



TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

5th

ANNUAL REPORT

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ANNUAL REPORT & ACCOUNTS
FOR THE YEAR ENDED
DECEMBER 31, 1986

FIFTH ANNUAL REPORT AND ACCOUNTS 1986

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UNIT TRUST CORPORATION

ANNUAL REPORT

ANNUAL REPORT & ACCOUNTS
FOR THE YEAR ENDED

DECEMBER 31, 1986

CORPORATE INFORMATION

BUSINESS KNOWLEDGE AND
INFORMATION CENTRE
TRINIDAD & TOBAGO
UNIT TRUST CORPORATION
UTC FINANCIAL CENTRE
#32 Independence Square
PORT OF SPAIN

Board of Directors

Chairman

Executive Director

Directors

John Hunt

E. Henry Sealy

Denis Borde

Michael Chambers

Amoy Chang Fong (Miss)

Winston Connell

Peter Knaggs

Dunbar Mc Intyre

Rolston Nelson

Carl Tull

Sookh Mungal Supersad

Secretary

Radica Maharaj-Cowie (Mrs)

Changes in Board during the year.

Mr. E. Henry Sealy was reappointed Executive Director for five (5) years with effect from April 1, 1986 in accordance with Section 7(1)(b) of the Unit Trust Corporation of Trinidad and Tobago Act. Mr. Carl Tull was reappointed for four (4) years with effect from April 9, 1986 in accordance with Sections 7(1)(e) and 7(4) of the Unit Trust Corporation of Trinidad and Tobago Act. Miss Amoy Chang Fong was reappointed for four (4) years with effect from April 30, 1986 in accordance with Sections 7(1)(c) and 7(4) of the Unit Trust Corporation of Trinidad and Tobago Act. Mr. Sookh Mungal

Supersad was reappointed for one (1) year with effect from September 18, 1986 in accordance with Sections 7(2) and 5(a) of the Unit Trust Corporation of Trinidad and Tobago Act. Mr. Rolston Nelson was reappointed for one (1) year with effect from November 10, 1986 in accordance with Sections 7(2) and 5(a) of the Unit Trust Corporation of Trinidad and Tobago Act. Mr. Winston Connell was appointed for four (4) years with effect from May 8, 1986 under Sections 7(1)(d) and 7(4) of the Unit Trust Corporation of Trinidad and Tobago Act. Mr. Winston Connell replaced Mr. Frank Barsotti as the representative of the Minister.

CORPORATE INFORMATION

(continued)

Bankers

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

The National Commercial Bank of
Trinidad and Tobago
60, Independence Square, Port of Spain

The Royal Bank of Trinidad and
Tobago Limited
55, Independence Square, Port of Spain

Auditors

The Auditor General of the Republic of
Trinidad and Tobago
Finance Building, Eric Williams Plaza,
Port of Spain

Solicitors

Fitzwilliam, Stone, Furness-Smith
& Morgan
78, Independence Square, Port of Spain

Head Office

12th Floor Central Bank Building
Eric Williams Plaza
Port of Spain

Branch Office

140 Coffee Street
San Fernando

EXECUTIVE DIRECTOR'S REPORT

It is my privilege to present the fifth Annual Report of the Trinidad and Tobago Unit Trust Corporation for the year ended December 31, 1986. The year was a resounding success with units in issue increasing sixty per cent (60%) from 3,279,175 in 1985 to 5,247,675 in 1986. In spite of the prevailing economic conditions, our sales of units increased substantially from \$3,940,000 in 1985 to \$11,266,000 in 1986 or one hundred and eighty-six per cent (186%). Such increases reflect not only the enhanced benefits of the tax deduction and guarantee along with the high income, but also a growing investor confidence in the Unit Trust Corporation and our ability to manage the funds entrusted to us, even under the most difficult economic conditions.

Income earned by the First Unit Scheme increased from \$2,479,000 in 1985 to \$3,022,000 in 1986, while net income of the Scheme increased 21.4 per cent from \$2,203,000 in 1985 to \$2,674,000 in 1986. As a result the Corporation was able to pay out by way of distributions to unitholders \$2,384,755 up from \$1,997,797 in 1985. This brings the total distribution paid out by the Corporation to date to \$9,075,915. When viewed against the back-drop of continuing stagnation of the do-

mestic economy, the reduction in or non-payment of dividends by companies and the persistent low level of transactions on the Stock Exchange, this is a remarkable achievement.

Notwithstanding the slow-down in the domestic economy, the sustained sales expansion coupled with the prudent investment of the sales proceeds, resulted in an increase of 49 per cent in the value of the portfolio held by the First Unit Scheme from \$19.5 million in 1985 to \$29.1 million as at end 1986. The net assets attributable to each unit was \$5.55 in comparison to \$5.96 in the prior year. However, the guarantee provision did provide protection to investors' capital since any unitholder who holds his investment for a period of at least three (3) years from the date of purchase or the date of the guarantee implementation (January 17, 1985), whichever is later, must receive at least the purchase price on resale.

