



One Step Ahead!



**UNIT TRUST
CORPORATION**

ANNUAL REPORT AND ACCOUNTS 1997

Building on the past...focused on the future!



On the Cover

VISION

A clear, accurate vision of our goals combined with the vast experience of the past allows the UTC to plan and develop strategies that will lead to success and the development of our stakeholders.

Like the artist's impression of our future head-office building that graces the cover, our clear vision of the financial future guides our every decision and ensures that together, we continue... building on the past...focused on the future.

Contents

2	Performance Highlights
4	Corporate Information
6	Board of Directors
7	Chairman's Review
15	Executive Director's Report
20	Management Responsibility for Financial Statements
21	Report of The Auditor General
22	Balance Sheet
23	Income & Expenditure Account
24	Income & Expenditure Account for Management Operations
25	Cashflow Statement
26	First Unit Scheme Balance Sheet
27	Statement of Operations
28	Income Distribution Account
29	Second Unit Scheme Balance Sheet
30	Statement of Operations
31	Income Distribution Account
32	Notes to Financial Statements

Performance Highlights

	1993	1994	1995	1996	1997
SALES (\$m)					
First Unit Scheme	\$62.80	\$81.50	\$203.76	\$146.01	\$395.59
Second Unit Scheme	\$333.70	\$385.60	\$811.15	\$537.55	\$1,099.66
Universal Retirement Fund					\$0.40
TOTAL	\$396.50	\$467.10	\$1,014.91	\$683.56	\$1,495.65
FUND SIZE (\$m)					
First Unit Scheme	\$194.17	\$257.58	\$493.48	\$593.67	\$1,142.93
Second Unit Scheme	\$431.51	\$541.57	\$781.04	\$705.33	\$986.22
Universal Retirement Fund					\$0.40
Corporation	\$23.71	\$27.36	\$34.76	\$43.51	\$66.94
RESOURCES UNDER MANAGEMENT (\$m)					
	\$649.39	\$826.51	\$1,309.28	\$1,342.51	\$2,196.49
FUNDS MOBILIZED (\$m)					
	\$1,563.49	\$2,030.59	\$3,045.50	\$3,729.06	\$5,224.71
TOTAL INCOME (\$m)					
	\$70.54	\$83.31	\$121.76	\$138.71	\$177.78
DISTRIBUTIONS TO UNITHOLDERS (\$m)					
	\$50.72	\$62.21	\$87.13	\$92.43	\$121.56
UNITHOLDERS					
	73,058	95,297	119,313	141,217	177,663

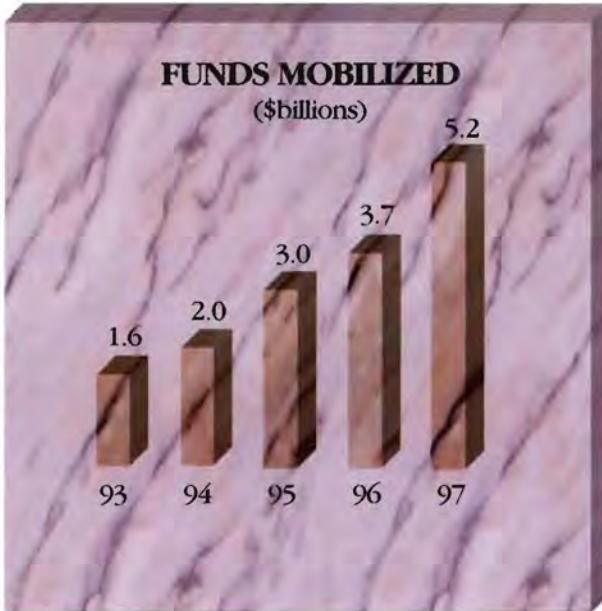


Sales by the Corporation in a calendar year peaked in 1997 with a massive \$1.5 billion being generated by both funds.



