

**UNIT TRUST**  
CORPORATION



*As the Trinidad and Tobago Unit Trust Corporation celebrates its 30th year as an indigenous financial institution, we are encouraged by the contribution we have made to the development of the domestic financial sector and the investing community.*

*With over 570,000 unitholders, touching virtually every household, the Corporation has weaved itself into the fabric of the nation and left an indelible mark on the financial landscape.*

*We have demonstrated our unwavering commitment to the financial well-being of our citizens as we continue to deliver safe, secure and stable investments. Having been entrusted with this mission, our goal is to create new products that will resonate with our customers and which will meet their financial needs.*

*We believe that anniversaries present an opportunity to **renew** commitments to our customers, employees and key stakeholders.*

*It also helps us to **recognise** our company's heritage, growth, progress and accomplishments, as well as our employees' contributions to the growth and success of the business.*

*An anniversary also allows us to **re-energise** the company's image with an eye towards future innovation, continued growth and seeks to **rally** key constituents for the next phase of competitive sustainability.*

*As we move beyond the 30th year milestone and chart the future, we give the assurance that the Corporation will continue to have a focused vision on being the people's preferred financial services provider in the region.*

*Safety, strength and stability, these are the watchwords of the Corporation and are key to staying the course.*

**30 Years**





## ***Our* Mission**

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

## ***Our* Vision**

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



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# Corporate Information

## BOARD OF DIRECTORS

Chairman

- Ms. Amoy Chang Fong

Executive Director

- Ms. Eutrice Carrington

Directors

- Mr. Leonardo Ambrose (Life Insurance Companies Representative)
- Mrs. Michal Y. Andrews (Independent)
- Mr. Terrence Bharath (Independent)
- Mr. Krishna Boodhai (Banks and Non-Bank Financial Institutions Representative) - (August 2nd to December 2nd, 2011)
- Mr. Peter Clarke (Life Insurance Companies Representative)
- Mr. Alan Fitzwilliam (Banks and Non-Bank Financial Institutions Representative) - (up to July 31st, 2011)
- Mr. Dennis Gurley (Banks and Non-Bank Financial Institutions Representative)
- Ms. Joan John (Central Bank Representative)
- Ms. Sharon Mohammed (Ministry of Finance Representative)
- Ms. Patricia Ilkhtchoui (Corporate Secretary)



Ms. Patricia Ilkhtchoui

## CHANGES IN THE BOARD

Ms. Sharon Mohammed (Representative of the Ministry of Finance) was appointed to the Board of Directors under section 7(1)(d) of the Unit Trust Corporation of Trinidad and Tobago Act, 1981 (ACT) for a period of two (2) years with effect from January 18th, 2011.

Ms. Kristine Gibbon-Thompson (Representative of Life Insurance Companies) resigned from the Board of Directors of the Trinidad and Tobago Unit Trust Corporation effective February 1st, 2011 and Mr. Leonardo Ambrose was appointed to the Board in place of Ms. Gibbon-Thompson for a period of four years with effect from April 15th, 2011 in accordance with section 7(1) (f) of the ACT.

Ms. Eutrice Carrington was appointed Executive Director effective February 8th, 2011 in accordance with section 7(1)(b) of the ACT.

Ms. Amoy Chang Fong was re-appointed as Chairman of the Board of Directors of the Unit Trust Corporation in accordance with section 7(1) (a), (6) & 10(1) of the ACT with effect from April 1st, 2011.

Mr. Peter Clarke (Representative of Life Insurance Companies) and Mr. Dennis Gurley (Representative of Banks and Non-Bank Financial Institutions) were re-appointed to the Board of the Corporation effective April 15th, 2011, in accordance with section 7(1) (f), (6) of the ACT.

Mr. Alan Fitzwilliam (Representative of Banks and Non-Bank Financial Institutions) resigned from the Board of Directors of the Unit Trust Corporation effective July 31st, 2011, and Mr. Krishna Boodhai was appointed to the Board in place of Mr. Fitzwilliam effective August 2nd, 2011, in accordance with section 7(1)(f) and (5) of the ACT. Mr. Boodhai resigned from the Board effective December 2nd, 2011.

Mr. Terrence Bharath and Mrs. Michal Y. Andrews, both Independent Directors, were re-appointed by the Board of Directors under section 7, sub-sections (2), (5A) & (6) of the ACT for a period of one (1) year with effect from April 23rd, 2011.

## CORPORATE OFFICES

Head Office and Main Customer  
Service Centre

### PORT OF SPAIN

UTC Financial Centre  
82 Independence Square  
Port of Spain  
Tel: (868) 625-UNIT (8648)  
Fax (868) 624-0819  
E-mail: [utc@ttutc.com](mailto:utc@ttutc.com)  
Website: <http://www.ttutc.com>

## CUSTOMER SERVICE CENTRES

### ARIMA

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

### CHAGUANAS

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

### COUVA

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

### MOVIETOWNE

#61 Level 2  
Movie Towne Boulevard  
Invaders Bay, Audrey Jeffers Highway  
Port of Spain  
Tel: (868) 625-UNIT (8648)  
Fax: (868) 624-0988

### ONE WOODBROOK PLACE

Unit #27, One Woodbrook Place  
189 Tragarete Road  
Port of Spain  
Tel: (868) 625-UNIT (8648)  
Fax: (868) 628-4879

### POINT FORTIN

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

### SANGRE GRANDE

Sinanan Building  
2 Eastern Main Road  
Sangre Grande  
(868) 668-6475/691-UNIT (8648)  
Fax: (868) 668-3872

### SAN FERNANDO

19-21 High Street  
San Fernando  
Tel: (868) 657-UNIT(8648)/657-0041  
Fax (868) 652-0620

### TOBAGO

Cor. Castries & Main Streets  
Scarborough  
Tobago  
Tel: (868) 639-5096/3921  
Fax: (868) 660-7730

## AGENCIES

### GARTH THOMAS

Shoppe D 09 C Ground Level South,  
Gulf City Shopping Complex  
La Romaine  
Tel: (868) 652-8031  
Fax: (868) 653-8709

### JOVAN SANKAR-PAUL

2nd Floor  
216 S.S. Erin Road  
Debe  
Tel: (868) 647-2721  
Fax: (868) 647-2201

### SAMUEL SAUNDERS

Unit 2-15  
Level 2, Trincity Mall  
Trincity  
Tel/Fax: (868) 640-8589

### GLEN MIGUEL FIGUERA

Unit 21 Shoppes of Maraval  
Maraval  
Tel/Fax: (868) 628-0809

### MICHAEL REDHEAD

Suites 11 & 12 Tropical Plaza  
Pointe-a-Pierre  
Tel/Fax: (868) 658-SAVE (7283)  
Fax: (868) 658-7340

### OPUFIN LTD (Tunapuna Agency)

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

## BANKERS

### LOCAL

#### CENTRAL BANK OF TRINIDAD AND TOBAGO

Central Bank Building  
Eric Williams Plaza  
Independence Square  
Port of Spain

#### REPUBLIC BANK LIMITED

Promenade Centre  
72 Independence Square  
Port of Spain

#### RBC ROYAL BANK (TRINIDAD & TOBAGO) LIMITED

55 Independence Square  
Port of Spain

#### CITIBANK (TRINIDAD AND TOBAGO) LIMITED

12 Queen's Park East  
Port of Spain

#### FIRST CITIZENS BANK LIMITED

62 Independence Square  
Port of Spain

### OVERSEAS

#### CITIBANK N.A.

11 Wall Street  
New York  
U.S.A.  
New York, NY

# Corporate Information

## AUDITORS

### EXTERNAL

#### AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD & TOBAGO

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

### INTERNAL

#### PRICEWATERHOUSECOOPERS

Chartered Accountants  
11-13 Victoria Avenue  
Port of Spain

## ATTORNEYS

### LOCAL

#### FITZWILLIAM, STONE, FURNESS SMITH & MORGAN

40-45 Sackville Street  
Port of Spain

#### MAIR & COMPANY

50 Richmond Street  
Port of Spain

#### POLLONAI, BLANC, DE LA BASTIDE & JACELON

Pembroke Court  
17-19 Pembroke Street  
Port of Spain

### OVERSEAS

#### FOLEY & LARDNER

Firststar Center  
777 East Wisconsin Avenue  
Milwaukee  
Wisconsin 53202-5367  
USA

#### KELLY DRYE & WARREN LLP

101 Park Avenue  
New York, NY

#### CAMPBELL CORPORATE SERVICES LTD.

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

## CONTRIBUTORS TO THE INITIAL CAPITAL

Central Bank of Trinidad & Tobago  
The National Insurance Board

### COMMERCIAL BANKS

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

### NON-BANK FINANCIAL INSTITUTIONS

ANSA Finance & Merchant Bank Limited  
Caribbean Finance Company Limited  
Clico Investment Bank  
First Citizens Trust & Merchant Bank Limited  
General Finance Corporation Limited  
RBTT Trust Limited  
RBTT Merchant Bank & Finance Company  
Republic Finance & Merchant Bank Limited (FINCOR)  
Scotiabank & Merchant Bank Trinidad & Tobago Limited

### LIFE INSURANCE COMPANIES

- American Life and General Insurance Co. (Trinidad & Tobago) Ltd.
- Banc Assurance Caribbean Limited (formerly Crown Life (Caribbean) Limited – wholly-owned subsidiary of Guardian Life of the Caribbean Limited)

- British-American Insurance Company (Trinidad) Limited
- Caribbean Atlantic Life Insurance Company T&T Limited (operations managed by Guardian Life of the Caribbean Limited)
- Colonial Life Insurance Company (Trinidad) Limited
- Cuna Caribbean Insurance Society Limited
- The Demerara Life Assurance Company of Trinidad and Tobago
- Guardian Life of the Caribbean Limited
- Life of Barbados Limited (wholly-owned subsidiary of Sagicor)
- Maritime Life (Caribbean) Limited
- MEGA Insurance Company Limited
- Nationwide Insurance Co. Limited (wholly-owned subsidiary of Sagicor)
- Sagicor Financial Corporation (formerly Barbados Mutual Life Assurance Society – the Mutual)
- Tatil Life Assurance Company Ltd.
- Winsure Life Insurance Company Limited (transferred and assigned to Maritime Life (Caribbean) Limited)

# *Board of Directors*



**Peter Clarke**

*Insurance Representative*

**Leonardo  
Ambrose**

*Insurance Representative*

*(Joined the Board  
April 15, 2011)*

**Amoy Chang Fong**

*Chairman*

**Eutrice Carrington**

*Executive Director*

*(Appointed February 8, 2011)*



**Joan John**  
*Central Bank Representative*

**Dennis Gurley**  
*Bankers Association  
Representative*

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

**Terrence Bharath**  
*Independent*

**Michal Y. Andrews**  
*Independent*

# ***Executive Management***

***Eutrice Carrington***  
*Executive Director*

***Marilyn Clarke-Andrews***  
*Chief Financial Officer*

***Gayle Daniel-Worrell***  
*Vice President, Marketing,  
Communication and Distribution Channels*

***Kriss Marcus***  
*Vice President, Investment Management Services*

***Michelle Persad***  
*Group Treasurer*

***Derrick Redman***  
*Vice President, Corporate Affairs*

***Amoy Van Lowe***  
*Officer in Charge of Financial Advisory  
and Wealth Management*

***Ulric Warner***  
*Vice President, Administration and  
Corporate Support Services*

***Pamela Williams***  
*Vice President, Office of Strategy Management*



**Renew**

**TRINICOM**

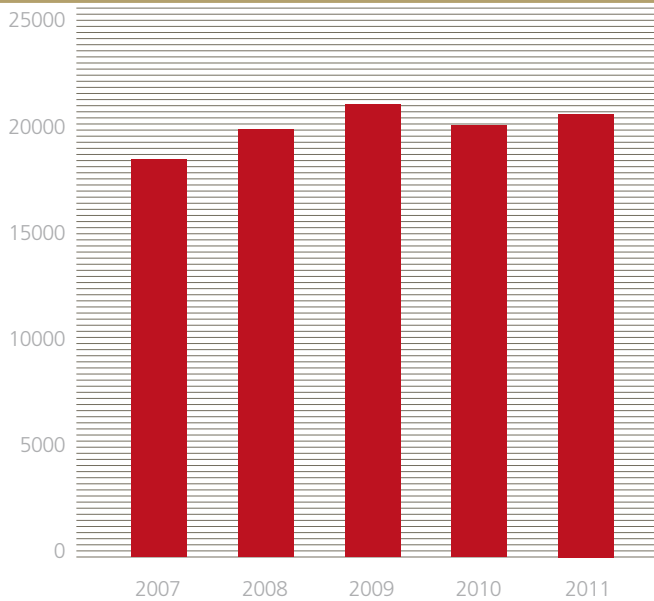
*In celebration of our 30th year of success and standing proud in the face of numerous challenges, **we renew our commitment** to our unitholders to provide them with superior service and expertise to enhance their financial well-being. As an indigenous financial institution, we have transformed the financial landscape of Trinidad and Tobago and carved a niche for ourselves. To this end, we remain focused on improving our ability to offer safe, stable and secure investments to our unitholders.*



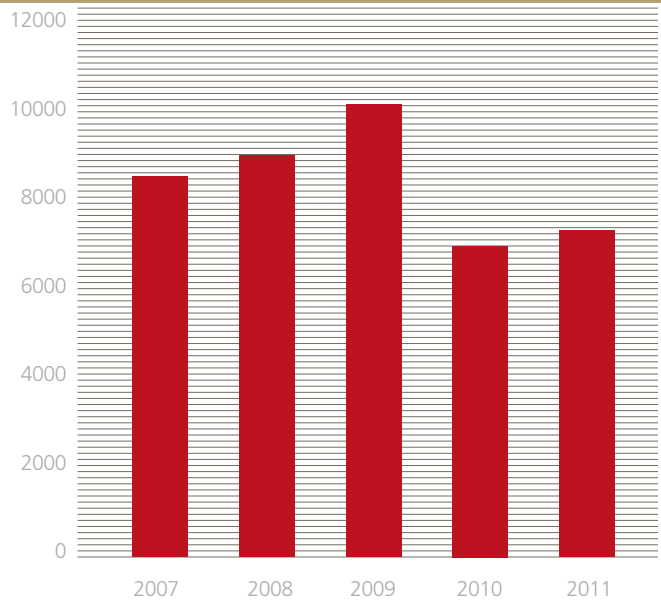
# PERFORMANCE HIGHLIGHTS

	2007	2008	2009	2010	2011
<b>ASSETS UNDER MANAGEMENT</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
Growth & Income Fund	4 711.25	3 468.31	3 123.82	3 031.23	3 302.75
TT\$ Income Fund	7 192.86	7 972.32	10 345.82	10 138.22	10 556.78
Universal Retirement Fund	153.37	138.67	149.26	162.90	186.92
US\$ Income Fund	4 343.64	3 995.19	4 830.43	4 140.49	4 098.40
UTC Energy Fund	37.32	27.51	30.15	32.78	39.39
UTC Latin American Fund	0.25	6.22	6.71	8.12	7.09
UTC European Fund	0.47	5.75	6.38	6.67	5.96
UTC Asia Pacific Fund	0.72	9.44	9.39	13.70	11.92
UTC Global Bond Fund	0.51	8.90	9.90	10.72	10.64
UTC North American Fund	100.90	190.75	215.20	195.29	189.41
Belize Money Market Fund	96.02	102.22	85.40	24.03	-
Pension & Other Funds	695.66	649.47	596.09	528.98	560.54
Treasury portfolio	1 746.82	3 391.82	3 160.08	2 587.63	2 557.31
<b>Total Assets Under Management (\$M)</b>	<b>19 079.79</b>	<b>19 966.57</b>	<b>22 568.63</b>	<b>20 880.76</b>	<b>21 527.11</b>
<b>MUTUAL FUND SALES FOR THE YEAR</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
Growth & Income Fund	486.65	516.81	684.96	327.61	408.64
TT\$ Income Fund	4 340.19	4 871.89	6 932.21	4 912.84	4 975.55
Universal Retirement Fund	16.60	23.23	23.79	23.21	22.50
US\$ Income Fund	3 364.34	2 993.13	2 548.93	1 808.49	1 566.10
UTC Energy Fund	34.72	4.19	4.21	52.62	201.21
UTC Latin American Fund	0.27	6.45	0.12	0.51	0.65
UTC European Fund	0.50	6.45	0.08	0.23	0.08
UTC Asia Pacific Fund	0.76	9.13	0.33	3.62	0.53
UTC Global Bond Fund	0.51	9.85	0.13	0.56	0.28
UTC North American Fund	1.53	130.06	1.93	1.70	1.12
Belize Money Market Fund	13.62	18.21	7.89	9.27	1.37
<b>Total Sales</b>	<b>8 259.69</b>	<b>8 589.40</b>	<b>10 204.58</b>	<b>7 140.66</b>	<b>7 178.03</b>
<b>Funds Mobilised (\$M) to date</b>	<b>57 002.88</b>	<b>65 593.81</b>	<b>75 798.41</b>	<b>82 939.07</b>	<b>90 116.57</b>
<b>Unitholder Accounts to date</b>	<b>668 755</b>	<b>709 603</b>	<b>742 996</b>	<b>764 685</b>	<b>784 107</b>

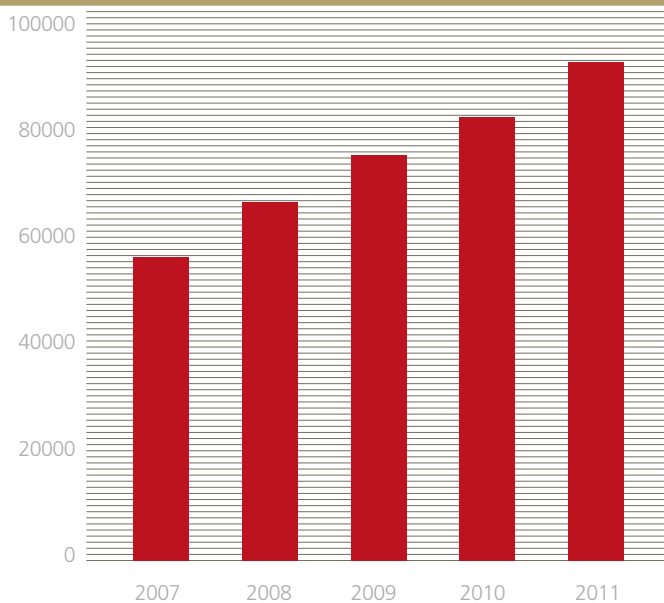
# PERFORMANCE HIGHLIGHTS



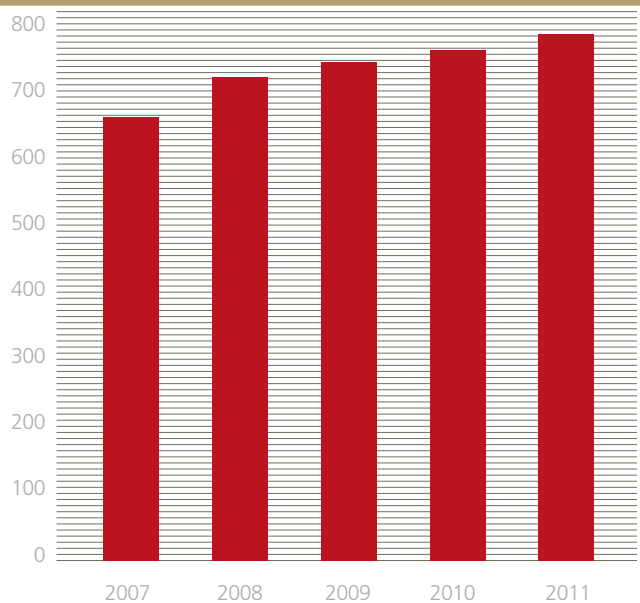
**Total Assets Under Management (\$M)**



**Total Sales (\$M)**



**Funds Mobilised (\$M)**



**Unitholders Accounts (K)**

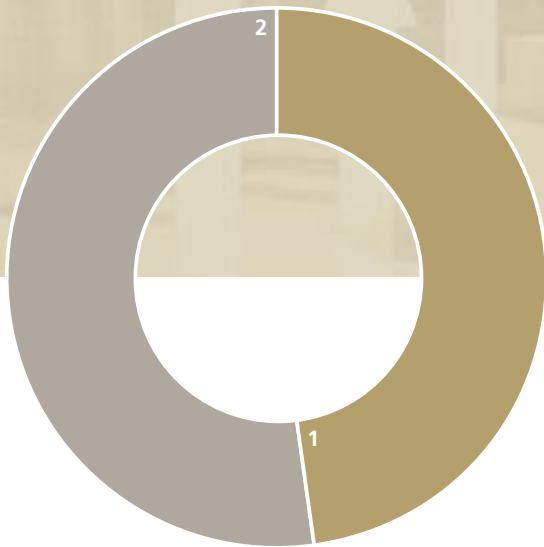
Trinidad and Tobago Unit Trust Corporation  
**TT DOLLAR INCOME FUND**  
**TOP TEN HOLDINGS**

As at December 31, 2011

HOLDINGS	% of Portfolio
OMO Treasury Bill 957	4.79
Government of Trinidad & Tobago TT\$1,000MN FXRB 6.0% due 2031	4.57
OMO Treasury Bill 955	3.77
OMO Treasury Bill 972	3.76
OMO Treasury Bill 952	3.30
Gov't of Trinidad & Tobago \$1Bn 15 Yrs 7.75% FXRB 2024	2.84
OMO Treasury Bill 949	2.83
OMO Treasury Bill 951	2.83
OMO Treasury Bill 951	2.36
Republic Bank Limited \$1Bn 10 Yrs 8.55% FXRB 2018	2.09
<b>TOTAL</b>	<b><u>33.14</u></b>

**ASSET ALLOCATION  
FOR TT\$ INCOME FUND**

- 1. Bonds **47.98%**
- 2. Cash and Cash Equivalents **52.02%**



**TT DOLLAR INCOME FUND**  
**PORTFOLIO OF INVESTMENTS**

As at December 31, 2011  
 Expressed in Trinidad and Tobago Dollars

	MARKET VALUE 2011, TT\$
CORPORATE SECURITIES	2,261,276,530
GOVERNMENT AND GOVERNMENT GUARANTEED SECURITIES	2,804,114,100
MUTUAL FUND UNITS	12,932,476
SHORT TERM INVESTMENTS	3,901,363,487
CASH AND CASH EQUIVALENTS	1,374,500,142
OTHER ASSETS IN EXCESS OF LIABILITIES	202,589,887
<b>NET ASSETS</b>	<b><u>10,556,776,622</u></b>

Trinidad and Tobago Unit Trust Corporation

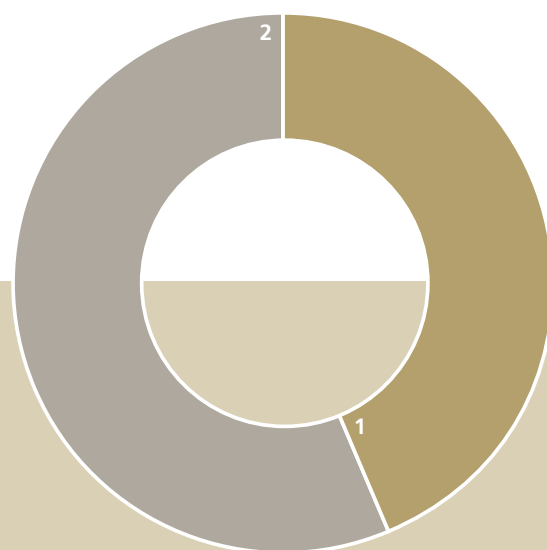
## US DOLLAR INCOME FUND TOP TEN HOLDINGS

As at December 31, 2011

HOLDINGS	% of Portfolio
Deutsche Bank \$75Mn FI-Rate Protected Invest-Alpha Notes 2012	3.86
Petrotrin 9.75% Fixed Rate Bond due 2019	3.65
Citigroup Funding Inc. 5 year Non-Callable CMS Part. Notes	3.47
Sagikor Financial US\$150Mn 10 Yrs 7.50% Eurobond 2016	2.73
ANSA Merchant Bank Ltd 25MN 3.40% FXB Due 2014 Tranche 1	2.32
Lloyds TSB Bank fixed to float bond 10yr CMS 2020	1.99
Barclays Bank fixed to float bond non callable 3mths libor	1.98
Gov't of Belize Step-Up Eurobond \$546.8Mn 22 Yrs FXRB 2029	1.72
Atlantic LNG 270.6M Snr Unsecured Libor+110bps FLRB due 2018	1.55
Gov't of St Kitts & Nevis \$15 Mn 10Yrs 9.00% FXRB 2012 Ser-B	<u>1.55</u>
<b>TOTAL</b>	<b><u><u>24.82</u></u></b>

### ASSET ALLOCATION FOR US\$ INCOME FUND

- 1. Bonds **45.88%**
- 2. Cash and Cash Equivalents **54.12%**



## US DOLLAR INCOME FUND PORTFOLIO OF INVESTMENTS

As at December 31, 2011

Expressed in Trinidad and Tobago Dollars

	MARKET VALUE 2011, TT\$
CORPORATE SECURITIES	1,566,080,623
GOVERNMENT AND GOVERNMENT GUARANTEED SECURITIES	231,155,193
MUTUAL FUND UNITS	83,335,043
SHORT TERM INVESTMENTS	1,626,939,347
CASH AND CASH EQUIVALENTS	461,180,579
OTHER ASSETS IN EXCESS OF LIABILITIES	<u>129,712,462</u>
<b>NET ASSETS</b>	<b><u><u>4,098,403,247</u></u></b>

