

**TRINIDAD & TOBAGO
UNIT TRUST
CORPORATION**

8TH

**ANNUAL REPORT
1989**



**ANNUAL REPORT &
ACCOUNTS
FOR YEAR ENDED
DECEMBER 31st, 1989**

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

ANNUAL REPORT

BUSINESS KNOWLEDGE AND
INFORMATION CENTRE
TRINIDAD & TOBAGO
UNIT TRUST CORPORATION
UTC FINANCIAL CENTRE
#B2 Independence Square
PORT OF SPAIN

ANNUAL REPORT & ACCOUNTS
FOR THE YEAR ENDED

DECEMBER 31, 1989

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*NOTE: The pages one (1) to fourteen (14) referred to in the Auditor General's Certificate correspond to pages sixteen (16) to twenty-six (26) of the report.

CORPORATE INFORMATION

Chairman

Rolston Nelson

Executive Director

E. Henry Sealy

Directors

Douglas Camacho
Amoy Chang Fong (Miss)
Winston Connell
Oscar Edghill
John Smith
Sookh Mungal Supersad
Carl Tull
Ronald Wilson

Secretary

Clarry Benn

Changes in Board during the year :

Mr. Sookh Mungal Supersad was reappointed for one (1) year with effect from September 18, 1989 in accordance with Sections 7 (2) and 5 (a) of the Act.

CORPORATE INFORMATION (continued)

Bankers

Central Bank of Trinidad and Toabgo
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

Royal Bank of Canada
Royal Bank Plaza
Corporate Banking Centre
200 Bay Street
Toronto M5J2J5 Ontario

Citibank N.A.
111 Wall Street
New York, N.Y. 10043
U.S.A.

Auditors

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

Solicitors

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

Head Office

12th Floor, Central Bank Building
Eric Williams Plaza
Port-of-Spain
Trinidad and Tobago
Phone: 625-UNIT (8648)
Fax: (809) 627-1522

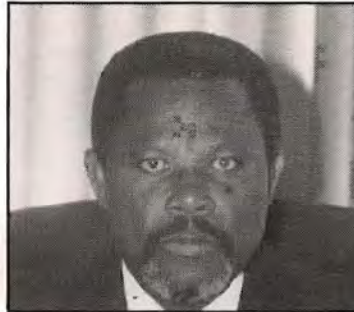
Branch Office

140 Coffee Street
San Fernando
Trinidad and Tobago
Phone: 652-4157

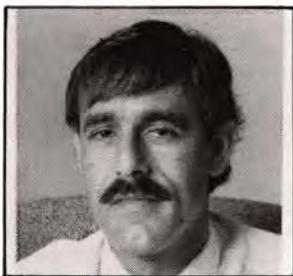
BOARD OF DIRECTORS



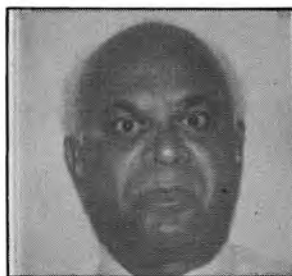
Mr. Rolston Nelson
Chairman



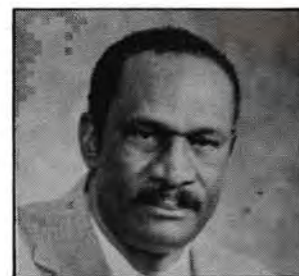
Mr. E. Henry Sealy
Executive Director



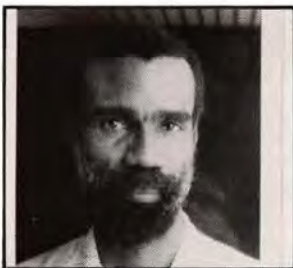
Mr. Douglas Camacho



Mr. Sookh Mungal Supersad



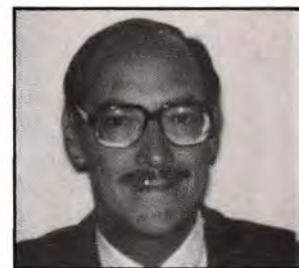
Mr. Carl Tull



Mr. Winston Connell



Mr. Ronald Wilson



Mr. Oscar Edghill



Ms. Amoy Chang Fong



Mr. John Smith



Mr. Clarry Benn
Secretary

CHAIRMAN'S REVIEW

The Trinidad and Tobago Unit Trust Corporation recorded yet another successful year of operation during the 1989 financial year. The major performance indicators registered positive movements in the year as the Corporation once more achieved targets beyond those originally projected.

At December 31, 1989, total assets of the corporation rose by 69.5 per cent from the previous year to \$135.6 million; sales for the year attained an all time record high of \$61.3 million; and the overall fund size under management crossed the landmark figure of \$100 million.

This outstanding performance by the Corporation is all the more remarkable when it is viewed in the context of continuing national economic decline and the fact that sales appeared to have been affected by the change in the fiscal incentive from a tax deduction of \$2,500 to a maximum tax credit of \$300 on net increases in unit purchases up to \$1500. The retention of some tax incentive for investment in units is recognition by the authorities of the much wider role the Corporation is being required to play in the national recovery effort. The attractiveness of the Second Unit Scheme (Money Market Fund) which was launched on September 1, 1989 to complement the First Unit Scheme, has however served to generate renewed interest in units issued by the Corporation and served as a prime contributor to the record sales level generated during the year.

The dramatic increase in the fund size under management has naturally brought new challenges to the Corporation in respect of the profitable and prudent employment of these resources.

Our ability to effectively employ the funds entrusted to us is best gauged by the record high levels of earnings in the First Unit Scheme and the record distributions paid out to unitholders in that Scheme. Moreover in the four (4) months of operation of the Money Market Fund, the sales level, income generation and distribution payout all exceeded our original estimates. In respect of the actual payout unitholders benefitted from an annualised rate of distribution of 8.25 per cent for the first distribution period ended November, which exceeded the advertised yield of 8.0 per cent.

The Board of Directors, management and staff of the Corporation are indeed proud of the Corporation's ability to pay to the unitholders a rate of return in excess of the quoted rate, on investments as low as \$100. The Corporation would be striving to repeat or better



Rolston Nelson

this performance in subsequent distribution periods thereby fulfilling its commitment to provide a safe and profitable investment instrument to the more than 24,000 unitholders who have demonstrated their confidence in the Corporation's ability to, not only survive, but to deliver in a most competitive and challenging economic environment.

