



TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

PURPOSE

PASSION

PARTNERSHIP



Partners for Life

ANNUAL REPORT 2018



**“Strength and Growth
come only through
continuous effort...”**

~Napoleon Hill



PURPOSE PASSION PARTNERSHIP



Partners for Life

ANNUAL REPORT 2018



Our 2018 Annual Report tells the story of our journey over the past year and we are delighted to share it with you.

These pages reflect a company that is **Purpose**-driven.

It is underpinned by a **Passion** for bringing value to you and the communities we serve, and a **Partnership** in which we always listen to each other.

Added to this, we are focused on helping you realise your life's goals and dreams. What worked one year ago may not work today – so we continue to innovate and look for new ways to support your growth.

These ingredients have been part of our DNA for the past 36 years and we are excited about sharing the future with you. At the UTC, we want a better society and we are willing to put our heads and our hearts to the effort of making our country a better place.

Our world today is in an unprecedented flux. Traditional modes of thought are being swept aside and there is uncertainty that comes with change, but we are unfazed.

As a solid and trusted partner, standing at your side, we remain committed to you and we thank you for your continued support.

We look forward to the joint path ahead.



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***“Coming together is
a beginning.
Keeping together
is progress.
Working together
is success.”*** – Henry Ford

UTC Highlights*



TT\$21.7 Bn

Funds Under Management (FUM)
a **0.8%** decrease from 2017



48.2%

UTC's Share of the Local
Mutual Fund Market
a **2.9%** increase over 2017



TT\$78.7 Mn

GIF Distributions to Unitholders
a **117.2%** increase over 2017



TT\$9.4 Bn

Aggregate Distributions
Payouts since 1982
a **2.8%** increase over 2017



TT\$249.3 Mn

Distributions to Unitholders
a **26.3%** increase over 2017



617,464

Total UTC Unitholders
a **1.3%** growth in customer base
over 2017



528

Total UTC Team Members
a **1.1%** increase over 2017



882,914

Number of Unitholder Accounts
a **1.1%** increase over 2017



74%

Employee Satisfaction Survey
a **15.6%** increase over 2017



86%

Customer Satisfaction Survey 2018
an **11.6%** increase over 2017



20

Community Outreach Projects
throughout T&T in 2018
a **33.3%** decrease from 2017



TT\$170 Mn

Reserves
a **10.7%** increase over 2017

* Note that figures have been rounded off to one decimal point.



UTC at a glance

With nearly every household in Trinidad and Tobago invested with the Unit Trust Corporation (UTC), we are an indigenous institution with a strong foundation, standing side by side with our over 600,000 strong unitholders. More than just mutual funds, the UTC is truly a financial solutions provider, offering products and services that meet every need. We manage mutual fund investments for individual and institutional investors along with specialised savings plans to meet the needs of children. We also provide asset management services to a diversified list of corporate clients and government institutions. The UTC also offers investment education, financial advisory services, and foreign currency trading via a Bureau de Change.



Established 1982



Designated SIFI* **2013**



6 Primary Regulatory Relationships

*CBTT, TTSEC, CIMA, US SEC, FINRA, TTSE***



Retained Earnings **\$1.4 Bn**



FUM **\$21.7 Bn**



Market Share **48.2%**



9 Mutual Funds

TT\$ Income Fund
US\$ Income Fund

Growth & Income Fund
Universal Retirement Fund

Calypso Macro Index Fund
UTC Corporate Fund
UTC North American Fund***

Global Investor Select ETF Fund SP – Conservative
Global Investor Select ETF Fund SP – Moderate
Global Investor Select ETF Fund SP – Aggressive



Team Members **528**



Proudly serving **617,464** Unitholders



Distribution Channels

9 Investment Centres
11 ATMs

U-Online
1 Contact Centre

10 Online Agencies



Annual Revenue **\$0.8 Bn**



Distribution Payments **\$9.4 Bn** (since 1982)

* Systemically Important Financial Institution

** Central Bank of Trinidad and Tobago (CBTT), Trinidad and Tobago Securities and Exchange Commission (TTSEC), Chartered Institute of Management Accountants (CIMA), US Securities and Exchange Commission (US SEC), Financial Industry Regulatory Authority (FINRA), Trinidad and Tobago Stock Exchange (TTSE)

*** The UTC North American Fund was liquidated on December 20, 2018, thus we focus on the other nine funds.



Our Commitment

Mandate



To foster a culture of saving and investment through education and innovative solutions that allow everyone access to the capital markets

Mission



To create and enhance wealth for all by providing innovative investment solutions and world-class customer service

Vision



To be the leader in investment management and wealth creation in the region



Core Values

INTEGRITY

We guide our actions by the principles of trust, honesty, fairness and ethical standards.

RESPECT

We treat our team members, unitholders and other stakeholders in a courteous, caring and dignified manner.

PERFORMANCE EXCELLENCE


We ignite the passion of our team members to deliver value to our unitholders, achieve organisational sustainability and enhance personal growth and development.

ROBUST CORPORATE GOVERNANCE

We continuously enhance our corporate governance framework and processes through effective Board oversight, a strong risk management culture and transparent systems.

LEADERSHIP

We are industry trailblazers who shape future corporate behaviour and performance by creating shared value, product innovation and diversification. Our leaders inspire, motivate, influence, empower and engage team members at all levels to achieve our performance targets.



Where We Operate

ONLINE
AGENCIESINVESTMENT
CENTRES

With
19 locations

nationwide, we have Investment Centres and Online Agents ready to provide service to our many unitholders.

Arima

Manager: Schubert Andrews
44 Green Street, Arima
Tel: (868) 667-UNIT (8648)
Fax: (868) 667-2586
Open: 8:00 a.m. - 2:30 p.m.

Chaguanas

Manager: Genevieve Dillon
26-28 Endeavour Road,
Chaguanas
Tel: (868) 671-UNIT (8648)
Fax: (868) 671-6581
Open: 8:00 a.m. - 2:30 p.m.

Couva

Manager: Erica Bleasdel
26 Southern Main Road, Couva
Tel: (868) 636-9871
Fax: (868) 636-4750
Open: 8:00 a.m. - 2:30 p.m.

One Woodbrook Place

Manager: Janice Jackman
Unit 27,
189 Tragarete Road, Port of Spain
Tel: (868) 625-UNIT (8648)
Fax: (868) 628-4879
Open: 10:00 a.m. - 5:00 p.m.

Point Fortin

Manager: Simone Lampkin
13 Handel Road, Point Fortin
Tel: (868) 648-6836
Fax: (868) 648-2997
Open: 8:00 a.m. - 2:30 p.m.

Port of Spain

Manager: Simone Downer
UTC Financial Centre
82 Independence Square
Port of Spain
Tel: (868) 625-UNIT (8648)
Fax: (868) 624-0819
Open: 8:00 a.m. - 2:30 p.m.

San Fernando

Manager: Andre Clarke
19-21 High Street, San Fernando
Tel: (868) 657-UNIT (8648)
Fax: (868) 652-0620
Open: 8:00 a.m. - 2:30 p.m.

Sangre Grande

Manager: Lisa Ganpat
Sinanan Building
2 Eastern Main Road, Sangre Grande
Tel: (868) 691-UNIT (8648) or 668-6475
Fax: (868) 668-3872
Open: 8:00 a.m. - 2:30 p.m.

Tobago

Manager: Ijeoma De Gale-Harry
Cor. Main & Castries Streets,
Scarborough, Tobago
Tel: (868) 639-5096/3921
Fax: (868) 660-7730
Open: 8:00 a.m. - 2:30 p.m.

Online Agents**Eve Financial Services Limited**

(Ruben McSween)
UTC Agency – Westmall
Shop 174, The Falls, Westmall
Western Main Road,
Westmoorings
Tel: (868) 223-9151/9152/9157
Open: Mon - Fri 10:00 a.m. - 5:00 p.m.
Sat 10:00 a.m. - 3:00 p.m.

Eve Financial Services Limited

(Ruben McSween)
UTC Agency – MovieTowne
61 Level 2
MovieTowne Boulevard,
Invader's Bay
Audrey Jeffers Highway
Port of Spain
Tel: (868) 223-6697/6805/6505/6517
Fax: (868) 223-6728
Open: Mon - Fri 10:00 a.m. - 5:00 p.m.
Sat 10:00 a.m. - 3:00 p.m.

GMF Investments & Financial Planning Services Limited

(Glen Miguel Figuera)
UTC Agency – Maraval
21 Shoppes of Maraval
Saddle Road, Maraval
Tel/Fax: (868) 628-0809
Open: Mon - Fri 9:30 a.m. - 5:30 p.m.

Keith M. King

UTC Agency – Chaguanas
Unit 11, Heartland Plaza
12 Narsaloo Ramaya Road, Endeavour,
Chaguanas
Tel: (868) 227-9508
(868) 223-1029
Open: Mon - Fri 9:00 a.m. - 5:00 p.m.

Michael Redhead

UTC Agency – Pointe-a-Pierre
Suite 11 & 12
Tropical Plaza, Pointe-a-Pierre
Tel/Fax: (868) 658-SAVE (7283)
(868) 658-7340
Open: Mon - Thurs 8:30 a.m. - 4:00 p.m.
Fri 8:30 a.m. - 4:30 p.m.

Opufin Limited

(Sheldon Trim)
UTC Agency – Champs Fleurs
100A Eastern Main Road,
Champs Fleurs
Tel: (868) 645-UNIT (8648)
Fax: (868) 645-8185
Open: Mon - Fri 8:00 a.m. - 3:00 p.m.

Opufin Limited

(Jamela Akinlana)
UTC Agency – Grand Bazaar
Shop No. 3, Building A
Grand Bazaar, Valsayn
Tel/Fax: (868) 663-8648
Open: Mon - Fri 11:00 a.m. - 6:00 p.m.
Sat 10:00 a.m. - 3:00 p.m.

Unique Investments Limited

(Samuel Saunders)
UTC Agency – Trincity
Unit B2 15
Level 2, Trincity Mall, Trincity
Tel/Fax: (868) 640-8589
Open: Mon - Fri 9:00 a.m. - 7:00 p.m.
Sat 10:00 a.m. - 7:00 p.m.

Superior Wealth & Advisory Services Limited

(Ian Narine)
UTC Agency – Penal/Debe
2nd Floor, 216 S.S. Erin Road, Debe
Tel: (868) 647-2721
Open: Mon - Fri 8:00 a.m. - 4:00 p.m.

Superior Wealth & Advisory Services Limited

(Ian Narine)
UTC Agency – C3 Centre
Level 1, C3 Centre
Corinth, San Fernando
Tel: (868) 687-UNIT (8648)
(868) 657-9999
Open: Mon - Fri 10:00 a.m. - 6:00 p.m.
Sat 9:00 a.m. - 5:00 p.m.

Auditors**LOCAL****The Auditor General of the Republic of Trinidad & Tobago**

Level 2-4, Tower C
Port of Spain International
Waterfront Centre
1 Wrightson Road,
Port of Spain

Head Internal Audit

Neesa Bally
Chief Internal Auditor

OVERSEAS**Cohen Fund Audit Services Limited**

1350 Euclid Avenue, Suite 800
Cleveland, OH 44115-1877
United States of America

Robert Milner, CPA

Accell Audit & Compliance PA
4868 West Gandy Boulevard
Tampa, FL 33611
United States of America

PricewaterhouseCoopers

18 Forum Lane
Camana Bay
P.O. Box 258
Grand Cayman, KY1-1104
Cayman Islands

Bankers**LOCAL****Central Bank of Trinidad & Tobago**

Central Bank Building
Eric Williams Plaza
Independence Square,
Port of Spain

Republic Bank Limited

Promenade Centre
72 Independence Square,
Port of Spain

RBC Royal Bank (Trinidad & 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.**

111 Wall Street
New York, NY 10043
United States of America

US Bank

777 East Wisconsin Avenue T10S
Milwaukee, WI 53202
United States of America

Attorneys**LOCAL****Fitzwilliam, Stone, Furness-Smith & Morgan**

40-45 Sackville Street, Port of Spain

Mair & Company

50 Richmond Street, Port of Spain

Pollonais, Blanc, de la Bastide & Jacelon

Pembroke Court
17-19 Pembroke Street, Port of Spain

Girwar & Deonarine

17-19 Court Street, San Fernando

J.D. Sellier & Company

129-131 Abercromby Street,
Port of Spain

Lex Caribbean

5-7 Sweet Briar Road, St. Clair

Johnson, Camacho & Singh

5th Floor, Newtown Centre
30-36 Maraval Road, Port of Spain

OVERSEAS**Foley & Lardner**

777 East Wisconsin Avenue
Milwaukee, WI 53202-5367
United States of America

Law Offices of Jon P. Yormick Co., LPA

Leader Building
526 Superior Avenue, E. – Suite 230
Cleveland, OH 44114
United States of America

Campbell Corporate Services Ltd.

P.O. Box 268
Grand Cayman, KY1 1104
Cayman Islands



Leadership
Reports

Our Focus is U



TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

Our Chairman's Message

Dear Unitholders

As Chairman, it is my pleasure to report on the Corporation's 2018 performance. Once again, we have delivered solid results.



These results are a demonstration of our continued focus and drive, and our unrelenting mission to bring value to you, our more than 600,000 unitholders. This is also evidenced in the **Purpose, Passion and Partnership** that underpin our commitment to performance and delivering value.

Our results have been adjusted for the impact of the first-time application of the new accounting standard, IFRS 9 Financial Instruments. The effect of adopting the standard is fully described in our Chief Financial Officer's Report on page 25.

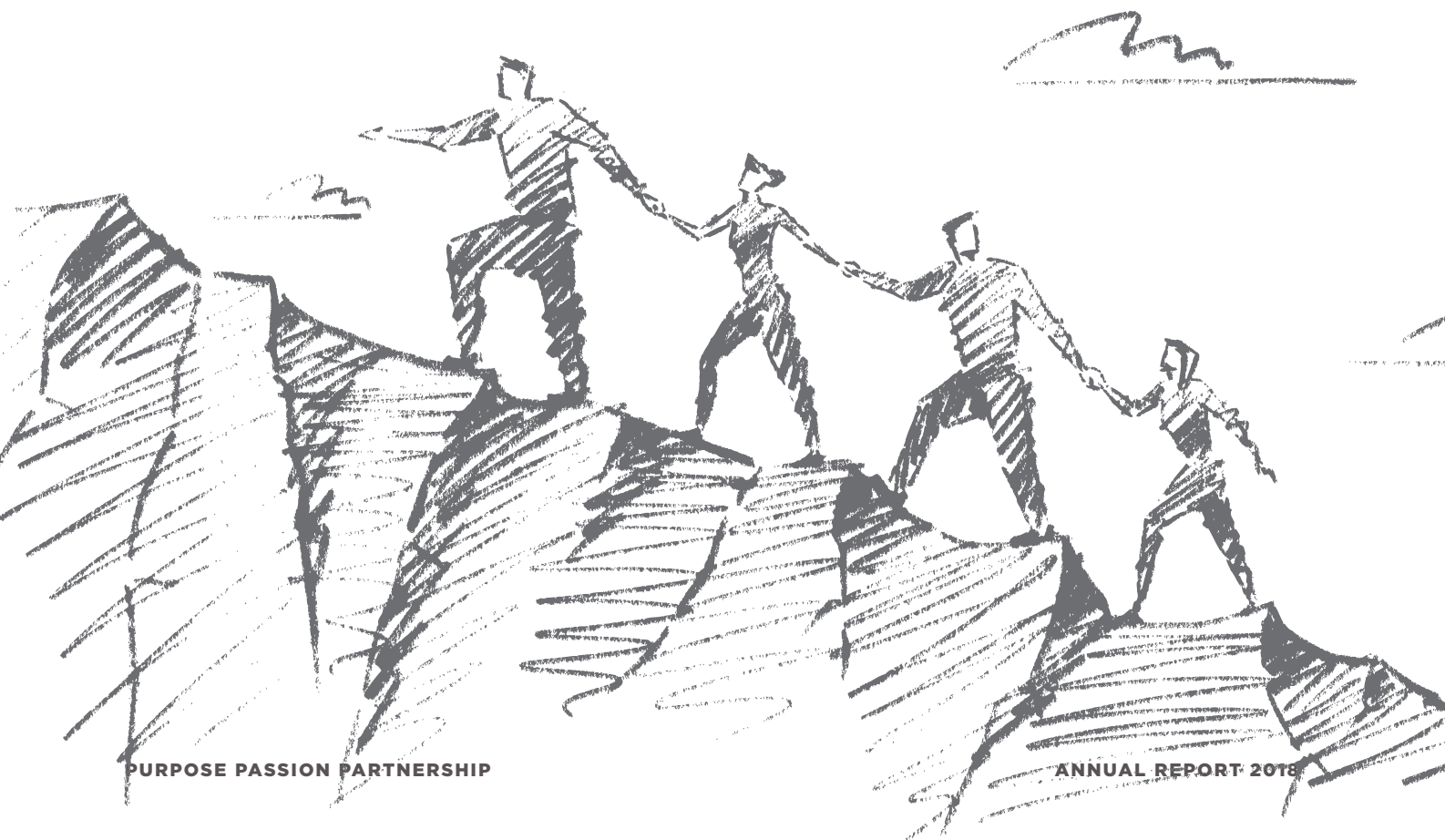
It is not by accident that the words **Purpose, Passion and Partnership** frame the theme of our 2018 Annual Report. This is rooted in our 36-year history of building lasting relationships with our customers and ensuring our Team Members have meaningful careers. Since our establishment in

1982, we have strived to empower our investors to make the right financial decisions so that they can achieve their life's goals and dreams. This is our higher **Purpose** and it is demonstrated in our prudent management of TT\$21.7 Bn in FUM.

When we talk about our **Passion**, this is rooted in our commitment to you, our investors, and giving you the best possible returns. We understand that the financial security you work hard to achieve is not only for yourselves but for your families and the generations to come after you. This is inextricably linked to our own belief that our unitholders must be given the opportunity to participate in the country's financial wealth and, in so doing, our financial development which underpins our business today.

We recognise the need to be more innovative in the way we communicate with you and over the last two years we would have produced a detailed Integrated Annual Report.

In this 2018 report, our aim is to keep it simple while staying aligned to industry norms and best practices. The switch to Annual Reporting does not compromise the Corporation's voluntary adherence to the Trinidad and Tobago Corporate Governance Code and it will continue to satisfy all stakeholders, with our customers being provided with information in a transparent and palatable manner.



Our Annual Report will continue to:

- Safeguard unitholders' investments and positively impact the communities we serve
- Be transparent in delivering information to our unitholders
- Meet local regulatory requirements
- Reinforce our brand and reputation
- Showcase our support to communities by Creating Shared Value (CSV)

As investors become more sophisticated about their finances and what they want to achieve, we too must become innovative and flexible in how we operate and how we meet their needs. This is even more critical today as we continue to face an evolving economic environment, at times challenged by market shifts and volatility.

As such, I would have liked to announce that we have succeeded in effecting the legislative changes required to allow the Corporation greater autonomy in its operations. However, we still have work to do in pushing for an overhaul of archaic legislative structures governing the UTC and remain undeterred to effect the required changes. This remains a top priority for us because revamping the legislative framework would help the Corporation realise its investing potential.

I am confident that we have the right leadership in place, dedicated to ensuring that we operate on a level playing field, energised and committed to making our company a leading financial services company.

This brings me to **Partnership**: the third pillar in our theme for 2018. None of what we achieved in 2018 could have been done without the steadfast focus and dedication of our Team Members and their commitment and loyalty.

During my first term as Chairman, the Corporation was focused on helping to build a new savings ethos across the country. Over the course of 2018, in my second term, it was clear we were operating in a much-changed competitive landscape where there is a surfeit of information on investing and the risks are even greater for those not equipped to make the right decisions. As such, the need to provide the right advice becomes more critical

and the UTC will ensure that it continues to fill that void.

We are proud to continue serving our long-standing customers and welcome a new family of unitholders. We are emboldened by our diverse client demographic, including our millennials, a growing market which has become more sophisticated, and we must meet their investing needs.

You and us = Partnership

Our partnership is not only with our unitholders but also with the communities to which they belong. In 2017, we established the UTC Foundation to strengthen our social investment thrust. Under the pillars of Education, Financial Well-Being and Environmental Citizenship, we focused on reshaping the education landscape, helping our citizens make sound financial choices and acting responsibly in protecting our environment. I urge you to read our report on the Foundation on page 44 and what we have been able to achieve.

Allow me to extend my appreciation to my fellow Directors for their dedication and commitment over the period. To the Management Team headed by Executive Director Nigel Edwards, and our Team Members, thank you for another successful year.

Let us keep moving forward.



Justice Rolston Nelson, SC
Chairman
April 26, 2019



Our Executive Director's Message

Fellow Unitholders

This is my first report as Executive Director of the UTC, since I took up the role on June 1, 2018. I am extremely proud and humbled to deliver our 2018 financial performance.



As Trinidad and Tobago's most trusted financial institution with a passion for service excellence, I am happy to say that our strong underlying performance in 2018 was demonstrated by increased distribution payments of TT\$249.3 Mn, a 26.3% increase from the previous year, and an increase in market share to 48.2%, up 2.9% compared to 2017. I am also pleased to report that the UTC maintained favourable returns in its mutual fund portfolios.

Our fixed-income funds the TT Dollar Income Fund and the US Dollar Income Fund, outperformed their respective benchmarks in 2018, while our flagship fund, the Growth & Income Fund (GIF) – outperformed its benchmark in the equity space. The GIF has come a long way since its inception in 1982 and investors have become more sophisticated and the market more mature. Our commitment is to continually find ways to bring added value to you.

Our Corporation has a strong history of financial stability and achievement and I am happy to say that 2018 was no exception in this regard.

Like many other businesses in the financial services and other sectors, we were not immune to the changing geo-political landscape. However, the UTC has always been a company that possesses the resilience and determination to remain focused on its long-term strategy, leveraging our track record of expertise and ensuring that we do

not lose sight of our business goals.

So, if we were to walk it back a bit, where did 2018 meet us?

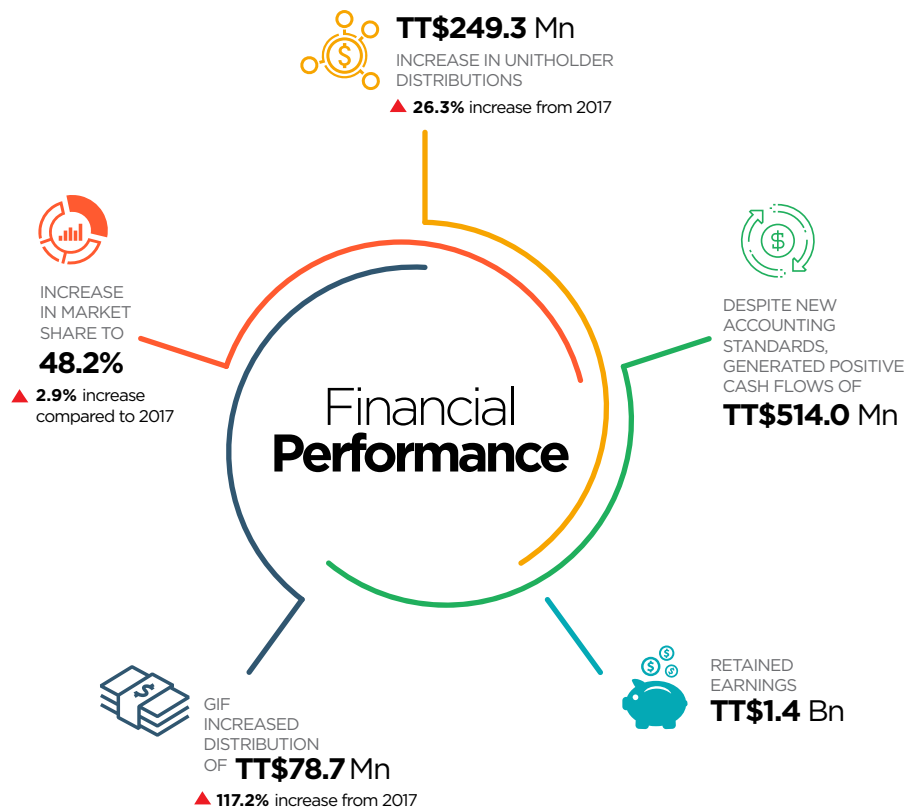
We were into our third year of our Five-Year Strategic Plan, focused on delivering on our commitments to you, our unitholders, along with our stakeholders and partners. We continue to focus on providing safe, stable and secure investments.

We recognised that we were operating in a highly challenging and tenuous economic environment, not just locally but regionally and globally, and we were committed to maintaining and protecting the interest of our unitholders and stakeholders against potential external risks. This has been the foundation of our operations and our growth for 36 years. It is also what has helped get us to TT\$21.7 Bn in Funds Under Management, and growing.



Growing Our Business

We have begun to see the rewards from our transformation and we are excited by what is to come. Our goal is to bring to you the best



customer experience possible and become more engaging across multiple touchpoints.

To do so, we are strengthening our digital capabilities in a way that sets us apart from the rest of the financial services sector. Accelerating digitisation is key to successfully growing our business, strengthening the relationship with our stakeholders, and optimising our processes – this is one of our strategic priorities.

For us, there are three key elements to our Digital Transformation plan: Technology Integration, Organisational Alignment and Targeted Customer Approach, all aimed at driving customer loyalty and in the long term, reducing operating costs and increasing profitability. We will continue to assess our technological environment to determine how it will support and enable our strategic plan, because this is what will inform what our customers want and create opportunities to drive our business forward.

To strengthen our competitiveness and to capture new sources of growth, we will be exploring future partnerships that are aligned to our strategic interest and add value to our portfolio. To better serve the changing needs of our customers, we are building our ICT capacity across our business to amplify our market presence and help us gauge our customers' needs.



Organisational Alignment

To strengthen our management capabilities and to make it more aligned to our business and to meet our customers' needs, we streamlined our management, making for a leaner and more agile organisation.

As our business environment evolves, we must also adapt and position ourselves to maximise the opportunities for strategic advantages. To drive our aggressive growth strategy and to give focus on enhancing our customers' experience, our Chief Customer Relationship Officer headed by Karrian Hepburn is now Vice President, Sales and Service.

The portfolio of Natasha Davis, Vice President, Reputation Management, was expanded to include Information Communication Technology (ICT) and the Trust Services Division. Davis' new role as Vice President, Marketing and Operations, allows us to refine our strategic alignment.

Additionally, to strengthen our regulatory management, our Risk and Compliance Divisions now fall under Chief Risk Officer, Crystal Rodriguez-Greaves, and Fund Accounting is now aligned under Chief Financial Officer, Kerri Maharaj.



