR GENERAL

Chairman ____________ Executive Director ____________

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

Consolidated Statement of Income

For the year ended December 31, 2010

	Notes	2010 $ '000	2009 $ '000
INCOME			
Investment Income -			
Growth & Income Fund		**155,395**	211,654
TT$ Income Fund		**456,816**	528,443
Universal Retirement Fund		**9,522**	12,824
US$ Income Fund		**158,781**	196,244
Net Investment Income - Group Operations	16	**123,191**	184,831
Initial Charge		**5,530**	7,033
Other Income		**16,148**	17,227
Total Income		**925,383**	1,158,256
EXPENSES			
Commissions		**16,773**	13,629
Impairment	18	**180,329**	193,319
Administrative	19	**205,439**	230,710
Depreciation and Amortisation	6 & 7	**19,017**	18,688
Total Expenses		**421,558**	456,346
Net Income before Finance Charges		**503,825**	701,910
Finance Charges	21	**(4,672)**	(9,786)
Net Income after Finance Charges		**499,153**	692,124
Undistributed (Loss)/Income at beginning of period		**(82,768)**	33,143
Distributions	22	**(330,954)**	(700,132)
Transfer from Investment Funds to Reserves	12	**(22,613)**	(6,286)
Income Capitalized		**(6,220)**	(9,594)
Undistributed (Income)/Loss at end of period		**(1,423)**	82,768
Net Income before Taxation		**55,175**	92,023
Taxation	32	**(3,606)**	(3,135)
Net Income after Taxation		**51,569**	88,888
Net Income after Taxation Attributable to:			
Owners of the Parent		**46,503**	87,366
Non-controlling Interest		**5,066**	1,522
		51,569	88,888

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

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2010

	Notes	2010 $ '000	2009 $ '000
Net Income after taxation		**51,569**	88,888
Other Comprehensive Income:			
Revaluation of Available-for-sale financial assets		**(20,382)**	55,198
Exchange differences on translating foreign operations		**(24,539)**	(20,078)
Other Comprehensive Income for the period		**(44,921)**	35,120
Total Comprehensive Income for Period		**6,648**	124,008
Total Comprehensive Income attributable to:			
Owners of the parent		**(5,940)**	116,709
Non-controlling Interest		**12,588**	7,299
		6,648	124,008

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

Consolidated Statement of Changes in Equity

For the year ended December 31, 2010

	Fund Reserves $'000	Statutory Reserves $'000	Revaluation Reserve $'000	Retained Income $'000	Non-Controlling Interest $'000	Total $'000
Balance as at January 1, 2010	**66,478**	**5,050**	**24,707**	**725,533**	**92,117**	**913,885**
Total Comprehensive Income for the period	–	–	(44,921)	46,503	12,585	**14,167**
Exchange translation differences	–	–	–	–	(143)	**(143)**
Capital contributions from minority shareholders and other changes in minority interest	–	–	–	–	(6,204)	**(6,204)**
Transfers (to)/from Investment Funds	22,612	–	–	(16,587)	–	**6,025**
Transfers from Retained Income	50,812	–	–	(50,812)	–	**–**
Guarantee reserves payments	(51,812)	–	–	–	–	**(51,812)**
Interest on Reserve Assets	703	–	–	–	–	**703**
Balance as at December 31, 2010	**88,793**	**5,050**	**(20,214)**	**704,637**	**98,355**	**876,621**
Balance as at January 1, 2009	84,462	5,050	(10,413)	701,421	103,235	**883,755**
Total Comprehensive Income for the year	–	–	35,120	87,366	7,299	**129,785**
Exchange translation differences	–	–	–	–	(260)	**(260)**
Capital contributions from minority shareholders and other changes in minority interest	–	–	–	–	(18,157)	**(18,157)**
Transfers from Investment Funds	1,279	–	–	–	–	**1,279**
Transfers from Retained Income	63,254	–	–	(63,254)	–	**–**
Guarantee reserves payments	(84,254)	–	–	–	–	**(84,254)**
Interest on Reserve Assets	1,737	–	–	–	–	**1,737**
Balance as at December 31, 2009	**66,478**	**5,050**	**24,707**	**725,533**	**92,117**	**913,885**

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

Consolidated Statement of Cash Flows

For the year ended December 31, 2010

	2010 $ '000	2009 $ '000
OPERATING ACTIVITIES		
Net Income before taxation	**55,175**	92,023
Adjustment to reconcile net income to net cash flows from operating activities:		
Depreciation Expense	**19,017**	18,688
Impairment	**166,406**	80,678
Loss on sale of Property, Plant and Equipment	**315**	77
	240,913	191,466
Decrease/(Increase) in Receivables	**(611,029)**	(95,323)
Increase in Prepayments and Other Assets	**(7,539)**	(10,138)
(Decrease)/Increase in Accounts Payable and Liabilities	**(28,188)**	2,419
Taxation paid	**(2,761)**	(1,735)
Net Cash from Operating Activities	**(408,604)**	86,689
INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	**(10,262)**	(16,364)
Proceeds from Disposal of Property, Plant and Equipment	**126**	25
Purchase of Intangible Assets	**(4,940)**	(12,627)
Purchase of Investment Securities	**(373,991)**	(2,681,404)
Proceeds from Disposal of Investments	**1,420,856**	2,842,694
Net Cash Inflow from Investing Activities	**1,031,789**	132,324
FINANCING ACTIVITIES		
Finance Lease Repayments	**(53,047)**	(2,983)
Decrease in Short-term Financial Instruments	**(561,802)**	(247,073)
(Decrease)/Increase in Long-term Financial Instruments	**(14,693)**	15,324
Allocation to Reserves (net)	**23,315**	3,015
Distribution	**(16,587)**	–
Guarantee Reserve Payments	**(51,812)**	(84,254)
Net Cash used in Financing Activities	**(674,626)**	(315,971)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(51,441)**	(96,958)
Cash and Cash Equivalents at beginning of year	**311,998**	408,956
Cash and Cash Equivalents at end of year	**260,557**	311,998

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

Growth and Income Fund (First Unit Scheme)
Statement of Financial Position
As at December 31, 2010

	Notes	2010 $ '000	2009 $ '000
ASSETS			
Investment Securities	25	**2,583,547**	2,849,155
Cash and Cash Equivalents		**327,747**	246,486
Income Receivable		**19,258**	24,022
Other Receivables		**154,795**	3,039
Total Assets		**3,085,347**	3,122,702
LIABILITIES			
Distribution Payable		**6,776**	35,482
Amount Due to Corporation		**31,054**	32,960
Other Liabilities		**14,869**	13,207
		52,699	81,649
RESERVES			
Undistributed Income/(Loss)		**1,423**	(82,768)
Total Liabilities and Reserves		**54,122**	(1,119)
NET ASSETS		**3,031,225**	3,123,821
CAPITAL ACCOUNT		**2,451,435**	2,562,002
UNREALISED CAPITAL APPRECIATION		**579,790**	561,819
		3,031,225	3,123,821

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

Growth and Income Fund (First Unit Scheme)
Statement of Comprehensive Income
For the year ended December 31, 2010

	Notes	2010 $ '000	2009 $ '000
INVESTMENT INCOME			
Dividends		64,463	63,599
Interest		48,463	78,349
Realised Capital Gains		42,469	69,707
Total Investment Income		155,395	211,655
EXPENSES			
Management Charge	15	61,355	67,649
Impairment	18	–	105,249
Other Expenses		74	68
Total Expenses		61,429	172,966
NET INVESTMENT INCOME		93,966	38,689
Withholding Taxes		(1,837)	(1,090)
UNDISTRIBUTED INCOME AT BEGINNING OF YEAR		(82,768)	33,143
		9,361	70,742
DISTRIBUTION EXPENSE:			
Distribution Paid to Initial Contributors $0.04c per unit (2009 – 0.60c per unit)		29	572
Distribution Paid to Unitholders $0.04c per unit (2009 – 0.60c per unit)		6,909	151,938
Total Distribution	22	6,938	152,510
UNDISTRIBUTED GAIN/(LOSS) BEFORE RESERVES		2,423	(81,768)
Allocation to Guarantee Reserve Fund	12(a)	1,000	1,000
UNDISTRIBUTED GAIN/(LOSS) AT END OF YEAR		1,423	(82,768)

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

Growth and Income Fund (First Unit Scheme)
Statement of Cash Flows
For the year ended December 31, 2010

	2010 $ '000	2009 $ '000
Cash Flows from Operating Activities		
Net Income before distribution	**92,966**	37,639
Adjustments for:		
Impairment	**–**	105,249
Exchange Rate Loss/(Gains)	**1,062**	(1,504)
Realised Exchange Gains	**(452)**	(726)
Realised Capital Gains	**(43,080)**	(67,476)
Taxation Paid	**(1,837)**	(1,090)
	48,659	72,142
Decrease in receivables	**(146,993)**	19,462
Decrease in payables	**(28,950)**	(202,647)
Cash from/(Used in) Operating Activities	**(127,284)**	(111,043)
Cash Flows from Investing Activities		
Purchase of Investment Securities	**(276,962)**	(817,291)
Disposal of Investment Securities	**603,010**	1,152,783
Net Cash Flows from Investing Activities	**326,048**	335,492
Cash Flows from Financing Activities		
Subscriptions	**93,783**	400,424
Redemptions	**(204,349)**	(631,785)
Distributions	**(6,938)**	(152,510)
Net Cash Flows Used in Financing Activities	**(117,504)**	(383,871)
Net Increase/(Decrease) in Cash and Cash Equivalents	**81,261**	(159,422)
Cash and Cash Equivalents at beginning of year	**246,486**	405,908
Cash and Cash Equivalents at end of year	**327,747**	246,486

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

TT Dollar Income Fund
Statement of Financial Position
As at December 31, 2010

	Notes	2010 $ '000	2009 $ '000
ASSETS			
Investments	26	**6,872,417**	8,100,000
Cash & Cash Equivalents		**3,080,605**	2,083,009
Interest Receivable		**66,535**	101,464
Other Receivables		**642,353**	485,309
Total Assets		**10,661,910**	10,769,782
LIABILITIES			
Accruals for Distribution	22 (b)	**22,380**	22,204
Amount Due to Corporation		**9,995**	16,791
Other Liabilities		**481,396**	375,053
		513,771	414,048
RESERVES			
Reserves		**9,918**	9,918
Undistributable Income		**–**	–
Total Liabilities and Reserves		**523,689**	423,966
NET ASSETS		**10,138,221**	10,345,816
CAPITAL ACCOUNT		**10,164,662**	10,352,183
UNREALIZED CAPITAL DEPRECIATION		**(26,441)**	(6,367)
		10,138,221	10,345,816

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

TT Dollar Income Fund
Statement of Comprehensive Income
For the year ended December 31, 2010

	Notes	2010 $ '000	2009 $ '000
INVESTMENT INCOME			
Interest Income		**456,816**	528,443
Total Investment Income		**456,816**	528,443
EXPENSES			
Management Charge	15	**202,764**	125,610
Impairment	18	**2,035**	789
Commissions		**13,225**	11,129
Other Expenses		**741**	693
Total Expenses		**218,765**	138,221
NET INVESTMENT INCOME		**238,051**	390,222
Distribution Expense	22	**209,372**	365,218
Accruals for Distribution	22 (b)	**22,381**	22,204
Allocation to Primary Reserve	12 (b)	**2,800**	2,800
Allocation to Secondary Reserve	12 (b)	**3,498**	–
UNDISTRIBUTED INCOME AT END OF YEAR		**–**	–

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

TT Dollar Income Fund
Statement of Cash Flows
For the year ended December 31, 2010

	2010 $ '000	2009 $ '000
Cash Flows from Operating Activities		
Net Income before distribution	**231,753**	387,422
Adjustment for:		
Impairment	**2,035**	789
	233,788	388,211
(Increase)/Decrease in receivables	**(122,115)**	14,348
Increase/(Decrease) in payables	**99,722**	(28,204)
Cash from Operating Activities	**211,395**	374,355
Cash Flows from Investing Activities		
Purchase of Investment Securities	**(4,526,668)**	(8,179,070)
Disposal of Investment Securities	**5,732,142**	7,782,796
Net Cash Flows from/(Used in) Investing Activities	**1,205,474**	(396,274)
Cash Flows from Financing Activities		
Subscriptions	**1,973,107**	3,729,345
Redemptions	**(2,160,627)**	(1,458,284)
Distributions	**(231,753)**	(387,422)
Net Cash Flows (Used in)/ from Financing Activities	**(419,273)**	1,883,639
Net Increase in Cash and Cash Equivalents	**997,596**	1,861,720
Cash and Cash Equivalents at Beginning of the year	**2,083,009**	221,289
Cash and Cash Equivalents at End of the year	**3,080,605**	2,083,009

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

Universal Retirement Fund
Statement of Financial Position
As at December 31, 2010

	Notes	2010 $ '000	2009 $ '000
ASSETS			
Investment Securities	27	**158,451**	135,905
Cash and Cash Equivalents		**2,576**	12,162
Income Receivable		**958**	1,156
Other Receivables		**1,227**	37
Total Assets		**163,212**	149,260
LIABILITIES			
Amount Due to Corporation		**171**	–
Other Payables		**145**	2
NET ASSETS OF THE FUND		**162,896**	149,258
CAPITAL ACCOUNT		**150,578**	137,034
UNREALISED CAPITAL APPRECIATION		**12,318**	12,224
		162,896	149,258