I am also happy to report that the planned marketing of units by the Corporation to non-resident nationals and non-nationals in major centres of West Indian population in North America, was given a tremendous boost during 1989 when a management delegation visited cities in Canada and the USA and held a number of seminars with members of West Indian Associations throughout the continent. The interest shown by those attending was indeed heartening and a fair number of sales transactions have taken place since that time. The Corporation is now in the process of fine-tuning the mechanism for the smooth flow of these foreign transactions, and in this regard has been holding discussions with two major international banks with a wide North American network, aimed at facilitating the sale of units and the remittance of the proceeds to the Corporation. The planned foreign investment programme which was earmarked to get off the ground sometime ago, continues to be postponed as a result of the unavailability of foreign exchange. As soon as this position improves the Corporation stands poised to embark on this programme which we anticipate would tangibly benefit the First Unit Scheme and unitholders in that Scheme.

The domestic stockmarket which in 1988 had adversely affected the price performance of the unit was much more buoyant in 1989 as evidenced by the increase in the composite stockmarket index from 32.5 percentage points in December 1988 to 48.2 percentage points in December 1989 (January 1983=100). The unit price index moved from 55.7 percentage points to 66.7 percentage points over the same period; and unit prices

CHAIRMAN'S REVIEW (continued)

which began the year at \$5.65 (offer) and \$5.35 (bid) eventually attained a year-end level of \$6.70 (offer) and \$6.40 (bid) showing a gain of \$1.05 on the bid price or 19.6 per cent in addition to dividends paid out during the year which amounted to \$0.45 per unit. Hence, investors in the First Unit Scheme gained as much as \$1.50 or 28.0 per cent during 1989 and there are early indications that this increase in value of units would continue in 1990.

Unitholders in the First Unit Scheme are therefore poised to reap substantial gains via both income and capital appreciation in the medium term. A noteworthy development during the year was the dividend payment by a number of companies which in the previous year or two had not paid. The payment by these companies contributed significantly to the Corporation's ability to continue meeting its high distribution commitment to unitholders. You may recall that last year a call was made by the Corporation to public companies to not renege on their commitment to compensate stockholders for the risks associated with their investments. It is indeed heartening to note that this call has been heeded, and we are certain that the present buoyancy in stockmarket activity must in part be functionally linked to the recent positive dividend policy of many companies quoted on the Stock Exchange.

The Corporation continues to support the moves for the divestment of Government shareholding in profitable entities which can redound to the country's and the Corporation's benefit. We wish to urge however that greater use be made of the regulatory facilities of the Stock Exchange. We also look forward to the eventual creation of a Caribbean Stock Exchange and the establishment of a local bond market both of which would have the effect of widening and deepening the securities market and the scope of the Corporation's activities. We have in addition already clamoured for legislation aimed at protecting small investors in the stockmarket and minority shareholders' rights. We optimistically look forward to some urgent positive developments in this direction.

In spite of the continued contraction of the national economy and its implications for investment, the Corporation has demonstrated that with hard work, creative products and a commitment to professionalism and excellence, phenomenal growth and achievement of objectives are possible. Indeed, the recent rapid growth of the funds under management is well in excess of our earlier predictions and has created the need for rapid adjustments and creativity all around to deal with this unexpected development. We can now look forward to the 1990's with confidence. New and exciting Unit

Trust plans would be brought onto the market to cater to the needs of a very discriminating unitholding public who have grown to understand the value of units and are already conscious of the benefits to be derived from participating simultaneously in the two (2) existing funds.

Given the continuing tremendous interest shown by both individual and corporate investors in the unit as a safe and profitable investment instrument, the Corporation feels confident that its mission of creating a wide shareholding democracy in Trinidad and Tobago is meeting with great success. The Board of Directors, management, staff and agents would like to take this opportunity to recognise and further encourage this wider public awareness and participation and to thank all our unitholders and the general public as a whole, for their continued support and confidence in the Corporation. While the challenges ahead may appear insurmountable, the Corporation remains convinced that your goodwill and support would take us to even greater levels of achievement in the future.

In addition, I want to register my profoundest appreciation of the continued support given me by my fellow Board members and to congratulate the management and staff of the Corporation for their tremendous dedication, creativity and hard work which have served to make the Corporation the dynamic entity it is within the domestic financial services sector.



Rolston Nelson
Chairman

EXECUTIVE DIRECTOR'S REPORT

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 were applied to eligible investments. In this way unitholders were able to pool their savings which were invested in stocks and shares. The First Unit Scheme was the first step in satisfying the Corporation's mandate to create a wider shareholding democracy with its attendant benefits. Today unitholders in the First Unit Scheme benefit from the opportunity for growth and regular income distributions, the source of which is mainly the dividend of listed public companies whose securities are quoted on the Stock Exchange, and the interest income from bonds and other fixed income securities.

The Corporation's administrative expenses are recouped through a 5.0 per cent initial charge on all sales, and an annual charge of up to 2.0 per cent computed on the market value of the investments of the First Unit Scheme.

2. Establishment of Second Unit Scheme (Money Market Fund)

On September 1, 1989 the Corporation launched its Second Unit Scheme, a Money Market Fund. This fund was designed to provide unitholders with a simple high yielding, liquid instrument at a fixed buying and selling price of \$20.00 per unit. This Second Unit Scheme is a complement to the First and is geared towards the conventional investor who would need to resort to his investment from time to time while at the same time enjoying the investment benefits of relatively high rates of return on any quantum of funds. The resources mobilised through this Scheme are invested in Government securities, corporate bonds and short-term securities.

The Corporation's earnings from this Scheme are generated through a management charge of up to 2.0 per cent of the value of the fund.

3. Performance of First and Second Unit Schemes

(i) Sales & Repurchases

Sales of units of both Schemes combined, totalled \$61.3 million which represented an increase of over 102



Mr. E. Henry Sealy

per cent on the sales level for 1988. Sales of the First Unit Scheme amounted to \$12.6 million while those of the Second Unit Scheme; which was only four (4) months old by year-end, grossed \$48.4 million. Total repurchases of the Schemes were \$21.5 million thereby leaving a net inflow of \$39.6 million for the year compared with \$24.8 million in 1988.