Trinidad and Tobago Unit Trust Corporation

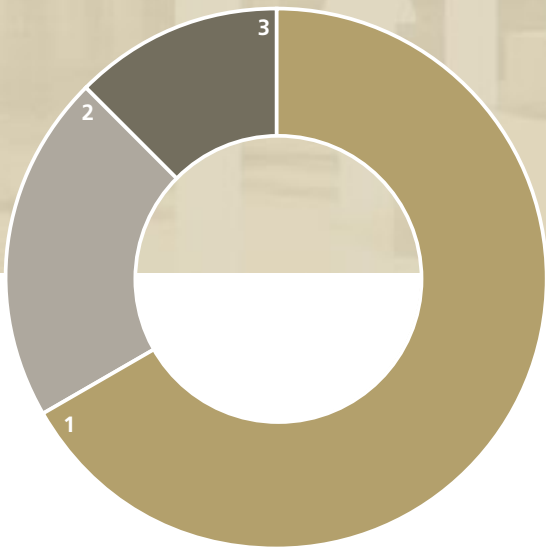
## GROWTH AND INCOME FUND TOP TEN HOLDINGS

As at December 31, 2011

HOLDINGS	% of Portfolio
Scotiabank Trinidad and Tobago Limited	8.38
Republic Bank Limited	7.63
ANSA McAl Limited	6.84
Neal & Massy Holdings Limited	6.15
Global Infrastructure Partners - C.L.P.	3.80
iShares S&P Global 100 Index Fund	3.67
Guardian Holdings Limited	2.52
UDECOTT Gov Office Campus Project Fin Facil \$2.40Bn VRB 2025	2.35
Berkshire Hathaway Inc Class B	2.20
National Enterprises Limited	2.16
<b>TOTAL</b>	<b><u>45.70</u></b>

### ASSET ALLOCATION FOR GROWTH & INCOME FUND

1. Equities	<b>66.70%</b>
2. Bonds	<b>20.95%</b>
3. Cash and Cash Equivalents	<b>12.35%</b>



## GROWTH AND INCOME FUND PORTFOLIO OF INVESTMENTS

As at December 31, 2011

Expressed in Trinidad and Tobago Dollars

	MARKET VALUE 2011, TT\$
CORPORATE SECURITIES	135,966,121
GOVERNMENT AND GOVERNMENT GUARANTEED SECURITIES	507,913,805
EQUITIES	2,272,089,311
SHORT TERM INVESTMENTS	69,647,285
CASH AND CASH EQUIVALENTS	420,768,412
OTHER LIABILITIES IN EXCESS OF ASSETS	(96,190,904)
<b>TOTAL NET ASSETS</b>	<b><u>3,310,194,030</u></b>

Trinidad and Tobago Unit Trust Corporation

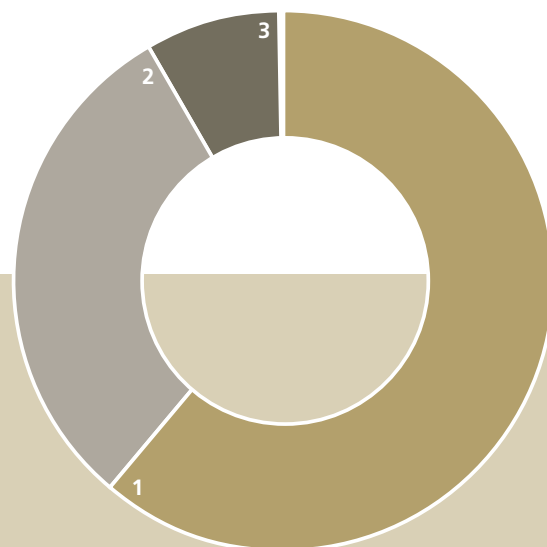
## UNIVERSAL RETIREMENT FUND TOP TEN HOLDINGS

As at December 31, 2011

HOLDINGS	% of Portfolio
Neal & Massy Holdings Limited	5.11
ANSA McAl Limited	5.00
ANSA Merchant Bank Limited	4.74
Global Infrastructure Partners - C.L.P.	4.29
Republic Bank Limited \$1Bn 10 Yrs 8.55% FXRB 2018	4.28
Republic Bank Limited	4.26
Scotiabank Trinidad and Tobago Limited	4.01
National Enterprises Limited	3.94
Greylock Global Opportunity Fund (Offshore) Ltd	3.83
Guardian Holdings Limited	3.09
<b>TOTAL</b>	<b><u>42.55</u></b>

### ASSET ALLOCATION FOR UNIVERSAL RETIREMENT FUND

1. Equities	<b>61.31%</b>
2. Bonds	<b>30.38%</b>
3. Cash and Cash Equivalents	<b>8.31%</b>



## UNIVERSAL RETIREMENT FUND PORTFOLIO OF INVESTMENTS

As at December 31, 2011

Expressed in Trinidad and Tobago Dollars

	MARKET VALUE 2011, TT\$
CORPORATE SECURITIES	35,906,150
GOVERNMENT AND GOVERNMENT GUARANTEED SECURITIES	20,886,267
EQUITIES	114,585,195
CASH AND CASH EQUIVALENTS	14,186,851
OTHER ASSETS IN EXCESS OF LIABILITIES	1,352,959
<b>TOTAL NET ASSETS</b>	<b><u>186,917,422</u></b>

## Unit Trust Corporation (Cayman) SPC Limited

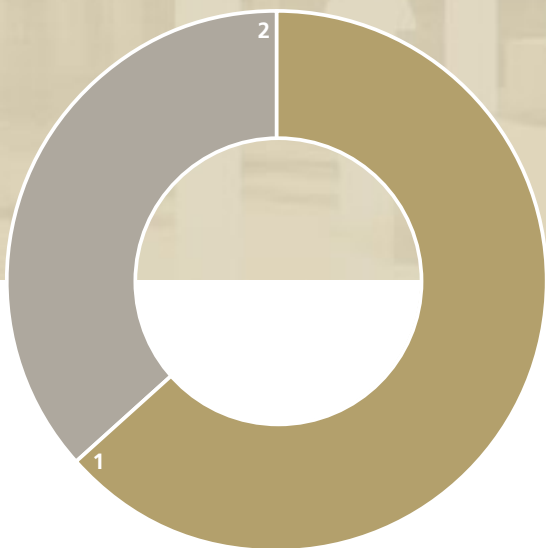
# ENERGY FUND TOP TEN HOLDINGS

As at December 31, 2011

HOLDINGS	% of Portfolio
Vanguard Energy ETF	7.83
Chevron Corporation	7.35
Energy Select Sector SPDR Fund	7.01
Exxon Mobil Corporation	6.38
Schlumberger Ltd	3.62
SPDR S&P Oil & Gas Equipment & Services ETF	3.55
Merrill Lynch Oil Service HOLDRS Trust Depository Receipts	3.31
Apache Corporation	3.19
Occidental Petroleum Corporation	2.33
SPDR Oil & Gas Equipment & Services ETF	2.29
<b>TOTAL</b>	<b><u>46.86</u></b>

### ASSET ALLOCATION FOR ENERGY FUND

- 1. Equities **63.43%**
- 2. Cash and Cash Equivalents **36.57%**



## ENERGY FUND PORTFOLIO OF INVESTMENTS

As at December 31, 2011  
Expressed in United States Dollars

	MARKET VALUE 2011, US\$
EQUITIES	3,958,300
CASH AND CASH EQUIVALENTS	1,580,805
OTHER ASSETS IN EXCESS OF LIABILITIES	700,943
<b>TOTAL NET ASSETS</b>	<b><u>6,240,048</u></b>

Unit Trust Corporation (Cayman) SPC Limited

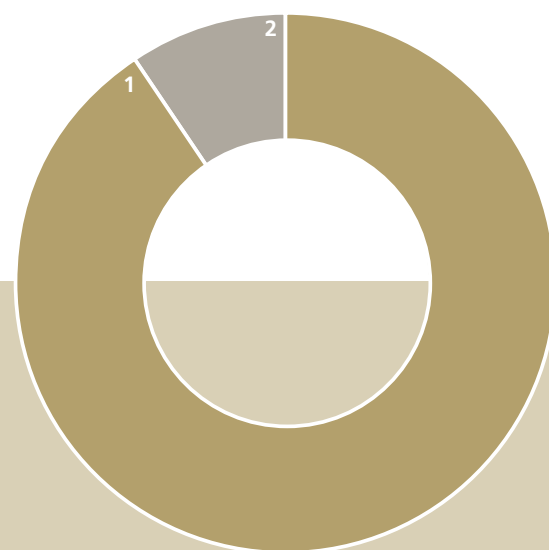
## ASIA PACIFIC FUND TOP TEN HOLDINGS

As at December 31, 2011

HOLDINGS	% of Portfolio
WisdomTree Japan Hedged Equity Fund	7.69
iShares MSCI Japan Index Fund	7.44
iShares MSCI Singapore Index Fund	6.74
Maxis Nikkei 225 Index Fund ETF	5.81
PowerShares India Portfolio	5.73
iShares MSCI South Korea Index Fund	5.59
Jardine Matheson Holdings Limited - ADR	4.97
iShares MSCI Taiwan Index Fund	4.95
iShares MSCI Hong Kong Index Fund	4.39
iShares MSCI Malaysia Index Fund	4.13
<b>TOTAL</b>	<b><u><u>57.44</u></u></b>

### ASSET ALLOCATION FOR ASIA PACIFIC FUND

1. Equities	<b>90.81%</b>
2. Cash and Cash Equivalents	<b>9.19%</b>



## ASIA PACIFIC FUND PORTFOLIO OF INVESTMENTS

As at December 31, 2011  
Expressed in United States Dollars

	MARKET VALUE 2011, US\$
EQUITIES	1,710,425
CASH AND CASH EQUIVALENTS	215,403
OTHER LIABILITIES IN EXCESS OF ASSETS	(42,374)
<b>TOTAL NET ASSETS</b>	<b><u><u>1,883,454</u></u></b>

Unit Trust Corporation (Cayman) SPC Limited

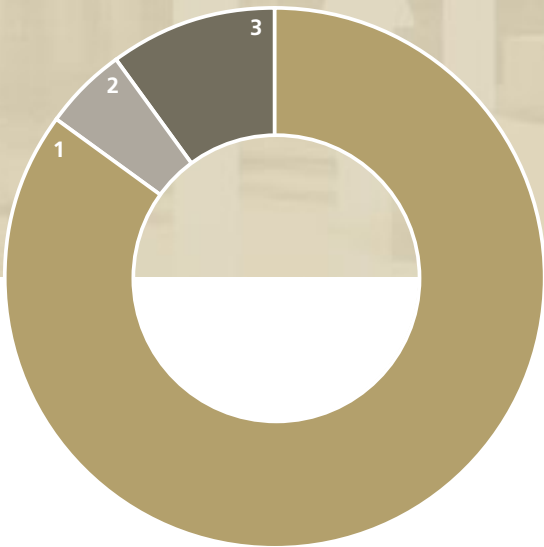
**EUROPEAN FUND  
TOP TEN HOLDINGS**

As at December 31, 2011

HOLDINGS	% of Portfolio
iShares S&P Europe 350 Index Fund	8.84
Vanguard MSCI European ETF	7.48
iShares MSCI Germany Index Fund	7.27
Central Europe and Russia Fund Inc	6.40
iShares MSCI United Kingdom Index Fund	4.15
iShares MSCI EMU Index Fund	3.71
Syngenta AG - ADR	3.61
British American Tobacco PLC - ADR	3.08
Anheuser Busch InBev - ADR	2.90
NOVARTIS AG	2.85
<b>TOTAL</b>	<b><u>50.29</u></b>

**ASSET ALLOCATION  
FOR EUROPEAN FUND**

1. Equities	<b>88.50%</b>
2. Bonds	<b>3.32%</b>
3. Cash and Cash Equivalents	<b>8.18%</b>



**EUROPEAN FUND  
PORTFOLIO OF INVESTMENTS**

As at December 31, 2011  
Expressed in United States Dollars

	MARKET VALUE 2011, US\$
EQUITIES	832,016
CORPORATE SECURITIES	31,222
CASH AND CASH EQUIVALENTS	94,685
OTHER LIABILITIES IN EXCESS OF ASSETS	(17,764)
<b>TOTAL NET ASSETS</b>	<b><u>940,159</u></b>

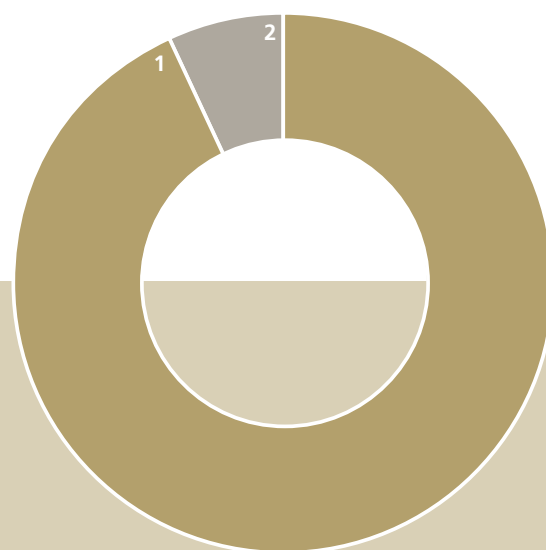
Unit Trust Corporation (Cayman) SPC Limited  
**LATIN AMERICAN FUND**  
**TOP TEN HOLDINGS**

As at December 31, 2011

HOLDINGS	% of Portfolio
iShares S&P Latin America 40 Index Fund	9.46
VALE SA ADR	6.90
Coca Cola Femsa S.A.B de C.V - ADR	5.97
SPDR S&P Emerging Latin America ETF	5.75
Market Vectors Brazil Small Cap ETF	5.58
iShares MSCI Mexico Investable Market Index Fund	5.27
iShares MSCI Brazil Index Fund	5.26
iShares MSCI All Peru Capped Index Fund	5.15
SPDR Gold Shares	4.88
Emerging Global Shares INDXX Brazil Infrastructure Index ETF	4.56
<b>TOTAL</b>	<b><u>58.78</u></b>

**ASSET ALLOCATION FOR  
LATIN AMERICAN FUND**

1. Equities	<b>93.29%</b>
2. Bonds	<b>6.71%</b>



**LATIN AMERICAN FUND**  
**PORTFOLIO OF INVESTMENTS**

As at December 31, 2011  
Expressed in United States Dollars

	MARKET VALUE 2011, US\$
EQUITIES	1,046,447
CASH AND CASH EQUIVALENTS	94,845
OTHER LIABILITIES IN EXCESS OF ASSETS	(19,572)
<b>TOTAL NET ASSETS</b>	<b><u>1,121,720</u></b>

Unit Trust Corporation (Cayman) SPC Limited

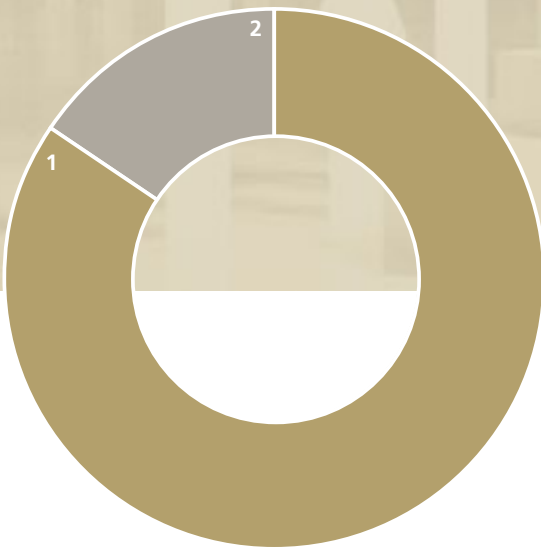
**GLOBAL BOND FUND  
TOP TEN HOLDINGS**

As at December 31, 2011

HOLDINGS	% of Portfolio
iShares Barclays Aggregate Bond Fund	7.23
Petrotrin 9.75% Fixed Rate Bond due 2019	7.04
PIMCO Build America Bond Strategy Fund	6.05
iShares IBOXX \$ Investment Grade Corporate Bond Fund	5.28
iShares Barclays Government/Credit Bond Fund	5.03
SPDR Barclays Capital Aggregate Bond ETF	4.95
MFS MeridianSM Funds - European Bond Fund	4.89
iShares DEX Real Return Bond Index Fund	4.40
iShares Barclays Capital Euro Inflation Linked Bond	4.29
Templeton Global Total Return Fund	4.08
<b>TOTAL</b>	<b><u>53.24</u></b>

**ASSET ALLOCATION FOR  
GLOBAL BOND FUND**

- 1. Bonds **84.59%**
- 2. Cash and Cash Equivalents **15.41%**



**GLOBAL BOND FUND  
PORTFOLIO OF INVESTMENTS**

As at December 31, 2011  
Expressed in United States Dollars

	MARKET VALUE 2011, US\$
BOND EXCHANGE TRADED FUND (ETFs)	1,165,952
CORPORATE SECURITIES	200,079
GOVERNMENT SECURITIES	51,488
CASH AND CASH EQUIVALENTS	274,292
OTHER LIABILITIES IN EXCESS OF ASSETS	(16,185)
<b>TOTAL NET ASSETS</b>	<b><u>1,675,626</u></b>

Unit Trust Corporation (UTC Fund Services Inc.)

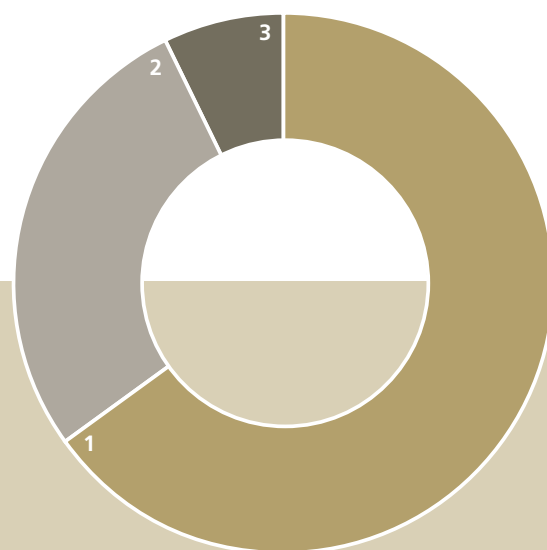
## UTC NORTH AMERICAN FUND TOP TEN HOLDINGS

As at December 31, 2011

HOLDINGS	% of Portfolio
iShares iBoxx Investment Grade Bond Fund	4.80
U.S. Treasury Bill 08/23/12	3.96
Pfizer Inc.	3.70
McDonald's Corp.	3.64
Southern Company	3.49
Altria Group	3.46
Duke Energy Corp.	3.41
Kraft Foods Inc.	3.20
Starbucks Corp.	3.13
Procter & Gamble Co.	3.03
<b>TOTAL</b>	<b><u>35.82</u></b>

### ASSET ALLOCATION FOR NORTH AMERICAN FUND

1. Equity	65%
2. Bond	28%
3. Cash and Cash Equivalents	7%



## UTC NORTH AMERICAN FUND PORTFOLIO OF INVESTMENTS

As at December 31, 2011  
Expressed in United States Dollars

	MARKET VALUE 2011, US\$
EQUITIES	19,733,454
BONDS	8,273,332
CASH AND CASH EQUIVALENTS	2,009,304
OTHER LIABILITIES IN EXCESS OF ASSETS	(1,282,416)
<b>TOTAL NET ASSETS</b>	<b><u>28,733,674</u></b>

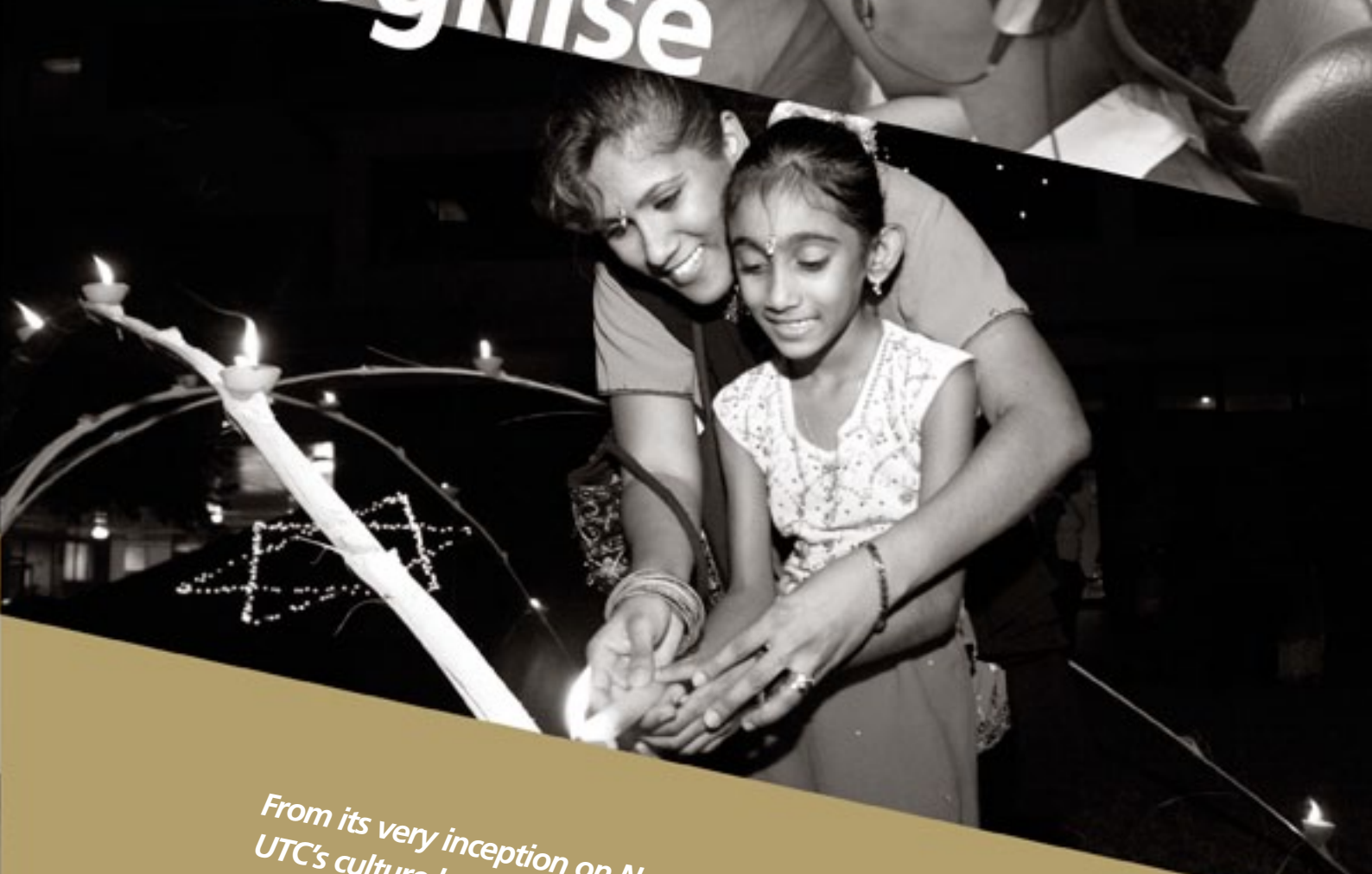


Recognise





# Recognise



From its very inception on November 29th, 1982, to present day the UTC's culture has been driven by **recognizing the intrinsic value of our customers** to our business and whose demand for excellence has propelled us to success. UTC's solid foundation has always relied on the longstanding unitholders who continue to stand side by side with us as a demonstration of their faith and confidence in the UTC's safety, strength and stability.



*UTC's Chairman and Executive Director escort the Governor of the Central bank at the conference*

# Investor Conference



*Participants listen attentively at the conference*



*Ali Velshi autographs best-selling book for UTC Board members*



*Speaker Peter Hegel presents at the conference*



UNIT TRUST  
CORPORATION

# Investor Conference

The Trinidad and Tobago Unit Trust Corporation hosted a world-class Investment Conference themed, “Reset your Investment Strategy for Growth”, held on September 8th and 9th, 2011 at Hyatt Regency, Trinidad.

The conference featured thirty-six (36) international, regional and local financial experts including keynote speakers, the Honourable Winston Dookeran, Minister of Finance, Professor Joseph Eugene Stiglitz, Nobel Prize winner in Economic Sciences, Mr. Ali Velshi, Anchor and Chief Business Correspondent for CNN and Mrs. Paula Boyer Kennedy, Vice President at Cammack LaRhette Consulting.

Attended by over 400 participants, the conference offered a unique opportunity to share knowledge, exchange experiences, engage in interactive discussion and collectively broadened our understanding of the economic and financial environment.

The Corporation wishes to thank all of our speakers and panelists, panel moderators, session chairpersons, event coordinators, sponsors and employees who contributed to making the inaugural Investment Conference a resounding success.