Funds Under Management by the Corporation crossed the \$2 billion threshold in November 1998, just 2 1/2 years after crossing its first \$billion. Total Funds Under Management ended the year at \$2.2 Billion

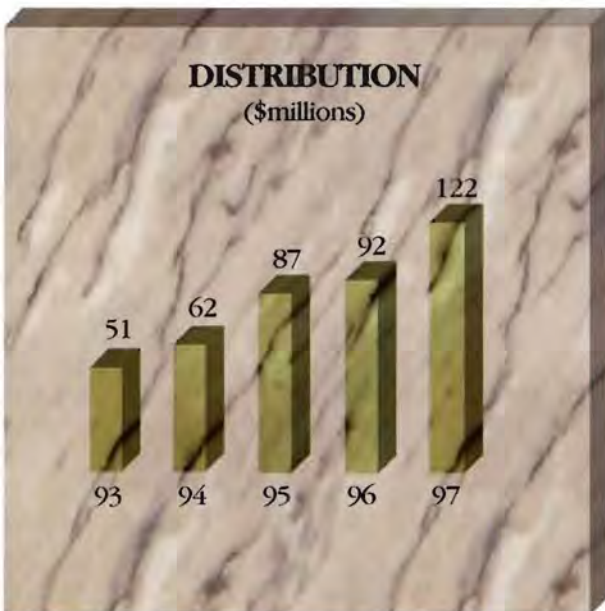
Performance Highlights



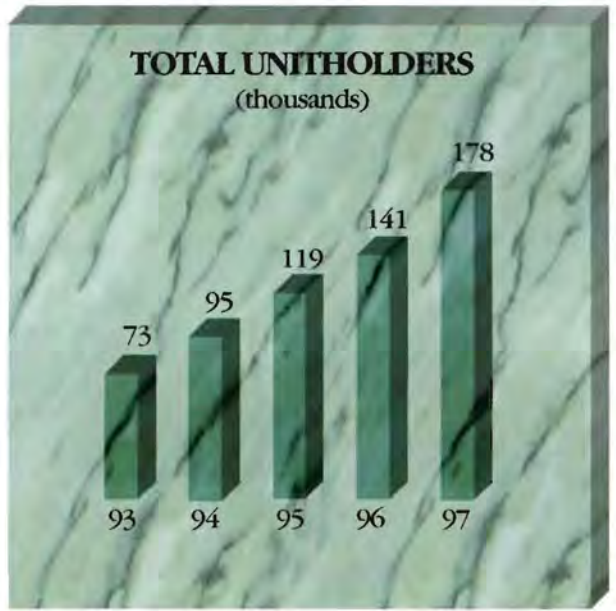
Since its inception the Corporation has mobilized over \$5 billion worth of investments from the population of Trinidad & Tobago



Total income earned by the Corporation has consistently increased with each passing year. This year was no different. Income earned by the Corporation increased by 28% over 1996.



In keeping with its mandate to distribute most of its earnings the Corporation has consistently increased its payouts to its unitholders. In 1997 the Corporation paid out \$122 m, bringing its total payout to its unitholders since inception to over \$1/2 Billion



The Unitholding base has grown tremendously in its 15 years of existence. From a modest beginning of 8,000 investors in 1982 the number of unitholders in the Corporation has increased to 178,000 in 1997.

Corporate Information

BOARD OF DIRECTORS

CHAIRMAN:	Rolston Nelson, S.C. (until 22nd June, 1997)	
	Judy Y. Chang (from 22nd August, 1997)	
EXECUTIVE DIRECTOR:	Clarry Benn	
DIRECTORS:	Terrence Bharath Michal Y. Christian Winston Connell Oscar Edghill Jerry Hospedales Larry Howai	Richard Kellman Kamal Mankee Patrick Rabathaly John Smith Sookh Mungal Supersad Ray A. Sumairsingh
CORPORATE SECRETARY:	Patricia Small-Ilkhtchoui	

Changes in Board during the year:

Mrs. Judy Y. Chang was appointed by the President of the Republic of Trinidad & Tobago as Chairman of the Board. She succeeded Mr. Rolston Nelson, S.C., effective 22nd August, 1997 for a period of five (5) years in accordance with Section 7 (1) (a), and Section 10 (1) of the Unit Trust Corporation of Trinidad & Tobago Act, Chapter 83:03.