(ii) Resources Under Management

As at December 31, 1989 the resources of the two Schemes under management had crossed the \$100 million dollar mark reaching the level of \$120.5 million, an increase of 74.9 per cent or \$51.6 million from the level of the previous year. Both Schemes contributed to the sharp growth in the funds. The value of the First Unit Scheme rose by 14.0 per cent or \$9.5 million, largely on account of the sharp appreciation in capital values of the equities which comprise the portfolio of that Scheme. The Second Unit Scheme however, contributed \$42.1 million or 34.9 per cent of the overall fund value.

The sharp growth in the resources under management by the Corporation enabled the Corporation to adopt a more dynamic and far reaching investment posture as efforts were made to further strengthen the composition of the investment portfolio of both Schemes to ensure the yielding of high levels of return both in terms of income generation and capital growth.

(iii) Price Performance of First Unit Scheme

Largely due to the sharp increases in stock prices, the unit prices in the First Unit Scheme recorded their largest gain in recent years. The unit which began the year with prices of \$5.65 (offer) and \$5.35 (bid) ended the year at prices of \$6.70 (offer) and \$6.40 (bid), an appreciation of \$1.05 or 19.6 per cent on the

EXECUTIVE DIRECTOR'S REPORT (continued)

bid price. Prices reached a high of \$7.00 (offer) and \$6.70 (bid) in the month of August, which influenced many unitholders to engage in profit-taking as unit prices recorded their largest gains since the launch of the First Unit Scheme. By selling back their units however, unitholders denied themselves the opportunity of maximising their returns, since overall (ie. capital appreciation plus a distribution of \$0.45 per unit) units in the First Unit Scheme provided unitholders with a rate of return of 28.0 per cent during the year.

The gains in prices were also reflected in the unit price index (Jan 1983=100) which rose from 55.7 percentage points at the beginning of the year to 66.7 percentage points at year-end. This index outperformed the composite stockmarket index (January 1983=100) which measured 48.2 percentage points at end-December 1989.

(iv) Investment of Funds

As indicated above, the growth in the resources under management, provided the Corporation with the opportunity to adopt a more dynamic and flexible investment strategy, bearing in mind the statutory requirements of both the First and Second Unit Schemes and the obligation of the Corporation to provide its unitholders with the most attractive rate of return.

The structure of the portfolio of the First Unit Scheme underwent considerable modification during the course of 1989. At the beginning of the year the portfolio showed a sharp concentration in cash and deposits which accounted for 55.0 per cent while equities accounted for 36 per cent and bonds 9.0 per cent. By year-end the composition had been restructured to reflect a sharp increase in both the equity and bond components to 61.4 per cent and 30.0 per cent respectively, while cash and deposit holdings had been reduced to 8.6 per cent.

The portfolio shift was a deliberate policy by the Corporation to appropriately employ the resources of the fund, and to take advantage of attractive investment opportunities which became available during the course of the year.

Notwithstanding the growth in the equity component of the First Unit Scheme which reflected both capital appreciation and substantial stock acquisitions, the Corporation also seized the opportunity to trim the portfolio of non-performing stocks. The holdings of two (2) stocks were completely liquidated while those

of one (1) stock were written off; another stock was substantially liquidated. Simultaneously, the holdings of ten (10) stocks were increased while two (2) new stocks were added to the portfolio. Holdings of six (6) other stocks remained unchanged from the 1988 levels. Altogether therefore, at the end of 1989 the equity portfolio comprised nineteen (19) stocks valued at \$48.1 million, one (1) stock less than at the end of 1988.

The composition of the portfolio of the Second Unit Scheme was gradually being shaped by year-end as the Corporation sought to ensure that high rates of return promised our unitholders were realised while at the same time maintaining comfortable liquidity margins. The launch of this new Scheme and the tremendous support it has received from a wide cross section of the society served to tax to the limit the investment skills of the Corporation. The Corporation, as reflected by the performance of this Scheme for the four months of operation in 1989, succeeded in prudently managing the growing resources mobilised such that by year-end the Scheme had made a significant contribution to the overall performance of the Corporation.

(v) Income Generation and Distribution

The best indicator of the efficiency and performance of the investment portfolio is the level of income generated, and by extension the quantum of distribution made to unitholders. During the year the two Schemes managed by the Corporation generated total income of \$8.2 million, an increase of 43.9 per cent on income levels of the previous year. Distributions in respect of the 1989 financial year amounted to \$6.4 million compared with \$4.4 million in the previous year, an increase of 45.5 per cent.

On a per unit basis unitholders in the First Unit Scheme were paid \$0.45 per unit compared with \$0.41 per unit in 1988, while unitholders in the Second Unit Scheme (Money Market Fund) were paid an annualised rate of 8.25 per cent, which exceeded the advertised rate of 8.0 per cent for the first distribution period of the Scheme, ie. for the three-month period of September 1, to November 30, 1989.

4. Foreign Investment

The Corporation launched its foreign investment initiative during the year when the Manager, Marketing and myself undertook a promotions tour of six (6) North American cities viz. Washington DC., Baltimore, New York, Boston, Toronto and Ottawa. The response

CORPORATE INFORMATION (continued)

by Trinidad and Tobago nationals resident in these cities to this initial effort has been most encouraging, and already sales have been generated from these contacts. The Corporation is convinced that once streamlined and developed the North American market can become a significant source of investment funds.

5. Policy Issues

The Corporation during the course of 1989, facilitated many persons making their contribution towards the development of the domestic money and capital market in a creative way through the establishment of a second unit scheme in the form of a money market fund. The success of this fund during its four (4) months of operation in 1989 has been beyond the most optimistic projections of the Corporation.

The resources mobilised through this new fund have enabled the Corporation to embark on a heightened programme of investment geared to aid in the economic development of Trinidad and Tobago from which the ultimate beneficiaries will be the citizenry as a whole. Simultaneous with this thrust, the unitholders have been the direct beneficiaries of the relatively high levels of return generated by the investments conducted in this regard.

The Corporation will continue to devise appropriately structured products which will allow all and sundry to

participate in the growth and development of the capital market, while at the same time permitting them to reap the fruits of such a process.

6. Staffing

The phenomenal expansion in all the performance parameters in 1989 necessitated organisational restructuring in order to cope with the unprecedented increase in volume and complexity of activity generated during the year. Staff complement was increased temporarily to deal with this contingency.

The excitement of the Money Market Fund brought out all the imagination, creativity, dynamism and dedication of the staff and for this I wish to commend their response to the challenge.

All this of course was due to the guidance provided by a particularly forward-looking and dynamic Board to which I pay special thanks.