The prospects for 1987 present an even greater challenge because of the decline in real and disposable income as a result of a deepening recession in the domestic economy. However, the tax incentive and other related benefits make the unit one of the

EXECUTIVE DIRECTOR'S REPORT

(continued)

most attractive savings/investment instruments in Trinidad and Tobago today. To the unitholder, the decline in distribution quantum due to the decline in dividends by companies is more than offset by the tax deductibility of the unit. Therefore, I feel sure that although the improvement on last year's record figures present a formidable challenge, I am confident that we are up to the task.

On behalf of the Board, I wish to express our sincere appreciation for the efforts and unwavering loyalty of the staff of the Corporation in achieving the successes which characterised our performance in 1986. I also wish to express my thanks to my fellow members of the Board for their conscientious support over the past year.

SUBSEQUENT EVENTS:

(a) In March of 1987, Mr. John Hunt, Chairman, resigned from our Board. I would like to express our sincere thanks to Mr. Hunt for his advice, help and contributions, and to wish him everything good in his future endeavours.

(b) In April 1987, four (4) members representing commercial banks, financial institutions and life insurance companies, retired from the Board in accordance with Section 7(4) of the Unit Trust Corporation of Trinidad and Tobago Act and were replaced by new representatives elected on April 15, 1987. The four (4) retiring members are Messrs Dunbar Mc Intyre, Michael Chambers, Peter Knaggs and Denis Borde. I wish on behalf of the Board to thank them especially for their contribution and service to the Corporation and I wish them every success.

The four (4) new members appointed to the Board to replace the outgoing Directors are Messrs. Ronald Wilson, Oscar B. Edghill, Douglas Camacho and John Smith. I wish to welcome them to the Board of the Corporation and express the hope for a genuine productive era of cooperation during their four (4) year tenure on the Board.

E. HENRY SEALY
EXECUTIVE DIRECTOR

April 30, 1987

SUMMARY OF OPERATIONS

(1) Establishment of First Unit Scheme

At its launch on November 29, 1982, the Trinidad and Tobago Unit Trust Corporation established the First Unit Scheme in which the proceeds from the sales of units are applied to eligible investments. In this way unitholders are able to pool their savings which are invested in stocks and shares. The First Unit Scheme is the first step in satisfying the Corporation's mandate to create a wider shareholding democracy with its attendant benefits. The unitholder benefits from the opportunity for growth and regular income distributions, the source of which is mainly dividends paid by listed public companies whose securities are quoted on the Stock Exchange and interest income from fixed income securities.

The Corporation's administrative expenses are recouped through the five per cent initial charge on all sales and the one per cent annual charge computed on the market value of the investments of the First Unit Scheme.

(2) Performance of the First Unit Scheme

(i) Sales and Repurchases

Since the launch of the Scheme in November 1982 when sales amounted to \$36.0 million sales of units during 1986 reached a

record high of \$11,266,000 up 186 per cent from \$3,940,000 in 1985 which was considered a good year. Repurchases continued to decline substantially, to \$597,000 in 1986 down 46.6 per cent from the 1985 figure of \$1,119,000. Net sales totalled \$10,669,000 representing a 278.2 per cent increase on the 1985 figure of \$2,821,000.

(ii) Unit Price

In 1986 stock prices continued their decline for the fourth successive year. The composite stockmarket index (January 1983 = 100) measured 38.3 points in December 1986, a decline of 10.8 points or 22.0 per cent in the year. The downward trend in prices was generally widespread among all sectors which comprise the index, although one or two sectors showed a slight increase at the end of the year. The Manufacturing I was the only sector to record some appreciation on its base date prices. This sector showed an increase of 9.9 points or 8.2 per cent during the year to reach 130.6 points at the end of December 1986.

In the context of pervasive declines in stockmarket values and the direct link between the Unit Trust investments and the stockmarket, the prices of units could not have been insulated from such trends. At the end of December 1986 the prices of units were \$5.90 (offer) and \$5.60 (bid),

SUMMARY OF OPERATIONS

(continued)

down from prices of \$6.30 (offer) and \$5.95 (bid) at the end of 1985. However, the 2.9 per cent decline in unit prices was below the 22.0 per cent decline in the composite index.

(iii) Investment of Funds

The Corporation increased its holdings in the stocks of two (2) companies. At the end of the year therefore the Corporation held equities in twenty-two (22) companies quoted on the Stock Exchange. In addition the Corporation increased its investments in fixed income securities by adding to its portfolio considerable holdings of government and government guaranteed bonds.

