



Trinidad and Tobago
Unit Trust Corporation

ANNUAL REPORT AND ACCOUNTS 1995

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

Our Mission

**To encourage and mobilize savings
in the community, thereby fostering a
savings and investment consciousness
among our people and to
channel those resources towards
productive investments creating
in the process, a wider
shareholding democracy.**



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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Rolston Nelson

EXECUTIVE DIRECTOR

E. Henry Sealy

DIRECTORS

Winston Connell

Oscar Edghill

Jerry Hospedales

Larry Howai

Richard Kellman

Suresh Maharaj

Sookh Mungal Supersad

Patrick Rabathaly

John Smith

SECRETARY

Clarry Benn

Changes in Board during the year:

Messrs. Oscar Edghill and Suresh Maharaj were reappointed to the Board by the commercial banks and financial institutions and Mr. John Smith was reappointed by the insurance companies for a period of four (4) years effective April 15th, 1995 in accordance with section 7, sub-sections 1(f), (4) & (6) of the Act.

Mr. Richard Kellman was appointed to the Board by the insurance companies to replace Mr. Douglas Camacho effective April 15th, 1995 for a period of four (4) years in accordance with section 7, sub-sections 1 (f) and (4) of the Act.

Mr. Sookh Mungal Supersad was reappointed by the Board for a period of one (1) year with effect from September 18, 1995 in accordance with section 7, sub-section (2), 5(A) and (6) of the Act.

Mr. Larry Howai was appointed to the Board by the commercial banks and financial institutions to serve the unexpired portion of Mr. Suresh Maharaj's term effective December 13th, 1995, in accordance with section 7, sub-section 1(f) and (5) of the Act.

Mr. Maharaj resigned from the Board on October 31, 1995.

BANKERS

CENTRAL BANK OF TRINIDAD & TOBAGO
Central Bank Building, Eric Williams Plaza, Port of Spain.

THE ROYAL BANK OF TRINIDAD & TOBAGO LTD.
55 Independence Square, Port of Spain.

FIRST CITIZENS BANK LTD.
Lower Milford Road, Scarborough, Tobago.

CITIBANK (Trinidad & Tobago) LTD.
12 Queen's Park East, Port of Spain.

CITIBANK N.A.
11 Wall Street, New York, N.Y. 10043 U.S.A.

AUDITORS

THE AUDITOR GENERAL OF
THE REPUBLIC OF TRINIDAD & TOBAGO
Eric Williams Finance Building, Eric Williams Plaza, Port of Spain.

INTERNAL AUDITORS

COOPERS & LYBRAND
Chartered Accountants, 16 Victoria Avenue, Port of Spain.

ATTORNEYS

FITZWILLIAM, STONE FURNESS-SMITH & MORGAN
36 Pembroke Street, Port of Spain.

REINHART, BOERNER, VAN DEUREN, NORRIS & RIESELBACH, S.C.
1000 North Water Street, Suite 2100, Milwaukee, Wisconsin 53202-0900 U.S.A.

CORPORATE OFFICES:

HEAD OFFICE & MAIN BRANCH
74 Independence Square, Port of Spain
TEL: (809) 625-UNIT (8648)
FAX: (809) 624-8508
E MAIL:utc @ trinidad.net
INTERNET ADDRESS
<http://www.trinidad.net/utc home>

SAN FERNANDO BRANCH
23 High Street, San Fernando.
TEL: (809) 657-UNIT (8648)
FAX: (809) 652-0620

CHAGUANAS BRANCH
20 Yard Street, Chaguanas.
TEL: (809) 671-UNIT (8648)
FAX: (809) 671-6581

TOBAGO BRANCH
Block A Level 1, Scarborough Mall Tobago
TEL: (809) 639-5096
FAX: (809) 639-5096

**THE BOARD
OF DIRECTORS**

CHAIRMAN

Rolston Nelson S.C.

EXECUTIVE DIRECTOR

E. Henry Sealy

DIRECTORS

Winston Connell

Oscar Edghill

Jerry Hospedales

Larry Howai

Richard Kellman

Sookh Mungal Supersad

Patrick Rabathaly

John Smith

SECRETARY

Clarry Benn

CHAIRMAN'S REVIEW

OVERALL PERFORMANCE

I am pleased to report that the Unit Trust Corporation achieved a number of outstanding results in 1995. Unitholders' funds under management and funds of the Corporation grew by \$483.5 million or 58 per cent, from \$826.5 million in 1994 to \$1.31 billion. Total income increased by \$38.3 million or 46 per cent from \$83.3 million in 1994 to \$121.8 million. Distributions to unitholders also increased, up from \$62 million in 1994 to \$87 million, a year-on-year increase of 40 per cent or \$25 million. The average annual rate of return to unitholders in the Growth and Income Fund (the First Unit Scheme) totalled 43.7 per cent in 1995 compared with 12.9 per cent in 1994, whereas in the Money Market Fund (the Second Unit Scheme) the annual rate of return realized amounted to 9.4 per cent. These results which are detailed in the Executive Management Report, were produced in an economy and under financial market conditions which were only mildly stimulative of real investment activity.

THE ECONOMY

After more than two (2) decades of extreme economic performance - the first period characterized by steep increases in export earnings and national income and the second period by economic contraction - the economy returned to normal conditions in 1994 and recorded its second consecutive year of positive growth in 1995. Gross Domestic Product (GDP) grew by 1.9 per cent in 1995 compared with a revised growth rate of 5.1 per cent in 1994. According to the Quarterly Economic Bulletin of December 1995,

CHAIRMAN'S REVIEW ...

issued by the Central Bank, the lower level of economic growth recorded in 1995 was accompanied by:

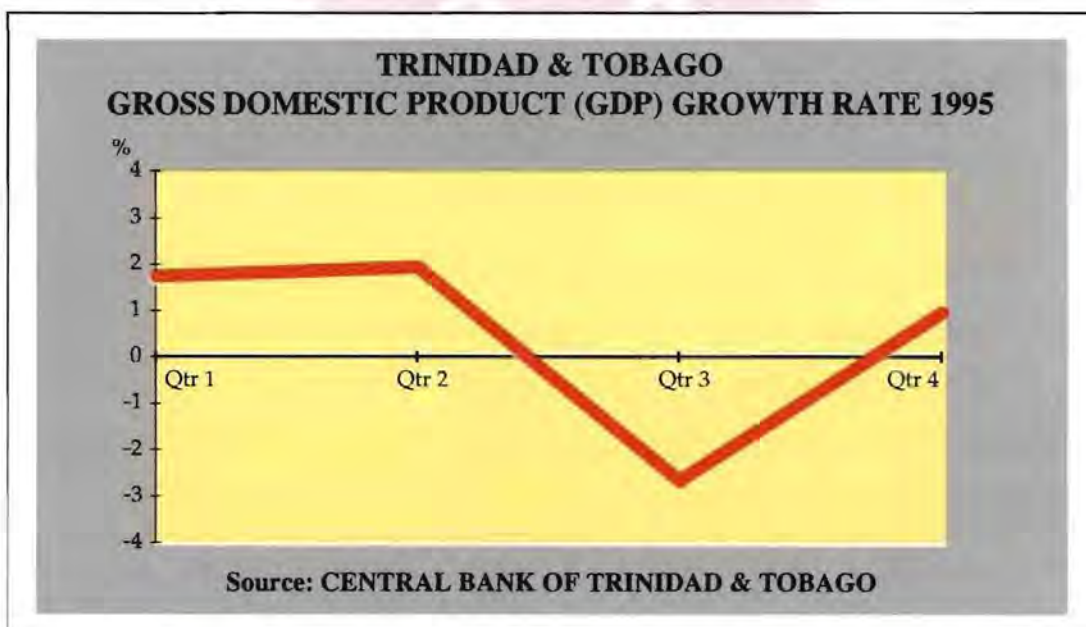
- a reduced level of inflation, down from 8.8 per cent in 1994 to 5.3 per cent in 1995;
- an overall fiscal surplus of \$104.2 million on Central Government operations;
- a cumulative balance of payments surplus of US\$38.9 million for the first nine (9) months of 1995 compared with a deficit of US\$65.2 million for the corresponding period of 1994; and
- deterioration in both the gross and the net foreign assets of the country; gross foreign assets fell from US\$678.9 million or 6.8 months of import cover in 1994 to US\$660.3 million or 4.2 months of cover, while net foreign reserves declined from US\$514.5 million to US\$478.9 million over the same period.

The performance captured by these macro economic indicators created mixed conditions in the three sub-sectors of the financial market.

THE FIXED INCOME MARKET

Weak investment demand allied to the already compressed spending on both public sector and consumer account led to a rising level of liquidity and a corresponding impulse on the part of the banking system to reduce the cost of credit. In the fixed income market, interest rates declined over the entire maturity spectrum. Prime was reduced from 16 per cent to 14. One-year term deposit rates declined from 7.60 per cent in the first three (3) months of the year to 7.36 per cent in the third quarter but by year-end had inched up to 7.42 per cent.

In December of 1995, the Central Bank requested the commercial banking system to hold additional cash reserves of \$100 million so as to prevent the excess liquidity from translating itself into consumer demand for imports and a haemorrhaging of foreign exchange. That policy effectively increased the cash reserve requirements from 20 per cent to 21.4 per cent and neutralized the earlier measures adopted by the banks to stimulate the demand for credit. Moreover, the reversal of the decline in interest rates may have further delayed the required expansion of investment.



CHAIRMAN'S REVIEW . . .

EQUITY MARKET

These conditions in the fixed income market exercised some influence on the behaviour of investors. A growing bullishness was reflected in an upward trend in equity prices. The factors which facilitated this development included improved expectations in regard to corporate yields, closely linked to a second consecutive year of economic growth and to higher after-tax earnings. The latter were attributable to the reduction in the corporate tax rate from 40 per cent in 1994 to 38 per cent in 1995; to the substitution of a new dividend income tax rate of 15 per cent for the old marginal rate which had been levied on the personal income of individuals; and to the enhancement of the dividend income allowance to 62 per cent from 45 per cent.

As investors repositioned themselves, the end result was a record breaking stock market performance. The composite index rose by 62 points, up from 88 at the beginning of the year to 150 by year-end.

FOREIGN EXCHANGE

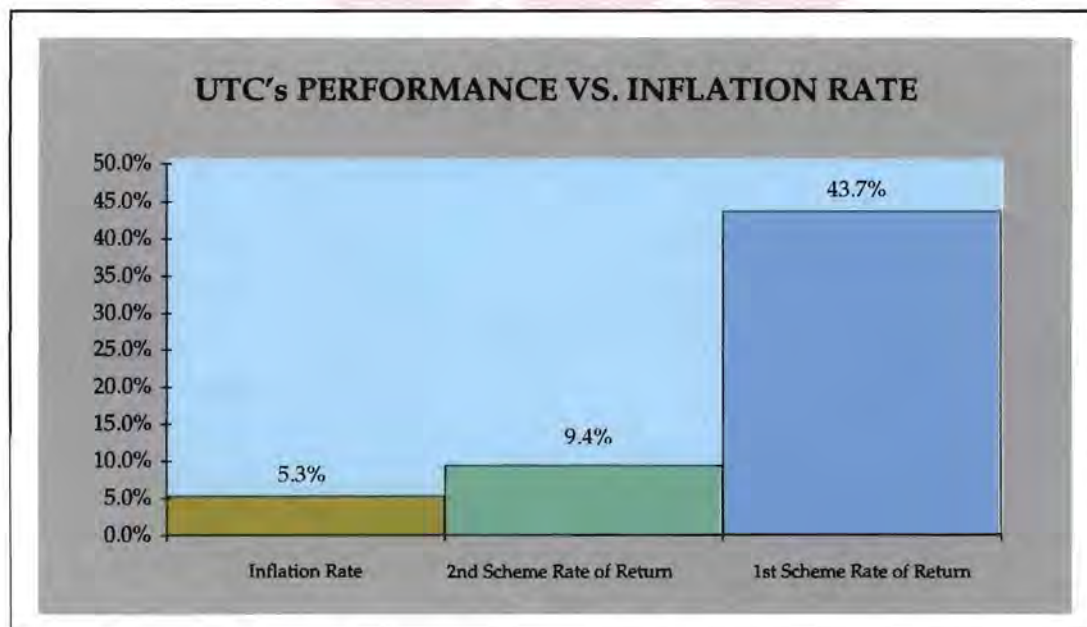
During the year 1995, the TT dollar slipped by one (1) per cent against the US dollar. This compares with a depreciation of 1.5 per cent in

1994. The good overall performance of the exchange rate concealed compensating movements. In the first three quarters of the year the nominal exchange rate for US\$1.00 appreciated marginally. It moved from TT\$5.9270 to TT\$5.9249. However, this was negated in the last quarter when the year closed with the rate at TT\$5.9971.

