GROWING INVESTOR VALUE

Financial Statements 2012

UNIT TRUST CORPORATION

SAFETY • STRENGTH • STABILITY

CHAIRMAN'S STATEMENT 2012

Opening remarks

I would like to formally introduce myself as the new Chairman of the Trinidad & Tobago Unit Trust Corporation (UTC). My appointment was effective January 1st 2013 and I succeeded Ms. Amoy Chang Fong who has served as Chairman from December 2004 to December 2012. Prior to my appointment, I was a Managing Director and Senior Advisor at Credit Suisse in New York and from 1991-1995 I served as Finance Minister in the Trinidad & Tobago government.

We at the UTC have always gone above and beyond our call of duty as the leading mutual fund company in Trinidad & Tobago and in the Caribbean. Offering a total of ten (10) mutual funds that span the globe, the Unit Trust Corporation is dedicated to delivering strong global investment performance. Against the backdrop of an uncertain macroeconomic environment, the UTC improved its performance, with nine out of the ten funds surpassing the returns achieved in the prior year.

Global Economy and Financial Markets

In 2012, economies across the globe faced numerous headwinds. In the US, against the backdrop of very slow growth, the Federal Reserve took decisive action to stimulate the economy that, in turn, served to create downward pressure on interest rates. At the end of the year, the US economy was also challenged on a political front as lawmakers were faced with decisions to increase tax rates and decrease government spending termed the "fiscal cliff".

The recessionary woes that plagued Europe in 2011 continued into 2012 which led to the credit downgrade of nine (9) Eurozone countries by Standard & Poors' Credit rating agency. In an effort to shore up the economy and to restore confidence in the region, the ECB announced its "Outright Monetary Transaction" programme which entailed buying secondary, sovereign bonds with the objective of lowering borrowing cost for European countries that faced problems in selling new debt securities.

The UK benefitted greatly from hosting the Olympics in August of 2012, as GDP rebounded in the third quarter of 2012 by expanding 1% following two consecutive quarterly contractions. Once the effects of the spending associated with the Olympics waned, GDP fell to 0.30% in Q4 2012.

The fallout of Europe's recessionary pressures was felt in the Asian and Latin American regions as export demand from Europe contracted which resulted in a slowdown in several economies. In an attempt to boost growth, several emerging markets central banks eased their monetary policy. Brazil's central bank lowered the Selic rate from 9.75% at the beginning of the year to 8.50% by the end of June 2012. Similarly, China's central bank lowered its Regulated Reserve ratio from 20.5% in January to 20% in June while India's central bank reduced both its cash reserve ratio and policy rate.

Such credible steps taken by the US and the European Central Bank aided in bolstering stock markets around the world as both economic activity and investor confidence were boosted. International stock markets posted double-digit returns while activity on the local stock market picked up from where it left off in 2011. Interest rates trended downwards over 2012 which positively impacted fixed income securities.

In line with the more accommodative monetary policies implemented by several central banks, the interest rate environment remained low, with policy interest rates in Europe and Brazil reaching record lows in 2012. Policy rates in the US, Canada and the UK remained at 2011 levels of 0.25%, 1% and 0.50% respectively. Yields on 10-year sovereign bonds also fell during the year, with the largest decline occurring in Europe as 10-year yields declined 51 basis points to 1.32%.

Table 1: Global policy Rates

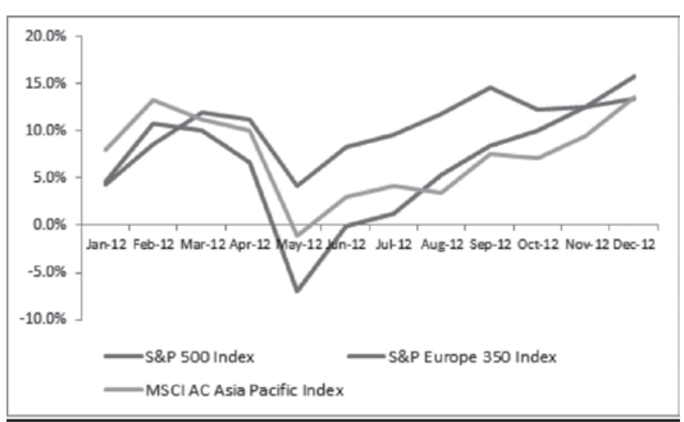
Global Benchmark Rates			
Region	Dec12	Dec11	Y/Y change (bps)
US	0.25	0.25	0.00
Canada	1.00	1.00	0.00
Eurozone	0.75	1.00	-0.25
UK	0.50	0.50	0.00
Japan	0.10	0.10	0.00
Brazil	7.25	10.75	-3.50

Table 2: Global 10-Year Bond rates

Global 10 Yr Bond Rates			
Region	Dec12	Dec11	Y/Y change (bps)
US	1.76	1.88	-0.12
Canada	1.80	1.94	-0.14
Eurozone	1.32	1.83	-0.51
UK	1.83	1.98	-0.15
Japan	0.79	0.99	-0.20

European stock markets were the best performers for 2012, with the German DAX posting a gain of 29%. Following suit were the stock markets in the Asian region, with Hong Kong's Hang Seng index increasing by 23% and the India's Sensex index climbing 26%. The US stock market achieved moderate returns of 13.5% in comparison with the other stock markets owing to the volatility that arose from the "fiscal cliff".

Figure 1: Global Stock Markets



Regional Economies and Financial Markets

Economic growth in the Caribbean region decelerated further in 2012 against the backdrop of lingering fragilities in the global economy, with the region growing by 1.1% in 2012 in comparison to 3.3% in 2011. Commodity exporters, Guyana and Suriname are expected to post GDP growth of 3.9% and 4.0% respectively, and have fared better than their tourism-intensive counterparts, Barbados and Jamaica. GDP growth stagnated in Barbados in 2012 whereas in Jamaica and in Grenada growth is expected to be negative, with fiscal challenges leading to Grenada debt going into selective default in March 2013. Overall, the Caribbean region grew by 1.1% in 2012 in comparison to 3.3% in 2011. In Trinidad and Tobago, economic activity picked up in the third quarter, with GDP growth of 1.5% following a contraction of 3.3 percent in the previous quarter. Growth was driven by the non-energy sector, particularly Trading & Distribution, Financial Services and Construction. Energy sector GDP was less resilient, increasing by a mere 0.50% year-over-year and reflected the reduction in crude oil, natural gas and petrochemical production. Several scheduled downstream energy projects were also put on hold.

The financial landscape continues to be characterised by low interest rates and liquidity build ups. High levels of excess liquidity, sustained by weak private sector credit demand and high net domestic fiscal injections, continue to depress short-term interest rates. Excess liquidity was roughly TT$3.97 billion at the end of 2012.

The maintenance of a low interest rate environment positively impacted borrowing costs. As a result, the bond market saw a marked increase in activity during the second half of 2012. Primary bond issues totaled twelve for the year valued at TT$4.3 billion, with only one in the first half. This compares to twenty issues in 2011, valued at TT$7.2 billion. On the secondary market, there were 67 transactions valued at TT$1.38 billion, the bulk of which occurred in December. This represents a significant improvement over that seen in 2011 when a total of 46 trades were effected valued at TT$177 million.

Activity on the local stock market picked up from where it left off in 2011, as the Composite Index and All T&T Index rallied 5.14% and 15.5% respectively. Regional stocks however did not fare so well as the Cross Listed Index fell 19.5%.

Figure 2: 2012 Regional Stock Indices Returns

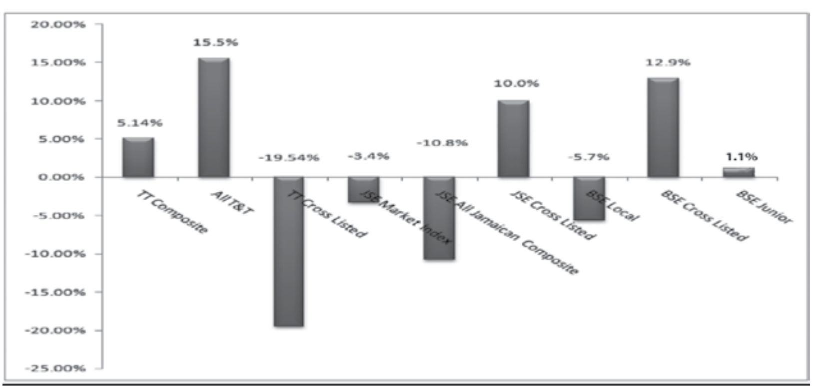


Figure 3: T&T Stock Market Returns 2008-2012

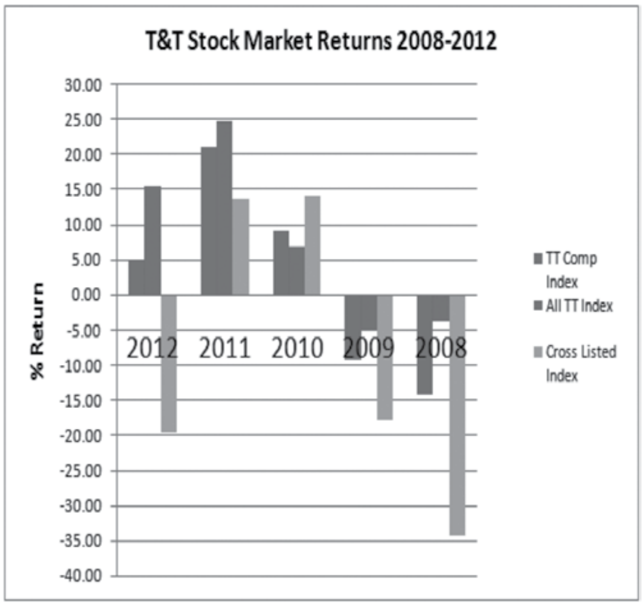
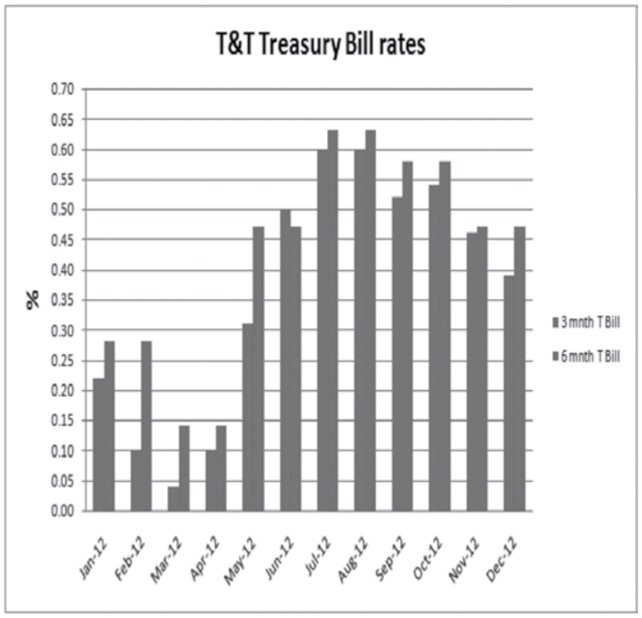


Figure 4: T&T Treasury Bill Rates 2012



Funds Under Management

By the end of 2012, the Corporation's funds under management grew to $22.06 billion, up 2.95% from TT$21.43 billion in 2011.The Universal Retirement Fund grew 13.8% to reach TT$212.7 million while the flagship Growth and Income fund added TT$379.2 million to reach TT$3.68 billion, up 11.50%. Another UTC behemoth, the TT Dollar Income Fund increased 5.7% or TT$595million to TT$11.15 billion. High system liquidity coupled with domestic investment opportunities that were few and far in between, resulted in a stable return of 1.33% throughout the year for the TT Dollar Income Fund. With the exception of the Energy and Asia Pacific Fund, the international suite of Funds as well as the US Dollar Income fund also grew in 2012.

The Universal Retirement Fund was the best performer in 2012, with a net return to unitholders of 8.31%. The European Fund and Asia Pacific Fund followed with returns of 8.12% and 6.91%respectively.

Outlook 2013

Global growth is projected to be slow in 2013, led by the developed nations. Europe will remain a source of concern for the global economy given its elevated debt levels, rising unemployment rate and the negative impact of austerity measures on consumption. Growth prospects in the US will also be tempered, as higher taxation rates and the effects of the automatic spending cuts weigh on the level of expenditure. With the majority of the Caribbean tourists coming from the European nations, growth prospects for tourism-dependent economies will also be tempered.

The Trinidad and Tobago economy is on the cusp of a turnaround with forecasted growth of 2.5% in 2013 from 1.2% in 2012. Once the initiatives taken to revive the local energy sector bear fruit and expenditure on the country's infrastructure resumes we can expect positive growth going forward. Such projects are likely to increase investment opportunities that would redound to the benefit of unitholders.

Economic uncertainty and volatility are expected to be the overriding themes for 2013, as the concern of the economic strength of Europe, the US debt ceiling decision and the moderation of Emerging Markets still prevail. Such volatility will be a challenge for investors worldwide. These prevailing conditions determine the cautionary mode the UTC will adopt in managing your investments in the immediate future. The Unit Trust Corporation of Trinidad & Tobago is poised to weather such global headwinds with our strong risk management framework and focus on stability and excellent performance.

Closing Remarks

We at the UTC always strive to do what is right for you, our unitholders, and earning your trust has always been cardinal to our mission. Faced with an uncertain economic environment and the management of legacy credit issues incurred at the height of the global financial crisis we are nevertheless well positioned to weather any economic storm and are committed to achieving the best possible returns on your investments. I thank you for your continued trust and support.

I would like to wholeheartedly thank the former Chairman, Ms Amoy Chang Fong, who has served the Corporation in that capacity for the last eight (8) years, for her hard work and dedication. Her stewardship at the UTC has been characterised by strategic thinking and efforts to increase the credibility and visibility of the UTC in the financial services community.

The UTC would also like to express our gratitude to former Directors Seeram Maharaj, Amarjit Chadee and Joan John for their commitment to the Corporation. I would like to also warmly welcome Ruben McSween and Wendy Ho Sing to the Board of Directors.

Most significantly, our Executive Director, Ms. Eutrice Carrington served through her contract and retired after having spent over twenty-two years in the service of our Corporation. The Corporation is indebted to Ms. Carrington for the role she played in stabilising our affairs during the period coinciding with the global financial crisis and strength in leading the Corporation in a new strategic direction as we prepare for an increasingly challenging and competitive environment. We thank her for her leadership and wish her well in her retirement. I take the opportunity to welcome her successor Mr. Ian Chinapoo. Mr. Chinapoo is a former Managing Director at CIBC FirstCaribbean and brings to the service of UTC the benefit of more than seventeen years in senior positions in the financial industry, both domestic and international.

To the Board, Management and staff, your contributions to the performance of the Corporation are greatly appreciated and I look forward to working with you all to ensure that the Unit Trust Corporation continues to provide unitholders with safety, strength and stability.

Wendell Mottley
April 26, 2013

EXECUTIVE DIRECTOR'S LETTER

Dear Fellow Investors

It is my great pleasure to present to you the Executive Director's Report on the Corporation's financial outturn and the investment performance of its unit schemes and mutual funds for the year ended December 31st, 2012.

Economic Review and Outlook

In the 2012 financial year, global economic performance surpassed expectations as policymakers across the world intervened, coordinating monetary and fiscal policies in order to revitalise global economic growth which has been decelerating since 2011. The global economy grew by 3.2 percent in 2012 following growth of 3.9 percent in 2011 according to the International Monetary Fund (IMF).

Real GDP in the US rose 2.2 percent in 2012 compared to 1.8 percent in 2011. This increase was recorded despite declining government spending and is chiefly reflective of increased personal consumption and investment spending along with decelerating imports. The US housing market showed signs of resilience and the US Federal Reserve extended its accommodative policy measures in a bid to maintain low interest rates. The "debt ceiling debate" and the "fiscal cliff" remain the key legislative issues on the agenda for US policymakers as both issues have the potential to cause serious economic fallout if not properly managed.

In Europe, much of the market fears that characterised 2011 spilled-over into the first half of 2012 as Standard & Poor's (S&P) downgraded a total of nine out of seventeen countries in the Euro-Zone in mid-January 2012. France, the region's second largest economy, and Austria, were both stripped of their coveted AAA credit ratings and assigned AA+ ratings.