Driving Customer Service

The UTC has always been known for its strong service culture, with a dynamic sales force across our Agencies and Investment Centres. This legacy provides a solid foundation upon which to broaden and deepen our sales and service mindset, an approach we started in 2018 and we are continuing with that thrust.

As I see it, each one of us at the UTC is a member of the sales and service team. Whether you are in Internal Audit, Human Resources, Investments or Risk, we are all responsible for building our customer base and providing you, our unitholders, with exceptional service. My goal is to work with my Team Members and to give them the tools to make reaching existing and new customers as seamless as possible. At the UTC, we have had to be more flexible in how we operate to ensure that we effectively and efficiently serve the needs of our customers, while helping our Team Members deliver service excellence and achieve sales goals and targets.

Our clients must be satisfied that whenever they interact with a UTC team member, they are getting the best advice and counsel on how to manage their finances and grow their investments. The total sales and service mindset is becoming even more critical for us as we continue to witness the evolution of our client demographic.

Our traditional client base has remained **loyal** to the UTC and **we are inspired** by their commitment, but we are also **excited** by the increasing number of **younger** and **millennial clients** who are looking to the UTC as their first option for investing and saving.

We want to continue to capture their attention and imagination by designing the appropriate, innovative products and services that can serve their needs, and my Team Members must be part of this exciting chapter.



Entrepreneurship

As a financial institution, we see ourselves as playing a bigger role in the development of our entrepreneurs as they are essential to strengthening our economy.

Increasingly, our young people are taking the risk and establishing their own businesses. As such, we want to be able to support this country's entrepreneurial sector by offering our financial management expertise, creating an enabling environment where they have access to capital and exposure on how to leverage investing for their businesses.

To give flight to this strategy, the UTC endorsed support for the 2018 EY Entrepreneur of the Year Award with a sponsorship of US\$15,000. The EY initiative was an integral part of the 14th Champions of Business Awards held by the Trinidad and Tobago Chamber of Industry and Commerce.

The winners were afforded the opportunity to attend EY's Strategic Growth Forum in California, courtesy the UTC. The 2018 awardees were:

- **Start-up Entrepreneur Award** recipient, Vandana Mangroo, Founder and CEO of Hello Green Ltd;
- **Emerging Entrepreneur Award** recipient, Nolana Lynch, Eco Truffles Ltd; and
- **Small to Medium-sized Entrepreneur Award** recipient, Michelle Sohan of Bakery Treatz.

At this prestigious forum, the entrepreneurs benefitted from guidance on strategic planning, innovation and succession planning from top CEOs, entrepreneurs, investors and financial advisors from around the world who shared their experience on entrepreneurship and the nuts and bolts of building a sustainable company.

For us, this initiative signals our commitment to supporting our nation's young visionaries and innovators, and helping them realise their business dreams and goals. Around the world, entrepreneurs are essential drivers of innovation, job creation and socio-economic development, and the UTC is keen to be part of this entrepreneurial drive.



Shared Value and the UTC Foundation

More and more, companies are evolving the premise that they need to integrate social and environmental strategies as part of their core business operations, rather than just having initiatives under Corporate Social Responsibility (CSR).

At the UTC, we are now witnessing a marked transition from CSR to Creating Shared Value (CSV) where we hone our business strategies and policies in a way that brings positive and long-term societal change, which in turn will sustain and even grow our businesses.

Further, by transforming lives through shared value, we are contributing not only to the social fabric in ways that benefit our society, but align our business strategies to have a meaningful impact.

We are driven by our mandate to build a savings and investing culture for all and if we are to remain relevant to our communities, we need to find ways to build sustainable relationships with them.

Our goal is to **strengthen** the partnerships we already have and to **build new ones** in our communities, building upon the UTC Foundation established in 2017 so that shared value is realised.

The Foundation's SEA Scholarship Programme provides support to students who are academically brilliant but come from financially disadvantaged families. In September 2018, I had the distinct honour of spending time with 37 of this country's brightest young stars as part of our annual UTC SEA Scholar Appreciation Day. I joined other UTC team volunteers for a day of excitement where we gave recognition to the 2018 cohort of SEA students. These students will receive full scholarships for the duration of their education - secondary and tertiary. Over the years, we have seen scholars emerging from the programme and excelling in their chosen fields.

Likewise, our Schools' Investment Game (SIG), an online virtual investment game, is designed to give students across Trinidad and Tobago early exposure to the dynamic world of finance and investing. The goal of the game is to teach the importance of investing at an early age. These two flagship programmes SEA Scholarship Programme and SIG, are managed by the UTC Foundation.

Our Foundation's pillars, Education, Financial Well-Being and Environmental Citizenship, ensure that we are purposefully making a real contribution to the growth and development of the communities in which we live and work.

We are committed to engaging our communities and utilising our resources in ways most appropriate and effective for the needs of our country, today and for the future.

I am excited by the work our Foundation has completed in just one year and how the UTC has made the transition to CSV. We are gaining momentum and exploring avenues that complement our business decisions, and in doing so, ensuring that we contribute meaningfully to national development.



Staying the Strategic Course

In deploying the fourth year of our Strategic Plan, we continue to focus on delivering optimal service to our clients and differentiating our brand from other market participants. This has been a critical part of our transformation, applying technology to make doing business with you seamless, simple and in sync with the fast pace at which our customers operate. By the end of 2020, we will be able to deliver customer service that is not only more flexible, but also more convenient and



personal. Additionally, through our Value Creation Business Model (VCBM), we are deepening our relationship with our stakeholders, looking for innovative ways to achieve our business objectives and to bring value to you, our unitholders. Our VCBM is depicted graphically on pages 20 and 21.



Appreciation

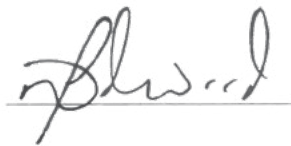
For yet another year, your UTC has continued to fulfill its mandate to build a safe and secure financial institution and to contribute to the growth and progress of communities. We remain committed to continuing our work.

Over the course of 2018, the Corporation saw the departure of three members of the Strategic Leadership Team. I wish to thank Amoy Van Lowe, Vice President, Change Management & Integration; Ravi Ramoutar, Vice President, Trust Services; and Pamela Williams, Vice President, Strategy for their dedication to the interests of the company.

I wish to thank Ian Chinapoo who served as our Executive Director from 2013-2018, whose insights and energy helped lay the foundation for our Strategic Plan 2020. Mr. Chinapoo was instrumental in aggressively promoting a robust risk management culture and embedding resilience into our regulatory governance structure, and we are grateful for his dedication. His invaluable support was critical to stabilising our growth, strengthening our financial foundation and continuing the legacy of building a strong and sustainable business.

I also applaud the support of my Team Members whose contributions must not go unnoticed.

On behalf of the Management and Team Members of the UTC I thank you, our unitholders, for continuing to trust us with your financial future. We look forward to working with you as we continue to build this leading financial services company.



Nigel Edwards
Executive Director
April 26, 2019





Value Through Innovative Business

Our value creation process is driven by a clear understanding of what our stakeholders want and value, particularly you, our unitholders.

As such, we continuously assess our business opportunities, risks and operating environment and engage strategies to deliver the appropriate mix of products and services that yield the greatest economic value.

RISK AND OPPORTUNITIES

OUR STOCKS OF VALUE



Intellectual

- Effective Governance Practices
- Strong Brand, Image, Reputation
- Asset Management Expertise



Financial

- Strong Capital Base
- Dominant Market Share – Assets Under Management
- Primary Income (Management Charge)
- Cost Management Culture



Human

- Experienced, Ethical Leadership
- Employer of Choice (Top Talent)
- Committed and Skilled Workforce

INPUTS

PERFORMANCE



Manufactured

- Reliable IT Systems/Infrastructure
- Wide Distribution Network
- Multichannel Access



Social Relationship

- Shared Value Investments
- Network of Strategic Partners
- Quality Customer/Stakeholder Engagement and Service Delivery



Natural

- Compliant with Occupational Safety and Health Regulations
- Support for Environmental Initiatives (Recycling, Waste Management)

LEADING INNOVATION

DRIVING VALUE

Mandate, Mission, Vision

STRATEGY AND RESOURCE ALLOCATION

VALUE CREATION FOR OUR STAKEHOLDERS



Intellectual

- Good Regulatory Standing
- Top 5 Brand Ranking (Financial Services Industry)
- High Investor Confidence and Brand Loyalty
- Wealth Creation for Investors



Financial

- Sustainable Profitability
- Capital Adequacy
- Sufficient Cash Flow for Operations
- Cost-efficient Operations



Human

- Bench Strength - Top Leadership
- Satisfied and Engaged Team Members
- High Strategic Execution/Productivity
- Low Employee Turnover

OUTCOMES

OUTLOOK



Manufactured

- Enhanced Capabilities
 - Innovation
 - Operations Management
 - Channel Delivery
- Operational Efficiencies



Social Relationship

- Solid Contributor to Community/National Development (Good Corporate Citizen)
- Symbiotic Stakeholder/Partner Relations
- Embraced as a trusted 'Partner for Life'
- Consistently High Customer Satisfaction



Natural

- Safe and Healthy Workplaces
- Green Operations (Environmentally Friendly)

BUSINESS MODEL

Business Activities

- Brand & Reputation Management
- Portfolio Management
- Trustee Management
- Enterprise Risk Management
- Financial Management
- Cost Management
- Wealth Management
- Investments in Strategic Technologies
- Customer Relationship Management
- Product & Service Innovation/ Research & Development
- Human Capital Model
- Stakeholder Engagement
- Health & Safety Management
- Facilities Management

Outputs

- Tailored Investment Solutions
- Low-cost Services
- Competitive Total Risk Adjusted Returns
- Investor Capital Preservation
- Investor Education Programmes
- Shared Value Programmes

GOVERNANCE

GOVERNANCE

External Environment

OUR KEY RELATIONSHIPS



Team Members



Unitholders



Regulators



Strategic Partners



Society



DRIVING UTC'S Brand

Driven by a passion for engaging people and building relationships, Nigel Edwards in a series of engagements, voiced his strategic intent to team members, strengthened UTC's commitment to its stakeholders, and championed our role in creating long-term value for investors. In this collage, we share with you his points of engagement.



Entrepreneurship Strategic Forum

Nigel Edwards, Executive Director, strikes a pose with from left, Emerging Entrepreneur Award recipient, Nolana Lynch, Eco Truffles Ltd; Start-up Entrepreneur Award recipient, Vandana Mangroo, Founder and CEO of Hello Green Ltd; Small to Medium-sized Entrepreneur Award recipient, Michelle Sohan of Bakery Treatz; and Natasha Davis, Vice President, Marketing and Operations at EY's Strategic Growth Forum in California. The UTC endorsed support for the 2018 EY Entrepreneur of the Year Award with a sponsorship of US\$15,000. The EY initiative was an integral part of the 14th Champions of Business Awards held by the Trinidad and Tobago Chamber of Industry and Commerce.



Executive Baker

Testing his baking skills with the dirt oven at the Canaan Bon Accord Heritage Park, our Executive Team Members and another baker look on during the Tobago Heritage Festival.



Roadshow at OWP Investment Centre

Taking a selfie during one of his first engagements as Executive Director at One Woodbrook Place Investment Centre (OWP).



Analyst Games

Our Executive Director, right, along with Sekou Mark, Vice President, Investments; left, pose with the winners of UTC's Analysts Games Dwane Baird and Renee Charles at the Hyatt Regency.



A Helping Hand

Nigel Edwards, third from left, gets support from other team members when they visited the Foundation for the Enhancement and Enrichment of Life (FEEL) at the Fernandes Compound, Laventille. The UTC donated \$400,000 to FEEL to assist in flood relief and recovery efforts.



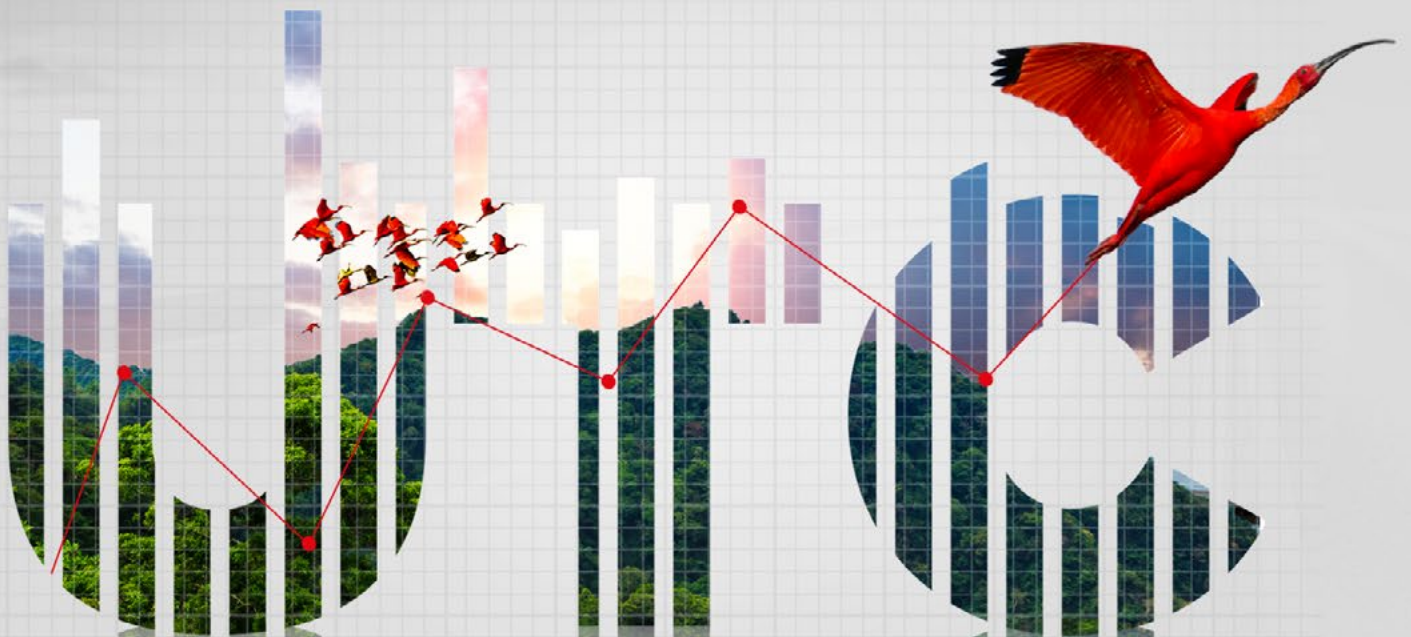
UTC's Business Outlook

Nigel Edwards makes a point during the panel discussion at the Trinidad and Tobago Chamber of Industry and Commerce Business Outlook 2018/2019 Forum held at the Chamber's Head Office, Westmoorings.



UTC Schools' Investment Game

He shares in the jubilation of the Palo Seco Secondary School, winners of the 27th edition of UTC Schools' Investment Game (SIG).



Performance
Reports

Chief Financial Officer's Report



Dear Fellow Unitholders,

Three macro factors significantly influenced the Group's 2018 financial performance:

- (i) The initial application of new International Financial Reporting Standards (IFRS);
- (ii) Volatility in international markets; and
- (iii) Closure of the North American Fund (NAF), formerly known as the Chaconia Income and Growth Fund.

New International Financial Reporting Standards

Two IFRSs became effective and were adopted by the Group from 1 January 2018:

a) IFRS 9 Financial Instruments

IFRS 9 replaced International Accounting Standard, IAS 39 Financial Instruments: Recognition and Measurement, and brought together all three

aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting (the Group currently does not currently engage in hedging activities).

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The business model assessment is based on how a business is actually managed, rather than management's intent for specific financial assets. IFRS 9 identifies three types of business models: "hold to collect", "hold to collect and sell" and "other". Entities may have one or more business models. The type of business model then determines the measurement basis for debt and equity instruments. The Group's business model assessment determined that the appropriate measurement basis for its financial assets was fair value through profit or loss (FVPL).

The initial application of the new IFRS 9 did not have any impact on the carrying value of the Group's financial assets as these were previously recognised at fair value under IAS 39; however, application of IFRS 9 has changed the accounting treatment for movements in carrying values. Mark-to-market changes are now completely recognised in the Consolidated Statement of Profit or Loss and reflected in the new line item "Net Changes in Fair Value of Investment Securities". Under IAS 39, these movements were recognised and accumulated in equity and transferred to the income statement only upon disposal of the instrument.

IFRS 9 also changed the approach to recognising impairment losses by replacing the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at the amortised cost and fair value through other comprehensive income. At this time, the new model is not applicable to the Group because our financial assets are measured at FVPL: all changes in fair value, regardless of the source of those changes, are recognised immediately in the Consolidated Statement of Profit or Loss.

The Group availed itself of the transition options in IFRS 9, which permits entities not to restate comparative reporting periods, and as a result, we remind investors that the Group's 2017 comparative balances were prepared under IAS 39.

b) IFRS 15 Revenue

IFRS 15 established a single comprehensive accounting model for revenue arising from contracts with customers and provided a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, plant and equipment, and intangible assets.

The IFRS's core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The initial application of IFRS 15 did not have a material impact on the Group's accounting policies and did not require retrospective adjustments.

Closure of the North American Fund (NAF)

During the latter part of 2018, the Group took a strategic decision to close the North American Fund (NAF). It was officially closed on 20 December, 2018 and all assets and liabilities were liquidated.

At the close of 2018, the Group controlled eight entities.

International Market Volatility

The international economic and market environment is described extensively in the Investment Report. It is important that investors understand the relationship between IFRS 9 and market movements. Prior to the adoption of IFRS 9 (2017 and before), market movements were recognised

in the Consolidated Statement of Financial Position (specifically in equity), not the Consolidated Statement of Profit or Loss; therefore, the Group's annual financial performance was effectively immunised from market volatility.

The substance of IFRS 9, however, requires that financial reporting bears a closer relationship to an entity's business activities. Consequently, movements in the carrying value of the Group's financial assets from one reporting period to another is in the Consolidated Statement of Profit or Loss. The Group's results now reflect the vagaries of markets.

With this background, we will briefly review the Group's 2018 financial performance.

PERFORMANCE REVIEW

Consolidated Statement of Financial Position

The Group's Total Assets continued to grow, moving from TT\$21.9 Bn to TT\$22 Bn, while our cash position ended at TT\$2.1 Bn, a reduction of TT\$1.3 Bn, as the Group deployed surplus cash accumulated at the end of 2017 that arose from the strategic realignment of its investment portfolios. The deployment of surplus cash was the principal factor for the increase in investment securities of TT\$1.5 Bn.

The Price Guarantee Provision increased to TT\$26 Mn against the backdrop of equity market declines during the latter part of 2018. The Plan guarantees that any units purchased in the GIF and held for a minimum of three years may be redeemed for no less than the purchase price of those units. An inverse relationship exists between the net asset value (NAV) of the GIF and the Guarantee Pricing Liability. The Fund's NAV decreased by TT\$0.26 to end the year at TT\$17.33. Despite the NAV decrease, the GIF paid distributions of TT\$79 Mn in 2018, compared to TT\$36 Mn in 2017.

Consolidated Statement of Profit or Loss

We wish to emphasise that the income statements are not strictly comparable as each year was prepared under different accounting policies: 2017 was prepared under IAS 39, while 2018 was prepared under IFRS 9.

The Group's Net Income from Continuing Operations After Taxation declined from TT\$55 Mn to a small loss in 2018. The principal driver of this decline was unfavourable movements in the fair value of investment securities amounting to TT\$456 Mn in 2018; there is no comparable balance in 2017.

Total income earned by the Group for 2018 was TT\$772 Mn, a decline of TT\$293 Mn over 2017. The principal driver was the reduction of TT\$224 Mn in realised capital gains due to the rebalancing of the investment portfolio for the GIF and the Universal Retirement Fund. In 2017, the disposal of these instruments generated a gain of TT\$278 Mn.

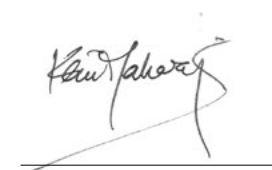
The other significant movement over 2017 was an impairment expense of TT\$192 Mn recognised in 2017, arising from sustained equity price declines and credit quality deteriorations in certain assets. There is no comparable balance in 2018 as all movements in investment securities are now reported in the Net Change in Fair Value of Investment Securities.

The Group's focus on enhancing unitholders' wealth and providing competitive returns led to increased distribution payments of TT\$52 Mn. Total Distributions to Unitholders was TT\$249.3 Mn.

Following the decision to close the NAF, after the settlement of all assets and liabilities, the Group's share of the net loss on liquidation was TT\$35 Mn.

THE FUTURE

As the Corporation navigates its 37th year, the Group remains committed to creating value for its unitholders. We remain unwavering in pursuing our financial mandates and our pledge to seek maximised unitholder value and operational efficiency, regardless of the challenging economic environment.



Kerri Maharaj
Chief Financial Officer
April 26, 2019

Investment Report



Dear Fellow Unitholders,

In 2018, the Investment Strategy of the UTC remained steadfast in the face of slow global growth. In this regard, the Corporation's mutual funds performed creditably, delivering solid returns to unitholders although international markets were faced with a volatile and politically charged economic environment, and domestic economic activity was subdued, albeit improving.

Fund Performance Review

Please note that year-to-year comparison in many respects is challenging due to significant changes in accounting treatments. Where possible, however, straight comparison figures have been made available.

The nine funds* under review are:

- 1) TT Dollar Income Fund
- 2) US Dollar Income Fund
- 3) Growth & Income Fund
- 4) Universal Retirement Fund
- 5) Calypso Macro Index Fund
- 6) North American Fund
- 7) Global Investor Select ETF Fund SP - Conservative
- 8) Global Investor Select ETF Fund SP - Moderate
- 9) Global Investor Select ETF Fund SP - Aggressive

Our two fixed-income funds, the TT Dollar Income Fund and the US Dollar Income Fund, outperformed their respective benchmarks in 2018, while in the equity space, our flagship fund, the Growth & Income Fund, outperformed, and the Universal Retirement Fund fell short of its benchmark.

After very careful consideration, a decision was taken to liquidate the North American Fund (NAF). The liquidation process was completed on December 20, 2018. Accordingly, a review of its 2018 performance has been included in this report. Since its inception in 1993, the NAF unfortunately has not experienced the expected levels of growth, and with a fund size of US\$43.50 Mn, was significantly smaller than many of its international competitors. As a result, the NAF became relatively more expensive to investors over time, reducing its overall attractiveness as an investment option.

The three Global Investor Select ETF Funds were formally launched on November 26, 2018. Due to the fact that only one month of trading was conducted on these funds for 2018, a full report on fund performance will be found in the 2019 Annual Report.

*The UTC Corporate Fund only contains seed capital at present

Fund Performance Highlights¹

The Corporation and its mutual funds adopted International Financial Reporting Standard (IFRS) 9 – Financial Instruments on January 1, 2018. As a result, changes in the fair value of individual securities in our portfolios are now reflected directly in the Statement of Comprehensive Income as opposed to the Statement of Financial Position. Accordingly, the recognition of impairments was no longer applicable in 2018. As such, we note that the Statement of Comprehensive Income is not strictly comparable as each year was prepared under different accounting policies: 2017 was prepared under IAS 39, while 2018 was prepared under IFRS 9. Attempts have been made to show exact comparisons where possible, however.

For the year ended December 31, 2018, the UTC experienced a modest 0.4% growth in the aggregate fund-size of our mutual funds to TT\$20.9 Bn, compared to TT\$20.8 Bn in the previous year.

The U.S. stock market rallied over the majority of 2018 with the S&P 500 Index gaining 9.6% for the year to September 20, 2018 before a sharp rise in market volatility weighed negatively on stock performance, causing the S&P to retreat 14.4% from its September high by the end of the year. In contrast, the T&T Composite Index showed signs of recovery in the last quarter of 2018, buoyed particularly by the performance of cross-listed stocks. The performance of the All T&T Index continued to be subdued.

¹ Fund Performance Highlight totals do not include the assets of the Calypso Macro Index Fund as this Fund does not appear on the Corporation's Consolidated Financial Statements due to IFRS standards.

Lower yields on global fixed-income securities were partially offset by stable dividend yields on local and international equities, resulting in a 63.4% reduction in the gross income generated by domiciled mutual funds from TT\$991.4 Mn in 2017 to TT\$362.3 Mn in 2018. Please note, as mentioned prior, that this fall is largely related to accounting treatments. Compared directly, the gross income generated by domiciled mutual funds in 2018 would have measured TT\$719.4 Mn.

Aggregate distributions to unitholders in UTC's three largest funds, the Growth and Income Fund, the TT Dollar Income Fund and the US Dollar Income Fund improved by 26.3% in 2018 to TT\$249.3 Mn from TT\$197.5 Mn previously.

Economic and Capital Market Review²

Global

Trends throughout the global economy have heightened investor uncertainty. Despite this, the UTC maintained its strategic allocations, not wavering from proven asset classes as we sought to ensure consistency with our objectives of capital preservation and growth for our unitholders.

The International Monetary Fund (IMF) reported a global growth rate of 3.7% in 2018, a shade below the 2017 growth rate of 3.8%. The softening momentum has heightened economic uncertainty on a global level, but notwithstanding this, select individual economies continue to contribute positively to overall growth and improvement.

² 2018 market review figures updated based on most recent reports as published by the Central Bank of Trinidad and Tobago (CBTT), Bloomberg and the International Monetary Fund (IMF).