*Minister Dookeran responds to the media*



*UTC's Moderator Akhenaton Marcano with Reputation Risk Presenter Dr. Leslie Gaines Ross*



*Prof. Joseph Stiglitz and UTC's Executive Director Eutrice Carrington*



*UTC's Gayle Daniel-Worrell chats with conference participants*



**Chairman's  
Review**

# Valued Unit Holder,

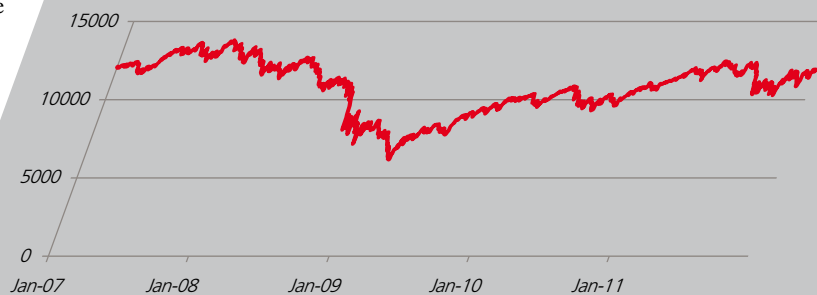
We are now in the 5th year of the current financial and economic crisis and it has been said that the recovery of the global economy will be a “marathon and not a sprint”. The past year brought little relief as debt problems continued to stymie growth in the Euro-zone, unemployment in the USA and in Europe remained high and the strong growth in emerging economies which had been providing some balance to the low growth scenario in the major industrialized economies, appeared to be slowing. The low interest rate policy followed by most countries remained in place, except for a rise in the European Central Bank’s key rate for a brief period, so that financial returns for the ordinary investor, who may have retreated from the stock markets, remained at low levels.

The major stock markets were subject to continuing volatility, but the trend was generally up, ending the year at levels which were close to those that prevailed in the early months of the crisis in 2008. The Dow Jones Industrial Average Index (DJIA) ended the year 5.5 percent higher. Retail investors continued to have reservations about the stability of the trend given the slow improvement in the broader economy, particularly unemployment, new job growth, home sales and construction.

Low interest rates were also the norm in the domestic market amid the slow pace of economic growth, although the TT stock market index provided an annual return of 21.21 percent, mainly on the performance of the financial sector and dividend paying stocks. The local economy was estimated to have contracted

by 1.4 percent as output in the energy sector was reduced due to technical problems related to plant maintenance and the Public Sector Investment Program was slow off the ground.

*Dow Jones Industrial Average Index 2007-2011*



— Dow Jones Industrial Average Index

**CHART 1:** MOVEMENTS IN THE DOW JONES INDUSTRIAL AVERAGE INDEX: 2007-2011

## GLOBAL MARKETS

The year 2011 began with the expectations of continued robust growth in emerging market economies and recovery in advanced economies. However, continuing fiscal policy indecision in the United States, the ongoing distraction of debt problems in the Eurozone and the increasing intensity of unrest in the Middle East and North Africa (MENA), put further strain on global recovery efforts. The MENA unrest resulted in a surge in oil prices in the second quarter. The credit rating agency, Standard & Poor’s, handed the United States its first ever downgrade (from AAA to AA+), citing the lack of fiscal corrective action. While the debt problems of Greece were dominant issues in analyses of Eurozone stability, Portugal, Italy, Ireland and Spain also had their own debt problems and the prospect of severe budget cutbacks led to civil unrest and loss of production in several countries. The sovereign debt difficulties in the Euro area continued to have a contagion effect on global financial and capital markets with ongoing scrutiny of the balance sheets of the banking sector both in Europe and North America. The sovereign credit ratings of the United Kingdom and of



# Chairman's Review

Cont'd

France (among twelve countries) were also downgraded.

A number of U.S. economic indicators remain stubbornly low and year on year GDP was up by 1.7 percent compared to 3 percent for 2010. There seem however to be increasing signs that, on a quarterly basis, the economy is gradually improving, expanding by 2.8 per cent in the fourth quarter from 1.8 percent in the previous quarter. The large stock of foreclosed homes and the difficulties in the mortgage market in North America continue to be a drag on the housing sector, traditionally a leading indicator of economic recovery in the US. Instead, transportation and manufacturing and chemicals are the sectors that seem to be providing the growth spurt.

World output as a whole is estimated to have grown by 3.8 percent. Emerging and Developing countries recorded growth of 6.2 percent, Latin America and the Caribbean 4.6 percent, while advanced economies grew at an average rate of 3.8 percent. The Japanese economy, not surprisingly, contracted by 0.75 percent in 2011 in the aftermath of the tsunami damage sustained in February 2011 after growing by 4.45 percent in 2010.

Policy interest rates in major industrialized countries remained low due to sluggish economic activity. The European Central Bank raised its rate from 1 percent to 1.5 percent during the period July –November amid accelerating inflation rates within the Euro region, but had reverted to previous levels as the Greece bail-out plan came under skeptical scrutiny; the US, UK and Japan all held their rates between 0-0.5 percent.

The volatility in the stock markets in the US is exemplified by the events in the third quarter of 2011. While stock market indices trended up, concerns that a debt bail-out for Greece would not be finalized, when considered together with the risks of other possible defaults, set the market back sharply in the third quarter when the DJIA fell almost 16 percent before recovering to register an equally sharp rise of 12 percent by the end of October, before settling at the end of the year with a year-on-year gain of 5.5 percent.

Domestic Stock Market Activity 2007-2011

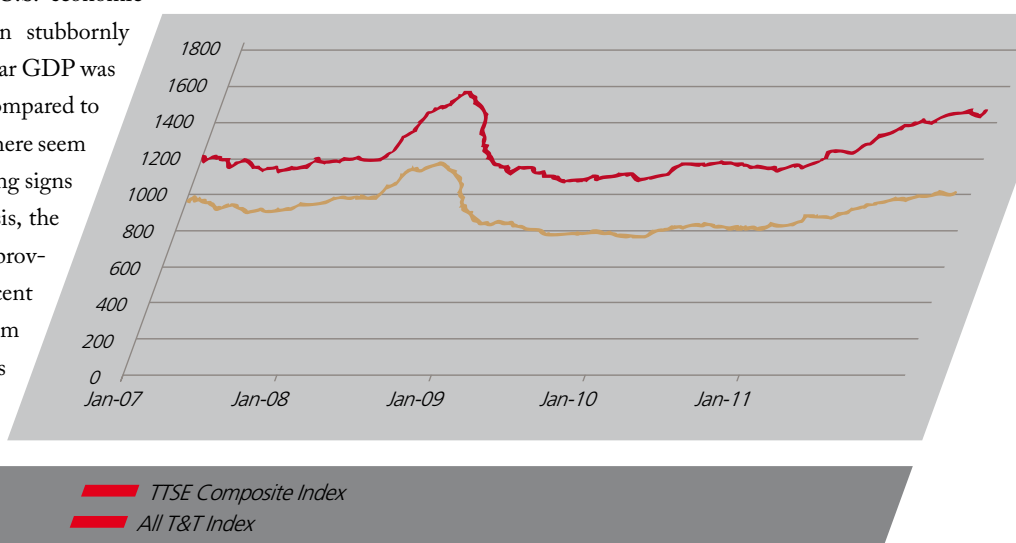


CHART 2: DOMESTIC STOCK MARKET ACTIVITY

Notwithstanding the credit downgrades and the need for increased capital which affected the capacity of financial institutions to take on more debt, equity issuance and high yield bond markets remained relatively resilient. In the fourth quarter, both markets rebounded to deliver approximately US\$127 billion of new capital. For the year as a whole, global investment grade bond issuance stood at over US\$1.9 trillion, just 2 percent less than 2010.

Commodity market performance was mixed—major commodities such as Brent crude and gold showed significant increases by year end, while prices for industrial metals and agricultural commodities fell, with natural gas experiencing the largest decline. Prices of agricultural commodities retreated somewhat as weather and harvests improved.

## DOMESTIC ECONOMY AND FINANCIAL MARKETS

Several countries within the Caribbean region experienced above average growth rates, in particular Guyana and Suriname, which benefitted from increased prices for their traded commodities. This notwithstanding, overall growth rate for the region was 3.3 percent reflecting the region's fiscal constraints and its strong links with many advanced economies.

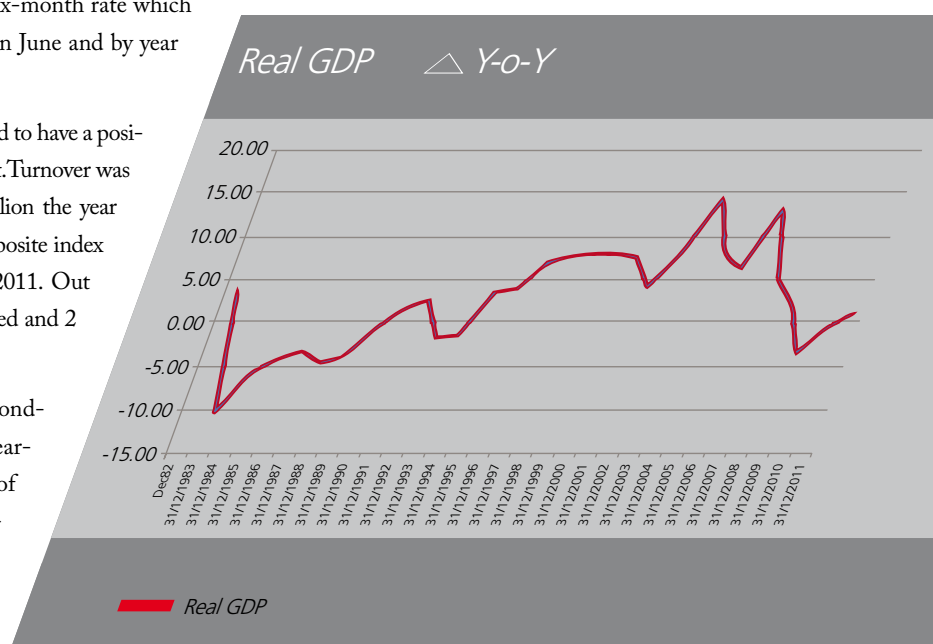
In Trinidad and Tobago, while a growth rate of 1.5 percent is anticipated for 2012 the economy contracted by 1.4 percent in 2011 following zero growth in 2010. The energy sector stagnated as maintenance operations were carried out at several plants contributing to reduced production of crude oil and natural gas, while the non-energy sector felt the effects of the August-November curfew. Oil prices have generally been favourable but gas prices have been under pressure in recent years as production in the United States, the major market for Trinidad and Tobago's gas exports, has increased.

The Budget deficit of approximately \$1.04 billion (0.7 percent of GDP), which was funded partly by drawing on balances at the Central Bank, added to the liquidity overhang in the banking system, itself a reflection of depressed credit demand from the private sector. This put further downward pressure on domestic interest rates. The Central Bank lowered the repo rate from 3.50 percent to 3.25 percent in February and to 3 percent in July 2011, spurring commercial banks to lower their prime lending rates which fell from 8.38 percent in January to 7.75 percent by the end of the year. Short term interest rates were also affected by excess liquidity. The three-month rate started the year at 0.46 percent, spiked to 1.05 percent mid-year, and ended the year at 0.28 percent. Similarly, the six-month rate which began the year at 0.9 percent, rose to 1.35 percent in June and by year end stood at 0.32 percent.

The high levels of liquidity and low interest rates seemed to have a positive influence on the performance of the equity market. Turnover was higher in 2011—77 million shares compared to 35 million the year before (excluding an M&A transaction). The TT composite index advanced 177.23 points or 21.21 percent by the end of 2011. Out of the 34 stocks in the market, 21 advanced, 11 declined and 2 remained unchanged during the year.

Capital market activity in both the primary and secondary bond markets got off to a slow start, but by year-end there were 20 primary bond issues at a value of TT\$7.2 billion compared to 19 issues in 2010. However, secondary market activity remained weak with only 46 trades at a value of TT\$177 million in 2011 compared to 137 trades valued at TT\$1.74 billion for 2010.

CHART 3: REAL GDP FOR TRINIDAD AND TOBAGO FROM 1982-2011





# Chairman's Review

Cont'd

## FUNDS UNDER MANAGEMENT

Funds under management by the industry in Trinidad and Tobago grew by 3.1 percent in 2011 compared to marginal growth of just 0.4 percent the previous year. The Corporation held its position as the major player in the market, increasing its market share to 47.86 percent in 2011 from 47.65 percent in 2010. The UTC's Funds under management rose by 3.10 percent from \$20.88 billion at the end of 2010 to \$21.53 billion December 31st, 2011 with growth registered in the Growth and Income Fund, TT Dollar Income Fund, the Universal Retirement Fund and the Energy Fund.

As noted above, the markets remained difficult, and returns continued to be low in the income segment of our Funds. The Income funds reflected the declining interest rate environment both locally and abroad: the return on the TT Dollar Income Fund gave an effective yield of 1.33 percent in December 2011 compared to 2.15 percent in January, while the US Dollar Income Fund provided 1.28 percent in December 2011 falling from 1.84 percent in January 2011. The international suite of funds produced negative returns with the performance of the Global Bond Fund providing the least negative return of 1.95 percent. Distributions of the Growth and Income Fund in 2011 rose to 37 cents from 11 cents in the previous year. Aggregate distributions for all funds rose to TTD 354.77 million from TTD 330.95 million in 2010.

Central Bank Repo rate 2007-2011

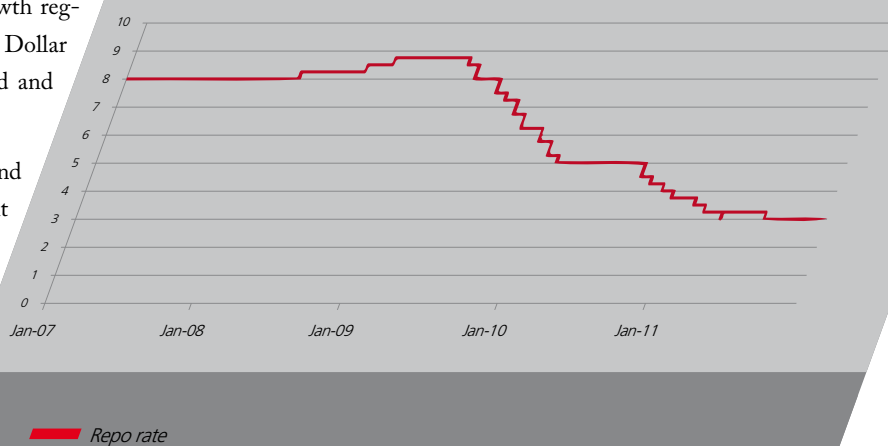


CHART 4: TRINIDAD AND TOBAGO REPO RATE 2007-2011

## OUTLOOK

Global growth has been improving slowly. Major threats remain from continuing struggles in Europe with debt overhang, fragile financial systems, higher world oil prices and high unemployment. In spite of the increased economic activity in the US, growth is constrained by the ongoing budget deliberations and lack of consensus in an election year. A mild recession in Europe is probable given the rise in sovereign yields, the impact of bank de-leveraging on the real economy and further fiscal consolidation. The deteriorating external environment and weakening of internal demand is also expected to cause a slowdown of growth in emerging and developing economies.

World output is expected to slow to 3.3 percent from an estimated 3.8 percent in 2011 (5.2 percent in 2010), with all geographic regions expecting slowdowns. Growth in advanced economies is expected to slow to 1.2 percent in 2012 from 1.6 percent in 2011 and 3.2 percent in 2010. Growth in Newly Industrialized

Asian economies is projected to decelerate to 3.3 percent in 2012 from 4.2 percent in 2011 and 8.4 percent in 2010 but is projected to grow by 4.1 percent in 2013. Growth in Emerging and Developing Markets is also expected to slow to 5.4 percent in 2012 from 6.2 percent in 2011 and 7.3 percent in 2010. For Latin America and the Caribbean, the growth rate is expected to fall to 3.6 percent in 2012 from 4.6 percent in 2011 and 6.1 percent in 2010.

In 2012, oil prices are expected to average around US\$100 per barrel owing to a rise in geopolitical risks while the prices of non-oil commodities, are projected to fall by 14 percent. The threat of higher food prices has receded due to improvement in grain harvests particularly in Russia. Global consumer price inflation is expected to ease as demand softens and commodity prices stabilize. Inflation in advanced economies is projected to fall to 1.5 percent in 2012 from 2.38 percent in 2011. Inflation in emerging and developing economies is also expected to slow to 6.25 percent in 2012 down from 7.25 percent in 2011.

Interest rates can be expected to remain at low levels. The U.S. Federal Reserve Bank has already signalled that it will hold interest rates at current levels until at least 2013 and given the slow growth outlook in Europe, policy interest rates there can be expected to stay more or less at current levels also. In the bond markets, sovereign debt may give higher returns but the attendant risk has also increased.

In the domestic economy, a budget deficit of TT\$7.6 billion for the 2011/12 fiscal year is predicated on an oil price of US\$75 per barrel WTI and natural gas price of US\$2.75 per mmbtu (Henry Hub) with public sector investment providing the stimulus for estimated growth of 1.7 percent. Interest rates can be expected to remain at low levels, but could fluctuate around current levels depending on the rate at which the public investment programme is implemented and how the deficit is funded.

## CONCLUSION

We will celebrate our 30 year Anniversary in 2012. It is an opportune time to reflect on what we have achieved and how we will refresh ourselves for the period ahead. In late 2010, we began an exercise to review our strategies and prepare for the next stage in our on-going history – one of renewal and growth. The markets have changed quite dramatically over the last 30 years. As markets have been liberalized and global communication makes virtually all markets accessible, the competition for savings and capital has become intense. The world economic structure also appears to be undergoing a dramatic shift. It is now truly a global marketplace. The domestic market for mutual funds is also quite competitive and the asset base remains limited, so we will maintain a global outlook. We have a suite of 10 Funds and our strategies will focus on helping our customers to negotiate the financial landscape and increase their financial well being.

We continue to work on the proposed legislative changes that were raised in the National Budget of 2010/2011 with a view to having the proposals ready within this calendar year.

The past year has provided many challenges for investors from the international financial market volatility that translated to weak investor confidence. As the Corporation enters its 4th decade of operations it will continue to face the challenges of the global and domestic financial markets with the use of best practices in the investment arena and even greater focus on the execution of investment opportunities to provide our loyal unit-holders with the most competitive returns that are consistent with their risk tolerance.

The management and staff of the Corporation have been very supportive of the aims of the Corporation over the past year and I thank them on behalf of the Board for their unfaltering dedication and effort in the attainment of the financial goals of our valued unit-holders.

*Amoy Chang Fong,  
Chairman,  
March 29, 2012*



# Executive Director's Letter

Dear  
fellow  
investors,

It gives me great pleasure to present to you the Executive Director's Report on the Corporation's financial outturn and the unit schemes and mutual funds investment performance for the year ended December 31, 2011.

## **ECONOMIC REVIEW**

The financial year 2011 was characterized by economic and financial market headwinds negatively impacting the advanced economies with consequential unfavourable effects on several key emerging markets. The European Sovereign Debt Crisis threatened to draw the Euro Zone into recession, the USA sovereign credit rating was lowered from AAA to AA plus and no fewer than thirteen (13) European states had their credit rating downgraded (see Table 1).

# Executive Director's Letter

COUNTRY	RATING AS AT JAN 1, 2011	CURRENT LONG TERM RATING	RATING MOVEMENT
AUSTRIA	AAA	AA+	↓
BELGIUM	AA+	AA	↓
CYPRUS	A	BB+	↓
FRANCE	AAA	AA+	↓
GREECE	BB+	CC	↓
HUNGARY	BBB	BB+	↓
IRELAND	A	BBB+	↓
ITALY	A+	BBB+	↓
MALTA	A	A-	↓
PORTUGAL	A-	BB	↓
SLOVAKIA	A+	A	↓
SLOVENIA	AA	A+	↓
SPAIN	AA	A	↓

**TABLE 1** EUROZONE CREDIT RATING DOWNGRADES (2011)

In the fourth quarter of 2011 however, progress was made with the European Central Bank (ECB) providing short-term liquidity to the region's banking system via its Long-Term Refinancing Options (LTROs). This provision of short-term liquidity has aided in reducing the yields on Italian and Spanish sovereign debt since December. In early December 2011, most EU member states entered into a new fiscal agreement which required that they limit structural deficits to 0.3% of GDP. The agreement also allows for extra-national enforcement in the event of non-compliance.

Growth in the Emerging Market Economies (EMEs) of Brazil, India and China showed signs of weakening. In Russia, the economic slow-down was not as marked as the other members of the BRIC economic group. The slowdown in EMEs growth was partially due to monetary policies aimed at containing inflationary pressures. Moreover, political upheavals in the Middle East and North Africa (MENA), and more recently, the escalating tensions between Iran and the West over Iran's controversial nuclear enrichment program, have caused a great deal of anxiety.

These events have left many economists and financial market commentators concerned about the prospect of a double-dip global recession, a scenario which would also have very serious implications for the Caribbean Region and the local economy.

# Executive Director's Letter Cont'd

On the regional front, during 2011, Jamaica's long-term foreign currency debt rating was reaffirmed at B minus by S&P. However, its outlook was revised downwards to 'negative' due to non-completion of reforms related to its standby agreement with the IMF. There is concern surrounding the sovereign's ability to maintain its B minus credit rating as the Government of Jamaica (GoJ) exceeded its fiscal deficit target of 12.0%.

Also in 2011, S&P affirmed Barbados' BBB minus/A minus 3 local and foreign currency sovereign credit ratings. However, as with Jamaica, the outlook has also been revised downwards to negative from stable. While the Barbadian economy achieved modest growth of 0.5% in 2011, inefficiencies in state-owned companies and high social spending continue to exert a drag on the economy.

Among the Organization of Eastern Caribbean States, St. Kitts & Nevis defaulted and embarked on a course of action aimed at restructuring its debt to achieve debt sustainability going forward.

Regarding the domestic economy, the Central Bank of Trinidad & Tobago estimates that the economy contracted by 1.4% in 2011, as a result of a combination of poor performances recorded by both the energy and non-energy sectors. Declining crude oil production caused by ageing oil fields, and reduced natural gas production attributable to continued downtime at bpTT and BHP Billiton, were responsible for the lower outturn in the energy sector. In addition, delays in the execution of the government's Public Sector Investment Program (PSIP), weak demand for private sector credit, and shortened business hours resulting from the imposition of the State of Emergency (SOE) and the curfew between late August and early December, were some of the contributors to the decline experienced in the non-energy sector. By the end of 2011 the country had maintained its A minus credit rating by S&P.

## Major OECD Stock Market Performances in 2011

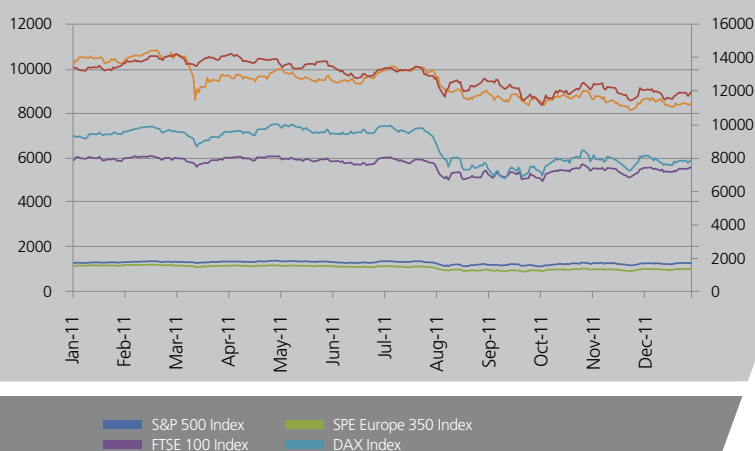


FIGURE 1: MAJOR OECD STOCK MARKET PERFORMANCES IN 2011

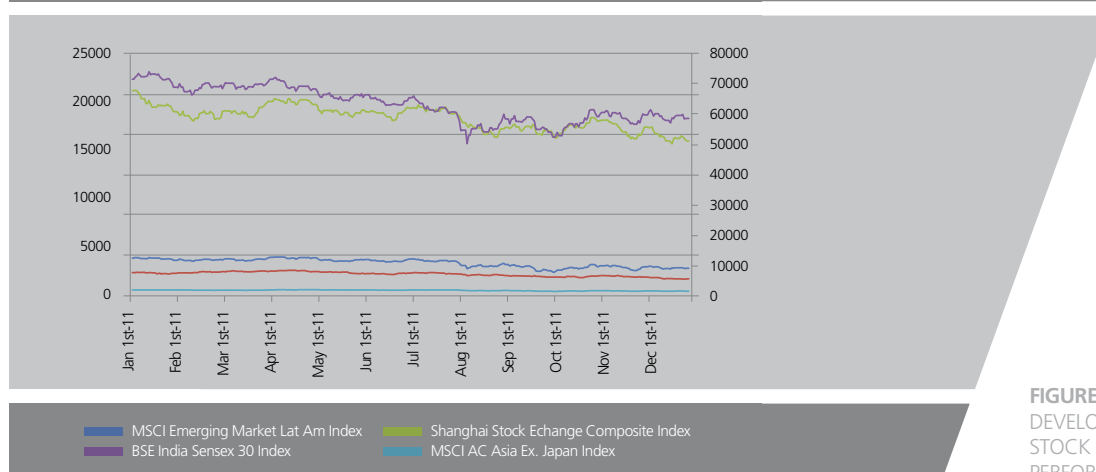
## FINANCIAL MARKETS

In response to the economic uncertainty which characterized the global economy in 2011, financial markets were generally more volatile than normal. The influential Dow Jones Industrial Average Index soared and plunged by more than 400 points on six different occasions during 2011. By year end, the US based S&P 500 posted a year on year return of zero %, the UK's FTSE -5.5%, the MSCI All Country Asia Pacific -17.07% and MSCI Latin America -21.92%. This compared to returns of 12.78%, 9.0%, 14.32% and 12.07% respectively for the year ended 31st December 2010. Figures 1 and 2 illustrate the movement of key advanced and emerging market indices over 2011.