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

Universal Retirement Fund
Statement of Comprehensive Income
For the year ended December 31, 2010

	Notes	2010 $ '000	2009 $ '000
INVESTMENT INCOME			
Dividends		**2,922**	2,144
Interest		**4,901**	5,623
Realised Capital Gains		**1,698**	3,219
Miscellaneous Income		**–**	1,838
Total Investment Income		**9,521**	12,824
EXPENSES			
Management Charge	15	**3,196**	1,415
Impairment	18	**–**	1,808
Other Expenses		**2**	2
Total Expenses		**3,198**	3,225
Net Investment Income		**6,323**	9,599
Withholding Tax		**(103)**	(4)
NET INCOME FOR CAPITALISATION		**6,220**	9,595

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

Universal Retirement Fund
Statement of Cash Flows
For the year ended December 31, 2010

	2010 $ '000	2009 $ '000
Cash Flows from Operating Activities		
Net Investment Income	6,323	9,599
Adjustments for:		
Impairment	–	1,808
Exchange Loss/(Gains)	(474)	73
Realised Exchange Gains/(Loss)	9	(18)
Realised Capital Gains/(Loss)	2,163	(3,274)
Taxation Paid	(103)	(4)
	7,918	8,184
(Decrease)/Increase in receivables	(991)	39
Increase/(Decrease) in payables	314	(1,409)
Cash from Operating Activities	7,241	6,814
Cash Flows from Investing Activities		
Purchase of Investment Securities	(44,466)	(29,284)
Disposal of Investment Securities	20,315	21,633
Net Cash Flows (Used in)/from Investing Activities	(24,151)	(7,651)
Cash Flows from Financing Activities		
Subscriptions	19,466	17,352
Redemptions	(12,142)	(9,281)
Net Cash Flows from/(Used in) Financing Activities	7,324	8,071
Net (Decrease)/Increase in Cash and Cash Equivalents	(9,586)	7,234
Cash and Cash Equivalents at beginning of year	12,162	4,928
Cash and Cash Equivalents at end of year	2,576	12,162

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

US Dollar Income Fund
Statement of Financial Position
As at December 31, 2010

	Notes	2010 $ '000	2009 $ '000
ASSETS			
Investment Securities	28	**3,411,858**	4,209,840
Cash and Cash Equivalents		**524,632**	494,027
Income Receivable		**33,003**	56,193
Other Receivables		**264,096**	212,215
Total Assets		**4,233,589**	4,972,275
LIABILITIES			
Amount Due to Corporation		**13,351**	17,698
Distribution Payable		**20,784**	28,209
Other Liabilities		**58,817**	95,798
		92,952	141,705
RESERVES			
Reserves		**146**	138
Undistributed Income		**–**	–
Total Liabilities and Reserves		**93,098**	141,843
NET ASSETS		**4,140,491**	4,830,432
CAPITAL ACCOUNT		**4,220,253**	4,929,786
UNREALIZED CAPITAL DEPRECIATION		**(79,762)**	(99,354)
		4,140,491	4,830,432

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

US Dollar Income Fund
Statement of Comprehensive Income
For the year ended December 31, 2010

	Notes	2010 $ '000	2009 $ '000
INVESTMENT INCOME			
Interest Income		**158,781**	196,243
Total Investment Income		**158,781**	196,243
EXPENSES			
Management Charge	15	**37,120**	27,507
Impairment	18	**12,345**	4,794
Commissions		**1,559**	1,000
Other Expenses		**181**	255
Total Expenses		**51,205**	33,556
NET INVESTMENT INCOME		**107,575**	162,687
Undistributed Income at start of year		**–**	–
Distribution Expense	22	**92,263**	160,200
Allocation to Primary Reserve	12(c)	**8,689**	2,487
Allocation to Secondary Reserve	12(c)	**6,624**	–
UNDISTRIBUTED INCOME AT END OF YEAR		**–**	–

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

US Dollar Income Fund
Statement of Cash Flows
For the year ended December 31, 2010

	2010 $ '000	2009 $ '000
Cash Flows from Operating Activities		
Net Income before distribution	**92,264**	160,200
Adjustment for:		
Impairment	**12,345**	4,794
	104,609	164,994
(Increase)/Decrease in receivables	**(29,116)**	(135,299)
(Decrease)/Increase in payables	**(48,530)**	24,191
Cash from Operating Activities	**26,963**	53,886
Cash Flows from Investing Activities		
Purchase of Investment Securities	**(1,726,524)**	(2,317,927)
Disposal of Investment Securities	**2,524,969**	1,757,940
Net Cash Flows Generated from/(Used in) Investing Activities	**798,444**	(559,988)
Cash Flows from Financing Activities		
Subscriptions	**1,333,589**	1,904,877
Redemptions	**(2,035,350)**	(1,173,017)
Distributions	**(92,263)**	(160,200)
Net Cash Flows (Used in)/ from Financing Activities	**(794,024)**	571,660
Net Increase in Cash and Cash Equivalents	**31,384**	65,559
Cash and Cash Equivalents at beginning of year	**494,027**	371,532
Translation Adjustment	**(779)**	(1,025)
Cash and Cash Equivalents at end of year	**524,632**	436,066

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

Notes To The Consolidated Financial Statements
For The Year Ended December 31, 2010

1) INCORPORATION AND PRINCIPAL ACTIVITIES

The Trinidad & Tobago Unit Trust Corporation was established by the Unit Trust Corporation of Trinidad and Tobago Act ("the Act"), Chapter 83:03 of the Laws of the Republic of Trinidad and Tobago, generally to provide facilities for participation by members of the public in investing in shares and securities approved by the Board. The Finance Act of 1997 permitted expansion of the Corporation's scope of activities to include other financial services, such as merchant banking, trustee services and card services.

In addition to the Trinidad & Tobago Unit Trust Corporation, there are nine (9) subsidiary companies which comprise the Group.

2) SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are stated below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Unit Trust Corporation of Trinidad and Tobago Act, under the historical cost convention, except as modified in respect of security valuation (see (d) below). The accounting policies in all material respects conform to International Financial Reporting Standards (IFRS).

Certain new standards, amendments to published standards and interpretations came into effect during the current financial year. During 2010 the Group has adopted the following new and amended International Financial Reporting Standards, which are relevant to its operations:

- IAS 27 (revised) – Consolidated and separate financial statements – effective July 1, 2009. This amendment requires the effect of all transactions with non-controlling interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. It also specifies the accounting treatment when control is lost, requiring that any remaining interest in the equity be re-measured to fair value, and a gain or loss recognised in the statement of comprehensive income.

- IFRS 5 (amendment) – Non-current assets held for sale and discontinued operations – effective January 1, 2010. The amendment to IFRS 5 clarifies that the disclosure requirements in other IFRS's do not apply to Non-current assets classified as held for sale except such IFRS's specifically require such disclosures. The amendment has no impact on the net income of the Group or the disclosures required in these financial statements.

- IAS 7 (amendment) – Statement of Cash Flows – effective January 1, 2010. The amendments specify that only expenditures that result in a recognised asset in the Statement of Financial Position may be classified as Investing Activities in the Statement of Cash Flows. The amendment has had no impact on the amounts reported as "Investing Activities" in the Cash Flow.

Notes To The Consolidated Financial Statements

For The Year Ended December 31, 2010

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of Preparation (continued)

The Group has not early adopted the following new and amended Standards which are not yet effective:

- IAS 24 (revised) – Related Party Disclosures – effective January 1, 2011. This revised standard amends the definition of a related party and modifies certain related party disclosure requirements for government related entities.

- IFRS 9 (new) – Financial Instruments – effective January 1, 2013. This new standard is part of a wider project to replace IAS 39. It establishes two primary measurement categories for financial assets: amortised cost and fair value. The Group is adopting IFRS 9 on January 1, 2011. It is not practicable at present to assign a dollar value to the potential change in the total value of the Group's financial instruments.

b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries drawn up as at December 31, 2010 and include all the assets and liabilities and results of operations of the Group. Subsidiaries are entities over which the Group has the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

"Non-controlling interest" represents the portion of the profit and net assets not owned directly or indirectly by the Corporation. It is presented in the consolidated statement of income, the consolidated statement of comprehensive income and the consolidated statement of financial position, separately from the parent's shareholding interest.

All material inter-company transactions and accounts have been eliminated in preparing the consolidated financial statements. Accounting policies of the subsidiaries are consistent with the policies of the Group.

c) Investment securities

The Group classifies its financial assets in the following categories: available for sale, held to maturity and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Investment securities intended to be held for an indefinite period of time, which may be sold in response to liquidity requirements or changes in exchange rates, are classified as available-for-sale. Available-for-sale investments are carried at fair value.

Investment securities with fixed maturities that management has the intent and ability to hold to maturity are classified as held-to-maturity. Held-to-maturity investments are carried at amortised cost, less any adjustment necessary for impairment.

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Investment securities (continued)

Investment securities with fixed and determinable payments, but not quoted in an active market are classified as loans and receivables. Loans and receivables are carried at amortised cost, using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts for the life of the debt instrument to the net carrying amount on initial recognition.

Impairment adjustments are made to the amortized cost of loans and receivables where necessary.

Purchases and sales of equity investments are recognised at the trade date. Purchases and sales of all other security investments are recognised on the settlement date. Gains and losses from changes in fair value on investments classified as available-for-sale are recognised in equity. When the financial assets are disposed of or are impaired, the related fair value adjustments are included in the Consolidated Statement of Income.

d) Security Valuation

The fair value of publicly traded securities is determined by reference to the prevailing closing market prices at the end of the reporting period.

The carrying amounts of financial assets and liabilities with a maturity of less than three months are assumed to approximate their nominal amounts.

The fair value of unquoted securities is determined using the last traded price, which is provided by the issuer.

e) Impairment of financial assets

Assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is considered impaired and impairment losses are recognised only if there is both: objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’); and the loss event has an impact on the future cash flows of the financial asset or group of financial assets that can be reasonably estimated.

The criteria used by the Group to determine whether an impairment loss should be recognised include, evidence:

a) of significant financial difficulty of the issuer or obligor;
b) of a breach of contract, such as a default or delinquency in interest or principal payments of the issuer or obligor;
c) that the issuer’s lender, for economic or legal reasons relating to the issuer’s financial difficulty, has granted to the issuer a concession that the lender would not otherwise consider;
d) that it is probable that the borrower will enter bankruptcy or other financial reorganization;
e) of the disappearance of an active market for the financial asset because of financial difficulties; or
f) indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the portfolio, including:

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Impairment of financial assets (continued)

i) adverse changes in the payment status of borrowers in the portfolio; and

ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

Where there is objective evidence of impairment the Group measures the amount of the loss as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the consolidated statement of income. If a held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of income.

Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets classified as available-for-sale is impaired. For debt securities, the Group uses the criteria used for assets carried at amortised cost (see above). In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the consolidated statement of income. Impairment losses recognised in the separate consolidated statement of income on equity investments are not reversed through the consolidated statement of income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of income.

f) Repurchase and Reverse Repurchase Agreements

A repurchase agreement is the sale of securities for cash with a simultaneous agreement to repurchase them at a fixed price on a contracted date. An interest rate is negotiated for the term of the agreement. A reverse repurchase agreement is the corollary of this and is the purchase of the securities for cash with a simultaneous agreement to re-sell them at a fixed price on a contracted date and at an agreed rate of interest.

A repurchase agreement may be construed as a borrowing and in the normal course of business the Corporation does not enter into repurchase agreements. However, as part of its short-term investment activity, it does enter into reverse repurchase agreements. Deterioration in the value of the securities bought under reverse repurchase agreements is materially covered through margin calls comprising cash and/or additional securities.

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs for repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred.

Where the carrying amount of property, plant and equipment is greater than its estimated recoverable amount, this carrying amount is written down to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amounts and are recognised within Other Income in the consolidated statement of income.

Freehold land is not depreciated. Leasehold land is capitalised and amortised over the term of the lease.

Depreciation on other assets, except for motor vehicles, is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives as follows:

Property, plant and equipment category:	Estimated useful life:
Building	50 years
Office Improvements	7-15 years
Computer Equipment	2-8 years
Office Equipment	3-13 years
Office Furniture & Fixtures	3-10 years

Motor vehicles are depreciated using a rate of 25% per annum on the reducing balance.

The property, plant and equipment of the subsidiary, Unit Trust Corporation (Belize) Limited (formerly Belize Unit Trust Corporation Limited), are depreciated on a straight line basis, at the rates estimated to write off the value of the assets over their useful lives. Rates used are:

Computer Equipment	20% per annum
Office Equipment	20% per annum
Furniture	10% per annum
Motor Vehicles	25% per annum

Notes To The Consolidated Financial Statements
For The Year Ended December 31, 2010

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Intangible Assets

Acquired computer software and licenses are capitalised on the basis of the costs incurred to acquire and bring the specific software into operation. These costs are amortised over their estimated useful lives (three to ten years). Costs associated with maintaining computer software are recognised as an expense as incurred.

i) Impairment of Non Financial Assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised as the amount by which an asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of income. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

j) Foreign Currency Translation

The consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Corporation's functional and presentation currency.