TT DOLLAR INCOME FUND (2018)

TT\$ 11.2 Bn

- Grew by 2.1% from TT\$11.0 Bn to TT\$11.2 Bn
- Net sales of TT\$292.1 Mn
- Total income fell from TT\$365.3 Mn in 2017 to TT\$257.5 Mn in 2018, the latter inclusive of net change in fair value of investment securities as required under revised IFRS, reflecting a 29.5% decline. Fund managers maintained the selected strategy to invest in new Government of the Republic of Trinidad & Tobago (GoRTT) bond issues, as well as high credit quality U.S. Dollar-denominated corporate issues with yields, tenors and repayment terms consistent with the stated strategy
- Enhanced the overall reserves position with a further TT\$2.8 Mn allocation to fund reserves during the year. The allocation plus income generated on the reserve balances increased the aggregate fund reserves to TT\$75.8 Mn by the end of 2018
- Paid distributions to unitholders in 2018 totaling TT\$136.0 Mn, up 6.3% from the 2017 distribution of TT\$127.9 Mn and resulting in an improved net return to unitholders of 1.3% for 2018, compared to 1.2% in the previous year



US DOLLAR INCOME FUND (2018)

US\$ 602.0 Mn

- Fund size declined by 2.2% from US\$615.8 Mn to US\$602.0 Mn partially on account of net repurchases during the year of US\$2.8 Mn, coupled with the rising U.S. interest rate environment which triggered a fall in security prices, and by extension, fixed-income portfolio valuations
- Total income fell from US\$20.7 Mn in 2017 to US\$2.6 Mn in 2018. Note that this fall is largely related to accounting treatments. Compared directly, total income for 2018 would have measured US\$17.5 Mn
- Overall fund reserves were strengthened to US\$14.0 Mn from US\$12.0 Mn previously, representing a 15.4% increase
- Distributed a total of US\$5.1 Mn to unitholders in 2018, up 4.1% from the 2017 distribution of US\$4.9 Mn
- Improved net return to unitholders by 12.5% to 0.9% in 2018, compared to 0.8% in 2017



GROWTH & INCOME FUND (2018)

TT\$ 4.9 Bn

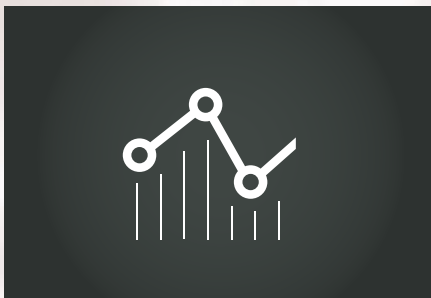
- The fund generated a net return to unitholders of 0.9 % in 2018, compared to a 5.4% return produced in the prior year
- Fund size of TT\$4.9 Bn at the end of 2018, reflecting a marginal 0.4% growth
- Net sales of TT\$115.1 Mn
- Bid price depreciated to TT\$17.33 per unit compared to TT\$17.59 per unit on December 31, 2017
- Recorded total income of TT\$85.8 Mn compared to TT\$452.4 Mn, reflecting an 81% decline. Note that this fall is largely related to accounting treatments. Compared directly, 2018 would have measured TT\$249.4 Mn
- Distributed a total of TT\$78.7 Mn to unitholders, compared to the 2017 distribution of TT\$36.2 Mn, representing a 117.2% increase



UNIVERSAL RETIREMENT FUND (2018)

TT\$ 297.3 Mn

- Generated a net return of -1.82% compared to the 2017 return of 6.2%
- Experienced net sales of TT\$2.8 Mn
- Net Asset Value (NAV) depreciated to TT\$43.86 per unit from TT\$44.59 per unit
- Reduced total income by 95.7% from TT\$33.9 Mn to TT\$1.5 Mn in 2018. Note that this fall is largely related to accounting treatments. Compared directly, 2018 would have measured TT\$15.4 Mn
- Fund size declined by a marginal 0.7% from TT\$299.5 Mn to TT\$297.3 Mn



CALYPSO MACRO INDEX FUND (2018)

TT\$ 473.6 Mn

- Fund size declined by 13.6% from TT\$547.9 Mn to TT\$473.6 Mn
- Net Asset Value (NAV) depreciated to TT\$23.44 per share in 2018 from TT\$27.12 per share
- The overall fund performance, however, benefitted from the fund's exposure to USD-denominated assets as the average TT\$:US\$ foreign exchange mid-rate rate depreciated from \$6.76 to \$6.78 over the period under review
- The NAV per unit declined by 13.8% from TT\$27.12 at year-end 2017 to TT\$23.44 at year-end 2018
- Market price depreciated to TT\$15.00 by December 31, 2018 from TT\$21.40 previously, representing a 36.0% discount to the year-end NAV of TT\$23.44



UTC NORTH AMERICAN FUND (2018)

US\$ 43.5 Mn

Fund Size as at date of liquidation

- Generated a net return of -2.6% inclusive of distributions paid up to the date of liquidation (i.e., from January 1 to December 20, 2018) compared with the 2017 return of 7.2%. The return of the S&P 500 benchmark from January 2018 to December 20, 2018 measured -5.9%





The U.S. economy grew by 2.9% in 2018, up from 2.2% a year earlier. The US-China trade tensions impacted global economics adversely throughout 2018 with escalating fears of a global economic slowdown. The U.S. Federal Reserve increased interest rates four times in 2018 with the Federal Funds rate closing the year at a range of 2.25-2.50%.

There was an unexpected decline to 1.8% in economic growth throughout Euro economies during 2018. The main contributors to this decline were Germany, Italy and France. At 1.6%, Eurozone inflation remains below the European Central Bank's (ECB) target range. Global stock market performances were predominately negative in 2018 with the U.S. S&P 500 Index generating a price return of negative 6.3%, while the MSCI All Country World Index returned - 11.2%.

Regional

According to the Economic Commission for Latin America and the Caribbean (ECLAC), economic growth for the Caribbean region is expected to be 1.7% in 2018. Commodity exporters are forecast to grow by 1.9% on the back of improved commodity prices while the service-based economies are expected to grow by 1.6%. The region experienced improved economic performance primarily from Jamaica which recorded a significant boost in its tourism industry. During 2018, Jamaica recorded 4.3 Mn visitors, representing another strong year for tourist arrivals. Income generated increased by 8.6% from US\$3.0 Bn in 2017 to US\$3.3 Bn in 2018. In Barbados, significant fiscal measures undertaken by Prime Minister Mia Mottley points towards the stabilisation of fiscal balances. In October, the Government of Barbados entered into a 48-month Extended Fund Facility (EFF) with the International Monetary Fund (IMF) to aid fiscal sustainability. In November 2018, both

Jamaica's and Barbados' international credit ratings received upgrades from Standard & Poor's as both countries recorded improved economic performances.

Local

Trinidad and Tobago's economy continues to be heavily dependent on energy and energy-related output. A reduction in crude oil production and lower levels of exploration activity were also met with the closure of the Petrotrin refinery in 2018. However, natural gas output increased with BPTT's Juniper Project coming on-stream. Performance in the non-energy sector continues to be muted with the construction and manufacturing sectors showing lower levels of growth and productivity.

The Central Bank of Trinidad and Tobago (CBTT) maintained the repo rate at 5.0% throughout the second half of 2018. An increase of 25 basis points in the month of June 2018 underscores the Bank's continued evaluation of rising interest rates in the U.S.

Inflationary conditions continued to ease in 2018 as headline inflation slowed to 1.1%, down from 1.3% in 2017. Further, a rise in the unemployment rate to 4.4% by the end of the fourth quarter of 2017 from 3.6% a year earlier, suggests that domestic labour market conditions deteriorated slightly in 2018.

The average price for West Texas Intermediate (WTI) Crude Oil was US\$65.06 in 2018, ranging between US\$42.53-US\$76.41 per barrel, while Henry Hub Natural Gas prices averaged US\$3.27 per MMBtu, ranging between US\$2.55-US\$4.84 per MMBtu.

The Trinidad and Tobago Composite Index increased by 2.9% for the year 2018. The top three price increases during the year were recorded by NCB Financial Group Limited (NCBFG),

Sagicor Financial Corporation Limited (SFC) and Agostini's Limited (AGL) with annual price increases of 35.6%, 14.9% and 12.8%, respectively. The top three declines were recorded by Prestige Holdings Limited (PHL), Trinidad Cement Limited (TCL) and One Caribbean Media Limited (OCM) with yearly declines of 31.5%, 27.2% and 21.2% respectively.

Macroeconomic Outlook for 2019

The global economy is expected to grow by 3.5% and 3.6% in 2019 and 2020 respectively as reported in the IMF's January 2019 World Economic Outlook Update. Real gross domestic product (GDP) in advanced economies is expected to expand by 2.0% this year and 1.7% in the following year. However, in emerging markets and developing countries, real GDP growth is projected to be 4.5% and 4.9% for 2019 and 2020 respectively.

As the global economy continues to grow at a steady pace, various risks can potentially undermine economic performance going forward. These include escalating trade policy disputes, developments in the European Union, moderating growth in advanced and emerging economies, geopolitical uncertainty and rising debt levels eroding policy space.

The U.S. economy is projected to grow by 2.5% in 2019, before decelerating to 1.8% in 2020. The unemployment rate is currently 3.8% and is accompanied by both strong labour market conditions and inflation close to the Fed's targeted 2.0% level. Growth is expected to continue in 2019 based on strong consumer and business confidence and ongoing accommodative economic policies. Market participants, however, are now paying particularly close attention to U.S. economic performance given the recent inversion of the U.S. Treasury yield curve in March 2019. A positive correlation has been observed in the past several years between the inversion of the U.S. Treasury Yield Curve and the onset of a recession within the ensuing 18 months. Notwithstanding the foregoing, the U.S. Fed has reacted by placing a hold on further interest rate hikes for the remainder of 2019. At least one further rate cut is now projected by the end of 2020.

ECLAC is projecting an acceleration in real GDP growth for the Caribbean region to 2.1% in 2019, with improvements in both the service-based economies and commodity exporters, premised on steady U.S. and global growth.

On the domestic front, Trinidad and Tobago's economy is forecast to grow by approximately 1.6% in 2019, driven by increased natural gas production, amid continued weak non-energy sector output. Energy sector output is expected to receive a boost from the startup of the Angelin gas platform in the first quarter, while the non-energy sector should benefit from the positive spillover effects of the improved energy sector activity, as well as from an acceleration in the government's capital expenditure programme as the 2018/19 fiscal year draws to a close. The U.S. Energy Information Administration (EIA) is projecting lower energy commodity prices in 2019, with WTI Crude Oil averaging approximately US\$56.13 per barrel and Henry Hub Natural Gas averaging approximately US\$2.85 per MMBtu.

Domestic monetary policy decisions will likely continue to be closely aligned to those of the U.S. Federal Reserve. While improved economic conditions and rising inflation in the U.S. would prompt the Fed to increase interest rates, the U.S. Central Bank recently provided dovish policy guidance by expressing the need for patience in further monetary tightening. In this context, and given the existing low and adequately contained inflation levels, the CBTT is expected to be less inclined to increase domestic interest rates in the near term, and in so doing should help to support the ongoing economic recovery. That said, the CBTT would also continue to monitor the interest rate differential between U.S. and domestic interest rates in order to avert potential capital flight.

As we continue to navigate these uncertain economic times and challenging capital market landscapes, the UTC wishes to assure its unitholders that safety, stability and security of your funds remain at the forefront of our minds.

We are your Partners for Life.

Sincerely,



Sekou A. Mark
Vice President, Investments
April 26, 2019

Performance HIGHLIGHTS

	2011 \$ Mn	2012 \$ Mn	2013 \$ Mn	2014 \$ Mn	2015 \$ Mn	2016 \$ Mn	2017 \$ Mn	2018 \$ Mn
Funds Under Management								
Growth & Income Fund	3,320.19	3,748.45	4,392.58	4,647.41	4,645.30	4,733.11	4,865.03	4,882.10
TT\$ Income Fund	10,602.66	11,203.77	10,662.59	10,474.48	10,657.14	10,837.89	10,949.81	11,176.65
Universal Retirement Fund	186.92	212.71	254.44	271.39	288.27	304.90	299.52	297.29
US\$ Income Fund	4,166.06	4,578.22	3,900.08	4,054.42	4,111.07	4,228.25	4,164.64	4,082.67
UTC Corporate Fund	-	-	-	19.28	26.80	12.60	5.12	5.20
Calypso Macro Index Fund	-	-	-	-	-	556.55	547.92	473.56
UTC Global Investor Select EFT - Conservative	-	-	-	-	-	-	-	5.63
UTC Global Investor Select EFT - Moderate	-	-	-	-	-	-	-	5.91
UTC Global Investor Select EFT - Aggressive	-	-	-	-	-	-	-	5.71
UTC Energy Fund	39.62	31.52	-	-	-	-	-	-
UTC Latin American Fund	7.12	7.57	-	-	-	-	-	-
UTC European Fund	5.97	6.76	-	-	-	-	-	-
UTC Asia Pacific Fund	11.96	11.75	-	-	-	-	-	-
UTC Global Bond Fund	10.64	10.69	-	-	-	-	-	-
UTC North American Fund	189.41	196.44	225.48	262.48	245.62	281.20	298.85	-
Belize Money Market Fund	-	-	-	-	-	-	-	-
Pension & Other Funds	560.54	650.28	535.00	564.54	582.13	645.87	783.95	797.88
Treasury Portfolio	2,462.40	1,580.38	1,175.54	573.19	60.28	-	-	-
Total Funds Under Management (\$M)	21,563.49	22,238.53	21,145.72	20,867.19	20,616.60	21,600.37	21,914.84	21,732.59
Mutual Fund Sales (\$M) for the year								
Growth & Income Fund	408.64	552.37	623.08	630.87	575.43	510.09	508.60	706.77
TT\$ Income Fund	4,975.55	5,317.91	4,361.36	3,376.34	3,421.82	3,790.25	3,765.99	3,563.40
Universal Retirement Fund	22.50	26.24	44.42	36.02	37.34	37.22	32.56	30.80
US\$ Income Fund	1,566.10	1,428.31	1,272.81	1,265.17	1,036.16	809.85	623.59	694.39
UTC Corporate Fund	-	-	-	19.28	31.10	0.17	0.10	0.07
UTC Energy Fund	201.21	26.51	8.21	-	-	-	-	-
UTC Global Investor Select EFT - Conservative	-	-	-	-	-	-	-	5.70
UTC Global Investor Select EFT - Moderate	-	-	-	-	-	-	-	6.00
UTC Global Investor Select EFT - Aggressive	-	-	-	-	-	-	-	5.82
UTC Latin American Fund	0.65	0.19	0.12	-	-	-	-	-
UTC European Fund	0.08	0.04	0.04	-	-	-	-	-
UTC Asia Pacific Fund	0.53	0.28	0.21	-	-	-	-	-
UTC Global Bond Fund	0.28	0.09	0.83	-	-	-	-	-
UTC North American Fund	1.12	0.67	2.56	17.90	2.19	4.78	1.82	-
Belize Money Market Fund	1.37	-	-	-	-	-	-	-
Total Sales (\$M)	7,178.03	7,352.62	6,313.62	5,345.59	5,104.04	5,152.36	4,932.65	5,012.95
Funds Mobilised (\$M) to date	90,115.56	97,468.18	103,781.80	109,127.40	114,231.44	119,383.80	124,316.46	129,329.40
Unitholder Accounts to date	784,107	804,162	824,207	841,375	855,463	865,196	873,376	882,914

Portfolio of INVESTMENTS

Overall Investment Strategy

The overall Investment Strategy of the UTC adheres closely to the corporate mission:

“To create and enhance wealth for all.”



This is reflected in the wide diversity of options available to the investor through our nine mutual fund offerings, each of which caters to investors with specific investment needs.

The golden thread which connects all nine mutual funds is the adherence to the UTC's investment watchwords of "Safety, Strength and Stability".

In all that we do, with all investment decisions that are taken, due care is given to the following basic considerations:

1. — Do we consider this a safe investment?
2. — Do we consider this a stable investment?
3. — Do we consider the company/entity issuing the investment to be strong?

PORTFOLIO OF INVESTMENTS - continued

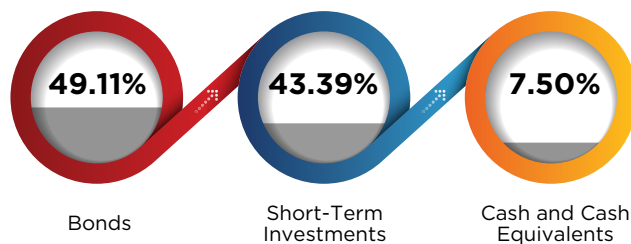
Asset Allocation
for **TT Dollar
Income Fund**

TABLE 1

TT DOLLAR INCOME FUND
Top 10 Holdings (as at December 31, 2018)

	% of Portfolio 2018
Government of Trinidad & Tobago \$500Mn 3yrs FLRB 2021	4.48%
UDECOTT TT\$3.40Bn 15yr Variable Rate Bond due 2028	3.85%
Treasury Bill OMO 16-80 TT\$400Mn due 2019	3.51%
Government of Trinidad & Tobago 15yrs 2.5Bn 5.20% FXRB due 2027	3.43%
Treasury Bill OMO 16-82 TT\$300Mn due 2019	2.63%
NIPDEC TT\$1Bn 4% due 2029	2.47%
National Investment Fund Holding Company Ltd. \$1.2Bn 5yr 4.50% due 2023	2.43%
Treasury Bill 240519 TT\$257Mn due 2019	2.28%
Treasury Bill OMO 16-47 TT\$250Mn due 2019	2.22%
Trinidad Generation Unlimited US\$600Mn 11yr 5.25% FXRB due 2027	2.20%
TOTAL	29.50%

TABLE 2

TT DOLLAR INCOME FUND PORTFOLIO OF INVESTMENTS (as at December 31, 2018)

	Market Value 2018 TT\$
Corporate Securities	1,946,420,627
Government and Government Guaranteed Securities	3,542,403,904
Short-Term Investments	4,849,072,695
Cash and Cash Equivalents	625,538,764
Other Assets in Excess of Liabilities	213,216,139
Total Net Assets	11,176,652,130

PORTFOLIO OF INVESTMENTS - continued

Asset Allocation
for **US Dollar
Income Fund**

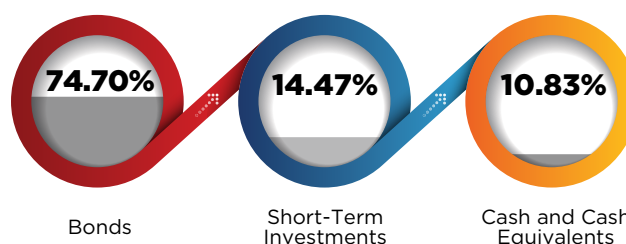


TABLE 3

US DOLLAR INCOME FUND
Top 10 Holdings (as at December 31, 2018)

	% of Portfolio 2018
Government of Trinidad & Tobago US\$100Mn 3yr 3.10% FXRB due 2020	4.88%
TRINIDAD GENERATION LIMITED US\$600Mn 11yr 5.25% FXRB NOV 2027	4.69%
Government of Trinidad & Tobago US\$1.0Bn 4.5% FXRB due 2026	4.60%
Government of Trinidad & Tobago US\$550Mn 4.375% FXRB due 2024	3.22%
Barclays Bank fixed to float bond non callable 3mths Libor	2.48%
Portfolio Credit Management Co. Ltd. (PCML) SERIES 4 FLB DUE 2021	2.48%
Lloyds TSB Bank fixed to float bond 10yr CMS 2020	2.37%
Sagcor Financial Corp US\$75.0Mn 3Yr 4.85% FXRB Due Aug 19	2.20%
Kohl's Corporation US \$650Mn 4.0% FXRB due 2021	1.70%
Altria Group Inc 1.5Mn 4.75% FXRB DUE 2021	1.70%
TOTAL	30.31%

TABLE 4

US DOLLAR INCOME FUND PORTFOLIO OF INVESTMENTS (as at December 31, 2018)

	Market Value 2018 US\$
Corporate Securities	343,262,735
Government and Government Guaranteed Securities	106,435,547
Short-Term Investments	87,088,243
Cash and Cash Equivalents	50,010,569
Other Assets in Excess of Liabilities	15,184,325
Total Net Assets	601,981,418

PORTFOLIO OF INVESTMENTS - continued

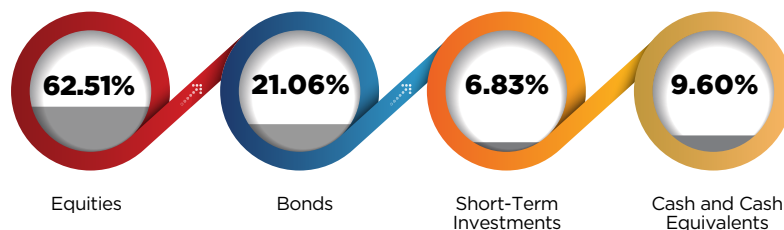
Asset Allocation
for **Universal
Retirement Fund**

TABLE 5

UNIVERSAL RETIREMENT FUND
Top 10 Holdings (as at December 31, 2018)

	% of Portfolio 2018
Trinidad & Tobago NGL Limited	8.06%
Government of Trinidad & Tobago US\$1Bn FXRB 4.5% due 2025	6.31%
Vanguard Info Tech ETF	5.91%
Clico Investment Fund	5.63%
Citicorp Merchant Bank Limited ZCB 4.15% due 2027	5.07%
Vanguard Consumer Discretionary ETF	3.48%
Republic Bank Limited	3.29%
Massy Holdings Limited	3.28%
Scotiabank Trinidad and Tobago Limited	3.22%
ANSA McAL Limited	3.15%
TOTAL	47.40%

TABLE 6

UNIVERSAL RETIREMENT FUND PORTFOLIO OF INVESTMENTS (as at December 31, 2018)

	Market Value 2018 TT\$
Corporate Securities	22,577,536
Government and Government Guaranteed Securities	40,017,045
Equities	185,840,514
Short-Term Investments	20,306,076
Cash and Cash Equivalents	30,398,200
Other Liabilities in Excess of Assets	(1,848,606)
Total Net Assets	297,290,763

PORTFOLIO OF INVESTMENTS - continued

Asset Allocation
for **Growth and
Income Fund**

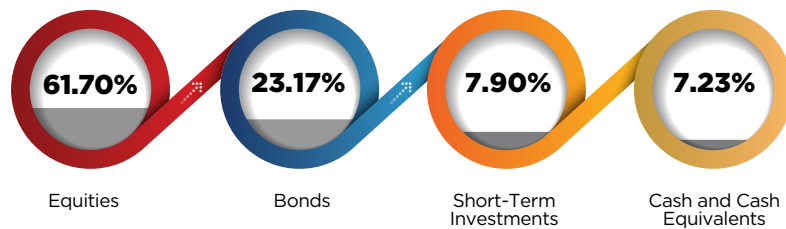


TABLE 7

GROWTH AND INCOME FUND
Top 10 Holdings (as at December 31, 2018)

	% of Portfolio 2018
Phoenix Park Gas Processors Limited	6.67%
First Citizens Bank Ltd Common Shares	5.92%
Vanguard Info Tech Equity Traded Fund	5.29%
Scotiabank Trinidad and Tobago Limited Common Shares	5.20%
Republic Bank Limited Common Shares	4.44%
Massy Holdings Limited Common Shares	4.10%
Trinidad & Tobago NGL Limited Common Shares	4.05%
ANSA McAL Limited Common Shares	3.97%
UDeCOTT TT\$3.40Bn 15YR Variable Rate Bond due 2028	3.77%
iShares Edge MSCI USA Quality Factor Equity Traded Fund	3.15%
TOTAL	46.56%

TABLE 8

GROWTH AND INCOME FUND PORTFOLIO OF INVESTMENTS (as at December 31, 2018)

	Market Value 2018 TT\$
Corporate Securities	301,986,031
Government and Government Guaranteed Securities	829,041,616
Short-Term Investments	385,706,337
Equities	3,012,227,275
Cash and Cash Equivalents	406,686,239
Other Liabilities in Excess of Assets	(53,549,555)
Total Net Assets	4,882,097,943

PORTFOLIO OF INVESTMENTS - continued

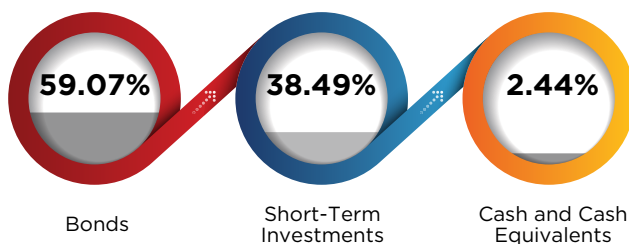
Asset Allocation
for **Calypso
Macro Index
Fund**

TABLE 9

CALYPSO MACRO INDEX FUND
Top 10 Holdings (as at December 31, 2018)

	% of Portfolio 2018
Energy Select Sector SPDR	10.98%
Vanguard Energy Equity Traded Fund	10.74%
iShares US Energy	10.65%
Republic Bank Limited Common Shares	10.12%
Scotiabank Trinidad and Tobago Limited Common Shares	8.32%
ANSA McAL Limited Common Shares	7.11%
First Citizens Bank Ltd Common Shares	6.27%
iShares Global Energy Sector Index Fund	6.12%
British American Tobacco PLC - ADR	4.92%
National Enterprises Limited Common Shares	3.52%
TOTAL	78.75%

TABLE 10

CALYPSO MACRO INDEX FUND PORTFOLIO OF INVESTMENTS (as at December 31, 2018)

	Market Value 2018 TT\$
Equities	279,733,125
Exchange Traded Funds	182,283,889
Cash and Cash Equivalents	12,890,422
Other Liabilities in Excess of Assets	(1,350,775)
TOTAL NET ASSETS	473,556,661



"None of us is as smart as all of us."

...Ken Blanchard

1.



Career BreakthrU

The Career BreakThrU Programme offers team members an opportunity for career mobility, allowing for marketability and future job opportunities. Here, participants Janelle Thomas Garcia, Latoya Smith, Kenneth Fraser and Shazeema Mohammed pose for a photo after one of their sessions.

Engaging our people at

UTC

3.



UTC Tertiary Certification

Launched in November 2017, the UTC Tertiary Certification Programme continued its focus on topics such as business ethics and corporate governance. The objective is to create high-performance work teams.



2.

Express with Dignity Suite

The Express With Dignity Suite (EWD) provides a comfortable and convenient environment to facilitate our nursing mothers, during the early developmental stage in their babies' lives. The EWD Suite allows them to continue facilitating the lactating process after returning to work and it also helps lessen the stress felt by mothers who leave their babies at home or the nursery.



Underpinning all our efforts are the strong commitment, dedication and service of our team members to our unitholders. This is the reason our people are at the heart of everything we do.

We foster a culture of engagement, promote transformational leadership, attract and retain the best talent, enable our people to strive for high performance, promote wellness and work-life balance.

In addition, we launched several human capital initiatives that allowed us to build our talent, provide an environment of empowerment and promote team members' well-being.

4.



The Learning Hub

The Learning Hub provides convenience for team members to access the Internet, facilitates research and can also be used as a study area during lunch break or after work.



OTHER INITIATIVES:

- Certified over 50 team leaders in Change Management methodology and techniques.
- Conducted 360-degree leadership assessments and coaching sessions.
- Implemented an automated solution for time and attendance.
- Created opportunities for career development through our Career BreakthrU Programme and temporary assignments.

UTC Foundation

Our Connection To



We know that we are part of a bigger picture, and we recognise that there is a connection between what we do and the world in which we live. We also know that the decisions we make today will have a ripple effect on what happens in the future.