# Executive Director's Letter

## Cont'd

### Major Developing Countries Stock Market Perform. In 2011



**FIGURE 2: MAJOR DEVELOPING COUNTRIES STOCK MARKET PERFORM. IN 2011**

While the sovereign downgrades of 2011 were top of mind, the overall tone of the fixed income market was also influenced by defaults on corporate debt amounting to US\$84.2 billion, which followed from US\$95.7 billion in 2010 by comparison. These default levels represent a significant deterioration in global credit quality given that during the period 2003 to 2007 the average value of defaults per year was \$34.0 billion.

In light of the foregoing, there has been a general shift in investor appetite to a more 'risk-averse' or 'risk-off' disposition. A consequence of this shift was the growing demand for high quality debt which put downward pressure on yields in tandem with higher prices. This augured well for asset valuations but the effect has been to reduce investment income from newly established high quality fixed rate bond portfolios.

Globally, weak credit demand conditions have prompted Central Banks to resort to accommodative monetary measures, with all major policy rates in developed economies remaining low and/or virtually unchanged year on year. The policy rates range from 0 to 0.25% in the USA to 1% in the Euro Zone and 0.1% in Japan. Emerging economies also reduced their policy rates. In their instance the policy measures were geared toward slowing economic activity to cool inflation or to deflate asset bubbles, as is the case of China's property bubble.

Owing to the relative frailty of the global economy, and the significant downside risks that exist, interest rates are expected to remain subdued for an extended period of time. Table 2 (on the following page) presents the comparative government 10 year bond yields for major global and regional economies.

# Executive Director's Letter Cont'd

Excess Liquidity in Financial System & Outstanding Private Sector Credit (2011)

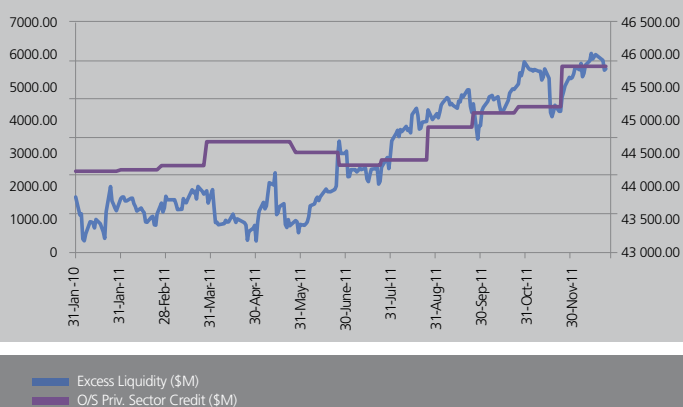


FIGURE 3: EXCESS LIQUIDITY IN FINANCIAL SYSTEM & OUTSTANDING PRIVATE SECTOR CREDIT (2011)

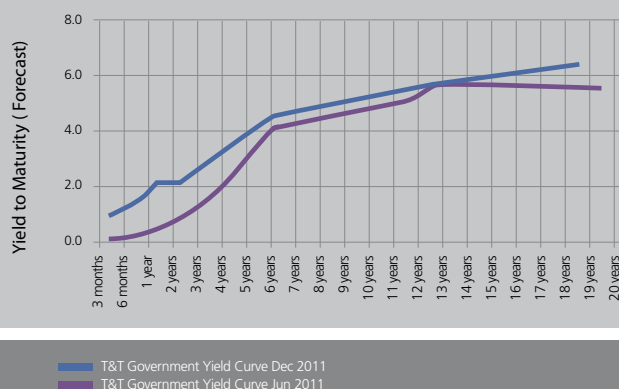
REGION	DEC 2011 (%)	DEC 2010 (%)	Y/Y Δ (BPS)
US	1.88	3.29	-141
Canada	1.94	3.12	-118
UK	1.98	3.40	-142
Japan	0.99	1.13	-14
Germany	1.83	2.96	-113
France	3.14	3.36	-22
Italy	7.03	4.81	+222
Spain	5.04	5.45	-41
Portugal	13.36	6.60	+676
Brazil	12.61	12.17	+44
India	8.55	7.92	+63
China	3.44	3.91	-47
Russia	8.50	7.95	+55
Jamaica	6.31	6.49	-18
Barbados	6.83	6.66	+17
Trinidad & Tobago	3.92	4.57	-65

TABLE 2: GOVERNMENT 10-YEAR BOND YIELDS (2011)

Weak credit demand in the local market on the part of businesses and households, coupled with high net domestic fiscal injections, have resulted in a sizeable accumulation of excess liquidity in the financial system. In the year under review, excess liquidity more than tripled from TT\$1.74 billion at the end of 2010 to TT\$5.68 billion by the end of 2011 as shown in Figure 3.

**FIGURE 4:**  
T&T GOVERNMENT  
YIELD CURVE  
(JUN & DEC 2011)

**SOURCE:**  
CENTRAL BANK  
OF TRINIDAD AND  
TOBAGO



In 2011, the Central Bank continued its accommodative monetary policy stance and reduced its policy Repo Rate by 75 basis points from 3.75% to 3.0% by year end. The domestic money market rates continued on their downward trajectory in 2011, shedding on average 39 basis points on top of 553 and 43 basis points previously lost in 2009 and 2010 respectively. Refer to Table 3 below.

Year/Tenor	T BILLS		MONEY MARKET INSTRUMENTS				
	90 Day (%)	180 Day (%)	30 Day (%)	60 Day (%)	90 Day (%)	180 Day (%)	365 Day (%)
2007	7.12	7.36	6.67	6.89	6.97	7.03	7.06
2008	7.06	7.61	6.18	6.53	6.75	6.99	7.09
2009	1.36	1.52	0.67	0.75	0.95	1.59	1.93
2010	0.37	0.32	0.43	0.58	0.75	0.90	1.06
2011	0.28	0.32	0.15	0.25	0.35	0.43	0.58

**TABLE 3:** DOMESTIC MONEY MARKET RATES (2007-2011)

In 2011, the domestic bond market offered little opportunity for investors. Of a total of twenty (20) primary bond issues, seventeen (17) were private placements, and three (3) were public issues. Due to the prevailing low interest-rate and the restricted supply of new bond offerings the public issues were heavily over-subscribed, resulting in further compression of the TT Government Yield Curve. Figure 4 refers.

The continued low interest rate environment and the relative absence of suitable alternative investment opportunities posed significant challenges for fixed income investors in 2011. I have taken the opportunity to describe the outturn in the international capital markets and the conditions which characterized the local fixed-income market in 2011. In contrast to the foregoing, the regional and domestic equity markets provided investors with value-adding opportunities in 2011.

In 2011, the JSE Market Index advanced by 10,076.38 points to close at 95,297.20 posting returns of 10.57%. The JSE All Jamaican Composite advanced by 21,384.99 points to close at 102,178.79 posting returns of 20.93%. Concurrently, the main index offered the sixth-best performance in the world. In Barbados the BSE Composite Index closed at 722.07 returning 7.00% whereas the BSE Local Index closed 7.63% higher with the BSE Cross Listed Index closing 5.78% higher.

Locally, the TTSE Composite Index closed at 1,012.87 returning 21.2%. A total volume of 564.1 million shares were traded in 2011, valued at TT\$1.03 billion. This compares to a total volume of 77.6 million shares traded in 2010 with a combined market value of TT\$864.5 million. The Banking, Non-Bank Finance, and Trading sectors were the top market performers in 2011 providing returns of 21.6%, 32.2%, and 30.7% respectively. The Manufacturing I and Manufacturing II sectors generated returns of 14.4% and negative 20.8% respectively for the year.

# Executive Director's Letter Cont'd

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## PERFORMANCE HIGHLIGHTS

The following are a few highlights of our performance during the 2011 financial year:

- Total assets under management grew by 3.10% to TT\$21.53 billion from TT\$20.88 billion.
- The mutual funds achieved TT\$0.67 billion or 3.78% year-on-year growth, expanding from an aggregate fund-size of TT\$17.74 billion in 2010 to TT\$18.41 billion by the end of 2011. This growth was driven primarily by TT\$568.92 million in net sales and TT\$46.03 million in incremental capital appreciation.
- Gross investment income earned declined year-on-year from TT\$784.86 million to TT\$697.27 million, a fall of 11.16%.
- Total expenses incurred (excluding finance charges) fell during the year by 41.67% from TT\$421.56 million to TT\$245.90 million.
- Total distributions paid to unitholders rose to TT\$354.90 million from TT\$331.0 million, an increase of 7.22%.
- The management charge earned by the Corporation from the mutual funds declined by 5.27% to TT\$290.82 million in 2011 from TT\$306.98 million in 2010.
- The total number of registered customers grew from 518,334 to 546,820, reflecting growth of 5.50% year-on-year.
- The total number of UTC accounts also experienced growth of 2.39%, rising to 784,107 compared to the prior year's figure of 764,685.

## FUND PERFORMANCES

The Corporation's four (4) TT dollar denominated unit schemes, namely our flagship TT\$ Income Fund, the Growth & Income Fund, the US\$ Income Fund, and our Universal Retirement Fund provided investors with positive returns. The latter two funds benefited from the regional and domestic stock markets which were among the best performing stock markets in the world.

Our other six (6) mutual funds, namely the UTC Energy Fund, UTC North American Fund, UTC Asia Pacific Fund, UTC European Fund, UTC Global Bond Fund, and UTC Latin American Fund, posted negative returns in 2011. Of these funds, the UTC North American Fund and the UTC Global Bond Fund produced single-digit negative returns.

Weak global stock market performance was the main contributor to the underperformance of our mutual funds. All the international stock indices posted zero or negative returns

# Executive Director's Letter Cont'd

with the emerging market stock index posting on average -20.12%. The slow pace of the US recovery, the recession in the United Kingdom, the European Sovereign Debt Crisis, and the slowing momentum in some Emerging Market Economies (EMEs) including China, India and Brazil were the main contributors to stock market underperformances.

### **TT\$ Income Fund:**

As at December 31, 2011, the TT\$ Income Fund's fund-size stood at TT\$10.56 billion, up 4.13% from TT\$10.14 billion a year ago. The Fund provided unitholders with an annualized average net return of 1.88% for 2011 compared to 2.25% in 2010. The Fund outperformed its benchmark return of 0.71% during the year. This was due to the portfolio's overweight position in bonds, which performed well during the year, and underweight position in short-term securities. As at the end of 2011, the TT\$ Income Fund's portfolio comprised 47.98% bonds and 52.02% cash and near-cash.

Net investment income for 2011 declined from TT\$238.05 million to TT\$191.11 million. As a result, there was an 18.74% fall in income distributed to unitholders from TT\$231.75 million in 2010 to TT\$188.31 million in 2011.

### **US\$ Income Fund:**

The fund-size of the US\$ Income Fund at the end of 2011 was TT\$4.10 billion (US\$645.47 million), down by 1.02% relative to its 2010 fund-size of TT\$4.14 billion (US\$667.12 million). The Fund provided unitholders with an annualized average net return of 1.69% for 2011 compared to 1.95% in the previous year.

Net investment income fell by 18.82% in 2011 to TT\$87.33 million (US\$13.75 million) compared to TT\$107.58 million (US\$17.33 million) in 2010. Total distributions paid to unitholders during the year amounted to TT\$77.56 million (US\$12.22 million), down from TT\$92.26 million (US\$14.86 million) in the preceding year. A total of TT\$9.77 million (US\$1.54 million) of net investment income was allocated to the Fund's primary and secondary reserves in 2011 compared to TT\$15.31 million (US\$2.47 million) in 2010. As at December 31, 2011, the Fund's portfolio consisted of 45.88% bonds, and 54.12% cash and near-cash.

### **Growth & Income Fund:**

The fund-size of the Growth & Income Fund at December 31, 2011 was TT\$3.30 billion, up from TT\$3.03 billion a year ago. The bid and offer prices as at December 31, 2011 were TT\$14.13 and TT\$14.42 per unit respectively, providing a total annualized net return to unitholders of 7.58%. Overall Fund performance was favourably impacted by the G&IF's overweight position in domestic equities. As of December 31, 2011 the Fund comprised 44.1% domestic equities, 24.54% international equities, 19.45% bonds, and 11.91% cash and near-cash.

# Executive Director's Letter *Cont'd*

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Net investment income grew by 16.70% year-on-year from TT\$93.97 million to TT\$109.66 million. The total distribution pay-out returned to normal levels, increasing from the TT\$6.91 million paid in 2010 to TT\$88.90 million in 2011, resulting in a distribution rate of 37 cents per unit compared to 11 cents per unit in 2010.

## ***Universal Retirement Fund:***

As at 31st December 2011, the fund-size of the Universal Retirement Fund had grown by 14.74% from TT\$162.90 million to TT\$186.92 million. The Fund's Net Asset Value (NAV) increased to TT\$32.74 at the end of 2011 from TT\$29.64 in 2010.

Net return to unitholders improved to 10.27% in 2011, compared to 3.46 % in the previous year. The Fund enjoyed higher than expected returns from its international equity and bond components. The portfolio comprised 41.16% domestic equities, 20.14% international equities, 30.38% bonds, and 8.32% cash and near-cash as at the end of 2011. Net investment income earned for 2011 amounted to TT\$4.61 million, down by 27.09% relative to 2010.

## ***UTC Global Bond Fund:***

The UTC Global Bond Fund contracted by 0.75 % year-on-year from US\$1.73 million (TT\$10.72 million) to US\$1.68 million (TT\$10.64 million) by the end of 2011. The Fund's Net Asset Value (NAV) stood at US\$19.64 as at December 31, 2011, down slightly in relation to the NAV of US\$20.16 reported a year ago. The net return generated by the Fund for 2011 was negative 1.95% compared to the 2010 return of 3.81%. The portfolio comprised 84.59% bonds, and 15.41% cash and near-cash as at the end of 2011.

## ***UTC Energy Fund:***

The fund-size of the UTC Energy Fund grew by 20.18% year-on-year from US\$5.28 million (TT\$32.78 million) to US\$6.20 million (TT\$39.39 million). The Net Asset Value (NAV) fell from US\$22.68 in 2010 to US\$17.95 over the same period.

The net return to unitholders for 2011 was negative 20.82%, compared to 6.98% a year ago. This was attributable to the Fund's relative underweight position in international equities. As at the 2011 year-end, the Fund comprised 63.43% international equities and 36.57% cash and cash equivalents.

## ***UTC Asia Pacific Fund:***

The fund-size of the UTC Asia Pacific Fund contracted by 13.01% year-on-year from US\$2.21 million (TT\$13.7 million) to US\$1.88 million (TT\$11.92 million) by the end of 2011. The Fund's offer and bid prices were US\$21.13 and US\$20.07 respectively by the end of 2011, compared to US\$24.82 and US\$23.58 in the previous year.

# Executive Director's Letter Cont'd

The net return generated by the UTC Asia Pacific Fund for 2011 was negative 19.07%, down from 3.33% in 2010. In 2011 the major stock indices posted negative returns. As shown in Table 2, China, India and Japan's stock indices returned -21.68%, -24.64%, and -17.34% respectively. The negative returns produced are reflective of lower than expected economic performances for the region. The deepening of the sovereign debt crisis in Europe also negatively impacted European demand for Asian exports, adversely affecting revenues and gross domestic product (GDP) of Asian countries. At the 2011 year-end the portfolio consisted 90.81% of international equities and 9.19% cash and cash equivalents.

### ***UTC European Fund:***

In 2011, the UTC European Fund contracted by 10.60% from US\$1.08 million (TT\$6.67 million) in 2010 to US\$0.94 million (TT\$5.96 million). The Fund's offer and bid prices were US\$19.22 and US\$18.26 respectively by year-end compared to their 2010 values of US\$21.43 and US\$20.36. The net return to Unitholders for 2011 was negative 14.51% compared to the 2010 return of negative 1.21%. European stock exchanges generated negative returns (Germany - 4.69, Europe - 10.64, UK - 5.55). The deepening of Europe's Sovereign Debt Crisis in 2011, negatively impacted investor confidence.

The apparent failure of the region's political leadership to agree on a definitive plan to resolve the crisis has further contributed to the negative investor sentiment, resulting in the negative returns posted in the major European stock markets in 2011. The portfolio's underweight positions in industrials and financial sector stocks, combined with its overweight position in energy sector stocks aided in cushioning the impact on investment returns. At the end of 2011, the Fund comprised 88.50% international equities, 3.32% bonds, and 8.18% cash and cash equivalents.

### ***UTC Latin American Fund:***

In 2011, the fund-size of the UTC Latin American Fund decreased by 12.73%, falling from US\$1.31 million (TT\$8.1 million) to US\$1.12 million (TT\$7.09 million). The Fund's offer and bid prices were US\$20.59 and US\$19.56 respectively by the end of 2011, compared to their 2010 values of US\$25.12 and US\$23.86. The net return to unitholders for 2011 was negative 22.44%, down relative to the 5.34% return posted in 2010. The debt crisis in Europe indirectly impacted the Fund's performance in 2011 owing to Asia's reduction in demand for Latin American raw material exports. As at December 31, 2011 the portfolio comprised 93.29% international equities and 6.71% cash.

### ***UTC North American Fund:***

The fund-size for the UTC North American Fund contracted by 3.01% from US\$31.53 million (TT\$195.68 million) in 2010 to US\$29.83 million (TT\$189.40 million).

The Net Asset Value (NAV) per unit as at December 31, 2011 stood at US\$9.86, compared to US\$10.19 in the preceding year. The Fund paid a total distribution of US\$0.39 per unit in the period under review. The net return to investors

# Executive Director's Letter Cont'd

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for 2011 was negative 3.90%, down from 5.49% a year ago. The Fund's performance was attributed to its relative overweight position in cyclical sector stocks, for example Energy, Industrials and Materials, which underperformed in 2011. The Fund was also underweight the defensive sector which consists of Utilities and Consumer Staples stocks which posted higher returns in 2011. As at the end of 2011, the portfolio comprises of 65% North American equities, 28% fixed-income securities (bonds), and 7% in cash and cash equivalents.

## **UPDATE ON STRATEGIC INITIATIVES (2011-2012)**

The Corporation's current five year strategic plan is geared towards Strengthening for Competitive Sustainability. During the 1st year of the action horizon period of the Strategic Plan 2011 to 2013 management executed a series of initiatives consistent with our four strategic themes (i) Financial Restructuring, (ii) Efficiency and Corporate Governance Improvement, (iii) Reputation Enhancement and (iv) Refocus on the customer. I have provided below general updates on key developments in respect of each strategic theme for 2011.

### ***Financial Restructuring***

Management successfully disposed of its Merchant Banking assets and closed its subsidiary in Belize. The Corporation also implemented a number of measures aimed at reducing its cost.

### ***Efficiency & Corporate Governance Improvement***

In keeping with the proposed amendment to the UTC Act, the Corporation has reviewed its legal form, and made recommendations to modify the existing structure of the Corporation to vest UTC Trust Services Limited with the legal authority to act as the Trustee of the Unit Schemes instead of the Corporation. The proposed changes are in line with the recommended best practice for the global mutual fund industry and the Trinidad & Tobago Securities & Exchange Commission's (TTSEC) guidelines for Collective Investment Schemes.

The Corporation embarked upon a review of its enterprise-wide risk management framework and has completed a Board-approved risk management module for its Collective Investment Schemes.

We have also reviewed and streamlined our Executive Management structure to enhance efficiencies across various departments in the organization, and in so doing will be better equipped to manage costs and improve profitability.

A Business Systems Unit was established during the year with responsibility for:

- Business Process Mapping
- Preparation of Manuals
- Preparation of Policies and Procedures

The objectives of this Unit are to review, analyze and ultimately re-engineer our business processes in order to improve the efficiencies of all aspects of our operations, but with specific emphasis on customer service.

## ***Reputation Enhancement***

In the third quarter of 2011 the UTC hosted a two-day Investment Conference themed “Reset your Investment Strategy for Growth”. The conference provided a forum in which businesses, individuals, academia, and financial market actors interfaced and exchanged information.

The Corporation embarked upon a number of stakeholder initiatives during 2011 in an effort to enhance our market reach. These included the launch of a fifteen minute, bi-weekly radio segment on i95.5fm in May 2011, publication of an editorial column entitled “UTC’s U and Your Money” in the Business Express, and a segment on the popular morning television program “First-Up” hosted on Caribbean New Media Group (CNMG).

## ***Refocus on the Customer***

The Corporation conducted a Financial Well-Being Survey during 2011, the results of which would enable the Corporation to create the next generation of products and services to better serve the needs of our existing and potential clients.

## **COMMITMENT TO OUR EMPLOYEES**

In 2011, the Corporation’s Career Management and Training & Development units embarked on various talent development initiatives aimed at providing employees with opportunities to systematically plan, and attain their career and personal goals. These initiatives are also designed to enhance the skills-set and knowledge base of the Corporation, and to address its current and future manpower requirements.

Some of the key achievements included the introduction of a Mentoring Program and the High Potential Employee Program. The Mentoring Program created opportunities for sharing, learning, empowerment and self-determination among our staff. The High Potential Employee Program involved the formulation of an intensive training program aimed at developing critical leadership competencies in our most talented employees. Employees were afforded various training opportunities in support of our strategic objectives.

## **CORPORATE SOCIAL RESPONSIBILITY**

In keeping with our corporate social responsibility mandate, the organization also extended its talent development initiatives to non-employees. More than forty (40) students were hosted at our Vacation Internship and World of Work Programmes. The participants were given the opportunity to experience first-hand a professional working environment.

# Executive Director's Letter Cont'd

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The Corporation continued its SEA scholarship program which resulted in sixty (60) students receiving secondary and tertiary level assistance from the Corporation at a total annual spend of TT\$150,000.00 in 2011.

Consistent with our philosophy of promoting the development of sound investment management practices among our nation's youth, our Schools' Investment Game was expanded in 2011 to give students exposure to international equity markets. Competing teams were allowed to notionally invest in companies listed on the New York Stock Exchange, (NYSE) and the National Association of Securities Dealers Automated Quotations, (NASDAQ).

At the UTC, we believe that through proper management of your finances our unitholders will be better equipped to achieve their life goals. Therefore, we are resolute in our commitment to forge a stronger bond with our unitholders and their families by communicating the ways and means of how to achieve financial well-being. This initiative is a natural progression to our business and it will allow us to better prepare our clients with the financial know-how to plan for and effectively deal with important life events such as retirement, buying a home and planning for their children's education.

## **APPRECIATION**

In closing, I wish to thank all those who have contributed towards helping the Corporation produce improved results in 2011. Firstly I wish to express my sincere thanks to the Chairman and the members of the board for their unwavering support and guidance over the year.

Additionally, I thank members of the executive team as well as the management and staff of the Corporation for their dedication to duty and their loyalty to the Corporation.

Finally, I express my deepest gratitude to our loyal unitholders who have maintained their trust and confidence in the board and management of the Unit Trust Corporation. I give the assurance that despite the difficulties which are inherent in today's volatile and low interest rate environment that we at the Corporation remain committed to our founding mandate and would continue to strive to ensure that the UTC remains a place of safety, strength and stability for all times.

Sincerely

***Eutrice Carrington,***

*Executive Director,*

*March 29, 2012*

## RE-ENERGISE

*As part of the very fabric of this nation, it is our duty to ensure the continued financial stability and strength of our citizens for generations to come. As the Corporation charts its way forward, we aim to reposition ourselves in the domestic financial landscape by offering new products and services to meet the needs of the investing public. With this in mind, we remain steadfast in our mission to engage our customers and remain obligated to improving the financial health of our citizens.*





*Trinidad and Tobago Unit Trust Corporation's contribution to the history and development of the financial sector has resonated across all sectors of the society.*

*For thirty years, our images have left lasting impressions and serve as a reminder of the pivotal role the Corporation continues to play in the development of our society.*

# OVER THE



*From the euphoric days in 1982 when the corporation entered the financial services arena to the grand opening of customer service centres, the launch of new investment products and services, the inauguration of the SEA Scholarship Awards programme and Secondary Schools' Investment Game, as well as other momentous occasions such as the commissioning of the Financial Well-being Survey and technological innovations, they have all been visually chronicled for posterity.*

*We share these defining moments with you.*

# YEARS



UTC Former Executive Director E. Henry Sealy (Right) listens attentively to guests at the opening ceremony of the first UTC Customer Service Centre in Tobago in 1994.



Participants of the UTC's Game Fishing Tournament 2000 show off their catch of the day.



Dancers at the UTC Branch Opening in Tobago



Mr. Renrick Nickie (Left) and Mr. Clarry Benn (Right) greet winners of the SEA Scholarship Programme.



UTC Financial Centre in Port-of-Spain under construction



UTC staff chat with customer during the launch of the VISA Fund Card.