On July 18th, Italian and Spanish ten-year bond yields breached critical levels, spiking at 6.074 percent and 7.498 percent respectively amid escalating concerns of a Euro-Zone exit by one or more troubled members. This resulted in increased capital outflows from the southern periphery, fragmentation of the credit markets and reduced consumer and investment demand at the national level, with negative implications on economic output, employment, fiscal balances and bank balance sheets. By July 26th, the European Central Bank (ECB) President, Mario Draghi calmed the markets, pledging to "do whatever it takes" to save the Euro. The ECB subsequently announced a new Outright Monetary Transaction (OMT) programme, which played a pivotal role in reducing the yields on Italian and Spanish debt to 4.497 percent and 5.265 percent by the year-end. Overall investor sentiment towards the region improved in the latter half of 2012 primarily on account of the ECB's interventions. Economic growth for the Euro-area, however, contracted by 0.6 percent in 2012 after expanding by 1.4 percent in 2011. Much work is still required in order to implement an effective regional banking union, and to address the lingering economic problems of high public debt, unemployment, and contracting growth. With this in mind, it is obvious that the sovereign debt crisis is far from over, and stability within the region remains volatile.

Emerging market economic conditions were tempered by the Euro-area recession as these regions depend heavily on that area's external demand. The Asian region still managed to grow at a rate of 6.28 percent in 2012 compared to 7.54 percent in 2011, while Latin America grew at 2.57 percent compared to 4.17 percent in 2011. These regions' largest economies, China and Brazil, grew at 7.80 percent and 0.87 percent respectively in 2012.

Turning our attention to the Caribbean, many of the region's tourism intensive economies continued to face challenges of elevated public debt levels, weak external demand, and adverse terms of trade. The Jamaican economy encountered continued difficulties in 2012, however, in February 2013, Jamaican authorities and the International Monetary Fund (IMF) reached a staff-level agreement for an Extended Fund Facility which should provide some support in the medium term. Barbados' economic growth stagnated in 2012 as the economy remains challenged owing to the protracted global economic weakness which significantly impacts tourism. In contrast, the region's key commodity exporters, Guyana and Suriname, were more resilient and are expected to post moderate economic growth of 3.9 percent and 4.0 percent respectively for 2012.

The Central Bank of Trinidad & Tobago forecasts GDP growth of 1.2 percent and 2.5 percent for 2012 and 2013 respectively. Third quarter GDP for 2012 grew by 1.5 percent year-over-year following a 3.3 percent contraction in the preceding quarter. Crude, natural gas and petrochemical production all deteriorated during the year and various downstream energy projects were postponed. Notably, however, there was increased exploratory and drilling activity in the upstream energy sector during 2012 along with new oil and gas finds.

In January 2013, the IMF revised its 2013 projection for world growth to 3.5 percent, marginally lower than its October 2012 forecast of 3.6 percent. World trade is expected to decelerate further, expanding at a pace of 3.8 percent in 2013 following 2.8 percent growth in 2012. Commodity prices are also expected to ease, while inflation should remain stable in the developed economies though rising slightly in the emerging market and developing economies. Any substantial deterioration in economic conditions for either of these economies would suggest negative implications for global economic growth.

Financial Markets – International Equity Performance

Equity markets posted solid returns in 2012, outperforming fixed-income markets as investors sought to purchase risk assets despite the uncertainties of the economic issues dominating the headlines. In North America, the US benchmark S&P 500 Index rose 13.41 percent for the year, compared to return of 0.0 percent in 2011. The financial sector was the year's best performer returning 26.26 percent followed by the Consumer Discretionary and Healthcare sectors which saw gains of 21.87 percent and 15.19 percent respectively. The sole US sector showing a negative return was the Utilities sector, the worst performer for the year. The Energy sector was the second worst performer returning 2.33 percent.

Industries within the Energy sector exhibited mixed performance with the best performer, the S&P Oil and Gas Refining and Marketing Index, rising a magnificent 80.07 percent whereas the worst industry performer, the S&P Coal and Consumable Fuels Index, declined 26.13 percent. Canada's S&P/TSX Composite Index increased 4.00 percent compared to 2011's performance of negative 11.07 percent.

The S&P Euro 350 Index soared 13.75 percent while the UK stock market increased 5.84 percent, up from negative 10.64 percent and negative

5.55 percent in the previous year. Belgium and Denmark outperformed, advancing 33.99 percent and 28.09 percent respectively, with Europe's largest economy, Germany, following closely behind at 25.24 percent. Spain posted the worst performance in the region of negative 4.76 percent followed by Greece which returned negative 2.35 percent and Portugal with negative 2.22 percent.

The Emerging Markets also exhibited improved equity performance with the MSCI Asia Pacific Index providing returns of 13.61 percent, while the S&P Latin America 40 Index posted comparatively weaker returns of 3.30 percent. These were, however, significantly better than their 2011 performances of negative 17.31 percent and negative 20.69 percent respectively. Asian markets were led by the Philippines, India, Thailand and China which posted returns of 34.70 percent, 27.86 percent, 26.87 percent and 18.73 percent respectively. Malaysia showed the region's poorest performance at 6.84 percent. Latin America saw Colombia outperforming the pack with returns of 19.91 percent, with Mexico and Peru following, posting 18.24 percent and 15.03 percent. Chile trailed behind returning negative 2.67 percent followed by Brazil which grew 5.93 percent. Figures 1-4 below illustrate the movements of the major global indices during 2012.

Figure 1: North American Equity Indices

Figure 2: European Equity Indices

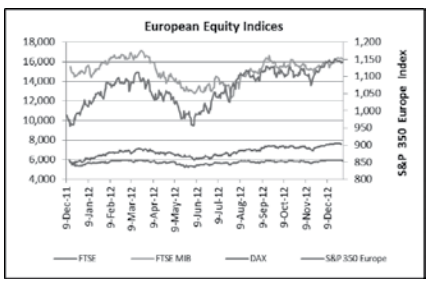


Figure 3: Asian Equity Indices

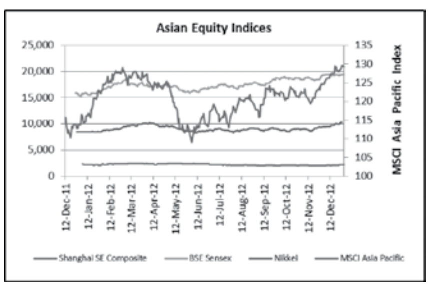
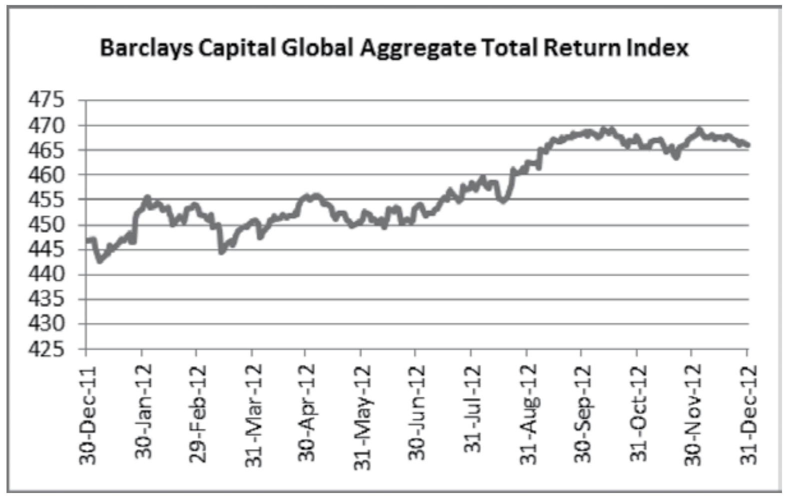


Figure 4: Latin American Equity Indices

International Fixed-Income Market Performance

The international fixed-income markets generated moderate gains in 2012. The Barclays Capital Global Aggregate Total Return Index returned 4.32 percent for 2012. Figure 5 refers. Against the backdrop of low central bank policy interest rates globally along with the other accommodative measures implemented in order to keep short-term interest rates low, US treasuries lagged the market. In contrast, given the shift in investor appetite from a "risk-off" to a "risk-on" disposition in order to secure higher yields, speculative grade bonds significantly outperformed investment grade bonds. New global corporate bond issuances climbed to a 3-year high of over US$3.0 trillion in 2012, while the corporate default tally also reached a 3-year high as a total of 82 corporate issuers defaulted around the world.

Figure 5: Global Bond Index - Barclays Capital Global Aggregate Total Return Index



Local Fixed-Income Market Performance

Trinidad and Tobago's Central Bank maintained its accommodative monetary policy stance in light of sluggish economic activity and falling inflationary pressures, lowering the Repo Rate 25 basis points from 3.0 percent to 2.75 percent in 2012. Although excess liquidity levels declined by 30.23 percent in 2012, they remained relatively high, ending the year at $3.97 billion. High liquidity has been fuelled by continued weak private sector credit and relatively high net domestic fiscal injections. Short-term domestic interest rates have thus remained very depressed.

In response to the falling liquidity levels, domestic 3-month treasury yields rose by 11 basis points over the year from 0.28 percent to 0.39 percent, while the yield on the 6-month treasury rose by 15 basis points from 0.32 percent to 0.47 percent. The yield on the US 3-month treasury closed the year at 0.06 percent, resulting in a widening of the spread between the 3-month TT and US instruments from 26 basis points to 33 basis points. There was an uptick in domestic money market rates as well, with the yields on short-term money market instruments rising by 22 basis points on average. Refer to Table 1 below.

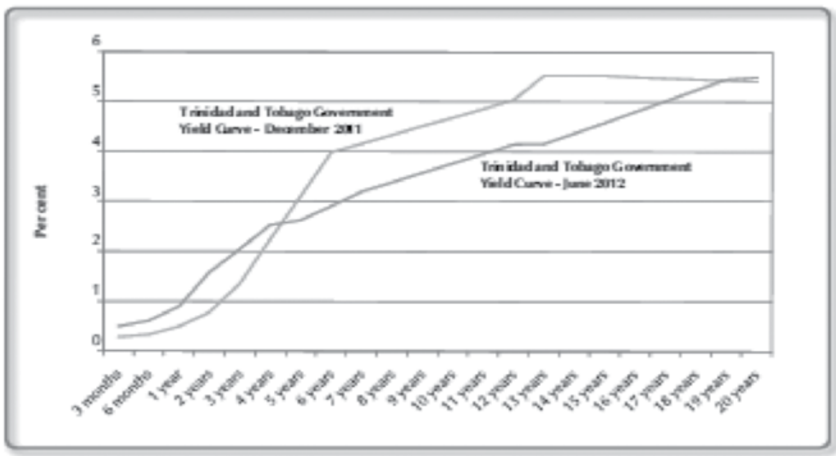
Table 1: Domestic Money Market Rates (2008-2012)

	TREASURY BILLS		MONEY MARKET INSTRUMENTS				
Year/Tenor	90 Day (%)	180 Day (%)	30 Day (%)	60 Day (%)	90 Day (%)	180 Day (%)	365 Day (%)
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
2012	0.39	0.47	0.30	0.40	0.55	0.70	0.90

Few new domestic fixed-income opportunities presented themselves in 2012. In light of the high excess liquidity in the financial system and the scarcity of investment opportunities, over-subscription of public sector issues persisted, posing continued challenges for fixed-income investors. As a consequence, yields declined at the medium to long-term ends of the TT Government Yield Curve, whereas yields improved at the shorter-end of the curve during 2012. Refer to Figures 6-7. The domestic and international interest rate outlook over the next few years is bleak and is premised on an extended period of low interest rates, offering little relief for such investors.

Figure 6: T&T Government Yield Curve (Dec 2011 Vs June 2012)

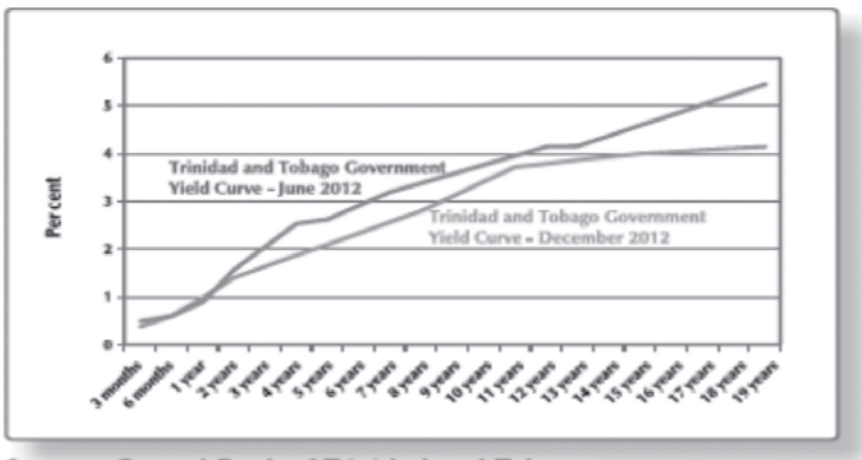
Trinidad and Tobago Government Yield Curve



Source: Central Bank of Trinidad and Tobago.

Figure 7: T&T Government Yield Curve (June Vs Dec 2012)

Trinidad and Tobago Government Yield Curve



Source: Central Bank of Trinidad and Tobago.

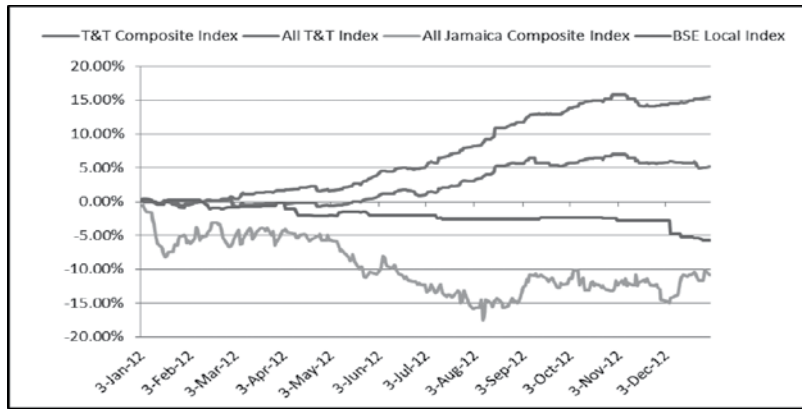
Local & Regional Equity Market Performance

The Trinidad and Tobago equity market enjoyed its third consecutive year of positive returns and outperformed its regional counterparts. Figure 8 refers. The T&T Composite and All T&T Indices posted returns of 5.14 percent and 15.5 percent[1] respectively, while the Cross Listed Index generated a negative return of 13.68 percent for calendar 2012. Total market capitalisation as at December 31st, 2012 stood at TT$97.35 billion, compared to TT$94.47 billion a year ago. The market was less active in 2012 relative to the preceding year with a total of 8,778 trades and a volume of 50.68 million shares crossing the floor, valued at TT$746.6 million. This compares to 9,188 trades and a volume of 564.06 million shares valued at TT$1.029 billion in 2011. The top performing sectors included: Manufacturing I which gained 30.07 percent, Trading with a gain of 24.80 percent, and Conglomerates which added 12.26 percent. Market laggards included the Property and Manufacturing II sectors which returned negative 21.94 percent and negative 19.35 percent respectively.

The other major regional stock indices underperformed in 2012. The JSE Market Index lost 3,195.98 points or 3.35 percent while the JSE All Jamaican Composite Index declined by 11,017.19 points or 10.78 percent over the year. Market volumes were also lower in 2012 with a total of 19,492 trades and 1.43 billion shares exchanging hands valued at J$18.30 billion compared to 23,293 trades and a volume of 1.55 billion shares valued at J$18.10 billion in the preceding year.

[1] The YTD returns provided here refer only to capital appreciation and thus exclude divident yield.