The announcement of the date of general election for November 6, 1995 had triggered uncertain expectations and these persisted on the accession to office of the new administration. Hedging against the possibility of capital losses followed, and generated an increased demand for US dollars beyond the available supply. This phenomenon occurred notwithstanding the fact that yields on US dollar denominated financial assets, in both the external and the local economies were lower than on TT dollar assets whether in the domestic equity or fixed income market.

THE FISCAL REGIME AND THE LEGISLATIVE FRAMEWORK

The highlight of the 1995 performance is the \$1.01 billion of gross sales. That figure represents the highest gross sales ever achieved in any one year by the Unit Trust Corporation.



CHAIRMAN'S REVIEW . . .

What is even more significant is that this history-making achievement occurred at a time when the fiscal incentives which unitholders had been enjoying since 1986 were being gradually withdrawn. The dismantling process had begun in fiscal 1994 and continued into 1995. By January 11, 1996 the fiscal regime, to which unitholders had become accustomed, and the dividend income allowance from which the First Unit Scheme had benefited since 1984, had been wholly removed. Moreover, a fifteen (15) per cent tax was now imposed at source on the gross interest income earned by unitholders' funds in the two schemes of the Corporation.

The latter tax is painful. It is clearly a blow to the Corporation though not necessarily a calamitous one. Much will depend upon the speed and the effectiveness of our management response though that is limited in part by the regulatory arrangements within which the Unit Trust Corporation is at present obliged to function. The fiscal measures for 1996 have emphasized the urgency with which the conditions governing mutual fund operations in Trinidad and Tobago need to be critically revisited. The Minister of Finance has reiterated the need for the Corporation to operate on a "level playing field". To this end, two categories of restructur-

ing are required. The first is germane to the totality of mutual fund operations - the industry. The second is specific to the Trinidad and Tobago Unit Trust Corporation, itself a creature of statute.

At present the mutual fund/unit trust industry is governed by two separate pieces of legislation namely: The Unit Trust Corporation of Trinidad and Tobago Act, 1981 and the 1993 Financial Institutions Act which governs mutual funds established by licensed financial institutions.

These pieces of legislation need to be replaced by a single regime which would embrace all mutual funds/unit trusts domiciled in Trinidad and Tobago. Under such an arrangement, the constraints imposed on the Unit Trust Corporation will apply to all other mutual funds/unit trusts, save where exceptions are expressly and deliberately intended.

At the level of the Corporation, several aspects of the current arrangement prohibit or inhibit the optimal operation of the Unit Trust Corporation in an industry which has been characterized of late by the emergence of competition.



CHAIRMAN'S REVIEW . . .

The Corporation is put at a great disadvantage when it has to compete with major new players who in effect run financial supermarkets offering an extensive range of services and who also engage in other commercial activities as well. Our Act confines the Unit Trust Corporation to managing unit schemes. It does not permit the Corporation to offer ancillary financial services or fee earning services of the "one-stop shop" variety.

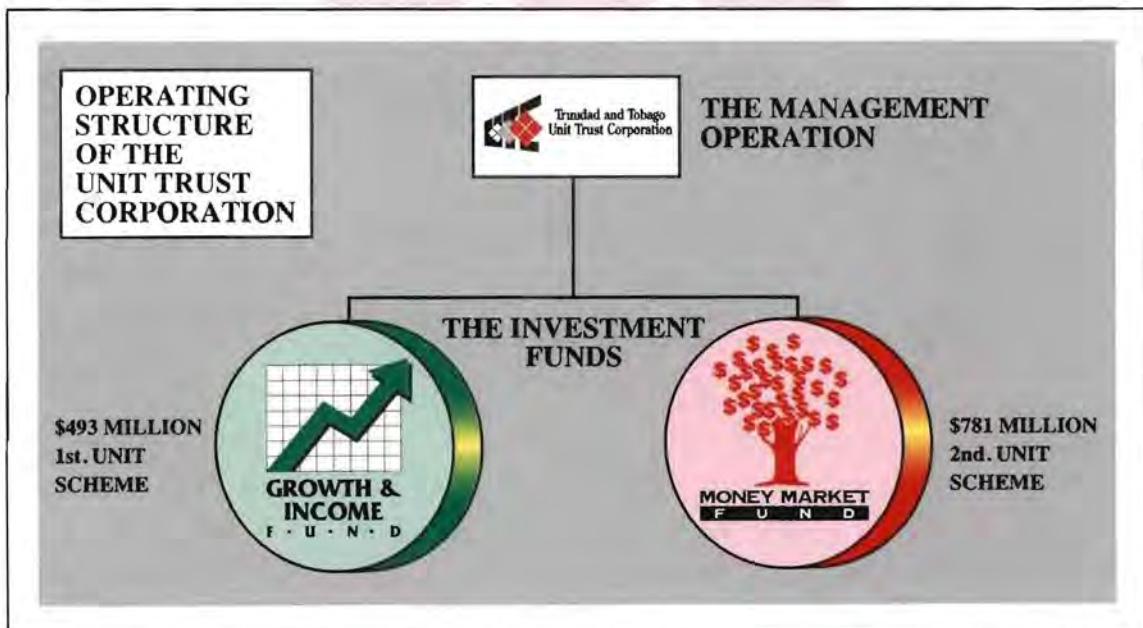
These issues require that all the parties now pause to re-examine the arrangements under which the Corporation was established including the following:

- (i) the subscription of initial capital and the related composition of the Board of Directors;
- (ii) the limiting of activities to Unit Trust operations;
- (iii) the fixed rates stipulated for the distribution of net income and the relationship it has to taxation of the gross interest income earned; and
- (iv) the limitation in respect of the amount

which may be held of any single security.

In the case of the initial capital subscription, the aims of the legislation seem to have been to obtain the commitment of all elements of the financial sector to a single Unit Trust by raising nominal seed capital and offering an opportunity to influence the policy of the Corporation. It was to achieve these objectives that the Board of Directors came to be structured in the way that it still is today. During its formative years while it was the sole intermediary in the field, the Corporation was well served by these founding arrangements. The situation has since changed. Other intermediaries have become a source of competition. A new arrangement is required which would allow the Corporation to pursue the old objectives of raising capital, spreading the risks, mobilizing support and expertise within the financial system while maintaining a Board of Directors with the appropriate structure.

So far as the limit imposed on the Corporation to conduct business only in the mutual fund sector is concerned, here also some changes seem to be called for. Particularly, in the light of the extensive and ongoing diversification



CHAIRMAN'S REVIEW . . .

taking place among its competitors, the Unit Trust Corporation may find its viability threatened and may well have to be restructured so as to be free to offer a wider range of financial and commercial services so long as these services are compatible with its core business.

From the point of view of encouraging the public to save and to deal in financial assets, the idea of a high and minimum rate of distribution of earnings (after expenses) is a sensible one. However, the actual percentage which is now ninety (90) may need to be periodically reviewed against the background of long-run trends in operating costs. A range of permissible distribution percentages may provide more flexibility particularly if linked to a reduced rate of tax on the gross interest income earned on the Corporation's funds.

Again, the restriction on the amount which the Corporation is permitted to hold of any given security responds to valid prudential concerns in so far as the consideration was the degree of exposure involved. However, the actual figure set - 10 per cent - suggests that control of ownership may also have been an issue. Clearly this would have to be revisited in the light of changed market conditions and the penalty imposed by the fiscal authorities in 1996 on fixed income securities.

FUTURE PROSPECTS

Over the last fourteen (14) years, the Trinidad and Tobago Unit Trust Corporation has demonstrated tremendous resilience.

There is little doubt that if the issues which have been referred to in this report are addressed in the short-term, the Corporation will be in a much better position to produce the results which both the unitholders and the general public have come to expect. The Unit Trust Corporation is an institution which has been mandated to promote higher levels of private

savings, and by that route, to support business investment and capital formation. Its aim is to harness more of the country's financial resources in the service of economic growth.

The Corporation's success in that regard mirrors the advances made by Trinidad and Tobago over the years in the development of financial systems including both the capital and money markets. In the same way that the economy has been adapting to changes in the global environment, so too the Corporation has been anticipating the challenges and planning to meet them. In the process it has grown from a fledgling creation to a mature institution.

New rules of operation have come into existence in the budgets of 1994 and 1995 and the Corporation responded by improving its performance. With respect to the principles enunciated by the Minister of Finance in the 1996 Budget, the Corporation is prepared to meet the challenge provided that the "playing field" is level. It looks forward to a regulatory framework geared to ensure that there is equitable participation by all the mutual funds.

APPRECIATION

In closing I wish to thank my fellow Directors for their support throughout 1995, the unitholders for their trust and confidence in the Corporation and the management and staff for their continued dedication and hard work.



ROLSTON NELSON, S.C.
Chairman
May 2, 1996

EXECUTIVE MANAGEMENT REPORT

THE ENVIRONMENT

The year 1995 was an excellent one for the Trinidad and Tobago Unit Trust Corporation. The Corporation achieved the double milestone of over one billion dollars in Funds under Management and attracted in excess of 100,000 unitholders. Additionally, the Corporation was the number one Financial Institution in Trinidad and Tobago in terms of sales, according to "The Caribbean Top 100 Public Companies 1995."

The foregoing achievements materialized in an environment characterized predominantly by buoyant liquidity conditions, downward trending interest rates, an improved inflation rate, weak demand for loans and a growing demand for external financing. Consequently, the average prime rate fell by 2% to 14% which caused a further softening of interest rates on money market instruments, and significantly narrowed the interest rate spread between Trinidad and Tobago dollar investments and United States dollar investments. Thus during the last three months of 1995 there was a migration of Trinidad and Tobago dollar into United States dollar investments. The resulting demand for United States dollars subsequently imposed a considerable pressure on the exchange rate for the Trinidad & Tobago dollar. To ease the pressure on the exchange rate, the Central Bank intervened by selling foreign currency to Commercial Banks and in addition, removed \$100 million from the banking system through moral suasion. In the equity market, the relatively low interest rate environment, lower taxes on dividend income, an increase in the Dividend Income Allowance (from 45% to 62%) and improved Corporate earnings stimulated trading in the primary and secondary markets.

EXECUTIVE MANAGEMENT REPORT ...

In the circumstances, the Chaconia Income and Growth Fund benefited tremendously from the increase in United States dollar investments and performed exceptionally well. Additionally, the Trinidad and Tobago Unit Trust Corporation continued to out-perform the competition in terms of the rate of return offered investors, due to our proactive approach in successfully sourcing the best available investment opportunities.