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 settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency. All resulting exchange differences are recognised in the consolidated statement of comprehensive income.

k) Leases

Assets held under finance leases are capitalised as property, plant and equipment and duly depreciated. The liability net of finance charges is shown on the statement of financial position and the interest element is charged to the consolidated statement of income over the term of the lease.

l) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term investments with original maturities of ninety days or less and bank overdrafts.

m) Provisions

Provisions are recognised when the Group has a present or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Notes To The Consolidated Financial Statements

For The Year Ended December 31, 2010

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Revenue Recognition

Income comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Income is shown net of value-added tax, discounts and after eliminating services within the Group.

Interest income is recognised in the consolidated statement of income using the effective interest rate method. Dividend income is recognised when the right to receive payment is established. Realised investment gains and losses are also recognised in the consolidated statement of income.

o) Borrowings

Borrowings are recognised initially at fair value, and are subsequently stated at amortised cost. Borrowing costs related to the acquisition, construction or production of qualifying assets are capitalised.

p) Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing similar products or services which are subject to risks and rewards that are different from those of other segments. The Group bases its segment reporting on business segments.

q) Separate Funds under Management

The assets and liabilities pertaining to pension and other funds, which are managed in accordance with specific Investment Management Agreements, are not included in the Statement of Financial Position of the Corporation. The market value of these portfolios as at December 31, 2010 is $439 million (2009: $500 million).

r) Taxation

The Corporation is exempt from Corporation Tax; however, it is subject to the Green Fund Levy.

Corporation tax is payable on profits realised by the subsidiaries and is recognised as an expense in the period in which profits arise. Taxes are based on the applicable tax laws in each jurisdiction. The tax effects of taxation losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilized.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates that have been enacted by the date of the Consolidated Statement of Financial Position and are expected to apply when the related deferred tax asset is realised or the deferred corporation tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Comparative information

Certain changes in presentation have been made in these financial statements. In particular the comparatives of the Risk Note have been restated. These changes had no effect on the operating results or net income after tax of the Group for the previous year.

3) INVESTMENT FUNDS

The portfolio values of the locally based investment funds are as follows:

	2010 $'000	2009 $'000
Growth & Income Fund	**3,031,225**	3,123,821
TT$ Income Fund	**10,138,221**	10,345,816
Universal Retirement Fund	**162,896**	149,258
US$ Income Fund	**4,140,491**	4,830,432
Total	**17,472,833**	18,449,327

The Corporation has in its portfolio a bond that was considered sovereign debt. As a result, the Corporation's participation, which was in excess of 10% of the securities issued, was not considered to be in contravention of section 13 (3) of the Unit Trust Corporation of Trinidad and Tobago Act Chapter 83:03 (the "Act"). Subsequently, management recognized the facility was not a sovereign issue. The bond was restructured on December 30, 2009 and the Corporation participated in the restructured facility due 2029. At restructuring, the Corporation's participation continued to be in excess of 10% of the securities in issue. During 2010 the Corporation reduced its participation in the restructured facility to an amount within the statutory limit and was in compliance with the Act as at December 31, 2010.

4) RECEIVABLES

	2010 $'000	2009 $'000
Receivables transferred from Investment Securities	**784,765**	60,208
Receivables - Other	**84,111**	197,640
Total	**868,876**	257,848

Amounts due and payable in respect of investment securities have been transferred to receivables.

5) INVESTMENT SECURITIES

	2010 $'000	2009 $'000
Held to maturity	**835,044**	1,304,727
Available for sale	**960,664**	1,731,765
Loans and receivables	**363,480**	379,713
Total	**2,159,188**	3,416,205

Investment securities represent short-term investments and equity securities held by the Corporation, including the holdings of the Merchant Bank Department in local and regional government and corporate securities with maturity dates of up to twenty-one (21) years.

6) PROPERTY, PLANT AND EQUIPMENT

	Land $'000	Building $'000	Office Improvement $'000	Motor Vehicles $'000	Office & Computer Equipment $'000	Office Furniture $'000	TOTAL $'000
Year ended Dec 31, 2010							
Opening Net Book Value	16,205	118,270	23,953	4,306	20,687	6,825	**190,246**
Additions	–	–	4,444	800	4,681	336	**10,261**
Transfers in/out	–	–	–	–	–	–	**–**
Disposals	–	–	(129)	(101)	(204)	(7)	**(441)**
Depreciation/Amortisation	(22)	(2,809)	(3,053)	(1,125)	(5,646)	(1,185)	**(13,840)**
Closing Net Book Value	**16,183**	**115,461**	**25,215**	**3,880**	**19,518**	**5,969**	**186,226**
As at Dec 31, 2010							
Cost	16,569	139,427	42,161	7,011	58,173	20,235	**283,576**
Accumulated Depreciation/Amortisation	(386)	(23,966)	(16,946)	(3,131)	(38,655)	(14,266)	**(97,350)**
Net Book Value	**16,183**	**115,461**	**25,215**	**3,880**	**19,518**	**5,969**	**186,226**
Year ended Dec 31, 2009							
Opening Net Book Value	16,227	121,078	21,532	3,025	18,963	7,623	**188,448**
Additions	–	–	5,331	2,528	7,707	798	**16,364**
Transfers in/out	–	–	(248)	–	(529)	398	**(379)**
Disposals	–	–	(15)	(75)	(5)	(7)	**(102)**
Depreciation/Amortisation	(22)	(2,808)	(2,647)	(1,172)	(5,449)	(1,987)	**(14,085)**
Closing Net Book Value	**16,205**	**118,270**	**23,953**	**4,306**	**20,687**	**6,825**	**190,246**
As at Dec 31, 2009							
Cost	16,569	139,427	38,905	6,601	55,274	19,971	**276,747**
Accumulated Depreciation/Amortisation	(364)	(21,157)	(14,952)	(2,295)	(34,587)	(13,146)	**(86,501)**
Net Book Value	**16,205**	**118,270**	**23,953**	**4,306**	**20,687**	**6,825**	**190,246**

Notes To The Consolidated Financial Statements

For The Year Ended December 31, 2010

6) PROPERTY, PLANT AND EQUIPMENT (continued)

Land

Land includes leasehold land of $2.17 million and freehold land of $14.40 million.

a) Leasehold Land

This reflects the Corporation's interest in a ninety-nine (99) year lease. On November 19, 1999 the Corporation entered into an arrangement with London Street Project Company Limited to transfer its interest for twenty (20) years to facilitate the construction of its Headquarters Building through a build, own, lease and transfer arrangement described in Note 8 below. On May 19 2010, the Corporation fully repaid the Finance Lease in respect of the building. The legal formalities related to the surrender of the lease granted on November 19 1999 are in process.

b) Freehold Land

This reflects freehold land on which buildings have been constructed/renovated to facilitate the operations of the Parent company.

7) INTANGIBLE ASSETS

	2010 $'000	2009 $'000
Year ended Dec 31		
Opening Net Book Value	**25,737**	17,334
Additions	**4,939**	12,627
Transfers in/out	**–**	379
Disposals	**–**	–
Depreciation Charge	**(5,177)**	(4,603)
Closing Net Book Value	**25,499**	25,737
As at Dec 31		
Cost	**47,971**	43,031
Accumulated Depreciation	**(22,472)**	(17,294)
Net Book Value	**25,499**	25,737

8) FINANCIAL INSTRUMENTS

a) Short-term Financial Instruments

	2010 $'000	2009 $'000
Fixed term borrowing	**2,282,200**	2,442,804
Borrowing at notice	**–**	–
Repo borrowing	**–**	431,158
Guarantee Investment Certificate	**29,960**	–
Total	**2,312,160**	2,873,962

Fixed term borrowings represent financial liabilities in the form of Investment Note Certificates.

b) Long-term Financial Instruments

	Interest Rate	Term	2010 $'000	2009 $'000
Guaranteed Investment Certificates	7.7%-12.6%	10-25 years	**240,474**	248,393
Long-term bond	8%	10 years	**20,584**	24,797
Long-term bond	8%	7.5 years	**4,602**	6,442
Long-term loan	8.15%	10 years	**5,765**	6,485
Total			**271,425**	286,117

The long-term interest bearing bonds/loan represent debt raised by the subsidiary UTC Property Holdings Limited for financing the construction of its properties. There have been no new borrowing costs capitalized since 2006. As at December 31, 2009, $3.9 million in borrowing costs had been capitalized.

9) FINANCE LEASE

	2010 $'000	2009 $'000
Lease payments due:		
within 1 year	–	3,289
within 1 to 5 years	–	22,246
greater than 5 years	–	27,512
Total	–	53,047

Notes To The Consolidated Financial Statements
For The Year Ended December 31, 2010

9) FINANCE LEASE (continued)

The Corporation entered into a finance lease agreement with London Street Project Company Limited effective November 19, 1999 through a build, own, lease and transfer arrangement. This agreement was for a term of twenty (20) years, with purchase options at the end of the tenth and fifteenth years. On May 19, 2010 the Corporation exercised its right to terminate the lease and paid off the lease balance.

10) INITIAL CAPITAL

Initial Capital is capital subscribed by the Initial Capital Contributors to the Trinidad and Tobago Unit Trust Corporation in accordance with Section 17 of the Act and invested in the Growth and Income Fund. Initial Capital at the end of the reporting period was $4.77 million (2009: $4.77 million).

11) UNIT CAPITAL

Unit Capital represents the capital value of units issued by the four Investment Funds incorporated in Trinidad and Tobago and operated by the Corporation. In respect of the Growth and Income Fund (First Unit Scheme), this excludes the acquisition cost of the units issued in respect of Initial Capital.

	2010 $'000	2009 $'000
Growth and Income Fund	**3,026,459**	3,119,055
TT$ Income Fund	**10,138,221**	10,345,816
Universal Retirement Fund	**162,896**	149,258
US$ Income Fund	**4,140,491**	4,830,432
Total	**17,468,067**	18,444,561

12) FUND RESERVES

	2010 $'000	2009 $'000
Growth and Income Fund Guarantee Reserve	**–**	–
TT$ Income Fund	**32,758**	26,037
US$ Income Fund	**56,035**	40,441
Total	**88,793**	66,478

a) Growth and Income Fund Guarantee Reserve

In accordance with the provisions of Section 26(1) and (2) of the Act, in 1984 the Corporation established a Guarantee Reserve Fund in respect of the Growth and Income Fund (First Unit Scheme) to ensure adequate funding of the Guarantee Pricing Plan. During 2010, calls totalling

12) FUND RESERVES (continued)

$51.8 million were made on the Fund, of which the Corporation met $50.8 million through its Retained Income. The Corporation will continue to meet any shortfalls in the reserves through its Retained Income.

	2010 $'000	2009 $'000
Fund reserve as at January 1	**–**	20,000
Allocation to reserve (Growth and Income Fund)	**1,000**	1,000
Call on reserve	**(51,812)**	(84,254)
Allocation to reserve (Corporation)	**50,812**	63,254
Fund reserve as at December 31	**–**	–

b) TT$ Income Fund Reserve

In accordance with the provisions of Section 13 of the TT$ Income Fund (Second Unit Scheme) Regulations issued under the Act, in 1991 the Corporation established a reserve to satisfy any shortfall that may arise from the liquidation of securities in the portfolio of the Scheme.

	2010 $'000	2009 $'000
Fund reserve as at January 1	**26,037**	22,090
Allocation to primary reserve	**2,800**	2,800
Allocation to secondary reserve	**3,498**	–
Interest earned on reserve	**423**	1,147
Fund reserve as at December 31	**32,758**	26,037

During 2010, the Corporation established a secondary reserve to augment the capital maintenance capability of the Fund and to provide for the funding of any distribution liability which may arise.

c) US$ Income Fund Reserve

In accordance with the provisions of Section 26 (1) and (2) of the Act, in 2001 the Corporation established a special reserve fund in respect of the US$ Income Fund to provide for maintenance of the capital value of the Fund.

Notes To The Consolidated Financial Statements

For The Year Ended December 31, 2010

12) FUND RESERVES (continued)

c) US$ Income Fund Reserve

	2010 $'000	2009 $'000
Fund reserve as at January 1	**40,441**	42,372
Allocation to primary reserve	**8,689**	2,487
Allocation to secondary reserve	**6,624**	–
Call on reserve	**–**	(5,007)
Interest earned on reserve	**281**	589
Fund reserve as at December 31	**56,035**	40,441

During 2010, the Corporation established a secondary reserve to augment the capital maintenance capability of the Fund and to provide for the funding of any distribution liability which may arise.

13) STATUTORY RESERVES

In accordance with Section 59(3)(d)(ii) of the Securities Industries Act, 1995 and Section 12(1)(a) and (b) of the Securities Industry By-Laws 1997, a reserve of $5 million was established to satisfy the capital requirements for registration as an Underwriter and $50,000 for registration as an Investment Adviser.

14) REVALUATION RESERVE

The revaluation reserve reflects unrealised capital appreciation and depreciation from changes in the fair values of available-for-sale financial instruments held by the Group. Minor changes for foreign currency translations are also reflected therein. The revaluation of the investments held by the Investment Funds is reflected on the balance sheet of each of the Funds and is not included in this revaluation reserve.