Figure 8: Local & Regional Stock Market Performances - FY 2012



In Barbados, stock market performance was mixed. The BSE Local Index declined 184.80 points or 5.66 percent, whereas the BSE Cross Listed Index rallied by 12.88 percent reflecting an annual gain of 147.12 points. As a result, the BSE Composite Index added 7.97 points yielding a positive return of 1.1 percent for 2012. The indices ended the year at 3,082.38 (Local), 1,289.35 (Cross-Listed) and 730.04 (Composite) respectively compared to index values of 3,267.18, 1,142.23 and 722.07 recorded at the end of 2011.

Performance Highlights

The following are some of the major highlights of the Corporation's 2012 financial performance:

- The Corporation's asset base grew by 4.92 percent year-over-year from TT$21.72 billion to TT$22.79 billion.
- Total Funds Under Management grew by 2.95 percent to TT$22.06 billion from TT$21.43 billion.
- The Corporation's Retained Earnings increased by 10.84 percent from TT$774.77 million to TT$858.78 million.
- The mutual funds achieved a TT$1.42 billion or 7.73 percent year-over-year growth, expanding from an aggregate fund-size of TT$18.41 billion in 2011 to TT$19.83 billion by the end of 2012. The primary contributors of this growth were net sales of TT$904.9 million and capital appreciation totalling TT$487.1 million.
- Investment income generated by the mutual funds rose by 17.07 percent year-over-year from TT$702.35 million to TT$822.24 million.
- Other group income grew from TT$40.49 million as at December 2011 to TT$218.83 million by December 2012.
- TT$314.32 million of impairments were recognised in the Income Statement for 2012 given the underperformance of some regional assets.
- Total expenses incurred (excluding finance charges) rose by 136.07 percent from TT$245.90 million to TT$580.51 million during the year, due primarily to the impairments recognised. If the effect of these impairments is disregarded, expenses for 2012 actually rose by TT$20.29 million or 8.25 percent year-over-year.
- Total distributions paid to unitholders fell 28.26 percent to TT$259.95 million from TT$362.37 million.
- The management charge earned by the Corporation from the mutual funds increased by 6.14 percent to TT$308.7 million in 2012 from TT$290.84 million in 2011.
- The customer base grew from 546,820 to 560,731 by the end of 2012, reflecting 2.54 percent growth.
- The total number of registered accounts rose by 2.56 percent to 804,162 from 784,107 in 2011.

Fund Performances

Owing to the generally favourable performances of the global capital markets in 2012, I am pleased to report that nine (9) of the Corporation's ten (10) mutual funds generated positive returns for investors. Our equity and balanced funds produced higher returns in comparison to our fixed income funds due to the prevailing low-interest rate environment which characterised the global capital markets.

TT$ Income Fund

As at December 31st, 2012, the TT$ Income Fund's fund-size stood at TT$11.15 billion, up 5.66 percent from TT$10.56 billion a year ago. The Fund benefitted from aggregate net sales during the year of TT$533.67 million and provided unitholders with a net return of 1.33 percent for 2011 compared to 1.88 percent in 2010.

In addition to depressed interest rates, the local commercial banks generally refrained from accepting new placements of short-term deposits, owing to the elevated liquidity levels. As a consequence, the Fund encountered increased re-investment risk associated with its money market component. The TT$ Income Fund's asset allocation as at the end of 2012 was: 45 percent bonds, 9 percent money market securities and 46 percent cash.

Investment income grew by 22.27 percent from TT$360.6 million to TT$440.89 million during 2012. Net investment income totalled TT$146.65 million, down 23.27 percent from the 2011 figure of TT$191.11 million. The distribution for 2012 was TT$143.85 million compared to TT$188.31 million for 2011. TT$2.8 million was allocated to the Fund's Primary Reserve during the year.

US$ Income Fund

The fund-size of the US$ Income Fund at the end of 2012 was US$711.28 million (TT$4.52 billion), up 10.25 percent relative to its 2011 fund-size of US$645.47 million (TT$4.10 billion). The Fund benefitted from aggregate net sales during the year of US$26.25 million (TT$166.78 million) and provided unitholders with a net return of 1.10 percent for 2012 compared to 1.69 percent in the previous year. The lower net return arose due to the underperformance of some regional assets in the portfolio in addition to increased levels of reinvestment risk and lower yields associated with its money market component.

Total income available to the Fund more than doubled in 2012 to US$47.98 million (TT$304.83 million) from US$23.73 million (TT$150.69 million) in 2011. Net investment income fell 29.94 percent to US$9.63 million (TT$61.18 million) compared to US$13.75 million (TT$87.33 million) in 2011. The Fund's 2012 distribution pay-out was US$6.49 million (TT$41.25 million), down from US$12.22 million (TT$77.56 million) in the preceding year. An amount of US$1.2 million (TT$7.62 million) was allocated to the Fund's Primary Reserve in 2012, while a further US$1.94 million (TT$12.31 million) was allocated to the Secondary Reserve. The US$ Income Fund's asset allocation as at the end of 2012 was: 49 percent bonds, 28 percent money market securities and 23 percent cash.

Growth & Income Fund

The fund-size of the Growth & Income Fund at December 31st, 2012 was TT$3.68 billion, up 11.48 percent from TT$3.30 billion a year ago. The increase in fund-size was derived primarily from TT$149.53 million in unrealised capital appreciation and TT$211.67 million in net sales achieved in 2012. The bid and offer prices appreciated in 2012 to TT$15.22 and TT$15.52 per unit respectively versus TT$14.13 and TT$14.42 per unit in 2011. The Fund produced a net return to unitholders of 6.24 percent in 2012, compared to its 2011 return of 7.58 percent. The Fund benefitted favourably from its overweight position in local and international equities which yielded moderate returns.

Investment income grew by 33.2 percent from TT$176.44 million to TT$235.01 million in 2012. This translated into net investment income of TT$138.0 million, up 25.85 percent over the prior year's figure of TT$109.66 million. The pay-out rate declined from 37 cents per unit to 30 cents per unit resulting in a total distribution payment of TT$73.76 million in 2012, compared to TT$88.9 million a year ago. A sum of TT$54.0 million was allocated to the Growth & Income Fund's Reserves during the year. As at December 31st, 2012 the asset allocation was: 43 percent domestic and regional equities, 23 percent international equities, 23 percent bonds, and 11 percent money market securities and cash.

Universal Retirement Fund

As at December 31st 2012, the fund-size of the Universal Retirement Fund had grown 13.80 percent from TT$186.92 million to TT$212.71 million. The URF recorded TT$11.98 million in unrealised capital appreciation and TT$7.93 million in net sales for 2012, both of which contributed to the growth in fund-size. The Fund's bid price appreciated to TT$35.46 at the end of 2012 from TT$32.74 in 2011.

The Fund provided unitholders with a net return of 8.31 percent, compared to 10.27 percent a year ago. In 2012, domestic equities performed quite well, while cross-listed or regional equities underperformed. This led to the T&T Composite Index generating a moderate 5.14 percent return. The URF was invested in regional equities, so that notwithstanding higher returns produced by its international equity and bond components, the net return declined on a year-over-year basis in 2012. The portfolio comprised 40 percent domestic and regional equities, 29 percent international equities, 22 percent bonds, and 9 percent money market securities and cash at the end of 2012.

Investment income grew by 46.35 percent year-over-year from TT$8.29 million to TT$12.14 million. Net investment income for the year totalled TT$6.11 million compared to TT$4.61 million a year ago, reflecting growth of 32.43 percent.

UTC Global Bond Fund

The UTC Global Bond Fund grew 0.43 percent year-over-year from US$1.676 million (TT$10.64 million) to US$1.683 million (TT$10.69 million). The Fund's bid price stood at US$20.91 per unit as at December 31st 2012, up from US$19.64 a year ago. The Fund generated a net return to unitholders of 6.47 percent compared to the 2011 return of negative 1.95 percent. The Fund held overweight positions in US government securities and bonds at the lower end of the investment-grade spectrum, allowing for some yield pick-up. It also seized the opportunity to crystallise gains on some of its sovereign debt and re-invested the proceeds in international corporate debt of companies within the Financial and Consumer sectors which performed well during the year. The portfolio's asset allocation as at the end of 2012 was: 85 percent international bonds, 8 percent local and regional bonds and 7 percent money market securities and cash.

UTC Energy Fund

The fund-size of the UTC Energy Fund contracted by 20.50 percent year-over-year in 2012 from US$6.240 million (TT$39.62 million) to US$4.961 million (TT$31.52 million), primarily as a result of net redemptions of US$1.320 million (TT$8.39 million). The Fund's bid price fell from US$17.95 in 2011 to US$17.23 by the end of the year.

The Fund generated a return of negative 4.01 percent in 2012, albeit significantly improved over the previous year's return of negative 20.82 percent. The Fund's performance was attributable to its relative underweight position in the Refining & Marketing and Storage & Transportation sub-sectors, which were the best-performing sub-sectors for 2012, and its relative overweight position in the Equipment & Services and Coal sub-sectors, which were the worst performing sub-sectors. As at the end of 2012, the Fund comprised 94 percent international equities and 6 percent cash.

UTC Asia Pacific Fund

The fund-size of the UTC Asia Pacific Fund contracted by 1.84 percent year-over-year from US$1.883 million (TT$11.96 million) to US$1.849 million (TT$11.75 million) by the end of 2012. The Fund faced net redemptions of US$271.9 thousand (TT$1.73 million) during the year, which partly contributed to the decline in fund-size. The offer and bid prices ended 2012 at US$23.78 and US$22.59 respectively, compared to US$21.13 and US$20.07 in the previous year.

The net return generated by the UTC Asia Pacific Fund for 2012 was 6.91 percent, a significant improvement over negative 19.07 percent return posted in 2011. In 2012, many Asian equity markets rallied, in particular China, Thailand, Philippines, and India. The Fund had overweight positions in both Thailand and the Philippines which contributed towards the improved performance. By the 2012 year-end the Fund's asset allocation was: 93 percent international equities and 7 percent cash.

UTC European Fund

In 2012, the UTC European Fund experienced fund-size growth of 13.22 percent with net assets standing at US$1.064 million (TT$6.76 million) versus US$0.940 million (TT$5.97 million) a year ago. The Fund's offer and bid prices closed 2012 at US$21.88 and US$20.78 respectively compared to their 2011 values of US$19.22 and US$18.26.

The net return to unitholders for 2012 was 8.12 percent compared to the 2011 return of negative 14.51 percent. This favourable performance was prompted by the huge rallies experienced in the European stock markets during 2012. At the end of 2012, the Fund comprised 91 percent international equities, 3 percent bonds, and 6 percent cash.

UTC Latin American Fund

In 2012, the fund-size of the UTC Latin American Fund grew by 6.20 percent from US$1.122 million (TT$7.12 million) to US$1.191 million (TT$7.57 million). The Fund's offer and bid prices appreciated in 2012 to US$22.12 and US$21.02 respectively, up from their 2011 values of US$20.59 and US$19.56. The net return to unitholders for 2012 was 2.09 percent, improved over the negative return of 22.44 percent posted in 2011. The Latin American equity markets posted positive returns in 2012 relative to the negative performance in 2011. As at December 31st, 2012 the portfolio comprised 89 percent international equities, and 11 percent cash.

UTC North American Fund

The UTC North American Fund's fund-size grew by 3.71 percent during 2012 from US$29.83 million (TT$189.41 million) in 2011 to US$30.92 million (TT$196.44 million). The Fund grew despite net redemptions totalling US$682.0 thousand (TT$4.33 million) during the year.

The Net Asset Value (NAV) per unit as at December 31st, 2012 stood at US$9.97, slightly higher than the 2011 NAV of US$9.86. The Fund paid a total distribution of US 5 cents per unit in 2012 compared to US 39 cents per unit a year ago, and generated a net return to investors of 6.04 percent versus a return of negative 3.90 percent in 2011. The improved performance was attributable to better returns generated in the US stock market, as the S&P 500 Index returned 13.4 percent after a flat performance in 2011. As at the end of 2012 the NAF's asset allocation was: 68 percent North American equities, 29 percent bonds, and 3 percent cash.

Update on Strategic Initiatives

In 2012, the second year of the action horizon period, the Corporation made meaningful progress in the implementation of its five-year strategic plan which will enable us to forge a path towards competitive sustainability through various institutional strengthening initiatives. These initiatives are entrenched in the following four strategic themes: (i) Financial Restructuring, (ii) Efficiency and Corporate Governance Improvement, (iii) Reputation Enhancement, and (iv) Refocus on the Customer. Some of the key developments made during the 2012 financial year with respect to each of the above strategic themes are discussed hereunder.

Financial Restructuring

The Corporation successfully disposed of its Merchant Banking operations and its Belize subsidiary in 2011, bringing to a close the major initiatives under this strategic theme.

Efficiency & Corporate Governance Improvement

- **Business Process Review Project**
  In August 2012, the Corporation embarked upon a Business Process Review Project aimed at improving our existing business processes and systems and ultimately enhancing customer service delivery. We retained the services of a reputable international consultant to assist us with the review, and are happy to report that as of the 2012 year-end, Phase I of this project has been concluded. The review entailed the following:

  - Defining a Customer Service Delivery Vision for the organisation consistent with international best practices for mutual fund providers,
  - Analysing our current Customer Service Processes,
  - Identifying new, re-designed Customer Service Processes,
  - Assessing our existing Information & Communications Technology (ICT) infrastructure and capabilities, and
  - Providing critical training to our Executive, management and supervisory teams with respect to Business Process Management (BPM) Awareness.

  In 2013, the project will move into Phase II. Essentially, at that time the Corporation will adopt measures to bridge the gap between where our customer service processes currently stand and the desired future state.

- **Amendment of the UTC Act 1981**
  In 2011, the Corporation submitted a formal proposal to the relevant authorities to amend its enabling legislation, the Unit Trust Corporation of Trinidad & Tobago Act No. 26 of 1981, so as to allow the vesting of UTC Trust Services Limited with legal authority to act as the Trustee of the Unit Schemes in place of the Corporation. This is in keeping with international best practices for unit scheme providers and also with Trinidad & Tobago Securities & Exchange Commission's (TTSEC) guidelines. The proposal is currently under review by the Ministry of Finance and the Economy.

Reputation Enhancement

The Corporation hosted a Business Media Workshop at the Hyatt Regency Hotel on October 18th and 19th, 2012 geared towards educating local media personnel on the principles of professional business writing. This workshop was facilitated by Ms. Jan Brandstrader, a Contributing Editor at Barron's and Adjunct in the Graduate School of Journalism at Columbia University School of Journalism. Journalists were exposed to an array of topics including: writing for the investor, the consumer and small businesses, reading Central Bank signals, analysing company financial statements and the role of mutual funds in the financial sector.

In 2012, we continued to promote financial literacy and financial market awareness among the investing public through our bi-weekly radio segment on i95.5fm, our editorial column in the Business Express newspaper titled "U and Your Money", and our segments on the popular morning television programme "First-Up" hosted on Caribbean New Media Group (CNMG).

- **Refocus on the Customer**

  New UTC Financial Advisory and Wealth Management Service
  The Unit Trust Corporation will be launching a new Financial Advisory service in 2013 catering to both new and existing clientele. This service will allow us to actively engage and foster deeper, long-lasting relationships with our clients and their families while helping them to understand the critical processes involved in laying a firm foundation for a healthy financial future.

The service will incorporate a financial counselling and advisory program. This initiative would be vital in assisting our clients to adequately plan for important life events such as retirement, buying a home, providing for material, unforeseen future expense (e.g. major medical costs) and also wealth accumulation.

Enhancements to the Distribution Network

As at the end of 2012, the Corporation's distribution network comprised ten (10) Investment Centres, six (6) Online Agency outlets and sixteen (16) Automated Teller Machines (ATMs). In support of our objective of streamlining agent processes and contact, a new "Agent Administration Manager" was appointed in 2012 with responsibility for the agent network. On June 1st, 2012 the Corporation added a new online agency to its distribution network based in Grand Bazaar. This agency is operated by Mr. Sheldon Trim and Ms. Jamela Akinlana, who also operate an agency at Tunapuna. Furthermore, on December 18th, 2012 another online agency was opened in San Juan which is being operated by Mr. Garth Thomas. Mr. Thomas already manages another online agency based in Gulf City.