Overall the structure of the investment portfolio as reflected in the Chart on Page 12 illustrates a conscious effort by the Corporation to strengthen its investments in key segments, in the context of observed and perceived disparities in performance of the various sectors which comprise the portfolio.

The enhanced cash holdings of the Corporation as reflected in the Chart on Page 12 places it in a strategic position to take advantage of any investment opportunities which may present themselves during the course of 1987. At the end of December 1986, the value of the First Unit Scheme

amounted to \$29.1 million compared with \$19.5 million at the end of December 1985; an increase of 49 per cent. The year 1986 therefore marked the first year that the size of the fund has increased after three consecutive years of decline.

(iv) Income Distribution

In the two (2) distributions in respect of the financial year ended December 31, 1986, the Corporation paid a total of \$2,384,755 or \$0.57 per unit to unitholders and \$0.30 per unit to initial capital contributors. Although the total distribution was greater than the previous year (1985 = \$1,997,797) the increased unitholding base made the per unit distribution less. However, given the prevailing level of dividend payments, or in some cases no payments by companies, the distribution rate of \$0.57 per unit to unitholders was creditable. The distribution rate during the year provided an average yield to unitholders of 9.35 per cent compared with 10.8 per cent in 1985. Since the launch of the First Unit Scheme in November 1982 the Corporation has made altogether eight (8) distributions totalling \$9,075,915 of which \$8,400,915 was paid to unitholders and \$675,000 to initial capital contributors.

SUMMARY OF OPERATIONS

(continued)

(3) Fiscal Incentives to Savings

In fiscal 1986 the tax deduction on units purchased by individuals became operational and this has impacted positively on sales and the overall performance of the First Unit Scheme. The deduction is limited to the increase in units during a given year, up to a value of \$2,500.00. Although many unitholders feel the limit of \$2,500 is low it nevertheless makes the unit one of the most attractive investments in Trinidad and Tobago today when compared with all other associated instruments. The Corporation is convinced that this incentive will play an even greater role in sales in the future.

(4) Reinvestment Plan

Unitholders continued to demonstrate their interest in and support for the reinvestment plan which allows them to apply their distribution income to purchase additional units at a discount of 5 per cent. While the total number of reinvestors increased in absolute terms to 5,531 from a total of 4,846 in the previous year, as a proportion of total unitholders this represented a decrease of approximately 9 per cent (1986 = 56.6%; 1985 = 65.5%) on the previous year. The size of the re-invested distribution reflected an increase of approximately 9.7 per

cent (1986 = 51.1%; 1985 = 41/4%) from the prior period. The increase reflects both a larger unitholding base and a larger total distribution payout for the period.

(5) Monthly Investment Plan (MIP)

The Monthly Investment Plan (MIP) continues to provide a consistent cash flow although it is always overshadowed by the larger one time purchase of the Regular Plan. Under this plan the unitholder makes payments on a monthly basis through salary deduction, free standing orders or the Unit Trust voucher system.

(6) Guarantee Plan

The Guarantee Plan launched on January 17, 1985 in order to minimize the risk of loss to unitholders and enhance the unit, has played a major role in accelerating sales and minimizing repurchases. The Plan provides for a guaranteed resale price equaling the cost of the unit if units are held for at least three (3) years from the date of purchase. In the case of units purchased prior to the implementation date of January 17, 1985, the guarantee price is \$7.20. The units must be held for at least three (3) years from the implementation date to

SUMMARY OF OPERATIONS

(continued)

qualify for the guarantee price. The guarantee has impacted positively on net sales during 1986.

(7) Children's Investment Starter Plan (CISP)

The Children's Investment Starter Plan (CISP) launched in May 1985 is intended to give children a head-start on their needs for adulthood. The Plan is designed to facilitate parents, relatives, guardians and friends of children who wish to provide a sound asset base for the child's future and hopefully to foster in the child a savings habit and an investment consciousness.

The CISP is started with ten (10) units. However, the purchaser is required to pay for only five (5) of the ten (10) units. Over the first five (5) years of the account, the income distribution on the ten (10) units is expected to pay for the five (5) additional units.

A CISP account is similar to an MIP account in that additional units can be bought on a consistent basis by utilizing salary deductions, the free standing order mechanism with commercial banks, or the UTC voucher system. Unlike the MIP, the CISP requires no minimum payment of \$50.00.