15) MANAGEMENT CHARGE

	2010 $'000	2009 $'000
Growth and Income Fund	**61,355**	67,649
TT$ Income Fund	**202,764**	125,610
Universal Retirement Fund	**3,196**	1,415
US$ Income Fund	**37,120**	27,507
Total	**304,435**	222,181

15) MANAGEMENT CHARGE (continued)

a) The Corporation, in accordance with the regulations governing the Growth and Income Fund, the TT$ Income Fund, the Universal Retirement Fund and the US$ Income Fund may charge a management fee of up to 2% on the value of the funds under management in the respective schemes and funds. The average management fee charged for the year was 1.7% (2009: 1.2%).

b) In accordance with the regulations governing the Belize Money Market Fund, Unit Trust Corporation (Belize) Limited (formerly Belize UTC), may charge a management fee not exceeding 2% of the funds under management. The management fee charged for the year was 2.0% (2009: 1.7%).

c) In accordance with the prospectus governing the segregated portfolio funds of the Unit Trust Corporation (Cayman) SPC Limited, the Corporation may charge a management fee not exceeding 1.5% of funds under management. The management fee charged for the year was 1.3% (2009: 0.5%).

In addition to this management charge, the Group earned additional management charge of $3.3 million from its foreign investment portfolios and other funds under management. This is carried in other income in the consolidated statement of income.

16) NET INVESTMENT INCOME – GROUP OPERATIONS

Net Investment Income – Group Operations includes the contribution to revenue of the Merchant Banking and Treasury operations and the subsidiaries. It comprises the following:

	2010 $'000	2009 $'000
Interest and Other Fee Income	**190,159**	326,785
Interest Expense & Other Charges	**(66,968)**	(141,954)
Total	**123,191**	184,831

17) FOREIGN EXCHANGE GAINS/(LOSSES)

The exchange differences credited to the consolidated statement of income are included in Other Income as follows:

	2010 $'000	2009 $'000
Foreign exchange gains	**2,801**	4,370

18) IMPAIRMENT OF INVESTMENT SECURITIES

The Group has recognised impairment charges of $180.3 million during 2010 of which $165.9 million is within Investment Securities of the Corporation and its subsidiaries and $14.4 million is within the Investment Funds.

	2010 $'000	2009 $'000
Impairment	**165,948**	80,678
Carrying value of impaired investments	**234,117**	433,884
Fair value of collateral held for impaired investments	**234,117**	434,655

This impairment represents securities past due and/or in receivership, for which there was a shortfall in the fair value of the collateral.

Total impairment of $14.4 million was recognised within the portfolio of the investment funds during 2010.

	2010 $'000	2009 $'000
Impairment	**14,380**	112,641
Carrying value of impaired investments	**19,935**	33,751
Fair value of collateral held for impaired investments	**19,935**	33,751

Notes To The Consolidated Financial Statements

For The Year Ended December 31, 2010

19) ADMINISTRATIVE EXPENSES

Administrative expenses include:

	2010 $'000	2009 $'000
Staff Costs (Note 19)	**84,035**	117,860
Audit Fees	**588**	333
Directors' Fees	**1,829**	2,301

20) STAFF COSTS

	2010 $'000	2009 $'000
Salaries and Benefits	**80,488**	114,394
National Insurance	**3,547**	3,466
Total	**84,035**	117,860
Number of employees	**532**	554

21) FINANCE CHARGES

	2010 $'000	2009 $'000
Long-term bonds (Note 7b)	**2,684**	3,215
Finance lease (Note 8)	**1,988**	6,571
Total	**4,672**	9,786

22) DISTRIBUTIONS

	2010 $'000	2009 $'000
Growth and Income Fund	**6,938**	152,510
TT$ Income Fund	**231,753**	387,422
US$ Income Fund	**92,263**	160,200
Total	**330,954**	700,132

Notes To The Consolidated Financial Statements
For The Year Ended December 31, 2010

22) DISTRIBUTIONS (continued)

a) Growth and Income Fund

The Growth and Income Fund paid $6.9 million to its unit holders in respect of the December 2010 distribution. Included in the $6.9 million, referred to, are distributions to Initial Capital Contributors of $0.03 million (2009: $0.6 million).

In addition, in July 2010, the Corporation paid unit holders of the Growth and Income Fund a special distribution in the amount of $16.5 million from its Retained Earnings.

b) TT$ Income Fund

Distributions in the TT$ Income Fund are made quarterly in February, May, August and November. Income accrued as at December 31, 2010 for distribution in the quarter ending February 2011 amounted to $22.4 million (2009: $22.20 million).

c) US$ Income Fund

Distributions in the US$ Income Fund are paid by calendar quarters.

23) FINANCIAL RISK MANAGEMENT

The Group's Collective Investment Schemes, Merchant Banking and Treasury lines of business expose it to a variety of financial risks, including security price risk, interest rate risk (fair value and cash flow), foreign exchange rate risk, credit risk, concentration risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Board of Directors of the Trinidad and Tobago Unit Trust Corporation has overall responsibility for the management of the financial, operational and business risks faced by all lines. Several Committees assist the Board including:

- *The Board's Risk & Governance Committee* which meets on a monthly basis in order to ensure that the overall risk profile and policy environment of the Corporation is consistent with its strategic objectives. The Risk & Governance Committee also considers the specific risk issues highlighted by the Asset/Liability Committee and the Operational Risk Committee - internal committees comprising senior management personnel from several business units;

- *The Asset/Liability Committee* utilizes the collective experience and expertise of meeting participants to determine appropriate approaches for managing and mitigating the financial risks facing the Corporation. This Committee meets on a monthly basis to consider various risk reports tabled by management personnel;

- *The Operational Risk Committee* provides a forum for key operating activities to be evaluated from a multi-disciplined perspective in order to analyze past operational failures/losses with a view to mitigating recurrence. The Operational Risk Committee also meets on a monthly basis;

23) FINANCIAL RISK MANAGEMENT (continued)

- *The Board's Investment Committee* approves each mutual funds' investment policy statement which includes various constraints on the investment portfolios;

- *The Board's Merchant Banking Committee* approves underwriting limits for various credit relationships maintained by the Merchant Banking function, and

- *The Board's Audit Committee* has oversight of the key internal control systems affecting the Corporation's significant operating activities.

An independent risk management function led by the Chief Risk Officer submits relevant reports and recommendations to all the aforementioned Committees and participates in all the meetings. Its key responsibilities include: risk management policy-setting, scenario and stress testing and risk exposure monitoring across all business and operating activities. The risk management function, in consultation with relevant line management, may also make recommendations for the management and mitigation of financial and other risks.

The disclosures on risk management that follow focus on the operating activities of the Corporation's collective investment scheme products (the Growth & Income Fund, the TT$ Income Fund, the US$ Income Fund, the Universal Retirement Fund, the UTC Energy Fund, the UTC European Fund, the UTC Asia-Pacific Fund, the UTC Latin American Fund, the UTC Global Bond Fund and the UTC North American Fund) and the combined business lines of Merchant Banking and Treasury. The Group's other operating activities are not considered to have material financial risk exposures.

Strategy in using financial instruments

Financial risks arise from the acquisition of various classes of financial instruments including equities and debt instruments (traded and non-traded). With regard to its Collective Investment Scheme business, the Corporation's practice is to acquire financial assets that provide consistent risk-adjusted returns relative to specific investment objectives of the individual fund portfolios. In general, the investment activities of the Funds involve taking long positions in securities with a focus on medium term performance as opposed to short-term gains-taking. The Collective Investment Schemes neither use leverage nor sell securities short and have no financial liabilities arising out of their investment activities. In respect of its combined Merchant Banking and Treasury lines of business, the Corporation's strategy is to earn intermediation income via the interest spread of its proprietary financial assets over its associated funding instruments while managing credit, market and liquidity risks.

Equity price risk

Collective Investment Schemes – Registered locally as unit trusts

The Growth & Income Fund and the Universal Retirement Fund may acquire equity instruments that are exposed to fluctuations in market value. These exposures create equity price risk for the fund portfolios and may contribute to substantial volatility in the value of their net assets. This risk is managed via careful asset allocation and security selection within specified limits.

Key influences on the asset allocation decision include domestic as well as global economic and financial market trends. In the case of equity, the security selection decision is typically influenced by consideration of fundamental and technical valuation factors as well as by the instrument's historical price sensitivity to

23) FINANCIAL RISK MANAGEMENT (continued)

the market. The amount of a particular security eventually acquired takes into account the need to maintain appropriate levels of diversification at the overall portfolio level.

The equity price risk exposure of the fund portfolios is monitored and measured via categorization of the stocks by their historical price sensitivity to the overall market. A historical price sensitivity below 90% is considered to be low whereas an historical price sensitivity above 110% is considered to be high. A historical price sensitivity between 90% and 110% is regarded as comparable to the overall market.

The categorization of the Fund portfolios' equity holdings is provided below both in dollar terms and as a percentage of total equity holdings in the relevant Fund:

	Lower than market	Comparable to market	Higher than market
	$'000	$'000	$'000
At December 31, 2010			
Growth & Income Fund	1,349,572	311,534	231,311
	71.3%	*16.5%*	*12.2%*
Universal Retirement Fund	79,245	12,985	6,983
	79.9%	*13.1%*	*7.0%*

	Lower than market	Comparable to market	Higher than market
	$'000	$'000	$'000
At December 31, 2009			
Growth & Income Fund	756,753	423,057	769,463
	38.8%	*21.7%*	*39.5%*
Universal Retirement Fund	26,734	13,259	29,097
	38.7%	*19.2%*	*42.1%*

The following table presents the approximate sensitivity of the net asset value of the Growth & Income Fund and the Universal Retirement Fund to a 5% change in the TTSE Composite Index and the S&P 500 Composite Index respectively as at December 31, 2010 and December 31, 2009 with all other variables held constant. The sensitivity is provided in dollar amounts and as a percentage of net asset value:

TTSE Composite Index	December 31, 2010	December 31, 2009
Growth & Income Fund	$51.39 million (1.7%)	$77.35 million (2.5%)
Universal Retirement Fund	$2.77 million (1.7%)	$3.15 million (2.1%)

S&P 500 Composite Index	December 31, 2010	December 31, 2009
Growth & Income Fund	$24.03 million (0.8%)	$23.45 million (0.8%)
Universal Retirement Fund	$0.99 million (0.6%)	$0.25 million (0.2%)

23) FINANCIAL RISK MANAGEMENT (continued)

Collective Investment Schemes – Registered overseas as subsidiary open ended investment companies

The equity price risk exposure of the fund portfolios in the overseas subsidiary companies is also monitored and measured via categorization of the stocks by their historical price sensitivity to the overall market.

	Lower than market TT$'000	Comparable to market TT$'000	Higher than market TT$'000
At December 31, 2010			
UTC Energy Fund	6,297	8,285	12,813
	23.0%	*30.2%*	*46.8%*
UTC European Fund	1,712	1,347	2,470
	31.0%	*24.4%*	*44.6%*
UTC Asia-Pacific Fund	5,390	3,946	1,005
	52.1%	*38.2%*	*9.7%*
UTC Latin American Fund	1,051	2,338	3,436
	15.4%	*34.3%*	*50.3%*
UTC North American Fund	77,470	51,801	41,383
	45.4%	*30.4%*	*24.2%*

	Lower than market TT$'000	Comparable to market TT$'000	Higher than market TT$'000
At December 31, 2009			
UTC Energy Fund	2,347	4,472	6,959
	16.6%	*34.4%*	*49.0%*
UTC European Fund	1,287	459	1,197
	43.7%	*15.7%*	*40.6%*
UTC Asia-Pacific Fund	1,272	1,035	1,183
	36.5%	*29.7%*	*33.8%*
UTC Latin American Fund	189	692	1,730
	7.3%	*26.5%*	*66.2%*
UTC North American Fund	30,453	23,248	87,068
	21.6%	*16.5%*	*61.9%*

As at December 31, 2010 and December 31 2009, using the S&P 500 Index, had US equity securities prices increased/decreased as a whole by 5% (with all other variables held constant), the respective net asset values would have increased/decreased in both dollar and percentage terms as follows:

	2010		2009	
	$'000	%	$'000	%
UTC Energy Fund	**1,375**	**5.0**	714	5.5
UTC European Fund	**273**	**4.9**	148	5.0
UTC Asia-Pacific Fund	**450**	**4.4**	174	5.0
UTC Latin American Fund	**355**	**5.2**	132	5.0
UTC North American Fund	**6,321**	**3.7**	6,759	4.8

The Global Bond Fund does not hold equity positions.

Merchant Bank & Treasury

The Merchant Bank does not hold any equity positions. However, Treasury holds shares/units in the collective investment schemes registered as overseas investment companies by the Corporation. This aggregate shareholding was valued at the equivalent of TT$162.18 million and as such Treasury's exposure to equity price risk is proportionate to that disclosed in the preceding section.

In addition, Treasury holds strategic positions in five (5) unquoted equities with a total book value equivalent to TT$86.66 million. These positions are assumed to be uncorrelated with recognized stock exchanges and as such equity price risk is deemed immaterial for these positions.

Interest rate risk

Collective Investment Schemes – Registered locally as unit trusts

The Collective Investment Schemes' holdings of listed and unlisted debt instruments are exposed to movements in market rates of interest. In general, rising interest rates expose the fund portfolios to deterioration in net assets arising out of lower carrying values for bonds (fair value interest rate risk). Conversely, falling interest rates can expose the fund portfolios to potential diminution in earnings on variable rate instruments (cash flow interest rate risk).

Given the general offsetting effect of exposures to fair value interest rate risk and cash flow interest rate risk, the overall interest rate risk is managed by making judicious adjustments of the overall weighted average term to maturity (i.e. duration) based on the relevant economic and financial market outlook.