FINANCIAL PERFORMANCE

Income and Expenses

In 1995, resources under management increased by \$483.5 million or 58.5% to \$1.31 billion mainly due to our attractive rate of return on investments and the employment of effective marketing initiatives. As the one (1) billion dollar mark was achieved, income and expense levels were significantly influenced. Income of the Corporation improved by \$38.4 million or 46% to \$121.8 million of which \$32 million was generated by the Schemes, whilst total expenses increased by \$33 million or 42% to \$112.4 million over the same period. The incremental increase in

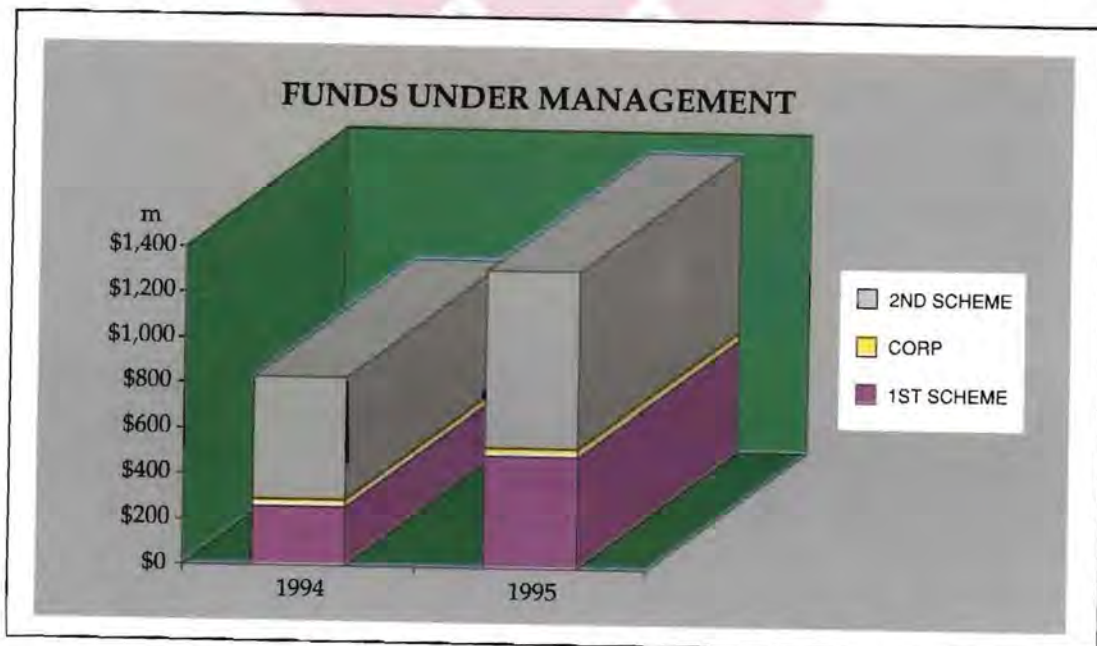
total expenses was attributed mainly to increased total distribution payouts which increased by \$25 million or 40% to \$87 million, an increase in administrative expenses of \$7 million or 46% to \$22 million, and an additional \$1 million paid in commission to agents.

The Corporation's retained income for the year improved by \$3.8 million or 106% to \$7.4 million as the increase in income out-paced any attendant increase in expenses. As a consequence, retained income as at December 31, 1995 stood at \$34.8 million, an increase of 27% over the 1994 figure of \$27.4 million.

RESOURCE MOBILIZATION

Sales and Repurchases

Gross Sales increased by \$543 million or 117% from \$467 million in 1994 to \$1.01 billion, as investors were encouraged by our attractive rates of return on investments and strategic marketing initiatives. Sales in the First Unit Scheme improved by \$122 million or 150% to \$204 million and accounted for 20% of gross sales,



EXECUTIVE MANAGEMENT REPORT . . .

whilst sales in the Second Unit Scheme improved by \$426 million or 110% to \$811 million, which represented the remaining 80% of gross sales. Taking into account repurchases in both Schemes of \$637 million, a net inflow to the Corporation of \$373 million was realized compared with \$164 million in 1994 an increase of 128%.

FIRST UNIT SCHEME

Income:

Investment income increased by \$14 million or 78% to \$32 million mainly due to an increase in the rate of Dividend Income Allowance from 45% to 62%, enhanced dividend payments by public companies and a larger resource base.

Rate of Return:

The First Unit Scheme generated a total rate of return of 43.7% in 1995. This includes an income distribution of thirty-three (33) cents per unit or a total payout of \$9.6 million for the period January 1 to June 30, 1995 and a distribution of thirty-five (35) cents per unit or \$12.7 million for the period July 01 to December 31, 1995. These distributions generated an income yield of 6.42%.

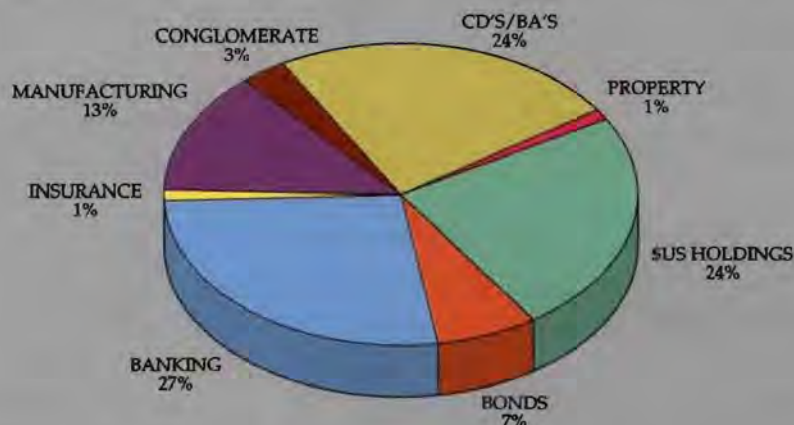
Unit Price:

On an offer basis the unit price moved from \$10.60 at the beginning of the year to \$14.50 (the ex-distribution price) at the close of the year. The increase of \$3.90 in the offer price coupled with the reinvestment discount of 5% contributed to the realization of 37.28% in capital gains. Additionally, on the bid basis the unit price increased from \$10.10 to \$13.80, an increase of \$3.70 per unit. The unit price index rose from 106 points (1983 = 100) in January to 147 points in December while for the same period the Stock Exchange Composite index increased from 88 points to 150 points (1983 = 100).

Asset Allocation:

The portfolio structure of the First Unit Scheme was streamlined to ensure the optimization of capital appreciation and short-term income. A review of the components of the portfolio revealed a significant increase in holdings of short-term instruments as well as equity and a decrease in long term debt securities. As at December 31, 1995 the portfolio's components were equities of \$231.8 million or 47%, Money Market instruments totaling \$135.9 million or 28% and long term debt of \$125.7 million or 25%.

FIRST UNIT SCHEME PORTFOLIO STRUCTURE



EXECUTIVE MANAGEMENT REPORT ...

SECOND UNIT SCHEME

Income:

Investment income increased by \$18.6 million or 31% over 1994 to \$78.1 million, mainly due to prudent investment decisions and a larger resource base under management.

Rate of Return

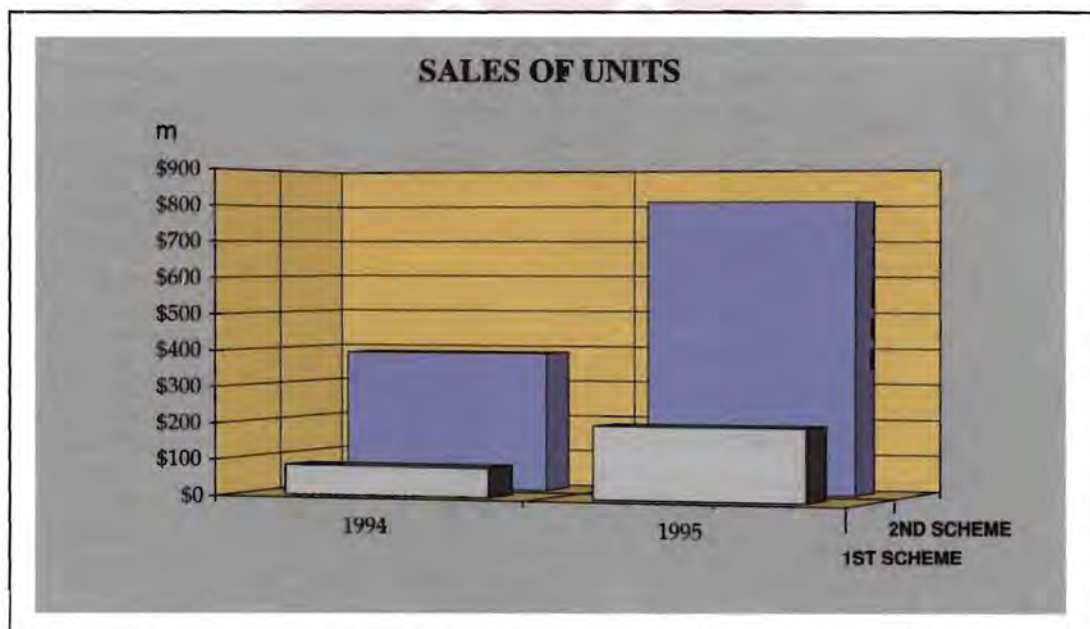
An average gross yield of 11.35% per annum was achieved during 1995 and the distribution rate averaged 9.38% per annum which exceeded the inflation rate of 5.3% and the average treasury bill yield of 8.5%. While the average annualized rate of return fell marginally by 0.62% to 9.38% in 1995, in dollar terms, the distribution for the year exceeded that of 1994 by \$16.79 million or 34.86%, up from \$48.16 million to \$64.95 million. In addition, the Corporation's return on investments outperformed the competition and contributed significantly to our increased unitholding base.

Asset Allocation:

The Second Unit Scheme's fund size increased by \$239.4 million or 44% from \$541.6 million to \$781.5 million mainly due to increased sales. Considering the buoyant liquidity situation, our investment strategies were continuously revised to ensure the realization of optimum returns.

CHACONIA INCOME AND GROWTH FUND

In the first three (3) years of its existence, the Fund's performance has been outstanding and achieved a total return of 27.16% during the year 1995. As the only Fund so far, in the English Speaking Caribbean, to have earned the seal of the Securities and Exchange Commission (SEC) of the United States, we continue to be proud sponsors of this mutual fund. We embarked abroad with the same determination, commitment and responsibility demonstrated locally, designed to offer our customers superior investment products.



EXECUTIVE MANAGEMENT REPORT ...

CORPORATE ACTIVITY

Branch Network:

Given that an improvement in facilities for our staff and unitholders remains a top priority, in September 1995 we acquired freehold property to better serve our unitholders at our South Branch on High Street, San Fernando. Also in September 1995, our Tobago Branch was relocated to more spacious accommodation at the Ground Floor of the NIB Mall. The foregoing initiatives became imperative as we remained mindful of our commitment to provide a superior service in an exceptional environment. In addition to the physical enhancement at the branches, an improvement in operational efficiency was achieved via the introduction of automated teller receipts, on line repurchase processing and improved computer technology.

NEW PRODUCT

On April 11, 1995 we launched a new product, the Cash Management Plan. The plan which was designed to facilitate better financial planning for investors, represents true testimony to the Unit Trust Corporation's (UTC's) understanding and responsiveness to investors' call for new

instruments in the money and capital markets. Again, we proved that we are the true pioneers in the financial community.

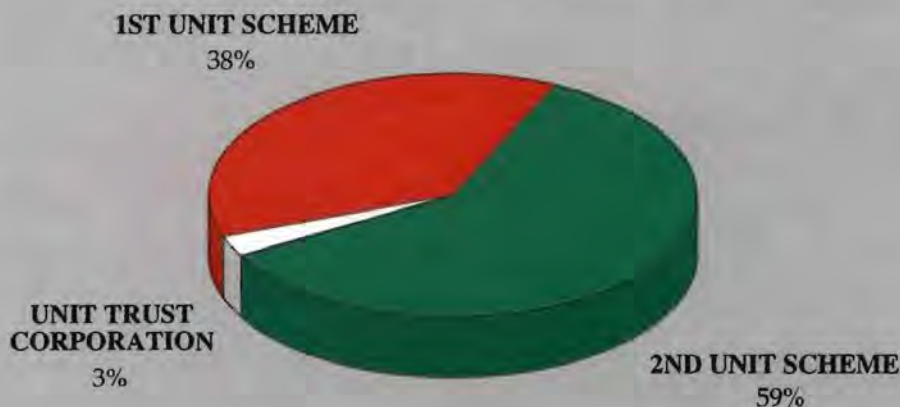
TRAINING AND DEVELOPMENT

Recognizing the critical importance of proactively developing our human capital base to deliver superior products and services, 58 staff members or 60% were afforded training throughout the year in Marketing, Accounting/Auditing, Investments, Personal Development and Information Technology. Additionally, eight (8) professional members of staff received relevant job training/exposure overseas in Marketing, Information Technology and Investments/Finance. As a result of increased volumes recorded in every aspect of our operations, the total staff complement was increased by 15 to 96 employees as at December 31, 1995.