In November 2017, we launched the UTC Foundation to make a greater impact in the communities in which we live and work. Our transition from Corporate Social Responsibility (CSR) to Creating Shared Value (CSV) align with global trends where business strategies and policies make a meaningful difference to those closest to us – our communities.

Our Foundation is a continued story of our purpose to transform people's lives and to empower individuals and communities to share in our vision of a better country. We want all our stakeholders to partner with us as our story unfolds.

To stay focused and to ensure we channel our energies and resources in the right way, we rely on our pillars – Education, Financial Well-Being and Environmental Citizenship. It is how we are bringing value to what we do.

UTC Foundation

Core Values

Empowerment

Our work empowers citizens to take actions that enhance their lives and communities.

Integrity

We guide our actions by the principles of trust, honesty and ethical standard.

National Pride

We are driven by patriotism and a social responsibility to meaningfully contribute to the development of Trinidad and Tobago.



PILLAR**Education**

Bishop Anstey East High School placed 4th in the UTC's Schools' Investment Game (SIG) competition, receiving over \$10,000 in cash and electronic prizes. The game gives secondary school students early exposure to the benefits of investing and helps lay the foundation for effective financial management in their own lives.

Under the Foundation, our **SEA Scholarship Programme** provides support to pupils who are academically brilliant but come from financially disadvantaged families.

As UTC's SEA Programme enters its 23rd year, we are proud to have supported the students on their educational journey. We are buoyed by the fact that in our first year, we started with two pupils and in 2018 we are at a milestone of 200 pupils.

Strategy

To provide financial assistance to children who come from challenging financial circumstances and who are gifted academically.

Progress

In 2018, we expanded the programme from 20 to 37 new pupils, bringing it to approximately 200 pupils since SEA's inception in 1996. Our goal is to provide the tools to help our children realise their academic dreams.

UTC's **Schools' Investment Game** was first launched in 1991, marking 27 years since the game began making an educational impact throughout secondary schools. The opportunity to expose secondary school students into the world of investing and finance was the premise under which the game was founded.

Teams are required to adopt appropriate investment strategies to construct a portfolio comprising financial securities offered by the UTC, shares of companies listed on the domestic stock exchange, and the shares of companies traded on the New York Stock Exchange and the NASDAQ.

Strategy

To give secondary school students early exposure to the benefits of investing and help lay the foundation for effective financial management in their own lives.

Progress

Palo Seco Secondary School stamped their authority on the 2018 edition of the game, in which 15 schools participated.

This is the fourth time in the history of the game that Palo Seco Secondary has copped the positions of 1st, 2nd and 3rd. The students have earned internships with UTC, during the July/August 2019 vacation period.

PILLAR**Environmental
Citizenship**

The Reputation Management team partnered with the Fondes Amandes Community Reforestation Project in St. Ann's in a pilot project to replant areas under stress and lend efforts to reduce environmental degradation.

By promoting environmental citizenship, we can work to achieve sustainability by promoting initiatives that challenge us to act responsibly toward our environment.

Strategy

To develop and sustain a culture of responsibility to the environment and create synergies with our stakeholders to reduce our carbon footprint.

Progress**Coastal Rehabilitation**

For International Coastal Cleanup Day we partnered with the Institute of Marine Affairs for Phase 1 of the Coastal Rehabilitation at the Foreshore in Cocorite.

Paperless and Plastic-Free Days

Team Members were encouraged to reduce our carbon footprint by having a "paperless less" day. In doing so, the Corporation saved close to \$50,000 in stationery costs. We stepped up our conservation efforts with "Paperless Week," reducing paper consumption by \$250,000.

National Day of Caring

We partnered with United Way, IAM Movement and National Quarries to work on the "Rehabilitation of Quarries Project" – a four-year project aimed at rehabilitating abandoned quarry pits in Valencia.

PILLAR

Financial Well-Being



UTC Team Members strike a pose with students from Bon Accord and Bethel, Tobago, who display their vision boards during a financial well-being workshop.

Fondes Amandes Community Reforestation Project

As we continue to raise awareness of the vital role forests play in maintaining our fragile ecosystem, the Reputation Management Team partnered with Fondes Amandes Community Reforestation Project in St. Ann's. This is a pilot project whose aim is to replant areas under stress and lend efforts to reduce environmental degradation. Hillsides in the area that had been ravaged annually by bush fires have been planted with a variety of fruit and hardwood trees interspersed with crops. The UTC Team was given exposure to rehabilitation works, as well as the value of organic practises, erosion control, watershed protection and wildlife conservation.

Energy Audit

As a responsible corporate citizen, we are concerned with managing our energy usage. We initiated an energy audit to identify energy conservation measures, focusing on ways to bring efficiency to our lighting and our air conditioning. The data gives focus to streamlining our overall energy usage in line with our goal to reduce costs and conserve energy. This project will be completed in 2019.

We rolled out a series of workshops designed to strengthen people's financial literacy in managing their money and equipping them with the tools to make informed financial decisions on saving and investing.



Strategy

It is our objective to continue to expand our financial educational footprint in the communities across the country.

Progress

We focused on community-based learning aimed at empowering participants to make the right financial decisions who also benefitted from financial management principles, goal setting and budgeting.

Workshops were conducted in the following communities:

- Sangre Grande
- Carenage
- Bon Accord
- Bethel



UTC

Volunteerism





A COMMON THREAD ACROSS OUR SOCIAL INTERVENTIONS
CONTINUES TO BE EMPLOYEE VOLUNTEERISM.

OUR TEAM MEMBERS ARE DRIVEN AND EXCITED ABOUT THE ROLE THEY CAN PLAY
IN IMPROVING OUR SOCIETY. OUR LONG-TERM STRATEGY WILL BE TO BUILD ON THE WORK
OF THE FOUNDATION AND TO DEEPEN OUR PARTNERSHIPS AND
COLLABORATIONS TO CREATE EVEN GREATER SHARED VALUE.



**“Alone we can do
so little, together
we can do so
much.”** ... Helen Keller

Our Governance Framework

The Trinidad and Tobago Unit Trust Corporation was incorporated in 1981 by an Act of Parliament, the Unit Trust Corporation of Trinidad and Tobago Act (“the UTC Act”). The provisions of the UTC Act and its subsequent amendments govern the operation of the Corporation by defining its powers and duties.

The Corporation created the corporate governance framework in recognition of our responsibility to our valued unitholders and stakeholders. The framework is part of our continuing commitment to the values of probity, fairness, transparency and accountability.

While the corporate governance framework is based upon existing laws, regulations and guidelines, it is also intended to promote the highest standards of professional conduct and the diligent discharge of duties. Accordingly, our corporate governance framework was drafted in keeping with national and international best practice principals of governance.

Our corporate governance framework is articulated in the Corporation’s Board and Committee Charters. These Charters have been reviewed and revised to incorporate developments in the corporate governance landscape, whilst continuing to focus on the key elements of effectiveness, accountability, independence and strong relationships with stakeholders.

Engaging Our Unitholders

The Corporation continues to engage with our individual and institutional unitholders as it is recognised that our relationship with our unitholders is at the core of good governance. Unitholders have the opportunity to engage with the Board, Senior Management and the Auditor General at our Annual General Meeting (AGM). This year, we continue with the broadcast of the AGM via a live feed to reach a greater number of unitholders, and we will continue using social media and online tools to engage our unitholders.

Board of Directors

The Board of Directors has overall accountability for the Corporation and is responsible for setting the strategic direction of the UTC and managing its performance. The Board establishes policy for the Corporation and provides oversight for the development and delivery of strategies focused towards the achievement of the Corporation’s objectives.

The Board is responsible for, among other things:

- Performing the duties and responsibilities as outlined in the UTC Act, and ensuring compliance with the UTC Act and any regulations made thereunder;
- Ensuring that adequate strategic plans are in place to guide the direction of the Corporation;
- Annually reviewing the Corporation’s strategy and business risks, Management’s assessment of the internal risk management and control systems and significant changes to such systems;
- Ensuring that adequate investment and risk management strategies are implemented;
- Ensuring that succession plans are in place for Executive Management;
- Ensuring compliance with the directions or guidelines issued by regulatory authorities;
- Promoting a culture of integrity and corporate values in keeping with the Corporation’s code of conduct;
- Ensuring that written policies which are appropriate for the effective governance of the Corporation are in place;
- Reviewing and assessing the adequacy of the Board of Directors and Committee Charters at least biennially;
- In a group structure, the Board of the parent company has the overall responsibility for adequate corporate governance across the group and ensuring that there are governance policies and mechanisms appropriate to the structure, business and risks of the group and its entities.

Division of Roles

In keeping with best practice, there is a clear division of roles and responsibilities between the Board and the Executive Director. The Executive Director is accountable to the Board and is charged with providing leadership and guidance to Executive Management and staff of the Corporation.

General and specific duties are outlined in the Charter for the Executive Director who, among other things, is responsible for:

- Execution of the Corporation's strategy, goals and objectives in keeping with approved strategic plans and budget;
- Communicating and directing the implementation of Board-approved policies;
- The overall day-to-day administration of the Corporation;
- Representing the views of Management to the Board.

Board Structure and Composition

In accordance with the UTC Act, the Board consists of 12 directors, 11 of whom are either independent or non-executive directors. The Board structure and composition is governed by the UTC Act which ensures diversity within the Board.

Members are appointed pursuant to section 7(1) of the Act as follows:

- A Chairman, appointed by instrument in writing by the President upon recommendation of the Central Bank of Trinidad & Tobago (Central Bank)
- An Executive Director, appointed by the Board in consultation with the Central Bank
- A person appointed by the Central Bank
- A person appointed by the Minister of Finance
- A person appointed by the National Insurance Board
- Subject to section 7(1) and section 7(3) of the UTC Act, four persons of whom two shall be appointed by the group of institutions referred to in section 17(2)(b) and two by the group of institutions referred to in section 17(2)(d), provided that not less than three of such persons shall have special knowledge of or experience in commerce, industry, labour, banking, finance or investment.

- Pursuant to section 7(1) and section 7(2) of the UTC Act, the Board may appoint additional persons to be directors but so that the total does not exceed 12 in number.

Director Induction

The Corporation has a formalised Director Induction Programme in place and all new members receive induction training upon joining the Board. The programme is periodically reviewed and updated to ensure members receive the current and relevant information to support them in fulfilling their duties.

Director Tenure

Notwithstanding the legislative provisions as articulated in the UTC Act, in order to ensure good governance practices and to adhere to international standards, a person appointed as a Non-Executive Director may not serve as a member of the Board in any capacity for a period of more than eight years, cumulatively.

Changes in the Membership

The following changes to the membership of the Board occurred during the reporting period:

- Mr. Nigel Edwards was appointed as Executive Director in accordance with sections 7(1)(b) and 10(1) of the UTC Act on June 1, 2018 for a term of five years.
- Mrs. Lorraine Kam and Mr. Jonathan Walker, Independent Directors, were reappointed to the Board of Directors under sections 7(2)(5A) and (6) of the UTC Act, for a period of one year effective June 3, 2018.
- Mr. L. Dominic Rampersad, Independent Director, was reappointed to the Board of Directors under sections 7(2)(5A) and (6) of the UTC Act, effective June 12, 2018 for a period of one year.

The members of the Board as at December 31, 2018 are:

1.	Mr. Justice Rolston Nelson, SC	Chairman
2.	Mr. Nigel Edwards	Executive Director
3.	Mr. Leonardo Ambrose	Insurance Representative
4.	Mr. Douglas Camacho	Insurance Representative
5.	Mrs. Helen Drayton	Bankers' Association Representative
6.	Mr. John Tang Nian	Bankers' Association Representative
7.	Ms. Anne-Marie James	Central Bank Representative
8.	Mrs. Michelle Durham-Kissoon	Ministry of Finance Representative
9.	Mr. Ruben McSween	NIB Representative
10.	Ms. Lorraine Kam	Independent
11.	Mr. Jonathan Walker	Independent
12.	Mr. L. Dominic Rampersad	Independent

Director Independence

In recognition of the importance of independent directors being members of the Board of Directors, the Corporation has adopted the definition of director independence as articulated in the Central Bank of Trinidad and Tobago (CBTT) Corporate Governance Guideline. For the reporting period, three directors were classified as "Independent" in keeping with this Guideline.

Director Remuneration

The compensation of Directors is consistent with the Corporation's policy to attract and retain a high calibre of Team Members to guide the Corporation's strategic objectives.

Section 11 of the UTC Act provides the framework for the determination of the fees and allowances to be paid to directors. The Corporation retains the services of an independent consultant to conduct a survey of the fees paid to Directors in the financial services industry. This information is used in the consultations with the CBTT in accordance with the aforementioned section 11 of the UTC Act.

Board Effectiveness

The Board is committed to managing and measuring its performance. An independent evaluation is completed biennially to assess the Board's effectiveness in discharging its duties.

The Board is presently in the process of completing the evaluation for the 2018 period. The Board will be meeting with the Independent Governance Consultants to conduct an assessment of the Board and the Committees and to develop strategies to continue to improve their performance.

Board of Directors

Leonardo Ambrose
Insurance Representative



L. Dominic Rampersad
Independent



Anne-Marie James
Central Bank Representative



Ruben McSween
NIB Representative



John Tang Nian
Bankers' Association
Representative



**Justice Rolston
Nelson, SC,**
Chairman



Nigel Edwards
Executive Director

Jonathan Walker
Independent

Lorraine Kam
Independent

Douglas Camacho
Insurance Representative

Michelle Durham-Kissoon
Ministry of Finance
Representative

Helen Drayton
Bankers' Association
Representative



Board Profiles

Justice Rolston Nelson, SC, Chairman September 2017 to present

Justice Rolston Nelson, SC holds a Master of Law from the Oxford and London Universities respectively, and was the longest serving member of the Caribbean Court of Justice until his retirement in May 2017. He was called to the Bar at Lincoln's Inn in 1970, admitted to practise at the Jamaican Bar in 1973 and at the Trinidad and Tobago Bar in 1975, and admitted to the Inner Bar as Senior Counsel in 1993. He was sworn in directly from the Bar as Justice of Appeal of the Supreme Court of Judicature of Trinidad and Tobago in 1999. He has been an Associate Tutor at the Hugh Wooding Law School since 1978 and is an Honorary Distinguished Fellow of The University of the West Indies (The UWI).

Having served on the Board of the Unit Trust Corporation from 1987 to 1996, he brings with him 47 years of dedicated and distinguished service in the legal sphere as we move to meet the challenges of the changing regulatory and business environment.

Nigel Edwards, Executive Director June 1, 2018 to present

Mr. Nigel Edwards is a servant leader with strong financial acumen and 25 years strategic management experience at the highest levels across multiple disciplines.

He has demonstrated throughout his career the ability to work successfully in dynamic environments, designing, leading and executing strategies which resulted in impressive value creation. He served as Chief Executive and Executive Director - Investments at a group of companies and was critical in guiding complex, multiple mergers and acquisitions, and is a leading authority on corporate restructuring.

Mr. Edwards, whose previous position was Chief Financial Officer (CFO) at the UTC, was instrumental in the Corporation maintaining its robust financial position and ensuring it is well-positioned to optimise opportunities.

A holder of an MSc. in Finance from the London Business School and a BSc. in Management Studies from The University of the West Indies, St. Augustine, Mr. Edwards is also a member of the Association of Chartered Certified Accountants (ACCA).

Mr. Edwards appreciates that building customer relationships is fundamental to our continued growth and strengthening our competitive edge. As Executive Director, Mr. Edwards will lead the charge in continuing the UTC's innovation thrust and strategic leadership, and strengthening the Corporation's competitive edge in the financial services sector.

Directorship on boards of other companies:

- Petroleum Company of Trinidad and

Tobago Limited and its successor company Trinidad Petroleum Holdings Limited

- Guaracara Limited

Leonardo Ambrose

- April 15, 2011 to present
Mr. Leonardo Ambrose's appointment to the Board expires on April 14, 2019.

Mr. Ambrose is a practising member and past president of the Institute of Chartered Accountants of Trinidad and Tobago. His experience includes responsibility for audit and business advisory services for conglomerates, and public and private companies, and providing accounting outsourcing services to several industries.

Mr. Ambrose has directed and participated in several consultancies, including forensic investigations, preparation of business plans and cash flow forecasting for companies, share valuations and development of information technology strategic plans.

Directorship on boards of other companies:

- UTC Financial Services Limited
- UTC Trust Services Limited

Douglas Camacho

January 1, 2016 to present

Mr. Douglas Camacho has been active in the insurance industry for over 30 years during which time he served as a senior executive. Douglas is a past president of The Association of Trinidad and Tobago Insurance Companies (ATTIC) and the Insurance Association of the Caribbean (IAC). He has also served as the Chairman of the Board of Governors of the Trinidad and Tobago Insurance Institute (TTII), Chairman of the Pan Caribbean Business Coalition (PCBC), and a Board Member of LL Global.

Additionally, Mr. Douglas is a past president of the Trinidad and Tobago Olympic Committee (TTOC), having completed two four-year terms as its president.

Directorship on boards of other companies:

- UTC Financial Services Limited
- UTC Trust Services Limited
- UTC North American Fund, Inc.
- National Insurance Board of Trinidad and Tobago
- National Insurance Property Development Company Limited
- Servol Limited
- Trinidad & Tobago Hockey Board
- Dynamic Equity Limited
- Mayaro Initiative for Private Enterprise Development (MIPED)
- SERVOL
- Tobago Plantations Limited
- Impodream Limited
- Family Planning Association of Trinidad and Tobago

Helen Drayton

June 25, 2015 to present
Mrs. Helen Drayton's appointment to the Board expires on June 24, 2019.

Mrs. Drayton, former Independent

Senator, is an adjunct lecturer with The University of the West Indies, Arthur Lok Jack Graduate School of Business and lectures in business communication, corporate ethics, networking, collaboration business and compliance management, and has extensive experience in strategic marketing and strategic human resource management.

She has an executive master's degree in Business Administration from The University of the West Indies Institute of Business and has served as a member of the Board of Directors of several companies of the former RBTT Financial Group, including the flagship company, RBTT Bank Limited. Other board appointments included: Corbin Compton Advertising, the Trinidad and Tobago Tourist Board, and the Caribbean Procurement Institute.

Her senior management roles included Executive Director - Group Marketing and Corporate Communications and Executive Director - Group Human Resources, RBTT Financial Group, and President of ROYTEC.

Mrs. Drayton also held the positions of Chief Executive Officer of United Way Trinidad and Tobago, Vice President of the World Federation of United Nations Association, and was a board member of several humanitarian organisations including the Trinidad and Tobago Red Cross Society, Blind Welfare Association, Express Children's Fund and the United Nations Development Programme (UNDP) National Steering Environment Small Grants Committee.

Directorship on boards of other companies:

- UTC North American Fund Inc.
- UTC Financial Services Limited
- UTC Trust Services Limited
- SERVOL

John Tang Nian

April 23, 2012 to present

A career banker with more than 42 years in the financial sector, Mr. John Tang Nian has held senior management positions in the banking sector.

Mr. Tang Nian formerly held the position of General Manager - Corporate Operations and Process Improvement with responsibility for operational risk management and other key operational functions; and General Manager - Corporate Business Division with overall responsibility for the management of Republic Bank Limited's corporate credit and business division. He is also a skilled practitioner in financial analysis and management accounting.

He holds a diploma in Business Management from The University of the West Indies, Arthur Lok Jack Graduate School of Business and has participated in strategic management training, notably the Manchester Business School, UK and the International Banking Summer School in Dublin, Ireland.

Directorship on boards of other companies:

- UTC Financial Services Limited

- UTC Trust Services Limited
- UTC (Cayman) SPC Limited
- Massy Finance GFC Limited
- Export Import Bank of Trinidad & Tobago
- JMMB Express Finance Limited (formerly Intercommercial Trust and Merchant Bank Limited)
- JMMB Bank (Trinidad and Tobago) Limited
- Eastern Commercial Financial Holdings Ltd
- Bank of St. Lucia Limited

Anne-Marie James

May 1, 2014 to present

Ms. Anne-Marie James is an experienced financial professional and certified accountant with a career span of over 34 years in the private sector in Trinidad and Tobago. She began her professional career in external audit with one of the big four audit firms before moving to the financial sector. With 35 year experience in the financial services industry, including 27 years at senior management and executive levels, her extensive professional background includes broad experience in the planning, management and execution of diverse finance functions, corporate governance and investment management. She is currently the Senior Finance Manager and Corporate Secretary of a diversified endowment fund.

Ms. James is a fellow of the Association of Chartered Certified Accountants (ACCA) and a member of the Institute of Chartered Accountants of Trinidad and Tobago (ICATT). In addition to her role as a director of the UTC, Ms. James is also a member of the Investigations Committee of the ICATT.

Directorship on boards of other companies:

- UTC Financial Services Limited
- UTC Trust Services Limited

Michelle Durham-Kissoon

March 22, 2017 to present

Mrs. Michelle Durham-Kissoon has been appointed Permanent Secretary in the Ministry of Finance (Ag.) with effect from Wednesday 2nd November, 2016. Mrs. Durham-Kissoon has over 23 year experience in mobilising external project financing and managing Trinidad and Tobago's engagements with multilateral development banks (MDBs). Her external financing experience began in the early 1990s in the Ministry of Planning and Development with the mobilisation of European Development Fund (EDF) grant resources for social infrastructure under the Lome IV Convention. She also played a significant role in mobilising Mns of dollars in Inter-American Development Bank loan and grant resources for the financing of various projects and programmes across sectors of the economy at both the Ministry of Planning and Development and the Ministry of Finance.

In addition, Mrs. Durham-Kissoon has spent the past seven years defining policy positions for articulation by the Minister of Finance in his capacity as Governor for Trinidad and Tobago

for both the World Bank Group and the International Monetary Fund. Her responsibilities in this area culminated in her assignment for the past two years, when Mrs. Durham-Kissoon was nominated by the Government as Advisor for the Republic of Trinidad and Tobago at the Board of Executive Directors of the World Bank Group. There, she championed issues such as advocacy against the loss of correspondent banking relationships arising from the de-risking activities of international banks, as well as for the development of unique financial instruments to cater for the special needs of small states.

Ruben McSween

November 22, 2012 to present

Mr. Ruben McSween holds a BSc in Finance (1st Class Honours) and a BSc in Accounting (2nd Class Honours) from Southeastern University, and a Master of Business Administration (MBA) from Howard University in Washington, DC. With over 33 year experience in the local and international financial services sector, Mr. McSween has held senior positions in areas such as investments, operations and business development, and previously held the position of Vice President, Customer Service at the UTC.

He is presently President of Eve Financial Services Limited. Mr. McSween was a past chairman of the Employers' Consultative Association of Trinidad and Tobago (ECA), Deputy Chairman, National Insurance Board of T&T (NIBTT), President of the Rotary Club of Central Port of Spain and Chairman of the Beetham Gardens Organising Committee.

In 1984, Mr. McSween was one of 30 outstanding students in the USA who was granted a one-year scholarship to understand the American system of government and politics.

Directorship on boards of other companies:

- UTC Financial Services Limited
- UTC Trust Services Limited
- National Insurance Board of Trinidad and Tobago
- Employers' Consultative Association
- Westshore Medical Private Hospital
- Trinidad Cement Limited
- Caribbean Employers' Confederation (CEC)

Lorraine Kam

June 3, 2015 to present

Ms. Lorraine Kam is a financial services professional with over 20 years of progressive experience within the financial services industry. Her experience incorporates a number of executive and management positions, including business head in the areas of corporate and commercial banking, global relationship banking, the public sector client group, financial institutions and in trade, as well as senior positions in corporate and investment banking and risk management. The majority of her career was in banking and finance at Citibank within their Trinidad, Barbados and New York offices. Ms. Kam was also Chief Executive Officer of a subsidiary of a regional financial institution.

Ms. Kam served as Executive Director on the Board of Citibank (Trinidad & Tobago) Limited and as Independent Director on the Board of the American Chamber of Trinidad & Tobago.

Ms. Kam holds a Bachelor of Science degree in Accounting from The University of the West Indies (St. Augustine) and a Master of Science degree in Finance from Cass Business School (London, UK). She is a Certified Management Accountant and a member of the Society of Management Accountants of Ontario, as well as an affiliate of the Association of Chartered Certified Accountants, United Kingdom.

Directorship on boards of other companies:

- UTC Financial Services Limited
- UTC Trust Services Limited
- JMMB Express Finance Limited (formerly Intercommercial Trust and Merchant Bank Limited)
- JMMB Bank (Trinidad and Tobago) Limited
- Horses Helping Humans - NGO

Jonathan Walker

June 3, 2015 to present

Mr. Jonathan Walker is a partner at the law firm of M. Hamel-Smith & Co. where he heads the dispute and risk management group. Admitted to practise law in 1996, Mr. Walker works closely with clients to manage their legal risks. His core expertise is in the area of litigation and the management of significant commercial and financial disputes. He is trained in mediation and negotiation, and has experience in employment and public law. He is also a former member of the Law Reform Commission of Trinidad & Tobago.

Mr. Walker is a graduate of The University of the West Indies and a former tutor at the Hugh Wooding Law School.

Directorship on boards of other trading companies:

- UTC Financial Services Limited
- UTC Trust Services Limited
- IRP Limited
- Yara Trinidad

L. Dominic Rampersad

June 12, 2014 to present

Mr. L. Dominic Rampersad is the holder of an MBA from the Oxford Institute of International Finance. He is also a chartered accountant and a member of the Association of Chartered Certified Accountants (ACCA), as well as the Institute of Chartered Accountants of Trinidad and Tobago (ICATT). He began his professional career as an accountant at the National Institute of Higher Education (Research, Science and Technology) and has been employed with Phoenix Park Gas Processors Limited since 1994.

Directorship on boards of other companies:

- UTC Financial Services Limited
- UTC North American Fund Inc.
- UTC Trust Services Limited

Board of Directors' Meetings

The Board of Directors held 10 meetings during the period January 1 – December 31, 2018 as follows:

Board of Directors	Jan. 25	(Special) Feb. 1	(Special) Feb. 7	Mar 28	May 28	Jun 14	Jul 26	Sep 27	Nov 15	Dec 6
Justice Rolston Nelson, SC	√	√	√	√	√	√	√	√	√	√
Nigel Edwards	—	—	—	—	—	√	√	√	√	√
Ian Chinapoo	√	√	√	√	√	—	—	—	—	—
Leonardo Ambrose	√	√	√	√	√	√	√	√	Abs.	√
Douglas Camacho	√	√	√	√	√	√	√	Abs.	√	√
Anne-Marie James	√	√	√	√	√	√	√	√	√	√
Ruben McSween	√	√	√	√	√	√	√	√	√	√
John Tang Nian	√	√	√	√	√	√	√	Abs.	√	√
L. Dominic Rampersad	√	√	√	√	√	√	Abs.	√	√	√
Lorraine Kam	√	√	√	Abs.	√	√	√	√	√	√
Jonathan Walker	√	√	√	√	Abs.	√	√	√	√	√
Helen Drayton	√	√	√	√	√	√	√	√	√	√
Michelle Durham-Kissoon	√	√	√	√	√	√	√	Abs.	√	√

— Indicates that the Director was not a member of the Board during the period under consideration.