(8) LUATT Agents

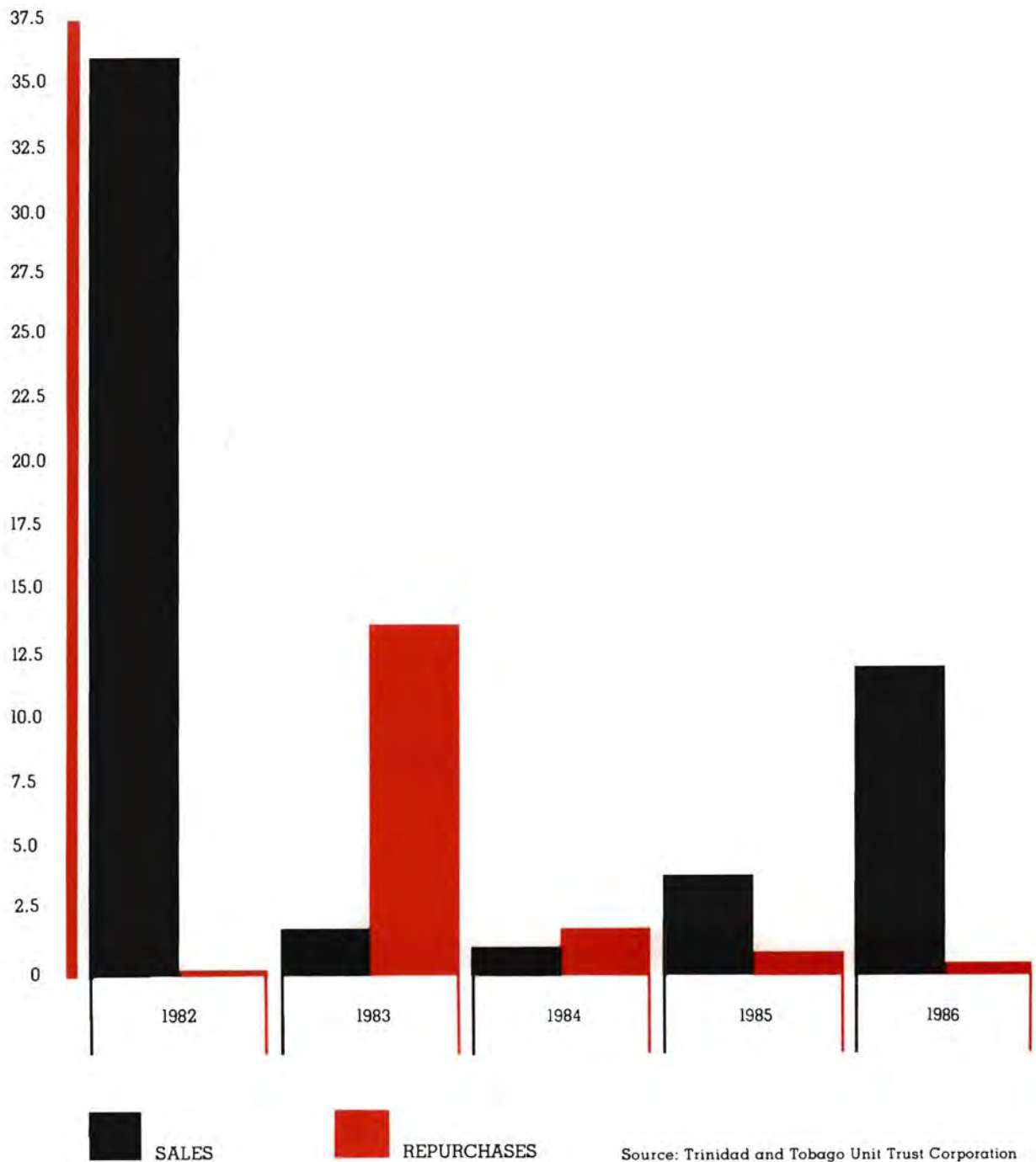
The LUATT agents continued to perform well in 1986. The group as a whole should show an improved level of performance in 1987 based on their special relationships with clients and customers, most of whom will need to purchase units in order to reduce their tax liability.

(9) Unit Purchase Loan Facility (UPLF)

The Corporation instituted a Unit Purchase Loan Facility in November 1986 to facilitate those persons wishing to invest in units, to take advantage of its benefits, but lack the funds to do so. Under the UPLF all commercial banks in Trinidad and Tobago have agreed to grant loans for the purchase of units using the units as security. The facility has proven to be very popular at its inception and its use should increase significantly in 1987.