Former Executive Director Michael Alexander and Orville London, Chief Secretary, Tobago House of Assembly at the opening of UTC Branch in Tobago on July 8th, 2005.



Past participants of the UTC Schools' Investment Game Award Ceremony displaying their book bags.



Former UTC Chairman Ms Judy Chang and guests at the Topping Off Ceremony at the UTC Financial Center in 1999.



Grand Opening of the UTC Headquarters.



UTC's first Executive Director Jerry Hospedales chats with a customer.



A Chinese dragon dances on the Brain Lara Promenade at the Grand Opening of UTC Headquarters



Showcasing the rhythmic vibrations of the East Indian culture on stage, these dancers celebrate the Grand Opening.



Mokojumbies adorned in red, white and black, standing as tall as the UTC Head Office building joins with the nation in celebrating Independence



Another proud moment to celebrate! A ticker tape displaying UTC 25th Anniversary Message.



UTC's former Executive team (L to R) – Renrick Nickie, Clarry Benn, Michael Alexander



The UTC staff enjoying making Easter Baskets with the children of Hope Centre in 2009



Ms. Eutrice Carrington at the opening of One Woodbrook Place Customer Service Centre with Clarry Benn



UTC staff smile for the camera as they show off their presentation at the staff Cook Off event



The UTC staff serving their dishes at the staff Cook Off event



Ms. Amoy Chang Fong – Chairman and Ms. Gayle Daniel Worrell - Vice President, Marketing, Communications & Distribution Channels with the winners of the UTC's Divali Art Competition.



UTC's staff Mr. Omar Holder chats with customers at the launch of the UTC's Energy Fund



Mr. Clarry Benn, former Executive Director presents scholarships to the UTC's first SEA Scholarship winners Mariann Roopnarine and Kern Small in 1996.



UTC staff members stand proudly as they model their uniforms on the steps of the UTC Financial Centre building in Port of Spain



Tassa drummers displaying their skills at UTC's 2009 Divali Art Awards Ceremony at the Chaguana Building.



Hit it for 6! Executive Director, Eutrice Carrington enjoys a game of cricket with the kids at the St. Mary's Children Home.



Former Executive Director, Clarry Benn (Centre) and Executive Manager Renrick Nickie (Left) congratulate world renowned batsman Brian Charles Lara, presenting him with an IRUA for breaking the world record in 1994, with 375 runs in Test Cricket.



UTC Former Executives (L-R) Renrick Nickie, Clarry Benn and E. Henry Sealy.



Team UTC getting ready to compete in the 2009 Dragon Boat Race in Chaguaramas.



Executive Director, Eutrice Carrington, with paint brush in hand, doing her part in the refurbishment of the Paediatric Ward at Mt. Hope Children's Hospital.



Participants warm up during UTC's Ribbons of Hope at the Queen's Park Savannah in 2009.



UTC staff in a jubilant mood as they go about their duties during a community outreach activity.



UTC staff members enjoying themselves at a staff appreciation function.



The UTC's Board of Directors and Executives address the audience at the Annual General Meeting in 2002.



Ms. Amoy Chang Fong, then Deputy Governor of the Central Bank speaks at the launch of the UTC's US\$ Money Market Fund in April 2000.



Mr. Renrick Nickie (Left) and Mr. Clarry Benn (Right) at the 2001 launch of the UTC's new Fund the Student Investment and Protection Plan (SIPP)



Former staff member UTC Wayne Holder uses his VISA Fund Card at the UTC ATM during the launch of the UTC's VISA Fund Card.



Former UTC Chairman Ms. Judy Chang delivers an address at the Opening Ceremony of the UTC Customer Service Centre in Couva.



Father Everst Hall offers a prayer at the Opening of the 1st UTC Customer Service Centre in Chaguana while other UTC officials look on.



UTC Executives and other officials in discussion during the Topping Off Ceremony of the UTC Financial Centre Building in Port of Spain in 1999.



Former UTC Director, Douglas Comacho (centre) chats with guests during the Launch of Chaconia Income and Growth Fund in 1993.



# Rally

# Rally

*As the Corporation turns the page and enters a new chapter in its history, we take cognizance of our renewed sense of obligation to be the people's preferred financial services provider and our unyielding belief that our greatest asset is you – our valued customer, our employees, our stakeholders who have invested their money, their time and their confidence in us. For thirty years, we have helped you realise your dreams and aspirations. We want you to help us build a future that generations will enjoy and leave a legacy of lasting significance.*



# *Financial Statements*

# Auditor General's Report



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

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF  
TRINIDAD AND TOBAGO ON THE CONSOLIDATED FINANCIAL  
STATEMENTS OF THE TRINIDAD AND TOBAGO UNIT TRUST  
CORPORATION FOR THE YEAR ENDED 2011 DECEMBER 31

The accompanying Consolidated Financial Statements of the Trinidad and Tobago Unit Trust Corporation for the year ended 2011 December 31 have been audited. The statements as set out on pages 1 to 56 and on pages referenced A-1 to A-12 comprise:

- i. a Consolidated Statement of Financial Position as at 2011 December 31, a Consolidated Statement of Income, a Consolidated Statement of Comprehensive Income, a Consolidated Statement of Changes in Equity and a Consolidated Statement of Cash Flows for the year ended 2011 December 31 in respect of the Trinidad and Tobago Unit Trust Corporation;
- ii. Notes to the Consolidated Financial Statements for the year ended 2011 December 31 numbered 1 to 41 and
- iii. Additional Information comprising a Statement of Financial Position as at 2011 December 31 and a Statement of Comprehensive Income and a Statement of Cash Flows for the year ended 2011 December 31 in respect of each of the following: the Growth and Income Fund (First Unit Scheme), the TT Dollar Income Fund, the Universal Retirement Fund and the US Dollar Income Fund respectively.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

## AUDITOR'S RESPONSIBILITY

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

# Auditor General's Report Cont'd

Trinidad & Tobago Unit Trust Corporation

3. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
4. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the audit opinion.

## OPINION

5. In my opinion the consolidated financial statements present fairly, in all material respects, the financial position of the Trinidad and Tobago Unit Trust Corporation as at 2011 December 31 and its financial performance and its cash flows for the year ended 2011 December 31 in accordance with International Financial Reporting Standards.

2012 MARCH 29



*Sharmar Othedy*  
SHARMAR OTLEDY  
AUDITOR GENERAL

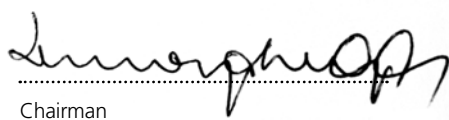
# Consolidated Statement of Financial Position

As at 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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	Notes	31-Dec-11 \$ '000	31-Dec-10 \$ '000
<b>ASSETS</b>			
Investment Funds	3	18,144,849	17,472,833
Cash and Cash Equivalents		308,035	260,557
Receivables	4	152,504	868,876
Prepayments and Other Assets		24,177	25,490
Investment Securities	5	2,882,455	2,169,885
Property, Plant and Equipment	6	184,322	186,226
Intangible Assets	7	20,829	25,499
<b>TOTAL ASSETS</b>		<b>21,717,171</b>	<b>21,009,366</b>
<b>LIABILITIES</b>			
Accounts Payable and Short Term Liabilities		66,167	29,947
Other Liabilities		39,690	33,438
Financial Instruments	8	2,462,426	2,557,313
Deferred income tax liability	34	3,149	2,244
Sinking Fund Liability	9	7,805	-
<b>TOTAL LIABILITIES</b>		<b>2,579,237</b>	<b>2,622,942</b>
<b>CAPITAL AND RESERVES</b>			
Initial Capital	10	4,766	4,766
Unit Capital	11	18,140,083	17,468,067
		18,144,849	17,472,833
Fund Reserves	12	113,436	88,793
Statutory Reserves	13	5,050	5,050
Revaluation Reserve	14	(3,502)	16,756
Retained Income		774,773	704,637
		889,757	815,236
Non-controlling Interest	15	103,328	98,355
<b>TOTAL LIABILITIES, CAPITAL AND RESERVES</b>		<b>21,717,171</b>	<b>21,009,366</b>



  
Chairman

  
Executive Director

# Consolidated Statement of Income

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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	Notes	31-Dec-11 \$ '000	31-Dec-10 \$ '000
<b>CONTINUING OPERATIONS</b>			
<b>INCOME</b>			
<b>Investment Income -</b>			
Growth & Income Fund		176,437	155,395
TT\$ Income Fund		360,604	456,816
Universal Retirement Fund		8,292	9,522
US\$ Income Fund		150,694	158,781
Net Investment Income - Group Operations	17	19,879	120,732
Initial Charge		7,191	5,530
Other Income	18	13,229	16,148
<b>Total Income</b>		<b>736,326</b>	<b>922,924</b>
<b>EXPENSES</b>			
Commissions		(15,851)	(16,773)
Impairment	19	-	(180,329)
Administrative	20	(201,713)	(205,439)
Depreciation and amortisation		(20,535)	(19,017)
Provision for Sinking Fund Liability	9	(7,805)	-
<b>Total Expenses</b>		<b>(245,904)</b>	<b>(421,558)</b>
<b>Net Income before Finance Charges</b>		<b>490,422</b>	<b>501,366</b>
Finance Charges	22	(132)	(2,213)
<b>Net Income after Finance Charges</b>		<b>490,290</b>	<b>499,153</b>
Undistributed Income/(Loss) at beginning of year		1,423	(82,768)
Distributions	23	(354,770)	(330,954)
Transfer from Investment Funds to Reserves		(23,565)	(22,613)
Income Capitalized		(4,475)	(6,220)
Undistributed Income at end of year		(7,443)	(1,423)
Net Income before Taxation from Continuing Operations		<b>101,460</b>	<b>55,175</b>
Taxation	33	(5,802)	(3,606)
<b>Net Income after taxation from Continuing Operations</b>		<b>95,658</b>	<b>51,569</b>
<b>DISCONTINUED OPERATIONS</b>			
Net Loss from Discontinued Operations	24	(24,825)	-
<b>Net Income for the year</b>		<b>70,833</b>	<b>51,569</b>
Net Income Attributable to:			
Owners of the Parent		79,959	46,503
Non-controlling Interest		(9,126)	5,066
		<b>70,833</b>	<b>51,569</b>

# Consolidated Statement of Comprehensive Income

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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	31-Dec-11 \$ '000	31-Dec-10 \$ '000
<b>NET INCOME AFTER TAXATION</b>	<b>70,833</b>	<b>51,569</b>
<b>Other Comprehensive Income:</b>		
Available for sale financial assets	(1,294)	16,588
Exchange differences on translating foreign operations	(18,964)	(24,539)
<b>Other Comprehensive Loss for the year</b>	<b>(20,258)</b>	<b>(7,951)</b>
<b>Total Comprehensive Income for the year</b>	<b>50,575</b>	<b>43,618</b>
Total Comprehensive Income attributable to:		
Owners of the parent	60,879	31,030
Non-controlling Interest	(10,304)	12,588
	<b>50,575</b>	<b>43,618</b>

# Consolidated Statement of Changes in Equity

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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	Note	Fund Reserves \$'000	Statutory Reserves \$'000	Revaluation Reserve \$'000	Retained Income \$'000	Non-control- ling Interest \$'000	Total \$'000
<b>Balance as at January 1, 2011</b>		<b>88,793</b>	<b>5,050</b>	<b>16,756</b>	<b>704,637</b>	<b>98,355</b>	<b>913,591</b>
Total Comprehensive Income/(Loss) for the year		-	-	(20,258)	79,959	(10,304)	49,397
Exchange translation differences		-	-	-	-	2,111	2,111
Capital contributions from minority shareholders and other changes in minority interest		-	-	-	-	13,166	13,166
Transfers (to)/from Investment Funds	12	23,565	-	-	-	-	23,565
Transfers from Retained Income	12	26,371	-	-	(26,371)	-	-
Guarantee reserves payments	12	(27,371)	-	-	-	-	(27,371)
Interest on Reserve Assets		2,078	-	-	-	-	2,078
Adjustment for Belize		-	-	-	16,548	-	16,548
<b>BALANCE AS AT DECEMBER 31, 2011</b>		<b>113,436</b>	<b>5,050</b>	<b>(3,502)</b>	<b>774,773</b>	<b>103,328</b>	<b>993,085</b>
<b>Balance as at January 1, 2010</b>		<b>66,478</b>	<b>5,050</b>	<b>24,707</b>	<b>725,533</b>	<b>92,117</b>	<b>913,885</b>
Total Comprehensive Income for the year		-	-	(7,951)	46,503	12,585	51,137
Exchange translation differences		-	-	-	-	(143)	(143)
Capital contributions from minority shareholders and other changes in minority interest		-	-	-	-	(6,204)	(6,204)
Transfers from Investment Funds	12	22,612	-	-	(16,587)	-	6,025
Transfers from Retained Income	12	50,812	-	-	(50,812)	-	-
Guarantee reserves payments	12	(51,812)	-	-	-	-	(51,812)
Interest on Reserve Assets		703	-	-	-	-	703
<b>BALANCE AS AT DECEMBER 31, 2010</b>		<b>88,793</b>	<b>5,050</b>	<b>16,756</b>	<b>704,637</b>	<b>98,355</b>	<b>913,591</b>

# Consolidated Statement of Cash Flows

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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	31-Dec-11 \$ '000	31-Dec-10 \$ '000
<b>OPERATING ACTIVITIES</b>		
Net Income before taxation	101,460	55,175
<i>Adjustment to reconcile net income to net cash and cash equivalents from operating activity:</i>		
Depreciation and Amortisation	20,535	19,017
Impairment	-	166,406
Loss on sale of property, plant and equipment	57	315
	<b>122,052</b>	<b>240,912</b>
<i>Movements in Working Capital</i>		
Decrease/(Increase) in Receivables	716,371	(611,029)
Decrease/(Increase) in Prepayments and Other Assets	1,312	(7,539)
Increase /(Decrease) in Accounts Payable and Liabilities	43,378	(28,188)
Taxation paid	(5,802)	(2,761)
Loss on Discontinued Operations	(24,825)	-
Increase in Sinking Fund Liability	7,805	-
<b>Net Cash Flow From/(Used In) Operating Activities</b>	<b>860,291</b>	<b>(408,604)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	(13,194)	(10,262)
Proceeds from Disposal of Property, Plant and Equipment	516	126
Purchase of Intangible Assets	(1,340)	(4,940)
Purchase of Investment Securities	(838,371)	(373,991)
Proceeds from Disposal of Investments	136,192	1,420,856
<b>Net Cash (Used In)/Flow From Investing Activities</b>	<b>(716,197)</b>	<b>1,031,789</b>
<b>FINANCING ACTIVITIES</b>		
Finance Lease Repayments	-	(53,047)
Financial Instruments	(94,887)	(576,493)
Payments to Reserves (net)	25,642	23,315
Distribution	-	(16,587)
Guarantee Reserve Payments	(27,371)	(51,812)
<b>Net Cash Used In Financing Activities</b>	<b>(96,616)</b>	<b>(674,625)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>47,478</b>	<b>(51,441)</b>
Cash and Cash Equivalents at beginning of year	260,557	311,998
Cash and Cash Equivalents at end of year	<b>308,035</b>	<b>260,557</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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## 1) INCORPORATION AND PRINCIPAL ACTIVITIES

The Trinidad & 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, generally to provide facilities for participation by members of the public in investing in shares and securities approved by the Board. The Finance Act of 1997 permitted expansion of the Corporation's scope of business to include other financial services, such as merchant banking, trustee services and card services.

The Trinidad & Tobago Unit Trust Corporation controlled nine (9) subsidiary companies during the first six months of 2011 and eight (8) subsidiary companies for the latter half of 2011.

## 2) SIGNIFICANT ACCOUNTING POLICIES

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

### a) Basis of Preparation

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

Certain new standards, amendments to published standards and interpretations were published during the current financial year. With respect to the Group they may be classified as shown below:

#### *i. New standards, amendments and interpretations adopted by the Group*

Improvements to IFRS and the pronouncements of the International Financial Reporting Interpretations Committee (IFRIC) are issued annually. They contain numerous amendments to IFRS and IFRIC that the International Accounting Standards Board (IASB) considers non-urgent but necessary. Improvements to IFRS and IFRIC comprise amendments that resulted in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS and IFRIC. Adoption of these amendments did not have a material impact on the Group's financial statements. The following amendments are effective for annual periods beginning on or after 1 January, 2011.

- IFRS 3 (revised), was amended to clarify the measurement choice regarding non-controlling interest and also to provide more guidance regarding the accounting for share-based payment awards;
- IFRS 7 amended the disclosures required on the transfer of financial assets;
- IAS 32 was amended to address the classification of certain rights issues denominated in a foreign currency;
- IFRIC 14 addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19;

# Notes to the Consolidated Financial Statements

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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## 2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### a) Basis of Preparation (continued)

- IFRIC 19 provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments; and
- IAS 24 (revised), Related Party Disclosures, clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.

#### ii. *New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January, 2011 and not early adopted*

- IFRS 9 - 'Financial Instruments'. This standard is the first step in the process to replace IAS 39, 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets. Though initially announced as mandatory from 1 January 2013, the standard at present is not mandatory until 1 January 2015 but is available for early adoption. The Group proposes to adopt IFRS 9. It is not practicable at present to assign a dollar value to the potential impact of adoption by the Group of IFRS 9.
- IFRS 10 – Consolidated Financial Statements. IFRS 10 establishes control as the single basis for consolidation of an entity. It states that an investor can control an entity with less than 50% of the voting rights. It provides specific application guidance for agency relationships. IFRS 10 is mandatory from 1 January 2013, and is expected to have a significant impact on the presentation of the Group's Consolidated Financial Statements as the Group will be required to consolidate most of the Funds under management line by line.
- IFRS 11 – Interests in Joint Ventures deals with how a joint arrangement of which two or more parties have joint control should be classified. The standard is not expected to have a material impact on the Group's financial statements in the immediate future.
- IFRS 12 – Disclosure of Interests in Other Entities is mandatory from 1 January 2013, and extends the disclosure requirements of entities that have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities. Adoption of this standard is not expected to have a material impact on the Group's financial statements.
- IFRS 13 – Fair Value Measurement - provides a single source of guidance for fair value measurements and disclosures about fair value measurements. In general the disclosure requirements are more extensive than those required under other standards. Adoption of this standard should not materially impact the Group's financial statements.

### b) Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Corporation and its subsidiaries drawn up as at 31 December, 2011 and include all the assets and liabilities and results of operations of the Group. Subsidiaries are entities over which the Group has the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

# Notes to the Consolidated Financial Statements

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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## 2) SIGNIFICANT ACCOUNTING POLICIES (continued) b) Basis of Consolidation (continued)

'Non-controlling interest' represents the portion of the profit and net assets not owned directly or indirectly by the Corporation. It is presented in the Consolidated Statement of Income, the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Financial Position, separately from the parent's shareholding interest.

All material inter-company transactions and accounts have been eliminated in preparing the Consolidated Financial Statements. Accounting policies of the subsidiaries are consistent with the policies of the Group.

### c) Investment Securities

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

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

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

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

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

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

### d) Security Valuation

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

## 2) SIGNIFICANT ACCOUNTING POLICIES (continued)

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### e) Impairment of financial assets

#### *Assets carried at amortised cost*

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

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

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

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

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

#### *Assets classified as available-for-sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets classified as available-for-sale is impaired. For debt securities, the Group uses the criteria used for assets carried at amortised cost (see above). In the case of equity investments classified as available-for-sale,

# Notes to the Consolidated Financial Statements

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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## 2) SIGNIFICANT ACCOUNTING POLICIES (continued) e) Impairment of financial assets (continued)

a significant or prolonged decline in the fair value of the security below its cost is considered evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Consolidated Statement of Income. Impairment losses recognised in the separate Consolidated Statement of Income on equity investments are not reversed through the Consolidated Statement of Income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the Consolidated Statement of Income.

### f) Repurchase and Reverse Repurchase Agreements

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

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

### g) Property, Plant and Equipment

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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## 2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### g) Property, Plant and Equipment (continued)

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

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

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

### h) Intangible Assets

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

### i) Impairment of Non-Financial Assets

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

### j) Foreign Currency Translation

The Consolidated Financial Statements are presented in Trinidad and Tobago dollars, which is the Corporation's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Income.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency. All resulting exchange differences are recognised in the Consolidated Statement of Comprehensive Income.

# Notes to the Consolidated Financial Statements

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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## 2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### k) Employee Benefits

Short-term employee benefits such as wages are recognized in the accounting period during which services are rendered by employees. Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

### l) Cash and Cash Equivalents

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

### m) Provisions

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

### n) Revenue Recognition

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

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

### o) Borrowings

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

### p) Segment Reporting

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

# Notes to the Consolidated Financial Statements

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## 2) SIGNIFICANT ACCOUNTING POLICIES (continued)

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### q) Separate Funds Under Management

The assets and liabilities pertaining to pension and other funds, which are managed in accordance with specific Investment Management Agreements, are not included in the Statement of Financial Position of the Corporation. The market value of these portfolios as at 31 December, 2011 is \$485 million (2010: \$439 million).

### r) Taxation

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

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

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

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

### s) Comparative Information

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

# Notes to the Consolidated Financial Statements

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### 3) INVESTMENT FUNDS

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

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Growth & Income Fund	<b>3,302,751</b>	3,031,225
TT\$ Income Fund	<b>10,556,777</b>	10,138,221
Universal Retirement Fund	<b>186,917</b>	162,896
US\$ Income Fund	<b>4,098,404</b>	4,140,491
<b>Total</b>	<b><u>18,144,849</u></b>	<u>17,472,833</u>

### 4) RECEIVABLES

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Receivables transferred from Investment Securities	-	784,765
Receivables - Other	<b><u>152,504</u></b>	<u>84,111</u>
<b>Total</b>	<b><u>152,504</u></b>	<u>868,876</u>

Amounts due and payable in respect of investment securities at 31 December, 2010 were transferred to receivables. These receivables were disposed of during the year.

# Notes to the Consolidated Financial Statements

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## 5) INVESTMENT SECURITIES

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
<b>Held-to-maturity investments carried at amortized cost:</b>		
Bonds	<b>160</b>	579,822
Equity	<b>48,653</b>	44,741
Mutual Funds	<b>6</b>	7,038
Short-term investments (ii)	<b>91,150</b>	197,953
	<b><u>139,969</u></b>	<u>829,554</u>
 <b>Available-for-sale assets carried at fair value:</b>		
Bonds (i)	<b>2,482,955</b>	707,400
Equity	<b>230,931</b>	252,842
Mutual Funds	<b>15,843</b>	16,088
Short-term investments (ii)	<b>12,757</b>	-
	<b><u>2,742,486</u></b>	<u>976,330</u>
 <b>Loans and receivables</b>		
Loans	<u>-</u>	<u>364,002</u>
 <b>INVESTMENT SECURITIES</b>	 <b><u>2,882,455</u></b>	 <u>2,169,886</u>

- i. During 2011 the Corporation invested in ten (10) year floating rate corporate bonds. The weighted average rate of interest on the bonds at 31 December, 2011 was 1.52%. The Bonds were partially backed by a sovereign guarantee.
- ii. All short term securities had original maturities of more than three (3) months.

# Notes to the Consolidated Financial Statements

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## 6) PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Office Improvement	Motor Vehicles	Office & Computer Equipment	Office Furniture	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 31 Dec, 2011</b>							
Opening Net Book Value	16,183	115,461	25,215	3,880	19,518	5,969	186,226
Additions	-	-	4,553	790	7,486	365	13,194
Reclassifications	-	-	(30)	-	(99)	129	-
Disposals	-	-	(2)	(330)	(205)	(35)	(572)
Depreciation/Amortisation	(22)	(2,809)	(4,090)	(973)	(5,589)	(1,043)	(14,526)
Closing Net Book Value	<b>16,161</b>	<b>112,652</b>	<b>25,646</b>	<b>3,367</b>	<b>21,111</b>	<b>5,385</b>	<b>184,322</b>
<b>As at 31 Dec, 2011</b>							
Cost	16,292	139,427	46,668	6,658	64,266	19,085	292,396
Accumulated Depreciation/Amortisation	(131)	(26,775)	(21,022)	(3,291)	(43,155)	(13,700)	(108,074)
Net Book Value	<b>16,161</b>	<b>112,652</b>	<b>25,646</b>	<b>3,367</b>	<b>21,111</b>	<b>5,385</b>	<b>184,322</b>
<b>Year ended 31 Dec, 2010</b>							
Opening Net Book Value	16,205	118,270	23,953	4,306	20,687	6,825	190,246
Additions	-	-	4,444	800	4,681	336	10,261
Disposals	-	-	(129)	(101)	(204)	(7)	(441)
Depreciation/Amortisation	(22)	(2,809)	(3,053)	(1,125)	(5,646)	(1,185)	(13,840)
Closing Net Book Value	<b>16,183</b>	<b>115,461</b>	<b>25,215</b>	<b>3,880</b>	<b>19,518</b>	<b>5,969</b>	<b>186,226</b>
<b>As at 31 Dec, 2010</b>							
Cost	16,569	139,427	42,161	7,011	58,173	20,235	283,576
Accumulated Depreciation/Amortisation	(386)	(23,966)	(16,946)	(3,131)	(38,655)	(14,266)	(97,350)
Net Book Value	<b>16,183</b>	<b>115,461</b>	<b>25,215</b>	<b>3,880</b>	<b>19,518</b>	<b>5,969</b>	<b>186,226</b>

### Land

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

### FAIR VALUE LAND AND BUILDINGS

The fair value of Land and Buildings was estimated at \$187.5 million at 31 December, 2011.