UNIT TRUST HEADQUARTERS

The erection of a Unit Trust building at the Corner of Richmond Street and Independence Square continued to engage the attention of the relevant authorities and our Board of Directors. We expect to commence construction by the fourth fiscal

FUNDS UNDER MANAGEMENT 1995



EXECUTIVE MANAGEMENT REPORT . . .

quarter of 1996, with completion by the final quarter of 1998.

COMMUNITY RELATIONS

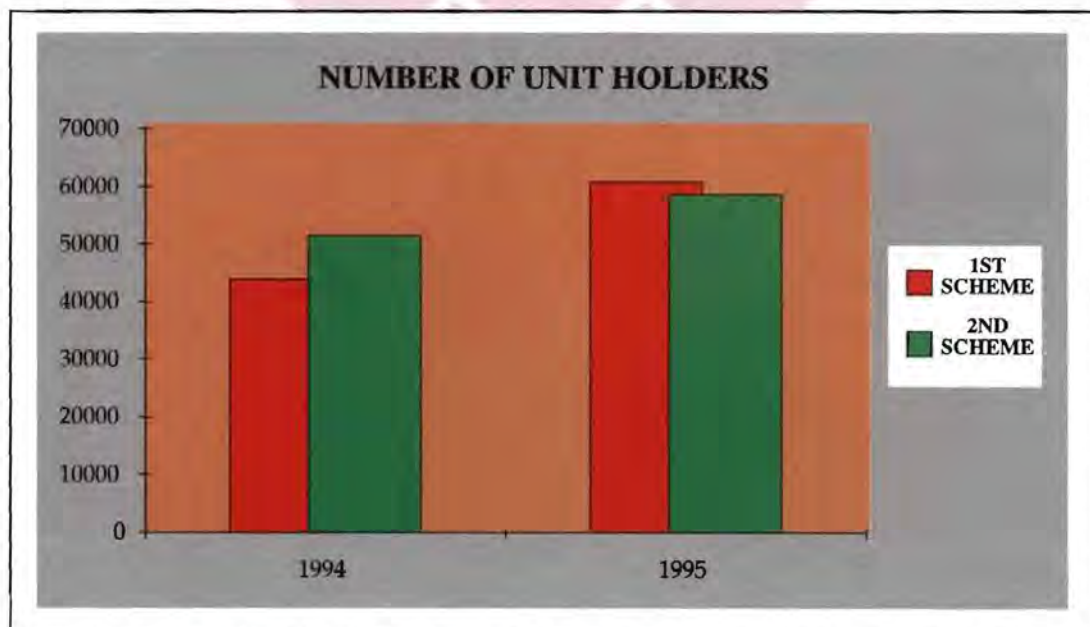
Our continued commitment to democratize the shareholding among the general population through numerous financial seminars, sponsorship of the annual Schools' Investment Game Competition and participation in conferences, contributed to an increase in the unitholders base by 24,016 or 25.2% to 119,313 during the year 1995.

The foregoing was augmented by our unwavering commitment and support for charitable, cultural, educational and sporting organizations. Based on feedback from across this nation, our image as a good corporate citizen continues to be outstanding in the marketplace.

We pride ourselves on successfully reviving the Scouting for Talent television programme, for which managerial expertise, administrative support and the first prize of \$120,000.00 worth of units were sponsored. "Scouting" was rated the top show on Saturday evenings during its 35 weeks showing.

In addition, we maintained our significant support for carnival by sponsoring several steelbands such as Arima Angel Harps, Starlift, Panatics, Belmont Fifth Dimension, Worldwide Steel Orchestra, Tropical Angel Harps, Arima Senior Comprehensive School and Diamond Vale Primary School. Further, we participated and/or part-sponsored the following events:

- Village of Felicity in the parade and celebrations to mark 150 years of Indian Arrival.
- Mayaro County Folk Sports.
- Harmony in Diversity Conference.
- LUATT Conference.
- Promotional Booth at Divali Nagar Celebration. Indian artifacts were displayed at all Branches.
- Celebrated National Day of the People's Republic of China. Chinese artifacts were displayed at all Branches .

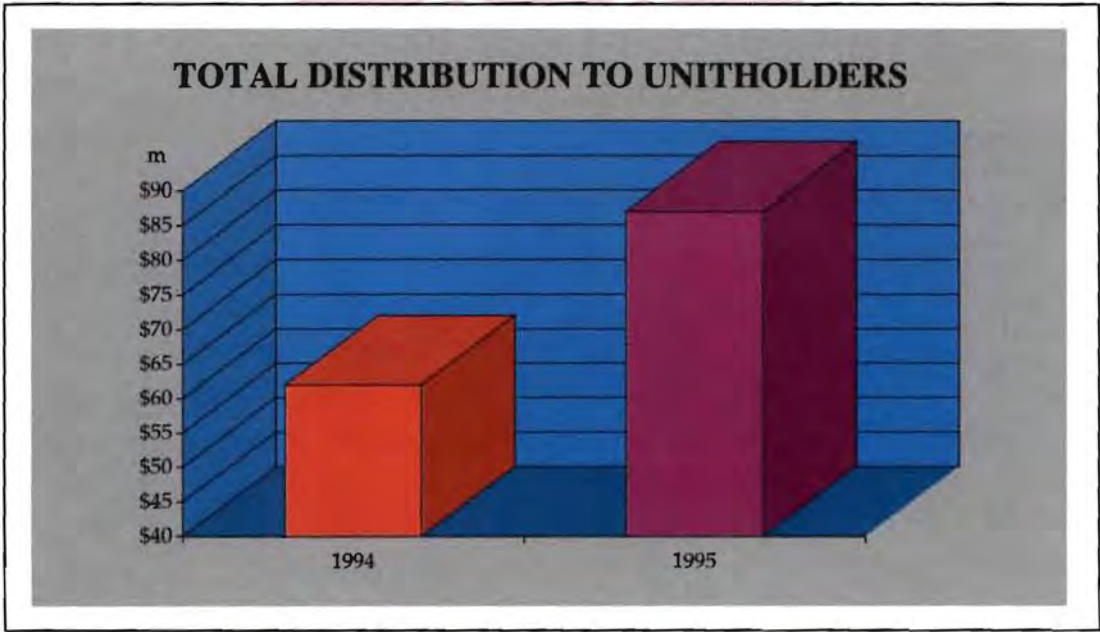
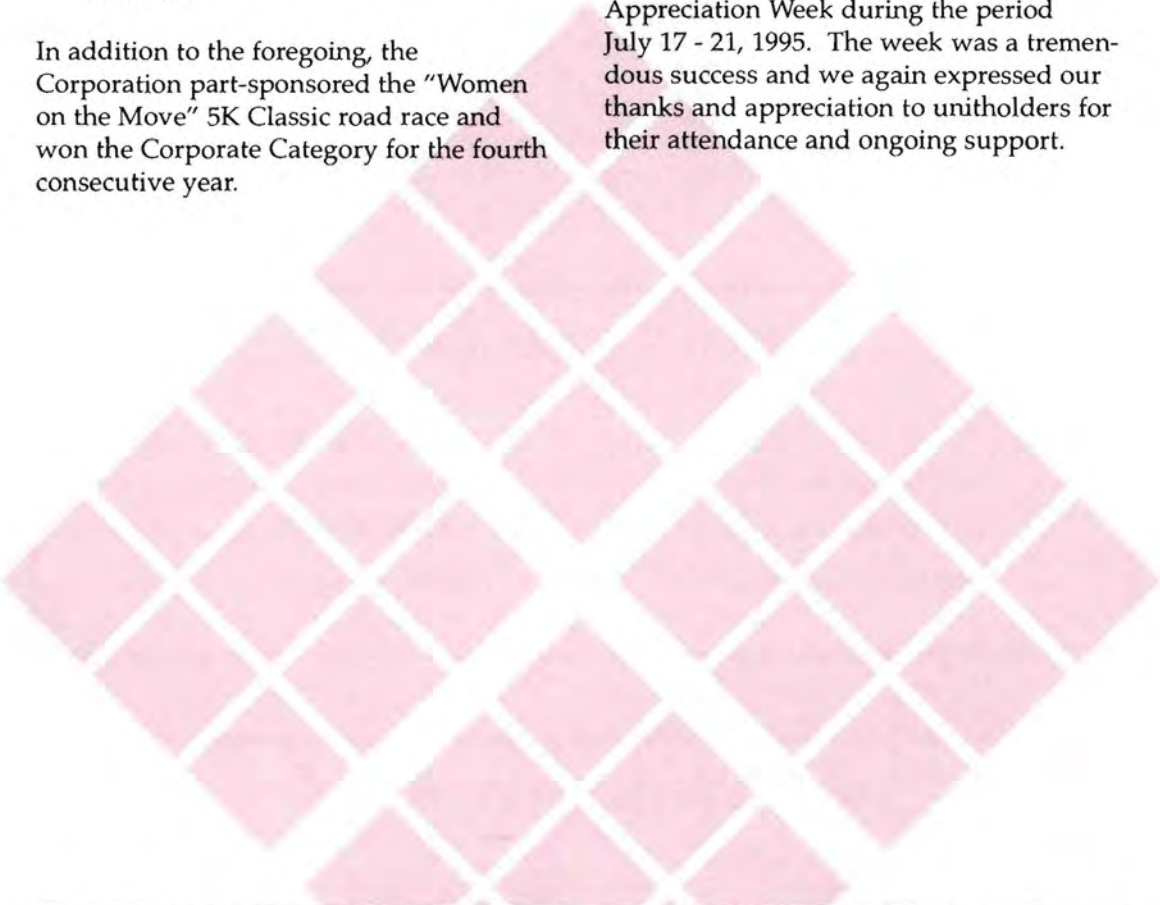


EXECUTIVE MANAGEMENT REPORT ...

- Celebrated Emancipation Day. African artifacts were displayed at all Branches.

In addition to the foregoing, the Corporation part-sponsored the "Women on the Move" 5K Classic road race and won the Corporate Category for the fourth consecutive year.

Finally and most importantly, several cultural events were held on the Brian Lara Promenade to celebrate Unitholders Appreciation Week during the period July 17 - 21, 1995. The week was a tremendous success and we again expressed our thanks and appreciation to unitholders for their attendance and ongoing support.



EXECUTIVE MANAGEMENT REPORT . . .

APPRECIATION AND THANKS

The Executive Management team expresses its thanks and appreciation for the loyal, untiring and dedicated service provided by the entire management and staff in 1995.

Special congratulations to Ms. Kathy Nelson who was adjudged Employee of the year (1994-1995), for being an exemplar.

On November 27, 1995 Long Service Awards were given to employees and directors who served the Corporation faithfully since inception.

Individuals who received awards were as follows:

OVER TEN YEARS SERVICE

Mr. Rolston Nelson

Mr. E. Henry Sealy

Mr. Sookh Mungal Supersad

Mr. Michael Alexander

Mr. Clarry Benn

Mrs. Linda Joseph

Mr. Renrick Nickie

Mrs. Lisa Ganpat

OVER SEVEN YEARS SERVICE

Mr. Oscar Edgill

Mrs. Gayle Daniel-Worrell

Mr. Winston Connell

Mr. Eugene Williams

Mr. John Smith

Mrs. Sherilan Huggins-Gormandy

Mrs. Jennifer Browne

Our sincerest appreciation to the Board of Directors for the guidance provided and to Unitholders for their continued trust and support as we continue to mount the present and prospective challenges.