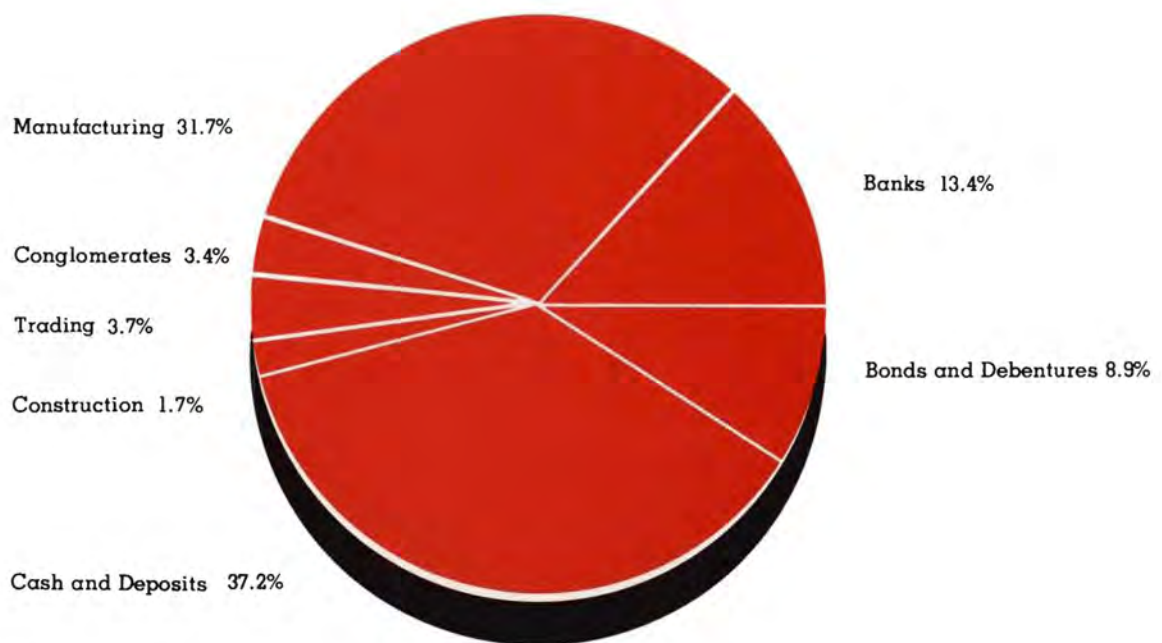
**TRINIDAD AND TOBAGO
UNIT TRUST CORPORATION
UNIT SALES AND REPURCHASES
1982 - 1986**

Millions



Source: Trinidad and Tobago Unit Trust Corporation

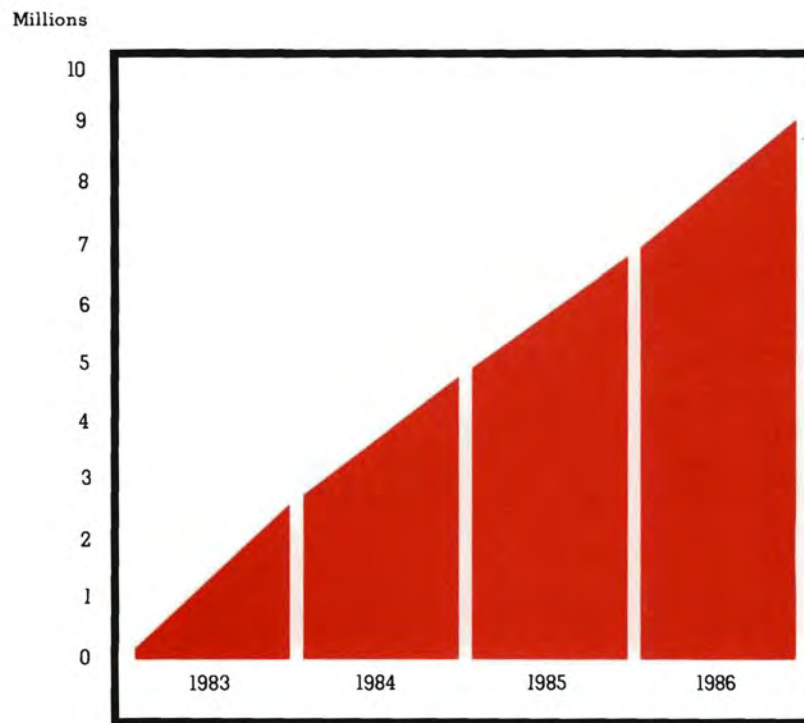
STRUCTURE OF THE INVESTMENT PORTFOLIO OF THE FIRST UNIT SCHEME



Source: Trinidad and Tobago Unit Trust Corporation

Date: December 31, 1986

**DISTRIBUTION OF INCOME
CUMULATIVE TOTAL 1983-86**



Source: Trinidad and Tobago Unit Trust Corporation

AUDITOR'S REPORT

**Report of the Auditor General of
the Republic of
Trinidad and Tobago on the
Accounts of the Trinidad and
Tobago Unit Trust Corporation
For the Year Ended
31st December, 1986**

The Accounts of the Trinidad and Tobago Unit Trust Corporation for the year ended 31st December, 1986 have been examined in accordance with the provisions of Section 30 (1) of the Unit Trust Corporation of Trinidad and Tobago Act, 1981 and all the information and explanations which were requested have been obtained.