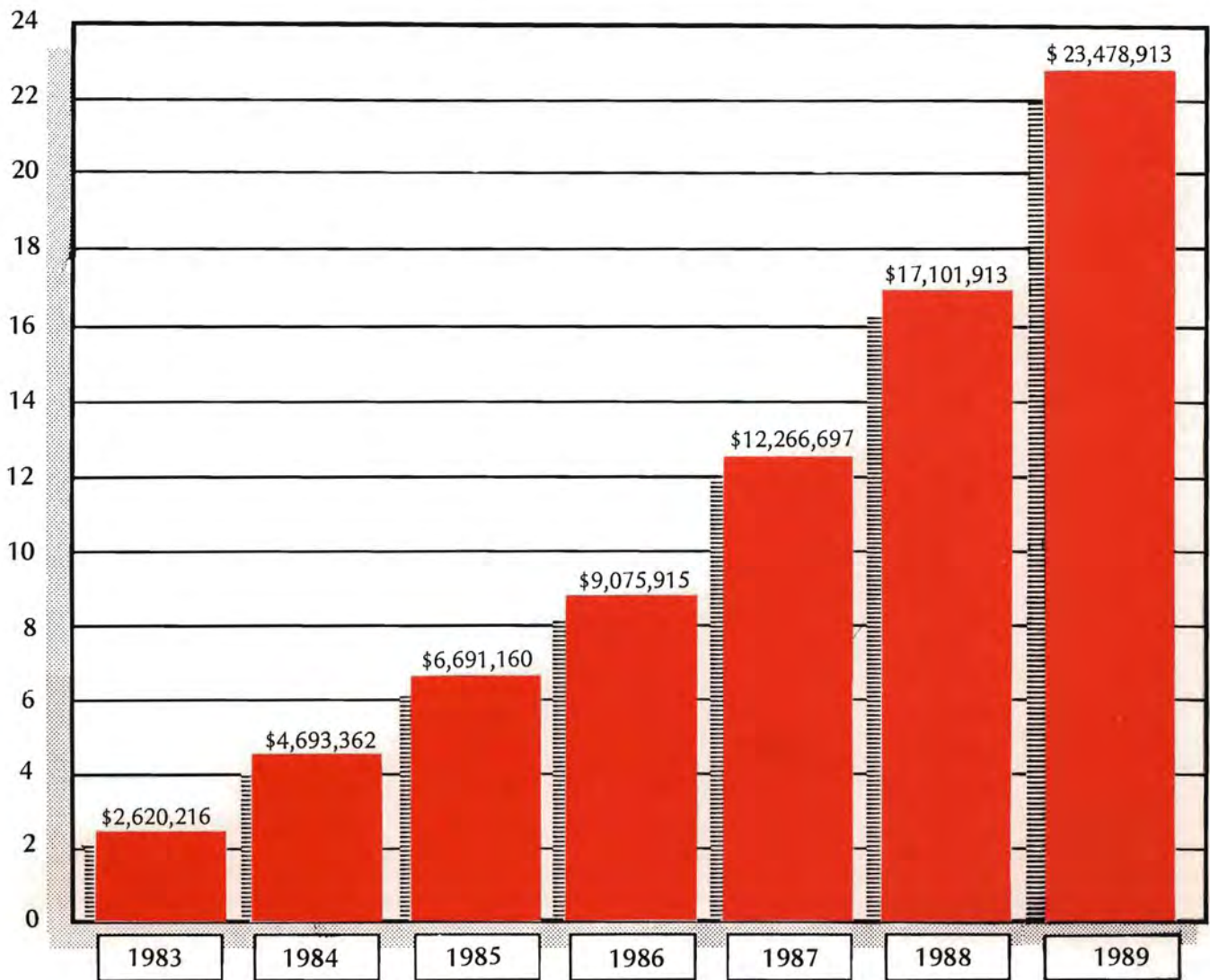


E. Henry Sealy
EXECUTIVE DIRECTOR

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

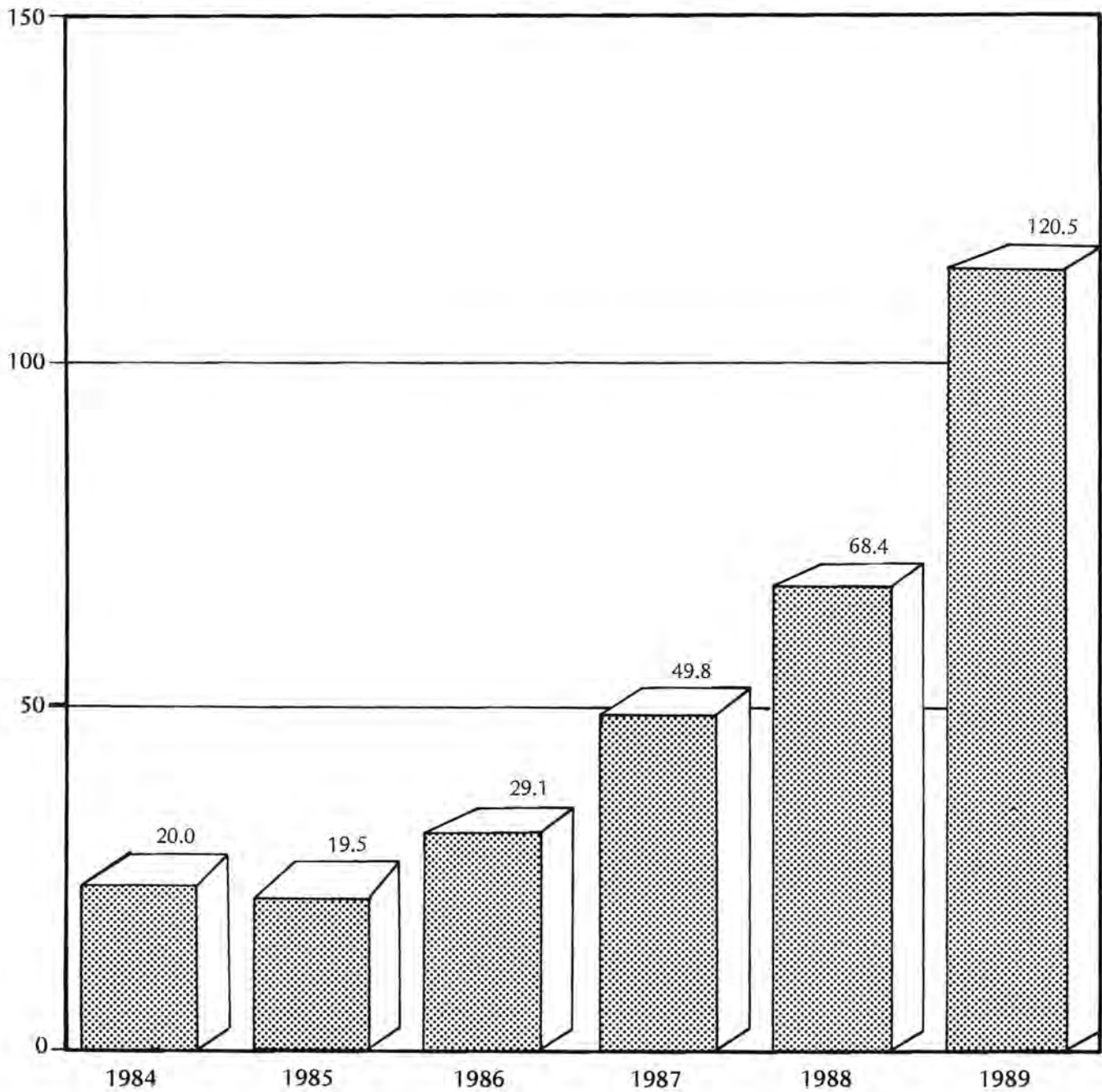
DISTRIBUTION OF INCOME
CUMULATIVE TOTAL 1983-1989

\$ MILLIONS



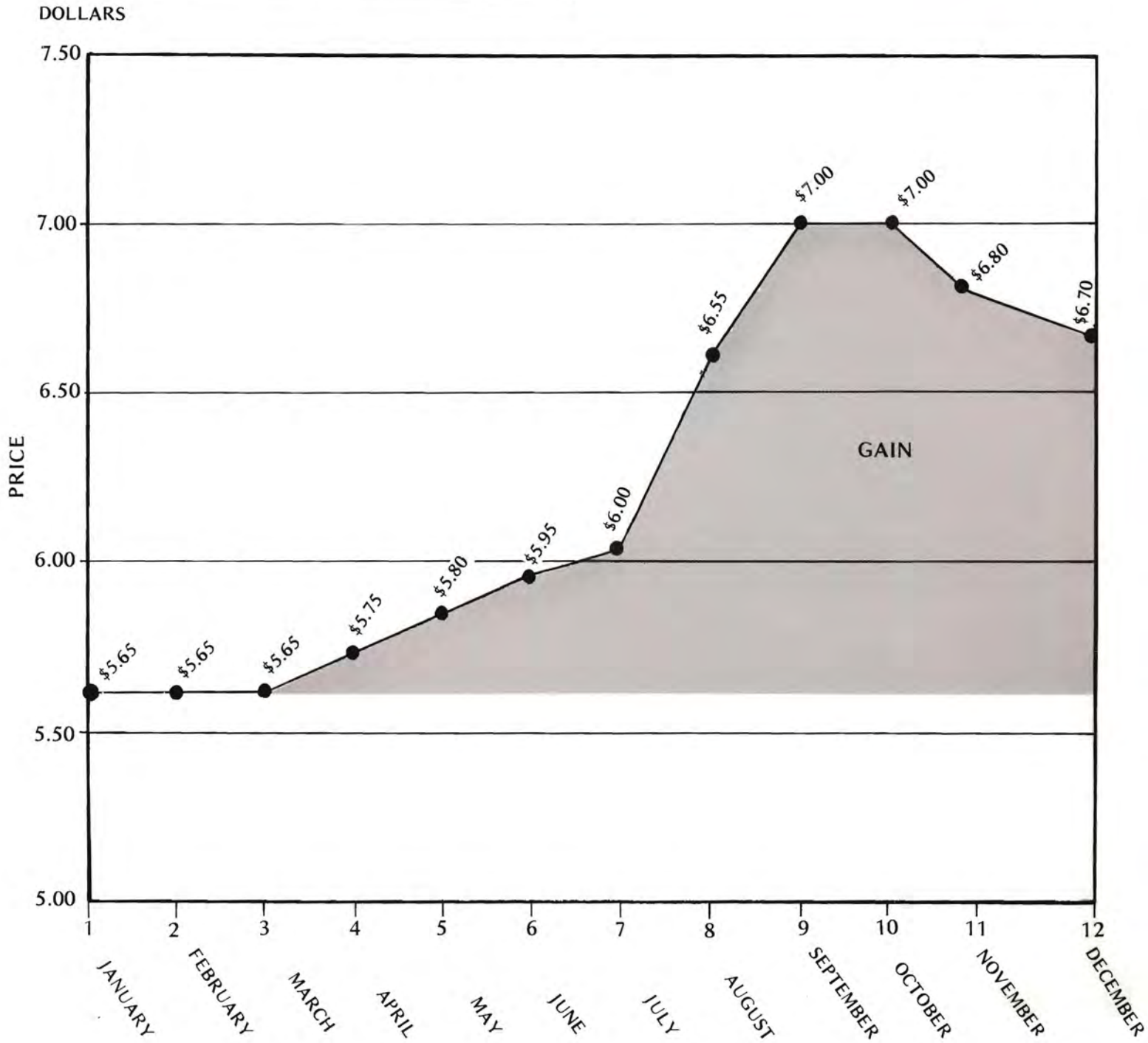
FUNDS UNDER MANAGEMENT
1984-1989

MILLIONS \$



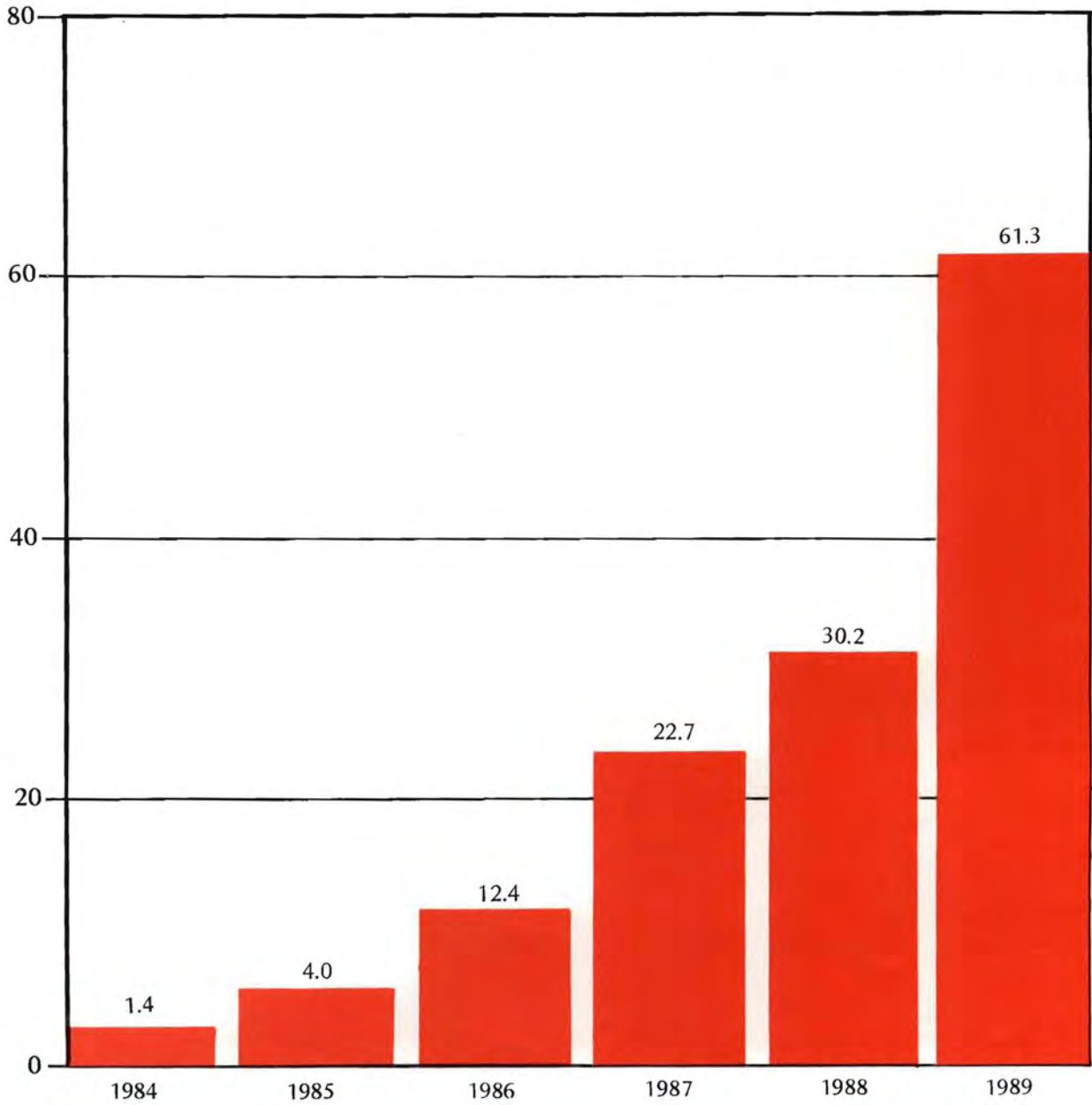
TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

FIRST UNIT SCHEME
CHANGES IN UNIT PRICES (OFFER)
JAN-DEC 1989



UNIT SALES 1984-1989

MILLIONS \$



AUDITOR GENERAL'S REPORT
FOR THE YEAR ENDED
31ST DECEMBER, 1989

The Accounts of the Trinidad and Tobago Unit Trust Corporation for the year ended 31st December, 1989 have been examined in accordance with the provisions of Section 30(1) of the Unit Trust Corporation of Trinidad and Tobago Act, 1981. All the information and explanations requested have been obtained.

The Statements and Notes on pages one (1) to fourteen (14) are in agreement with the books of the Trust and are properly drawn up in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year