Commitment to Our Nation's Youth

In 2012, we hosted thirty-six (36) students at our Vacation Internship and World of Work Programmes which are designed to assist students in transitioning from their academic lives to the world of work by affording them opportunities to gain vital practical work experience.

Additionally, we partnered with the Department of Management Studies at the University of the West Indies (St. Augustine Campus) and participated in their Student Career Enrichment Programme. This programme is designed to enrich the learning experience of final-year undergraduate students. Participating students were able to then bridge the gap between the theoretical aspects of Human Resource Management and its practical application.

Corporate Social Responsibility

In 2012, the UTC continued to demonstrate its longstanding commitment to various communities throughout Trinidad and Tobago. In total, the Corporation sponsored and donated funds in excess of TT$600,000 covering the areas of education (via our flagship SEA scholarship programme which provides scholarships for high-performing secondary and tertiary level students who are otherwise challenged to fund their educational needs), sport, culture, health and other non-governmental organizations (NGOs).

Furthermore, with the Corporation's support, our employees volunteered their time and efforts to assist with various community outreach programs. At the UTC, we firmly believe that by actively engaging our local communities, individuals and families in need, we can contribute towards their growth and development. In so doing, we hope to positively impact national growth and development. This process also affords us the opportunity to build bridges and to cultivate and cement meaningful relationships with other stakeholder groups.

Human Resources Developments

In order to position the organisation for competitive sustainability and aid in the attainment of our strategic objective of "improving efficiency", the Corporation embarked upon an organisational wide restructuring exercise which was executed on a phased basis over 2012. As a result, there have been changes at all levels throughout the organisation. We recruited and selected an Assistant Vice President to head the UTC's first Internal Audit Team, and are currently in the process of finalising the staffing arrangements for that unit. We remain confident that these organisational changes will further enhance the Corporation's ability to more efficiently exercise its duty of care to unitholders.

During the year, the Corporation conducted a Job Evaluation Exercise which entailed job analysis and the documentation of positions within the organisation. This exercise was concluded in December 2012.

As a platform to support the development of our employees, improve performance and embed a culture of performance excellence, as well as individual and team accountability, the Corporation commenced work on the design of a new Performance Management System. This performance management tool for strategy execution will be launched in 2013.

Appreciation

Following on from our 30th anniversary celebrations held in November 2012, the Corporation hosted a gala function with the theme *Celebrating the Past, Present and Future* at the Hilton Trinidad and Conference Centre on February 1st, 2013. This event celebrated the contributions of our founding pioneers including Messrs. Jerry Hospedales, Clarry Benn and Michael Alexander. These individuals were an integral part of the establishment of the Corporation and charted us through those challenging times in the embryonic stages of our development. Tribute was also paid to past Chairpersons and Executive Directors whose visionary leadership was pivotal in solidifying the Corporation's position as the premier mutual fund provider in Trinidad & Tobago. The individuals recognised included our former Chairpersons Messrs. John Hunt, Justice Rolston Nelson, Judy Chang, the late Hubert Alleyne, and former Central Bank Governor and Permanent Secretary in the Ministry of Finance, T. Ainsworth Harewood, as well as our former Executive Directors Messrs. Jerry Hospedales, E. Henry Sealy, Clarry Benn, Michael Alexander and Marlon Holder.

I also wish to express sincere thanks to our former Chairman, Ms. Amoy Chang Fong, who has served the Corporation steadfastly, and with commitment and vigour over her tenure. Ms. Chang Fong retired from the Board of Directors effective December 31st, 2012 having served on our inaugural board between 1982 and 1993, and subsequent to that, as Chairman between 2004 and 2012. On behalf of the UTC board, the Executive Team, Management and staff, I wish Ms. Chang Fong a very happy retirement and success in all of her endeavours.

The baton has now been seamlessly passed onto our new Chairman, Mr. Wendell Mottley. I take this opportunity to once more welcome Mr. Mottley to the UTC family and look forward to working with him in our quest to take the Corporation on to even greater heights. Thanks also to all of our other board members for their continued support and guidance over the past year.

I wish also to extend high commendations to our executive and management teams, and staff for their continued dedication and diligence over the past year. It is their collective efforts which have helped us to make our vision for this noble organisation a reality.

Finally, I extend my deepest gratitude to all of you, our loyal unitholders, for your continued patronage and confidence in the Unit Trust Corporation. As we forge ahead in 2013 and beyond, we reaffirm our commitment to provide you with superior customer service and sound financial advice to help you to attain your financial and investment goals. I invite you therefore to continue your partnership with us as we embark upon an exciting future ahead and seek to ensure that the UTC remains the local and regional beacon of success that it is for many years to come.

Eutrice Carrington
Executive Director
March 2013

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

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRINIDAD AND TOBAGO UNIT TRUST CORPORATION FOR THE YEAR ENDED 31 DECEMBER, 2012

The accompanying consolidated financial statements of the Trinidad and Tobago Unit Trust Corporation for the year ended 31 December, 2012 have been audited. The Statements as set out on pages 1 to 57 and on pages referenced A-1 to A-12 comprise:

(i) a Consolidated Statement of Financial Position as at 31 December, 2012, 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 31 December, 2012 in respect of the Trinidad and Tobago Unit Trust Corporation;

(ii) Notes to the Consolidated Financial Statements for the year ended 31 December, 2012 numbered 1 to 39, and

(iii) Additional Information comprising a Statement of Financial Position as at 31 December, 2012, a Statement of Comprehensive Income and a Statement of Cash Flows for the year ended 31 December, 2012 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 CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

3. 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 auditing standards which 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.

4. 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 consolidated 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 consolidated financial statements.

5. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the audit opinion.

OPINION

6. In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Trinidad and Tobago Unit Trust Corporation as at 31 December, 2012 and its financial performance and its cash flows for the year ended 31 December, 2012 in accordance with International Financial Reporting Standards.

REPUBLIC OF TRINIDAD AND TOBAGO
28 March 2013
AUDITOR GENERAL

28th March, 2013

SHARMAN OTTLEY
AUDITOR GENERAL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December, 2012
Expressed in Trinidad and Tobago dollars

	Notes	31-Dec-12 $'000	31-Dec-11 $'000
ASSETS			
Investment Funds	3	**19,568,046**	18,144,849
Cash and Cash Equivalents		**615,584**	308,035
Receivables		**245,295**	152,504
Prepayments and Other Assets		**23,653**	24,177
Investment Securities	4	**2,145,254**	2,882,455
Property, Plant and Equipment	5	**172,260**	184,322
Intangible Assets	6	**16,015**	20,829
TOTAL ASSETS		**22,786,107**	21,717,171
LIABILITIES			
Accounts Payable and Short-Term Liabilities		**248,370**	66,167
Other Liabilities		**10,033**	39,690
Financial Instruments	7	**1,580,377**	2,462,426
Deferred Income Tax Liability	9	**4,209**	3,149
Sinking Fund Liability	10	**13,587**	7,805
Pension Liability	11	**4,646**	—
TOTAL LIABILITIES		**1,861,222**	2,579,237
CAPITAL AND RESERVES			
Initial Capital	12	**4,766**	4,766
Unit Capital	13	**19,563,280**	18,140,083
		19,568,046	18,144,849
Fund Reserves	14	**151,480**	113,436
Statutory Reserves	15	**5,050**	5,050
Revaluation Reserve	16	**253,391**	(3,502)
Retained Income		**858,780**	774,773
		1,268,701	889,757
Non-controlling Interest	17	**88,138**	103,328
TOTAL LIABILITIES, CAPITAL AND RESERVES		**22,786,107**	21,717,171

REPUBLIC OF TRINIDAD AND TOBAGO AUDITOR GENERAL

Chairman

Executive Director

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

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December, 2012
Expressed in Trinidad and Tobago dollars

	Notes	31-Dec-12 $ '000	31-Dec-11 $ '000
CONTINUING OPERATIONS			
INCOME			
Investment Income -			
Growth & Income Fund		**235,015**	176,437
TT$ Income Fund		**440,894**	360,604
Universal Retirement Fund		**12,136**	8,292
US$ Income Fund	19	**126,949**	150,694
Net Investment Income - Group Operations	20	**31,299**	20,071
Realised Gains re-classified from Equity	21	**154,989**	—
Initial Charge		**8,818**	7,191
Other Income		**23,720**	13,229
Total Income		**1,033,820**	736,518
EXPENSES			
Commissions		**(17,368)**	(15,851)
Impairment	23	**(314,322)**	—
Administrative	24	**(222,471)**	(201,713)
Depreciation and Amortisation		**(20,571)**	(20,535)
Provision for Sinking Fund Liability		**(5,782)**	(7,805)
Total Expenses		**(580,514)**	(245,904)
Net Income before Finance Charges		**453,306**	490,614
Finance Charges	26	**(235)**	(324)
Net Income after Finance Charges		**453,071**	490,290
Undistributed Income at beginning of year		**7,443**	1,423
Distributions	27	**(258,859)**	(354,770)
Transfer from Investment Funds to Reserves		**(76,729)**	(23,565)
Income Capitalised		**(5,883)**	(4,475)
Undistributed Income at end of year		**(13,522)**	(7,443)
Net Income before Taxation from Continuing Operations		**105,521**	101,460
Taxation	8	**(7,287)**	(5,802)
Net Income after Taxation from Continuing Operations		**98,234**	95,658
DISCONTINUED OPERATIONS			
Net Loss from Discontinued Operations	28	**—**	(24,825)
Net Income for the year		**98,234**	70,833
Net Income Attributable to:			
Owners of the Parent		**94,442**	79,959
Non-controlling Interest		**3,792**	(9,126)
		98,234	70,833

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December, 2012
Expressed in Trinidad and Tobago dollars

	Notes	31-Dec-12 $ '000	31-Dec-11 $ '000
Net Income for the year		**98,234**	70,833
Other Comprehensive Income: *Amounts that may be transferred to Profit or Loss in the future:*			
Revaluation of Available-for-Sale financial assets	21	**293,958**	(1,294)
Exchange differences on translating foreign operations		**(29,889)**	(18,964)
Amounts that will never be transferred to Profit or Loss in the future:			
Remeasurements of net defined benefit liability	11(e)	**(7,176)**	—
Other Comprehensive Income/ (Loss) for the year		**256,893**	(20,258)
Total Comprehensive Income for the year		**355,127**	50,575
Total Comprehensive Income/ (Loss) attributable to:			
Owners of the Parent		**343,679**	60,879
Non-controlling Interest		**11,448**	(10,304)
Total Comprehensive Income		**355,127**	50,575

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December, 2012
Expressed in Trinidad and Tobago dollars

	Notes	Fund Reserves $'000	Statutory Reserves $'000	Revaluation Reserves $'000	Retained Income $'000	Non-controlling Interest $'000	Total $'000
Balance as at 1 January, 2012		**113,436**	**5,050**	**(3,502)**	**774,773**	**103,328**	**993,085**
Total Comprehensive Income for the year		—	—	256,893	94,442	11,448	**362,783**
Exchange translation differences		—	—	—	—	57	**57**
Capital contributions from minority shareholders and other changes in non-controlling interest		—	—	—	—	(26,695)	**(26,695)**
Transfers from Investment Funds	14	76,729	—	—	—	—	**76,729**
Call on Reserves	14	(28,588)	—	—	—	—	**(28,588)**
Transfers from Retained Income	14	10,435	—	—	(10,435)	—	—
Guarantee Reserves Payments	14	(21,435)	—	—	—	—	**(21,435)**
Interest on Reserve Assets	14	903	—	—	—	—	**903**
Adjustment for Belize		—	—	—	—	—	—
Balance as at 31 December, 2012		**151,480**	**5,050**	**253,391**	**858,780**	**88,138**	**1,356,839**
Balance as at 1 January, 2011		**88,793**	**5,050**	**16,756**	**704,637**	**98,355**	**913,591**
Total Comprehensive Income 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 non-controlling interest		—	—	—	—	13,166	**13,166**
Transfers from Investment Funds		23,565	—	—	—	—	**23,565**
Transfers from Retained Income		26,371	—	—	(26,371)	—	—
Guarantee Reserves Payments		(27,371)	—	—	—	—	**(27,371)**
Interest on Reserve Assets		2,078	—	—	—	—	**2,078**
Adjustment for Belize		—	—	—	16,548	—	16,548
Balance as at 31 December, 2011		113,436	5,050	(3,502)	774,773	103,328	993,085

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December, 2012
Expressed in Trinidad and Tobago dollars

	31-Dec-12 $ '000	31-Dec-11 $ '000
OPERATING ACTIVITIES		
Net Income before taxation	**105,521**	101,460
Adjustment to reconcile net income to net cash and cash equivalents from operating activity:		
Depreciation and Amortisation	**20,571**	20,535
Impairment loss non-financial assets	**5,085**	—
Impairment financial assets	**160**	—
Loss on sale of Property, Plant and Equipment	**362**	57
	131,699	122,052
Movements in Working Capital		
(Increase)/Decrease in Receivables	**(92,790)**	716,371
(Increase)/Decrease in Prepayments and Other Assets	**(4,560)**	1,312
Increase in Accounts Payable and Liabilities	**125,017**	43,378
Taxation paid	**(7,287)**	(5,802)
Loss on Discontinued Operations	**—**	(24,825)
Increase in Sinking Fund Liability	**5,782**	7,805
Decrease in pension liability prepayment	**(2,531)**	—
Net Cash Flow From Operating Activities	**155,330**	860,291
INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	**(3,547)**	(13,194)
Proceeds from Disposal of Property, Plant and Equipment	**171**	516
Purchase of Intangible Assets	**(679)**	(1,340)
Purchase of Investment Securities	**(152,093)**	(838,371)
Proceeds from Disposal of Investments	**1,134,220**	136,192
Net Cash Flow From/(Used in) Investing Activities	**978,072**	(716,197)
FINANCING ACTIVITIES		
Financial Instruments	**(882,049)**	(94,887)
Reserve Receipts	**77,631**	25,642
Guarantee Reserve Payments	**(21,435)**	(27,371)
Net Cash Used in Financing Activities	**(825,853)**	(96,616)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**307,549**	47,478
Cash and Cash Equivalents at beginning of year	**308,035**	260,557
Cash and Cash Equivalents at end of year	**615,584**	308,035

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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 and card services.

The Corporation controlled eight (8) subsidiary companies during 2012.

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

i. The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards **(IFRS)** and the Act, under the historical cost convention, except as modified in respect of security valuation. The accounting policies in all material respects conform to IFRS.

ii. These Consolidated Financial Statements are presented in Trinidad and Tobago dollars, which is the functional currency of the Corporation. All financial information presented in Trinidad and Tobago dollars has been rounded to the nearest thousand except where otherwise indicated.

iii. The preparation of Consolidated Financial Statements in accordance with IFRS requires management to make judgments, estimates and assumptions. Management reviews these estimates and underlying assumptions on a regular basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The significant areas in which management has had to exercise its judgment are: the determination of impairment charges with respect to fixed assets, intangible assets and investment securities.

iv. The accounting policies applied in the preparation of these Consolidated Financial Statements are consistent with those of the previous financial year.

v. The Group adopted the following improvements to IFRS during 2012:

- IFRS 1 – First time adoption of IFRS (Amendment) – Severe Hyper-inflation and Removal of Fixed Dates for First-time Adopters (effective 1 July 2011). The amendment provides guidance on how an entity should resume presenting IFRS Financial Statements when its functional currency ceases to be subject to hyper-inflation. Adoption of the amendment had no impact on the Consolidated Financial Statements.

- IAS 1 – Presentation of Items of Other Comprehensive Income – Amendments to IAS 1 (effective 1 July 2012). The amendments to IAS 1 change the grouping of items presented in Other Comprehensive Income (**OCI**). Items that would be re-classified to profit or loss at a future point in time, e.g. upon disposal of the asset, must be presented separately from items that will never be re-classified.

- IFRS 7 – Financial Instruments: Disclosures. These amendments introduced enhanced disclosure with respect to the transfer of financial instruments including disclosure of the possible effects of any risks that may remain with the entity after the transfer.

- IAS 12 – Income Taxes (Amendment)/Deferred Taxes – Recovery of underlying assets (effective 1 January 2012). The amendment clarifies the determination of deferred tax in investment property measured at fair value under IAS 40. The Group does not hold any investment property as defined by IAS 40.