# Notes to the Consolidated Financial Statements

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## 7) INTANGIBLE ASSETS

	2011	2010
	\$'000	\$'000
<b>Year ended 31 December</b>		
Opening Net Book Value	25,499	25,737
Additions	1,340	4,939
Depreciation Charge	<u>(6,010)</u>	<u>(5,177)</u>
<b>Closing Net Book Value</b>	<b><u>20,829</u></b>	<b><u>25,499</u></b>
<b>As at 31 December</b>		
Cost	49,311	47,971
Accumulated Depreciation	<u>(28,482)</u>	<u>(22,472)</u>
<b>Net Book Value</b>	<b><u>20,829</u></b>	<b><u>25,499</u></b>

## 8) FINANCIAL INSTRUMENTS

	Interest		2011	2010
	Rate	Term	\$'000	\$'000
Fixed-term funding Guaranteed Investment	1.5%	Less than 1 year	2,284,305	2,282,200
Certificate Guaranteed Investment	12.6%	Less than 1 year	174,511	29,960
Certificate	7.7%-12.6%	10-25 years	-	240,474
Long-term bond	8.0%	10 years	3,497	4,491
Long-term bond	8.0%	7.5 years	<u>113</u>	<u>188</u>
<b>TOTAL</b>			<b><u>2,462,426</u></b>	<b><u>2,557,313</u></b>

Fixed-term funding represents financial liabilities in the form of Investment Note Certificates. The Guaranteed Investment Certificate was retired in early January 2012.

The long-term interest bearing bonds represent debt raised by the subsidiary UTC Property Holdings Limited for financing the construction of two (2) of its properties. There have been no new borrowing costs capitalized since 2006.

# Notes to the Consolidated Financial Statements

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### 9) SINKING FUND LIABILITY

The Corporation is contractually obligated to generate minimum returns on two (2) sinking funds that it manages. The sum of \$7.805 million represents the shortfall of the actual balances with respect to the targeted balances as at 31 December, 2011.

### 10) INITIAL CAPITAL

Initial Capital is capital subscribed by the Initial Capital Contributors to the Trinidad and Tobago Unit Trust Corporation in accordance with Section 17 of the Act and invested in the Growth and Income Fund. Initial Capital at the end of the reporting period was \$4.77 million (2010: \$4.77 million).

### 11) UNIT CAPITAL

Unit Capital represents the capital value of units issued by the four (4) Investment Funds domiciled in Trinidad and Tobago and operated by the Corporation. In respect of the Growth and Income Fund (First Unit Scheme), this excludes the acquisition cost of the units issued in respect of Initial Capital.

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Growth and Income Fund	<b>3,297,985</b>	3,026,459
TT\$ Income Fund	<b>10,556,777</b>	10,138,221
Universal Retirement Fund	<b>186,917</b>	162,896
US\$ Income Fund	<b>4,098,404</b>	4,140,491
<b>Total</b>	<b><u>18,140,083</u></b>	<u>17,468,067</u>

### 12) FUND RESERVES

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Growth and Income Fund Guarantee Reserve	<b>10,000</b>	-
TT\$ Income Fund	<b>35,961</b>	32,758
US\$ Income Fund	<b>67,475</b>	56,035
<b>Total</b>	<b><u>113,436</u></b>	<u>88,793</u>

Allocations from the Growth and Income Fund, TT\$ Income Fund and US\$ Income Fund are made to reserves established at the Corporation for the respective Funds. Allocations from the Funds to the said reserves for 2011 totalled \$23.565 million as shown hereunder:

# Notes to the Consolidated Financial Statements

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## 12) FUND RESERVES (continued)

### a) Growth and Income Fund Guarantee Reserve

In 1984, 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 2011 the Fund made allocations in the amount of \$11.0 million to the Guarantee Reserve, calls totalling \$27.4 million were made on the Fund, of which the Corporation met \$26.4 million. The Corporation will continue to meet any shortfalls in the reserve.

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Fund reserve as at 1 January	-	-
Allocation to reserve (Growth and Income Fund)	<b>11,000</b>	1,000
Call on reserve	<b>(27,371)</b>	(51,812)
Allocation to reserve (Corporation)	<b>26,371</b>	50,812
<b>Fund reserve as at 31 December</b>	<b><u>10,000</u></b>	<u>-</u>

### b) TT\$ 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 has 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 from the liquidation 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.

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Fund reserve as at 1 January	<b>32,758</b>	26,037
Allocation to primary reserve	<b>2,800</b>	2,800
Allocation to secondary reserve	-	3,498
Interest earned on reserve	<b>403</b>	423
<b>Fund reserve as at 31 December</b>	<b><u>35,961</u></b>	<u>32,758</u>

### c) 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December, 2011  
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## 12) FUND RESERVES (continued) c) US\$ Income Fund Reserves (continued)

The Primary Reserve was established to satisfy any shortfall that may arise from the liquidation 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.

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Fund reserve as at 1 January	<b>56,035</b>	40,441
Allocation to primary reserve	<b>7,620</b>	8,689
Allocation to secondary reserve	<b>2,145</b>	6,624
Interest earned on reserve	<b>1,675</b>	281
<b>FUND RESERVE AS AT 31 DECEMBER</b>	<b><u>67,475</u></b>	<u>56,035</u>

## 13) STATUTORY RESERVES

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

## 14) REVALUATION RESERVE

The revaluation reserve reflects unrealised capital appreciation and depreciation from changes in the fair values of available-for-sale financial instruments held by the Group. Foreign currency translation differences are also reflected therein. The revaluation of the investments held by the Investment Funds is reflected on the Statement of Financial Position of each of the Funds and is not included in this revaluation reserve.

## 15) NON-CONTROLLING INTEREST

Non-controlling interest represents the portion of the equity in UTC North American Fund Inc., and Unit Trust Corporation (Cayman) SPC Limited that is not owned by any entity within the UTC Group of companies. In both instances investors in the collective investment schemes are shareholders as the schemes are organized as legal entities within a corporate structure.

The movement in non-controlling interest is provided in the Consolidated Statement of Changes in Equity.

# Notes to the Consolidated Financial Statements

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## 16) MANAGEMENT CHARGE

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Growth and Income Fund	<b>66,740</b>	61,355
TT\$ Income Fund	<b>157,113</b>	202,764
Universal Retirement Fund	<b>3,679</b>	3,196
US\$ Income Fund	<b>61,887</b>	37,120
<b>Total</b>	<b><u>289,419</u></b>	<u>304,435</u>

- a. The Corporation, in accordance with the regulations governing the Growth and Income Fund, the TT\$ Income Fund, the Universal Retirement Fund and the US\$ Income Fund may charge a management fee of up to 2% on the value of the funds under management in the respective schemes and funds. The average management fee charged for the year was 1.8% (2010: 1.7%).
- b. In accordance with the prospectus governing the segregated portfolio funds of the Unit Trust Corporation (Cayman) SPC Limited, the Corporation may charge a management fee not exceeding 1.5% of funds under management. The management fee charged for the year was 1.3% (2010: 1.3%).

In addition to this management charge, the Group earned additional management charge of \$1.9 million (2010: \$3.3 million) from its foreign investment portfolios and other funds under management. This is recognized in other income in the Consolidated Statement of Income.

## 17) NET INVESTMENT INCOME – GROUP CONTINUING OPERATIONS

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

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Interest and Other Fee Income	<b>21,505</b>	187,700
Interest Expense and Other Charges	<b>(1,626)</b>	(66,968)
<b>Total</b>	<b><u>19,879</u></b>	<u>120,732</u>

## 18) FOREIGN EXCHANGE GAINS/(LOSSES)

The exchange differences credited to the Consolidated Statement of Income are included in Other Income as follows:

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Foreign exchange gains – continuing operations	<b><u>1,820</u></b>	<u>5,662</u>

# Notes to the Consolidated Financial Statements

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## 19) IMPAIRMENT OF INVESTMENT SECURITIES

No impairment charges were recognized by the Group during 2011. The 2010 Impairment Charge of \$180.3 million recognized by the Corporation and its subsidiaries, is provided below with other relevant data.

### Corporation and Subsidiaries

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Impairment	<u>-</u>	<u>165,948</u>
Carrying value of impaired investments	-	234,117
Fair value of collateral held for impaired investments	-	234,117

The impairment charges recognized in 2010 by the Corporation and subsidiaries represented securities past due and/or in receivership, for which there was a shortfall in the fair value of the collateral.

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

### Investment Funds

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Impairment	<u>-</u>	<u>14,380</u>
Carrying value of impaired investments	-	19,935
Fair value of collateral held for impaired investments	-	19,935

# Notes to the Consolidated Financial Statements

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## 20) ADMINISTRATIVE EXPENSES

Administrative expenses comprised:

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Audit fees	<b>718</b>	659
Building maintenance	<b>4,704</b>	4,292
Directors' fees	<b>1,939</b>	2,150
General administration	<b>47,850</b>	46,546
Insurance	<b>2,040</b>	2,431
Marketing and advertising	<b>11,940</b>	15,008
Professional services	<b>19,656</b>	29,913
Rental of premises	<b>5,885</b>	4,739
Security	<b>12,422</b>	12,432
Staff costs (Note 21)	<b>94,559</b>	87,269
<b>TOTAL</b>	<b><u>201,713</u></b>	<u>205,439</u>

## 21) STAFF COSTS

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Salaries and benefits	<b>81,610</b>	73,523
Pension costs	<b>9,619</b>	10,199
National insurance	<b>3,330</b>	3,547
<b>Total</b>	<b><u>94,559</u></b>	<u>87,269</u>
<b>Number of employees</b>	<b>516</b>	532

Salaries and benefits for 2010 reflect a reduction of the actual cost by \$15.0 million due to a 2009 provision reversal in 2010.

# Notes to the Consolidated Financial Statements

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## 22) FINANCE CHARGES

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Long term bonds (Note 8)	<b>132</b>	225
Finance lease	-	<u>1,988</u>
<b>Total</b>	<b><u>132</u></b>	<u>2,213</u>

## 23) DISTRIBUTIONS

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Growth and Income Fund	<b>88,896</b>	6,938
TT\$ Income Fund	<b>188,313</b>	231,753
US\$ Income Fund	<b><u>77,561</u></b>	<u>92,263</u>
<b>Total</b>	<b><u>354,770</u></b>	<u>330,954</u>

### a) Growth and Income Fund

The Growth and Income Fund paid \$88.9 million to its unit holders in respect of its June and December 2011 distributions. Included in the \$88.9 million, referred to, are distributions to Initial Capital Contributors of \$0.35 million (2010: \$0.03 million).

### b) TT\$ Income Fund

Distributions in the TT\$ Income Fund are made quarterly in February, May, August and November. Income accrued as at 31 December, 2011 for distribution in the quarter ending February 2012 amounted to \$12.8 million (2010: \$22.4 million).

### c) US\$ Income Fund

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

# Notes to the Consolidated Financial Statements

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## 24) NET LOSS FROM DISCONTINUED OPERATIONS

### a) Unit Trust Corporation (Belize) Limited

During 2011 the Unit Trust Corporation (Belize) Limited ceased operations and appointed a Liquidator who has been disposing the assets of both the Fund and the company and repaying both unit holders and creditors. The Liquidator is due to submit his final report during 2012. The Corporation does not expect to recover either its investment of \$17.65 million or its advances outstanding at December 2011 - \$0.40 million. These losses have been recognized as a Loss on Discontinued Operations in the Income Statement.

### b) Merchant Banking Department

During 2011 the Corporation disposed of 99% of its Merchant Banking Portfolio. The loss of the Merchant Banking Department for 2011 is provided below.

	<b>2011</b> <b>\$'000</b>
Interest income	90,794
Other income	<u>2,508</u>
Investment income	<u>93,302</u>
Interest expense	(53,789)
Impairment	(17,517)
Administrative expenses	(17,203)
Loss on disposal of assets	(10,374)
Foreign exchange loss	<u>(1,192)</u>
	<u>(100,075)</u>
<b>Net Loss on Discontinued Operations</b>	<b><u>(6,773)</u></b>

## 25) FINANCIAL RISK MANAGEMENT

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

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

The Board of Directors of the Trinidad and Tobago Unit Trust Corporation has overall responsibility for the management of the financial, operational and business risks faced by all lines. The Board is critically assisted in this regard by

# Notes to the Consolidated Financial Statements

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## 25) FINANCIAL RISK MANAGEMENT (continued)

its Audit, Risk & Compliance Committee. This Committee meets on at least a quarterly basis in order to ensure that the overall risk profile and policy environment of the Corporation is consistent with its strategic objectives. It also has oversight of the key internal control systems affecting the Corporation's significant operating activities. The Committee also considers the specific risk issues highlighted by the Management Risk Committee, which is a management committee comprising the Corporation's executive leadership and chaired by the Executive Director.

The Management Risk Committee is supported in its deliberations by an independent risk management function led by the Vice President – Corporate Affairs. The risk management function drives risk management policy-setting, scenario and stress testing and risk exposure monitoring across all business and operating activities.

The risk management function, in consultation with relevant line management, may also make recommendations for the management and mitigation of financial and other risks. The risk management function reports to and is directed in its activities by the Management Risk Committee. The Investment Committee of the Board also approves each collective investment scheme's investment policy statement which includes various constraints on the investment portfolios that take into account risk management considerations.

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

### STRATEGY IN USING FINANCIAL INSTRUMENTS

Financial risks arise from the acquisition of various classes of financial instruments including equity and debt instruments (traded and non-traded). With regard to its Collective Investment Scheme business, the Corporation's practice is to acquire financial assets that provide consistent risk-adjusted returns relative to specific investment objectives of the individual portfolios. In general, the investment activities of the Funds involve taking long positions in securities with a focus on medium term performance as opposed to short-term gains-taking. The Collective Investment Schemes neither use leverage nor sell securities short and have no financial liabilities arising out of their investment activities.

In respect of its Treasury function, the Corporation's strategy is to focus on cash management while earning intermediation income via the interest spread of its proprietary financial assets over its associated funding instruments.

### EQUITY PRICE RISK

#### *Collective Investment Schemes – Registered locally as Unit Trusts*

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

# Notes to the Consolidated Financial Statements

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## 25) FINANCIAL RISK MANAGEMENT (continued)

### Equity Price Risk (continued)

Collective Investment Schemes – Registered locally as Unit Trusts (continued)

Key influences on the asset allocation decision include domestic as well as global economic and financial market trends. In the case of equity, the security selection decision is typically influenced by consideration of fundamental and technical valuation factors as well as by the instrument's historical price sensitivity to the market. The amount of a particular security eventually acquired takes into account the need to maintain appropriate levels of diversification at the overall portfolio level.

The equity price risk exposure of the portfolios is monitored and measured via categorization of the stocks by their historical price sensitivity to the overall market. A historical price sensitivity below 90% is considered to be low whereas an historical price sensitivity above 110% is considered to be high. A historical price sensitivity between 90% and 110% is regarded as comparable to the overall market. The categorization of the portfolios' equity holdings is provided below both in dollar terms and as a percentage of total equity holdings in the relevant Fund:

	<b>Lower than market \$'000</b>	<b>Comparable to market \$'000</b>	<b>Higher than market \$'000</b>
<b>At 31 December, 2011</b>			
Growth & Income Fund	1,181,108 52.0%	686,758 30.2%	404,223 17.8%
Universal Retirement Fund	65,002 56.7%	12,998 11.3%	36,605 32.0%
<b>At 31 December, 2010</b>			
Growth & Income Fund	1,349,572 71.3%	311,534 16.5%	231,311 12.2%
Universal Retirement Fund	79,245 79.9%	12,985 13.1%	6,983 7.0%

The following Table presents the approximate sensitivity of the net asset value of the Growth & Income Fund and the Universal Retirement Fund to a 5% change in the TTSE Composite Index and the S&P 500 Composite Index respectively as at 31 December, 2011 and 31 December, 2010 with all other variables held constant. The sensitivity is provided in dollar amounts and as a percentage of net asset value:

	<b>31 December, 2011</b>	<b>31 December, 2010</b>
<b>TTSE Composite Index</b>		
Growth & Income Fund	\$67.19 million (2.0%)	\$51.39 million (1.7%)
Universal Retirement Fund	\$3.44 million (1.7%)	\$2.77 million (1.7%)
<b>S&amp;P 500 Composite Index</b>		
Growth & Income Fund	\$30.23 million (0.9%)	\$24.03 million (0.8%)
Universal Retirement Fund	\$0.82 million (0.4%)	\$0.99 million (0.6%)

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## 25) FINANCIAL RISK MANAGEMENT (continued) Equity Price Risk (continued)

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

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

	<b>LOWER THAN MARKET</b>	<b>COMPARABLE TO MARKET</b>	<b>HIGHER THAN MARKET</b>
<b>At 31 December, 2011</b>	<b>TT\$'000</b>	<b>TT\$'000</b>	<b>TT\$'000</b>
UTC Energy Fund	663	6,178	18,291
	<b>2.6%</b>	<b>24.6%</b>	<b>72.8%</b>
UTC European Fund	1,383	692	3,207
	<b>26.2%</b>	<b>13.1%</b>	<b>60.7%</b>
UTC Asia Pacific Fund	8,091	1,432	1,336
	<b>74.5%</b>	<b>13.2%</b>	<b>12.3%</b>
UTC Latin American Fund	839	2,992	2,812
	<b>12.6%</b>	<b>45.1%</b>	<b>42.3%</b>
UTC North American Fund	97,711	30,207	16,919
	<b>67.24%</b>	<b>21.00%</b>	<b>11.76%</b>
	<b>LOWER THAN MARKET</b>	<b>COMPARABLE TO MARKET</b>	<b>HIGHER THAN MARKET</b>
<b>At 31 December, 2010</b>	<b>TT\$'000</b>	<b>TT\$'000</b>	<b>TT\$'000</b>
UTC Energy Fund	6,297	8,285	12,813
	<b>23.0%</b>	<b>30.2%</b>	<b>46.8%</b>
UTC European Fund	1,712	1,347	2,470
	<b>31.0%</b>	<b>24.4%</b>	<b>44.6%</b>
UTC Asia Pacific Fund	5,390	3,946	1,005
	<b>52.1%</b>	<b>38.2%</b>	<b>9.7%</b>
UTC Latin American Fund	1,051	2,338	3,436
	<b>15.4%</b>	<b>34.3%</b>	<b>50.3%</b>
UTC North American Fund	77,470	51,801	41,383
	<b>45.4%</b>	<b>30.4%</b>	<b>24.2%</b>

As at 31 December, 2011 and 31 December 2010, using the S&P 500 Index, had US equity securities prices changed as a whole by 5% (with all other variables held constant), the respective net asset values would have changed in both dollar and percentage terms as follows:

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## 25) FINANCIAL RISK MANAGEMENT (continued)

### Equity Price Risk (continued)

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

	2011		2010	
	\$'000	%	\$'000	%
UTC Energy Fund	1,540	6.1	1,375	5.0
UTC European Fund	292	5.5	273	4.9
UTC Asia Pacific Fund	484	4.5	450	4.4
UTC Latin American Fund	353	5.3	355	5.2
UTC North American Fund	859	3.8	6,321	3.7

The Global Bond Fund does not hold equity positions.

### Proprietary Investments

The Corporation holds shares/units in the collective investment schemes that it has registered as overseas investment companies. This aggregate shareholding was valued at the equivalent of TT\$152.23 million and as such the exposure to equity price risk is proportionate to that disclosed in the preceding section.

In addition, the Corporation holds strategic positions in four (4) unquoted equities with a total book value equivalent to TT\$83.7 million. These positions are assumed to be uncorrelated with recognized stock exchanges and as such equity price risk is deemed immaterial for these positions.

## INTEREST RATE RISK

### Collective Investment Schemes – Registered locally as Unit Trusts

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

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

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

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## 25) FINANCIAL RISK MANAGEMENT (continued) Interest Rate Risk (continued)

Collective Investment Schemes – Registered locally as Unit Trusts (continued)

An interest rate re-pricing analysis (as defined by the earlier of the contractual maturity or interest fixing date for each instrument) is provided below for the Collective Investment Schemes' fixed income portfolio as at 31 December, 2011 and 31 December, 2010:

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>At 31 December, 2011</b>				
<b>Growth &amp; Income Fund</b>				
Debt instruments – traded	-	-	8,614	<b>8,614</b>
Debt instruments – non-traded	310,134	103,532	291,246	<b>704,912</b>
Cash & other net assets	324,574	-	-	<b>324,574</b>
	<u>634,708</u>	<u>103,532</u>	<u>299,860</u>	<b>1,038,100</b>
<b>TT\$ Income Fund</b>				
Debt instruments – traded	161,533	-	111,759	<b>273,292</b>
Debt instruments – non-traded	4,861,990	802,471	3,041,934	<b>8,706,395</b>
Cash & other net assets	1,577,090	-	-	<b>1,577,090</b>
	<u>6,600,613</u>	<u>802,471</u>	<u>3,153,693</u>	<b>10,556,777</b>
<b>Universal Retirement Fund</b>				
Debt instruments – traded	-	-	-	-
Debt instruments – non-traded	10,464	18,747	27,582	<b>56,793</b>
Cash & other net assets	15,586	-	-	<b>15,586</b>
	<u>26,050</u>	<u>18,747</u>	<u>27,582</u>	<b>72,379</b>
<b>US\$ Income Fund</b>				
Debt instruments – traded	-	107,628	-	<b>107,628</b>
Debt instruments – non-traded	2,616,106	346,701	697,393	<b>3,660,200</b>
Cash & other net assets	573,643	-	-	<b>573,643</b>
	<u>3,189,749</u>	<u>454,329</u>	<u>697,393</u>	<b>4,341,471</b>

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## 25) FINANCIAL RISK MANAGEMENT (continued)

### Interest Rate Risk (continued)

Collective Investment Schemes – Registered locally as Unit Trusts (continued)

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
At 31 December, 2010				
<b>Growth &amp; Income Fund</b>				
Debt instruments – traded	-	-	7,959	7,959
Debt instruments – non-traded	239,806	187,746	254,981	682,533
Cash & other net assets	445,175	-	-	445,175
	684,981	187,746	262,940	1,135,667
<b>TT\$ Income Fund</b>				
Debt instruments – traded	102,819	-	193,545	296,364
Debt instruments – non-traded	4,308,534	865,015	1,402,507	6,576,056
Cash & other net assets	3,265,804	-	-	3,265,804
	7,677,157	865,015	1,596,052	10,138,224
<b>Universal Retirement Fund</b>				
Debt instruments – traded	-	-	-	-
Debt instruments – non-traded	6,655	32,800	19,783	59,238
Cash & other net assets	4,445	-	-	4,445
	11,100	32,800	19,783	63,683
<b>US\$ Income Fund</b>				
Debt instruments - traded	636,871	35,519	408,831	1,081,221
Debt instruments – non-traded	1,810,015	410,000	113,599	2,333,614
Cash & other net assets	725,657	-	-	725,657
	3,172,543	445,519	522,430	4,140,492

As at 31 December, 2011 the Funds' TT dollar denominated fixed income positions were almost exclusively categorized as held-to-maturity and as a consequence changes in TT dollar interest rates would not have materially affected the net assets of the portfolios given that this category of financial asset is always carried at amortized cost in accordance with International Accounting Standards.

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

With all other variables held constant, sensitivity analysis performed for a 100 basis point (i.e. 1%) increase and decrease in US interest rates as at 31 December, 2011 and 31 December, 2010 would have had the following estimated impact on the net assets of the individual portfolios:

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## 25) FINANCIAL RISK MANAGEMENT (continued) Interest Rate Risk (continued)

100 basis point increase	<b>31 December, 2011</b>	31 December, 2010
Growth & Income Fund	<b>(\$1.58 million)</b>	(\$0.57 million)
TT\$ Income Fund	<b>(\$18.22 million)</b>	(\$12.48 million)
US\$ Income Fund	<b>(\$23.47 million)</b>	(\$22.72 million)
100 basis point decrease	<b>31 December, 2011</b>	31 December, 2010
Growth & Income Fund	<b>\$1.71 million</b>	\$0.64 million
TT\$ Income Fund	<b>\$19.20 million</b>	\$13.70 million
US\$ Income Fund	<b>\$24.95 million</b>	\$24.58 million

The Universal Retirement Fund had no exposure to US interest rate movements as at 31 December, 2011 or as at 31 December, 2010.