and exhibit a true and correct view of the state of affairs of the Trust at 31st December, 1989 and the results of its activities for the year then ended.

23rd April, 1990



A handwritten signature in black ink that reads "Joycelyn Thompson".

JOYCELYN THOMPSON
AUDITOR GENERAL

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

BALANCE SHEET
AS AT DECEMBER 31ST, 1989

	Notes	<u>1989</u> \$'000	<u>1988</u> \$'000
ASSETS			
Cash		4,380	4,918
Managers' Holdings	9	4,569	—
Receivables		5,627	6,639
First Unit Scheme	1	78,420	68,413
Second Unit Scheme	1	42,239	—
Other Securities		333	—
Total Assets		<u>135,568</u>	<u>79,970</u>
LIABILITIES			
Accounts Payable		2,855	4,414
Provisions	8	—	1,000
Current Liabilities		<u>2,855</u>	<u>5,414</u>
Initial Capital	6	5,000	5,000
Unit Capital – First Unit Scheme	7	77,521	63,388
Unit Capital – Second Unit Scheme	7	42,239	—
Guarantee Reserve Fund	10	1,187	1,203
Children's Investment Starter Plan (CISP) Reserve	5	46	46
Retained Income	13	6,720	5,919
Capital and Reserves		<u>132,713</u>	<u>75,556</u>
Provisions	8	—	(1,000)
Total Liabilities		<u>135,568</u>	<u>79,970</u>

The Attached Notes form an integral part of
the Financial Statements

R.F. Nelson
Chairman



[Signature]
Executive Director

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31ST, 1989

	Notes	<u>1989</u> \$'000	<u>1988</u> \$'000
SALES (\$61,279,000;- 1988 - \$30,170,000)			
INCOME			
Initial Charge	11	43	1,218
Management Charge	12	877	583
Investment Income		798	717
Managers' Holdings		37	-
Interest		141	78
Miscellaneous		37	6
TOTAL INCOME		<u>1,933</u>	<u>2,602</u>
EXPENSES			
Agents Commission		132	350
Managers' Holdings		-	8
Miscellaneous		-	3
TOTAL EXPENSES		<u>132</u>	<u>361</u>
Net Income of the Corporation	13	1,801	2,241
Retained Income Brought Forward		5,919	3,678
Write Down of Assets	8	(1,000)	-
Retained Income	13	<u>6,720</u>	<u>5,919</u>

The Attached Notes form an integral part of the Financial Statements

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

FIRST UNIT SCHEME
STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31ST, 1989