Clarry Benn
Ag. Chief Executive Officer
2nd. MAY, 1996

A HISTORY OF PERFORMANCE

Volatile, dynamic, challenging..... aptly describe the environment in which the Unit Trust Corporation has sought, over the last fourteen (14) years of its existence to execute its mandate of "fostering a savings and investment consciousness among our people creating in the process, a wider shareholding democracy".

The Unit Trust Corporation of Trinidad and Tobago Act of 1981 defines the parameters within which the Corporation functions and has imposed several limitations on its operations to the extent that its ability to source and fully explore alternative lucrative investment vehicles is severely impaired.

Some of these restrictions are:-

1. An upper limit of 2% of the market value of the fund has been established with respect to the annual charge, a source of income for the Corporation.
2. The Trust may not invest more than ten (10) percent of the funds of any unit scheme in any one company nor shall the investments of all unit schemes exceed ten percent of the securities issued by any company; in addition, the Corporation is prohibited from trading in real property.
3. Not less than ninety (90) percent of income allocated in any year less interest and other expenses must be distributed in respect of that year to unitholders.
4. More recently, concessions that were hitherto granted by the State in respect of tax credit allowances for unitholders and tax free income for the Corporation have been eliminated, the latter measure effectively reducing the quantum of income available for distribution to unitholders.

As a consequence of these legislative constraints, the Corporation is therefore unable to attain the levels of income that are frequently the boast of other players in the financial sector unless, of course, some amendment is made to the existing legislation.

It is accepted that comparisons with other financial institutions which are unfettered by income-earning restrictions may not be appropriate and that suitable benchmarks for assessing the performance of the Unit Trust Corporation need to be established.

Nevertheless, the assets per employee for the Corporation is \$13.98 million, more than 4 times its closest competitor among the five local banking institutions, while Income per employee for the Corporation is an outstanding 1.3 million, more than three times its closest competitor.

The efficiency with which the resources of the Corporation are utilized need not be overstated as the above performance measures clearly demonstrate.

In spite of the imposed barriers, legislative and otherwise, the Corporation has ably demonstrated its resilience and ongoing commitment to its unitholders through the creation of productive investment vehicles.

A HISTORY OF PERFORMANCE

(continued . . .)

The following is a summary of the financial performance of the Corporation from 1982 to 1995.

SALES

After a somewhat bold initiative by investors in the Unit Trust portfolio of investments, the performance of the Corporation in its early years was marked by declining sales in the First Unit Scheme or Growth and Income Fund. From an initial investment of \$36 million in 1982, sales fell to \$3 million in 1983 and decreased further by 92% to \$1.4 million in 1984.

However, the ten-year period 1985 to 1995 saw a general upward trend in sales ranging from \$4 million in 1985 to over \$1 billion in 1995. The dramatic turnabout may be attributed largely to the dynamic management and introduction of the Second Unit Scheme and other innovative investment products.

Sales increases have been impressive: from 32% to over 400% increase, the most dramatic, 454%, occurring during the period 1989 to 1990, when the Money Market Fund, our Second Unit Scheme was launched.

The Second Unit Scheme or Money Market Fund has consistently demonstrated superior product quality vis a vis comparable instruments in the banking sector.

FUND UNDER MANAGEMENT

The size of the funds under management of the Corporation closely followed the pattern of sales with declines of 41%, 16% and 1% during the years 1982-1983, 1983-1984 and 1984-1985 respectively. However, this trend was reversed from 1986 through 1995 with increases varying between 15% and 156%.

INCOME

Income earned by the Corporation increased from \$4.33 million in 1983 with a decline of 42% or \$1.84 million between 1983 and 1984, and then steadily increased from \$2.6 million in 1985 to \$121.7 million in 1995.

DISTRIBUTION

Unitholders enjoyed satisfactory returns on their investment as distributions ranged from \$2.6 million in 1983 to \$87.13 million in 1995. During the periods 1983 to 1984 and 1984 to 1985, dividends paid out to investors fell by 21% (from \$2.62 million to \$2.07 million) and 5% (\$2.07 million to \$1.97 million) respectively. Percentage increases of successive years varied between 21% (1985-1986) and 136% (1989-1990).

NUMBER OF UNITHOLDERS

The unitholding population has grown significantly from 8,000 in 1982 to over 119,000 in 1995. Increases have been steady and modest with some decline during the years 1983 and 1984. The most outstanding rate of expansion occurred in 1990, from 20,020 in 1989 to 37,776 in 1990 - an increment of 89%!