Board Committees

The Board of Directors of the Unit Trust Corporation has established various Committees to support the discharge of its duties.

Each Committee is governed by a charter which outlines its respective purpose, composition and responsibilities. Each Committee Charter and the membership of the Committees are reviewed on an annual basis by the Board to determine whether the Committees are being effective in conducting their mandate or whether changes need to be made to strengthen the Charter in keeping with the Corporation's strategies.

The following are the established Board Committees:

- **Audit and Compliance Committee**
- **Investment Committee**
- **Strategic Risk Committee**
- **Corporate Advisory Committee**
- **Human Resources Committee**

Reports are given by each Committee Chair at each Board meeting. A brief overview of the Committees and their functions are presented below:

Audit and Compliance Committee

Chair – Leonardo Ambrose

The Audit and Compliance Committee (ACC) is a committee of the Board of Directors established to discharge independent oversight of the Corporation's financial reports and of the Corporation's compliance with statutory and regulatory requirements.

The Audit and-- Compliance Committee held five meetings during the period January 1 - December 31, 2018 as follows:

Committee Members	18 th ACC (Special) Feb 15	19 th ACC Mar 20	20 th ACC May 8	21 st ACC Aug 10	22 nd ACC Nov 7
Leonardo Ambrose	√	√	√	√	√
Anne-Marie James	√	Abs.	√	√	√
Ruben McSween	Abs.	√	√	√	√
L. Dominic Rampersad	√	√	√	Abs.	√
Helen Drayton	√	√	√	—	—
Douglas Camacho	—	—	—	√ (vtc)	√

*- Indicates that the Director was not a member of the Board/Committee during the period under consideration.

* vtc - Indicates that the Director attended the meeting via teleconference.

Investment Committee

Chair - Justice Rolston Nelson, SC

The Investment Committee (IC) is a committee of the Board of Directors established to discharge oversight over the investment activity of the funds under management and manage a portfolio of assets by balancing risk and return on investment for the Corporation's funds.

The Investment Committee held seven meetings during the period January 1 - December 31, 2018 as follows:

Committee Members	264 th IC Jan 24	265 th IC Feb 21	266 th IC Mar 21	267 th IC Jun 20	268 th IC Jul 25	269 th (Special) IC Aug 9	270 th IC Sep 19
Justice Rolston Nelson, SC	√	√	√	√	√	√	√
Ian Chinapoo	√	√	√	—	—	—	—
Douglas Camacho	√	√	√	√	√	√	Abs.
John Tang Nian	√	√	Abs.	√	√	√	√
L. Dominic Rampersad	√	√	Abs.	√	√	Abs.	√
Nigel Edwards	—	—	—	√	√	√	√

— Indicates that the Director was not a member of the Board/Committee during the period under consideration.

Strategic Risk Committee

Chair - Lorraine Kam

The Strategic Risk Committee (SRC) of the Board of Directors was established to discharge oversight responsibilities for Risk Governance and the Corporation's Enterprise Risk Management Framework.

The Strategic Risk Committee held five meetings during the period January 1 – December 31, 2018 as follows:

Committee Members	12 th SRC March 21	13 th SRC May 22	14 th (Special) SRC Jul 18	15 th SRC Sep 18	16 th SRC Nov 20
Lorraine Kam (Chairman)	√	√	√	√	√
Nigel Edwards	—	—	√	√	√
Douglas Camacho	√	√	√	Abs.	√
Helen Drayton	√	√	√	√	√
Michelle Durham-Kissoon	√	√	√	√	√
Justice Rolston Nelson, SC	√	√	√	√	√
Ian Chinapoo	√	√	—	—	—

— Indicates that the Director was not a member of the Board/Committee during the period under consideration.

Corporate Advisory Committee

Chair – John Tang Nian

The Corporate Advisory Committee (CAC) is a committee of the Board of Directors appointed to assist the Board in discharging its oversight responsibilities in the areas of capital expenditure and information technology.

The Corporate Advisory Committee held four meetings during the period January 1 – December 31, 2018 as follows:

Committee Members	22 nd CAC Feb 1	23 rd CAC Apr 27	24 th CAC Sep 14	25 th CAC Nov 9
John Tang Nian	√	√	√	√
Ian Chinapoo	√	√	—	—
Nigel Edwards	—	—	√	√ (vtc)
Ruben McSween	√	√	√	√
Jonathan Walker	√	√	√	√
Michelle Durham-Kissoon	√	√	√	√ (vtc)
Justice Rolston Nelson, SC	√	√	Abs.	√

— Indicates that the Director was not a member of the Board/Committee during the period under consideration.

vtc - Indicates that the Director attended the meeting via teleconference.

Human Resources Committee

Chair – Helen Drayton

The Human Resources Committee (HRC) is a committee of the Board of Directors appointed to assist the Board in discharging its oversight responsibilities in optimising human resources.

The Human Resources Committee held five meetings during the period January 1 – December 31, 2018 as follows:

Committee Members	Jan 22	Apr 11	Jul 2	Sep 10	Oct 4
Helen Drayton	√	√	√	√	√
Justice Rolston Nelson, SC	√	√	√	—	√
Ian Chinapoo	√	√	—	—	—
Nigel Edwards	—	—	√	√	√
Anne Marie James	√	√	√	√	√
Lorraine Kam	√	√	√	√	√
Jonathan Walker	√	√	√	√	√

— Indicates that the Director was not a member of the Board/Committee during the period under consideration.

Effective Risk Governance and Strong Internal Controls

The Corporation’s risk governance is based on the following three lines of defence:

- 1) Responsibility for risk management and compliance is embedded with the business divisions;
- 2) Challenge and oversight of the effectiveness of risk management and compliance is provided by the risk and compliance departments;
- 3) Independent assurance of the effectiveness of both business risk management and the Risk Compliance Department’s oversight and challenge process is provided by Internal Audit.

The Internal Audit Department operates as an independent assurance function that reports to the Audit and Compliance Committee. The Internal Audit Charter was reviewed and approved by the Board’s Audit and Compliance Committee; it outlines the authority and responsibilities of the Internal Audit Department.

The Audit and Compliance Committee is satisfied that the internal audit function has been and continues to be executed in a transparent and objective manner and that there is no undue influence from the Management team.

External Auditors

The UTC Act provides that the Corporation is audited annually by the Auditor General’s Office, an independent body established by the Constitution of Trinidad and Tobago.

Our mutual funds are audited by a locally based service provider, contracted through a tendering process. This provider has also engaged in non-audit work for the Corporation. The Audit and

Compliance Committee is satisfied that they have performed their duties in a transparent and independent manner.

Commitment to Ethics

The Corporation remains committed to fair and ethical business practices, and these form the basis of the Corporation’s core values. These principles are entrenched in our Code of Ethics¹ and all Team Members, including directors, are required to read and attest to adhering to the obligations in the Code on an annual basis.

Conflicts of Interest

The Board, Senior Management and all Team Members are subject to the Corporation’s Conflict of Interest Policy. The Audit and Compliance Committee has oversight for the management and monitoring of this Policy to ensure compliance.

The Policy defines conflicts of interest and also provides the procedure for declaring and managing any disclosed conflicts of interest.

Disclosure and Transparency

All directors are required to disclose any material interest(s) before participating in any Board or Committee meeting in accordance with section 9(3A) of the UTC Act.

Where a director has a direct or indirect personal or business interest, unless the Board or Committee determines that the director’s interest is immaterial or irrelevant, the director is required to withdraw from the meeting while the Board or Committee consider the matter.

¹ A copy of which is available for viewing on our website

Strategic Leadership Team

Crystal Rodriguez-Greaves
Chief Risk Officer

Karrian Hepburn
Vice President
Sales and Service

Sekou Mark
Vice President
Investments

Natasha M. Davis
Vice President
Marketing & Operations



Nigel Edwards
Executive Director

Judith Sobion
Vice President
Corporate Services

Kerri Maharaj
Chief Financial Officer

Dawn Seepersad
General Counsel and
Corporate Secretary

Warren Sookdar
Chief Information Officer



Strategic Leadership Team

Nigel Edwards Executive Director

Mr. Nigel Edwards is a servant leader with strong financial acumen and 25 years strategic management experience at the highest levels across multiple disciplines.

He has demonstrated throughout his career the ability to work successfully in dynamic environments, designing, leading and executing strategies which resulted in impressive value creation. He served as Chief Executive and Executive Director - Investments at a group of companies and was critical in guiding complex, multiple mergers and acquisitions, and is a leading authority on corporate restructuring.

Mr. Edwards, whose previous position was Chief Financial Officer (CFO) at the UTC, was instrumental in the Corporation maintaining its robust financial position and ensuring it is well-positioned to optimise opportunities.

A holder of an MSc. in Finance from the London Business School and a BSc. in Management Studies from The University of the West Indies, St. Augustine, Mr. Edwards is also a member of the Association of Chartered Certified Accountants (ACCA).

Mr. Edwards appreciates that building customer relationships is fundamental to our continued growth and strengthening our competitive edge. As Executive Director, Mr. Edwards will lead the charge in continuing the UTC's innovation thrust and strategic leadership, and strengthening the Corporation's competitive edge in the financial services sector.

Dawn Seepersad General Counsel and Corporate Secretary

Ms. Dawn Seepersad is an Attorney-at-Law with over 30 years experience in banking, insurance and commercial law and legal and business management and administration.

Her career portfolio includes the position of General Counsel and Corporate Secretary at an international bank and Assistant Vice President, Legal and Assistant Corporate Secretary at a regional insurance and financial services company. She has provided legal services in the area of commercial and civil law, and corporate secretarial services and administration of an investment brokerage firm. She

also had extensive litigation experience in banking, insurance and commercial law at the Civil Bar.

Her education includes an LLB (Honours) from The University of the West Indies and a Certificate of Legal Education from the Hugh Wooding Law School.

In the role of General Counsel and Corporate Secretary, she has executive responsibility for the legal and regulatory matters of the UTC.

Judith Sobion Vice President, Corporate Services

Ms. Judith Sobion holds a Master of Business Administration from the University of New Orleans, a first degree in Social Sciences and History from The University of the West Indies and a postgraduate diploma in Human Resources Management from the Institute of Business/The University of the West Indies, now known as the Arthur Lok Jack Global School of Business.

Ms. Sobion has more than 25 years leadership experience in strategic human resources management and industrial relations, and has led a diverse range of teams within different organisational cultures at the national, regional and global levels.

Her other strengths include people leadership, organisational design and development, change management, mergers and acquisitions, as well as talent forecasting and resourcing, and leadership coaching and development.

Her position as Vice President, Corporate Services includes executive responsibility for strategic human resources management, procurement/supply chain management, facilities management, corporate security and corporate administration.

Natasha M. Davis Vice President, Marketing and Operations

Ms. Natasha M. Davis has more than 18 years experience in strategic marketing, reputation management, brand development, brand management, public relations, event management, and contract negotiation. She holds an MBA (International Marketing) from the Arthur Lok Jack Graduate School of Business and has a B.Sc. (Management Studies - Marketing & Finance) from The University of the

West Indies, St Augustine. In her role as Vice President, Ms. Davis has executive responsibility for reputation management, marketing, corporate communications, brand management, digital strategy, trust services, The UTC Foundation and administratively information and communications technology.

Karrian Hepburn Vice President, Sales and Service

Ms. Karrian Hepburn's career experience spans over 15 years and includes strategic and financial planning, marketing and sales, designing and implementing policies and procedures, customer relationship management, compliance as it relates to anti-money laundering, know your customer-related matters and people leadership.

Ms. Hepburn is a licensed broker with the Trinidad and Tobago Securities and Exchange Commission (TTSEC), was a licensed trader with the Trinidad and Tobago Stock Exchange (TTSE) and a holder of a Mutual Funds Licence from the Institute of Canadian Bankers.

She holds an MBA in General Management and a B.Sc. in Management Studies and Public Administration from The University of the West Indies. In addition, she has completed international professional training in the areas of business support services, audit, credit risk management and operations shared services.

In the role of Vice President, Sales and Service, she has executive responsibility for managing all customer relationships and service touchpoints across the corporation, which includes the Investment Centres, Bureau de Charge, Advisory Services, Contact Centre and Card Services.

Sekou Mark Vice President, Investments

Mr. Sekou Mark has executive responsibility for the strategic leadership of the Investment Research and Portfolio Management team in the execution of the critical investment function of the Unit Trust Corporation. Mr. Mark is the holder of an MBA with a concentration in International Business Finance from The George Washington University. Mr. Mark also holds a Bachelor of Science in Business Management, *summa cum laude* from Wheeling Jesuit University. A career banker, Mr. Mark has worked in more than 20 countries in Latin America

and the Caribbean in his over 20 years experience in multilateral institutions and the banking and financial services industry and has held senior leadership positions at regional and international financial institutions. Mr. Mark has extensive experience in project finance, corporate finance, mergers and acquisitions and asset management.

Crystal Rodriguez-Greaves
Chief Risk Officer

Mrs. Crystal Rodriguez-Greaves has more than 10 years leadership experience in the areas of finance, investments and risk management with expertise in the areas of macroeconomic analysis, financial statement analysis, investment strategy formulation, portfolio management, market risk, operational risk and business continuity management.

Her career portfolio includes the positions of President and Chief Compliance Officer of UTC Fund Services, Inc., an Investment Advisory firm registered in the USA, and she is also a member of the Board of the Chartered Financial Analyst (CFA) Society of Trinidad & Tobago.

Mrs. Rodriguez-Greaves holds the CFA designation and a bachelor's degree in Management Studies and Finance from The University of the West Indies, St. Augustine.

In the role of Chief Risk Officer she has executive responsibility for the Enterprise Risk Management Framework at the Corporation.

Warren Sookdar
Chief Information Officer

Mr. Warren Sookdar is the holder of an MBA from the Anglia Ruskin University, Cambridge, UK. He also has an advanced certificate in Project Management from the Arthur Lok Jack Graduate School of Business and a post-graduate diploma in Business Administration, Henley Management College, UK.

He has functioned at the senior leadership level for approximately 20 years in the field of information and communications technology (ICT) within the financial sector locally, regionally and internationally. His knowledge and expertise are in the areas of strategic leadership in ICT, inclusive of credit card operations, process management, process re-engineering and ICT-based service delivery.

He has executive responsibility for leading and directing the ICT team.

Kerri Maharaj
Chief Financial Officer

Mr. Kerri Maharaj brings with him approximately 20 years of management experience and has held senior leadership roles, spanning a range of industry sectors for both local and global entities.

In addition to various finance positions, Mr. Maharaj's professional career includes General Manager, Treasury at a global banking entity and Director, Mergers and Acquisitions at a global institution. His most recent position was Group Chief Financial Officer of a regional financial institution.

He holds various UK-based qualifications and is a fellow of the Association of Corporate Treasurers, a fellow of the Association of Chartered Certified Accountants (ACCA) and the holder of a BSc in Financial Services and Associateship.

Mr. Maharaj has executive responsibility for the finance, accounting and treasury functions of the Corporation.





FINANCIAL 
REPORTS



**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 31 DECEMBER, 2018

OPINION

The consolidated financial statements of the Trinidad and Tobago Unit Trust Corporation (the Corporation) for the year ended 31 December, 2018 have been audited. The statements as set out on pages 1 to 67 comprise a Consolidated Statement of Financial Position as at 31 December, 2018, a Consolidated Statement of Profit or Loss, a Consolidated Statement of Comprehensive Income, a Consolidated Statement of Changes in Equity and a Consolidated Statement of Cash Flows for the year then ended, and Notes to the Consolidated Financial Statements numbered 1 to 34, including a summary of significant accounting policies.

2. In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Trinidad and Tobago Unit Trust Corporation as at 31 December, 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

BASIS FOR OPINION

3. The audit was conducted in accordance with accepted auditing standards. The Auditor General's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. The Auditor General is independent of the Corporation in accordance with the ethical requirements that are relevant to the audit of the financial statements and other ethical responsibilities have been fulfilled in accordance with these requirements. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

4. Management of the Corporation is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

5. In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

6. Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

7. The Auditor General's responsibility is to express an opinion on these consolidated financial statements based on the audit and to report thereon in accordance with section 30 (4) of the Unit Trust Corporation of Trinidad and Tobago Act, Chapter 83:03.

8. The Auditor General's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes his opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. As part of an audit in accordance with accepted auditing standards, the Auditor General exercises professional judgment and maintains professional skepticism throughout the audit. The Auditor General also:

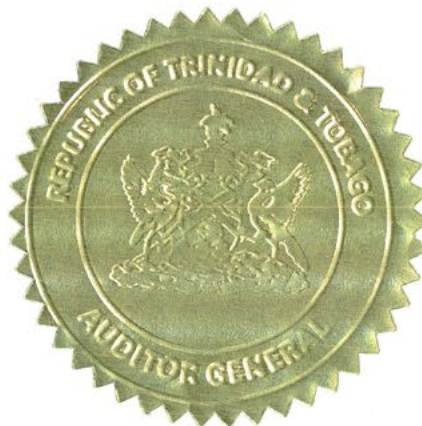
- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Corporation.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Corporation to continue as a going concern. If the Auditor General concludes that a

material uncertainty exists, the Auditor General is required to draw attention in his audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify his opinion. The Auditor General's conclusions are based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding, the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. The Auditor General is responsible for the direction, supervision and performance of the audit of the Corporation. The Auditor General remains solely responsible for his audit opinion.

10. The Auditor General communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that were identified during the audit.

20TH MARCH, 2019
PORT OF SPAIN




MAJEED ALI
AUDITOR GENERAL

SS
20190320

Trinidad and Tobago Unit Trust Corporation

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December, 2018

Expressed in Trinidad and Tobago dollars

	Notes	31-Dec-18 \$ '000	31-Dec-17 \$ '000
ASSETS			
Cash and Cash Equivalents	3	2,090,800	3,423,652
Receivables		150,104	161,752
Prepayments and Other Assets		17,179	37,355
Investment Securities	4	19,565,672	18,113,588
Property, Plant and Equipment	5	157,305	162,589
Intangible Assets	6	490	852
Deferred Tax Asset		-	73
TOTAL ASSETS		21,981,550	21,899,861
LIABILITIES			
Accounts Payable and Short-term Liabilities		70,045	73,996
Distribution Payable		51,291	47,905
Pension and Other Post-retirement Liabilities	8	13,983	15,173
Price Guarantee Provision	9	25,857	12,355
Net Assets Attributable to Unitholders	10	20,438,710	20,334,197
Other Liabilities		2,110	3,594
TOTAL LIABILITIES		20,601,996	20,487,220
EQUITY			
Statutory Reserves	11	5,700	5,700
Revaluation Reserve	12	(16,720)	22,436
Retained Earnings		1,390,574	1,384,505
		1,379,554	1,412,641
TOTAL LIABILITIES AND EQUITY		21,981,550	21,899,861



Chairman




Executive Director

Trinidad and Tobago Unit Trust Corporation

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December, 2018

Expressed in Trinidad and Tobago dollars

	Notes	31-Dec-18 \$'000	31-Dec-17 \$'000
CONTINUING OPERATIONS			
INCOME			
Investment Income -	13		
Growth & Income Fund		249,391	452,435
TT\$ Income Fund		336,410	364,676
Universal Retirement Fund		15,378	33,855
US\$ Income Fund		118,180	139,493
Investment Income - Group Operations	14	24,687	41,357
Initial Charge		11,847	8,645
Fee Income	15	5,283	4,719
Other Income		10,592	6,974
Realized Gains Re-classified from Equity	16	-	12,472
Total Income		771,768	1,064,626
EXPENSES			
Commissions		(16,545)	(14,338)
Impairment	17	-	(191,638)
Administrative	18	(266,909)	(251,039)
Depreciation and Amortisation		(13,215)	(13,069)
Net Change in Fair Value of Investment Securities		(456,101)	-
Total Expenses		(752,770)	(470,084)
Net Income before Guarantee Adjustment		18,998	594,542
Price Guarantee (Charge)/Credit		(13,873)	16,813
Net Income after Guarantee Adjustment		5,125	611,355
Distributions to Unitholders	22	(249,333)	(197,450)
Allocation by Funds to Reserves	29,30,32	(15,163)	(35,105)
Loss/(Income) Capitalized	31	5,037	(27,136)
Net Loss/(Income) Attributable to Unitholders		259,944	(289,516)
Net Income from continuing operations before Taxation		5,610	62,148
Taxation	7	(6,394)	(6,660)
Net (Loss)Income from continuing operations after taxation		(784)	55,488
DISCONTINUED OPERATIONS			
Net (Loss)/Gain on Liquidation	33	(34,653)	6,865
Net (Loss)/Income for the year		(35,437)	62,353

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

Trinidad and Tobago Unit Trust Corporation

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December, 2018

Expressed in Trinidad and Tobago dollars

	Notes	31-Dec-18 \$'000	31-Dec-17 \$ '000
Net (Loss)/Income for the year		(35,437)	62,353
Other Comprehensive Income:			
<i>Amounts that may be transferred to Profit or Loss in the future:</i>			
Revaluation of available-for-sale Financial Assets	12	-	20,437
Exchange Translation differences		760	(14,878)
<i>Amounts that will not be transferred to Profit or Loss in the future:</i>			
Re-measurements of Pension and Other Post Retirement Liabilities	8	1,590	783
		2,350	6,342
Fair Value gains transferred to Profit or Loss on disposal of available for sale financial instruments	16	-	(12,472)
Other Comprehensive Income/(Loss) for the year		2,350	(6,130)
Total Comprehensive (Loss)/Income for the year		(33,087)	56,223

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

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Trinidad and Tobago Unit Trust Corporation

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December, 2018

Expressed in Trinidad and Tobago dollars

	<i>Statutory Reserves \$'000</i>	<i>Revaluation Reserve \$'000</i>	<i>Retained Income \$'000</i>	<i>Total \$'000</i>
Balance as at 31 December, 2017 previously reported	5,700	22,436	1,384,505	1,412,641
Changes on Initial application of IFRS 9	-	(41,506)	41,506	-
Balance as at 1 January, 2018	5,700	(19,070)	1,426,011	1,412,641
Total Comprehensive Loss for the year	-	2,350	(35,437)	(33,087)
Balance as at 31 December, 2018	5,700	(16,720)	1,390,574	1,379,554
Balance as at 1 January, 2017	5,700	28,566	1,322,152	1,356,418
Total Comprehensive Income for the year	-	(6,130)	62,353	56,223
Balance as at 31 December, 2017	5,700	22,436	1,384,505	1,412,641

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

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Trinidad and Tobago Unit Trust Corporation

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December, 2018

Expressed in Trinidad and Tobago dollars

	31-Dec-18 \$ '000	31-Dec-17 \$ '000
OPERATING ACTIVITIES		
Net Income before Taxation	5,610	62,148
<i>Adjustment to reconcile net income to net cash and cash equivalents from operating activities:</i>		
Net (Loss)/Income Attributable to Unitholders	(485)	549,207
Depreciation and Amortisation	13,215	13,069
Impairment - Financial Assets	-	191,638
Loss on sale of Property, Plant and Equipment	-	16
Price Guarantee Provision	13,873	(16,813)
Revaluation of Fund Reserve Assets	251	113
Interest on Fund Reserve Assets	1,535	954
Net Change in Fair value on Investment Securities	456,101	-
	490,100	800,332
<i>Movements in Net Current Assets</i>		
Decrease/(Increase) in Receivables	11,648	(6,546)
Decrease/(Increase) in Prepayments and Other Assets	20,175	(740)
Decrease in Accounts Payable and Liabilities	(5,361)	(11,680)
Increase/(Decrease) in Distribution Liability	3,386	(10,167)
Increase in Pension and Other Post-retirement Liabilities	400	408
	520,348	771,607
Taxation paid	(6,394)	(6,660)
Net Cash Flow From Operating Activities	513,954	764,947
INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(7,569)	(14,714)
Disposal of Property, Plant and Equipment	1	179
Purchase of Investment Securities	(10,383,654)	(8,198,702)
Disposal of Investment Securities	8,401,911	8,733,344
Net Cash (Used In)/Flow From Investing Activities	(1,989,311)	520,107
FINANCING ACTIVITIES		
Subscriptions from Unitholders	2,866,702	2,530,407
Redemptions by Unitholders	(2,475,838)	(2,648,276)
Distribution Payments to Unitholders	(249,333)	(197,450)
Guarantee Reserve Payment	(871)	(1,235)
Net Cash Flow From/(Used In) Financing Activities	140,660	(316,554)
Net Gain on Foreign Exchange	1,845	759
Net (Decrease)/Increase In Cash and Cash Equivalents	(1,332,852)	969,259
Cash and Cash Equivalents at beginning of year	3,423,652	2,454,393
Cash and Cash Equivalents at end of year	2,090,800	3,423,652

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

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Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

1) Incorporation and Principal Activities

The Trinidad and Tobago Unit Trust Corporation (the 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 to provide, *inter alia*, facilities for members of the public to invest in shares and securities approved by the Board of the Corporation.

The Corporation's principal place of business is UTC Financial Centre, 82 Independence Square, Port of Spain.

The Finance Act of 1997 permitted expansion of the Corporation's scope of business to include other financial services, such as merchant banking, trustee and card services.

2) Significant Accounting Policies

The significant accounting policies applied in the preparation of these Consolidated Financial Statements (the Financial Statements) are set out below. These policies have been consistently applied to all years presented, except as described in Note 2 (b)(i).

a) Basis of Preparation

- i. The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS).
- ii. The Financial Statements were prepared under the historical cost convention as modified by financial assets measured at fair value through profit or loss (FVPL). The methods used to fair value the Group's financial assets are provided at Note 2(f).
- iii. The Financial Statements are presented in Trinidad and Tobago dollars (TTD), which is the functional currency of the Corporation.
- iv. The preparation of the Financial Statements in accordance with IFRS requires management to make judgments, estimates and assumptions. Management reviews these judgments, estimates and underlying assumptions on a regular basis.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

2) Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

- i. the quantum of the liability under the price guarantee offered to unitholders of the Growth and Income Fund at the reporting date (see Note 9); and
- ii. the fair value of financial assets categorized as Level 3 (see Notes 2(f) and 4(c))

Management has exercised significant judgment in determining:

- i. whether or not, for purposes of IFRS 10 - *Consolidated Financial Statements*, it controls the entities of which it is the investment manager, trustee and sponsor (see Note 2c); and
- ii. the business model of the investment portfolios (see note 2 (d)).

b) New published standards applicable to the Group

(i) New published standards effective from 1 January 2018:

> IFRS 9 – *Financial Instruments*

IFRS 9 replaced IAS 39 - *Financial Instruments: Recognition and Measurement* and brings together three aspects of the accounting for financial instruments:

- i. Classification and measurement;
- ii. Impairment; and
- iii. Hedge accounting

A summary of the requirements of IFRS 9 is provided below.