Mr. Rolston Nelson, S.C. served two (2) successive five (5) year terms from 23rd June, 1987 to 22nd June 1997.

Mr. Kamal Mankee was appointed by the Honourable Minister of Finance for a period of four (4) years effective 17th March, 1997 in accordance with Section 7 (1) (d) and (4) of the Unit Trust Corporation Act. He succeeded Mr. Winston Connell who served on the Board for a period of approximately eleven (11) years from 7th June, 1986 to 16th March, 1997.

Mr. Terrence Bharath and Ms. Michal Yvette Christian were appointed by the Board for a period of one (1) year with effect from 23rd April, 1997 in accordance with Section 7 (2) and (5A) of the Unit Trust Corporation of Trinidad & Tobago Act.

Mr. Sookh Mungal Supersad was reappointed by the Board for a period of one (1) year with effect from 18th September, 1997 in accordance with section 7 (2), (5A) and (6) of the Unit Trust Corporation of Trinidad & Tobago Act.

Mr. Ray A. Sumairsingh was elected to the Board by the life insurance companies to serve the unexpired portion of Mr. Richard Kellman's term, in accordance with Section 7 (1) (f) and (5) of the Unit Trust Corporation of Trinidad & Tobago Act effective 29th October, 1997. Mr. Kellman resigned from the Board on 10th July, 1997.

Corporate Information (cont.)

BANKERS

CENTRAL BANK OF TRINIDAD & TOBAGO,
Central Bank Building, Eric Williams Plaza,
PORT OF SPAIN.

THE ROYAL BANK OF
TRINIDAD & TOBAGO LIMITED,
55 Independence Square, PORT OF SPAIN.

CITIBANK (Trinidad & Tobago) LIMITED,
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.

FOLEY AND LARDNER,
Firststar Center,
777 East Wisconsin Avenue,
Milwaukee, Wisconsin 53202-5367 U.S.A.

CORPORATE OFFICES

HEAD OFFICE & MAIN BRANCH,
74 Independence Square,
PORT OF SPAIN.

TEL: (868) 625-UNIT (8648).

FAX: (868) 624-8508.

E MAIL: utc@trinidad.net

INTERNET ADDRESS:

http://www.trinidad.net/utc_home

SAN FERNANDO BRANCH,
23 High Street, SAN FERNANDO.

TEL: (868) 657-UNIT (8648).

FAX: (868) 652-0620.

CHAGUANAS BRANCH,
20 Yard Street, CHAGUANAS.

TEL: (868) 671-UNIT (8648).

FAX: (868) 671-6581.

ARIMA BRANCH,
32 Sanchez Street, ARIMA.

TEL: (868) 667-1153.

FAX: (868) 667-2586

WEST MALL SUB-BRANCH,
First Floor West,

West Mall Building,
WESTMOORINGS.

TEL: (868) 632-9222.

FAX: (868) 632-7721.

TOBAGO BRANCH,
Block A, Level 1,
Scarborough Mall, TOBAGO.

TEL: (868) 639-3921.

TEL/FAX: (868) 639-5096.