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

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

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## 25) FINANCIAL RISK MANAGEMENT (continued)

### Interest Rate Risk (continued)

An interest rate re-pricing analysis (as defined by the earlier of the contractual maturity or interest fixing date for each instrument) is provided below for the Funds' fixed income portfolio as at 31 December, 2011 and 31 December, 2010:

#### As at 31 December, 2011

	Up to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non-Interest bearing \$'000	Total \$'000
<b>Assets</b>					
<i>Investment securities</i>					
UTC Energy Fund	-	-	-	-	-
UTC European Fund	863	-	-	-	<b>863</b>
UTC Asia Pacific Fund	-	-	-	-	-
UTC Latin American Fund	-	-	-	-	-
UTC Global Bond Fund	82	51	118	-	<b>251</b>
UTC North American Fund	89	3,118	30,785	-	<b>33,992</b>
<i>Interest income receivable</i>					
UTC Energy Fund	11	-	-	-	<b>11</b>
UTC European Fund	43	-	-	-	<b>43</b>
UTC Asia Pacific Fund	5	-	-	-	<b>5</b>
UTC Latin American Fund	31	-	-	-	<b>31</b>
UTC Global Bond Fund	51	-	-	-	<b>51</b>
<i>Other receivables</i>					
- UTC Energy Fund	5,013	-	-	-	<b>5,013</b>
- UTC European Fund	-	-	-	-	-
- UTC Asia Pacific Fund	-	-	-	-	-
- UTC Latin American Fund	-	-	-	-	-
- UTC Global Bond Fund	-	-	-	-	-
<i>Cash</i>					
- UTC Energy Fund	10,037	-	-	-	<b>10,037</b>
- UTC European Fund	601	-	-	-	<b>601</b>
- UTC Asia Pacific Fund	1,368	-	-	-	<b>1,368</b>
- UTC Latin American Fund	602	-	-	-	<b>602</b>
- UTC Global Bond Fund	1,742	-	-	-	<b>1,742</b>
- UTC North American Fund	12,758	-	-	-	<b>12,758</b>

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## 25) FINANCIAL RISK MANAGEMENT (continued) Interest Rate Risk (continued)

As at 31 December, 2010

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

Sensitivity analysis was conducted to determine the effect had US interest rates increased or decreased by 100 basis points (i.e. 1%). With all other variables held constant, net assets attributable to unit holders and equity would have decreased or increased as at 31 December, 2011 and 31 December, 2010 as follows:

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## 25) FINANCIAL RISK MANAGEMENT (continued)

### Interest Rate Risk (continued)

	31 DECEMBER, 2011	31 DECEMBER, 2010
	\$TT'000	TT\$'000
<b>100 BASIS POINT (I.E. 1%) INCREASE</b>		
UTC Energy Fund	-	-
UTC European Fund	(7)	(11)
UTC Asia Pacific Fund	-	(27)
UTC Latin American Fund	-	-
UTC Global Bond Fund	(62)	(58)
UTC North American Fund	(1,685)	(811)
<b>100 BASIS POINT (I.E. 1%) DECREASE</b>		
UTC Energy Fund	-	-
UTC European Fund	7	11
UTC Asia Pacific Fund	-	28
UTC Latin American Fund	-	-
UTC Global Bond Fund	66	61
UTC North American Fund	1,806	867

#### *Proprietary Investments*

The Corporation's proprietary interest bearing asset and liability positions are exposed to movements in market rates of interest.

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

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

The interest rate re-pricing exposures of Corporation assets and liabilities are provided below as at 31 December, 2011 and 31 December, 2010:

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## 25) FINANCIAL RISK MANAGEMENT (continued) Interest Rate Risk (continued)

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Non-Interest Bearing \$'000	Total \$'000
<b>At 31 December, 2011</b>					
<b>Assets</b>					
Cash & Cash Equivalents	308,035	-	-	-	308,035
Money Market Instruments	52,510	-	-	-	52,510
Fixed Income Securities	2,276,887	22,696	-	-	2,299,583
Equities & Mutual Funds	-	-	-	304,965	304,965
<b>LIABILITIES</b>					
Financial Instruments	(2,482,590)	-	-	-	(2,482,590)
Other Liabilities	(7,805)	-	-	-	(7,805)
<b>Rate Re-pricing Position</b>	<b>147,037</b>	<b>22,696</b>	-	<b>304,965</b>	<b>474,698</b>

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Non-Interest Bearing \$'000	Total \$'000
<b>At 31 December, 2010</b>					
<b>Assets</b>					
Cash & Cash Equivalents	1,045,544	-	-	-	1,045,544
Fixed Income Securities	493,010	687,255	683,009	-	1,863,274
Equities & Mutual Funds	-	-	-	295,965	295,965
<b>Liabilities</b>					
Financial Instruments	(2,282,200)	(60,911)	(240,474)	-	(2,583,585)
<b>Rate Re-pricing Position</b>	<b>(743,646)</b>	<b>626,344</b>	<b>442,535</b>	<b>295,965</b>	<b>621,198</b>

Given the above rate re-pricing profile, an increase or decrease in short term market rates of interest of 100 basis points (i.e. 1%) effective from 31 December, 2011 would have modified net interest income over the coming twelve months by an estimated TT\$4.2 million (2010: TT\$4.8 million) with all other variables held constant.

### EXCHANGE RATE RISK

#### Collective Investment Schemes - Registered as local Unit Trusts

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

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## 25) FINANCIAL RISK MANAGEMENT (continued)

### Exchange Rate Risk (continued)

The portfolios' foreign currency holdings as at 31 December, 2011 and 31 December, 2010 were as follows:

	AT 31 DECEMBER, 2011		AT 31 DECEMBER, 2010	
	USD (Presented in TT\$) \$'000	OTHER (Presented in TT\$) \$'000	USD (Presented in TT\$) \$'000	OTHER (Presented in TT\$) \$'000
<b>GROWTH &amp; INCOME FUND</b>				
Equities	768,187	20,814	705,809	18,057
Debt instruments - traded	8,614	-	7,959	-
Debt instruments – non-traded	66,334	-	149,812	-
Cash & other net assets	269,699	-	320,588	-
	<u>1,112,834</u>	<u>20,814</u>	<u>1,184,168</u>	<u>18,057</u>
<b>TT\$ INCOME FUND</b>				
Debt instruments - traded	273,292	-	296,364	-
Debt instruments – non-traded	399,987	-	225,693	-
Cash & other net assets	82,039	-	209,410	-
	<u>755,318</u>	<u>-</u>	<u>731,467</u>	<u>-</u>
<b>UNIVERSAL RETIREMENT FUND</b>				
Equities	36,679	-	39,567	-
Debt instruments - traded	-	-	-	-
Debt instruments – non-traded	5,467	-	8,692	-
Cash & other net assets	10,716	-	1,763	-
	<u>52,862</u>	<u>-</u>	<u>50,022</u>	<u>-</u>

A 1% increase or decrease in the TT dollar relative to the US dollar would have changed the net assets of the individual Funds as at 31 December, 2011 and 31 December, 2010 as follows:

	2011 \$'000	2010 \$'000
Growth & Income Fund	11,128	11,841
TT\$ Income Fund	7,579	7,315
Universal Retirement Fund	528	500

### Collective Investment Schemes – Registered as overseas subsidiary companies

The reporting currency of the overseas subsidiaries is the US dollar. Moreover, the portfolio assets of the Funds issued by these subsidiaries are denominated exclusively in US dollars. As a result, there is no material exchange rate risk in those Funds. Moreover, the translation effect of the subsidiaries on the Group's Consolidated Financial Statements is considered minimal.

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## 25) FINANCIAL RISK MANAGEMENT (continued) Exchange Rate Risk (continued)

### Proprietary Investments

The proprietary foreign currency assets and liabilities of the Corporation as at 31 December, 2011 and as at 31 December, 2010 are as follows:

At 31 December, 2011	USD (Presented in TTD) \$'000	Other (Presented in TTD) \$'000
<b>ASSETS</b>		
Cash & Cash Equivalents	86,096	-
Money Market Instruments	52,510	-
Fixed Income Securities	1,700,569	-
Equities & Mutual Funds	248,950	-
<b>LIABILITIES</b>		
Financial Instruments	(1,802,843)	-
Other liabilities	-	-
<b>TOTAL</b>	<b><u>285,282</u></b>	<b><u>-</u></b>
At 31 December, 2010	USD (Presented in TTD) \$'000	Other (Presented in TTD) \$'000
<b>ASSETS</b>		
Cash & Cash Equivalents	919,553	-
Money Market Instruments	-	-
Fixed Income Securities	819,466	-
Equities	234,911	-
<b>LIABILITIES</b>		
Financial Instruments	(1,766,312)	-
Other liabilities	-	-
<b>TOTAL</b>	<b><u>207,618</u></b>	<b><u>-</u></b>

A 1% increase or decrease in the TT dollar relative to the US dollar as at that date would have affected the net income position of the Corporation by TT\$2.85 million as at 31 December, 2011 and by TT\$2.07 million as at 31 December, 2010.

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## 25) FINANCIAL RISK MANAGEMENT (continued)

### CREDIT RISK

#### Collective Investment Schemes - Registered as local Unit Trusts

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

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

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

The internal credit quality is mapped to comparable external rating grades as per the following table:

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

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## 25) FINANCIAL RISK MANAGEMENT (continued) Credit Risk (continued)

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

	High \$'000	Moderate \$'000	Low \$'000	Total \$'000
<b>At 31 December, 2011</b>				
<b>Growth &amp; Income Fund</b>				
Cash & Cash Equivalents	324,574	-	-	324,574
Debt instruments – traded	-	-	8,614	8,614
Debt instruments – non-traded	638,864	31,412	34,636	704,912
	<b>963,438</b>	<b>31,412</b>	<b>43,250</b>	<b>1,038,100</b>
<b>TT\$ Income Fund</b>				
Cash & Cash Equivalents	1,577,091	-	-	1,577,091
Debt instruments - traded	1,262,502	66,018	32,809	1,361,329
Debt instruments – non-traded	7,419,620	97,690	101,047	7,618,357
	<b>10,259,213</b>	<b>163,708</b>	<b>133,856</b>	<b>10,556,777</b>
<b>Universal Retirement Fund</b>				
Cash & Cash Equivalents	15,587	-	-	15,587
Debt instruments - traded	-	-	-	-
Debt instruments – non-traded	43,529	11,585	1,678	56,792
	<b>59,116</b>	<b>11,585</b>	<b>1,678</b>	<b>72,379</b>
<b>US\$ Income Fund</b>				
Cash & Cash Equivalents	573,643	-	-	573,643
Debt instruments - traded	1,734,568	-	-	1,734,568
Debt instruments – non-traded	1,364,714	178,376	490,170	2,033,260
	<b>3,672,925</b>	<b>178,376</b>	<b>490,170</b>	<b>4,341,471</b>
<b>At 31 December, 2010</b>				
<b>Growth &amp; Income Fund</b>				
Cash & Cash Equivalents	292,284	-	152,891	445,175
Debt instruments - traded	-	-	7,959	7,959
Debt instruments – non-traded	548,649	105,173	28,711	682,533
	<b>840,933</b>	<b>105,173</b>	<b>189,561</b>	<b>1,135,667</b>
<b>TT\$ Income Fund</b>				
Cash & Cash Equivalents	3,210,349	-	55,455	3,265,804
Debt instruments - traded	162,465	104,668	29,232	296,365
Debt instruments – non-traded	6,214,184	154,928	206,943	6,576,055
	<b>9,586,998</b>	<b>259,596</b>	<b>291,630</b>	<b>10,138,224</b>
<b>Universal Retirement Fund</b>				
Cash & Cash Equivalents	3,222	-	1,223	4,445
Debt instruments - traded	-	-	-	-
Debt instruments – non-traded	42,565	15,030	1,643	59,238
	<b>45,787</b>	<b>15,030</b>	<b>2,866</b>	<b>63,683</b>
<b>US\$ Income Fund</b>				
Cash & Cash Equivalents	549,978	-	175,679	725,657
Debt instruments - traded	696,388	353,829	31,004	1,081,221
Debt instruments – non-traded	1,800,911	382,701	150,002	2,333,614
	<b>3,047,277</b>	<b>736,530</b>	<b>356,685</b>	<b>4,140,492</b>

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## 25) FINANCIAL RISK MANAGEMENT (continued)

### Credit Risk (continued)

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#### Collective Investment Schemes – Registered as overseas subsidiary companies

The corresponding credit quality of the Funds registered as overseas subsidiary companies is presented below for 31 December, 2011 and 31 December, 2010:

<b>As at 31 December, 2011</b>	<b>High \$'000</b>	<b>Moderate \$'000</b>	<b>Low \$'000</b>	<b>Total \$'000</b>
<b>Corporate debt Securities</b>				
UTC Energy Fund	-	-	-	-
UTC Global Bond Fund	251	-	-	<b>251</b>
UTC European Fund	31	-	-	<b>31</b>
UTC Asia Pacific Fund	-	-	-	-
UTC Latin American Fund	-	-	-	-
UTC North American Fund	33,396	-	596	<b>33,992</b>
<b>Treasury bills</b>				
UTC Energy Fund	-	-	-	-
UTC Global Bond Fund	-	-	-	-
UTC European Fund	-	-	-	-
UTC Asia Pacific Fund	-	-	-	-
UTC Latin American Fund	-	-	-	-
UTC North American Fund	-	-	-	-
<b>Interest income receivable</b>				
UTC Energy Fund	11	-	-	<b>11</b>
UTC Global Bond Fund	43	-	-	<b>43</b>
UTC European Fund	5	-	-	<b>5</b>
UTC Asia Pacific Fund	31	-	-	<b>31</b>
UTC Latin American Fund	51	-	-	<b>51</b>
UTC North American Fund	-	-	-	-
<b>Other assets</b>				
UTC Energy Fund	1	-	-	<b>1</b>
UTC Global Bond Fund	10	-	-	<b>10</b>
UTC European Fund	6	-	-	<b>6</b>
UTC Asia Pacific Fund	7	-	-	<b>7</b>
UTC Latin American Fund	-	-	-	-
UTC North American Fund	-	-	-	-
<b>Cash</b>				
UTC Energy Fund	10,037	-	-	<b>10,037</b>
UTC Global Bond Fund	601	-	-	<b>601</b>
UTC European Fund	1,368	-	-	<b>1,368</b>
UTC Asia Pacific Fund	602	-	-	<b>602</b>
UTC Latin American Fund	1,742	-	-	<b>1,742</b>
UTC North American Fund	12,758	-	-	<b>12,758</b>

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## 25) FINANCIAL RISK MANAGEMENT (continued) Credit Risk (continued)

	High \$'000	Moderate \$'000	Low \$'000	Total \$'000
As at 31 December, 2010				
<b>Corporate Debt Securities</b>				
UTC Energy Fund	-	13	122	<b>135</b>
UTC Global Bond Fund	1,404	656	871	<b>2,931</b>
UTC European Fund	506	-	-	<b>506</b>
UTC Asia Pacific Fund	653	-	-	<b>653</b>
UTC Latin American Fund	-	-	-	-
UTC North American Fund	17,103	6,550	-	<b>23,653</b>
<b>Treasury Bills</b>				
UTC Energy Fund	-	-	-	-
UTC Global Bond Fund	-	-	-	-
UTC European Fund	-	-	-	-
UTC Asia Pacific Fund	-	-	-	-
UTC Latin American Fund	-	-	-	-
UTC North American Fund	-	-	-	-
<b>Interest Income Receivable</b>				
UTC Energy Fund	-	-	-	-
UTC Global Bond Fund	29	-	-	<b>29</b>
UTC European Fund	5	-	-	<b>5</b>
UTC Asia Pacific Fund	9	-	-	<b>9</b>
UTC Latin American Fund	-	-	-	-
UTC North American Fund	-	-	-	-
<b>Other Assets</b>				
UTC Energy Fund	16	-	-	<b>16</b>
UTC Global Bond Fund	8	-	-	<b>8</b>
UTC European Fund	2	-	-	<b>2</b>
UTC Asia Pacific Fund	-	-	-	-
UTC Latin American Fund	10	-	-	<b>10</b>
UTC North American Fund	-	-	-	-
<b>Cash</b>				
UTC Energy Fund	7,021	-	-	<b>7,021</b>
UTC Global Bond Fund	2,517	-	-	<b>2,517</b>
UTC European Fund	742	-	-	<b>742</b>
UTC Asia Pacific Fund	2,927	-	-	<b>2,927</b>
UTC Latin American Fund	1,410	-	-	<b>1,410</b>
UTC North American Fund	1,367	-	-	<b>1,367</b>

# Notes to the Consolidated Financial Statements

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## 25) FINANCIAL RISK MANAGEMENT (continued)

### Credit Risk (continued)

Past due, impaired or other distressed investments held by the Corporation's Collective Investment Schemes are monitored by management and reported to the Management Risk Committee, the Investment Committee and the Board. The carrying values of assets, past due but not impaired, at the 2011 year end for the Collective Investment Schemes were as follows (expressed in \$TT'000 equivalent):

#### DAYS PAST DUE AS AT 31 DECEMBER, 2011

	1-30 days	31-90 days	91-180 days	Over 180 days
		TT\$'000		TT\$'000
USD Income Fund	-	44,398	-	105,483
TTD Income Fund	-	-	-	54,459
Growth & Income Fund	-	-	-	14,608
Universal Retirement Fund	-	-	-	1,415
<b>Total</b>	<b>-</b>	<b>44,398</b>	<b>-</b>	<b>175,965</b>

#### DAYS PAST DUE AS AT 31 DECEMBER, 2010

	1-30 days	31-90 days	91-180 days	Over 180 days
				TT\$'000
Energy Fund	-	-	-	122
USD Income Fund	-	-	-	190,146
TTD Income Fund	-	-	-	55,449
Growth & Income Fund	-	-	-	152,886
Universal Retirement Fund	-	-	-	1,223
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>399,826</b>

#### Proprietary Investments

During the course of its proprietary investment activities, the Corporation may incur credit exposures through its fixed income securities and cash holdings. These exposures as at 31 December, 2011 in all material aspects were with issuers/counterparties of a high credit quality i.e. rated at least BBB- equivalent by international credit rating agencies or having an internally determined credit score consistent with such a credit rating.

#### Impaired assets

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

# Notes to the Consolidated Financial Statements

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## 25) FINANCIAL RISK MANAGEMENT (continued) Credit Risk (continued)

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

### *Collective Investment Schemes - Registered as local unit trust schemes*

No impairment charge was required in respect of the local unit trusts as at 31 December, 2011. By comparison, one asset was impaired in 2010 across the Funds with the following losses recorded as a result:

	2011 \$'000	2010 \$'000
Growth & Income Fund	-	-
TT\$ Income Fund	-	2,000
Universal Retirement Fund	-	-
US\$ Income Fund	-	12,400
<b>Total</b>	<u>-</u>	<u>14,400</u>

### *Collective Investment Schemes - Registered as overseas subsidiary companies*

With regard to these Funds, no impairment losses were recorded for the year ended 31 December, 2011. This compares with impairment losses of \$0.5 million for the year ended 31 December, 2010.

### *Proprietary Investments*

No impairment charge was required for the proprietary investments of the Corporation in 2011 or 2010.

## **CONCENTRATION RISK**

### *Collective Investment Schemes – Registered as local unit trust schemes*

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

Statutory restrictions limit the exposure of the Funds to any issuer (i) to a maximum of 10% of the Fund's combined net assets and (ii) a maximum of 10% in securities in issue. This prevents the undue build up of issuer, sector and country concentrations in the Funds. As at 31 December, 2011 there were no exposures to any single entity or group of related entities exceeding 10% of the Funds' combined net assets.

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## 25) FINANCIAL RISK MANAGEMENT (continued) CONCENTRATION RISK (continued)

### *Collective Investment Schemes – Registered as overseas subsidiary companies*

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

### *Proprietary Investments*

With respect to its proprietary financial assets, the Corporation is significantly exposed to TT government and government-owned entities. As at 31 December, 2011, its exposure to such entities totalled approximately TT\$2.3 billion. This exposure is deemed manageable by the Corporation.

## LIQUIDITY RISK

### *Proprietary Investments*

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

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

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000
<b>At 31 December, 2011</b>			
Accounts Payable and Short Term Liabilities	-	-	-
Other Liabilities	-	-	-
Financial Instruments	2,482,590	-	-
Finance Lease	-	-	-
<b>Total</b>	<b>2,482,590</b>	<b>-</b>	<b>-</b>
	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000
At 31 December, 2010			
Accounts Payable and Short Term Liabilities	30,021	-	-
Other Liabilities	-	-	-
Financial Instruments	2,282,200	-	301,385
Finance Lease	-	-	-
<b>Total</b>	<b>2,312,221</b>	<b>-</b>	<b>301,385</b>

# Notes to the Consolidated Financial Statements

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## 25) FINANCIAL RISK MANAGEMENT (continued) Liquidity Risk (continued)

### Collective Investment Schemes - Registered as local unit trust schemes and as overseas subsidiaries

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

### 26) INVESTMENT SECURITIES - GROWTH AND INCOME FUND (FIRST UNIT SCHEME)

Securities at market value:

	2011	2010
	\$	\$
Government Securities	507,913,805	425,647,463
Corporate Securities	135,966,121	264,844,439
Equity (Local and Foreign)	2,272,089,312	1,893,056,114
Short Term Investments	69,647,285	-
<b>Total</b>	<b>2,985,616,523</b>	<b>2,583,548,016</b>

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

	2011	2010
	\$	\$
Held-to-Maturity Financial Assets	632,251,431	682,229,217
Available-for-Sale Financial Assets	2,353,365,092	1,901,318,799
<b>Total</b>	<b>2,985,616,523</b>	<b>2,583,548,016</b>

# Notes to the Consolidated Financial Statements

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## 27) INVESTMENT SECURITIES -TT\$ INCOME FUND

Securities at market value:

	2011	2010
	\$	\$
Government Securities	2,804,114,100	1,911,137,212
Corporate Securities	2,274,209,006	1,298,241,987
Short Term Investments	3,901,363,487	3,663,038,178
<b>Total</b>	<b>8,979,686,593</b>	<b>6,872,417,377</b>

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

	2011	2010
	\$	\$
Held-to-Maturity Financial Assets	7,385,263,240	6,325,496,134
Available-for-Sale Financial Assets	1,594,423,353	546,921,243
<b>Total</b>	<b>8,979,686,593</b>	<b>6,872,417,377</b>

## 28) INVESTMENT SECURITIES – UNIVERSAL RETIREMENT FUND

Securities at market value:

	2011	2010
	\$	\$
Government Securities	20,886,267	26,531,228
Corporate Securities	35,906,150	32,706,609
Short Term Investments	114,585,195	99,213,032
<b>Total</b>	<b>171,377,612</b>	<b>158,450,869</b>

The Portfolio of the Universal Retirement Fund is represented by:

	2011	2010
	\$	\$
Held-to-Maturity Financial Assets	56,792,417	59,237,837
Available-for-Sale Financial Assets	114,585,195	99,213,032
<b>Total</b>	<b>171,377,612</b>	<b>158,450,869</b>

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## 29) INVESTMENT SECURITIES - US\$ INCOME FUND

Securities at market value:

	2011	2010
	\$	\$
Government Securities	231,155,193	339,373,926
Corporate Securities	1,649,415,666	1,445,161,162
Cash and Short Term Investments	<u>1,626,939,347</u>	<u>1,627,322,556</u>
<b>Total</b>	<b><u>3,507,510,206</u></b>	<b><u>3,411,857,644</u></b>

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

	2010	2010
	\$	\$
Held-to-Maturity Financial Assets	2,053,123,566	2,139,590,691
Available-for-Sale Financial Assets	<u>1,454,386,640</u>	<u>1,272,266,953</u>
<b>Total</b>	<b><u>3,507,510,206</u></b>	<b><u>3,411,857,644</u></b>

## 30) INVESTMENT IN SUBSIDIARIES

### a) Local Subsidiaries

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

COMPANY	% INTEREST	DATE OF INCORPORATION
UTC Financial Services Limited	100%	23 March, 1999
UTC Trust Services Limited	100%	2 June, 1999
UTC Property Holdings Limited	100%	18 June, 2002

The UTC Financial Services Limited is a wholly-owned subsidiary of the Corporation and all the Directors of the company are Directors of the Corporation. The company carries on the business of a registrar and paying agent.

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

The assets, liabilities and results of operations of these subsidiaries have been fully incorporated in these Financial Statements. UTC Trust Services Limited was not audited for 2011 since there was no activity. The auditor for UTC Property Holdings Limited and UTC Financial Services Limited is PricewaterhouseCoopers.

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## 30) INVESTMENT IN SUBSIDIARIES (continued)

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### b) Foreign Subsidiaries

The Corporation has five (5) foreign subsidiaries. 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
Unit Trust Corporation (Cayman) SPC Limited	100% voting shares 31% segregated portfolio shares	31 July, 2006	Cayman Islands
UTC Energy Investment Limited	90%	31 May, 2007	Delaware, USA
UTC North American Fund Inc.	70%	24 October, 1990	Maryland, USA

The auditors of these foreign subsidiaries are as follows:

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

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

The Unit Trust Corporation (Cayman) SPC Limited was incorporated in 2006 and is authorised to issue voting and segregated portfolio shares. The Trinidad and Tobago Unit Trust Corporation has the sole right to hold 100% of the voting shares of the Company. As at 31 December, 2011, the Trinidad and Tobago Unit Trust Corporation held one voting share at a value of \$634.95 (2009 - \$620.65).

The segregated portfolio shares are held by various investors, including the Trinidad and Tobago Unit Trust Corporation, who have invested in the mutual funds issued by the Unit Trust Corporation (Cayman) SPC Limited. The Statement of Financial Position of this Company comprises the combined assets and liabilities of five mutual funds, plus the value of the voting shares. The Trinidad and Tobago Unit Trust Corporation invested seed capital of \$25 million across the five mutual funds, currently representing 31% (2010 - 38%) ownership of the segregated portfolio shares.