- IAS 19 – Employee Benefits. Significant amendments were made to IAS 19 in June 2011. The amendments are mandatory on 1 January 2013. The Group has early adopted the amendments. The amendments inter alia: clarify the distinction between short-term and other long-term employee benefits; require entities to report in their Statements of Financial Position the net surplus or deficit of defined benefit plans; and require the recognition of actuarial gains and losses in Other Comprehensive Income (OCI).

vi. There are new IFRS and amendments to IFRS which the Corporation opted not to early adopt in 2012. These new standards and amendments were not applied in the preparation of these Consolidated Financial Statements. The Standards and amendments are:

- 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 may be early adopted.

- 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 and 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 – Joint Arrangements. This standard deals with the classification of arrangements where two or more parties have joint control. The standard is not expected to have a material impact on the Group's financial statements in the immediate future. The standard is mandatory from 1 January 2013.

- IFRS 12 – Disclosure of Interests in Other Entities. This standard is mandatory from 1 January 2013 and extends the disclosure requirements of entities that have interests in subsidiaries, joint venture arrangements, associates

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2) SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of Preparation (continued)

vi. (continued)

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. This standard provides a single source of guidance for fair value measurements and related disclosures. In general, the disclosure requirements are more extensive than those under other standards. Adoption of this standard is expected to impact the presentation of the Group's Consolidated Financial Statements. The standard is mandatory from 1 January, 2013.

b) Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Corporation and its subsidiaries drawn up as at 31 December, 2012 and include all the assets and liabilities and results of operations of the Group. Subsidiaries are entities over which the Group has the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

c) Investment Securities

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

Investment securities intended to be held for an indefinite period of time but 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.

Un-realised gains and losses from changes in the fair value of investments classified as available-for-sale are recognised in equity. When available-for-sale financial assets are disposed of or are impaired, the related fair value adjustments are re-classified to the Consolidated Statement of Income. 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 amortised 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.

d) Security Valuation

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

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

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

e) Impairment of Financial Assets

Assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets carried at amortised cost, is impaired. A financial asset or group of financial assets is considered impaired and impairment losses are recognised only if there is both:-

i. 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

ii. the loss event has an impact on the future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

a) the issuer, or obligor, is in significant financial difficulty;
b) there has been a breach of contract, such as a default or delinquency in interest payments or principal repayments, by the issuer or obligor;
c) the issuer's lender, for economic or legal reasons relating to the issuer's financial difficulty, has granted to the issuer a concession that the lender would not otherwise consider;
d) it is probable that the borrower will enter bankruptcy or other financial reorganisation;
e) an active market for the financial asset has disappeared because of financial difficulties; or
f) 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2) SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Impairment of Financial Assets (continued)

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

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

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

Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets classified as available-for-sale is impaired. For debt securities, the Group uses the criteria used for assets carried at amortised cost (see above). In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered evidence that the asset is 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 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 the Consolidated Statement of Income, the impairment loss is reversed in 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 the securities 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 opposite 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. 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 such costs 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 disposal proceeds with the carrying amounts. The resulting gains or losses are recognised in the Consolidated Statement of Income.

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

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

Property, Plant and Equipment category:	Estimated useful life:
Building	50 years
Office Improvements	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

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2) SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Impairment of Non-Financial Assets (continued)

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

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

k) Employee Benefits

Short-term employee benefits such as wages are recognised in the accounting period during which services are rendered by employees. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Group's defined benefit obligations are calculated by estimating the value of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of the plan assets are deducted. The discount rate approximates either high quality corporate bonds or the long-term bond rate for government bonds for a duration similar to the defined benefit obligations.

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

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. The Corporation does not borrow to finance the acquisition, construction or production of qualifying assets.

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. In this context the Group consists of one segment as all the Group's activities are incidental to its main activity of mutual fund management.

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 Consolidated Statement of Financial Position of the Corporation. The market value of these portfolios as at 31 December, 2012 is $650 million (2011: $485 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 the losses can be utilised.

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.

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3) INVESTMENT FUNDS

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

	2012 $'000	2011 $'000
Growth & Income Fund	**3,681,924**	3,302,751
TT$ Income Fund	**11,154,721**	10,556,777
Universal Retirement Fund	**212,709**	186,917
US$ Income Fund	**4,518,692**	4,098,404
Total	**19,568,046**	18,144,849

4) INVESTMENT SECURITIES

	2012 $'000	2011 $'000
Held-to-maturity investments carried at amortised cost:		
Bonds (i)	**—**	160
Equity	**50,766**	48,653
Mutual Funds	**6**	6
Short-term investments (ii)	**88,732**	91,150
	139,504	139,969
Available-for-sale assets carried at fair value:		
Bonds (i)	**1,700,234**	2,592,800
Equity	**276,196**	121,086
Mutual Funds	**15,820**	15,843
Short-term investments (ii)	**13,500**	12,757
	2,005,750	2,742,486
	2,145,254	2,882,455

(i) The weighted average rate of interest on the bonds at 31 December, 2012 was 1.6% (2011: 1.5%).
(ii) All short term securities had original maturities of more than three (3) months.

5) PROPERTY, PLANT AND EQUIPMENT

	Land $'000	Building $'000	Office Improvement $'000	Motor Vehicles $'000	Office & Computer Equipment $'000	Office Furniture $'000	Total $'000
Year ended 31 Dec. 2012							
Opening Net Book Value	**16,161**	**112,652**	**25,646**	**3,367**	**21,111**	**5,385**	**184,322**
Additions	—	—	840	—	2,359	348	3,547
Reclassifications	—	—	(12)	—	14	(2)	—
Disposals	—	—	(151)	(163)	(215)	(3)	(532)
Depreciation/Amortisation	(21)	(2,809)	(4,923)	(806)	(5,564)	(954)	(15,077)
Closing Net Book Value	**16,140**	**109,843**	**21,400**	**2,398**	**17,705**	**4,774**	**172,260**
As at 31 Dec. 2012							
Cost	16,569	139,427	46,565	6,258	61,423	20,928	291,170
Accumulated Depreciation/ Amortisation	(429)	(29,584)	(25,165)	(3,860)	(43,718)	(16,154)	(118,910)
Net Book Value	**16,140**	**109,843**	**21,400**	**2,398**	**17,705**	**4,774**	**172,260**
Year ended 31 Dec. 2011							
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
Reclassification	—	—	(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	16,161	112,652	25,646	3,367	21,111	5,385	184,322
As at 31 Dec. 2011							
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	**16,161**	**112,652**	**25,646**	**3,367**	**21,111**	**5,385**	**184,322**

Land
Land includes leasehold land of $2.2 million and freehold land of $14.4 million.

Fair Value Land and Buildings
The fair value of Land and Buildings was estimated at $187.5 million at 31 December, 2012 (2011: $187.5 million). Land and buildings are independently valued every three years.

6) INTANGIBLE ASSETS

	2012 $'000	2011 $'000
Year ended 31 December		
Opening Net Book Value	**20,829**	25,499
Additions	**679**	1,340
Depreciation Charge	**(5,493)**	(6,010)
Closing Net Book Value	**16,015**	20,829
As at 31 December		
Cost	**49,991**	49,311
Accumulated Depreciation	**(33,976)**	(28,482)
Net Book Value	**16,015**	20,829

7) FINANCIAL INSTRUMENTS

	Interest Rate	Term	2012 $'000	2011 $'000
Fixed-term funding	1.5%	Less than 1 year	**1,577,918**	2,284,305
Guaranteed Investment Certificate	12.6%	Less than 1 year	**—**	174,511
Long-term bond	8.0%	10 years	**2,421**	3,497
Long-term bond	8.0%	7.5 years	**38**	113
TOTAL			**1,580,377**	2,462,426

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 were issued by UTC Property Holdings Limited to finance the construction of two (2) of its properties.

8) TAXATION

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

	2012 $'000	2011 $'000
Net income from continuing operations before taxation	**102,992**	101,460
Corporation tax rate 0% for the Corporation	**—**	—
Corporate tax at 25% for local subsidiaries	**1,060**	905
Corporate tax for foreign subsidiaries	**349**	232
Withholding tax	**5,268**	4,153
Business Levy payments	**118**	23
Green Fund Levy payments	**492**	489
Tax charge	**7,287**	5,802

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9) 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:

	2012 $'000	2011 $'000
Tax losses carried forward	**(2,269)**	(2,768)
Accelerated tax depreciation	**6,478**	5,917
Net deferred liability	**4,209**	3,149

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

Deferred Tax Liability	**Accelerated Tax Depreciation $'000**
Balance at 1 January 2011	5,253
Charged to the Consolidated Statement of Income 2011	664
Balance as at 31 December 2011	5,917
Charged to the Consolidated Statement of Income 2012	561
Balance as at 31 December 2012	6,478

Deferred Tax Asset	**Tax Losses $'000**
Balance at 1 January 2011	(3,009)
Charged to the Consolidated Statement of Income 2011	241
Balance as at 31 December 2011	(2,768)
Charged to the Consolidated Statement of Income 2012	499
Balance as at 31 December 2012	(2,269)

10) SINKING FUND LIABILITY

The Corporation is contractually obligated to generate minimum returns on two (2) sinking funds that it manages. The sum of $13.6 million represents the shortfall of the actual balances with respect to the targeted balances as at 31 December, 2012 (2011 $7.8 million). The liability on one Sinking Fund ($5.7 million) crystallises in December 2013.

11) RETIREMENT BENEFITS

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.

(a) Changes in the present value of the defined benefit obligations are as follows:

	2012 $'000	2011 $'000
Opening present value of defined benefit obligation	**109,100**	—
Current service cost	**7,865**	—
Plan participants' contributions	**3,595**	—
Interest cost	**8,693**	—
Actuarial Losses	**10,618**	—
Benefit paid	**(3,573)**	—
Closing present value of defined benefit obligation	**136,298**	—

(b) Changes in the fair value of Plan assets are as follows:

	2012 $'000	2011 $'000
Opening fair value of Plan assets	**113,801**	—
Expected return on Plan assets	**9,022**	—
Actuarial loss on Plan assets	**(1,259)**	—
Employer's contributions	**10,066**	—
Plan participants' contributions	**3,595**	—
Benefits paid	**(3,573)**	—
Closing fair value of Plan assets	**131,652**	—

(c) The amount recognised in the Consolidated Statement of Financial Position is as follows:

	2012 $'000	2011 $'000
Present value of the defined benefit obligation	**(136,298)**	(109,100)
Fair value of Plan assets	**131,652**	113,801
Sub-total	**(4,646)**	4,701
Un-recognised asset	—	(4,701)
Liability recognised in the Consolidated Statement of Financial Position	**(4,646)**	—

International Accounting Standard (IAS) 19 paragraph 64, prohibits recognition of the pension plan surplus unless it is available to the Corporation via reduction of its future contributions.

(d) The amount recognised in the Consolidated Statement of Income is as follows:

	2012 $'000	2011 $'000
Current service costs	**7,865**	—
Interest costs	**8,693**	—
Expected return on Plan assets	**(9,022)**	—
Total recognised in Staff Costs	**7,536**	—

(e) The amount recognised in the Consolidated Statement of Comprehensive Income is as follows:

	2012 $'000	2011 $'000
Actuarial Losses	**(11,877)**	—
The effect of the Limit in IAS 19 paragraph 64	**4,701**	—
	(7,176)	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11) RETIREMENT BENEFITS (continued)

(f) The major categories of Plan assets as a percentage of total Plan assets are as follows:

	2012 %	2011 %
Universal Retirement Fund	**75**	75
TT$ Income Fund	**25**	25

(g) The actual return on Plan assets was as follows:

	2012 $'000	2011 $'000
Actual return	**7,763**	—

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

	2012 %	2011 %
Discount rate at 31 December	**5.0**	7.0
Expected return on Plan assets	**5.0**	7.0
Future salary increases	**5.0**	6.5

(i) The Group expects to contribute $10.6 million to the Plan in 2013.

12) 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 31 December, 2012 was $4.8 million (2011: $4.8 million).

13) UNIT CAPITAL

Unit Capital represents the capital value of units issued by the four (4) Investment Funds domiciled in Trinidad and Tobago and managed 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.

	2012 $'000	2011 $'000
Growth and Income Fund	**3,677,158**	3,297,985
TT$ Income Fund	**11,154,721**	10,556,777
Universal Retirement Fund	**212,709**	186,917
US$ Income Fund	**4,518,692**	4,098,404
Total	**19,563,280**	18,140,083

14) FUND RESERVES

	2012 $'000	2011 $'000
Growth and Income Guarantee Reserve Fund	**—**	10,000
Growth and Income Fund Secondary Reserve Facility	**53,000**	—
TT$ Income Fund	**39,128**	35,961
US$ Income Fund	**59,352**	67,475
Total	**151,480**	113,436

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 during 2012 totalled $76.7 million (2011: $23.4 million) as shown hereunder:

a) Growth and Income Guarantee Reserve Fund

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 2012 the Growth and Income Fund made allocations in the amount of $1.0 million to the Guarantee Reserve. Calls totalling $21.4 million were made on the Reserve, of which the Corporation met $10.4 million. The Corporation will continue to discharge its obligations under the Guarantee out of its reserves.

During 2012 the Board approved the establishment of a Secondary Reserve Facility for the Growth and Income Fund (First Unit Scheme). The Secondary Reserve Facility will be funded from: Income of the Growth and Income Fund, Income of the Corporation and the Retained Earnings of the Corporation. The Secondary Reserve will be used to fund any future requirements for capital reinstatement and/or distribution liabilities of the Growth and Income Fund.

A summary of the transactions in each of the Growth and Income Fund Reserves is provided below.

Guarantee Reserve Fund	**2012** $'000	2011 $'000
Fund reserve as at 1 January	**10,000**	—
Allocation to reserve (Growth and Income Fund)	**1,000**	11,000
Call on reserve	**(21,435)**	(27,371)
Allocation to reserve (Corporation)	**10,435**	26,371
Guarantee Reserve Fund at 31 December	**—**	10,000

Secondary Reserve Facility	**2012** $'000	2011 $'000
Fund reserve as at 1 January	**—**	—
Allocation to reserve (Growth and Income Fund)	**53,000**	—
Secondary Reserve Facility at 31 December	**53,000**	—

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14) FUND RESERVES (continued)

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 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 provide for the funding of any distribution liability which may arise.

TT$ Income Fund - Primary Reserve	**2012**	2011
	$'000	$'000
Fund reserve as at 1 January	**32,450**	29,260
Allocation to primary reserve	**2,800**	2,800
Interest earned on the reserve	**332**	390
Primary Reserve as at 31 December	**35,582**	32,450

TT$ Income Fund - Secondary Reserve	**2012**	2011
	$'000	$'000
Fund reserve as at 1 January	**3,511**	3,498
Interest earned on the reserve	**35**	13
Secondary Reserve as at 31 December	**3,546**	3,511
Total TT$ Income Fund Reserves 31 December	**39,128**	35,961

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.

The Primary Reserve was established to satisfy any shortfall that may arise from the liquidation of securities in the portfolio of the Fund. There was a call on the Primary Reserve during the last quarter of 2012.

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.

US$ Income Fund – Primary Reserve	**2012**	2011
	$'000	$'000
Fund reserve as at 1 January	**58,685**	49,411
Allocation to primary reserve	**7,623**	7,620
Call on reserve	**(28,588)**	—
Interest earned on the reserve	**466**	1,654
Primary Reserve at 31 December	**38,186**	58,685

US$ Income Fund – Secondary Reserve	**2012**	2011
	$'000	$'000
Fund reserve as at 1 January	**8,790**	6,624
Allocation to secondary reserve	**12,306**	2,145
Interest earned on the reserve	**70**	21
Secondary Reserve at 31 December	**21,166**	8,790
Total US$ Income Fund Reserves	**59,352**	67,475

15) STATUTORY RESERVES

In accordance with Section 59(3)(d)(ii) of the Securities Industry Act, Chapter 83:02 and Section 12(1)(a) and (b) of the Securities Industry By-Laws, Chapter 83:02, a reserve of $5 million was established to satisfy the capital requirements for registration as an Underwriter and $50,000 for registration as an Investment Adviser respectively.