UNIT TRUST
CORPORATION

The Board of Directors



Judy Y. Chang,
Chairman

Clarry Benn,
Executive Director



Sookh Mungal Supersad

Jerry Hospedales

Patrick Rabathaly

John Smith



Kamal Mankee

Oscar Edghill

Terrence Bharath

Ray A. Sumairsingh



Michal Y. Christian

Larry Howai



Patricia Small-Ilkhtchoui
Corporate Secretary

Chairman's Review

INTRODUCTION

I am pleased to present my first report as Chairman of the Trinidad and Tobago Unit Trust Corporation. My appointment in August 1997 was at a time when the Corporation was already on a solid foundation. During the year, the Corporation returned to an aggressive growth path after the hiatus last year brought about mainly by the introduction of new fiscal measures aimed at leveling the playing field, so to speak. Nevertheless, all the performance indicators at the Corporation rose to new levels.

ECONOMIC AND FINANCIAL MARKET CONDITIONS

In 1997, the Trinidad and Tobago economy provided a favourable setting for the Corporation. For the fourth consecutive year the economy expanded at a relatively healthy pace as gross domestic product (GDP) grew by 2.9%. Job growth continued to improve with unemployment falling from 15.9% to 14.9%. In spite of a less than half point increase in the rate of inflation it remained low at 3.7%. The Central Government generated a surplus of \$338.4 million on its fiscal operations, the country's net foreign position amounted to US \$836 million and the gross reserves represented approximately 4.7 months of import cover.

For most of 1997 monetary policy was influenced by the medium-to-long-term goal of a low interest rate environment. The legal reserve requirement of commercial banks and non-bank deposit taking institutions was reduced in January 1997 by one (1) percent to 22% and 7% respectively and by a further 1% in the second quarter to 21% and 6% respectively. This was

accompanied by open market operations. The net impact of the policy initiatives was expansion in domestic credit and downward pressure on the exchange rate. The latter culminated in the depreciation of the TT dollar relative to the US dollar by 14 cents or 2.2%. In December 1997, in an attempt to ease the pressure on the exchange rate, the Central Bank increased the legal reserve requirement to 24% and 9% respectively for the commercial banks and non-bank financial institutions.

The lowering of interest rates during the year on deposits and loans benefited the stock market. The demand for stocks and shares expanded as investors sought to enhance their rate of return on

financial assets by increasing their equity holdings. This along with improvement in corporate earnings and future expectations resulted in an increase of 184.27 points in the composite index of the local stock exchange, which rose from 167.41 points at the end of 1996 to 352.27 points at the close of 1997.

ASSET AND INCOME PERFORMANCE

In 1997, the assets of the unit schemes expanded from \$1.30 billion to \$2.13 billion, an increase of \$0.83 billion or 63.9% year over year. Approximately \$535 million or 64.5% of the growth in assets was due to new cash and \$295 million or 35.5% to appreciation in the value of the underlying investments. The bull market in 1997 boosted the investment performance of the First Unit Scheme (the Growth and Income Fund) and contributed \$293 million or 35.3% to the increase in total assets.

At the close of 1997, the investment income generated by the unit schemes grossed \$154.51 million, up from \$126.47 million in 1996, an increase of \$28.04 million or 22.2%. For the same period under review, distributions to unitholders rose to \$121.56 million from \$92.4 million, up by \$29.13 million or 31.5%. And the total returns to unitholders of the First and Second Unit schemes stood at 48.8% and 9.3% respectively.



JUDY Y. CHANG,
Chairman

Chairman's Review (cont.)

During 1997, gross earnings of the Corporation expanded from \$32.89 million to \$54.00 million, an increase of \$21.11 million or 64.2%, whilst at the same time, the expenses of the Corporation were contained. Expenditure moved from \$24.14 million to \$30.57 million, an increase of \$6.43 million or 26.6% year-on-year. The Corporation closed 1997 in a very strong position with cumulative retained earnings of \$66.94 million, up from \$43.51 million, an increase of \$23.43 million or 53.85% over the 1996 outturn.

POLICY ISSUES

At the level of the industry the government demonstrated its commitment to a level playing field. The 1997 Finance Act expanded the scope of operations of the Corporation. In 1997, the Corporation operated as a financial service provider for the first time. Hitherto, the enabling legislation confined the activities of the Corporation to the business of Unit Trust operations only.