As a result of such audit it is certified that the accounts show a true and fair view of the state of affairs of the Trust at 31st December, 1986 and the results of its operations for the year then ended.

29th April, 1987

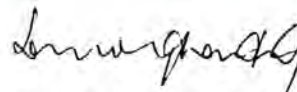
A.A. Campbell
AUDITOR GENERAL

BALANCE SHEET
AS AT DECEMBER 31ST, 1986

	NOTES	1986	1985
		\$'000	\$'000
ASSETS			
Cash at Bank		2,107	821
Receivables		935	988
First Unit Scheme	1	29,131	19,536
		32,173	21,345
LIABILITIES			
Accounts Payable and Accrued Liabilities		90	40
Provisions		1,000	1,000
RESERVES			
Guarantee Reserve Fund	8	744	400
Children's Investment Starter Plan Reserve	5	46	46
CAPITAL			
Unit Capital	7	36,873	25,769
Initial Capital		5,000	5,000
Deduct			
Transfer to Provision	6	(1,000)	(1,000)
Unrealised Depreciation on Investment		(12,326)	(11,208)
		30,427	20,047
Net Gain Carried Forward		1,746	1,298
		32,173	21,345



E. HENRY SEALY
EXECUTIVE DIRECTOR



AMOY CHANG FONG
DIRECTOR

**INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31st, 1986**

	NOTES	1986	1985
INCOME			
Sales-Initial charge on New Units		550	107
Management Charge	10	262	191
Investment Income		96	78
Managers' Holding Income		2	1
Interest		86	85
		996	462
DEDUCT EXPENSES			
Agents' Commission		140	28
Income Equalization	2(b)	408	53
Interest Expense			26
		548	107
NET INCOME OF CORPORATION		448	355
NET INCOME BROUGHT FORWARD		1,298	943
NET INCOME CARRIED FORWARD		1,746	1,298

FIRST UNIT SCHEME
STATEMENT OF ASSETS & LIABILITIES
AS AT DECEMBER 31st, 1986

	NOTES	1986	1985
		\$'000	\$'000
ASSETS			
Investments in Securities at Value (Cost \$30,609,926; 1985 - \$26,267,339)	9	18,284	15,059
Cash (Including time deposits \$8,450,000; 1985 - \$3,300,000)	6	11,853	5,072
Receivables			
Refund of Dividend Income Allowance		1,024	1,004
		31,161	21,135
LIABILITIES - Funds Employed			
Distribution Payable		1,072	714
Unit Trust Corporation			
Loans & Advances		666	703
Management Charge Payable		146	98
Undistributed Income		24	4
Amount to be transferred to Guarantee Reserve Fund	8	122	80
		2,030	1,599
NET ASSETS			
Equivalent to \$5.55 (1985 - \$5.96) per unit based on 5,247,675 (1985 - - 3,279,175) units in issue		\$29,131	\$19,536

**FIRST UNIT SCHEME
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31st, 1986**

	NOTES	1986	1985
		\$'000	\$'000
INVESTMENT INCOME			
Dividend (including Dividend Income Allowance \$1,015,330 1985 - \$1,003,874)	3	2,234	2,209
Interest		788	270
		3,022	2,479
EXPENSES			
Management Charge	10	262	191
Interest		86	85
		348	276
Net Investment Income		2,674	2,203
UNREALISED APPRECIATION/DEPRECIATION OF INVESTMENTS			
Cost of Assets Acquired	9	30,610	26,267
Value of Assets at End of Period		18,284	15,059
Unrealised depreciation of Investments		\$ 12,326	\$11,208

**FIRST UNIT SCHEME
INCOME DISTRIBUTION ACCOUNT
JANUARY - DECEMBER 1986**

	NOTES	1986	1985
		\$'000	\$'000
INCOME			
Net Investment Income		2,674	2,203
INCOME		2,674	2,203
DEDUCT			
Distribution to Initial Contributors 30¢ per unit (1985: 30¢ per unit)	4	75	75
Distribution to Unitholders 57¢ per unit (1985: 73¢ per unit)	4	2,234	1,848
		365	280
ADD			
Undistributed Income brought forward		4	23
		369	303
DEDUCT			
Allocation to Guarantee Reserve Fund	8	345	299
Undistributed Income Carried Forward		24	4