FINANCIAL HIGHLIGHTS

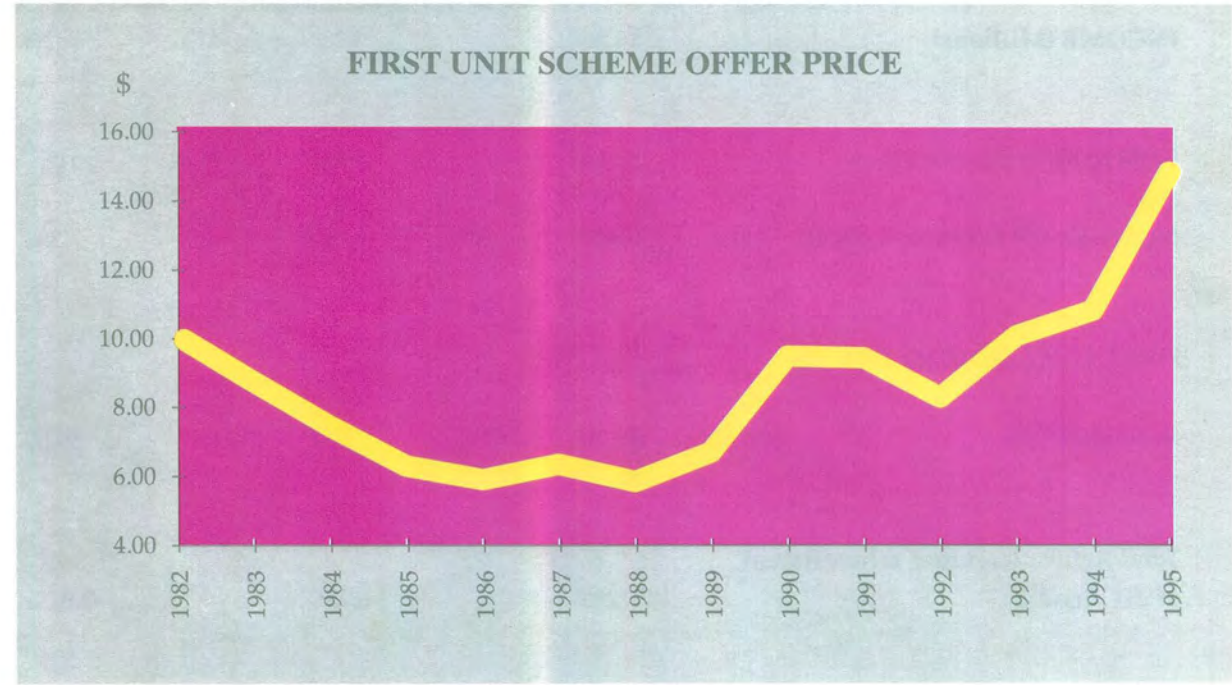
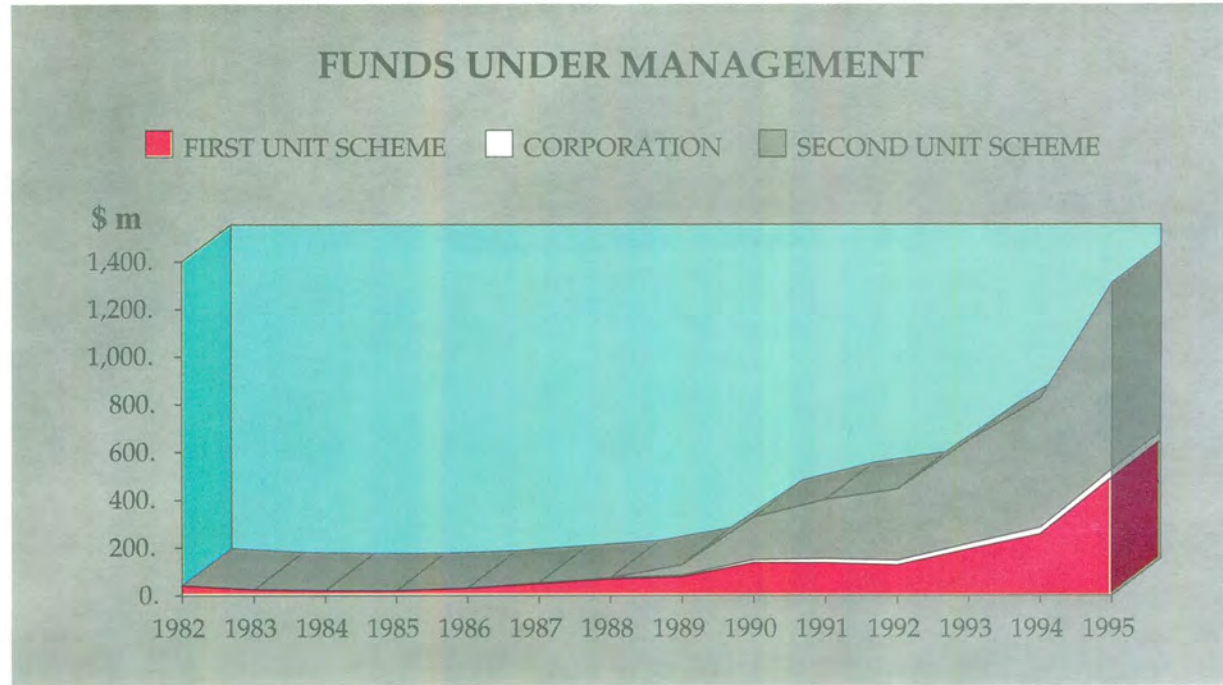
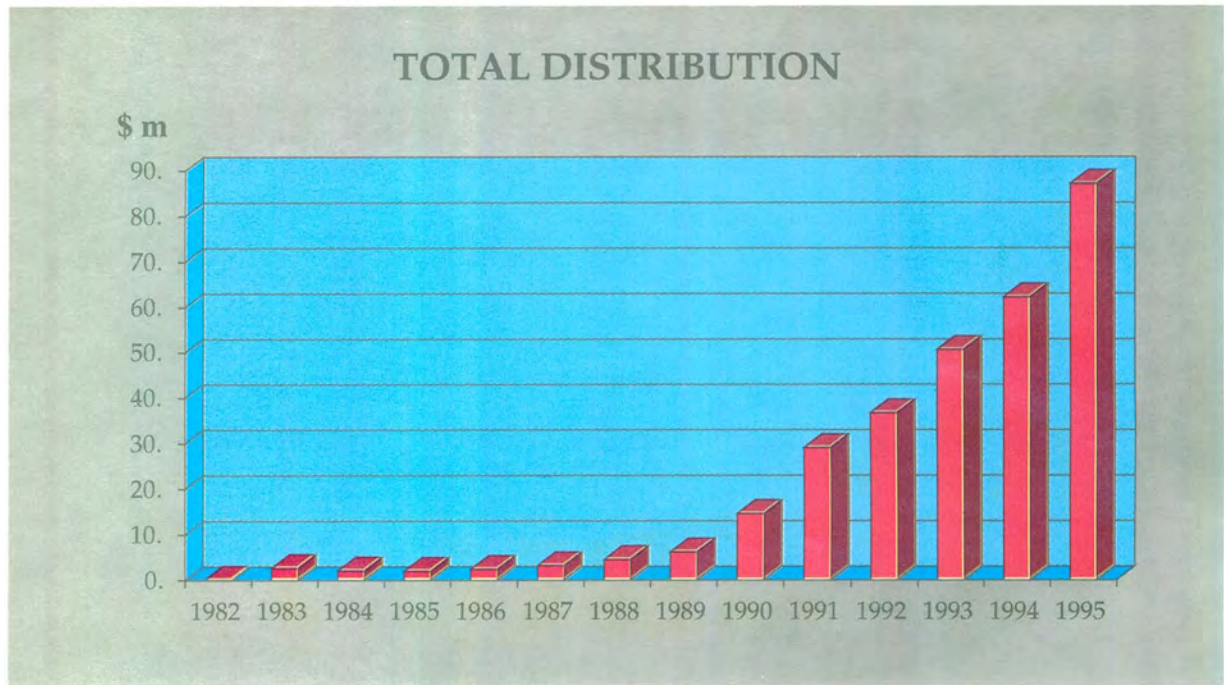
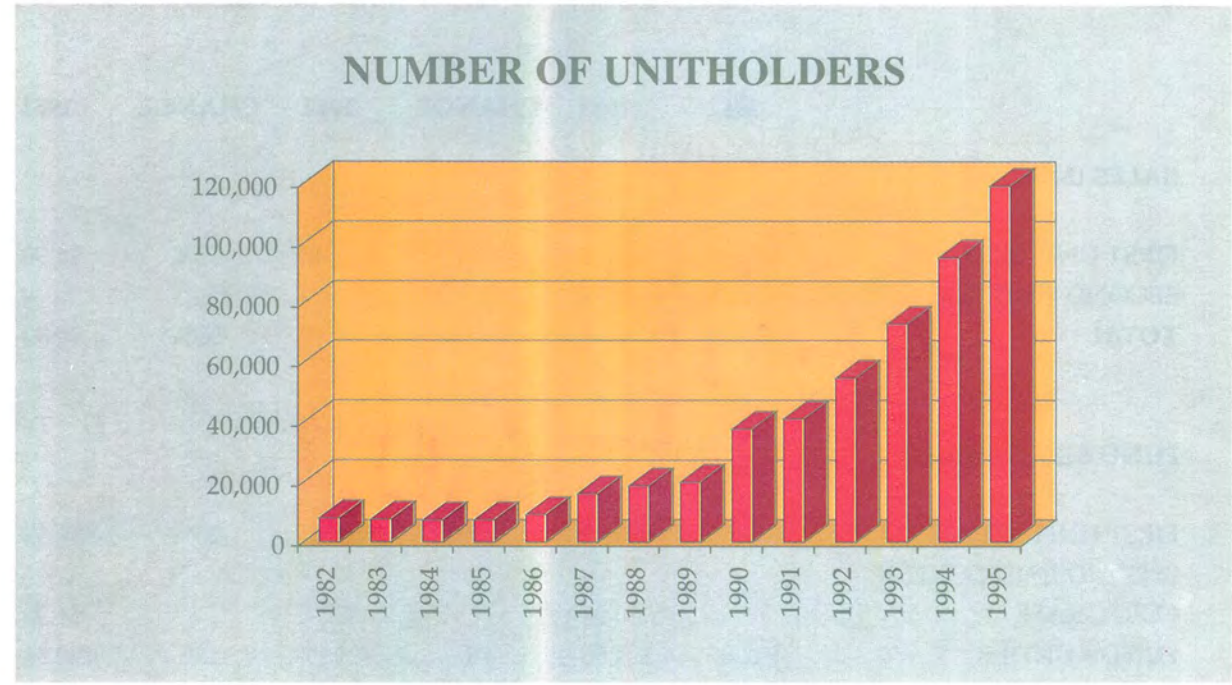
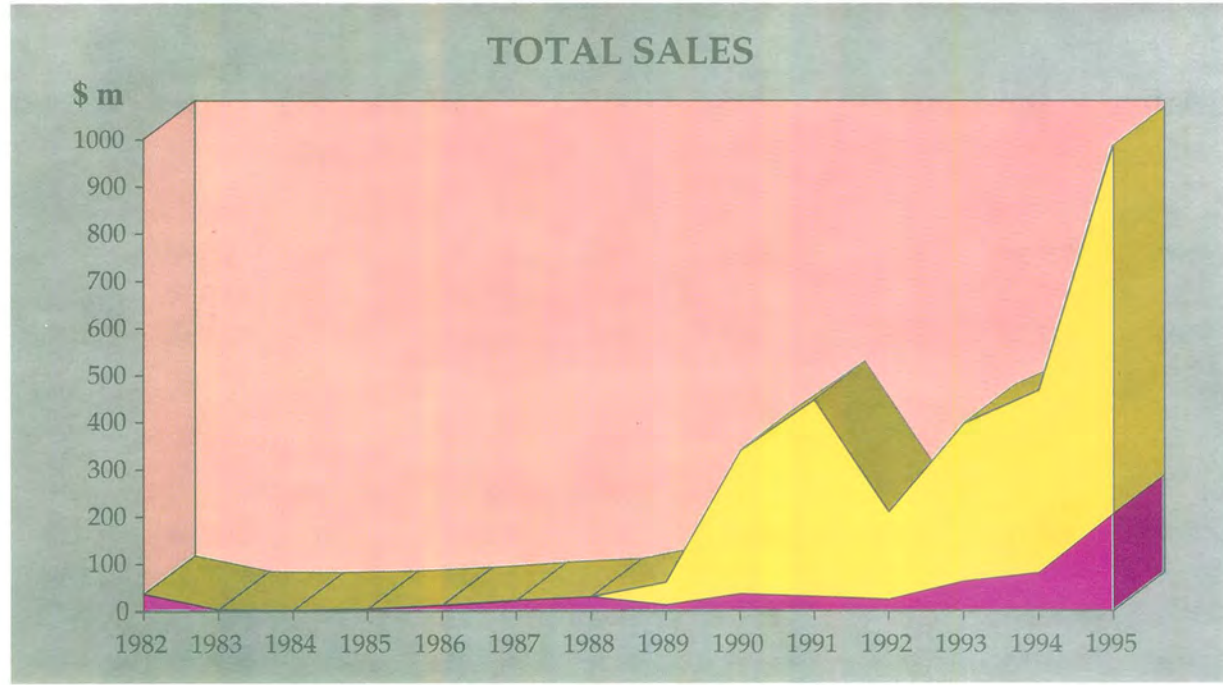
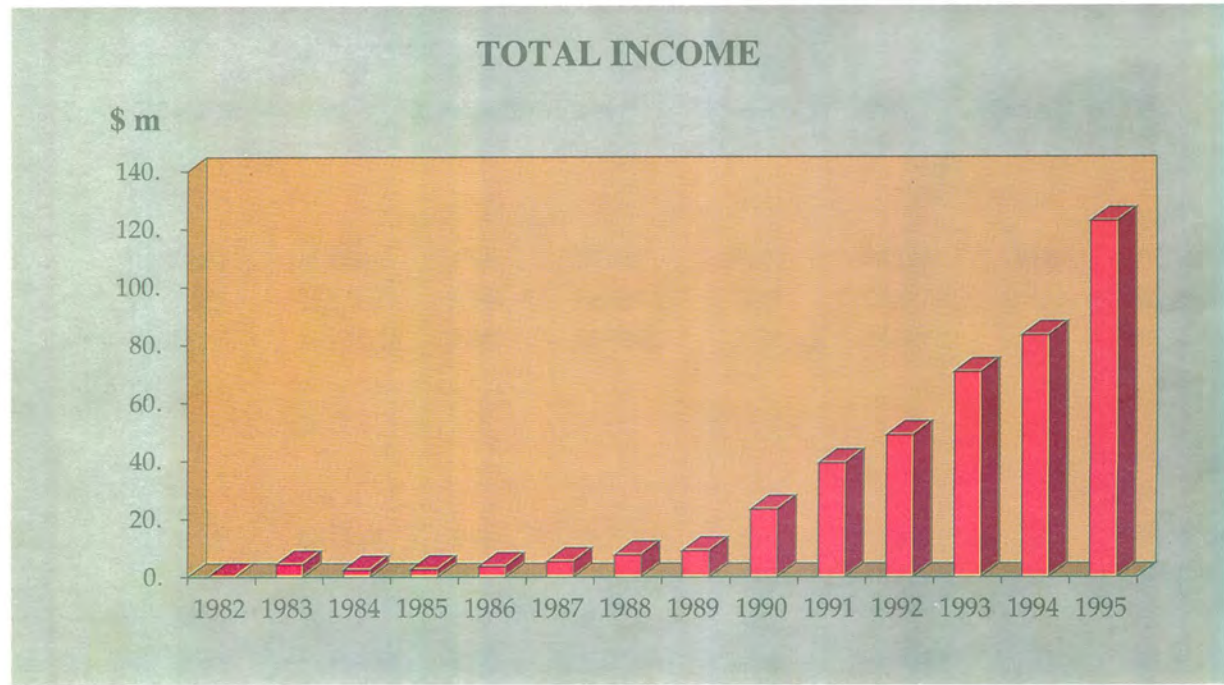
	1982	1983	CHANGE	1984	CHANGE	1985	CHANGE	1986	CHANGE	1987	CHANGE	1988	CHANGE	1989	CHANGE	1990	CHANGE	1991	CHANGE	1992	CHANGE	1993	CHANGE	1994	CHANGE	1995	CHANGE
SALES (Millions)																											
FIRST UNIT SCHEME	\$35.99	\$3.00	-92%	\$1.40	-53%	\$4.00	186%	\$12.40	210%	\$22.70	83%	\$30.20	33%	\$12.90	-57%	\$36.50	183%	\$30.90	-15%	\$24.50	-21%	\$62.80	156%	\$81.50	30%	\$203.76	150%
SECOND UNIT SCHEME	-	-		-		-		-		-		-		\$48.40	-	\$303.10	526%	\$415.80	37%	\$185.20	-55%	\$333.70	80%	\$385.60	16%	\$811.15	110%
TOTAL	\$35.99	\$3.00	-92%	\$1.40	-53%	\$4.00	186%	\$12.40	210%	\$22.70	83%	\$30.20	33%	\$61.30	103%	\$339.60	454%	\$446.70	32%	\$209.70	-53%	\$396.50	89%	\$467.10	18%	\$1,014.91	117%
FUND SIZE (Millions)																											
FIRST UNIT SCHEME	\$42.05	\$24.92	-41%	\$20.03	-20%	\$19.54	-2%	\$29.13	49%	\$49.76	71%	\$68.41	37%	\$78.42	15%	\$137.14	75%	\$135.89	-1%	\$127.42	-6%	\$194.17	52%	\$257.58	33%	\$493.48	92%
SECOND UNIT SCHEME	-	-		-		-		-		-		-		\$42.24		\$177.12	319%	\$247.01	39%	\$297.64	20%	\$431.51	45%	\$541.57	26%	\$781.04	44%
CORPORATE		\$0.04		\$0.94		\$1.30	38%	\$1.75	35%	\$3.68	110%	\$5.91	61%	\$6.72	14%	\$12.38	84%	\$18.87	52%	\$20.05	6%	\$23.71	18%	\$27.36	15%	\$34.76	27%
FUNDS UNDER MANAGEMENT	\$42.05	\$24.96	-41%	\$20.97	-16%	\$20.84	-1%	\$30.88	48%	\$53.44	73%	\$74.32	39%	\$127.38	71%	\$326.64	156%	\$401.77	23%	\$445.11	11%	\$649.39	46%	\$826.51	27%	\$1309.28	58%
INCOME (Millions)	*	\$4.33		\$2.49	-42%	\$2.66	7%	\$3.67	38%	\$5.33	45%	\$7.67	44%	\$9.08	18%	\$23.39	158%	\$39.31	68%	\$48.86	24%	\$70.54	44%	\$83.31	18%	\$121.76	46%
DISTRIBUTION (Millions)	*	\$2.62		\$2.07	-21%	\$1.97	-5%	\$2.38	21%	\$3.19	34%	\$4.50	41%	\$6.20	38%	\$14.62	136%	\$29.08	99%	\$36.74	26%	\$50.72	38%	\$62.21	23%	\$87.13	40%
NUMBER OF UNITHOLDERS	8,000	7,607	-5%	7,339	-4%	7,381	1%	9,209	25%	16,146	75%	18,770	16%	20,020	7%	37,776	89%	41,242	9%	54,871	33%	73,058	33%	95,297	30%	119,313	25%
FIRST UNIT SCHEME PRICES																											
December 31st	\$10.10	\$8.75	-13%	\$7.45	-15%	\$6.30	-15%	\$5.90	-6%	\$6.35	8%	\$5.85	-8%	\$6.70	15%	\$9.50	42%	\$9.55	1%	\$8.30	-13%	\$10.10	22%	\$10.85	7%	\$14.85	37%
Total Return (assumes reinvestment of dividends)		-7.12%		-6.27%		-2.81%		-0.42%		16.55%		-1.22%		23.96%		51.26%		5.33%		-6.05%		32.60%		12.90%		43.67%	