Classification and measurement of financial assets and liabilities

IFRS 9 contains a new classification and measurement approach for financial assets that is based upon the business model in which assets are managed and the contractual cash flow characteristics of the asset.

Under IFRS 9 entities initially measure a financial asset at its fair value plus, in the case of financial assets not at fair value through profit or loss, transaction cost. Embedded derivatives in contracts, where the host is a financial asset, are never separated. The hybrid financial instrument as a whole is assessed for classification.

Debt instruments are subsequently measured at either FVPL, amortized cost (AC) or fair value through other comprehensive income (FVOCI).

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

2) Significant Accounting Policies (continued)

b) New published standards applicable to the Group (continued)

(i) New published standards effective from 1 January 2018 (continued)

➤ IFRS 9 – *Financial Instruments* (continued)

Equity instruments are generally measured at FVPL. However, entities have an irrevocable option, on an instrument by instrument basis, to recognize changes in the fair value of non-traded equity instruments in other comprehensive income (OCI).

IFRS 9 also contains requirements for the classification and measurement of financial liabilities, many of which are identical to the IAS 39 requirements. However, for financial liabilities designated at FVPL, the change in fair value that is attributable to changes in credit risk is presented in OCI and the balance of the fair value is presented in profit or loss. If the presentation in OCI would create or enlarge an accounting mismatch in profit or loss, an entity is required to present all gains and losses in profit or loss.

Impairment

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments measured at FVOCI, most loan commitments, financial guarantee contracts and lease receivables.

Entities are required to recognize expected credit losses for twelve months:

- i. on initial recognition of the financial instrument (or the date on which the commitment or guarantee was entered into); and
- ii. as long as there is no significant increase in credit risk subsequent to initial recognition of the asset.

Where there has been a significant increase in credit risk - either on an individual financial asset or on a group of financial assets - entities are required to recognize the lifetime expected credit loss associated with the financial asset or group of financial assets.

Lifetime expected credit losses include all the possible default events over the expected life of the financial asset, whereas twelve month expected losses are the credit losses that are possible within the twelve months after the reporting date.

In the case of trade receivables, a simplified approach, whereby the lifetime expected credit loss is recognized on initial recognition, is permitted.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

2) Significant Accounting Policies (continued)

b) New published standards applicable to the Group (continued)

(i) New published standards effective from 1 January 2018 (continued)

➤ IFRS 9 – *Financial Instruments* (continued)

Hedge accounting

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39, that is, fair value hedges, cash flow hedges and net investment hedges. However greater flexibility has been introduced with respect to the types of transactions eligible for hedge accounting. In particular:

- i. the types of instruments that qualify as hedging instruments; and
- ii. the types of risk components of non-financial items that are eligible,

are broader in scope.

In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship' and retrospective assessment of hedge effectiveness is no longer required.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

2) Significant Accounting Policies (continued)

b) New published standards applicable to the Group (continued)

(i) New published standards effective from 1 January 2018 (continued)

> IFRS 9 – Financial Instruments (continued)

Impact of the initial application of IFRS 9 on the consolidated financial statements

- In accordance with the requirements of IFRS 9, the Group classified the financial assets of the locally domiciled funds as FVPL, as the locally domiciled funds are managed, monitored and evaluated on a fair value basis. The resulting changes to the Group's classification of financial assets are shown below.

Financial Asset	Measurement Category		Carrying Amounts		Change S'000
			1 January 2018		
			IAS 39 S'000	IFRS 9 S'000	
Bonds	Available-for-sale	FVPL-Mandatory	9,505,896	9,505,896	-
Structured Instruments	Available-for-sale	FVPL-Mandatory	607,870	607,870	-
Equity	Available-for-sale	FVPL-Mandatory	2,833,777	2,833,777	-
Exchange Traded Funds	Available-for-sale	FVPL-Mandatory	704,044	704,044	-
Private Equity	Available-for-sale	FVPL-Mandatory	99,890	99,890	-
Short-term Instruments	Available-for-sale	FVPL-Mandatory	4,354,798	4,354,798	-
Mutual Funds	Available-for-sale	FVPL-Mandatory	5,006	5,006	-
Other	Held-to-maturity	FVPL-Mandatory	2,307	2,307	-
Sub-total Investment securities			18,113,588	18,113,588	-
Receivables	Loans & Receivables	FVPL-Mandatory	161,752	161,752	-
Prepayments	Loans & Receivables	FVPL-Mandatory	29,945	29,945	-
Cash and Cash Equivalents	Loans & Receivables	FVPL-Mandatory	3,423,652	3,423,652	-
Sub-total Other financial assets			3,615,349	3,615,349	-
Total Financial Assets			21,728,937	21,728,937	-

- There was no cumulative retrospective impact on the Group's equity position as a result of the initial application of IFRS 9.
- The new impairment requirements were not applicable as none of the Group's financial assets are classified as AC or FVOCI.
- There were no changes to the classification of financial liabilities.
- The hedge accounting requirements were not applicable to the Group.
- As permitted by the transitional provisions of IFRS 9, the Group did not restate comparative amounts.
- The changes in accounting policy on adoption of IFRS 9 are described in Note 2 (d) below.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

2) Significant Accounting Policies (continued)

b) New published standards applicable to the Group (continued)

(i) New published standards effective from 1 January 2018 (continued)

> IFRS 15 – *Revenue From Contracts With Customers*

IFRS 15 replaces all previous revenue requirements and establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, unless the contracts are within the scope of other standards. Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, plant and equipment and intangible assets.

The standard outlines the principles an entity must apply to measure and recognize revenue. The core principle is that an entity must recognize revenue at an amount that reflects the consideration to which the entity expected to be entitled in exchange for transferring goods and services to a customer. In recognizing revenue IFRS 15 requires entities to:

- i. identify the contracts with a customer;
- ii. identify the performance obligations in the contract;
- iii. determine the transaction price;
- iv. allocate the transaction price to the performance obligations in the contract; and
- v. recognize revenue when (or as) the entity satisfies a performance obligation

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances, when applying each step of the model to contracts with their customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 on 1 January 2018, but there was no material impact on the Group's accounting policies and retrospective adjustments were not required.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

2) Significant Accounting Policies (continued)

b) New published standards applicable to the Group (continued)

(ii) New published standards applicable to the Group but not yet effective and not early adopted:

➤ IFRS 16 - *Leases*

IFRS 16 is effective from 1 January 2019. It sets out principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17 - *Leases*, IFRSIC 4 - *Determining whether an Arrangement contains a Lease*, SIC 15 - *Operating Leases* and SIC -27 - *Evaluating the substance of transactions Involving the legal form of a Lease*.

The standard removes the current requirement for lessees to classify leases as either finance leases or operating leases by introducing a single lease accounting model that requires the recognition of lease assets (right-of-use assets) and lease liabilities on the statement of financial position for most leases. Lessees will also now separately recognize interest expense on the lease liability and depreciation expense on the right-of-use assets in the statement of income.

Lessor accounting is substantially unchanged from accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The Group is in the process of evaluating the impact of adopting IFRS 16.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

2) Significant Accounting Policies (continued)

c) Basis of Consolidation

The Consolidated Financial Statements incorporate the separate Financial Statements of the Corporation, the Financial Statements of the Growth and Income Fund, the TT\$ Income Fund, the Universal Retirement Fund, and the US\$ Income Fund (“the locally domiciled Funds” hereafter) and the Financial Statements of its incorporated subsidiaries (see Note 24). The Corporation and the consolidated entities are referred to as the “Group” in these financial statements.

Management concluded that for purposes of IFRS 10, its relationship with the locally domiciled Funds was that of a principal rather than that of an agent hence their consolidation in these financial statements. Management’s conclusion was based primarily on its exposure to significant variability of returns due to the Corporation’s commitment to support the locally domiciled Funds.

The Corporation reassesses at each reporting period whether or not it controls the entities with which it is involved using the control criteria established in IFRS 10. In particular, it concludes that it controls an entity if, and only if, after considering all the circumstances, it forms the view that:

- i. it has power over the entity;
- ii. it is exposed, or has rights, to variable returns from its involvement with the entity; and
- iii. it has the ability to use its power to affect its returns from the entity.

Consolidation of an entity begins when the Corporation obtains control over the entity and ceases when the Corporation loses control of the entity. The income and expenses of an entity acquired during the year are included in the Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income from the date the Corporation gains control until the date the Corporation ceases to control the entity.

The line item in the Consolidated Statement of Financial Position - ‘Net Assets Attributable to Unitholders’ - represents the portion of the profit and net assets of consolidated collective investment schemes not owned, directly or indirectly, by either the Corporation or an entity which the Corporation controls. The balance is recognized as a liability in the Consolidated Statement of Financial Position, as the units/shares represent Group obligations to deliver cash on presentation of such units/shares for redemption.

All material intra-group transactions and balances have been eliminated in preparing these Financial Statements.

The financial year end of each entity consolidated is 31 December. The accounting policies of each entity consolidated are consistent with those of the Group.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

2) Significant Accounting Policies (continued)

d) Financial Assets

The Group's financial assets consist of:

- i. Investment securities;
- ii. Cash and cash equivalents; and
- iii. Receivables

The Group recognizes a financial asset when it becomes party to the contractual obligations of the financial asset.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or where the Group has transferred substantially all the risks and rewards of ownership of the financial asset to another party.

Classification and subsequent measurement of financial assets - Policy from 1 January 2018

On 1 January 2018 the Group adopted IFRS 9 Financial Instruments. The Group classifies its financial assets based on the business model of the portfolio within which the financial asset is managed and the contractual cash flow characteristics of the financial asset.

In assessing the objective of a portfolio's business model, the Group considers:

- i. The way in which the assets within the portfolio are managed and information provided to management;
- ii. The stated policies and objectives of the portfolio;
- iii. The operation of the portfolio's stated policies in practice;
- iv. The method of evaluating the performance of the portfolio; and
- v. The risks that affect the performance of the portfolio and how those risks are managed.

The Group's investment securities are held in portfolios which are managed and evaluated on a fair value basis. The receipt of contractual cash flows or, the receipt of contractual cash flows and the purchase and sale of the financial assets in the portfolio, are incidental to the objectives of the portfolios. Accordingly, the assets in the Group's portfolios have been classified and measured at FVPL – mandatory.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

2) Significant Accounting Policies (continued)

d) Financial Assets (continued)

Classification and subsequent measurement of financial assets - Policy prior to 1 January 2018

The Group classified its financial assets on initial recognition into the following three (3) categories: available-for-sale, held-to-maturity and loans and receivables. The classification depended on the purpose for which the financial assets were acquired. In particular:

- i. Investment Securities intended to be held for an indefinite period of time, but which might be sold in response to liquidity requirements or market conditions, were classified as available-for-sale. Available-for-sale investments were carried at fair value. Unrealized gains and losses from changes in the fair value of investments classified as available-for-sale were recognized in Other Comprehensive Income (OCI). When available-for-sale financial assets were disposed of, or were impaired, the related accumulated fair value adjustments were re-classified from OCI to the Consolidated Statement of Profit or Loss.
- ii. Investment Securities with fixed maturities and that management had the intent and ability to hold to maturity, were classified as held-to-maturity. Held-to-maturity investments were carried at amortized cost, less adjustments for impairment.
- iii. Non-derivative investment securities with fixed and determinable payments, which were not quoted in an active market and were not designated as available-for-sale, were classified as loans and receivables. Loans and receivables were carried at amortized cost, using the effective interest method.

Impairment of financial assets - Policy from 1 January 2018

The impairment requirements of IFRS 9 were not applicable as none of the Group's financial assets are classified as AC or FVOCI.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

2) Significant Accounting Policies (continued)

d) Financial Assets

Impairment of financial assets - policy prior to 1 January 2018

Assets classified as available-for-sale - bonds

At the end of each reporting period the Group assessed whether there was objective evidence that a bond, or a group of bonds classified as available-for-sale, was impaired. A bond or group of bonds classified as available-for-sale was considered impaired and impairment losses were recognized if and only if:

- i. there was objective evidence of impairment as a result of one or more events that occurred subsequent to initial recognition of the asset (a 'loss event'); and
- ii. the impact on the future cash flows as a result of the loss event could be reliably estimated.

The criteria used by the Group to determine whether there had been a loss event included evidence that:

- (a) the issuer, or obligor, was in significant financial difficulty;
- (b) there had been a breach of contract, such as a default or delinquency in interest payments or principal re-payment by the issuer or obligor;
- (c) 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) it was probable that the borrower would enter bankruptcy or other financial re-organization;
- (e) an active market for the financial asset had disappeared because of financial difficulties; or
- (f) there was 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 could not yet be identified with the individual financial asset in the portfolio, including:
 - 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 was objective evidence of impairment to bonds classified as available-for-sale, the Group transferred the cumulative unrealized loss previously recorded in OCI, to the Consolidated Statement of Profit or Loss.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

2) Significant Accounting Policies (continued)

d) Financial Assets (continued)

Impairment of financial assets - policy prior to 1 January 2018 (continued)

Assets classified as available-for-sale – bonds (continued)

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of an appropriate portion of the previously recognized impairment loss was recognized in the Consolidated Statement of Profit or Loss.

Assets classified as available-for-sale – equity

In the case of equity investments classified as available-for-sale, in addition to the impairment criteria for available-for-sale bonds outlined above, the Group assessed whether there has been either a significant or a prolonged decline in the fair value of the security below cost. If there had been either a significant or a prolonged decline in the value of the investment below cost, it was regarded as evidence that the asset was impaired. If any such evidence existed for available-for-sale equity investments, the cumulative un-realized loss was re-classified from equity and recognized in the Consolidated Statement of Profit or Loss as an impairment expense.

The Group considers a decline for a period of twelve or more months as prolonged and a 30% decline in value below cost, as significant.

e) Financial Liabilities

The Group recognizes a financial liability when it becomes party to the contractual obligations of the financial instrument. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

2) Significant Accounting Policies (continued)

f) Fair Value Estimation – Investment Securities

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

Valuation framework

The Group has established a control framework for the measurement of fair values. The framework includes a valuation team that is independent of the front office management. The valuation team reports to a Valuation Committee comprising the Vice Presidents of the Finance and Risk Departments. Valuations are reviewed by the Audit and Compliance Committee on a quarterly basis.

Fair value hierarchy

Fair value measurements of securities are categorized into three levels based on the degree to which the fair value measurement inputs are observable. The three levels are:

- **Level 1.** Level 1 valuation inputs are unadjusted quoted prices for identical assets and liabilities in active markets that the entity can access at the measurement date.
- **Level 2.** Level 2 valuation inputs exclude Level 1 inputs but are inputs that are observable for the asset or liability either directly or indirectly. There were no assets classified as Level 2 during the years 2017 and 2018.
- **Level 3.** Level 3 uses significant inputs that are unobservable in the valuation of the asset.

The level within the fair value hierarchy to which fair value measurements are assigned is determined by the lowest level input that is significant to the fair value measurement in its entirety. Thus, where a fair value measurement requires significant judgment with respect to an input, it is classified as Level 3.

The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

2) Significant Accounting Policies (continued)

f) Fair Value Estimation – Investment Securities (continued)

Equities traded in active markets

An active market is a market in which transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of equities traded in active markets is based on unadjusted quoted prices at the close of trading on the reporting date and categorized as Level 1.

Where the last day of trading is not the reporting date and significant movements in prices occur subsequent to the close of trading and before the reporting date, valuation techniques are used to determine the fair value. Such valuations are categorized as Level 3.

Equities not traded in an active market – unquoted equity

The fair value of significant holdings of unquoted equities is estimated by professional valuers and categorized as Level 3.

Insignificant holdings of unquoted equities are held by the Corporation for strategic purposes. The cost of such holdings is presumed to approximate its fair value.

Private Equity

The fair value of the Group's private equity holdings is provided by the General Partners of the private entity and are categorized as Level 3.

Traded local and foreign Bonds

Traded bonds are valued using the average of indicative quotations received from brokers at the reporting date. The quotations do not necessarily reflect the price at which the broker would be willing to execute a transaction and the valuations have been categorized as Level 3. Where the Group is in receipt of prices at which dealers are prepared to trade, the bonds are categorized as Level 1.

Illiquid local Bonds

The Group uses an internally developed model to value its illiquid local bonds. Management reviews the model regularly. The output of any valuation model is an estimate of a value that cannot be determined with certainty. As such the valuation may vary significantly from the value that would be realized in an actual transaction. Valuations based on the model are categorized as Level 3.

Categorization of Short-term Investments

The Group's short-term investments are assumed to be encashable/tradeable at their carrying value and are categorized as Level 1.

Receivables, payables and short-term liabilities

The carrying value of receivables and payables are assumed to approximate their fair values.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

2) Significant Accounting Policies (continued)

g) Fair Value Estimation – Property

Land and buildings are valued by independent professional valuers every three years.

h) Property, Plant and Equipment

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. 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 recognized 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 Profit or Loss during the financial period in which such costs are incurred.

Where the carrying amount of Property, Plant and Equipment is greater than its estimated recoverable amount, the asset is considered impaired and the carrying amount is written down to its recoverable amount.

Gains and losses on disposal of Property, Plant and Equipment are determined by comparing the disposal proceeds with the carrying amounts. The resulting gains or losses are recognized in the Consolidated Statement of Profit or Loss.

Freehold land is capitalized but not depreciated. Leasehold land is capitalized and amortized over the term of the lease.

Depreciation on Property, Plant and Equipment, with the exception of motor vehicles, is calculated using the straight-line method to allocate their cost over their estimated useful lives. The estimated useful life of the various categories of the Group's Property, Plant and Equipment are as follows:

Property, Plant and Equipment Category	Estimated Useful Life
Building	50 years
Office Improvement	3-15 years
Computer Equipment	2-8 years
Office Equipment	3-13 years
Office Furniture & Fixtures	3-10 years
Motor vehicles	4 years

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

2) Significant Accounting Policies (continued)

i) Intangible Assets

Acquired computer software and software licenses are the only intangible assets recognized by the Group in these Financial Statements. Computer software and software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software into operation. The costs are recognized as an intangible asset if, and only if, it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

The cost of intangible assets is amortized on a straight line basis over the estimated useful life of the asset (between three (3) to five (5) years) or the life of the license whichever is shorter. No software was capitalized during 2018 (2017: nil) (see Note 6).

Costs associated with maintaining computer software are expensed as incurred.

j) Impairment of Non-Financial Assets

Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or, at a minimum, at least annually. An impairment loss is the amount by which an asset's carrying amount exceeds its recoverable amount. Impairment losses are recognized in the Consolidated Statement of Profit or Loss.

k) Foreign Currency Translation

The Group's functional and presentation currency is Trinidad and Tobago dollars. Foreign currency transactions are translated into the functional currency using the average mid-rate for the currency, quoted by the Central Bank of Trinidad and Tobago, on the date of the transaction. 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 recognized in the Consolidated Statement of Profit or Loss.

The results and financial position of all Group entities that have a functional currency other than the presentation currency are translated into the presentation currency using the closing rate. All resulting exchange differences are recognized in the Consolidated Statement of Comprehensive Income.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

2) Significant Accounting Policies (continued)

1) Employee Benefits

i. Short-term benefits

Short-term employee benefits such as salaries and vacation entitlements are recognized in the accounting period during which the short-term benefits are earned.

ii. Pension obligations

Group contributions to retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefits constitute a small portion of the Group's pension plan benefits (see Note 8). The Group's defined benefit obligations are calculated by estimating the value of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of the plan assets are deducted. The discount rate approximates either high quality corporate bonds or the long-term bond rate for government bonds with a duration similar to the duration of the defined benefit obligations.

The defined benefit obligation calculations are performed regularly by an actuary using the projected unit credit method. Should the calculation result in a surplus, the surplus is not recognized as an asset since the Group is not entitled to reduce its contributions to the plan.

iii. Other post-retirement obligations

The Group provides post-retirement medical and insurance benefits to its retirees, the cost of which is recognized as an expense. Entitlement to these benefits is dependent on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that used to compute the defined benefit pension obligations. An independent qualified actuary conducts a valuation of these obligations regularly.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

2) Significant Accounting Policies (continued)

m) Cash and Cash Equivalents

Cash and cash equivalents represent balances held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. It includes cash in hand, deposits held at call with banks, cash balances at brokers, and other short-term instruments with original maturities of ninety days or less.

n) Provisions

Provisions are recognized when:

- i. the Group has a present or constructive obligation as a result of past events;
- ii. it is probable that an outflow of resources will be required to settle the obligation; and
- iii. the amount of the obligation can be reliably estimated.

o) Revenue Recognition

Interest income is recognized in the Consolidated Statement of Profit or Loss using the effective interest method.

Dividend income is recognized only when:

- i. the right to receive a dividend payment is established;
- ii. it is probable that the economic benefits associated with the dividend will flow to the Group; and
- iii. the amount of the dividend can be reliably measured.

Realized and unrealized investment gains and losses are recognized as income in the Consolidated Statement of Profit or Loss.

p) Segment Reporting

The Group consists of one segment as all of the Group's activities are incidental to its main activity of collective investment scheme management.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

2) Significant Accounting Policies (continued)

q) Separate Funds Under Management

The assets and liabilities pertaining to funds which are managed on behalf of third parties by the Group in accordance with specific Investment Management Agreements are not included in the Consolidated Statement of Financial Position of the Corporation. The market value of these portfolios as at 31 December is \$798 million (2017: \$784 million).

r) Taxation

The Corporation is exempt from corporation tax. However, it is subject to Green Fund Levy. Corporation tax is payable on profits realized by the corporate subsidiaries, based on the laws applicable in their tax jurisdiction. Withholding tax is payable on dividends and interest earned in foreign jurisdictions based on the jurisdiction's tax laws and double taxation treaties where applicable.

Taxes are recognized as an expense in the period in which they arise.

s) Comparative Information

In addition to the changes from the initial application of IFRS 9 - Financial Instruments (see note 2 (b) (i)), certain minor changes have been made in these Financial Statements to conform with presentation in the current year. These changes had no effect on the operating results or net income after tax of the Group.

3) Cash and Cash Equivalents

Cash and cash equivalents are analyzed below:

	2018	2017
	\$'000	\$'000
Corporation	651,715	771,638
Locally Domiciled Funds	1,401,797	2,608,185
Foreign Funds	2,431	8,976
Other Group Entities	34,857	34,853
	<u>2,090,800</u>	<u>3,423,652</u>

Cash and cash equivalents held by the locally domiciled Funds form part of the net assets of the said Funds. In compliance with legislation, regulatory restrictions and best practice, all the assets of each Fund, including cash and cash equivalents, are ring-fenced and are not available for use by other entities within the Group. Restricted cash at 31 December was \$1,486,716 (2017: \$2,686,867) (see Note 19).

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

4) Investment Securities

Summaries of the Investment Securities held by the Group are provided by year, investment type and classification below.

	2018 \$'000	2017 \$'000
Investment Securities carried at fair value		
Bonds	9,442,189	9,505,896
Structured bonds	602,383	607,870
Equity	2,285,817	2,833,777
Exchange Traded Funds (ETFs)	852,722	704,044
Private Equity	98,306	99,890
Short-term Investments	6,276,936	4,354,798
Mutual Funds	5,006	5,006
Other	2,313	2,307
Total Investment Securities	19,565,672	18,113,588
	2018 \$'000	2017 \$'000
Investment Securities summarized by classification		
- at fair value through profit or loss – mandatory (FVPL – M)	19,565,672	-
- available for sale at fair value through other comprehensive income (FVOCI)	-	18,113,588
	19,565,672	18,113,588

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

4) Investments Securities (continued)

a) The Fair Value Hierarchy for Investment Securities

The Group uses a valuation hierarchy to rank the fair value of its Investments (see Note 2 (f) Fair Value Hierarchy). The Group's Investments at December 2018 are analyzed by their fair valuation categorization below:

Fair Value Hierarchy for Investment Securities December 2018

Recurring fair value measurements	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Investment securities carried at fair value through profit or loss - mandatory				
Bonds	463,796	-	8,978,393	9,442,189
Structured bonds	-	-	602,383	602,383
Equity	1,958,164	-	327,653	2,285,817
Exchange Traded Funds (ETFs)	852,722	-	-	852,722
Private Equity	-	-	98,306	98,306
Short-term Investments	6,276,936	-	-	6,276,936
Mutual Funds	5,006	-	-	5,006
Other	-	-	2,313	2,313
Total Investment Securities	9,556,624	-	10,009,048	19,565,672

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

(4) Investments Assets (continued)

a) The Fair Value Hierarchy for Investment Securities (continued)

The Group's Investments at 31 December 2017 are analyzed by the fair valuation hierarchy below:

Fair Value Hierarchy for Investment Securities December 2017

Recurring fair value measurements	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Available-for-sale assets carried at fair value:				
Bonds	27,474	-	9,478,422	9,505,896
Structured Bonds	-	-	607,870	607,870
Equity	2,513,782	-	319,995	2,833,777
Exchange Traded Funds (ETFs)	704,044	-	-	704,044
Private Equity	-	-	99,890	99,890
Short-term Investments	4,354,798	-	-	4,354,798
Mutual Funds	5,006	-	-	5,006
Other	-	-	2,307	2,307
Total Investment Securities	7,605,104	-	10,508,484	18,113,588

b) Transfers between Fair Value Hierarchy Levels

There were no transfers between the Fair Value Hierarchy Levels during either 2018 or 2017.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

4) Investment Securities (continued)

c) Valuation Techniques used to derive Level 3 Fair Values

The valuation techniques used by the Group to arrive at the fair value of Level 3 investments are set out in Note 2 (f). The Tables below summarize the valuation techniques used in estimating the fair value of Level 3 securities, the significant unobservable inputs, the relationship of the unobservable inputs to fair value and the impact that an increase or decrease in the unobservable inputs would have had on the valuation results.

Values in the following four (4) Tables are expressed in millions of dollars.