Management monitors the duration of the fund portfolios by segregating the fixed income securities by the earlier of contractual maturity or interest rate reset dates that are less than or equal to one year, greater than one year but less than five years, and greater than or equal to five years. The degree of interest rate sensitivity in the overall portfolio is then reflected by the relative proportions in the given maturity terms/ interest rate reset frequencies.

An interest rate re-pricing analysis (as defined by the earlier of the contractual maturity or interest fixing date for each instrument) is provided below for the Mutual Funds' fixed income portfolio as at December 31, 2010 and December 31, 2009:

23) **FINANCIAL RISK MANAGEMENT (continued)**

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total $'000
At December 31, 2010				
Growth & Income Fund				
Debt instruments – traded	–	–	7,959	**7,959**
Debt instruments – non-traded	239,806	187,746	254,981	**689,533**
Cash & other net assets	445,175	–	–	**445,175**
	684,981	187,746	262,940	**1,135,667**
TT$ Income Fund				
Debt instruments – traded	102,819	–	193,545	**296,364**
Debt instruments – non-traded	4,308,534	865,015	1,402,507	**6,576,056**
Cash & other net assets	3,265,804	–	–	**3,265,804**
	7,677,157	865,015	1,596,052	**10,138,224**
Universal Retirement Fund				
Debt instruments – traded	–	–	–	**–**
Debt instruments – non-traded	6,655	32,800	19,783	**59,238**
Cash & other net assets	4,445	–	–	**4,445**
	11,100	32,800	19,783	**63,683**
US$ Income Fund				
Debt instruments – traded	636,871	35,519	408,831	**1,081,221**
Debt instruments – non-traded	1,810,015	410,000	113,599	**2,333,614**
Cash & other net assets	725,657	–	–	**725,657**
	3,172,543	445,519	522,430	**4,140,492**

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total $'000
At December 31, 2009				
Growth & Income Fund				
Debt instruments – traded	–	–	5,545	**5,545**
Debt instruments – non-traded	179,099	214,737	419,642	**813,478**
Cash & other net assets	274,665	–	–	**274,665**
	453,764	214,737	425,187	**1,093,688**
TT$ Income Fund				
Debt instruments – traded	–	–	226,905	**226,905**
Debt instruments – non-traded	5,030,662	816,756	2,025,677	**7,873,095**
Cash & other net assets	2,245,816	–	–	**2,245,816**
	7,276,478	816,756	2,252,582	**10,345,816**
Universal Retirement Fund				
Debt instruments – traded	–	–	–	**–**
Debt instruments – non-traded	9,363	28,293	28,762	**66,418**
Cash & other net assets	13,353	–	–	**13,353**
	22,716	28,293	28,762	**79,771**
US$ Income Fund				
Debt instruments – traded	31,343	344,560	446,906	**822,809**
Debt instruments – non-traded	3,001,531	297,713	87,787	**3,387,031**
Cash & other net assets	620,592	–	–	**620,592**
	3,653,466	642,273	534,693	**4,830,432**

As at December 31, 2010 the Funds' TT dollar denominated fixed income positions were almost exclusively categorized as held to maturity and as a consequence changes in TT dollar interest rates would not have

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23) FINANCIAL RISK MANAGEMENT (continued)

materially affected the net assets of the fund portfolios given that this category of financial asset is always carried at amortized cost in accordance with International Accounting Standards.

On the other hand, a number of US dollar denominated fixed income positions held by the local TT domiciled Funds are categorized as available for sale and as such changes in US dollar interest rates would affect the net assets of the fund portfolios given that this category of financial asset is always carried at fair value in accordance with International Accounting Standards.

With all other variables held constant, sensitivity analysis performed for a 100 basis point increase and decrease in US interest rates as at December 31, 2010 and December 31, 2009 would have had the following estimated impact on the net assets of the individual fund portfolios:

100 basis point increase	**December 31, 2010**	**December 31, 2009**
Growth & Income Fund	($0.57 million)	($0.38 million)
TT$ Income Fund	($12.48 million)	($13.79 million)
US$ Income Fund	($22.72 million)	($26.95 million)

100 basis point decrease	**December 31, 2010**	**December 31, 2009**
Growth & Income Fund	$0.64 million	$0.39 million
TT$ Income Fund	$13.70 million	$14.11 million
US$ Income Fund	$24.58 million	$27.39 million

The Universal Retirement Fund had no exposure to US interest rate movements as at December 31, 2010 or as at December 31, 2009.

Collective Investment Schemes – Registered overseas as subsidiary open ended investment companies

The Funds' US dollar denominated fixed income positions are exclusively categorized as available for sale and as a consequence changes in US dollar interest rates would have materially affected the net assets of the fund portfolios given that this category of financial assets is always carried at fair value in accordance with International Accounting Standards.

23) FINANCIAL RISK MANAGEMENT (continued)

An interest rate re-pricing analysis (as defined by the earlier of the contractual maturity or interest fixing date for each instrument) is provided below for the Funds' fixed income portfolio as at December 31, 2010 and December 31, 2009:

As at December 31, 2010

	Up to 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Non-Interest bearing $'000	Total $'000
Assets					
Investment securities					
UTC Energy Fund	–	122	13	27,395	**27,530**
UTC European Fund	219	287	–	5,529	**6,035**
UTC Asia-Pacific Fund	–	653	–	10,341	**10,994**
UTC Latin American Fund	–	–	–	6,825	**6,825**
UTC Global Bond Fund	998	676	1,257	5,316	**8,247**
UTC North American Fund	–	3,337	20,316	170,654	**194,307**
Interest income receivable					
UTC Energy Fund	–	–	–	–	**–**
UTC European Fund	5	–	–	–	**5**
UTC Asia-Pacific Fund	9	–	–	–	**9**
UTC Latin American Fund	–	–	–	–	**–**
UTC Global Bond Fund	29	–	–	–	**29**
Other receivables					
- UTC Energy Fund	16	–	–	–	**16**
- UTC European Fund	2	–	–	–	**2**
- UTC Asia-Pacific Fund	–	–	–	–	**–**
- UTC Latin American Fund	10	–	–	–	**10**
- UTC Global Bond Fund	8	–	–	–	**8**
Cash					
- UTC Energy Fund	7,021	–	–	–	**7,021**
- UTC European Fund	742	–	–	–	**742**
- UTC Asia-Pacific Fund	2,927	–	–	–	**2,927**
- UTC Latin American Fund	1,410	–	–	–	**1,410**
- UTC Global Bond Fund	2,517	–	–	–	**2,517**
- UTC North American Fund	1,367	–	–	–	**1,367**

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23) FINANCIAL RISK MANAGEMENT (continued)

As at December 31, 2009

	Up to 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Non-Interest bearing $'000	Total $'000
Assets					
Investment securities					
UTC Energy Fund	2,799	137	7,533	14,178	24,647
UTC European Fund	342	–	538	2,943	3,823
UTC Asia-Pacific Fund	982	658	628	3,490	5,758
UTC Latin American Fund	1,349	–	260	2,611	4,220
UTC Global Bond Fund	3,661	584	2,002	1,316	7,563
UTC North American Fund	3,809	15,635	55,214	140,769	215,427
Interest income receivable					
UTC Energy Fund	195	–	–	–	195
UTC European Fund	15	–	–	–	15
UTC Asia-Pacific Fund	24	–	–	–	24
UTC Latin American Fund	20	–	–	–	20
UTC Global Bond Fund	38	–	–	–	38
Other receivables					
- UTC Energy Fund	49	–	–	–	49
- UTC Global Bond Fund	12	–	–	–	12
Cash					
- UTC Energy Fund	6,058	–	–	–	6,058
- UTC European Fund	2,623	–	–	–	2,623
- UTC Asia-Pacific Fund	3,741	–	–	–	3,741
- UTC Latin American Fund	2,555	–	–	–	2,555
- UTC Global Bond Fund	2,368	–	–	–	2,368

Sensitivity analysis was conducted to determine the effect had US interest rates changed by 100 basis points. With all other variables held constant, net assets attributable to unit holders and equity would have decreased or increased as at December 31, 2010 and December 31, 2009 as follows:

100 basis point increase	December 31, 2010 $TT'000	December 31, 2009 TT$'000
UTC Energy Fund	–	(313)
UTC European Fund	(11)	(21)
UTC Asia-Pacific Fund	(27)	(56)
UTC Latin American Fund	–	(9)
UTC Global Bond Fund	(58)	(95)
UTC North American Fund	(811)	(2,940)
100 basis point decrease	TT$'000	TT$'000
UTC Energy Fund	–	323
UTC European Fund	11	23
UTC Asia-Pacific Fund	28	59
UTC Latin American Fund	–	9
UTC Global Bond Fund	61	101
UTC North American Fund	867	2,941

23) FINANCIAL RISK MANAGEMENT (continued)

Merchant Bank & Treasury

The Merchant Bank's & Treasury's interest bearing asset and liability positions are exposed to movements in market rates of interest.

A surplus of interest bearing assets in relation to interest bearing liabilities exposes intermediation earnings to declines in market interest rates. Conversely, a deficit of interest bearing assets in relation to interest bearing liabilities exposes intermediation earnings to increases in market interest rates.

In general, the combined activity of the units is geared towards controlling the rate re-pricing mismatch between assets and liabilities so as to maintain a stable, consistent spread over their cost of funds. This is achieved by maintaining a reasonably substantial variable rate asset portfolio, by active management of the maturity profile of funding instruments and by holding a minimum level of readily tradable assets.

The combined interest rate re-pricing exposures of the Merchant Bank and Treasury assets and liabilities are provided below as at December 31, 2010 and December 31, 2009:

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Non-Interest Bearing $'000	Total $'000
At December 31, 2010					
Assets					
Cash & Cash Equivalents	1,045,544	–	–	–	**1,045,544**
Money Market Instruments	–	–	–	–	**–**
Fixed Income Securities	493,010	687,255	683,009	–	**1,863,274**
Equities	–	–	–	295,965	**295,965**
Liabilities					
Short-term Financial Instruments	(2,282,200)	–	–	–	**(2,282,200)**
Long-term Financial Instruments	–	(60,911)	(240,474)	–	**(301,385)**
Other Liabilities	–	–	–	–	**–**
Rate Re-pricing Position	**(743,646)**	**626,344**	**442,535**	**295,965**	**621,198**
At December 31, 2009					
Assets					
Cash & Cash Equivalents	372,207	–	–	–	372,207
Money Market Instruments	406,194	–	–	–	406,194
Fixed Income Securities	1,527,194	660,182	485,858	–	2,673,234
Equities	–	–	–	337,548	337,548
Liabilities					
Short-term Financial Instruments	(2,873,962)	–	–	–	(2,873,962)
Long-term Financial Instruments	–	(26,752)	(259,365)	–	(286,117)
Other Liabilities	(36,802)	–	–	–	(36,802)
Rate Re-pricing Position	**(605,169)**	**633,430**	**226,493**	**337,548**	**592,302**

23) FINANCIAL RISK MANAGEMENT (continued)

Given the above rate re-pricing profile, a change in short term market rates of interest of 100 basis points effective from December 31, 2010 would have modified net interest income over the coming twelve months by an estimated TT$4.8 million with all other variables held constant.

Exchange rate risk

Collective Investment Schemes - Registered as local unit trust schemes

The net assets of the fund portfolios may fluctuate due to changes in foreign exchange rates. This risk is currently limited to the Growth & Income Fund, the TT$ Income Fund and the Universal Retirement Fund as these TT dollar-denominated Funds may hold financial assets denominated in other currencies. The US$ Income Fund's investments are exclusively in US dollars. As a consequence, the net assets and/or earnings of the TT$ denominated fund portfolios could increase or decrease in value due to exchange rate fluctuations of individual currencies relative to the TT dollar. This risk is managed by restricting non-TT dollar holdings in the individual Funds to an appropriate proportion of net assets. The primary foreign exchange exposure in the Investment Funds is to the USD/TTD exchange rate given the negligible holdings of other currencies in the portfolios.

The fund portfolios' foreign currency holdings as at December 31 were as follows:

	At December 31, 2010		At December 31, 2009	
	USD (Presented in TT$) $'000	OTHER (Presented in TT$) $'000	USD (Presented in TT$) $'000	OTHER (Presented in TT$) $'000
Growth & Income Fund				
Equities	**705,809**	**18,057**	619,488	15,583
Debt instruments – traded	**7,959**		5,545	–
Debt instruments – non-traded	**149,812**		472,396	–
Cash & other net assets	**320,588**	**–**	109,582	–
	1,184,168	**18,057**	1,207,011	15,583
TT$ Income Fund				
Debt instruments – traded	**296,364**		214,472	–
Debt instruments – non-traded	**225,693**		386,885	–
Cash & other net assets	**209,410**	**–**	41,506	–
	731,467	**–**	642,863	–
Universal Retirement Fund				
Equities	**39,567**	**–**	15,881	–
Debt instruments – traded	**–**	**–**	–	–
Debt instruments – non-traded	**8,692**	**–**	15,141	–
Cash & other net assets	**1,763**	**–**	2,351	–
	50,022	**–**	33,373	–
Total	**1,965,657**	**18,057**	1,883,247	15,583

23) FINANCIAL RISK MANAGEMENT (continued)

A 1% change in the TT dollar relative to the US dollar would have changed the net assets of the individual Funds as at December 31, 2010 and December 31, 2009 as follows:

	2010 $'000	2009 $'000
Growth & Income Fund	**11,841**	12,070
TT$ Income Fund	**7,315**	6,429
Universal Retirement Fund	**500**	334

Collective Investment Schemes – Registered as overseas subsidiary companies

The reporting currency of the overseas subsidiaries is the US dollar. Moreover, the portfolio assets of the Funds issued by these subsidiaries are denominated almost exclusively in US dollars (except in the case of the North American Fund which holds Canadian dollar denominated positions from time to time). As a result, there is no material exchange rate risk in those Funds.