	Notes	<u>1989</u> \$'000	<u>1988</u> \$'000
ASSETS			
Cash		1,516	4,936
Short Term Investments		7,617	31,520
Other Investments	2 & 15	71,628	31,113
Appropriation Receivable		—	3,000
Income Receivable		811	1,061
Other Receivables		1,711	2,019
		<u>83,283</u>	<u>73,649</u>
LIABILITIES			
Distribution		2,353	2,876
Broker		—	28
Dividend Income Allowance Due Corporation		1,711	1,556
Management Charge		466	384
		<u>4,530</u>	<u>4,844</u>
RESERVES			
Distribution Reserve		21	103
Capital Reserve		250	—
Guarantee Reserve		62	289
		<u>333</u>	<u>392</u>
Total Reserves		<u>333</u>	<u>392</u>
Total Liabilities and Reserves		<u>4,863</u>	<u>5,236</u>
Net Assets	1	<u>78,420</u>	<u>68,413</u>
Net Assets – Equivalent to \$6.09 per unit (1988 – \$5.41) based on 12,872,277 units in issue (1988 – 13,232, 277)			

The Attached Notes form an integral part of the Financial Statements

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

FIRST UNIT SCHEME
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31ST, 1989

	Notes	<u>1989</u> \$'000	<u>1988</u> \$'000
INVESTMENT INCOME			
Dividends (including Dividend Income Allowance – \$1,657,676 1988 (\$918,587))	3	3,628	2,319
Interest		3,805	3,414
Total Investment Income		<u>7,433</u>	<u>5,733</u>
EXPENSES			
Management Charge	12	765	583
Interest		141	78
Total Expenses		<u>906</u>	<u>661</u>
Net Investment Income		<u>6,527</u>	<u>5,072</u>
Cost of Securities Acquired	14	70,719	45,752
Value of Securities at End of Period	2	<u>71,628</u>	<u>31,113</u>
Unrealised Appreciation (Depreciation) on Securities		909	(14,639)
Provisions	8	—	(500)
Unrealised Appreciation (Depreciation) On Securities		<u>909</u>	<u>(15,139)</u>

The Attached Notes form an integral part of the Financial Statements

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

FIRST UNIT SCHEME
INCOME DISTRIBUTION ACCOUNT
FOR THE YEAR ENDED DECEMBER 31ST, 1989

	Notes	<u>1989</u> \$'000	<u>1988</u> \$'000
NET INVESTMENT INCOME		6,527	5,072
Less: Distribution to Initial Contributors 30¢ per unit (1988: 30¢ per unit)	4	75	75
Distribution to Unit Holders 45¢ per unit (1988: 41¢ per unit)	4	<u>5,678</u>	<u>4,351</u>
		774	646
Add: Undistributed Income brought forward		103	44
		<u>877</u>	<u>690</u>
Less: Allocation to Guarantee Reserve Fund	10	200	587
Capital Reserve		<u>656</u>	<u>—</u>
Undistributed Income Carried Forward		<u>21</u>	<u>103</u>

The Attached Notes form an integral part of the Financial Statements

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

FIRST UNIT SCHEME
STATEMENT OF CHANGES IN NET ASSETS FOR
THE YEAR ENDED DECEMBER 31ST, 1989

	Notes	1989 \$'000	1988 \$'000
FROM INVESTMENT ACTIVITIES			
Net Investment Income		6,527	5,072
Distribution #13 (1988 #11)	4	(2,869)	(1,970)
Undistributed Net Income		3,658	3,102
Distribution #14 (1988 #12)	4	(2,884)	(2,457)
Allocation to Guarantee Reserve Fund	10	(200)	(587)
Allocation to Capital Reserve		(656)	—
Undistributed Income		(82)	58
Unrealised Appreciation (Depreciation) of Investments		16,011	(4,881)
Loss on Sale of Investment	14	(3,767)	—
Increase/ (Decrease) in Net Assets		12,162	(4,823)
FROM CAPITAL TRANSACTIONS			
Sales of Units		12,662	28,228
Repurchases of Units		14,817	4,767
Increase/(Decrease) from Capital Transactions		(2,155)	23,461
Changes from operations		10,007	18,638
Net Assets brought forward		68,413	49,775
Net Assets		78,420	68,413

The Attached Notes form an integral part of the Financial Statements

SECOND UNIT SCHEME
STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31ST, 1989

	Notes	1989 \$'000
ASSETS		
Short Term Investments		29,641
Bankers' Acceptance		968
Government Securities		9,000
Interest Receivable		479
Appropriation Receivable		2,640
Total Assets		<u>42,728</u>
LIABILITIES		
Distribution Advance		197
Accruals for Distribution	4	248
Management Charge Payable		44
Total Liabilities		<u>489</u>
Net Assets	1	<u><u>42,239</u></u>

The Attached Notes form an integral part of the Financial Statements

SECOND UNIT SCHEME
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31ST, 1989

	Notes	<u>1989</u> \$'000
INVESTMENT INCOME		
Interest to November 1989		444
Interest for December 1989		292
		<hr/>
Total Investment Income		736
		<hr/>
EXPENSES		
Management Charge for Sept. – Nov. 1989	12	68
Management Charge for December 1989		44
		<hr/>
Total Expenses		112
		<hr/>
Net Investment Income		624
		<hr/>
Distribution Sept. – Nov. 1989	4	375
Provision for Distribution December 1989		249
		<hr/>
Total Distribution		624
		<hr/>
Net Income After Distribution		–
		<hr/> <hr/>

The Attached Notes form an integral part of the Financial Statements

SECOND UNIT SCHEME
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31ST, 1989

	Notes	<u>1989</u> \$'000
FROM INVESTMENT ACTIVITIES		
Net Investment Income		624
Distribution September – November 1989	4	(375)
Distribution Provision for December 1989		(249)
		<hr/>
Undistributed Net Income		—
		<hr/>
FROM CAPITAL TRANSACTION		
Sales of Units		48,589
Repurchases of Units		6,350
		<hr/>
Increase From Capital Transactions		42,239
		<hr/>
Net Assets		<u>42,239</u>

The Attached Notes form an integral part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

1. Incorporation and Principal 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 investing in shares and securities approved by the Board. To this end the Corporation established a First Unit Scheme in accordance with Section 13 of the Unit Trust Corporation of Trinidad and Tobago Act.

A Second Unit Scheme was launched on September 1st, 1989 pursuant to the Act. The Second Unit Scheme is a Money Market Fund.