**FIRST UNIT SCHEME
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31st. 1986**

	NOTES	1986	1985
		\$'000	\$'000
FROM INVESTMENT ACTIVITIES			
Net Investment Income		2,674	2,203
Distribution #7 (1985 # 5)	4	1,275	1,208
Undistributed Net Investment		1,399	995
Proposed Distribution #8 (1985 #6)	4	(1,034)	(714)
Allocation to Guarantee Reserve Fund in Unit Trust Corporation		(345)	(299)
Undistributed Income		20	(18)
Unrealised Depreciation of Investments		(1,094)	(3,301)
Decrease in Net Assets derived from Investment Activities		(1,074)	(3,319)
FROM CAPITAL TRANSACTIONS			
Sales of Units		11,266	3,940
Repurchases of Units		597	1,119
		10,669	2,821
Changes from operations		9,595	(498)
Net Assets brought forward		19,536	20,034
Net Assets as at 31st December		29,131	19,536

FIRST UNIT SCHEME
PORTFOLIO OF INVESTMENT IN SECURITIES
AS AT DECEMBER 31st, 1986

SECURITY	SHARE HOLDING	VALUE
		\$'000
BANKS		
Bank of Commerce T&T Ltd.	200,000	320
Bank of Nova Scotia T&T Ltd.	390,250	1,264
National Commercial Bank T&T Ltd.	1,100,000	1,078
Republic Bank of T&T Ltd.	197,500	271
Royal Bank of T&T Ltd.	130,240	208
United Bank of T&T Ltd.	221,571	273
Workers Bank of T&T	200,000	520
MANUFACTURING		
Angostura Holdings Ltd.	577,970	2,474
Bata T&T Ltd.	42,000	38
Berger Paints T'dad Ltd.	150,000	128
Lever Brothers W.I. Ltd.	358,728	2,099
Metal Box T'dad Ltd.	150,000	42
West Indian Tobacco Co. Ltd.	640,678	4,459
CONGLOMERATES		
Geddes Grant Ltd.	118,366	124
Mc Eneaney Alstons Ltd.	700,000	644
Neal & Massy Holdings	233,000	198
TRADING		
Agostini's Limited	237,000	289
Furness Trinidad Limited	262,000	466
Stephens & Ross Limited	300,000	99
L.J. Williams Limited	160,000	184
CONSTRUCTION		
Home Construction	64,062	240
Readymix	720,000	274
BONDS		
Government Bonds		647
T&TEC Bonds		40
OTHER		
Government Floating Rate Notes		1,000
Caroni Floating Rate Debentures		905
TOTAL		18,284

NOTES TO FINANCIAL STATEMENTS

(1) Activities

The Trinidad and Tobago Unit Trust Corporation was established by the Unit Trust Corporation of Trinidad and Tobago Act, 1981, generally to provide facilities for participation by members of the public in the income and capital of companies listed on the Trinidad and Tobago Stock Exchange. To this end the Corporation established a First Unit Scheme in accordance with Section 13 of the Trinidad and Tobago Unit Trust Corporation Act. The Central Bank of Trinidad and Tobago through a Technical Services Agreement has agreed to provide all management and other support services including accommodation and other fixed assets required by the Corporation up to the year 1989.

(2) Accounting Policies

The accounting policies of the Corporation are based on generally accepted accounting principles. The significant ones are stated below:-

- (a) Security Valuation: Securities traded on the Trinidad and Tobago Stock Exchange are valued by the Corporation on an offer basis which results from mid-market quotations by the Stock Exchange on the last trading day of the year.
- (b) Equalisation: The Corporation follows the accounting practice known as equalisation by which a portion of the proceeds from sales and cost of purchases of unit capital equivalent, on a per unit basis, to the amount of distributable

investment income on the date of the transaction is credited or charged to net income.

- (c) Other: As is common in the industry, security transactions are accounted for on the date the securities are purchased or sold. Distributions to unit-holders are recorded on the ex-distribution date.

(3) Taxes

Corporation Tax and Unemployment Levy: The Corporation is exempt from the corporation tax and unemployment levy under Section 35 of the Unit Trust Corporation of Trinidad and Tobago Act, 1981. The Acts Nos. 4 and 6 1984 provide for the Corporation to be eligible to receive the Dividend Income Allowance on all dividends received from January 1984.

(4) Distribution

Distribution during the year amounted to two million and twenty six thousand, nine hundred and fifty three dollars (\$2,026,953). On March 16th, 1986 a total of seven hundred and fourteen thousand two hundred and ten dollars (\$714,210) was paid to unitholders on record as at December 31st, 1985. On September 16th, 1986 one million three hundred and twelve thousand, seven hundred and forty three dollars (\$1,312,743) was paid to unit holders on record as at June 30th, 1986.

(5) Children's Investment Starter Plan (CISP) Reserve

Children's Investment Starter Plan (CISP) is a plan established to provide long term investment in trust for a child and is restricted to a holding of ten (10) units.