For the North American Fund nonetheless, a 1% change in the USD/CAD exchange rate would have impacted net assets by $2,202 approximately as at December 31, 2010 (2009: $255,131).

Moreover, the translation effect of the subsidiaries on the Group's consolidated financial statements is considered minimal.

Merchant Bank & Treasury

The combined foreign currency assets and liabilities of the Merchant Bank and Treasury as at December 31, 2010 and as at December 31, 2009 are as follows:

At December 31, 2010	USD (Presented in TTD) $'000	Other (Presented in TTD) $'000
Assets		
Cash & Cash Equivalents	919,553	–
Money Market Instruments	–	–
Fixed Income Securities	819,466	–
Equities	234,911	–
Liabilities		
Short Term Certificates of Interest	(1,766,312)	–
Long Term Financial Instruments	–	–
Other liabilities	–	–
Total	**207,618**	–

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23) FINANCIAL RISK MANAGEMENT (continued)

At December 31, 2009	USD (Presented in TTD) $'000	Other (Presented in TTD) $'000
Assets		
Cash & Cash Equivalents	307,015	–
Money Market Instruments	116,355	–
Fixed Income Securities	1,663,303	–
Equities	337,548	–
Liabilities		
Short-term Certificates of Interest	(2,222,505)	–
Long-term Financial Instruments	–	–
Other liabilities	–	–
Total	**201,716**	–

A 1% change in the TT dollar relative to the US dollar as at that date would have affected the net income position of the Corporation by TT$2.07 million as at December 31, 2010 and by TT$2.02 million as at December 31, 2009.

Credit risk

Merchant Bank & Treasury

Credit risk is defined as the risk of loss due to default or the risk of diminution of value or loss due to poor asset quality. The Merchant Banking operation is exposed to credit risk arising out of its direct lending and underwriting operations. The credit risk exposure of the Merchant Banking Department is managed through credit administration policies and limits that are approved by the Merchant Banking Committee of the Board. The Merchant Banking Committee is also responsible for the approval of all credit advances and underwriting transactions. The Corporation's policy is (i) for all existing facilities to be relationship managed and reviewed annually; and (ii) for the credit portfolio to be routinely monitored for compliance with approved limits. Balances of instruments past due but not impaired at the 2010 and 2009 year ends were as follows:

	2010 $'000	2009 $'000
Past due up to 30 days	**13,072**	7,164
Past due 30-90 days	**231,303**	157,493
Past due 90-180 days	**16,692**	361,447
Past due over 180 days	**523,872**	65,865
Total	**784,939**	591,969

23) FINANCIAL RISK MANAGEMENT (continued)

A remedial management process is in place to manage more closely past due accounts with a view to recovery via realization of collateral or restructure of the facility where feasible. These accounts are individually reviewed and reported on to the Risk and Governance and Merchant Banking Board committees.

The Treasury's holdings of debt instruments apart from inter-company transactions are minimal and do not give rise to material credit risks.

Collective Investment Schemes - Registered as local unit trust schemes

The Funds' holdings of debt instruments expose them to the risk that issuers or counterparties may default on their financial obligations, that is, fail to make full timely payments of scheduled interest and/or principal sums. Default risk has the potential to lower net asset value or fund earnings in the event that part or all of the scheduled cash flows become uncollectible after being past due for an extended period of time. This risk of loss may be tempered by the availability of realizable collateral that enhances the potential recovery value on the debt instrument.

Default risk is managed at the outset by subjecting all issuers/counterparties to a robust credit risk assessment process that results in the assignment of a credit score or rating. The acquisition or retention of a debt issue is subject to the credit rating limits and constraints contained in each Fund's investment policy statement, and any other relevant factors. It is the Corporation's policy that a credit rating review of each issuer/counterparty be performed at least annually.

The overall Fund exposure to default risk is measured by monitoring the relative credit quality of the issuers making up the fixed income portfolio. Issuers/counterparties that are rated at least BBB- equivalent by international credit rating agencies or that have an internally determined credit score consistent with such a credit rating are deemed to have a high credit quality. Issuers/counterparties that are rated CCC equivalent and below by international agencies or have an internally determined score consistent with such a rating or that are past due or otherwise distressed or that are exposed to considerable short-term economic/industry/project risk are all deemed low credit quality. All other issuers/counterparties are considered to be of moderate credit quality. The internal credit quality is mapped to comparable external rating grades as per the following table:

Agency	High										Moderate						Low
S&P	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+ and below
Moody's	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1 and below
Fitch	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC and below
CariCris	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	C+ and below

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23) FINANCIAL RISK MANAGEMENT (continued)

The credit quality of the individual Funds' fixed income portfolio is given below:

At December 31, 2010	High $'000	Moderate $'000	Low $'000	Total $'000
Growth & Income Fund				
Cash & Cash Equivalents	292,284	–	152,891	445,175
Debt instruments – traded	–	–	7,959	7,959
Debt instruments – non-traded	548,649	105,173	28,711	682,533
	840,933	105,173	189,561	1,135,667
TT$ Income Fund				
Cash & Cash Equivalents	3,210,349	–	55,455	3,265,804
Debt instruments – traded	162,465	104,668	29,232	296,365
Debt instruments – non-traded	6,214,184	154,928	206,943	6,576,055
	9,586,998	259,596	291,630	10,138,224
Universal Retirement Fund				
Cash & Cash Equivalents	3,222	–	1,223	4,445
Debt instruments – traded	–	–	–	–
Debt instruments – non-traded	42,565	15,030	1,643	59,238
	45,787	15,030	2,866	63,683
US$ Income Fund				
Cash & Cash Equivalents	549,978	–	175,679	725,657
Debt instruments– traded	696,388	353,829	31,004	1,081,221
Debt instruments – non-traded	1,800,911	382,701	150,002	2,333,614
	3,047,277	736,530	356,685	4,140,492

At December 31, 2009	High $'000	Moderate $'000	Low $'000	Total $'000
Growth & Income Fund				
Cash & Cash Equivalents	274,665	–	–	274,665
Debt instruments – traded	–	–	5,545	5,545
Debt instruments – non-traded	359,087	299,294	155,097	813,478
	633,752	299,294	160,642	1,093,688
TT$ Income Fund				
Cash & Cash Equivalents	2,241,045	–	4,771	2,245,816
Debt instruments – traded	91,741	93,014	42,150	226,905
Debt instruments – non-traded	7,349,901	465,218	57,976	7,873,095
	9,682,687	558,232	104,897	10,345,816
Universal Retirement Fund				
Cash & Cash Equivalents	13,353	–	–	13,353
Debt instruments – traded	–	–	–	–
Debt instruments – non-traded	44,952	19,651	1,816	66,419
	58,305	19,651	1,816	79,772
US$ Income Fund				
Cash & Cash Equivalents	591,611	–	28,981	620,592
Debt instruments – traded	544,775	192,838	85,196	822,809
Debt instruments – non-traded	2,343,030	637,487	406,514	3,387,031
	3,479,416	830,325	520,691	4,830,432

23) FINANCIAL RISK MANAGEMENT (continued)

The corresponding credit quality of the Funds registered as overseas subsidiary companies is presented below for December 31, 2010 and December 31, 2009:

	High $'000	Moderate $'000	Low $'000	Total $'000
As at December 31, 2010				
Corporate debt Securities				
UTC Energy Fund	–	13	122	**135**
UTC Global Bond Fund	1,404	656	871	**2,931**
UTC European Fund	506	–	–	**506**
UTC Asia-Pacific Fund	653	–	–	**653**
UTC Latin American Fund	–	–	–	**–**
UTC North American Fund	17,103	6,550	–	**23,653**
Treasury bills				
UTC Energy Fund	–	–	–	**–**
UTC Global Bond Fund	–	–	–	**–**
UTC European Fund	–	–	–	**–**
UTC Asia-Pacific Fund	–	–	–	**–**
UTC Latin American Fund	–	–	–	**–**
UTC North American Fund	–	–	–	**–**
Interest income receivable				
UTC Energy Fund	–	–	–	**–**
UTC Global Bond Fund	29	–	–	**29**
UTC European Fund	5	–	–	**5**
UTC Asia-Pacific Fund	9	–	–	**9**
UTC Latin American Fund	–	–	–	**–**
UTC North American Fund	–	–	–	**–**
Other assets				
UTC Energy Fund	16	–	–	**16**
UTC Global Bond Fund	8	–	–	**8**
UTC European Fund	2	–	–	**2**
UTC Asia-Pacific Fund	–	–	–	**–**
UTC Latin American Fund	10	–	–	**10**
UTC North American Fund	–	–	–	**–**
Cash				
UTC Energy Fund	7,021	–	–	**7,021**
UTC Global Bond Fund	2,517	–	–	**2,517**
UTC European Fund	742	–	–	**742**
UTC Asia-Pacific Fund	2,927	–	–	**2,927**
UTC Latin American Fund	1,410	–	–	**1,410**
UTC North American Fund	1,367	–	–	**1,367**

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23) FINANCIAL RISK MANAGEMENT (continued)

	High $'000	Moderate $'000	Low $'000	Total $'000
As at December 31, 2009				
Corporate debt Securities				
UTC Energy Fund	3,772	3,968	2,728	**10,468**
UTC Global Bond Fund	2,040	519	2,460	**5,019**
UTC European Fund	620	260	–	**880**
UTC Asia-Pacific Fund	1,286	–	622	**1,908**
UTC Latin American Fund	482	260	627	**1,369**
UTC North American Fund	70,149	–	701	**70,850**
Treasury bills	–	–	–	**–**
UTC Energy Fund	–	–	746	**746**
UTC Global Bond Fund	–	–	–	**–**
UTC European Fund	–	–	–	**–**
UTC Asia-Pacific Fund	–	–	–	**–**
UTC Latin American Fund	5,430	–	–	**5,430**
UTC North American Fund				
Interest income receivable				
UTC Energy Fund	195	–	–	**195**
UTC Global Bond Fund	38	–	–	**38**
UTC European Fund	2	–	–	**2**
UTC Asia-Pacific Fund	24	–	–	**24**
UTC Latin American Fund	20	–	–	**20**
UTC North American Fund	–	–	–	**–**
Other assets				
UTC Energy Fund	49	–	–	**49**
UTC Global Bond Fund	12	–	–	**12**
UTC European Fund	–	–	–	**–**
UTC Asia-Pacific Fund	–	–	–	**–**
UTC Latin American Fund	–	–	–	**–**
UTC North American Fund	–	–	–	**–**
Cash				
UTC Energy Fund	6,058	–	–	**6,058**
UTC Global Bond Fund	2,368	–	–	**2,368**
UTC European Fund	2,623	–	–	**2,623**
UTC Asia-Pacific Fund	3,741	–	–	**3,741**
UTC Latin American Fund	2,555	–	–	**2,555**
UTC North American Fund	–	–	–	**–**

Past due, impaired or other distressed investments held by the Corporation's Collective Investment Schemes are monitored by management and reported to the Asset/Liability Committee, the Investment Committee and the Risk & Governance Committee. The carrying values of assets past due but not impaired at the 2010 year end for the Collective Investment Schemes are as follows:

23) FINANCIAL RISK MANAGEMENT (continued)

	Days past due as at December 31 2010			
	1-30 days	31-90 days	91-180 days	Over 180 days
Energy Fund	–	–	–	$122
USD Income Fund	–	–	–	$190,146
TTD Income Fund	–	–	–	$55,449
Growth & Income Fund	–	–	–	$152,886
Universal Retirement Fund	–	–	–	$1,223
Total	**–**	**–**	**–**	**$399,826**

One instrument was deemed past due but not impaired as at December 31, 2009 in the Collective Investment Schemes. This asset which had a carrying value of TT$7.7 million in the US$ Income Fund was fully repaid in 2010.

Impaired assets

Impairment provisions are based on objective evidence of impairment. An asset is considered impaired where there is no longer reasonable assurance of collection (within the contractually established timeframe) of the full amount of principal and interest due to deterioration in the credit quality of the counterparty or any other factor which may affect contractual performance. In other words, an asset is impaired if its estimated recoverable amount is less than its carrying amount.

The Corporation's policy requires the review for impairment of individual financial assets at each reporting period or more regularly when individual circumstances require. Impairment allowances are determined by an evaluation of the incurred loss at balance sheet date on a case-by-case basis, and are applied to each financial asset on an individual basis. The assessment normally encompasses collateral held (including reconfirmation of its enforceability) and the anticipated receipts for that financial asset.

Merchant Bank & Treasury

The impairment charge for the year ended December 31, 2010 is TT$165.8 million across six (6) financial instruments held by the Merchant Bank. No impairment charge was required for the assets held by Treasury in 2010 or 2009.