16) REVALUATION RESERVE

The revaluation reserve reflects un-realised 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.

17) NON-CONTROLLING INTEREST

Non-controlling interest represents the portion of the equity in UTC North America 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.

18) MANAGEMENT CHARGE

	2012	2011
	$'000	$'000
Growth and Income Fund	**72,687**	66,740
TT$ Income Fund	**200,257**	157,113
Universal Retirement Fund	**4,128**	3,679
US$ Income Fund	**30,323**	61,887
Total	**307,395**	289,419

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 rate of management charge for the year was 1.6% (2011: 1.8%)

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% (2011:1.3%).

In addition to the management charge of $307 million, the Group earned management charge of $2.6 million (2011: $2.7 million) from its foreign investment portfolios and other funds under management. This is recognised in Other Income in the Consolidated Statement of Income.

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19) INVESTMENT INCOME – INVESTMENT FUNDS

The Investment Income of the Funds reported in the Consolidated Statement of Income excludes transfers from the Corporation. During 2012 the Corporation transferred Income in the amount of $178 million to the US$ Income Fund.

20) 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:

Net Investment Income	2012 $'000	2011 $'000
Interest and Other Fee Income	**63,142**	21,697
Interest Expense and Other Charges	**(31,843)**	(1,626)
Total	**31,299**	20,071

21) REALISED GAINS RE-CLASSIFIED FROM EQUITY

Un-realised gains in the amount of $392 million were recognised in Equity on the revaluation of available-for-sale bonds during 2012. On receipt of principal payments and on disposals with respect to the bonds, the relevant portion of the un-realised gains in Equity was re-classified to the Consolidated Statement of Income. The total un-realised gains re-classified from Equity to the Consolidated Statement of Income was $155 million.

22) FOREIGN EXCHANGE GAINS/(LOSSES)

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

	2012 $'000	2011 $'000
Foreign exchange gains – continuing operations	**1,618**	1,823

23) IMPAIRMENT OF INVESTMENT SECURITIES

The Group recognised impairment charges in the amount of $314 million during 2012. Impairment charges recognised by the Corporation and its subsidiaries totalled $0.2 million.

Corporation and Subsidiaries	2012 $'000	2011 $'000
Impairment	**160**	—
Carrying value of impaired investments	**Nil**	Nil
Fair value of collateral held for impaired investments	**Nil**	Nil

Impairment charges recognised by the Investment Funds during 2012 totalled $314 million. The impairment charges recognised in 2012 represent principally un-realised losses on available-for-sale financial assets which were transferred to the Consolidated Statement of Income. The losses were previously recognised in equity as un-realised losses but were re-classified to the Consolidated Statement of Income on the assets being adjudged impaired by management.

Investment Funds	2012 $'000	2011 $'000
Impairment	**314,162**	—
Carrying value of impaired investments	**61,120**	Nil
Fair value of collateral held for impaired investments	**Nil**	Nil

24) ADMINISTRATIVE EXPENSES

Administrative expenses comprised:

	2012 $'000	2011 $'000
Audit fees	**763**	732
Bank charges	**2,062**	2,005
Building maintenance	**4,522**	4,704
Directors' fees	**2,037**	1,939
General administration	**45,277**	45,833
Insurance	**2,410**	2,278
Impairment loss - non-financial assets	**5,085**	—
Marketing and advertising	**12,640**	11,940
Professional services	**30,359**	19,415
Rental of premises	**5,702**	5,885
Security	**12,732**	12,423
Staff costs (Note 25)	**98,882**	94,559
TOTAL	**222,471**	201,713

25) STAFF COSTS

	2012 $'000	2011 $'000
Salaries and benefits	**87,882**	81,610
Pension costs	**7,536**	9,619
National insurance	**3,464**	3,330
Total	**98,882**	94,559
Number of employees	**495**	516

26) FINANCE CHARGES

	2012 $'000	2011 $'000
Long-term bonds (Note 7)	**235**	324

27) DISTRIBUTIONS

	2012 $'000	2011 $'000
Growth and Income Fund	**73,758**	88,896
TT$ Income Fund	**143,848**	188,313
US$ Income Fund	**41,253**	77,561
Total	**258,859**	354,770

a) Growth and Income Fund

The Growth and Income Fund paid $73.8 million to its unit holders in respect of its June 2012 and December 2012 distributions (2011: $88.9 million). Included in the $73.8 million, referred to, are distributions to Initial Capital Contributors of $0.3 million (2011: $0.4 million).

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27) DISTRIBUTIONS (continued)

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, 2012 for distribution in the quarter ending February 2013 amounted to $12.6 million (2011: $12.8 million).

c) US$ Income Fund

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

28) 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 disposed of the assets of both the Fund and the Company and has repaid both unitholders and creditors. The Liquidator expects to submit his final report during 2013. The Corporation does not expect to recover either its investment of $17.7 million or the advances outstanding at December 2011 - $0.4 million. These losses were recognised as a Loss on Discontinued Operations in the 2011 Consolidated Statement of Income.

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.

	2012 $'000	2011 $'000
Interest income	—	90,794
Other income	—	2,508
	—	93,302
Interest expense	—	(53,789)
Impairment	—	(17,517)
Administrative expenses	—	(17,203)
Loss on disposal of assets	—	(10,374)
Foreign exchange loss	—	(1,192)
	—	(100,075)
Net Loss from Discontinued Operations	—	(6,773)

29) 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 seeks to minimise the potentially adverse effects which the unpredictability of the financial markets could have 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. The Board is critically assisted in this regard by its Audit, Risk & Compliance Committee. This Committee meets quarterly 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 the Risk Unit led by the Assistant Vice President - Risk. The Risk Unit drives risk management policy setting, scenario and stress testing and risk exposure monitoring across all business and operating activities.

The Risk Unit, in consultation with relevant line management, may also make recommendations for the management and mitigation of financial and other risks. The Risk Unit reports to the General Counsel and Vice President – Corporate Affairs and is directed in its activities by the Management Risk Committee. In addition, the Investment Committee of the Board approves each Collective Investment Scheme's investment policy statement which takes into account risk management considerations for the investment portfolios.

The financial risk management disclosures that follow focus on the investment 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 corporate investment activities.

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 focuses on cash management while earning intermediation income via the interest spread of its 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.

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29) FINANCIAL RISK MANAGEMENT (continued)

Equity price risk (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 stock market, otherwise known as its beta. 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 categorisation of the stocks by their beta. Stocks that have a beta close of 1 would change by approximately 1% for every 1% move in the overall stock market.

By contrast, a stock with a beta of 0.5 would change by approximately 0.5% for every 1% change in the market while a stock with a beta of 1.5 would change by approximately 1.5% for every 1% change in the market. A stock with a beta below 0.9 is considered to have low equity price risk relative to the overall market whereas a stock with a beta above 1.1 is considered to have high equity price risk relative to the overall market. A stock with a beta between 0.9 and 1.1 is regarded as having equity price risk 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:

	Lower than market $'000	Comparable to market $'000	Higher than market $'000
At 31 December, 2012			
Growth & Income Fund	1,322,528	826,752	306,320
	53.8%	*33.7%*	*12.5%*
Universal Retirement Fund	74,295	42,202	28,579
	51.2%	*29.1%*	*19.7%*

	Lower than market $'000	Comparable to market $'000	Higher than market $'000
At 31 December, 2011			
Growth & Income Fund	1,181,108	686,758	404,223
	52.0%	*30.2%*	*17.8%*
Universal Retirement Fund	65,002	12,998	36,605
	56.7%	*11.3%*	*32.0%*

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, 2012 and 31 December, 2011 with all other variables held constant. The sensitivity is provided in dollar amounts and as a percentage of net asset value:

TTSE Composite Index	31 December, 2012	31 December, 2011
Growth & Income Fund	$72.2 million (2.0%)	$67.2 million (2.0%)
Universal Retirement Fund	$3.9 million (1.9%)	$3.4 million (1.7%)

S&P 500 Composite Index	31 December, 2012	31 December, 2011
Growth & Income Fund	$35.3 million (1.0%)	$30.2 million (0.9%)
Universal Retirement Fund	$1.8 million (0.9%)	$0.8 million (0.4%)

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 categorisation of the stocks by their historical price sensitivity to the overall market. The categorisation of the portfolios' equity holdings is provided below both in dollar terms and as a percentage of total equity holdings in the relevant Fund:

	Lower than market $'000	Comparable to market $'000	Higher than market $'000
At 31 December, 2012			
UTC Energy Fund	1,661	18,077	10,008
	5.6%	*60.8%*	*33.6%*
UTC European Fund	1,502	3,896	115
	27.2%	*70.7%*	*2.1%*
UTC Asia Pacific Fund	2,735	8,138	98
	24.9%	*74.2%*	*0.9%*
UTC Latin American Fund	863	4,587	1,320
	12.7%	*67.8%*	*19.5%*
UTC North American Fund	67,582	50,533	15,241
	50.7%	*37.9%*	*11.4%*

	Lower than market $'000	Comparable to market $'000	Higher than market $'000
At 31 December, 2011			
UTC Energy Fund	663	6,178	18,291
	2.6%	*24.6%*	*72.8%*
UTC European Fund	1,383	692	3,207
	26.2%	*13.1%*	*60.7%*
UTC Asia Pacific Fund	8,091	1,432	1,336
	74.5%	*13.2%*	*12.3%*
UTC Latin American Fund	839	2,992	2,812
	12.6%	*45.1%*	*42.3%*
UTC North American Fund	97,711	30,207	16,919
	67.2%	*21.0%*	*11.8%*

As at 31 December 2012 and 31 December 2011, 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:

	2012		2011	
	$'000	%	$'000	%
UTC Energy Fund	1,656	5.6	1,540	6.1
UTC European Fund	257	4.2	292	5.5
UTC Asia Pacific Fund	506	4.6	484	4.5
UTC Latin American Fund	341	5.1	353	5.3
UTC North American Fund	5,781	1.9	859	3.8

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$260.9 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 eight (8) unquoted equities with a total book value equivalent to TT$73.3 million. These positions are assumed to be uncorrelated with recognised stock exchanges and as such equity price risk is deemed immaterial for these positions.

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29) FINANCIAL RISK MANAGEMENT (continued)

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.

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, 2012 and 31 December, 2011:

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total $'000
At 31 December, 2012				
Growth and Income Fund				
Debt instruments – traded	—	—	27,519	**27,519**
Debt instruments – non-traded	52,468	67,961	691,034	**811,463**
Cash & other net assets	387,342	—	—	**387,342**
	439,810	67,961	718,553	**1,226,324**
TT$ Income Fund				
Debt instruments – traded	139,595	91,085	—	**230,680**
Debt instruments – non-traded	1,464,618	1,360,389	1,924,423	**4,749,430**
Cash & other net assets	6,174,611	—	—	**6,174,611**
	7,778,824	1,451,474	1,924,423	**11,154,721**
Universal Retirement Fund				
Debt instruments – traded	—	—	—	—
Debt instruments – non-traded	8,018	7,141	31,846	**47,005**
Cash & other net assets	22,522	—	—	**22,522**
	30,540	7,141	31,846	**69,527**
US$ Income Fund				
Debt instruments – traded	662,792	310,026	581,771	**1,554,589**
Debt instruments – non-traded	253,994	119,788	142,938	**516,720**
Cash & other net assets	2,447,450	—	—	**2,447,450**
	3,364,236	429,814	724,709	**4,518,759**

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

As at 31 December 2012, the Funds' TT dollar denominated fixed income positions were primarily categorised 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 amortised cost in accordance with IFRS.

On the other hand, a number of US dollar denominated fixed income positions held by the local TT domiciled Funds are categorised 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 IFRS.

With all other variables held constant, sensitivity analysis performed for a 1% increase and decrease in US interest rates as at 31 December, 2012 and 31 December, 2011 would have had the following estimated impact on the net assets of the individual portfolios:

100 basis point increase	**31 December, 2012**	**31 December, 2011**
Growth & Income Fund	($1.40 million)	($1.58 million)
TT$ Income Fund	($3.27 million)	($18.22 million)
US$ Income Fund	($37.49 million)	($23.47 million)

100 basis point decrease	**31 December, 2012**	**31 December, 2011**
Growth & Income Fund	$1.50 million	$1.71 million
TT$ Income Fund	$3.47 million	$19.20 million
US$ Income Fund	$36.61 million	$24.95 million

The Universal Retirement Fund had no exposure to US interest rate movements as at 31 December, 2012 or as at 31 December, 2011.

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29) FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

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

The Funds' US dollar denominated fixed income positions are exclusively categorised 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 IFRS.

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, 2012 and 31 December, 2011:

As at 31 December, 2012

	Up to 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Assets					
Investment securities					
UTC Energy Fund	29,746	—	—	—	**29,746**
UTC European Fund	6,130	232	—	—	**6,362**
UTC Asia Pacific Fund	10,792	—	—	—	**10,972**
UTC Latin American Fund	6,770	—	—	—	**6,770**
UTC Global Bond Fund	—	1,459	—	8,450	**9,909**
UTC North American Fund	27,613	1,353	34,905	—	**63,871**
Interest income receivable					
UTC Energy Fund	—	—	—	—	**—**
UTC European Fund	20	—	—	—	**20**
UTC Asia Pacific Fund	11	—	—	—	**11**
UTC Latin American Fund	36	—	—	—	**36**
UTC Global Bond Fund	51	—	—	—	**51**
Other receivables					
- UTC Energy Fund	38	—	—	—	**38**
- UTC European Fund	—	—	—	—	**—**
- UTC Asia Pacific Fund	2	—	—	—	**2**
- UTC Latin American Fund	—	—	—	—	**—**
- UTC Global Bond Fund	—	—	—	—	**—**
Cash					
- UTC Energy Fund	2,060	—	—	—	**2,060**
- UTC European Fund	463	—	—	—	**463**
- UTC Asia Pacific Fund	914	—	—	—	**914**
- UTC Latin American Fund	859	—	—	—	**859**
- UTC Global Bond Fund	884	—	—	—	**884**
- UTC North American Fund	6,572	—	—	—	**6,572**

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
Assets					
Investment securities					
UTC Energy Fund	—	—	—	—	—
UTC European Fund	863	—	—	—	863
UTC Asia Pacific Fund	—	—	—	—	—
UTC Latin American Fund	—	—	—	—	—
UTC Global Bond Fund	82	51	118	—	251
UTC North American Fund	89	3,118	30,785	—	33,992
Interest income receivable					
UTC Energy Fund	11	—	—	—	11
UTC European Fund	43	—	—	—	43
UTC Asia Pacific Fund	5	—	—	—	5
UTC Latin American Fund	31	—	—	—	31
UTC Global Bond Fund	51	—	—	—	51
Other receivables					
- UTC Energy Fund	5,013	—	—	—	5,013
- UTC European Fund	—	—	—	—	—
- UTC Asia Pacific Fund	—	—	—	—	—
- UTC Latin American Fund	—	—	—	—	—
- UTC Global Bond Fund	—	—	—	—	—
Cash					
- UTC Energy Fund	10,037	—	—	—	10,037
- UTC European Fund	601	—	—	—	601
- UTC Asia Pacific Fund	1,368	—	—	—	1,368
- UTC Latin American Fund	602	—	—	—	602
- UTC Global Bond Fund	1,742	—	—	—	1,742
- UTC North American Fund	12,758	—	—	—	12,758

Sensitivity analysis was conducted to determine the effect had US interest rates changed by 1%. With all other variables held constant, net assets attributable to unitholders and equity would have decreased or increased as at 31 December, 2012 and 31 December, 2011 as follows:

	31 December, 2012 $'000	31 December, 2011 $'000
100 basis point increase		
UTC Energy Fund	—	—
UTC European Fund	(1)	(7)
UTC Asia Pacific Fund	—	—
UTC Latin American Fund	—	—
UTC Global Bond Fund	(61)	(62)
UTC North American Fund	(231)	(1,685)
100 basis point decrease	**$'000**	**$'000**
UTC Energy Fund	—	—
UTC European Fund	1	7
UTC Asia Pacific Fund	—	—
UTC Latin American Fund	—	—
UTC Global Bond Fund	65	66
UTC North American Fund	243	1,806

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.