Summary of Techniques used to value Level 3 Financial Assets in 2018

Investment securities carried at fair value through profit or loss - mandatory	Level 3 fair value 2018 \$'M	Valuation Technique used	Significant unobservable inputs	Possible shift in inputs +/-	Change in valuation +/- \$'M
Bonds	8,978	Valuation model, Trading prices	Interest rates	1%	\$125
Structured Bonds	603	Broker quotations	Interest rates	1%	-
Equity	328	Professional/ management valuations	Not applicable	Not applicable	Not applicable
Private Equity	98	General partner's valuation	Not applicable	Not applicable	Not applicable
Other	2	Cost	Not applicable	Not applicable	Not applicable
TOTAL	10,009				\$125

Fair value through profit or loss - mandatory	Carrying Value Level 3 Securities 1/1/2018 \$'M	Purchases/ Capitalized Interest \$'M	Sales/ Repayments/Maturities \$'M	Net Gains/ (Losses) recognized in Profit or Loss \$'M	Unrealized Gains/ Losses recognized in OCI \$'M	Carrying Values Level 3 Securities 31/12/2018 \$'M	Fair Values \$'M
Bonds	9,478	10,075	(8,626)	(1,949)	-	8,978	8,978
Structured bonds	608	-	-	(5)	-	603	603
Equity	320	-	-	8	-	328	328
Private Equity	100	-	-	(2)	-	98	98
Other	2	-	-	-	-	2	2
TOTAL	10,508	10,075	(8,626)	(1,948)	-	10,009	10,009

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

4) Investment Securities (continued)

c) Valuation Techniques used to derive Level 3 Fair Values (continued)

Summary of Techniques used to value Level 3 Financial Assets in 2017							
	Level 3 fair value 2017	Valuation Technique used	Significant unobservable inputs	Possible shift in inputs +/-	Change in valuation +/-		
Available-for-sale investments carried at fair value							
Bonds	9,478	Valuation model, Trading prices	Interest rates	+ 1%	\$130		
Structured Bonds	608						
Equity	320	Professional/management valuations	Not applicable	Not applicable	Not applicable		
Private Equity	100	General partner's valuation	Not applicable	Not applicable	Not applicable		
Other	2		Not applicable	Not applicable	Not applicable		
TOTAL	10,508				Not applicable	\$130	

Available-for-sale assets carried at fair value	Carrying Value Level 3 Securities 1/1/2017 \$'M	Purchases/Capitalized Interest \$'M	Sales/Repayments/Maturities \$'M	Net Gains/(Losses) recognized in Profit or Loss \$'M	Unrealized Gains/ Losses recognized in OCI \$'M	Carrying Values Level 3 Securities 31/12/2017 \$'M	Fair Values \$'M
Bonds	10,045	1,782	(2,319)	(57)	27	9,478	9,478
Structured Bonds	609	-	-	-	(1)	608	608
Equity	326	-	-	(6)	-	320	320
Private Equity	78	3	-	-	19	100	100
Other	2	-	-	-	-	2	2
TOTAL	11,060	1,785	(2,319)	(63)	45	10,508	10,508

d) The Group's exposure to market, credit and liquidity risk on its investments is provided at Note 23.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

5) 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 31 Dec, 2018							
Opening Net Book Value	16,030	96,933	16,703	243	28,341	4,339	162,589
Acquisitions	-	-	1,434	-	5,194	942	7,570
Disposals	-	-	-	-	-	(1)	(1)
Depreciation/Amortisation	(22)	(2,413)	(2,654)	(61)	(6,911)	(792)	(12,853)
Closing Net Book Value	16,008	94,520	15,483	182	26,624	4,488	157,305
As at 31 Dec, 2018							
Cost	16,569	124,269	61,890	1,461	102,966	24,746	331,901
Accumulated Depreciation/ Amortisation	(561)	(29,749)	(46,407)	(1,279)	(76,342)	(20,258)	(174,596)
Net Book Value	16,008	94,520	15,483	182	26,624	4,488	157,305
Year ended 31 Dec, 2017							
Opening Net Book Value	16,052	99,346	15,518	510	24,993	4,306	160,725
Acquisitions	-	-	3,899	-	9,962	853	14,714
Disposals	-	-	-	(172)	(24)	-	(196)
Depreciation/Amortisation	(22)	(2,413)	(2,714)	(95)	(6,590)	(820)	(12,654)
Closing Net Book Value	16,030	96,933	16,703	243	28,341	4,339	162,589
As at 31 Dec, 2017							
Cost	16,569	124,269	60,456	1,461	97,772	23,816	324,343
Accumulated Depreciation/ Amortisation	(539)	(27,336)	(43,753)	(1,218)	(69,431)	(19,477)	(161,754)
Net Book Value	16,030	96,933	16,703	243	28,341	4,339	162,589

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

5) Property, Plant and Equipment (cont'd)

Land

Land includes leasehold land of \$2.2 million and freehold land of \$14.4 million for 2018 and 2017.

Fair Value Land and Buildings

The fair value of land and buildings was estimated at \$207.0 million at 31 December (2017: \$192.6 million). Information related to the fair value of land and buildings at 31 December is provided in the Table below in millions of dollars.:

Property	Cost \$'M	Independent Valuation \$'M	Date of last valuation	Fair value 31 Dec 2018 \$'M	Valuation Level
Leasehold Land	2.2	10.8	24 Jan 2019	10.8	Level 2
Freehold Land	14.4	26.5	24 Jan 2019	26.5	Level 2
Building	139.4	169.7	24 Jan 2019	169.7	Level 2
Total	156.0	207.0		207.0	

Valuation Technique used to derive Level 2 fair valuation Land and Buildings

Management estimated the fair value of Level 2 land and buildings by reference to independent valuator reports.

6) Intangible Assets

	2018 \$'000	2017 \$'000
Year ended 31 December		
Opening Net Book Value	852	1,267
Acquisitions	-	-
Amortization	(362)	(415)
Closing Net Book Value	490	852
As at 31 December		
Cost	53,054	53,054
Accumulated Amortization	(52,564)	(52,202)
Net Book Value	490	852

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

7) Taxation

The local subsidiary companies are subject to Trinidad and Tobago Corporation Tax while the foreign subsidiaries are subject to taxation in their country of domicile.

	2018	2017
	\$'000	\$'000
Net Income before taxation	5,610	62,148
Less: Income taxed at 0%	(5,586)	(62,131)
Net Income subject to tax	<u>24</u>	<u>17</u>
Corporation Tax for foreign subsidiaries	319	310
Withholding Tax on interest and dividends received	4,752	5,020
Business Levy payments	154	171
Green Fund Levy payments	1,169	1,159
Tax charge	<u>6,394</u>	<u>6,660</u>

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

8) Pension and Other Post Retirement Benefits

a) Pension benefits

i. Changes in the present value of the defined benefit obligations are as follows:

	2018 \$'000	2017 \$'000
Opening present value of defined benefit obligation	199,739	182,135
Current service costs	10,031	8,930
Plan participant contributions	3,916	3,517
Interest cost	211	12,003
Actuarial gains on obligation	(174)	(1,450)
Benefit and expenses paid	(5,501)	(5,396)
Closing present value of defined benefit obligation	208,222	199,739

ii. Changes in the fair value of Plan assets are as follows:

	2018 \$'000	2017 \$'000
Opening fair value of Plan assets	203,795	185,179
Expected return on Plan assets	211	12,003
Actuarial loss on Plan assets	(1,373)	(1,357)
Employer contributions for current service	10,952	9,849
Plan participant contributions for current service	3,916	3,517
Benefits and expenses paid	(5,501)	(5,396)
Closing fair value of Plan assets	212,000	203,795

iii. The amounts recognized in the Consolidated Statement of Financial Position are as follows:

	2018 \$'000	2017 \$'000
Present value of the defined benefit obligation	(208,222)	(199,739)
Fair value of Plan assets	212,000	203,795
Sub-total	3,778	4,056
Un-recognized asset due to limit in IAS 19:64 (b)	(3,778)	(4,056)
Recognized in the Consolidated Statement of Financial Position	-	-

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

8) Pension and Other Post Retirement Benefits (continued)

a) Pension benefits (continued)

iv. The amounts recognized in the Consolidated Statement of Profit or Loss are as follows:

	2018 \$'000	2017 \$'000
Current service costs	10,031	8,930
Net interest costs	-	-
Total recognized in Staff Costs	10,031	8,930

v. The amounts recognized in the Consolidated Statement of Comprehensive Income are as follows:

	2018 \$'000	2017 \$'000
Actuarial losses/(gains)	1,199	(93)
IAS 19: 58 (b) limit	(277)	1,011
	922	918

vi. The major categories of the Plan's assets as a percentage of total Plan assets are as follows:

	2018 %	2017 %
Universal Retirement Fund	72.0	74.0
TT\$ Income Fund	18.0	26.0
Local Bond (National Investment Fund)	7.0	-
Cash	3.0	-

vii. The actual return on the Plan's assets is as follows:

	2018 \$'000	2017 \$'000
Actual return	(1,163)	10,646

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

8) Pension and Other Post Retirement Benefits (continued)

a) Pension benefits (continued)

- viii. The actuarial assumptions have been based on market expectations at 31 December annually for the period over which the obligations are to be settled. The principal actuarial assumptions used are as follows:

	2018	2017
	%	%
Discount rate at 31 December	5.0	5.0
Future salary increases	5.0	5.0

- ix. The Group expects to contribute \$11.5 million to the Plan in 2019.

b) Group Life Benefits

- i. The changes in the present value of the obligation are as follows:

	2018	2017
	\$'000	\$'000
Present value of the defined benefit obligations of the Group Life Scheme		
Opening present value of obligations	1,896	1,793
Current service costs	101	106
Interest costs	98	93
Actuarial loss/(gain) on obligations	10	(15)
Benefits paid	(93)	(81)
Closing present value of obligations	<u>2,012</u>	<u>1,896</u>

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

8) Pension and Other Post Retirement Benefits (continued)

b) Group Life Benefits (continued)

ii. The changes in the fair value of the Plan's assets are as follows:

	2018 \$'000	2017 \$'000
Opening fair value of Plan assets	-	-
Employer contributions for current service	93	81
Benefits paid	(93)	(81)
Closing fair value of Plan assets	-	-

iii. The amount recognized in the Consolidated Statement of Financial Position is as follows:

	2018 \$'000	2017 \$'000
Present value of the obligation	2,012	1,896
Recognized in the Consolidated Statement of Financial Position	2,012	1,896

iv. The amounts recognized in the Consolidated Statement of Profit or Loss are as follows:

	2018 \$'000	2017 \$'000
Current service costs	101	106
Net interest costs	98	93
Expense recognized in the Consolidated Statement of Profit or Loss	199	199

v. The amount recognized in the Consolidated Statement of Comprehensive Income is as follows:

	2018 \$'000	2017 \$'000
Experience losses/(gains) - Demographic	10	(15)
Total actuarial losses/(gains) recognized in the Consolidated Statement of Comprehensive Income	10	(15)

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

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8) Pension and Other Post Retirement Benefits (continued)

c) Medical Benefits

The Corporation operates a post-employment medical benefit scheme. The method of accounting, the assumptions and the frequency of valuations are similar to those used for computing the defined benefit pension obligations.

i. The changes in the present value of the obligation are as follows:

	2018 \$'000	2017 \$'000
Present value of the obligations of the Medical Benefit Scheme		
Opening present value of the obligation	13,277	12,189
Current service costs	778	795
Interest costs	677	624
Actuarial gains	(2,524)	(120)
Benefits paid	(237)	(211)
Closing present value of the obligation	11,971	13,277

ii. The changes in the fair value of the Plan's assets are as follows:

	2018 \$'000	2017 \$'000
Opening fair value of Plan assets	-	-
Employer contributions for current service	237	211
Benefits paid	(237)	(211)
Closing fair value of Plan assets	-	-

iii. The amount recognized in the Consolidated Statement of Financial Position is as follows:

	2018 \$'000	2017 \$'000
Present value of the obligation	11,971	13,277
Recognized in the Consolidated Statement of Financial Position	11,971	13,277

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

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8) Pension and Other Post Retirement Benefits (continued)

c) Medical Benefits (continued)

iv. The amounts recognized in the Consolidated Statement of Profit or Loss are as follows:

	2018 \$'000	2017 \$'000
Current service costs	778	795
Net interest costs	677	624
Expense recognized in the Consolidated Statement of Profit or Loss	<u>1,455</u>	<u>1,419</u>

v. The amount recognized in the Consolidated Statement of Comprehensive Income is as follows:

	2018 \$'000	2017 \$'000
Experience gains - Demographic	(2,524)	(120)
Total Actuarial gains recognized in the Consolidated Statement of Comprehensive Income	<u>(2,524)</u>	<u>(120)</u>

In addition to the pension benefit actuarial assumptions at 8 (a) (viii) above, the Medical Benefit Scheme benefit obligation calculation assumes that long term health costs will increase by 2% (2017: 3%).

A summary of the post retirement liabilities are as follows:

	2018 \$'000	2017 \$'000
Group Life liability (see Note 8 (b) (iii) above)	2,012	1,896
Medical Benefit liability (see Note 8(c) (iii) above)	11,971	13,277
Total	<u>13,983</u>	<u>15,173</u>

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

9) Guarantee Pricing Liability

In January 1985, the Board of Directors of the Trinidad and Tobago Unit Trust Corporation, pursuant to section 13(1)(d) of the Act, formulated a guarantee pricing plan with respect to units issued under the First Unit Scheme - now the Growth and Income fund (G&IF). Under the Guarantee Pricing Plan, each unitholder that holds units in the G&IF for at least three years from the date of purchase, may redeem those units at a price no less than the purchase price of the units. Subsequently, the Corporation established the Guarantee Reserve Fund under section 26 (1) of the Act to meet claims under the Guarantee Pricing Plan.

There is significant uncertainty with regard to the timing and value of the claims made under the Guarantee Pricing Plan. Factors that appear to influence the timing of guarantee claims include:

- i. The prevailing price of the Growth and Income Fund units. Generally, the price of the G&IF units and the total Guarantee Pricing Liability are inversely related. Increases in the price of G&IF units generally result in a decrease in the total Guarantee Pricing Liability as the number of units 'in the money' tends to contract. Conversely a decrease in the price of the units generally increases the total Guarantee Pricing Liability as more units are 'in the money'; and
- ii. General public sentiment with regard to the future performance of the local and global economy.

Up to June 2018, the G&IF allocated \$500,000 out of its undistributed earnings to the Guarantee Reserve Fund at each distribution to meet any guarantee claims that may arise. The Corporation has historically funded shortfalls in the Guarantee Reserve Fund and is committed to doing so in the future.

During 2016 the Group completed its development of a model to estimate the Corporation's liability for shortfalls under the Guarantee Pricing Plan. The model runs one thousand (1,000) scenarios based on projections *inter alia* of:

- i. withdrawals over the next thirty years;
- ii. the value of Growth and Income Fund units over the next thirty years;
- iii. interest rates and returns on equity locally and internationally over the next thirty years; and
- iv. the variation in withdrawals based on the interest rate environment.

The average of the estimated payouts generated by the model's scenarios is the suggested provision.

The model suggests that at 31 December an amount of \$34.9 million should be provided. The actual liability at 31 December was \$25.9 million. Management has provided for the full liability of \$25.9 million (2017: \$12.4 million).

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

10) Net Assets Attributable to Unitholders

This represents the amounts payable on demand to unitholders in the Growth and Income Fund, the TT\$ Income Fund, the Universal Retirement Fund, the US\$ Income Fund and shareholders of the North American Fund. The units/shares issued by each of the foregoing Funds may be redeemed by unit/shareholders of the Funds at any time. Each Fund is primarily responsible for redemption of its units/shares out of its assets.

An analysis by Fund and a summary computation of the net assets attributable to unitholders is provided below.

	2018	2017
	\$'000	\$'000
ANALYSIS OF NET ASSETS ATTRIBUTABLE TO UNITHOLDERS BY FUND		
Initial Capital Growth and Income Fund	4,766	4,766
Unit Capital Growth and Income Fund	4,877,332	4,860,266
Unit Capital TT\$ Income Fund	11,176,653	10,949,809
Unit Capital Universal Retirement Fund	297,291	299,520
Unit Capital US\$ Income Fund	4,082,668	4,164,633
Sub-total locally domiciled Funds	20,438,710	20,278,994
North American Fund (non-group interests)	-	55,203
Sub-total Corporate bodies	-	55,203
Net Assets Attributable to Unitholders	20,438,710	20,334,197

	2018	2017
	\$'000	\$'000
COMPUTATION OF NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		
Cash and Cash Equivalents	1,401,797	2,615,238
Receivables	414,913	399,785
Investment Securities	18,776,113	17,712,312
Total Assets	20,592,823	20,727,335
Less: Liabilities	(154,113)	(149,490)
Less: Group holdings in North American Fund	-	(243,648)
Net Assets Attributable to Unitholders	20,438,710	20,334,197

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

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10) Net assets attributable to Unitholders (continued)

Initial Capital in line one of the analysis above, represents the capital subscribed by the Initial Contributors in accordance with Section 17 of the Act. The subscriptions were invested in the Growth and Income Fund. Initial Capital at 31 December 2018 and 2017 was \$4.8 million.

Unit Capital in the analysis above, represents the Net Asset Value of the four (4) Investment Funds domiciled in Trinidad and Tobago at the reporting date. 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.

Financial information is provided for the locally domiciled Entities represented above in Notes 28-32.

11) Statutory Reserves

In accordance with Section 51(1)(b) and (c) of the Securities Act, Chapter 83:02 and Section 27(1)(c) and (d) of the Securities Industry By-Laws, Chapter 83:02, 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. In accordance Section 5 of the Exchange Control Act, a reserve of \$650,000 was established to meet the requirements for operation of the Group's Bureau de Change.

12) Revaluation Reserve

The revaluation reserve reflects the net unrealized capital appreciation/depreciation arising from changes in the fair values of available-for-sale financial instruments held by the Corporation, foreign currency translation differences related to such financial instruments, and revaluations related to the Pension and other post retirement plans. The revaluation of the investments held by the Investment Funds is reflected in the line item Net Assets Attributable to Non-group Interests and is not included in this revaluation reserve.

13) Investment Income – Investment Funds

The investment income of the Funds reported in the Consolidated Statement of Profit or Loss excludes transfers from the Corporation. No transfer to the Funds was made during 2018 and 2017 by the Corporation. Investment income is further analyzed in the Table below:

	2018	2017
	\$'000	\$'000
Interest income	509,672	516,110
Dividend income	123,877	117,243
Other income	85,810	357,106
	<u>719,359</u>	<u>990,459</u>

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

14) Investment Income – Group Operations

Net Investment Income includes the contribution to revenue from Treasury operations and the corporate subsidiaries. It comprises the following:

	2018 \$'000	2017 \$'000
Net Investment Income		
Interest	27,297	44,697
Interest Expense and Other Charges	(2,610)	(3,340)
Total	24,687	41,357

15) Fee income

	2018 \$'000	2017 \$'000
Management charge – third parties	5,245	4,674
Trustee fees	20	20
Paying agent fees	18	25
Total	5,283	4,719

16) Realized Gains Reclassified from Equity

Unrealized gains in the amount of \$392 million were recognized in equity on the revaluation of certain available-for-sale bonds during 2012. On receipt of principal repayments and on disposal of the available-for-sale bonds, the relevant portion of the unrealized gains in equity is reclassified to the Consolidated Statement of Profit or Loss.

The total gains reclassified from equity to the Consolidated Statement of Profit or Loss for 2017 was \$12.5 million.

17) Impairment

The Group recognized impairment charges of \$192 million during 2017. A summary of the impairment charges for 2017 is provided below.

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Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

17) Impairment (continued)

Entity	2018 \$'000	2017 \$'000
Growth and Income Fund	-	89,123
TT\$ Income Fund	-	1,754
Universal Retirement Fund	-	-
US\$ Income Fund	-	7,616
Sub-total	-	98,493
Corporation and subsidiaries	-	93,145
Total	-	191,638

A portion of the impairment charges recognized in 2017, represents amounts previously recognized as unrealized losses on available-for-sale assets in the Equity of the respective Funds. Accordingly, recognition of those impairment losses in the Profit or Loss Account did not impact the carrying value of the assets in the respective Funds and consequently had no impact on the Net Asset Value (NAV) of the Funds. The impairment charges are analyzed to show those amounts that affected the carrying value of the assets.

	2018 \$'000	2017 \$'000
Impairments which impacted the carrying value of assets in the Funds	-	9,370
Impairments which did not impact the carrying value of assets in the Funds	-	89,123
Sub-total locally domiciled funds	-	98,493
Impairments which impacted the carrying value of assets in the Corporation	-	88,428
Impairments which did not impact the carrying value of assets in the Corporation	-	4,717
Total	-	191,638

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

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17) Impairment (continued)

The carrying value of the assets impaired (before deducting any impairment loss) is provided below. There was no collateral held for impaired assets.

	2018 \$'000	2017 \$'000
Carrying value of impaired investments	Not applicable	992,643

As at December 31, 2017, the Group held bonds with outstanding balances of \$656 million which will become due and payable on December 30, 2021. The bonds are issued by an entity that is owned by the Government of the Republic of Trinidad and Tobago. There is a guarantee on one series of the bonds in the amount of \$100 million. During 2017, the Group provided for impairments in the amount of \$290 million to account for potential repayment shortfalls on maturity of the bonds.

18) Administrative Expenses

Administrative expenses comprised:

	2018 \$'000	2017 \$'000
Audit fees	330	263
Bank charges	998	1,289
Building maintenance	3,025	7,049
Directors' fees	3,459	3,346
General administration	72,048	60,788
Insurance	1,760	1,702
Marketing and advertising	12,977	12,176
Professional services	9,639	13,841
Rental of premises	4,996	4,842
Security	10,202	10,491
Staff costs (Note 21)	147,475	135,252
Total	266,909	251,039

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

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19) Restricted Assets

The Group, in keeping with best practice and legislation, has no access to the investment securities, cash holdings, cash flows or other assets of the Funds it manages. The Funds are by nature Collective Investment Schemes and as such the assets, including cash, are ring-fenced and used exclusively for the benefit of the unitholders/shareholders. The Tables below analyze the significant line items in the Consolidated Statement of Financial Position which include assets that are not available to the Group.

Particulars	2018 \$'000	2017 \$'000
Cash and Cash Equivalents (see Note 3)	2,090,800	3,423,652
Restricted Cash and Cash Equivalents	(1,486,716)	(2,686,867)
Available to Group without restriction	604,084	736,785

Particulars	2018 \$'000	2017 \$'000
Receivables	150,104	161,752
Restricted Receivables	(128,579)	(150,564)
Available to Group without restriction	21,525	11,188

Particulars	2018 \$'000	2017 \$'000
Investment Securities (see Note 4)	19,565,672	18,113,588
Restricted Investment Securities	(18,861,483)	(17,796,176)
Available to Group without restriction	704,189	317,412

20) Foreign Exchange Gains / (Losses)

The exchange differences credited to the Consolidated Statement of Profit or Loss are included in other income as follows:

	2018 \$'000	2017 \$'000
Foreign exchange gain	2,912	1,423
	2,912	1,423

21) Staff Costs

	2018 \$'000	2017 \$'000
Salaries and Benefits	131,249	120,548
Pension Costs (see Note 8 (a)(iv))	10,031	8,930
National Insurance	6,195	5,774
Total	147,475	135,252
Number of employees	528	522

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

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22) Distributions

	2018 \$'000	2017 \$'000
Growth and Income Fund	78,718	36,243
TT\$ Income Fund	135,961	127,924
US\$ Income Fund	34,654	33,283
Total	<u>249,333</u>	<u>197,450</u>

a) Growth and Income Fund

The Growth and Income Fund paid \$78.7 million to its unitholders in respect of its June 2018 and December 2018 distributions (2017: \$36.2 million). Included in the \$78.7 million referred to are distributions to Initial Capital Contributors of \$0.3 million (2017: \$0.1 million).

b) TTS Income Fund

The TT\$ Income Fund makes quarterly distributions at the end of February, May, August and November. Income accrued at 31 December for distribution in the quarter ending 28 February 2019 amounted to \$11.6 million (2017: \$11.3 million).

c) US\$ Income Fund

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

23) Financial Risk Management

The financial assets and liabilities of the Group are summarized below:

	2018 \$'000	2017 \$'000
Financial Assets		
Cash and Bank Balances (see Note 3)	2,090,800	3,423,652
Receivables	150,104	161,752
Prepayments and Other Assets	11,640	29,945
Investment Securities (see Note 4)	19,565,672	18,113,588
Financial Liabilities		
Net Assets Attributable to Unitholders (see Note 10)	(20,438,710)	(20,334,197)

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

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23) Financial Risk Management (continued)

Financial Risk Management Framework

The Collective Investment Schemes managed by the Corporation and the Corporation's investment activities expose the Group to a variety of financial risks. The Board of Directors has established policies, procedures, an Audit and Compliance Committee and a Strategic Risk Committee to minimize the potential loss that may arise from such financial risks.

The Strategic Risk Committee is responsible for oversight of the Strategic Risks which the Group faces. During 2018 the Audit and Compliance and the Strategic Risk Committees met at least once per quarter to:

- i. monitor compliance with the risk management policies and procedures established by the Board;
- ii. ensure that the overall risk profile and policy environment of the Group was appropriate and consistent with the Group's strategic objectives; and
- iii. consider reports and recommendations submitted by the Risk Management Department, the Internal Audit Department and the Management Risk Committee – an executive committee chaired by the Executive Director.

Financial Risk Exposures

The primary financial risks to which the Group is exposed are:

- i. market risk – which comprises:
 - equity and exchange traded funds (ETF) price risk
 - interest rate risk
 - currency risk
- ii. credit risk; and
- iii. liquidity risk

Market Risk

Market risk is the risk that changes in market prices e.g. equity and ETF price risk, bond price risk, foreign exchange rates, and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

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23) Financial Risk Management (continued)

Equity and ETF Price Risk

Equity and ETF price risk is the risk that the fair value of equities/ETFs decreases as a result of changes in the market prices for these securities.

Two (2) of the Funds within the Group have significant holdings of equities and ETFs all of which are traded on either the local or North American stock exchanges. Negative equity price movements in the local and foreign equity markets can subject the portfolios to decreases in their Net Asset Values. This risk is managed by:

- i. careful asset allocation and security selection;
- ii. daily monitoring of security prices; and
- iii. monitoring and measurement of each portfolio's price risk exposure.

The equity price risk exposure is monitored and measured with reference to the beta of equity instruments. Beta is a measure of the stock's price sensitivity to the stock market e.g. stocks that have a beta of 1 would change by approximately 1% for every 1% move in the overall stock market.

A stock with a beta less than 0.9 is considered to have a low equity price risk relative to the overall market. A stock with a beta above 1.1 is considered to have a high equity price risk vis-à-vis the market. A stock with a beta between 0.9 and 1.1 is regarded as having equity price risk comparable to the market.