Collective Investment Schemes - Registered as local unit trust schemes

With regard to the local unit trusts, as at December 31, 2010 one asset (2009: two assets) was impaired across the Funds with the following losses recorded as a result:

	2010 $'000	2009 $'000
Growth & Income Fund	–	105,250
TT$ Income Fund	2,000	790
Universal Retirement Fund	–	1,810
US$ Income Fund	12,400	4,790
Total	**14,400**	**112,640**

Collective Investment Schemes - Registered as overseas subsidiary companies

With regard to these Funds, impairment losses of $0.5 million were recorded in respect of two financial instruments for the year ended December 31, 2010. This compares with impairment losses of $0.9 million for the year ended December 31, 2009.

23) FINANCIAL RISK MANAGEMENT (continued)

Concentration risk

Collective Investment Schemes – Registered as local unit trust schemes

During the normal course of investment activity, the Funds may build up concentrations in single entities, groups of related/affiliated entities, sectors/industries and countries. Domination of the Funds individually and collectively in any one security, entity/group of entities, industry/sector or country/geographic region has the potential *inter alia* to magnify the impact of idiosyncratic events on net assets or earnings. In some cases, such concentrations may restrict the ability of the Funds to exit security positions without sustaining substantial loss.

Statutory restrictions limit the exposure of the Funds to any issuer (i) to a maximum of 10% of the Fund's combined net assets and (ii) a maximum of 10% in securities in issue. This prevents the undue build up of issuer, sector and country concentrations in the Funds. As at December 31, 2010 there were no exposures to any single entity or group of related entities exceeding 10% of the Funds' combined net assets.

Collective Investment Schemes – Registered as overseas subsidiary companies

The mutual fund products issued by overseas subsidiary companies contain significant geographic, industry sector and/or asset class concentrations in compliance with regulatory prescriptions on fund nomenclature. In general, concentrations higher than 80% are usual in these Funds. As such there is significant concentration risk in the Fund portfolios of the overseas subsidiary companies.

Merchant Bank & Treasury

In the Merchant Bank, concentrations of credit risk are managed and controlled wherever they are identified, in particular, to individual counterparties and groups, and to industries and countries. As at December 31, 2010, the Merchant Banking portfolio was exposed to significant concentration risk in the real estate sector. With respect to individual counterparties and group concentration, there was significant exposure to the CL Financial borrower group. Concentration is considered significant if the exposure to the borrower group is more than 25% of the Merchant Banking total asset portfolio. The Merchant Bank holds $1.14 billion in fully secured investments with the CL Financial Group.

Collective Investment Schemes - Registered as local unit trust schemes

The local unit trust schemes collectively hold $0.86 billion (2009: $0.94 billion) investments in the CL Financial Group, of which $0.39 billion (2009: $0.45 billion) is fully secured. The remaining $0.47 billion (2009: $0.49 billion) represents holdings in a publicly listed bank that is a member of the CL Financial Group disaggregated as follows:

Quoted equity (ordinary shares) – $0.18 billion (2009: $0.23 billion)
Fixed rate bonds (senior unsecured) – $0.29 billion (2009: $0.26 billion)

23) FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Corporation and subsidiaries

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. The Group's liquidity management process includes day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met, maintaining a portfolio of short-term investments that can be easily liquidated as protection against any unforeseen interruptions to cash flow and managing the concentration and profile of debt maturities.

The Table below presents cash flows payable by the Group for financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000
At December 31, 2010			
Accounts Payable and Short-term liabilities	30,021	–	–
Other Liabilities	–	–	–
Short-term Financial Instruments	2,282,200	–	–
Long-term Financial Instruments	–	–	301,385
Finance Lease	–	–	–
Total	**2,312,221**	**–**	**301,385**

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000
At December 31, 2009			
Accounts Payable and Short-term liabilities	49,908	–	–
Other Liabilities	36,802	–	–
Short-term Financial Instruments	2,873,962	–	–
Long-term Financial Instruments	–	26,752	259,365
Finance Lease	3,289	22,246	27,512
Total	**2,963,961**	**48,998**	**286,877**

Collective Investment Schemes - Registered as local unit trust schemes

Units in the Growth & Income Fund, the TT$ Income Fund and the US$ Income Fund are redeemable upon demand by investors. This is also true of the fund products issued by the overseas subsidiaries. Consequently, these Funds are exposed to daily unit redemptions. The Funds mitigate this risk by maintaining adequate portfolio liquidity through appropriate cash, near cash and other short-term investments. Given the tradable nature of a substantial proportion of the Fund portfolios, this risk is not deemed significant.

Capital Management

The objectives with respect to the management of capital are to safeguard the Group's ability to continue as a going concern in order to provide returns and benefits for its stakeholders and to maintain a strong capital base for the development of its business. The capital maintenance objective of the Investment Funds under

23) FINANCIAL RISK MANAGEMENT (continued)

management is met through the risk management strategies adopted by the Corporation. Additionally, the Corporation has established Fund Reserves to treat with any capital losses in its investment portfolios.

24) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group's financial statements and its financial result are influenced by accounting policies, estimates and management judgment, which necessarily have to be made in the course of preparation of consolidated financial statements. Estimates and judgments are evaluated on a continuous basis, and are based on historical experience and other factors, including expectations with regard to future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities in the future. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year.

25) INVESTMENT SECURITIES – GROWTH AND INCOME FUND (FIRST UNIT SCHEME)

EQUITY

	SHAREHOLDING 2010 (STOCK UNITS)	MARKET VALUE 2010 $	MARKET VALUE 2009 $
FINANCIAL INSTITUTIONS			
Scotiabank Trinidad & Tobago Limited	5,511,459	200,176,191	194,889,164
Republic Bank Limited	2,619,566	199,637,125	226,735,547
ANSA Merchant Bank Limited	1,798,833	57,112,948	53,964,990
First Caribbean International Bank Limited	6,943,139	60,821,898	45,130,404
National Commercial Bank of Jamaica	18,250,000	26,645,000	18,980,000
Sagicor Financial Corporation	8,687,579	69,500,632	102,079,053
Bank of Nova Scotia - Jamaica	11,750,000	18,057,223	15,582,850
MANUFACTURING			
Unilever Caribbean Limited	1,128,770	25,453,764	18,906,898
The West Indian Tobacco Company Limited	–	–	–
Trinidad Cement Limited	9,905,572	27,735,602	38,136,452
National Flour Mills Limited	–	–	–
CONGLOMERATES			
ANSA Mc Al Limited	4,118,064	189,430,944	234,911,752
Neal & Massy Holdings Limited	4,427,432	163,814,984	233,168,940
Grace Kennedy & Company Limited	2,358,000	8,488,800	7,074,000
NON-BANKING FINANCIAL INSTITUTIONS			
American Life and General Insurance Company (Trinidad and Tobago) Limited	462,416	2,427,684	2,427,684
Guardian Holdings Limited	5,761,731	73,807,774	81,298,024
National Enterprises Limited	4,762,640	48,959,939	39,291,780
Savinvest Mutual Fund	278,698	17,421,381	17,279,279
ENERGY AND ENERGY RELATED INDUSTRIES			
Eastern Caribbean Gas Pipeline	1,425,489	8,847,368	8,010,798
PROPERTY			
Point Lisas Industrial Port Development Corporation Limited	2,966,876	14,537,691	17,207,881
Market Value TT$ Equity	93,156,264	1,212,876,948	1,355,075,496
Market Value US$ Equity	24,909,505	680,179,166	594,197,553
MARKET VALUE OF EQUITIES	118,065,769	1,893,056,114	1,949,273,049
TOTAL DEBT SECURITIES		690,491,902	899,881,668
TOTAL VALUE OF INVESTMENT SECURITIES		**2,583,548,016**	2,849,154,717

Notes To The Consolidated Financial Statements

For The Year Ended December 31, 2010

25) INVESTMENT SECURITIES – GROWTH AND INCOME FUND (FIRST UNIT SCHEME) (continued)

The Portfolio of the Growth and Income Fund is represented by:

	2010 $	2009 $
Held-to-Maturity Financial Assets	**682,229,217**	893,917,462
Available-for-Sale Financial Assets	**1,901,318,799**	1,955,237,255
Total	**2,583,548,016**	2,849,154,717

26) INVESTMENT SECURITIES – TT$ INCOME FUND

Securities at market value:

	2010 $	2009 $
Government Securities	**1,911,137,212**	2,291,403,886
Corporate Securities	**1,298,241,987**	1,438,274,191
Short-term Investments	**3,663,038,178**	4,370,323,107
Total	**6,872,417,377**	8,100,001,184

The Portfolio of the TT$ Income Fund is represented by:

	2010 $	2009 $
Held-to-Maturity Financial Assets	**6,325,496,134**	7,381,109,060
Available-for-Sale Financial Assets	**546,921,243**	7,218,892,124
Total	**6,872,417,377**	8,104,771,691

27) INVESTMENT SECURITIES – UNIVERSAL RETIREMENT FUND

	SHAREHOLDING 2010 (STOCK UNITS)	MARKET VALUE 2010 $	MARKET VALUE 2009 $
FINANCIAL INSTITUTIONS			
ANSA Merchant Bank Limited	252,791	8,026,114	9,918,330
First Caribbean International Bank Limited	188,269	1,649,236	856,869
National Commercial Bank - Jamaica	1,200,000	1,752,000	1,248,000
Republic Bank Limited	65,385	4,982,991	–
Scotiabank Trinidad & Tobago Limited	149,052	5,413,551	3,519,814
MANUFACTURING			
Readymix (West Indies) Limited	36,780	1,153,053	1,153,053
The West Indian Tobacco Company Limited	68,288	3,264,849	2,211,848
Trinidad Cement Limited	350,960	982,688	1,351,196
Unilever Caribbean Limited	20,975	472,986	351,331
CONGLOMERATES			
ANSA Mc Al Limited	170,028	7,821,288	7,311,204
Grace Kennedy & Company Limited	549,867	1,979,521	1,649,601
Neal & Massy Holdings Limited	207,698	7,684,826	9,346,410
NON-BANKING FINANCIAL INSTITUTIONS			
Guardian Holdings Limited	398,313	5,102,390	5,620,196
National Enterprises Limited	348,417	3,581,727	2,874,440
Sagicor Financial Corporation	512,263	4,098,104	6,019,090
PROPERTY			
Point Lisas Industrial Port Development Corporation Limited	343,014	1,680,769	1,989,481
Market Value TT$ Equity	4,862,100	59,646,093	55,420,863
UTC North American Fund	1,007	63,671	60,517
Market Value US$ Equity	2,393,055	39,503,268	15,820,578
MARKET VALUE OF EQUITIES	7,256,162	99,213,032	71,301,958
TOTAL DEBT SECURITIES		59,237,837	64,602,561
TOTAL VALUE OF INVESTMENT SECURITIES		**158,450,869**	135,904,519

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27) INVESTMENT SECURITIES – UNIVERSAL RETIREMENT FUND (continued)

The Portfolio of the Universal Retirement Fund is represented by:

	2010 $	2009 $
Held-to-Maturity Financial Assets	**59,237,837**	64,602,560
Available-for-Sale Financial Assets	**99,213,032**	71,301,959
Total	**158,450,869**	135,904,519

28) INVESTMENT SECURITIES – US$ INCOME FUND

Securities at market value:

	2010 $	2009 $
Government Securities	**339,373,926**	342,606,370
Corporate Securities	**1,445,161,162**	1,176,314,150
Cash and Short Term Investments	**1,627,322,556**	2,690,919,733
Total	**3,411,857,644**	4,209,840,253

The Portfolio of the US$ Income Fund is represented by:

	2010 $	2009 $
Held-to-Maturity Financial Assets	**2,139,590,691**	3,416,011,837
Available-for-Sale Financial Assets	**1,272,266,953**	793,828,416
Total	**3,411,857,644**	4,209,840,253

29) INVESTMENT IN SUBSIDIARIES

a) Local Subsidiaries

The Corporation established three (3) wholly-owned local subsidiary companies incorporated under the Companies Act chapter 81:01 of Trinidad & Tobago as follows:

Company	% Interest	Date of Incorporation
UTC Financial Services Limited	100%	March 23, 1999
UTC Trust Services Limited	100%	June 2, 1999
UTC Property Holdings Limited	100%	June 18, 2002

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For The Year Ended December 31, 2010

29) INVESTMENT IN SUBSIDIARIES (continued)

The UTC Property Holdings Limited is a wholly-owned subsidiary of the Corporation and all the Directors of this company are Directors of the Corporation. It currently owns buildings constructed for rental to the Corporation to house its customer service centers.