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29) FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

In general, the Corporation focuses on controlling the rate re-pricing mis-match 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, 2012 and 31 December, 2011:

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
At 31 December, 2012					
Assets					
Cash & Cash Equivalents	615,584	—	—	—	**615,584**
Money Market Instruments	88,737	—	—	—	**88,737**
Fixed Income Securities	1,646,668	—	18,066	—	**1,664,734**
Equities & Mutual Funds	—	—	—	391,782	**391,782**
Liabilities					
Financial Instruments	(1,577,918)	—	(2,459)	—	**(1,580,377)**
Other Liabilities	(5,701)	(7,886)	—	—	**(13,587)**
Rate Re-pricing Position	767,370	(7,886)	15,607	391,782	**1,166,873**

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
At 31 December, 2011					
Assets					
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	—	—	—	304,425	**304,425**
Liabilities					
Financial Instruments	(2,458,816)	—	(3,810)	—	**(2,462,626)**
Other Liabilities	—	(7,805)	—	—	**(7,805)**
Rate Re-pricing Position	178,616	14,891	(3,810)	304,425	**494,122**

Given the above rate re-pricing profile, a change in short term market rates of interest of 1% effective from 31 December, 2012 would have modified net interest income over the coming twelve months by an estimated TT$1.8 million (2011: TT$4.2 million) with all other variables held constant.

Exchange rate risk

Collective Investment Schemes - Registered as local unit trust schemes

The value of the net assets of the portfolios may fluctuate with 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 value of 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 US$/TT$ exchange rate given the negligible holdings of other currencies in the portfolios.

The portfolios' foreign currency assets as at 31 December, 2012 and 31 December, 2011 were as follows:

	At 31 December, 2012		At 31 December, 2011	
	US$ (Presented in TT$) $'000	OTHER (Presented in TT$) $'000	US$ (Presented in TT$) $'000	OTHER (Presented in TT$) $'000
Growth & Income Fund				
Equities	953,078	14,668	768,187	20,814
Debt instruments – traded	27,519	—	8,614	—
Debt instruments – non-traded	81,394	—	66,334	—
Cash & other net assets	322,980	—	269,699	—
	1,384,971	14,688	1,112,834	20,814
TT$ Income Fund				
Debt instruments – traded	230,682	—	273,292	—
Debt instruments – non-traded	451,952	—	399,987	—
Cash & other net assets	609,230	—	82,039	—
	1,291,864	—	755,318	—
Universal Retirement Fund				
Equities	60,556	—	36,679	—
Debt instruments – traded	—	—	—	—
Debt instruments – non-traded	—	—	5,467	—
Cash & other net assets	18,199	—	10,716	—
	78,755	—	52,862	—

A 1% change in the TT dollar relative to the US dollar would have changed the net assets of the individual Funds as at 31 December, 2012 and 31 December, 2011 as follows:

	2012 $'000	2011 $'000
Growth & Income Fund	**13,850**	11,128
TT$ Income Fund	**12,919**	7,579
Universal Retirement Fund	**788**	528

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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29) FINANCIAL RISK MANAGEMENT (continued)

Exchange rate risk (continued)

Proprietary Investments

The proprietary foreign currency assets and liabilities of the Corporation as at 31 December, 2012 and as at 31 December, 2011 are provided below.

At 31 December, 2012	US$ (Presented in TT$) $'000	Other (Presented in TT$) $'000
Assets		
Cash & Cash Equivalents	374,400	—
Money Market Instruments	995	—
Fixed Income Securities	941,637	—
Equities & Mutual Funds	334,208	—
Liabilities		
Financial Instruments	(912,678)	—
Other liabilities	(13,587)	—
Total	**724,975**	—

At 31 December, 2011	US$ (Presented in TT$) $'000	Other (Presented in TT$) $'000
Assets		
Cash & Cash Equivalents	86,096	—
Money Market Instruments	52,510	—
Fixed Income Securities	1,700,569	—
Equities	248,950	—
Liabilities		
Financial Instruments	(1,802,843)	—
Other liabilities	(7,805)	—
Total	**277,477**	—

A 1% change in the TT dollar relative to the US dollar as at that date would have affected the net income position of the Corporation by TT$7.25 million as at 31 December, 2012 and by TT$2.77 million as at 31 December, 2011.

Credit risk

Collective Investment Schemes - Registered as local unit trust schemes

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

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

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

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

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

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

	High $'000	Moderate $'000	Low $'000	Total $'000
At 31 December, 2012				
Growth & Income Fund				
Cash & Cash Equivalents	387,342	—	—	**387,342**
Debt instruments – traded	21,150	—	6,369	**27,519**
Debt instruments – non-traded	796,288	11,247	17,450	**824,985**
	1,204,780	**11,247**	**23,819**	**1,239,846**
TT$ Income Fund				
Cash & Cash Equivalents	6,174,611	—	—	**6,174,611**
Debt instruments – traded	163,044	67,636	—	**230,680**
Debt instruments – non-traded	4,537,941	68,666	142,823	**4,749,430**
	10,875,596	**136,302**	**142,823**	**11,154,721**
Universal Retirement Fund				
Cash & Cash Equivalents	19,345	—	—	**19,345**
Debt instruments – traded	—	—	—	—
Debt instruments – non-traded	40,550	6,267	187	**47,004**
	59,895	**6,267**	**187**	**66,349**
US$ Income Fund				
Cash & Cash Equivalents	2,447,450	—	—	**2,447,450**
Debt instruments – traded	1,515,320	39,269	—	**1,554,589**
Debt instruments – non-traded	231,024	25,838	259,858	**516,720**
	4,193,794	**65,107**	**259,858**	**4,518,759**

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29) FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

	High $'000	Moderate $'000	Low $'000	Total $'000
At 31 December, 2011				
Growth & Income Fund				
Cash & Cash Equivalents	324,574	—	—	**324,574**
Debt instruments – traded	—	—	8,614	**8,614**
Debt instruments – non-traded	638,864	31,412	34,636	**704,912**
	963,438	**31,412**	**43,250**	**1,038,100**
TT$ Income Fund				
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**
	10,259,213	**163,708**	**133,856**	**10,556,777**
Universal Retirement Fund				
Cash & Cash Equivalents	15,587	—	—	**15,587**
Debt instruments – traded	—	—	—	—
Debt instruments – non-traded	43,529	11,585	1,678	**56,792**
	59,116	**11,585**	**1,678**	**72,379**
US$ Income Fund				
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**
	3,672,925	**178,376**	**490,170**	**4,341,471**

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, 2012 and 31 December, 2011:

As at 31 December, 2012	High $'000	Moderate $'000	Low $'000	Total $'000
Corporate debt securities				
UTC Energy Fund	—	—	—	—
UTC Global Bond Fund	1,459	—	—	**1,459**
UTC European Fund	233	—	—	**233**
UTC Asia Pacific Fund	—	—	—	—
UTC Latin American Fund	—	—	—	—
UTC North American Fund	37,679	—	—	**37,679**
Treasury bills				
UTC Energy Fund	—	—	—	—
UTC Global Bond Fund	—	—	—	—
UTC European Fund	—	—	—	—
UTC Asia Pacific Fund	—	—	—	—
UTC Latin American Fund	—	—	—	—
UTC North American Fund	—	—	—	—
Interest income receivable				
UTC Energy Fund	—	—	—	—
UTC Global Bond Fund	25	—	—	**25**
UTC European Fund	—	—	—	—
UTC Asia Pacific Fund	2	—	—	**2**
UTC Latin American Fund	—	—	—	—
UTC North American Fund	—	—	—	—
Other assets				
UTC Energy Fund	38	—	—	**38**
UTC Global Bond Fund	23	—	—	**23**
UTC European Fund	19	—	—	**19**
UTC Asia Pacific Fund	11	—	—	**11**
UTC Latin American Fund	36	—	—	**36**
UTC North American Fund	—	—	—	—
Cash				
UTC Energy Fund	2,060	—	—	**2,060**
UTC Global Bond Fund	884	—	—	**884**
UTC European Fund	463	—	—	**463**
UTC Asia Pacific Fund	914	—	—	**914**
UTC Latin American Fund	859,012	—	—	**859,012**
UTC North American Fund	6,572	—	—	**6,572**

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

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29) FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Past due, impaired or other distressed investments held by the Collective Investment Schemes managed by the Corporation 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 2012 year end for the Collective Investment Schemes are as follows:

Days past due as at 31 December, 2012

	1-30 days $'000	31-90 days $'000	91-180 days $'000	Over 180 days $'000
US$ Income Fund				54,122
TT$ Income Fund	—	—	—	—
Growth & Income Fund	—	—	—	—
Universal Retirement Fund	—	—	—	—
Total	**—**	**—**	**—**	**54,122**

Days past due as at 31 December, 2011

	1-30 days $'000	31-90 days $'000	91-180 days $'000	Over 180 days $'000
US$ Income Fund	—	44,398	—	105,483
TT$ Income Fund	—	—	—	54,459
Growth & Income Fund	—	—	—	14,608
Universal Retirement Fund	—	—	—	1,415
Total	**—**	**44,398**	**—**	**175,965**

Proprietary Investments

During the course of its proprietary investment activities, the Corporation may incur credit exposures through its fixed income securities and cash holdings. Except for a single instrument with a book value of approximately $9.9 million, which has been deemed to be of low credit quality, substantially all of the Corporation's fixed income exposures, totalling roughly $1.8 billion as at 31 December 2012, 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 charges are computed in accordance with IFRS and the Group's accounting policies. In summary, an asset is considered impaired where there is no longer reasonable assurance of collection (within the contractually established timeframe) of the full amount of principal and interest due to deterioration in the credit quality of the counterparty or any other factor which may affect contractual performance. In other words, an asset is impaired if its estimated recoverable amount is less than its carrying amount.

The Corporation's accounting policies require review for impairment of all financial assets at each reporting period or more regularly when individual circumstances require. The assessment includes a review of the collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that financial asset.

Collective Investment Schemes - Registered as local unit trust schemes

During the course of 2012, seven assets were impaired across the Funds. The impairment charges recognised are summarised in the following Table. No impairment charge was required in respect of the local Collective Investment Schemes at 31 December, 2011.

	2012 $'000	2011 $'000
Growth & Income Fund	21,811	—
TT$ Income Fund	79,434	—
Universal Retirement Fund	1,900	—
US$ Income Fund	211,017	—
Total	**314,162**	—

Collective Investment Schemes - Registered as overseas subsidiary companies

With regard to the overseas Funds, no impairment losses were recorded for the years ended 31 December, 2012 and 31 December, 2011.

Proprietary Investments

An impairment charge of $160,000 was recognised for the proprietary investments of the Corporation in 2012. No impairment charge was required in respect of these investments as at 31 December, 2011.

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 to: (i) a maximum of 10% of the Fund's combined net assets; and (ii) a maximum of 10% of securities in issue. This prevents the undue build-up of issuer, sector and country concentrations in the Funds. As at 31 December, 2012 there were no exposures to any single entity or group of related entities exceeding 10% of the Funds' combined net assets.

Collective Investment Schemes – Registered as overseas subsidiary companies

The 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 2012, its exposure to such entities totalled approximately TT$1.6 billion. This exposure is deemed manageable by the Corporation.

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29) FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Proprietary Investments

Liquidity risk is the risk that the Group is unable to meet payment obligations associated with its financial liabilities when they fall due. The Corporation's treasury management activities include: (i) daily monitoring of future cash flow requirements; (ii) maintenance of a portfolio of investments that can be easily liquidated as protection against any unforeseen interruptions to cash flow; and (iii) management of the concentration and profile of debt maturities.

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

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000
At 31 December, 2012			
Sinking Fund Liabilities	5,701	7,866	—
Financial Instruments	1,577,918	—	2,459
Total	**1,583,619**	**7,866**	**2,459**

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000
At 31 December, 2011			
Sinking Fund Liabilities	—	7,805	—
Financial Instruments	2,458,816	—	3,810
Total	**2,458,816**	**7,805**	**3,810**

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.

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

Securities at market value:

	2012 $'000	2011 $'000
Government Securities	**643,043**	507,914
Corporate Securities	**195,940**	135,966
Equity (Local and Foreign)	**2,455,600**	2,272,089
Short-Term Investments	**—**	69,647
Total	**3,294,583**	2,985,616

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

	2012 $'000	2011 $'000
Held-to-Maturity Financial Assets	**757,520**	632,251
Available-for-Sale Financial Assets	**2,537,063**	2,353,365
Total	**3,294,583**	2,985,616

31) INVESTMENT SECURITIES – TT$ INCOME FUND

Securities at market value:

	2012 $'000	2011 $'000
Government Securities	**2,332,533**	2,804,114
Corporate Securities	**2,696,374**	2,274,209
Short-Term Investments	**1,031,486**	3,901,363
Total	**6,060,393**	8,979,686

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

	2012 $'000	2011 $'000
Held-to-Maturity Financial Assets	**5,297,869**	7,385,263
Available-for-Sale Financial Assets	**762,524**	1,594,423
Total	**6,060,393**	8,979,686

32) INVESTMENT SECURITIES – UNIVERSAL RETIREMENT FUND

Securities at market value:

	2012 $'000	2011 $'000
Government Securities	**24,161**	20,886
Corporate Securities	**22,843**	35,906
Short-Term Investments	**146,411**	114,585
Total	**193,415**	171,377

The Portfolio of the Universal Retirement Fund is represented by:

	2012 $'000	2011 $'000
Held-to-Maturity Financial Assets	**47,004**	56,792
Available-for-Sale Financial Assets	**146,411**	114,585
Total	**193,415**	171,377

33) INVESTMENT SECURITIES – US$ INCOME FUND

Securities at market value:

	2012 $'000	2011 $'000
Government Securities	**318,728**	231,155
Corporate Securities	**1,886,214**	1,649,416
Cash and Short-Term Investments	**1,036,541**	1,626,939
Total	**3,241,483**	3,507,510

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

	2012 $'000	2011 $'000
Held-to-Maturity Financial Assets	**1,553,474**	2,053,124
Available-for-Sale Financial Assets	**1,688,008**	1,454,386
Total	**3,241,482**	3,507,510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December, 2012
Expressed in Trinidad and Tobago dollars

34) INVESTMENT IN SUBSIDIARIES

a) Local Subsidiaries

The Corporation established three (3) wholly-owned local subsidiary companies incorporated under the Companies Act Chapter 81:01 of the Laws of the Republic of Trinidad & 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 investment centres.

The assets, liabilities and results of operations of these subsidiaries have been fully incorporated in these Financial Statements. UTC Trust Services Limited was activated on 31 December, 2012 to account for two immaterial transactions. The auditor for UTC Property Holdings Limited and UTC Financial Services Limited is PricewaterhouseCoopers.

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 July, 2006	Cayman Islands
	37% segregated portfolio shares		
UTC Energy Investment Limited	90%	31 May, 2007	Delaware, USA
UTC North American Fund Inc.	71%	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.	Cohen Fund Audit Services, Cleveland, Ohio

The UTC Energy Investment Limited and UTC Fund Services Inc., are not engaged in activities that require treatment as publicly traded entities and do not require audited statements for any regulatory purpose.

The Unit Trust Corporation (Cayman) SPC Limited was incorporated in 2006 and is authorised to issue voting and segregated portfolio shares. The Corporation has the sole right to hold 100% of the voting shares of the Company. As at 31 December, 2012 the Corporation held one voting share at a value of $635.29 (2011 - $634.95).

The segregated portfolio shares are held by various investors, including the Trinidad and Tobago Unit Trust Corporation, which has 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 share. The Corporation invested seed capital of $25 million across the five mutual funds. Its holdings currently represent 37% (2011 - 31%) ownership of the segregated portfolio shares.

UTC Energy Investment Limited was incorporated in 2007 under the laws of Delaware, USA. The Corporation holds 90% of the Capital of this Company and the Growth and Income Fund holds the remaining 10%. All of the assets of this subsidiary are reported on the Consolidated Statement of Financial Position.