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:** In keeping with the convention in the Unit Trust Industry securities traded on the Trinidad and Tobago Stock Exchange are valued by the Corporation on the offer price on the last trading day. Bonds are valued at par.
- (b) **Other:** As is common in the industry security transactions are accounted for on the date the securities are purchased or sold. Distributions to unitholders are recorded on the ex-distribution dates, i.e. June 30th, and December 31st in the First Unit Scheme. Distributions are paid quarterly in the Second Unit Scheme with the first quarter being September 1st, 1989 to November 30th, 1989.

3. Taxation

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

4. Distributions

The Corporation declared its thirteenth (13th) and fourteenth (14th) distributions in respect of the First Unit Scheme for the year 1989 totalling \$5,677,524. The distribution to registered unitholders as at June 30th, 1989 amounted to \$2,831, 900 and as at December

31st, 1989 amounted to \$2,845,624. The total distribution to initial capital contributors for the year 1989 amounted to \$75,000.00.

Distributions in the Second Unit Scheme are made quarterly and the first distribution of the Second Unit Scheme was made at the end of the first quarter November 30th, 1989 and amounted to \$375,340. Accrued income available for distribution for the second quarter amounted to \$292,000 as at December 31st, 1989.

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.

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. Initial Capital

Initial Capital is capital subscribed by financial institutions to the Unit Trust Corporation at its inception in 1982 in accordance with Section 17 of the Unit Trust Corporation of Trinidad and Tobago Act 1981.

7. Unit Capital

Unit Capital represents the value of units appropriated by the Corporation for the First Unit Scheme and the Second Unit Scheme as at December 31st, 1989.

8. Provisions

Following the appointment of a receiver to a non-bank financial institution in which the Corporation had made a short term investment of \$2 million, the Board of Directors decided in 1984 that a provision of \$1 million was to be charged to the initial capital, against which any probable loss on that investment would be written off. The Board has since rescinded that decision and has resolved as follows:—

NOTES TO THE FINANCIAL STATEMENTS

- (a) to write off an amount of \$1 million against the retained earnings of the Corporation; and
- (b) to make a further provision of \$500,000 which has been charged to the income of the First Unit Scheme. \$250,000 of that sum has been written off in these accounts.

9. Managers' Holdings

Managers' Holdings represent the value of the stock of units held by the Corporation for disposal throughout the year.

10. 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 in respect of the First Unit Scheme to ensure adequate funding of the Guarantee Pricing Plan which was introduced in January 1985. The Guarantee Reserve Fund is funded from two (2) sources, namely:—

- (a) the allocation of ten per cent of the income available for distribution; and
- (b) the proceeds from the distribution allocated to the initial capital contributed by the Central Bank in accordance with the provisions of section 27.

As at December 31st, 1989 the Corporation's Guarantee Liability was fully funded.

11. Initial Charge

The Corporation earns Initial Charge from the sale of newly created units in the First Unit Scheme. During the year 1989 repurchases exceeded sales in the First Unit Scheme and this situation did not permit the Corporation to make a substantial creation of new units.

12. Management Charge

The Corporation in accordance with the regulations governing the First and Second Unit Schemes can apply a management charge of up to 2% on the value of the funds held in each scheme. For 1989 the Board applied a charge of 1% to the First Unit Scheme and 1.5% to the Second Unit Scheme.

13. Net Income

The net income of the Corporation does not include any charge for administrative expenses. The Central Bank of Trinidad and Tobago by virtue of a Technical Services Agreement provides all management and other support services including accommodation and other fixed assets required by the Corporation. Administrative expenses for the year 1989 amounted to \$2.8 million.

14. Acquisition and Disposal of Securities

Cost of securities acquired	\$29,402,703.23
Receipts from Disposal of Securities	\$524,496.95
Cost of Securities Disposed of	\$4,291,281.58

15. Commitment

The Corporation has agreed to participate in the Government Project Financing Facility to the extent of \$2.0 million. As at December 31st, 1989 drawdowns amounting to \$857,019.12 had been conducted.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

PORTFOLIO OF INVESTMENTS
FIRST AND SECOND UNIT SCHEMES
AS AT DECEMBER 31ST, 1989

SECURITY	SHAREHOLDING (Stock Units)	VALUE \$'000
FIRST UNIT SCHEME		
BANKS		
Bank of Commerce T&T Ltd	1,420,795	3,211
Bank of Nova Scotia T&T Ltd	1,571,037	6,520
National Commercial Bank T&T Ltd	2,608,253	2,243
Republic Bank Ltd	3,833,302	7,935
Royal Bank of T&T Ltd	2,249,927	5,850
MANUFACTURING		
Angostura Holdings Ltd	1,328,231	5,047
Bata T&T Ltd	5,700	2
Berger Paints Trinidad Ltd	150,000	196
Lever Brothers W.I. Ltd	668,627	3,216
Trinidad Food Products Ltd	276,000	773
Trinidad Cement Ltd	600,000	558
West Indian Tobacco Co Ltd	1,062,437	5,301
CONGLOMERATES		
T. Geddes Grant Ltd	618,366	1,737
Mc Earneay Alstons Ltd	1,381,421	2,694
Neal & Massy Holdings	233,000	464
TRADING		
Agostini's Ltd	237,000	351
Furness Trinidad Ltd	262,000	629
CONSTRUCTION		
Home Construction Ltd	77,202	277
INSURANCE		
American Life & General Insurance Co Ltd	448,287	1,143
Total Equity		<u>48,147</u>
Bonds		23,481
Short-term Investments		6,792
TOTAL		78,420
SECOND UNIT SCHEME		
Government Securities		9,000
Short-term Investments		33,249
TOTAL		<u>42,249</u>
TOTAL FIRST AND SECOND SCHEMES		120,669

CONTRIBUTORS TO THE INITIAL CAPITAL

(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
Citibank (Trinidad & Tobago) Limited
Workers' Bank (1989) Limited

(4) Non-Bank Financial Institutions:—

Amalgamated Finance Company Limited
Bank of Commerce Trust Company
(Trinidad and Tobago) Limited
Bank of Nova Scotia Trust Company,
Trinidad and Tobago Limited
Caribbean Finance Company Limited
Commercial Finance Company Limited (DIC)
General Finance Corporation Limited
International Trust Limited (in receivership)
MAT Securities Limited (DIC)
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 Insurance Company (Trinidad)
Limited
Crown Life (Caribbean) Limited
Cuna Mutual Life Insurance Society
Goodwill Life and General Insurance Company
Limited
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
United Security Life Insurance Company Limited