The Group's equity and ETF holdings are categorized below, both in dollar terms and as a percentage of total equity holdings into three (3) categories to reflect the Group's exposure to movements in equity prices.

	Lower than market \$'000	Comparable to market \$'000	Higher than market \$'000
At 31 December 2018	1,694,775 60.3%	592,569 21.1%	523,541 18.6%
At 31 December 2017	2,177,180 67.7%	565,592 17.6%	474,737 14.8%

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

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23) Financial Risk Management (continued)

Equity and ETF Price Risk (continued)

The following Table presents the approximate sensitivity of the net asset value of the Group to a 5% change in the TTSE Composite Index and the S&P 500 Composite Index respectively as at 31 December with all other variables held constant.

	31 December, 2018	31 December, 2017
TTSE Composite Index	\$33.7 million	\$45.5 million
S&P 500 Composite Index	\$41.8 million	\$59.1 million

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group holds a significant portion of fixed rate debt securities, which exposes it to fair value interest rate risk and to cash flow interest rate risk. The exposure arises primarily on the debt securities held by its two Income Funds – the TT Dollar Income Fund and the US Dollar Income Fund. The debt securities held by the Growth and Income Fund, the Universal Retirement Fund and the Corporation also expose the Group to interest rate risk.

The Group manages the overall interest rate risk by making judicious adjustments of the overall weighted average term to maturity (duration) of its portfolios.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

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23) Financial Risk Management (continued)

Interest Rate Risk (continued)

The Group's exposure to interest rate risk as at 31 December, 2018 is summarized below. The Group's assets and liabilities are included at their carrying amount and categorized by the earlier of contractual re-pricing or maturity dates.

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Non-Interest Bearing \$'000	Total \$'000
At 31 December, 2018					
Assets					
Cash & Cash Equivalents	2,090,800				2,090,800
Short-term Investments	6,276,936				6,276,936
Bonds (FVPL)	7,996,527	394,229	1,051,433		9,442,189
Structured Bonds (FVPL)	602,383				602,383
Liabilities					
Net Assets Attributable to Unitholders	-	-	-	(20,438,710)	(20,438,710)
Rate Re-pricing Position	16,966,646	394,229	1,051,433	(20,438,710)	(2,026,402)

The Group's exposure to interest rate risk as at 31 December, 2017 is summarized below.

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Non-Interest Bearing \$'000	Total \$'000
At 31 December, 2017					
Assets					
Cash & Cash Equivalents	3,423,652	-	-	-	3,423,652
Short-term Investments	4,354,798	-	-	-	4,354,798
Bonds	915,565	3,967,201	4,623,130	-	9,505,896
Structured Bonds	607,870	-	-	-	607,870
Liabilities					
Net Assets Attributable to Unitholders	-	-	-	(20,334,197)	(20,334,197)
Rate Re-pricing Position	9,301,885	3,967,201	4,623,130	(20,334,197)	(2,441,981)

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

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23) Financial Risk Management (continued)

Currency Risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Since the TT\$ denominated portfolios contain investments denominated in US\$, these portfolios can be negatively impacted by movements in the US\$/TT\$ exchange rate.

The foreign currency assets and liabilities of the Group at 31 December are summarized below.

	At 31 December, 2018		At 31 December, 2017	
	US\$ (Presented in TT\$) \$'000	Other Foreign Currencies \$'000	US\$ (Presented in TT\$) \$'000	Other Foreign Currencies \$'000
Assets				
Cash & Cash Equivalents	881,118	534	966,506	207
Prepayments and Other Assets	6,378	-	15,928	-
Short-term Investments	1,380,654	-	413,359	-
Bonds measured at fair value through profit or loss	4,242,569	-	4,688,382	-
Structured Bonds measured at fair value through profit or loss	602,383	-	607,870	-
Equities, ETFs, Private Equity & Mutual Funds	1,216,038	-	1,583,043	-
Liabilities				
Net Assets Attributable to Unitholders (see Note 10)	(4,082,668)	-	(4,219,836)	-
Total	4,246,472	534	4,055,252	207

The following analysis shows the effect of a 1% change in the TT dollar relative to the US dollar would have changed the net assets of the Group at 31 December with all other variables held constant.

	2018 TT\$'000	2017 TT\$'000
Approximate change in US\$ holdings	<u>42,465</u>	<u>40,393</u>

Concentration of foreign currency exposure

% of total monetary financial assets	2018	2017
US dollars	42%	28%
% of total financial assets		
US dollars	38%	38%

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

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23) Financial Risk Management (continued)

Credit Risk

Credit risk is the risk that the counter-party to a financial instrument will default on its financial obligations that is, it fails to make full and timely payments of scheduled interest and/or principal sums due.

It is the Group's policy to enter into financial instruments with reputable counterparties.

The Group is exposed to credit risk primarily on debt securities, short-term investments and bank balances. These classes of financial assets are not subject to IFRS 9's impairment requirements as they are measured at FVPL. The carrying value of these assets represents the Group's maximum exposure to credit risk on financial instruments not subject to IFRS 9 impairment requirements on the respective reporting dates. Hence no separate maximum exposure to credit risk disclosure is provided for these instruments.

Credit risk is managed by:

- i. subjecting counter-parties to robust credit risk assessments prior to initial acquisition;
- ii. limiting the acquisition or retention of debt instruments to certain credit ratings; and
- iii. regular review, measurement and monitoring of counter-parties' credit ratings.

The quality of the Group's debt securities, money market fund and bank balances is analyzed in the Table below into high, moderate and low using ratings primarily from international rating agencies and local rating agencies for either the instrument, the issuer, the sponsor in the case of Bond ETFs or the sovereign in the case of State owned entities. In those few instances where instruments were rated internally, the ratings were mapped to the international credit quality grades used by Standard and Poor.

	2018 \$'000	2017 \$'000
Securities rated by S&P as AAA to BBB-, are considered high credit quality instruments		
- Debt securities	8,937	8,020
- Structured bonds	602	608
- Short-term instruments	6,277	4,355
- Bank balances	2,091	3,424
	<u>17,907</u>	<u>16,407</u>
Securities rated by S&P as BB+ to B-, are considered medium credit quality instruments		
- Debt securities	468	1,140
Securities rated by S&P as CCC+ and below, are considered low quality instruments		
- Debt securities	37	346
Total	<u><u>18,412</u></u>	<u><u>17,893</u></u>

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

23) Financial Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset as they become due.

The units of the Growth and Income Fund, the TT\$ Income Fund, the US\$ Income Fund are redeemable on demand. The risk is mitigated in each portfolio by holding adequate cash, cash equivalents and short-term investments. In addition, substantial portions of the investments held by the portfolios are tradable.

The financial liabilities of the Group are summarized by their due dates and shown below. The amounts disclosed are the contractual undiscounted cash flows. The Group has no financial liabilities over one (1) year.

	Less than 1 year \$'000
At 31 December, 2018	
Accounts Payable and Short-term Liabilities	70,045
Distribution Payable	51,291
Other Liabilities	2,110
Net Assets Attributable to Unitholders	<u>20,438,710</u>
Total	<u><u>20,562,156</u></u>
	Less than 1 year \$'000
At 31 December, 2017	
Accounts payable and short-term liabilities	73,996
Distribution Payable	47,905
Other Liabilities	3,594
Net Assets Attributable to Unitholders	<u>20,334,197</u>
Total	<u><u>20,459,692</u></u>

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

23) Financial Risk Management (continued)

Capital Management

The Group's capital consists of Reserves and Retained Earnings. The Group's objectives when managing capital are:

- i. To comply with the capital requirements stipulated by the regulators of the markets where the Group operates;
- ii. To safeguard the Group's ability to continue as a going concern; and
- iii. To provide attractive risk adjusted returns

24) Interests in Corporate Entities

a) Local Corporate Entities

The Corporation has two (2) wholly-owned local subsidiary companies incorporated under the Companies Act 81:01 of the Laws of the Republic of Trinidad and Tobago, namely:

Company	Interest	Principal Place of Business	Date of Incorporation
UTC Financial Services Limited	100%	82, Independence Square, Port of Spain, Trinidad	23 March, 1999
UTC Trust Services Limited	100%	82, Independence Square, Port of Spain, Trinidad	2 June, 1999

All the Directors of the foregoing two companies are Directors of the Corporation. UTC Financial Services Limited carries on the business of a registrar and paying agent, while UTC Trust Services Limited is the registered Trustee for certain bonds.

The assets, liabilities and results of these subsidiaries have been fully incorporated in these Financial Statements.

The auditor for UTC Financial Services Limited is the Auditor General's Department of the Republic of Trinidad and Tobago.

b) Foreign Corporate Entities

The Corporation has two (2) foreign subsidiaries which were consolidated. These are:

Company	Interest	Date of Incorporation	Country of Incorporation
UTC Fund Services, Inc.	100%	8 December, 1997	Delaware, USA
UTC Financial Services USA, Inc.	100%	8 June, 1999	Rhode Island, USA

UTC Fund Services Inc. does not require auditors for any statutory or regulatory purpose. The auditor for the company is as follows:

Company	Auditors
UTC Financial Services USA, Inc.	Accell Audit & Compliance, PA, Tampa, Florida

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

24) Interests in Corporate Entities (continued)

b) Foreign Corporate Entities

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

25) Related-party Transactions

Related parties are individuals or entities that are related to the Group. An individual is related to the Group when that individual or a close member of that individual's family either:

- i. has significant influence over the Corporation or one of its subsidiaries; or
- ii. is a Director or key member of the management of the Corporation or one of its subsidiaries.

An entity is related to the Corporation if the entity is:

- i. a subsidiary of the Corporation;
- ii. an associate of the Corporation;
- iii. in a joint venture with the Corporation; or
- iv. a post-employment benefit plan of either the Corporation or one of its related entities.

Related party transactions and balances, not disclosed elsewhere in these Financial Statements, are disclosed below.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

25) Related-party Transactions (continued)

	2018 \$'000	2017 \$'000
Key management transactions - loans		
Loan balances	<u>334</u>	<u>930</u>
Represented by:		
Balance at beginning of year	930	2,154
Loans advanced during year	-	-
Loan repayments received during year	(596)	(1,224)
Interest income during year	26	67
Interest received during year	<u>(26)</u>	<u>(67)</u>
Balance at end of year	<u>334</u>	<u>930</u>
Key Management transactions - compensation	2018 \$'000	2017 \$'000
Salaries	20,432	21,618
Post-employment benefits	7,813	8,588
Termination benefits	<u>3,657</u>	<u>367</u>
	<u>31,902</u>	<u>30,573</u>
Key Management –balances in Funds managed by the Corporation	2018 \$'000	2017 \$'000
Units held by Key management	<u>1,505</u>	<u>4,881</u>
Other related party transactions - directors remuneration	2018 \$'000	2017 \$'000
Salaries	<u>3,453</u>	<u>3,278</u>
Other related party balances – directors balances in Funds under management	2018 \$'000	2017 \$'000
Units in Funds under management	<u>2,425</u>	<u>1,276</u>

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

25) Related-party Transactions (continued)

All transactions with related parties were undertaken on commercial terms and on an arms-length basis. No expense was recognized in the current or prior year for bad or doubtful debts for amounts owed by any related party.

There were no balances outstanding for related parties except for the loans to key management noted above.

There were no commitments to related parties during the year and no commitments outstanding at the year end.

26) Commitments

At 31 December, the Group had contractual obligations for capital contributions in the amounts of approximately \$20.24 million (2017: \$20.47 million).

27) Contingent Liabilities

At 31 December 2018, there were two matters before the Courts against the Corporation. Both matters are in their early stages and it is not yet possible to form an opinion as to their likely outcome.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

28) Locally domiciled funds

The four (4) locally domiciled Funds controlled by the Corporation are considered subsidiaries for the purposes of IFRS 10 and are consolidated structured entities for the purposes of IFRS 12. The Total Assets of the locally domiciled Funds are shown in the Table below.

	2018 \$'000	2017 \$'000
Growth and Income Fund	4,963,665	4,938,285
TT\$ Income Fund	11,213,479	10,985,913
Universal Retirement Fund	300,328	302,648
US\$ Income Fund	4,115,416	4,202,092
Total assets	20,592,888	20,428,938

The summarized financial information in Notes 29-32 discloses the Corporation's relationship with the Funds and the arrangements that may require the Corporation to provide financial support to the Funds.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

29) Summarized Financial Information – Growth and Income Fund

The Table below summarizes financial information for the Growth and Income Fund (before inter-entity eliminations or consolidation adjustments) for the years 2018 and 2017.

	2018 \$'000	2017 \$'000
Cash and Cash Equivalents	406,686	381,242
Receivables	28,018	35,992
Investment Securities (see Tables below)	4,528,961	4,521,051
Total assets	4,963,665	4,938,285
Liabilities	81,567	73,253
Equity	4,882,098	4,865,032
Total liabilities and equity	4,963,665	4,938,285
Investment Income	85,809	452,436
Net (Loss)/Income available for distribution	(14,374)	265,257
Distribution	(78,717)	(36,242)
Allocations to Reserves (see paragraphs below)	(500)	(1,000)
Other Comprehensive Loss for the year	-	(69,654)
Total Comprehensive (Loss)/Income for the year	(18,795)	191,052
Net cash flow from operating activities	83,159	56,749
Net cash (used in)/flow from investing activities	(96,124)	110,749
Net cash flow from/ (used in) financing activities	38,409	(69,866)
Net change in cash flows for the year	25,444	97,632

The Table below analyses the investment securities held by the Growth and Income Fund.

	2018 \$'000	2017 \$'000
Government Securities	829,042	876,705
Corporate Securities	301,986	299,826
Equity and ETFs (local and foreign)	3,012,227	3,134,300
Short-term Investments	385,706	210,220
Total	4,528,961	4,521,051

The Table below classifies the investment securities held by the Growth and Income Fund

	2018 \$'000	2017 \$'000
Available-for-sale assets	-	4,521,051
Fair value through profit or loss	4,528,961	-
Total	4,528,961	4,521,051

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

29) Summarized Financial Information – Growth and Income Fund (continued)

Growth and Income Fund Reserves

In 1985, in accordance with the provisions of Section 26 (1) and (2) of the Act, 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 2018 the Growth and Income Fund made allocations in the amount of \$0.5 million to the Guarantee Reserve. Calls totaling \$0.9 million were made on the Reserve, of which the Corporation met \$0.4 million. The Corporation has met and will continue to meet any shortfalls in the Guarantee Reserve.

In 2012 the Board approved the establishment of a Secondary Reserve Facility for the Growth and Income Fund (First Unit Scheme). The Secondary Reserve Facility is funded from income of the Growth and Income Fund and income of the Corporation. The Secondary Reserve is used to fund requirements for capital reinstatement and/or distribution liabilities of the Growth and Income Fund. The balance in the Secondary Reserve Facility was nil for 2018 and 2017.

A summary of the transactions in the Growth and Income Fund Guarantee Reserve is provided below.

Fund Reserve	2018 \$'000	2017 \$'000
Fund Reserve as at 1 January	-	-
Allocation to Reserve (Growth and Income Fund)	500	1,000
Call on Reserve	(871)	(1,235)
Allocation to Reserve (Corporation)	371	235
Fund Reserve as at 31 December	-	-

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

29) Summarized Financial Information – Growth and Income Fund (continued)

Growth and Income Fund Reserves (continued)

The Corporation may from time to time transfer a portion of its income to the secondary reserves of the Growth and Income Fund.

No transfers to support the Growth and Income Fund were required during 2018 and 2017. The Corporation is the sponsor of the Growth and Income Fund and is committed to supporting the Fund financially and otherwise as necessary.

30) Summarized Financial Information – TT\$ Income Fund

The Table below summarizes financial information for the TT\$ Income Fund (before inter-entity eliminations or consolidation adjustments) for the years 2018 and 2017.

	2018	2017
	\$'000	\$'000
Cash and Cash Equivalents	625,539	1,650,294
Receivables	250,043	233,011
Investment Securities (see Tables below)	10,337,897	9,102,608
Total assets	11,213,479	10,985,913
Liabilities	36,826	36,103
Equity	11,176,653	10,949,810
Total liabilities and equity	11,213,479	10,985,913
Investment Income	257,534	365,246
Net Income available for distribution	70,712	176,219
Distributions	(135,960)	(127,924)
Allocations to Reserves (see paragraphs below)	(2,800)	(19,867)
Other comprehensive income for the year	-	17,955
Total comprehensive income for the year	70,712	194,174
Net cash flow from operating activities	105,988	126,002
Net cash (used in)/ flow from investing activities	(1,268,930)	680,602
Net cash flow from/ (used in) financing activities	138,187	(105,854)
Net change in cash flows for the year	(1,024,755)	700,750

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

30) Summarized Financial Information – TTS Income Fund (continued)

The Table below analyses the investment securities held by the TT\$ Income Fund

	2018 \$'000	2017 \$'000
Government Securities	3,542,403	3,148,263
Corporate Securities	1,946,421	2,144,840
Short-term Investments	4,849,073	3,809,505
Total	10,337,897	9,102,608

The Table below classifies the investment securities held by the TT\$ Income Fund

	2018 \$'000	2017 \$'000
Available-for-sale assets	-	9,102,608
Amortised cost	4,849,073	-
Fair value through profit or loss	5,488,824	-
Total	10,337,897	9,102,608

TTS Income Fund Reserves

In accordance with the provisions of Section 13 of the TT\$ Income Fund (Second Unit Scheme) Regulations issued under the Act, the Corporation established two reserves in respect of the TT\$ Income Fund - a Primary Reserve and a Secondary Reserve.

The Primary Reserve was established to satisfy any shortfall that may arise on the realization of securities in the portfolio of the Fund.

The Secondary Reserve was established to augment the capital maintenance capability of the Fund and to provide for the funding of any distribution liability which may arise.

The Corporation may from time to time transfer a portion of its income to the Reserves of the TT\$ Income Fund.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

30) Summarized Financial Information – TTS Income Fund (continued)

A summary of the transactions in the TT\$ Income Fund Reserves is provided below.

Primary Reserve	2018	2017
	\$'000	\$'000
Fund reserve as at 1 January	51,299	48,048
Allocation to primary reserve	2,800	2,800
Interest earned on the reserve	578	451
Primary Reserve as at 31 December	54,677	51,299
Secondary Reserve	2018	2017
	\$'000	\$'000
Fund reserve as at 1 January	20,874	3,687
Allocation to secondary reserve	-	17,067
Interest earned on the reserve	230	120
Secondary Reserve as at 31 December	21,104	20,874
Total Fund Reserves as at 31 December	75,781	72,173

The Corporation is the sponsor of the TT\$ Income Fund and is committed to supporting the fund financially and otherwise as and when necessary. No transfers to support the TT\$ Income Fund were required during 2018 and 2017.

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

31) Summarized Financial Information – Universal Retirement Fund

The Table below summarizes financial information for the Universal Retirement Fund (before inter-entity eliminations or consolidation adjustments) for the years 2018 and 2017.

	2018 \$'000	2017 \$'000
Cash and Cash Equivalents	30,398	33,524
Receivables	1,189	2,002
Investment Securities (see Tables below)	268,741	267,122
Total assets	300,328	302,648
Liabilities	3,038	3,128
Equity	297,290	299,520
Total liabilities and equity	300,328	302,648
Investment Income	1,470	33,855
Net (Loss)/Income for capitalization	(5,037)	27,137
Other comprehensive loss for the year	-	(9,968)
Total comprehensive (loss)/income for the year	(5,037)	17,169
Net cash flow from operating activities	2,332	2,973
Net cash (used in)/ flow from investing activities	(9,279)	34,517
Net cash flow from / (used in) financing activities	3,821	(23,651)
Net change in cash flows for the year	(3,126)	13,839

The Table below analyses the investment securities held by the Universal Retirement Fund.

	2018 \$'000	2017 \$'000
Government Securities	40,017	40,143
Corporate Securities	22,578	18,673
Equity and ETFs (local and foreign)	185,840	208,306
Short-term Investments	20,306	-
Total	268,741	267,122

The Table below classifies the investment securities held by the Universal Retirement Fund.

	2018 \$'000	2017 \$'000
Available-for-sale assets	-	267,122
Fair value through profit or loss	268,741	-
Total	268,741	267,122

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

31) Summarized Financial Information – Universal Retirement Fund (continued)

The Corporation is the sponsor of the Universal Retirement Fund and is committed to supporting the fund financially and otherwise as and when necessary. No transfers to support the Universal Retirement Fund were required during 2018 and 2017.

32) Summarized Financial Information – US\$ Income Fund

The Table below summarizes Financial Information for the US\$ Income Fund (before inter-entity eliminations or consolidation adjustments) for the years 2018 and 2017.

	2018 \$'000	2017 \$'000
Cash and Cash Equivalents	339,174	543,125
Receivables	135,729	129,973
Investment Securities (see Tables below)	<u>3,640,513</u>	<u>3,528,994</u>
Total assets	4,115,416	4,202,092
Liabilities	32,748	37,459
Equity	<u>4,082,668</u>	<u>4,164,633</u>
Total liabilities and equity	4,115,416	4,202,092
Investment Income	<u>17,484</u>	<u>139,876</u>
Net (Loss)/Income available for distribution	(45,831)	78,150
Distributions	(34,654)	(33,283)
Allocations to reserves (see paragraphs below)	(11,863)	(14,237)
Other comprehensive income for the year	-	4,964
Total comprehensive (loss)/income for the year	(45,831)	83,114
Net cash flow from operating activities	63,475	25,575
Net cash (used in)/ flow from investing activities	(215,284)	134,575
Net cash used in financing activities	<u>(53,816)</u>	<u>(148,030)</u>
Net change in cash flows for the year	(205,625)	12,120

The Table below analyses the investment securities held by the US\$ Income Fund

	2018 \$'000	2017 \$'000
Government Securities	721,851	557,616
Corporate Securities	2,328,025	2,752,704
Short-term Investments	<u>590,637</u>	<u>218,674</u>
Total	3,640,513	3,528,994

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

32) Summarized Financial Information – US\$ Income Fund (continued)

The Table below classifies the investment securities held by the US\$ Income Fund

	2018 \$'000	2017 \$'000
Available-for-sale assets	-	3,528,994
Amortised cost	590,637	-
Fair value through profit or loss	3,049,876	-
Total	3,640,513	3,528,994

US\$ Income Fund Reserves

In accordance with the provisions of Section 26 (1) and (2) of the Act, the Corporation has established two reserves in respect of the US\$ Income Fund, a Primary Reserve and a Secondary Reserve.

The Primary Reserve was established to satisfy any shortfall that may arise on the realization of securities in the portfolio of the Fund. There were no calls on the reserve during 2018 and 2017.

The Secondary Reserve was established to augment the capital maintenance capability of the Fund and to provide for the funding of any distribution liability which may arise.

A summary of the transactions in the US\$ Income Fund Reserves is provided below.

	2018 \$'000	2017 \$'000
Primary Reserve		
Fund reserve as at 1 January	48,720	40,322
Allocation to primary reserve	8,122	8,115
Interest earned on the reserve	433	228
Foreign exchange revaluation	152	55
Primary Reserve as at 31 December	57,427	48,720
Secondary Reserve		
Fund reserve as at 1 January	32,999	26,686
Allocation to secondary reserve	3,716	6,122
Interest earned on the reserve	293	155
Revaluation	98	36
Secondary Reserve as at 31 December	37,106	32,999
Total Fund Reserves as at 31 December	94,533	81,719

Trinidad and Tobago Unit Trust Corporation

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

32) Summarized Financial Information – US\$ Income Fund (continued)

US\$ Income Fund Reserves (continued)

The Corporation is the sponsor of the US\$ Income Fund and is committed to supporting the Fund financially and otherwise as and when necessary. No transfers to support the US\$ Income Fund were required during 2018 and 2017.

33) Discontinued Operations

As at 31 December 2018

UTC North American Fund Inc.

On 20th December 2018, UTC North American Fund, an investment company organized under the Investment Act 1940 of the United States of America and a subsidiary of the Corporation ceased operations. All assets and liabilities were settled at the close of 2018. The Group's share of the net loss for the period was \$34.6 million.

As at 31 December 2017, the total assets of UTC North American Fund was \$300 million and the Group's share of net profit for the year was \$10.4 million.

UTC Fund Services a wholly owned subsidiary of the Corporation and investment advisor to the North American Fund remains active. UTC Financial Services USA a wholly owned subsidiary of UTC Fund Services Inc, the distributor for the North American Fund's shares also remains active at the close of 2018. The Board of the Corporation is deliberating the future of these companies.

As at 31 December 2017

UTC Energy Investment Limited

On 2nd October 2014, UTC Energy Investments Limited, a wholly owned subsidiary of the Corporation, filed a Certificate of Dissolution with the Secretary of State of Delaware, United States of America. Notwithstanding the filing in 2014, reversal of the dissolution was under active consideration during the first quarter of 2015. Subsequently, on the sale of its only asset during March 2015, a final decision was taken to allow the dissolution to proceed. The company has been inactive, for all intents and purposes, since March 2015. The winding up procedures were completed on 2nd October 2017.

The provisions for the winding up expenses and taxes were in excess of requirements by \$6.9 million.

34) Approval of the Financial Statements

These Financial Statements were approved by the Board of Directors and authorized for issue on 22 February 2019.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTICE

Annual General Meeting

In accordance with Section 31, sub-sections (2) & (3) of the Unit Trust Corporation of Trinidad and Tobago Act, Ch. 83:03, Notice is hereby given that the Thirty-seventh (37th) Annual General Meeting of the Trinidad and Tobago Unit Trust Corporation will be held at

**10:00 a.m. on Monday 27th May, 2019 at the
National Academy for the Performing Arts (NAPA)
Frederick Street, Port of Spain**

*Persons wishing to view the AGM online can do so via live stream -
Log on to www.ttutc.com from 10:00 a.m. to 11:00 a.m.*

to conduct the following business:

1. Receive the Corporation's Audited Balance Sheet and Accounts for the year ended December 31st, 2018
2. Receive the Report of the Auditor General on the Consolidated Financial Statements of the Corporation

Registration:

We encourage all interested persons to pre-register at any of UTC's Investment Centres, Agencies or via UTC's website www.ttutc.com, before Thursday 23rd May, 2019. Registration on the day of the AGM begins promptly at 8:00 a.m. All unitholders must provide a valid form of identification (National ID, Drivers' Permit or Passport).

By Order of the Board

Dawn Seepersad
GENERAL COUNSEL &
CORPORATE SECRETARY
18th April, 2019
82 Independence Square
Port of Spain



Partners for Life

Design:

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