NOTES TO FINANCIAL STATEMENTS

(continued)

On the purchase of five (5) units the investor is granted a loan for the acquisition of an additional five (5) units, which is repaid by the distributions generated from the ten (10) units over a period of approximately five (5) years.

In accordance with the provisions of Section 26(1) and (2) of the Unit Trust Corporation of Trinidad and Tobago Act, 1981, the Board of Directors established a Children's Investment Starter Plan Reserve Fund to provide for funding of the Children's Investment Starter Plan which was introduced on May 29th, 1985.

(6) Deposits

Included in this account is an amount of \$2.0 million in a non-bank financial institution. Since the appointment of a receiver of this institution was made by the courts on February 29th, 1984 the Directors have taken a decision to set up a provision of \$1.0 million from the Initial Capital subscribed, against which any probable loss may be written off, thus ensuring that no loss will be borne by unitholders.

(7) Units in Issue

At December 31st, 1986 there were 4,747,675 units in issue. The capital amounted to \$36,873,000. At December 31st, 1986 there were 500,000 units in issue to subscribers to the initial capital. There were no repurchases of capital by the contributors to the Initial Capital.

(8) Guarantee Reserve Fund

In accordance with the provision of Section 26(1) and (2) of the Unit Trust Corporation of Trinidad and Tobago Act, 1981, the Board of

Directors established a Guarantee Reserve Fund to ensure adequate funding of the Guaranteed Pricing Plan which was introduced in January 1985. The Guarantee Reserve Fund is funded from two (2) sources. In the first place ten per cent of the income available for distribution is placed in the reserve fund and secondly the proceeds from the income allocated to the initial capital contributed by the Central Bank in accordance with the provision of Section 27 is transferred to the fund.

(9) Purchases of Securities

Purchase of securities during the period amounted to \$4,343,000. There were no sales of securities during the period.

(10) Management Fee

The Unit Trust Corporation earned fees of two hundred and sixty two thousand dollars (\$262,000) for investment management and advisory services. The fee is based on one percent of the size of the fund on the ex-distribution dates.

(11) Selected Data of the First Unit Scheme.

Selected data per unit outstanding at December 31st:

(a) Investment Income	\$0.56
(b) Expenses	\$0.05
(c) Net Investment Income	\$0.51
(d) Distribution	\$0.44
(e) Undistributed Net Income	\$0.07

SCHEDULE I
CONTRIBUTORS TO THE INITIAL CAPITAL
OF THE TRINIDAD AND TOBAGO
UNIT TRUST CORPORATION

(1) Central Bank of Trinidad and Tobago

(2) The National Insurance Board

(3) Commercial Banks:-

Bank of Commerce Trinidad and Tobago Limited
 Bank of Nova Scotia Trinidad and Tobago Limited
 National Commercial Bank of Trinidad and Tobago Limited
 Republic Bank Limited
 The Royal Bank of Trinidad and Tobago Limited
 Trinidad Co-operative Bank Limited
 United Bank of Trinidad and Tobago Limited
 Workers' Bank of Trinidad and Tobago

(4) Non-Bank Financial Institutions:-

Amalgamated Finance Company Limited
 Bank of Commerce Trust Company (Trinidad and Tobago) Limited
 Bank of Nova Scotia Trust Company, T & T Limited
 Caribbean Finance Company Limited
 Commercial Finance Company Limited (DIC)
 General Finance Corporation Limited
 International Trust Limited (in receivership)
 MAT Securities Limited
 National Commercial Bank Trust Company (Trinidad and Tobago) Limited
 Republic Finance Corporation Limited
 Royal Bank Trust Company (Trinidad) Limited
 Southern Finance Company Limited
 Summit Finance Corporation Trinidad and Tobago Limited (DIC)
 The Royal Bank Mortgage and Finance Company Limited
 Trade Confirmers Limited (DIC)
 Trinfinance Limited
 Trinidad Co-operative Bank Trust Company Limited

(5) Life Insurance companies:-

American Life and General Insurance Company (Trinidad) Limited
 Barbados Mutual Life Assurance Society
 British-American Insurance Company (Trinidad) Limited
 Caribbean Atlantic Life Insurance Company Trinidad and Tobago Limited
 Colonial Life Ins. Co., (T'dad) Ltd.
 Crown Life (Caribbean) Limited
 Cuna Mutual Life Insurance Society
 GTM Life Insurance Company of Trinidad and Tobago Limited
 Guardian Life of the Caribbean Limited
 Life of Barbados Limited
 Maritime Life (Caribbean) Limited
 Nationwide Insurance Company Limited
 TATIL Life Assurance Limited
 The Demerara Life Assurance Company of Trinidad and Tobago Limited
 Winsure Life Insurance Company Limited
 United Security Life Insurance Company Limited