* The First Unit Scheme commenced on 29th November 1982, and its first Distribution was declared on 31st July 1983

- The Second Unit Scheme commenced on 1st September 1989



FINANCIAL HIGHLIGHTS



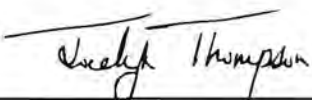
AUDITOR GENERAL'S
REPORT
AND THE CORPORATION'S
FINANCIAL STATEMENTS
1 · 9 · 9 · 5



**REPORT OF THE AUDITOR GENERAL OF
THE REPUBLIC OF TRINIDAD & TOBAGO**
Unit Trust Corporation of Trinidad & Tobago
FOR THE YEAR ENDED 31st DECEMBER, 1995

The accompanying financial statements of the Trinidad and Tobago Unit Trust Corporation for the year ended 31st December, 1995 have been examined in accordance with the provisions of Section 30 (1) of the Unit Trust Corporation of Trinidad and Tobago Act, 1981. The examination was conducted in accordance with accepted Auditing Standards. All the information and explanations requested were received.

The Statements and Notes on page twenty-six (26) to forty (40) are in agreement with the books of the Corporation 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 fair view of the state of affairs of the Corporation at 31st December, 1995 and of the results of its activities for the year then ended.



Jocelyn Thompson
AUDITOR GENERAL



29th April, 1996

BALANCE SHEET AS AT DECEMBER 31, 1995

	NOTES	1995 <u>\$'000</u>	1994 <u>\$'000</u>
ASSETS			
Investment Funds			
First Unit Scheme	1,20	493,482	257,578
Second Unit Scheme	1,21	781,043	541,575
		1,274,525	799,153
Investment	18	6,575	5,008
Cash and Short term Funds		6,587	8,489
Receivables	11	19,692	17,273
Fixed Assets	23	8,376	5,734
TOTAL ASSETS		<u><u>\$1,315,755</u></u>	<u><u>\$835,657</u></u>
<u>LIABILITIES</u>			
Accounts Payable	12	2,347	3,960
<u>CAPITAL RESERVES</u>			
Initial Capital	5	4,898	4,898
Unit Capital - First Unit Scheme	6	485,998	253,172
Unit Capital - Second Unit Scheme	6	781,043	541,575
Guarantee Reserve	7	3,749	3,224
Children's Investment Starter Plan (CISP) Reserve	8	39	40
Second Unit Scheme Reserve	9	1,874	1,428
Capital Reserve	10	1,047	-
Retained Income		34,760	27,360
TOTAL LIABILITIES, CAPITAL AND RESERVES		<u><u>\$1,315,755</u></u>	<u><u>\$835,657</u></u>

R.F. Nelson

CHAIRMAN



Q.H. Meade

EXECUTIVE DIRECTOR

The attached notes form an integral part of these Financial Statements.

**INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1995**

	NOTES	1995 <u>\$'000</u>	1994 <u>\$'000</u>
INCOME			
Investment Income -			
First Unit Scheme	3	31,757	18,294
Second Unit Scheme Corporation	3	78,097	59,521
Initial Charge	14	6,733	2,366
Other Income	13	718	830
Undistributed Income at start of year		29	113
Total Income		<u>121,756</u>	<u>83,314</u>
EXPENSES			
Distribution	4	87,128	62,213
Commission	17	2,795	1,649
Administrative	16	21,575	14,728
Depreciation	23	858	698
Total Expenses		<u>112,356</u>	<u>79,288</u>
Net Income		9,400	4,026
Transfer to Reserves		855	352
Undistributed Income at end of year		1,145	29
RETAINED INCOME FOR THE YEAR		<u>7,400</u>	<u>3,645</u>
RETAINED INCOME AS AT 1ST JANUARY		27,360	23,715
RETAINED INCOME AS AT 31ST DECEMBER		<u>34,760</u>	<u>27,360</u>

The attached notes form an integral part of these Financial Statements.

**INCOME & EXPENDITURE ACCOUNT OF
THE MANAGEMENT OPERATION
FOR THE YEAR ENDED DECEMBER 31, 1995**

	NOTES	1995 <u>\$'000</u>	1994 <u>\$'000</u>
INCOME			
Initial Charge	14	6,733	2,366
Management Charge	15	18,693	13,379
Investment		4,422	2,190
Loan Interest		727	830
Other	13	718	830
Total Income		<u><u>31,293</u></u>	<u><u>19,595</u></u>
 EXPENSES			
Commission	17	1,460	524
Administrative	16	21,575	14,728
Depreciation	23	858	698
Total Expenses		<u><u>23,893</u></u>	<u><u>15,950</u></u>
Net Income of the Corporation		7,400	3,645
Retained Income as at 01st January		27,360	23,715
 RETAINED INCOME		 <u><u>34,760</u></u>	 <u><u>27,360</u></u>

The attached notes form an integral part of these Financial Statements.

**FIRST UNIT SCHEME BALANCE SHEET
AS AT DECEMBER 31, 1995**

	NOTES	1995 <u>\$'000</u>	1994 <u>\$'000</u>
ASSETS			
Investments	20	493,482	257,578
Cash		4,813	1,595
Short Term Investments		2,900	4,500
Income Receivable		5,988	2,333
DIA Receivable	3	7,965	7,672
Other Receivables		29	62
Total Assets		<u>515,177</u>	<u>273,740</u>
LIABILITIES			
Distribution Payable		13,011	7,531
Amounts Due Corporation		7,474	8,602
Miscellaneous Payable		65	-
		<u>20,550</u>	<u>16,133</u>
RESERVES			
Undistributed Income		1,145	29
Total Liabilities and Reserves		<u>21,695</u>	<u>16,162</u>
NET ASSETS		<u>493,482</u>	<u>257,578</u>
CAPITAL ACCOUNT			
UNREALIZED CAPITAL APPRECIATION	22	332,020	200,971
		161,462	56,607
		<u>493,482</u>	<u>257,578</u>

The attached notes form an integral part of these Financial Statements.

**FIRST UNIT SCHEME
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1995**

	NOTES	1995 <u>\$'000</u>	1994 <u>\$'000</u>
INVESTMENT INCOME			
Dividends			
(Including Dividend	3	13,875	8,554
Income Allowance 5,310,023.71			
1994 - 2,654,881.06)			
Interest	3	17,882	9,740
Total Investment Income		<u>31,757</u>	<u>18,294</u>
EXPENSES			
Management Charge	15	8,155	4,731
Interest		-	191
Total Expenses		<u>8,155</u>	<u>4,922</u>
NET INVESTMENT INCOME		<u><u>23,602</u></u>	<u><u>13,372</u></u>

The attached notes form an integral part of these Financial Statements.

**FIRST UNIT SCHEME
INCOME DISTRIBUTION ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1995**

	NOTES	1995 <u>\$'000</u>	1994 <u>\$'000</u>
NET INVESTMENT INCOME		23,602	13,372
LESS: Distribution to Initial Contributors 51c per unit (1994 - 40c per unit)	4	250	204
Distribution to Unitholders 68c per unit (1994 - 55c per unit)	4	<u>22,036</u> 1,316	<u>13,052</u> 116
ADD : Undistributed Income brought forward		<u>29</u> 1,345	<u>113</u> 229
LESS: Allocation to Guarantee Reserve Fund	7	200	200
Undistributed Income at 31st, December		<u><u>1,145</u></u>	<u><u>29</u></u>

The attached notes form an integral part of these Financial Statements.

**SECOND UNIT SCHEME BALANCE SHEET
AS AT DECEMBER 31, 1995**

	NOTES	1995 <u>\$'000</u>	1994 <u>\$'000</u>
ASSETS			
Investments	21	781,043	541,575
Interest Receivable		13,616	10,738
Cash		2,820	1,929
Total Assets		<u>797,479</u>	<u>554,242</u>
LIABILITIES AND RESERVES			
Amount Due Corporation		10,083	5,705
Accruals for Distribution	4	3,719	3,824
Other Liabilities		1,139	1,050
		<u>14,941</u>	<u>10,579</u>
Reserves		1,495	2,088
Total Liabilities and Reserves		<u>16,436</u>	<u>12,667</u>
NET ASSETS		<u>781,043</u>	<u>541,575</u>
Capital Account		<u>781,043</u>	<u>541,575</u>

The attached notes form an integral part of these Financial Statements.

**SECOND UNIT SCHEME
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1995**

	NOTES	1995 <u>\$'000</u>	1994 <u>\$'000</u>
INVESTMENT INCOME			
Interest	3	77,750	59,521
Other		347	-
TOTAL INVESTMENT INCOME		<u>78,097</u>	<u>59,521</u>
EXPENSES			
Management Charge	15	10,538	8,648
Interest		727	639
Commission	17	1,335	1,125
Total Expenses		<u>12,600</u>	<u>10,412</u>
NET INVESTMENT INCOME		<u><u>65,497</u></u>	<u><u>49,109</u></u>

The attached notes form an integral part of these Financial Statements.

**SECOND UNIT SCHEME
INCOME DISTRIBUTION ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1995**

	NOTES	1995 <u>\$'000</u>	1994 <u>\$'000</u>
NET INVESTMENT INCOME		65,497	49,109
DISTRIBUTION PAYMENTS:			
Distributions Paid	4	57,013	45,134
Tax	4	4,110	-
Accruals for Distribution	4	3,719	3,823
TOTAL		<u>64,842</u>	<u>48,957</u>
Transfer to Reserves		655	152
		<u>65,497</u>	<u>49,109</u>

The attached notes form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1995

1. Incorporation and Principal Activities

The Trinidad and Tobago Unit Trust Corporation was established by the Unit Trust Corporation of Trinidad and Tobago Act Chapter 83:03 ("the Act") 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, in money and capital markets.

In accordance with section 13 of the Act, the Corporation has established two unit schemes. The First Unit Scheme is a Growth and Income Fund and the Second Unit Scheme is a Money Market Fund.

2. Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are stated below:

Basis of Preparation

These financial statements have been prepared under the historical cost convention except as modified in respect of security valuation. The accounting policies in all material respects conform with International Accounting Standards adopted by the Institute of Chartered Accountants of Trinidad and Tobago. All material income and expenditure items are accounted for on an accrual basis.

Security Valuation

FIRST UNIT SCHEME

In keeping with the convention in the Unit Trust Industry, traded securities are valued by the Corporation on the offer price on the last trading day. Unlisted Bonds are valued at par.

SECOND UNIT SCHEME

The portfolio of the Second Unit Scheme is shown at acquisition cost.

Fixed Asset

Fixed assets are stated at lower of cost or market value. Depreciation is provided for on the reducing balance basis at rates estimated to write off the value of the assets over their useful lives. The rates used are as follows:

Building	2%
Motor Vehicles.....	25%
Equipment	20-25%
Furniture & Fixtures	15-20%

Leasehold Improvements are written off over the period of the lease.

Presentation

(i) Format

The titles of some of the reports presented in these accounts have been revised, but this has not affected the substance of the information presented.

(ii) Comparative Figures

Certain changes in presentation have been made during the year and the comparative figures have been restated accordingly. These changes have no effect on the net profit of the previous year.