UTC Energy Investment Limited was incorporated in 2007 under the laws of Delaware, USA. In addition to the 90% of capital held by the Corporation, the Growth and Income Fund, holds the remaining 10% of the capital of this company. Since the assets of this investment fund are reflected in these Consolidated Financial Statements, all of the assets of this subsidiary are reported on the Consolidated Statement of Financial Position.

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## 30) INVESTMENT IN SUBSIDIARIES (continued) b) Foreign Subsidiaries (continued)

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

The UTC North American Fund Inc., is registered as an open-end, diversified, management investment company under the Investment Act of 1940 of the United States of America, as amended. In December 2008, the Corporation acquired majority shareholding in the UTC North American Fund, Inc., when its shareholding grew to 70% of the outstanding shares of this Fund. The net assets of this Company are consolidated in these financial statements.

## 31) SEGMENT INFORMATION

The Group's business activities during 2011 were such that, other than the Merchant Banking Department which was discontinued (see Note 24 (b)), all the Group's significant activities during 2011 were incidental to its main activity. There was therefore only one business segment.

	2011		Mutual Fund Services	Other	Group
	Merchant Banking	Treasury			
Gross external revenues	-	-	736,326	-	736,326
Revenue from other segments	-	-	-	-	-
Total gross revenues	-	-	736,326	-	736,326
Total expenses	-	-	(634,866)	-	(634,866)
Net income before tax	-	-	101,460	-	101,460
Taxation	-	-	(5,802)	-	(5,802)
Net income for the year	-	-	95,658	-	95,658
Segment assets	-	-	21,717,171	-	21,717,171
Unallocated assets	-	-	-	-	-
Total assets	-	-	21,717,171	-	21,717,171
Segment liabilities	-	-	21,717,171	-	21,717,171
Unallocated liabilities	-	-	-	-	-
Total liabilities	-	-	21,717,171	-	21,717,171
<b>Other segment items:</b>					
Interest expense	-	-	31,669	-	31,669
Impairment	-	-	-	-	-
Depreciation	-	-	20,535	-	20,535

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## 31) SEGMENT INFORMATION (continued)

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

# Notes to the Consolidated Financial Statements

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## 32) RETIREMENT BENEFIT PLAN ASSETS

Prior to 1 January, 2001 the Unit Trust Corporation Pension Fund Plan (the Plan) had been a defined benefit plan. The Plan received formal approval during 2002 for conversion to a defined contribution plan with effect from 1 January, 2001 with pre-1 January, 2001 benefits guaranteed. Retirement benefits are currently paid out of the Fund and are guaranteed for life. The defined benefits comprise a small portion of plan benefits and the pension expense is faithfully represented by cash contributions from the Corporation. This is due to the limitation required by IAS 19 section 58 (b)(ii) which prohibits recognition of the pension plan surplus unless it is available to the Corporation via reduction of its future contributions. For the financial year 2011, the Corporation contributed \$9.6 million (2010: \$10.2 million) to the Plan. This is in excess of the current service costs, but this excess will never be available to the Corporation and must be used to preserve members' contributions.

## 33) TAXATION

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

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Net income from continuing operations before taxation	<b><u>101,460</u></b>	<u>55,175</u>
Corporation tax rate 0%	-	-
Corporate tax at 25% for local subsidiaries	<b>905</b>	845
Corporate tax for foreign subsidiaries	<b>232</b>	110
Withholding tax	<b>4,153</b>	2,150
Business Levy payments	<b>23</b>	23
Green Fund Levy payments	<b><u>489</u></b>	<u>478</u>
<b>Tax charge</b>	<b><u><u>5,802</u></u></b>	<u><u>3,606</u></u>

# Notes to the Consolidated Financial Statements

For the year ended 31 December, 2011  
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## 34) DEFERRED TAX

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

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

	2011	2010
	\$'000	\$'000
Tax losses carried forward	(2,768)	(3,009)
Accelerated tax depreciation	<u>5,917</u>	<u>5,253</u>
Net deferred liability	<u><u>3,149</u></u>	<u><u>2,244</u></u>

The movement in deferred tax assets and liabilities during the year was as follows:

Deferred Tax Liability	Accelerated Tax Depreciation	Total
	\$'000	\$'000
Balance at 1 January 2010	4,527	4,527
Charged to the Consolidated Income Statement 2010	<u>726</u>	<u>726</u>
Balance as at 31 December 2010	5,253	5,253
Charged to the Consolidated Income Statement 2011	<u>664</u>	<u>664</u>
Balance as at 31 December 2011	<u><u>5,917</u></u>	<u><u>5,917</u></u>

Deferred Tax Asset	Tax Losses	Total
	\$'000	\$'000
Balance at 1 January 2010	(3,128)	(3,128)
Charged to the Consolidated Income Statement 2010	<u>119</u>	<u>119</u>
Balance as at 31 December 2010	(3,009)	(3,009)
Charged to the Consolidated Income Statement 2011	<u>241</u>	<u>241</u>
Balance as at 31 December 2011	<u><u>(2,768)</u></u>	<u><u>(2,768)</u></u>

# Notes to the Consolidated Financial Statements

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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## 35) RELATED-PARTY TRANSACTIONS

Related parties are persons or entities that are related to the Corporation. A person is related to the Corporation when that person or a close member of that person's family either

- has significant influence over the Corporation; or
- is a key member of the management of the Corporation.

An entity is related to the Corporation because the entity is a subsidiary of the Corporation, is an associate of the Corporation, is in a joint venture with the Corporation or is a post employment benefit plan of either the Corporation or one of its related entities.

Balances and transactions between the Corporation and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

### a) Loans

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
<b>Key management personnel</b>	<u>957</u>	<u>1,004</u>
Loans to key management of the Group:		
Balance at beginning of year	<b>1,004</b>	1,577
Loans advanced during year	<b>531</b>	559
Loan repayments received during year	<b>(578)</b>	(1,132)
Interest income during year	<b>28</b>	49
Interest received during year	<u>(28)</u>	<u>(49)</u>
<b>Balance at end of year</b>	<u><b>957</b></u>	<u>1,004</u>

### b) Key management compensation:

Salaries and other short-term benefits	<b>15,785</b>	16,939
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### c) Consultancy fees to Directors

	<b>1,820</b>	2,552
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# Notes to the Consolidated Financial Statements

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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## 36) RESTATEMENTS AND RECLASSIFICATIONS

Certain changes in presentation have been made in these Financial Statements. The changes had no effect on the operating results or profit after tax for the previous year.

## 37) COMMITMENTS

At 31 December, 2011, the Group had contractual obligations for capital contributions under two contracts. Under the first contract there was a capital commitment of \$14.6 million payable over the next six (6) years (2010: \$19.2 million). Under the second contract there was a contractual obligation in the amount of \$26.2 million.

## 38) EVENTS AFTER THE REPORTING PERIOD

During January 2012, the Corporation disposed of 25.5% of its holdings in Eastern Caribbean Gas Pipeline Company Limited.

## 39) CONTINGENT LIABILITIES

As at 31 December, 2011 a claim was instituted against the Corporation on the Dellis Cay project. The statement of claim stated that the Corporation owed a duty of care to all project investors (actual and potential) to ensure that the representations made with respect to the financial health, progress or status of the project were accurate.

Legal counsel has advised that though the claim has not been quantified, it may be substantial. Counsel has further advised however that the claim has little probability of success. Accordingly, no provision has been made in these financial statements in respect of the claim.

## 40) APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors and authorized for issue on 23 February, 2012.

## 41) ADDITIONAL INFORMATION

Subsequent to the Board approving and authorizing the financial statements for issue on 23 February 2012, the Growth and Income Fund, the TT Dollar Income Fund and the US Dollar Income Fund agreed to the restructuring terms offered by a regional government on its sovereign debt. In summary under the restructured terms the Collective Investment Schemes relinquished their rights to the collateral held at 31 December, 2011 and accepted new bonds in the amount of US\$19.2 million which represented approximately 50% of the carrying value of the sovereign debt held at 31 December, 2011. The transaction resulted in losses to: the Growth and Income Fund in the amount of \$6.6 million, the TT Dollar Income Fund in the amount of \$64.6 million and the US Dollar Income Fund in the amount of \$50.8 million.

# Notes to the Consolidated Financial Statements

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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***Additional Information***

# Growth and Income Fund (First Unit Scheme)

## Statement of Financial Position

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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<b>ASSETS</b>		<b>31-Dec-11</b>	<b>31-Dec-10</b>
	<b>Notes</b>	<b>\$ '000</b>	<b>\$ '000</b>
Investment Securities	26	2,985,616	2,583,547
Cash and Cash Equivalents		420,768	327,747
Interest Receivable		21,580	19,258
Other Receivables		10,060	154,795
<b>Total Assets</b>		<b>3,438,025</b>	<b>3,085,347</b>
<b>LIABILITIES</b>			
Amount Due to Corporation		44,177	31,054
Distribution Payable		67,901	6,776
Other Liabilities		15,753	14,869
		<b>127,831</b>	<b>52,699</b>
<b>RESERVES</b>			
Undistributed Income		7,443	1,423
<b>Total Liabilities and Reserves</b>		<b>135,274</b>	<b>54,122</b>
<b>NET ASSETS</b>		<b>3,302,751</b>	<b>3,031,225</b>
<b>CAPITAL ACCOUNT</b>		<b>2,527,868</b>	<b>2,451,435</b>
<b>UNREALISED CAPITAL APPRECIATION</b>		<b>774,883</b>	<b>579,790</b>
		<b>3,302,751</b>	<b>3,031,225</b>

# Growth and Income Fund (First Unit Scheme)

## Statement of Comprehensive Income

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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	Notes	31-Dec-11 \$ '000	31-Dec-10 \$ '000
<b>INVESTMENT INCOME</b>			
Dividends		63,938	64,463
Interest		70,487	48,463
Realised Capital Gains		42,013	42,469
<b>TOTAL INVESTMENT INCOME</b>		<b>176,437</b>	<b>155,395</b>
<b>EXPENSES</b>			
Management Charge	16	(66,740)	(61,355)
Other Expenses		(41)	(74)
<b>Total Expenses</b>		<b>(66,781)</b>	<b>(61,429)</b>
<b>NET INVESTMENT INCOME</b>		<b>109,656</b>	<b>93,966</b>
Withholding Taxes		(3,741)	(1,837)
<b>UNDISTRIBUTED INCOME/(LOSS) AT BEGINNING OF YEAR</b>		<b>1,423</b>	<b>(82,768)</b>
		<b>107,339</b>	<b>9,361</b>
<b>DISTRIBUTION :</b>			
Distribution Paid to Initial Contributors \$0.37 per unit (2010 - \$0.04 per unit)		(353)	(29)
Distribution Paid to Unitholders \$0.37 per unit (2010 - \$0.04 per unit)		(88,543)	(6,909)
<b>Total Distribution</b>	23(a)	<b>(88,896)</b>	<b>(6,938)</b>
<b>UNDISTRIBUTED INCOME BEFORE RESERVES</b>		<b>18,443</b>	<b>2,423</b>
Allocation to Guarantee Reserve Fund	12(a)	(11,000)	(1,000)
<b>UNDISTRIBUTED INCOME AT END OF YEAR</b>		<b>7,443</b>	<b>1,423</b>

# Growth and Income Fund (First Unit Scheme) Statement of Cash Flows

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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	31-Dec-11 \$ '000	31-Dec-10 \$ '000
<b>OPERATING ACTIVITIES</b>		
Net Investment Income	109,656	93,966
<i>Adjustments to reconcile Net Investment Income to Net Cash</i>		
<i>Flow From Operating Activities:</i>		
<b>Taxation Paid</b>	<b>(3,741)</b>	<b>(1,837)</b>
	<b>105,915</b>	92,129
<i>Movements in Working Capital</i>		
Decrease/(Increase) in Receivables	142,413	(146,993)
Increase/(Decrease) in Payables	75,132	(28,950)
<b>Net Cash flow from/(used in) Operating Activities</b>	<b>323,460</b>	<b>(83,814)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of Investment Securities	(883,930)	(319,431)
Disposal of Investment Securities	676,955	603,010
<b>Net Cash (Used In)/Flow From Investing Activities</b>	<b>(206,975)</b>	<b>283,579</b>
<b>FINANCING ACTIVITIES</b>		
Subscriptions	151,644	93,783
Redemptions	(75,212)	(204,349)
Distributions	(88,896)	(6,938)
Allocation to Guarantee Reserve Fund	(11,000)	(1,000)
<b>Net Cash Used In Financing Activities</b>	<b>(23,464)</b>	<b>(118,504)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>93,021</b>	<b>81,261</b>
Cash and Cash Equivalents at beginning of year	327,747	246,486
Cash and Cash Equivalents at end of year	<b>420,768</b>	<b>327,747</b>

# TT Dollar Income Fund

## Statement of Financial Position

As at 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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	Notes	31-Dec-11 \$ '000	31-Dec-10 \$ '000
<b>ASSETS</b>			
Investments	27	8,979,687	6,872,417
Cash and Cash Equivalents		1,374,500	3,080,605
Interest Receivable		84,952	66,535
Other Receivables		506,297	642,353
<b>Total Assets</b>		<b>10,945,436</b>	<b>10,661,910</b>
<b>LIABILITIES</b>			
Amount Due to Corporation		32,168	9,995
Provision for Distribution	23 (b)	12,782	22,380
Other Liabilities		333,792	481,396
		<b>378,742</b>	<b>513,771</b>
<b>RESERVES</b>			
Reserves		9,918	9,918
<b>Total Liabilities and Reserves</b>		<b>388,660</b>	<b>523,689</b>
<b>NET ASSETS</b>		<b>10,556,776</b>	<b>10,138,221</b>
<b>CAPITAL ACCOUNT</b>		<b>10,611,076</b>	<b>10,164,662</b>
<b>UNREALISED CAPITAL DEPRECIATION</b>		<b>(54,300)</b>	<b>(26,441)</b>
		<b>10,556,776</b>	<b>10,138,221</b>

# TT Dollar Income Fund

## Statement of Comprehensive Income

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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	Notes	31-Dec-11 \$ '000	31-Dec-10 \$ '000
<b>INVESTMENT INCOME</b>			
Interest		360,604	456,816
<b>Total Investment Income</b>		<b>360,604</b>	<b>456,816</b>
<b>EXPENSES</b>			
Management Charge	16	(157,113)	(202,764)
Impairment	19	-	(2,035)
Commissions		(11,669)	(13,225)
Other Expenses		(709)	(741)
<b>Total Expenses</b>		<b>(169,491)</b>	<b>(218,765)</b>
<b>NET INVESTMENT INCOME AVAILABLE FOR DISTRIBUTION</b>			
		<b>191,113</b>	238,051
Distribution		(175,531)	(209,372)
Provision for Distribution	23(b)	(12,782)	(22,381)
<b>Total Distribution</b>	23	<b>(188,313)</b>	<b>(231,753)</b>
<b>UNDISTRIBUTED INCOME BEFORE TRANSFER TO RESERVES</b>			
		<b>2,800</b>	6,298
Allocation to Primary Reserve	12 (b)	(2,800)	(2,800)
Allocation to Secondary Reserve	12 (b)	-	(,498)
<b>UNDISTRIBUTED INCOME AT END OF YEAR</b>		<b>-</b>	<b>-</b>

# TT Dollar Income Fund

## Statement of Cash Flows

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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	31-Dec-11 \$ '000	31-Dec-10 \$ '000
<b>OPERATING ACTIVITIES</b>		
Net Investment Income	191,113	238,051
<i>Adjustments to reconcile Net Investment Income to Net Cash</i>		
Flow From Operating Activities:		
Impairment	-	2,035
	<b>191,113</b>	<b>240,086</b>
<i>Movements in Working Capital</i>		
Decrease/(Increase) in Receivables	117,639	(122,115)
(Decrease)/Increase in Payables	(135,029)	99,722
<b>Net Cash Flow From Operating Activities</b>	<b>173,723</b>	<b>217,693</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of Investment Securities	(7,664,074)	(4,526,668)
Disposal of Investment Securities	5,528,945	5,732,142
<b>Net Cash (Used In)/Flow From Investing Activities</b>	<b>(2,135,129)</b>	<b>1,205,474</b>
<b>FINANCING ACTIVITIES</b>		
Subscriptions	2,317,352	1,973,107
Redemptions	(1,870,938)	(2,160,627)
Distributions	(188,313)	(231,753)
Reserves	(2,800)	(6,298)
<b>Net Cash Flow From/(Used In) Financing Activities</b>	<b>255,301</b>	<b>(425,571)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,706,105)</b>	<b>997,596</b>
Cash and Cash Equivalents at beginning of the year	3,080,605	2,083,009
<b>Cash and Cash Equivalents as at end of the year</b>	<b>1,374,500</b>	<b>3,080,605</b>

# Universal Retirement Fund

## Statement of Financial Position

As at 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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	Notes	31-Dec-11 \$ '000	31-Dec-10 \$ '000
<b>ASSETS</b>			
Investment Securities	28	171,378	158,451
Cash and Cash Equivalents		14,187	2,576
Income Receivable		1,115	958
Other Receivables		483	1,227
<b>Total Assets</b>		<b>187,163</b>	<b>163,212</b>
<b>LIABILITIES</b>			
Amount Due to Corporation		197	171
Other Payables		48	145
<b>NET ASSETS OF THE FUND</b>		<b>186,917</b>	<b>162,896</b>
<b>CAPITAL ACCOUNT</b>		<b>162,449</b>	<b>150,578</b>
<b>UNREALISED CAPITAL APPRECIATION</b>		<b>24,468</b>	<b>12,318</b>
		<b>186,917</b>	<b>162,896</b>

# Universal Retirement Fund

## Statement of Comprehensive Income

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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	Notes	31-Dec-11 \$ '000	31-Dec-10 \$ '000
<b>INVESTMENT INCOME</b>			
Dividends		3,141	2,922
Interest		4,929	4,901
Realised Capital Gains		222	1,698
<b>Total Investment Income</b>		<b>8,292</b>	<b>9,521</b>
<b>EXPENSES</b>			
Management Charge	16	(3,680)	3,196
Impairment		-	-
Other Expenses		(2)	2
<b>Total Expenses</b>		<b>(3,682)</b>	<b>3,198</b>
<b>Net Investment Income</b>		<b>4,610</b>	<b>6,323</b>
Withholding Tax		(135)	(103)
<b>NET INCOME FOR CAPITALISATION</b>		<b>4,475</b>	<b>6,220</b>

# Universal Retirement Fund

## Statement of Cash Flows

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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	31-Dec-11 \$ '000	31-Dec-10 \$ '000
<b>OPERATING ACTIVITIES</b>		
Net Investment Income	4,610	6,323
<i>Adjustments to reconcile Net Investment Income to Net Cash</i>		
<i>Flow From Operating Activities:</i>		
Impairment	-	-
Taxation Paid	(135)	(103)
	<u>4,475</u>	<u>6,220</u>
<i>Movements in Working Capital</i>		
Decrease /(Increase) in Receivables	587	(991)
(Decrease) /Increase in Payables	(70)	314
	<u>4,992</u>	<u>5,543</u>
<b>Net Cash flow From Operating Activities</b>	<b>4,992</b>	<b>5,543</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of Investment Securities	(41,998)	(42,768)
Disposal of Investment Securities	41,221	20,315
	<u>(777)</u>	<u>(22,453)</u>
<b>Net Cash used in Investing Activities</b>	<b>(777)</b>	<b>(22,453)</b>
<b>FINANCING ACTIVITIES</b>		
Subscriptions	20,136	19,466
Redemptions	(12,740)	(12,142)
	<u>7,396</u>	<u>7,324</u>
<b>Net Cash Flow From Financing Activities</b>	<b>7,396</b>	<b>7,324</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>11,611</b>	<b>(9,586)</b>
Cash and Cash Equivalents at beginning of year	2,576	12,162
Cash and Cash Equivalents at end of year	<u>14,187</u>	<u>2,576</u>

# US Dollar Income Fund

## Statement of Financial Position

As at 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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	Notes	31-Dec-11 \$'000	31-Dec-10 \$'000
<b>ASSETS</b>			
Investment Securities	29	3,507,510	3,411,858
Cash and Cash Equivalents		461,180	524,632
Interest Receivable		31,482	33,003
Other Receivables		251,286	264,096
<b>Total Assets</b>		<b>4,251,458</b>	<b>4,233,589</b>
<b>LIABILITIES</b>			
Amount Due to Corporation		38,716	13,351
Distribution Payable		20,665	20,784
Other Liabilities		93,495	58,817
		<b>152,876</b>	<b>92,952</b>
<b>RESERVES</b>			
Reserves		179	146
<b>Total Liabilities and Reserves</b>		<b>153,055</b>	<b>93,098</b>
<b>NET ASSETS</b>		<b>4,098,403</b>	<b>4,140,491</b>
<b>CAPITAL ACCOUNT</b>		<b>4,335,138</b>	<b>4,220,253</b>
<b>UNREALISED CAPITAL DEPRECIATION</b>		<b>(236,735)</b>	<b>(79,762)</b>
		<b>4,098,403</b>	<b>4,140,491</b>

# US Dollar Income Fund

## Statement of Comprehensive Income

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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	Notes	31-Dec-11 \$'000	31-Dec-10 \$'000
<b>INVESTMENT INCOME</b>			
Interest		150,693	158,781
Realised Capital Gains		-	-
<b>Total Investment Income</b>		<b>150,693</b>	<b>158,781</b>
<b>EXPENSES</b>			
Management Charge	16	(61,887)	(37,120)
Impairment	19	-	(12,345)
Commissions		(1,165)	(1,559)
Other Expenses		(315)	(181)
<b>Total Expenses</b>		<b>(63,367)</b>	<b>(51,205)</b>
<b>NET INVESTMENT INCOME AVAILABLE FOR DISTRIBUTION</b>			
		<b>87,326</b>	<b>107,576</b>
Undistributed Income at start of year		-	-
Undistributed Income at start of year		-	-
Distribution	23 (c)	(77,561)	(92,263)
		<b>(77,561)</b>	<b>(92,263)</b>
<b>UNDISTRIBUTED INCOME BEFORE TRANSFER TO RESERVES</b>			
		<b>9,765</b>	<b>15,313</b>
Allocation to Primary Reserve	12 (c)	(7,620)	(8,689)
Allocation to Secondary Reserve	12 (c)	(2,145)	(6,624)
<b>UNDISTRIBUTED INCOME AT END OF YEAR</b>		<b>-</b>	<b>-</b>

# US Dollar Income Fund

## Statement of Cash Flows

For the year ended 31 December, 2011  
Expressed in Trinidad & Tobago Dollars

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	31-Dec-11 \$'000	31-Dec-10 \$'000
<b>OPERATING ACTIVITIES</b>		
Net Investment Income	87,326	107,576
<i>Adjustments to reconcile Net Investment Income to Net Cash</i>		
<i>Flow From Operating Activities:</i>		
Impairment	-	12,345
	<b>87,326</b>	119,921
<i>Movements in Working Capital</i>		
Decrease/(Increase) in Receivables	22,631	(29,116)
Increase/(Decrease) in Payables	56,356	(48,530)
	<b>166,313</b>	42,275
<b>Net Cash Flow from Operating Activities</b>		
<b>INVESTING ACTIVITIES</b>		
Purchase of Investment Securities	(1,816,805)	(1,726,524)
Disposal of Investment Securities	1,644,593	2,524,969
	<b>(172,212)</b>	798,444
<b>Net Cash (Used In)/Flow From Investing Activities</b>		
<b>FINANCING ACTIVITIES</b>		
Subscriptions	1,129,237	1,333,589
Redemptions	(1,111,548)	(2,035,350)
Distributions	(77,561)	(92,263)
Reserves	(9,765)	(15,313)
	<b>(69,637)</b>	(809,337)
<b>Net Cash used in Financing Activities</b>		
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(75,536)</b>	31,383
Cash and Cash Equivalents at beginning of year	524,633	494,027
Translation Adjustment	12,083	(779)
<b>Cash and Cash Equivalent at end of year</b>	<b>461,180</b>	524,632

# Contributors to Initial Capital

Central Bank of Trinidad & Tobago

The National Insurance Board

## COMMERCIAL BANKS

Citibank (Trinidad & Tobago) Limited

First Citizens Bank Limited

RBTT Bank Limited

Republic Bank Limited

Scotiabank Trinidad & Tobago Limited

## NON-BANK FINANCIAL INSTITUTIONS

ANSA Finance & Merchant Bank Limited

Caribbean Finance Company Limited

Clico Investment Bank

First Citizens Asset Management Limited

General Finance Corporation Limited

RBTT Trust Limited

RBTT Merchant Bank & Finance Company

Republic Finance & Merchant Bank Limited  
(FINCOR)

Scotiastrust & Merchant Bank  
Trinidad & Tobago Limited

## LIFE INSURANCE COMPANIES

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

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

British-American Insurance Company (Trinidad) Limited

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

Colonial Life Insurance Company (Trinidad) Limited

Cuna Caribbean Insurance Society Limited

The Demerara Life Assurance Company of Trinidad & Tobago

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

Guardian Life of the Caribbean Limited

Life of Barbados Limited  
(wholly-owned subsidiary of Sagicor)

Maritime Life (Caribbean) Limited

MEGA Insurance Company Limited

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

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

Tatil Life Assurance Company Limited

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