UTC Fund Services Inc., was inactive from its incorporation until 1 March, 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.

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:

i. has significant influence over the Corporation or
ii. 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 participates in 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

	2012 $'000	2011 $'000
Key management personnel	**2,027**	957
Loans to key management of the Group:		
Balance at beginning of year	**957**	1,004
Loans advanced during year	**1,626**	531
Loan repayments received during year	**(556)**	(578)
Interest income during year	**50**	28
Interest received during year	**(50)**	(28)
Balance at end of year	**2,027**	957

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December, 2012
Expressed in Trinidad and Tobago dollars

35) RELATED-PARTY TRANSACTIONS (continued)

	2012 $'000	2011 $'000
b) **Key management compensation:**		
Salaries and other short-term benefits	**17,583**	15,785
c) **Consultancy fees to Directors**	**1,527**	1,820

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, 2012, the Group had contractual obligations for capital contributions under two contracts. Under the first contract there was a capital commitment of $13.4 million payable over the next five (5) years (2011: $14.6 million). Under the second contract there was a contractual obligation in the amount of $20.5 million (2011: $26.2 million).

38) CONTINGENT LIABILITIES

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

Legal counsel has advised that though the claim has not been quantified, it may be substantial. Counsel has advised however that the claim has little probability of success.

Based on Counsel's opinions and the opinion of the Senior Counsel in this matter, the Corporation filed an application to strike out the proceedings on the grounds that the claim disclosed no cause of action against the Corporation. The plaintiffs are expected to file their response to the strike out application in due course. In the circumstances, no provision has been made in these Financial Statements in respect of the claim.

39) APPROVAL OF THE FINANCIAL STATEMENTS

These Financial Statements were approved by the Board of Directors and authorised for issue on 21 February, 2013.

Additional Information

GROWTH AND INCOME FUND (FIRST UNIT SCHEME)
STATEMENT OF FINANCIAL POSITION
As at 31 December, 2012
Expressed in Trinidad and Tobago Dollars

	31-Dec-12 $ '000	31-Dec-11 $ '000
ASSETS		
Investment Securities	**3,294,583**	2,985,616
Cash and Cash Equivalents	**528,529**	420,768
Interest Receivable	**24,091**	21,580
Other Receivables	**23,190**	10,061
Total Assets	**3,870,393**	3,438,025
LIABILITIES		
Amount Due to Corporation	**91,037**	44,176
Distribution Payable	**49,489**	67,902
Other Liabilities	**34,421**	15,753
	174,947	127,831
RESERVES		
Undistributed Income	**13,522**	7,443
Total Liabilities and Reserves	**188,469**	135,274
NET ASSETS	**3,681,924**	3,302,751
CAPITAL ACCOUNT	**2,728,151**	2,527,868
UNREALISED CAPITAL APPRECIATION	**953,773**	774,883
NET ASSETS	**3,681,924**	3,302,751

GROWTH AND INCOME FUND (FIRST UNIT SCHEME)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December, 2012
Expressed in Trinidad and Tobago Dollars

	31-Dec-12 $ '000	31-Dec-11 $ '000
INVESTMENT INCOME		
Dividends	**114,373**	63,938
Interest	**44,575**	70,486
Realised Capital Gains	**76,066**	42,013
Total Investment Income	**235,014**	176,437
EXPENSES		
Management Charge	**(72,687)**	(66,739)
Impairment	**(21,811)**	—
Other Expenses	**(2,518)**	(41)
Total Expenses	**(97,016)**	(66,780)
NET INVESTMENT INCOME	**137,998**	109,657
WithholdingTaxes	**(4,162)**	(3,741)
UNDISTRIBUTED INCOME AT BEGINNING OF YEAR	**7,443**	1,423
	141,279	107,339
DISTRIBUTION :		
Distribution Paid to Initial Contributors $0.30c per unit (2011 - 0.37c per unit)	**(286)**	(353)
Distribution Paid to Unitholders $0.30c per unit (2011 - 0.37c per unit)	**(73,472)**	(88,543)
Total Distribution	**(73,758)**	(88,896)
UNDISTRIBUTED INCOME BEFORE RESERVES	**67,521**	18,443
Allocation to Guarantee Reserve Fund	**(1,000)**	(11,000)
Allocation to Secondary Reserve Fund	**(53,000)**	—
UNDISTRIBUTED INCOME AT END OF YEAR	**13,521**	7,443

Additional Information

GROWTH AND INCOME FUND (FIRST UNIT SCHEME)
STATEMENT OF CASH FLOWS
For the year ended 31 December, 2012
Expressed in Trinidad and Tobago Dollars

	31-Dec-12 $ '000	31-Dec-11 $ '000
OPERATING ACTIVITIES		
Net Investment Income	**137,998**	109,657
Adjustments to reconcile Net Investment Income to Net Cash Flow From Operating Activities:		
Impairment	**21,811**	—
Taxation Paid	**(4,162)**	(3,741)
	155,647	105,916
Movements in Working Capital		
(Increase)/Decrease in Receivables	**(15,640)**	142,413
Increase in Payables	**47,116**	75,132
Net Cash Flow From Operating Activities	**187,123**	323,461
INVESTING ACTIVITIES		
Purchase of Investment Securities	**(382,684)**	(883,930)
Disposal of Investment Securities	**230,797**	676,954
Net Cash Used In Investing Activities	**(151,887)**	(206,976)
FINANCING ACTIVITIES		
Subscriptions	**278,638**	151,644
Redemptions	**(78,355)**	(75,212)
Distributions	**(73,758)**	(88,896)
Allocation to Guarantee Reserve	**(500)**	(11,000)
Payment to Guarantee Reserve	**(500)**	—
Allocation to Secondary Reserve	**(53,000)**	—
Net Cash Flow From/(Used In) Financing Activities	**72,525**	(23,464)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**107,761**	93,021
Cash and Cash Equivalents at beginning of year	**420,768**	327,747
Cash and Cash Equivalents at end of year	**528,529**	420,768

TT DOLLAR INCOME FUND
STATEMENT OF FINANCIAL POSITION
As at 31 December, 2012
Expressed in Trinidad and Tobago Dollars

	31-Dec-12 $ '000	31-Dec-11 $ '000
ASSETS		
Investments	**6,060,393**	8,979,687
Cash and Cash Equivalents	**5,071,626**	1,374,500
Interest Receivable	**64,735**	84,952
Other Receivables	**158,741**	506,297
Total Assets	**11,355,495**	10,945,436
LIABILITIES		
Amount Due to Corporation	**60,612**	32,168
Provision for Distribution	**12,615**	12,782
Other Liabilities	**117,629**	333,792
	190,856	378,742
RESERVES		
Reserves	**9,918**	9,918
Total Liabilities and Reserves	**200,774**	388,660
NET ASSETS	**11,154,721**	10,556,776
CAPITAL ACCOUNT	**11,144,748**	10,611,076
UNREALISED CAPITAL APPRECIATION/(DEPRECIATION)	**9,973**	(54,300)
NET ASSETS	**11,154,721**	10,556,776

TT DOLLAR INCOME FUND
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December, 2012
Expressed in Trinidad and Tobago Dollars

	31-Dec-12 $ '000	31-Dec-11 $ '000
INVESTMENT INCOME		
Interest	**440,895**	360,604
Total Investment Income	**440,895**	360,604
EXPENSES		
Management Charge	**(200,257)**	(157,113)
Impairment	**(79,434)**	—
Commissions	**(12,798)**	(11,669)
Other Expenses	**(1,758)**	(709)
Total Expenses	**(294,247)**	(169,491)
NET INVESTMENT INCOME AVAILABLE FOR DISTRIBUTION	**146,648**	191,113
Distribution	**(131,233)**	(175,531)
Provision for Distribution	**(12,615)**	(12,782)
Total Distribution	**(143,848)**	(188,313)
UNDISTRIBUTED INCOME BEFORE TRANSFER TO RESERVES	**2,800**	2,800
Allocation to Primary Reserve	**(2,800)**	(2,800)
UNDISTRIBUTED INCOME AT END OF YEAR	**—**	—

Additional Information

TT DOLLAR INCOME FUND
STATEMENT OF CASH FLOWS
For the year ended 31 December, 2012
Expressed in Trinidad and Tobago Dollars

	31-Dec-12 $ '000	31-Dec-11 $ '000
OPERATING ACTIVITIES		
Net Investment Income	**146,648**	191,113
Adjustments to reconcile Net Investment Income to Net Cash Flow From Operating Activities:		
Impairment	**79,434**	—
Allocation to Distribution	**(12,615)**	(12,782)
Allocation to Primary Reserves	**(700)**	—
	212,767	178,331
Movements in Working Capital		
Decrease in Receivables	**367,773**	117,639
Decrease in Payables	**(187,886)**	(135,029)
Net Cash Flow From Operating Activities	**392,654**	160,941
INVESTING ACTIVITIES		
Purchase of Investment Securities	**(3,895,981)**	(7,664,074)
Disposal of Investment Securities	**6,800,114**	5,528,945
Net Cash Flow From/(Used In) Investing Activities	**2,904,133**	(2,135,129)
FINANCING ACTIVITIES		
Subscriptions	**2,795,364**	2,317,352
Redemptions	**(2,261,692)**	(1,870,938)
Distribution Payment	**(131,233)**	(175,531)
Payment to Reserves	**(2,100)**	(2,800)
Net Cash Flow From Financing Activities	**400,339**	268,083
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**3,697,126**	(1,706,105)
Cash and Cash Equivalents at beginning of year	**1,374,500**	3,080,605
Cash and Cash Equivalents at end of year	**5,071,626**	1,374,500

UNIVERSAL RETIREMENT FUND
STATEMENT OF FINANCIAL POSITION
As at 31 December, 2012
Expressed in Trinidad and Tobago Dollars

	31-Dec-12 $ '000	31-Dec-11 $ '000
ASSETS		
Investment Securities	**193,416**	171,377
Cash and Cash Equivalents	**20,444**	14,187
Income Receivable	**946**	1,115
Other Receivables	**67**	483
Total Assets	**214,873**	187,162
LIABILITIES		
Amount Due to Corporation	**2,161**	197
Other Payables	**3**	48
NET ASSETS	**212,709**	186,917
CAPITAL ACCOUNT	**176,263**	162,449
UNREALISED CAPITAL APPRECIATION	**36,446**	24,468
NET ASSETS	**212,709**	186,917

UNIVERSAL RETIREMENT FUND
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December, 2012
Expressed in Trinidad and Tobago Dollars

	31-Dec-12 $ '000	31-Dec-11 $ '000
INVESTMENT INCOME		
Dividends	**6,549**	3,141
Interest	**6,308**	4,929
Realised Capital (Loss)/Gains	**(752)**	222
Miscellaneous Income	**30**	—
Total Investment Income	**12,135**	8,292
EXPENSES		
Management Charge	**(4,127)**	(3,680)
Impairment	**(1,900)**	—
Other Expenses	**(3)**	(2)
Total Expenses	**(6,030)**	(3,682)
Net Investment Income	**6,105**	4,610
Withholding Tax	**(222)**	(135)
NET INCOME FOR CAPITALISATION	**(5,883)**	4,475

UNIVERSAL RETIREMENT FUND
STATEMENT OF CASH FLOWS
For the year ended 31 December, 2012
Expressed in Trinidad and Tobago Dollars

	31-Dec-12 $ '000	31-Dec-11 $ '000
OPERATING ACTIVITIES		
Net Investment Income	**6,105**	4,610
Adjustments to reconcile Net Investment Income to Net Cash Flow From Operating Activities:		
Impairment	**1,900**	—
Taxation Paid	**(222)**	(135)
	7,783	4,475
Movements in Working Capital		
Decrease in Receivables	**585**	587
Increase/(Decrease) in Payables	**1,919**	(70)
Net Cash Flow From Operating Activities	**10,287**	4,992
INVESTING ACTIVITIES		
Purchase of Investment Securities	**(55,784)**	(41,998)
Disposal of Investment Securities	**43,824**	41,221
Net Cash Used In Investing Activities	**(11,960)**	(777)
FINANCING ACTIVITIES		
Subscriptions	**20,448**	20,136
Redemptions	**(12,518)**	(12,740)
Net Cash Flow From Financing Activities	**7,930**	7,396
NET INCREASE IN CASH AND CASH EQUIVALENTS	**6,257**	11,611
Cash and Cash Equivalents at beginning of year	**14,187**	2,576
Cash and Cash Equivalents at end of year	**20,444**	14,187

Additional Information

US DOLLAR INCOME FUND
STATEMENT OF FINANCIAL POSITION
As at 31 December, 2012
Expressed in Trinidad and Tobago Dollars

	31-Dec-12 $'000	31-Dec-11 $'000
ASSETS		
Investment Securities	**3,241,482**	3,507,510
Cash and Cash Equivalents	**1,034,905**	461,180
Interest Receivable	**32,336**	31,482
Other Receivables	**347,639**	251,286
Total Assets	**4,656,362**	4,251,458
LIABILITIES		
Amount Due to Corporation	**16,093**	38,716
Distribution Payable	**11,332**	20,665
Other Liabilities	**110,066**	93,495
	137,491	152,876
RESERVES		
Reserves	**179**	179
Total Liabilities and Reserves	**137,670**	153,055
NET ASSETS	**4,518,692**	4,098,403
CAPITAL ACCOUNT	**4,504,255**	4,335,138
UNREALISED CAPITAL APPRECIATION/ (DEPRECIATION)	**14,437**	(236,735)
NET ASSETS	**4,518,692**	4,098,403

US DOLLAR INCOME FUND
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December, 2012
Expressed in Trinidad and Tobago Dollars

	31-Dec-12 $'000	31-Dec-11 $'000
INCOME		
Investment Income	**98,358**	150,421
Other Income	**206,470**	272
Total Income	**304,828**	150,693
EXPENSES		
Management Charge	**(30,323)**	(61,887)
Impairment	**(211,017)**	—
Commissions	**(1,293)**	(1,165)
Other Expenses	**(1,014)**	(315)
Total Expenses	**(243,647)**	(63,367)
NET INVESTMENT INCOME AVAILABLE FOR DISTRIBUTION	**61,181**	87,326
Distribution	**(41,253)**	(77,561)
	(41,253)	(77,561)
UNDISTRIBUTED INCOME BEFORE TRANSFER TO RESERVES	**19,928**	9,765
Allocation to Primary Reserve	**(7,623)**	(7,620)
Allocation to Secondary Reserve	**(12,305)**	(2,145)
UNDISTRIBUTED INCOME AT END OF YEAR	**—**	—

US DOLLAR INCOME FUND
STATEMENT OF CASH FLOWS
For the year ended 31 December, 2012
Expressed in Trinidad and Tobago Dollars

	31-Dec-12 $'000	31-Dec-11 $'000
OPERATING ACTIVITIES		
Net Investment Income	**61,181**	87,326
Adjustments to reconcile Net Investment Income to Net Cash Flow From Operating Activities:		
Impairment	**211,017**	—
Allocation to Distribution	**(11,332)**	(20,665)
Allocation to Primary Reserves	**(1,906)**	(2,542)
Allocation to Secondary Reserves	**(11,861)**	(677)
	247,099	63,442
Movements in Working Capital		
(Increase)/Decrease in Receivables	**(97,055)**	22,631
(Decrease)/Increase in Payables	**(15,468)**	56,356
Net Cash Flow From Operating Activities	**134,576**	142,429
INVESTING ACTIVITIES		
Purchase of Investment Securities	**(2,987,663)**	(1,816,805)
Disposal of Investment Securities	**3,295,864**	1,644,593
Net Cash From/(Used in) Investing Activities	**308,201**	(172,212)
FINANCING ACTIVITIES		
Subscriptions	**1,052,975**	1,129,237
Redemptions	**(886,193)**	(1,111,548)
Distribution Payment	**(29,921)**	(56,896)
Payment to Reserves	**(6,161)**	(6,546)
Net Cash From/(Used in) Financing Activities	**130,700**	(45,753)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**573,477**	(75,536)
Cash and Cash Equivalents at beginning of year	**461,180**	524,633
Translation Adjustment	**248**	12,083
Cash and Cash Equivalents at end of year	**1,034,905**	461,180