The assets, liabilities and results of operations of these subsidiaries have been fully incorporated in these Financial Statements. UTC Trust Services Limited was not audited for 2010 since there was no activity. The auditor for UTC Property Holdings Limited and UTC Financial Services Limited is PricewaterhouseCoopers.

b) Foreign Subsidiaries

The Corporation has established five (5) foreign subsidiaries and, given its current majority holding in UTC North American Fund Inc., now has six (6) foreign subsidiaries consolidated in these financial statements. These are:

Company	% Interest	Date of Incorporation	Country of Incorporation
UTC Fund Services, Inc.	100%	December 8, 1997	Delaware, USA
UTC Financial Services USA, Inc.	100%	June 8, 1999	Rhode Island, USA
Unit Trust Corporation (Belize) Limited	93%	August 24, 2001	Belize
Unit Trust Corporation (Cayman) SPC Limited	100% voting shares	July 31, 2006	Cayman Islands
	38% segregated portfolio shares		
UTC Energy Investment Limited	90%	May 31, 2007	Delaware, USA
UTC North American Fund Inc.	69%	October 24, 1990	Maryland, USA

During 2008, the names of subsidiaries were changed as follows:

Previous name	New name	Effective date
Chaconia Fund Services, Inc.	UTC Fund Services, Inc.	January 31, 2008
Chaconia Financial Services, Inc.	UTC Financial Services USA, Inc.	January 31, 2008
Belize Unit Trust Corporation Limited	Unit Trust Corporation (Belize) Limited	April 1, 2008
UTC Mutual Funds SPC Limited	Unit Trust Corporation (Cayman) SPC Limited	March 3, 2008
Chaconia Growth and Income Fund	UTC North American Fund, Inc.	January 31, 2008

The auditors of these foreign subsidiaries are as follows:

Company	Auditors
UTC Financial Services USA, Inc	Mayer Hoffman McCann P.C. (formerly Kirkland, Russ, Murphy & Tapp, USA)
Unit Trust Corporation (Belize) Limited	Pannell Kerr Forster, Belize
Unit Trust Corporation (Cayman) SPC Limited	PricewaterhouseCoopers, Cayman Islands
UTC North American Fund, Inc.	PricewaterhouseCoopers, Milwaukee

Notes To The Consolidated Financial Statements

For The Year Ended December 31, 2010

29) INVESTMENT IN SUBSIDIARIES (continued)

b) Foreign Subsidiaries (continued)

The UTC Energy Investment Limited and UTC Fund Services Inc. are not publicly traded entities and are not subject to any regulatory reporting; therefore, they do not require an audit opinion.

The Unit Trust Corporation (Cayman) SPC Limited was incorporated in 2006 and is authorised to issue voting and segregated portfolio shares. The Trinidad and Tobago Unit Trust Corporation has the sole right to hold 100% of the voting shares of the Company. As at December 31, 2010, the Trinidad and Tobago Unit Trust Corporation held one voting share at a value of $620.65 (2009 - $621.63).

The segregated portfolio shares are held by various investors, including the Trinidad and Tobago Unit Trust Corporation, who have invested in the mutual funds issued by the Unit Trust Corporation (Cayman) SPC Limited. The balance sheet of this Company comprises the combined assets and liabilities of five mutual funds, plus the value of the voting shares. The Trinidad and Tobago Unit Trust Corporation invested seed capital of $25 million across the five mutual funds, currently representing 38% (2009 - 42%) ownership of the segregated portfolio shares.

UTC Energy Investment Limited was incorporated in 2007 under the Laws of Delaware, USA. In addition to the 90% of capital held by the Corporation, the Growth and Income Fund and the UTC Energy Fund, a subsidiary fund, hold the additional 10% of this company. Since the assets of these investment funds are reflected in these consolidated accounts, all of the assets of this subsidiary are reported on the consolidated statement of financial position.

UTC Fund Services Inc. was inactive from its incorporation until March 1, 2009 when it began operations as the investment advisor to the UTC North American Fund Inc.

The UTC North American Fund Inc. (formerly Chaconia Income and Growth Fund Inc.) is registered as an open-end, diversified, management investment company under the Investment Act of 1940 of the United States of America, as amended. In December 2008, the Corporation acquired majority shareholding in the UTC North American Fund, Inc. when its shareholding grew to 69% of the outstanding shares of this Fund. The net assets of this Company are consolidated in these financial statements.

30) SEGMENT INFORMATION

The Group has reported three (3) business segments:

a) Merchant Banking – includes loan syndication, provision of short term and long term financing, floating and underwriting of bonds and consultancy.

b) Mutual Funds Services – includes asset management and administration of investment funds.

c) Treasury operations – has responsibility for areas of the Corporation such as investment of surplus funds, cash flow management and Bureau de Change business.

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For The Year Ended December 31, 2010

30) SEGMENT INFORMATION (continued)

	2010 $'000				
	Merchant Banking	**Treasury**	**Mutual Fund Services**	**Other**	**Group**
Gross external revenues	143,578	10,061	332,174	43,206	529,019
Revenue from other segments	–	79,650	–	–	79,650
Total gross revenues	143,578	89,711	332,174	43,206	608,669
Total expenses	(290,140)	(43,460)	(199,887)	(20,007)	(553,494)
Net income before tax	(146,562)	46,251	132,287	23,199	55,175
Taxation	–	–	(2,406)	(1,200)	(3,606)
Net income for the year	(146,562)	46,251	129,881	21,999	51,569
Segment assets	2,602,350	193,762	17,803,922	398,635	20,998,669
Unallocated assets	–	–	–	–	–
Total assets	2,602,350	193,762	17,803,922	398,635	20,998,669
Segment liabilities	(438,043)	(2,260,506)	(18,231,299)	(68,821)	(20,998,669)
Unallocated liabilities	–	–	–	–	–
Total liabilities	(438,043)	(2,260,506)	(18,231,299)	(68,821)	(20,998,669)
Other segment items:					
Interest expense	105,007	38,299	–	–	143,306
Impairment	165,849	–	557	–	166,406
Depreciation	–	–	17,364	1,653	19,017

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For The Year Ended December 31, 2010

30) SEGMENT INFORMATION (continued)

	2009 $'000				
	Merchant Banking	Treasury	Mutual Fund Services	Other	Group
Gross external revenues	273,658	22,080	251,205	30,626	577,569
Revenue from other segments	–	137,541	–	–	137,541
Total gross revenues	273,658	159,621	251,205	30,626	715,110
Total expenses	(254,515)	(116,651)	(236,123)	(15,798)	(623,087)
Net income before tax	19,143	42,970	15,082	14,828	92,023
Taxation	–	–	(1,475)	(1,660)	(3,135)
Net income for the year	19,143	42,970	13,607	13,168	88,888
Segment assets	3,102,066	3,090,152	16,057,822	419,272	22,669,312
Unallocated assets	–	–	–	–	–
Total assets	3,102,066	3,090,152	16,057,822	419,272	22,669,312
Segment liabilities	(2,817,988)	(3,027,454)	(16,781,342)	(42,528)	(22,669,312)
Unallocated liabilities	–	–	–	–	–
Total liabilities	(2,817,988)	(3,027,454)	(16,781,342)	(42,528)	(22,669,312)
Other segment items:					
Interest expense	157,562	97,214	–	–	254,776
Impairment	79,774	–	904	–	80,678
Depreciation	–	–	16,919	1,769	18,688

31) RETIREMENT BENEFIT PLAN ASSETS

Prior to January 1, 2001 the Unit Trust Corporation Pension Fund Plan (the Plan) had been a defined benefit plan. The Plan received formal approval during 2002 for conversion to a defined contribution plan with effect from January 1, 2001 with pre-January 1, 2001 benefits guaranteed. Retirement benefits are currently paid out of the Fund and are guaranteed for life. The defined benefits comprise a small portion of plan benefits and the pension expense is faithfully represented by cash contributions from the Corporation. This is due to the limitation required by IAS 19 section 58 (b)(ii) which prohibits recognition of the pension plan surplus unless it is available to the Corporation via reduction of its future contributions. For the financial year 2010, the Corporation contributed $10.20 million (2009: $9.78 million) to the Plan. This is in excess of the current service costs, but this excess will never be available to the Corporation and must be used to preserve members' contributions.

32) TAXATION

The local subsidiary companies are subject to Corporation Tax and foreign subsidiaries are subject to taxation relevant to the country of domicile.

	2010 $'000	2009 $'000
Net income before taxation	**55,175**	92,023
Corporation tax rate 0%	**–**	–
Corporate tax at 25% for local subsidiaries	**845**	619
Corporate tax for foreign subsidiaries	**110**	175
Utilisation of previously un-recognised tax losses	**–**	–
Tax losses reversed	**–**	780
Withholding tax	**2,150**	1,145
Business Levy payments	**23**	24
Green Fund Levy payments	**478**	392
Tax charge	**3,606**	3,135

33) DEFERRED TAX

Deferred taxes are calculated on all temporary differences under the liability method using the current rate of 25%.

Deferred tax assets and liabilities and deferred tax (credit)/charge in the profit and loss account are attributable to the following items:

	2010 $	2009 $
Tax Losses carried forward	**(3,009,270)**	(3,128,344)
Accelerated tax depreciation	**5,252,980**	4,527,306
Net deferred liability	**2,243,710**	1,398,962

34) RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The following transactions were carried out with related parties:

a) Loans

	2010 $'000	2009 $'000
Key management personnel	**1,004**	1,577
Subsidiaries	**65,952**	72,725
Total	**66,956**	74,302
Loans to key management of the Group:		
Balance at beginning of year	**1,577**	979
Loans advanced during year	**559**	1,056
Loan repayments received during year	**(1,132)**	(458)
Interest income during year	**49**	50
Interest received during year	**(49)**	(50)
Balance at end of year	**1,004**	1,577
Loans: subsidiaries		
Balance at beginning of year	**72,725**	79,125
Loan repayments received	**(6,773)**	(6,400)
Balance at end of year	**65,952**	72,725

	2010 $'000	2009 $'000
b) Rental of premises from:		
Subsidiary Company	**12,367**	12,367
c) Administrative services to:		
Subsidiary Company	**3,322**	3,322
d) Key management compensation:		
Salaries and other short-term benefits	**16,939**	20,889
e) Consultancy fees to Directors	**2,551,550**	1,026,275

The Investment Funds managed by the Trinidad & Tobago Unit Trust Corporation have invested in bonds issued by its subsidiary company, UTC Property Holdings Limited. As at December 31, 2010, the Investments Funds held $2.4 million (2009: $2.6 million).

Notes To The Consolidated Financial Statements

For The Year Ended December 31, 2010

35) RESTATEMENTS AND RECLASSIFICATIONS

There were restatements and re-classifications for the year 2010 and 2009. Various accounts were changed, for example, Rental Income which was shown as a line item on the Consolidated Statement of Income previously is now grouped with Other Income.

36) COMMITMENTS

At December 31, 2010, the Group has contractual obligations for capital contributions of $17.4 million over the next seven (7) years (2009: $27.3 million).

37) EVENTS AFTER THE REPORTING PERIOD

In February 2011 the Supreme Court of the Turks and Caicos Islands ordered the developers of the Dellis Cay property in Turks and Caicos to freeze approximately TT$540 million of their assets globally and to maintain these assets to satisfy the claims made by the Corporation with respect to an outstanding loan facility.

In a related matter, the Corporation is one of twenty defendants (which include the developers of the Dellis Cay property) named in a lawsuit filed in the US District Court Manhattan, New York on January 28, 2011. The plaintiffs are seeking to recover US$50 million with respect to their investment in the Dellis Cay development. Indications are that the Court petitioned has no jurisdiction in the matter and also that the substantive matter is without merit. There were no other events after the reporting period, which have a material bearing on these financial statements.

38) CONTINGENT LIABILITIES

As at December 31, 2010 there were two (2) legal proceedings locally outstanding against the Corporation. No provision has been made, as professional advice indicates that it is unlikely that any significant loss will arise from these local proceedings. Internationally, as mentioned at Note 36 above there is a matter that has been instituted. The Corporation is taking legal advice and early indications are that the matter is without merit.

39) APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors and authorized for issue on March 31, 2011.

Contributors To The Initial Capital

Central Bank of Trinidad & Tobago

The National Insurance Board

COMMERCIAL BANKS
Citibank (Trinidad & Tobago) Limited
First Citizens Bank Limited
RBTT Bank Limited
Republic Bank Limited
Scotiabank Trinidad & Tobago Limited

NON-BANK FINANCIAL INSTITUTIONS
ANSA Finance & Merchant Bank Limited
Caribbean Finance Company Limited
Clico Investment Bank
First Citizens Asset Management Limited
General Finance Corporation Limited
RBTT Trust Limited
RBTT Merchant Bank & Finance Company
Republic Finance & Merchant Bank Limited (FINCOR)
Scotiatrust & Merchant Bank Trinidad & Tobago Limited

LIFE INSURANCE COMPANIES
American Life and General Insurance Company (Trinidad & Tobago) Limited

Banc Assurance Caribbean Limited *(formerly Crown Life (Caribbean) Limited – wholly-owned subsidiary of Guardian Life of the Caribbean Limited)*

British-American Insurance Company (Trinidad) Limited

Caribbean Atlantic Life Insurance Company T&T Limited *(operations managed by Guardian Life of the Caribbean Limited)*

Colonial Life Insurance Company (Trinidad) Limited

Cuna Caribbean Insurance Society Limited
The Demerara Life Assurance Company of Trinidad & Tobago

Goodwill General Insurance Company Limited *(wholly-owned subsidiary of West Indian Financial & Development Company Limited – in compulsory liquidation (c/o Victor Herde)*

Guardian Life of the Caribbean Limited
Life of Barbados Limited *(wholly-owned subsidiary of Sagicor)*

Maritime Life (Caribbean) Limited

MEGA Insurance Company Limited

Nationwide Insurance Company Limited *(wholly-owned subsidiary of Sagicor)*

Sagicor Financial Corporation *(formerly Barbados Mutual Life Assurance Society – the Mutual)*

Tatil Life Assurance Company Limited

Winsure Life Insurance Company Limited *(transferred and assigned to Maritime Life (Caribbean) Limited)*

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