Foreign Currencies

Assets and liabilities in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling on December 31, 1995. Resulting translation differences and profits and losses from other transactions are dealt with in the income statement.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
FOR THE YEAR ENDED DECEMBER 31, 1995

3. Taxation

The Corporation is exempted from Corporation Tax. For the period in review the Corporation was also exempted from Income Taxes and, in accordance with Acts Nos. 4 and 6 of 1984 was eligible to receive the Dividend Income Allowance on dividends received by the Corporation.

The Corporation by virtue of the Provisional Collection of Taxes Order, 1996 is now subject to a 15% tax on interest income payable to the Corporation. The income reported takes into account the taxes due on interest income earned for the period but which are to be received after January 11, 1996, the effective date of implementation.

The effect of this Order on the income of the two (2) unit schemes is detailed below:

	FUS \$'000	SUS \$'000
Income Earned	18,222	78,662
15% Tax	340	912
Income Reported	<u>17,882</u>	<u>77,750</u>
4 Distributions	1995	1994
	\$'000	\$'000
FUS		
FUS Unitholders	22,036	13,052
Initial Contributors	250	204
	<u>22,286</u>	<u>13,256</u>
SUS		
Distributions Paid	61,123	45,134
Accruals for Distribution	3,719	3,823
	<u>64,842</u>	<u>48,957</u>

The Corporation declared its twenty-fifth (25th) and twenty-sixth (26th) distributions in respect of the First Unit Scheme for the year 1995 totalling \$22,036,109. The distribution to registered unitholders as at June 30, 1995 amounted to \$9,492,448 and as at December 31, 1995 amounted to \$12,543,661. The total distribution to initial capital contributors for the year amounted to \$249,799.

Distributions in the Second Unit Scheme are made quarterly. Four (4) payments were made in 1995 and total distribution paid for the period January - November 1995 totalled \$61,122,606, which includes withholding tax of \$4,109,514. Accrued income as at December 31, 1995 for distribution in the quarter ended February 29, 1996 amounted to \$3,719,483.

5. Initial Capital

Initial Capital is capital subscribed by the initial capital contributors to the Unit Trust Corporation in accordance with Section 17 of the Act.

6. Unit Capital

Unit Capital represents the capital value of units within the two schemes issued by the Corporation. In respect of the First Unit Scheme, this excludes units in respect of the Initial Capital.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
FOR THE YEAR ENDED DECEMBER 31, 1995

7. Guarantee Reserve

In accordance with the provision of Section 26 (1) and (2) of the Act, 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 an allocation out of the Investment Income of the Scheme.

8. Children's Investment Starter Plan (CISP) Reserve

In accordance with the provisions of Section 26 (1) and (2) of the Act, 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 29, 1985.

The fund has been utilized to write off all expenses incurred by the Corporation in the execution of the plan.

9. Second Unit Scheme Reserve

The Board, in accordance with the provision of Paragraph 13 of the Second Unit Scheme Regulations issued under the Act, has established a reserve to satisfy any shortfall likely to be created through the liquidation of securities in the portfolio of the Scheme.

10. Capital Reserves

The unrealized Capital Appreciation from the investment in the Chaconia Income and Growth Fund has been taken to a Capital Reserve Account.

11. Receivables	1995 \$'000	1994 \$'000
These include amounts due to the Corporation from both Unit Schemes.	19,692	17,273
12. Accounts Payable	1995 \$'000	1994 \$'000
This comprises mainly liabilities for Administrative and Commission Expenditure and amounts due to the Unit Schemes from the Corporation at the year end.	2,347	3,960
13. Other Income	1995 \$'000	1994 \$'000
Chaconia Fees	713	462
Miscellaneous	5	368
	718	830

14. Initial Charge

The Corporation earns an Initial Charge of five percent (5%) from the sale of newly created units in the First Unit Scheme.

15. Management Charge

The Corporation in accordance with the regulations governing the First and Second Unit Schemes may charge a management fee of up to two per cent (2%) on the value of the funds held in each scheme. For 1995 the Board applied an average charge of 1.94% (1994 - 2%) to the First Unit Scheme and an average charge of 1.56% (1994 - 1.83%) to the Second Unit Scheme.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
FOR THE YEAR ENDED DECEMBER 31, 1995

16. Administrative Expenses	1995 \$'000 <u>21,575</u>	1994 \$'000 <u>14,728</u>
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These expenses include the following:

1. Directors' fees	126	143
2. Auditors' remuneration	131	127

17. Commissions	1995 \$'000 <u>2,795</u>	1994 \$'000 <u>1,649</u>
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Commission charges in respect to sales of units in the First Unit Scheme are met by the Initial Charge whilst Commission Charges in respect of sales of units in the Second Unit Scheme are charged against the income of that Scheme.

18. Investments	1995 \$'000 <u>6,575</u>	1994 \$'000 <u>5,008</u>
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This amount includes \$6.475 million in respect of the value of the Trinidad and Tobago Unit Trust Corporation investment in the Chaconia Income and Growth Fund Inc. This fund, sponsored by the Trinidad and Tobago Unit Trust Corporation is incorporated in the State of Maryland, United States of America and registered as an open-ended, non-diversified no load management investment company under the Investment Company Act of 1940.

19. Commitment

The Corporation has agreed to participate in the Government Project Financing Facility to the extent of \$19.36 million. As at December 31, 1995 disbursements amounting to \$8,628,230.75 had been made.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED DECEMBER 31, 1995

20. INVESTMENT PORTFOLIO

FIRST UNIT SCHEME

SECURITY	SHAREHOLDING (STOCK UNITS)	CURRENT VALUE (\$)
BANKS		
•Bank of Commerce Trinidad & Tobago Limited	1,528,897	10,656,412
•Bank of Nova Scotia Trinidad & Tobago Limited	2,424,285	27,030,778
•Republic Bank Limited	3,833,302	58,687,854
•Royal Bank of Trinidad & Tobago Limited	3,709,882	39,547,342
MANUFACTURING		
•Angostura Holdings Limited	2,085,060	9,278,517
•Berger Paints Trinidad Limited	133,333	126,666
•Lever Brothers West Indies Limited	1,107,433	5,382,124
•West Indian Tobacco Company Limited	1,311,475	9,836,063
•Trinidad Cement Limited	7,369,322	37,141,383
•National Flour Mills	601,000	1,472,450
CONGLOMERATES		
•Ansa Mc Al	1,575,298	6,695,017
•Neal & Massy Holdings Limited	2,347,968	5,752,522
INSURANCE		
•American Life and General Insurance Company Limited	462,416	1,294,765
PROPERTY		
•PLIPDECO	629,000	1,893,290
TRANSPORTATION		
•B.W.I.A.	2,000,000	13,660,000
OTHER		
•Jamaica Unit Trust	10,354,938	3,313,580
TOTAL EQUITY		231,768,763
TOTAL DEBT SECURITIES		125,734,885
		<hr style="width: 100%;"/>
CASH AND SHORT TERM INVESTMENTS		135,977,884
TOTAL VALUE OF PORTFOLIO		493,481,532

21. INVESTMENT PORTFOLIO

SECOND UNIT SCHEME

SECURITIES	VALUE (\$)
Government Securities	158,121,637
Government Guaranteed Securities	65,598,164
Corporate Securities	65,478,953
Cash and Short Term Investments	491,844,593
TOTAL	781,043,347

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
FOR THE YEAR ENDED DECEMBER 31, 1995

22. Unrealized Capital Appreciation

This represents the net unrealized gain on the valuation of the Investment Portfolio at the year-end, net of all realized gains and losses on disposal of securities.

23. Fixed Assets	1995	1994
	(\$)	(\$)
COST/MARKET VALUE		
Equipment	1,864,303	1,630,575
Furniture & Fixtures	994,805	838,533
Motor Vehicles	1,014,430	803,513
Leasehold Land	2,469,106	2,000,000
Leasehold Improvements	1,777,324	1,964,099
Freehold Land	600,000	-
Freehold Building	1,905,930	-
	<u>10,625,898</u>	<u>7,236,720</u>
ACCUMULATED DEPRECIATION		
Equipment	846,677	612,866
Furniture & Fixtures	282,560	176,566
Motor Vehicles	518,728	367,616
Leasehold Improvements	587,680	345,815
Freehold Building	13,874	-
	<u>2,249,519</u>	<u>1,502,863</u>
NET BOOK VALUE		
Equipment	1,017,626	1,017,709
Furniture & Fixtures	712,246	661,967
Motor Vehicles	495,702	435,897
Leasehold Land	2,469,106	2,000,000
Leasehold Improvements	1,189,643	1,618,284
Freehold Land	600,000	-
Freehold Building	1,892,056	-
	<u>8,376,379</u>	<u>5,733,857</u>

The amount shown as Leasehold Land reflects the Corporation's interest in a ninety-nine (99) year lease granted by the Government of Trinidad and Tobago to the Unit Trust Corporation for land situated at the Corner of Richmond Street and Independence Square, Port of Spain for the construction of its headquarters building.

During the year the Corporation acquired freehold land and building at High Street, San Fernando.

24. PENSION PLAN

The Corporation operates a contributory defined benefit pension plan for its employees. The plan is self administered under the terms of a trust deed dated 5th February, 1993 and valuations are to be done every three years by independent actuaries. The actuarial valuation report as at January 1, 1995 revealed that the fund is adequate to provide its promised benefits.

25. SUBSEQUENT EVENT

By virtue of Section 8 (c) of the Provisional Collection of Taxes Order, 1996, which imposed a 15% tax on interest received by the Corporation after January 11, 1996, the Corporation has a liability in respect of the Second Unit Scheme of \$794,310.

Contributors To The Initial Capital

The following institutions contributed
to the Initial Capital of the Unit Trust Corporation:

- (i) Central Bank of Trinidad & Tobago
- (ii) The National Insurance Board
- (iii) **COMMERCIAL BANKS**
 - Bank of Commerce Trinidad & Tobago Ltd.
 - Bank of Nova Scotia Trinidad & Tobago Ltd.
 - First Citizens Bank Ltd.
 - Republic Bank Ltd.
 - The Royal Bank of Trinidad & Tobago Ltd.
 - Citibank (Trinidad & Tobago) Ltd.

NON-BANK FINANCIAL INSTITUTIONS

Amalgamated Finance Company Ltd.
Bank of Commerce Trust Company (Trinidad & Tobago) Ltd.
Bank of Nova Scotia Trust Company Trinidad & Tobago Ltd.
Caribbean Finance Company Ltd.
Clico Investment Bank
First Citizens Mortgage & Trust
(merger of N.C.B. Trust Company and Trinidad Co-operative Bank Trust)
First Citizens Merchant Bank Limited
(formally Trinfinance Ltd.)
General Finance Corporation Ltd.
Republic Finance & Merchant Bank Ltd. (FINCOR)
Royal Bank Trust Company (Trinidad) Ltd.
The Royal Merchant Bank and Finance Company Ltd.

LIFE INSURANCE COMPANIES

American Life and General Insurance Company (Trinidad) Ltd.
Barbados Mutual Life Assurance Society
British-American Insurance Company (Trinidad) Ltd.
Caribbean Atlantic Life Insurance Co. Trinidad & Tobago Ltd.
(operations managed by GUARDIAN LIFE OF THE C'BEAN LTD.)
Colonial Life Insurance Company (Trinidad) Ltd.
Crown Life (Caribbean) Ltd.
(wholly-owned subsidiary of Guardian Life)
Cuna Caribbean Insurance Society
Demerara Life Assurance Company
Goodwill General Insurance Company Ltd.
(wholly-owned subsidiary of Demerara Life Assurance Co.)
GTM Life Insurance Company of Trinidad & Tobago Ltd.
Guardian Life of the Caribbean Ltd.
Life of Barbados Ltd.
Maritime Life (Caribbean) Ltd.
Nationwide Insurance Company Ltd.
Tatil Life Insurance Company Ltd.
Winsure Life Insurance Company
(under judicial management)