Savings and Investments for all

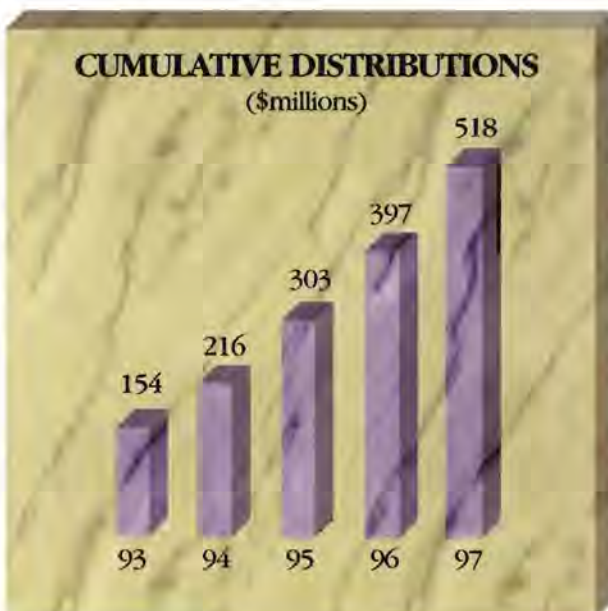
We believe that by increasing the level of domestic savings and by channeling those savings into productive investments, both borrowers and investors will facilitate the growth process of our nation. However, there must be sufficient investment instruments available in the domestic economy for savers to channel their resources to earn reasonable rates of return. Otherwise, they would look outside for such opportunities and put additional pressure on the exchange rate.

From the Corporation's point of view, we will continue to promote the collective investment scheme as an alternative savings/investment vehicle. Over the last fifteen (15) years the Corporation, through its education programmes, has encouraged individuals in developing a savings ethic. In the latter years the programme was extended to include companies. Because of its effectiveness, the education programme will continue to be at the very centre of the Corporation's marketing and distribution function. We believe

that we have helped to make the public of Trinidad and Tobago more aware of the importance of savings. But we also believe that as we expand and the investment world becomes more and more sophisticated, the education process should be on going so that everyone including our unitholders will stay abreast of the changing environment.

Mutual fund legislation

Towards the close of 1997, the 1998 national budget highlights revealed, that high on the governmental agenda, is a mutual fund regime which is expected to provide the legislative and regulatory framework for the conduct of mutual fund/unit trust business by domestic and foreign providers. The Unit Trust Corporation, which pioneered the collective investments schemes industry in Trinidad and Tobago welcomes this initiative and will provide any support required by the government in their efforts to formulate mutual fund legislation.



Chairman's Review (cont.)

Securities and Exchange Commission

During 1997, the financial services sector felt the impact of the Securities and Exchange Commission, the local body charged with the responsibility of regulating the securities industry. A number of issuers were called upon to comply with the requirements of the Commissioner. They all responded promptly. This augers well for the securities industry as the Commission's actions serve to inspire further confidence in the market place especially in light of the appetite demonstrated by individual and institutional investors for equity.

Deepening of stock market

During the year, the overwhelming response to public share issues demonstrated that demand for equities far outstripped supply. The desire for share ownership is very evident. We urge the government to lead by example and accelerate its divestment programme.

The demand for equity holdings should encourage family-owned and family-controlled enterprises to capitalise on investor interest in share ownership. The second tier market on the local stock exchange should be able to accommodate the listing of most family owned and controlled businesses.

Listing on the stock exchange will provide businesses with access to a cheaper source of capital than the traditional overdraft facilities that have been the custom in Trinidad and Tobago and which are more suited to short term financing. In addition, it will provide an outlet for the savings mobilised by institutions and individuals. Increased listings on the stock exchange will also serve to deepen the capital market operations in Trinidad and Tobago, thereby

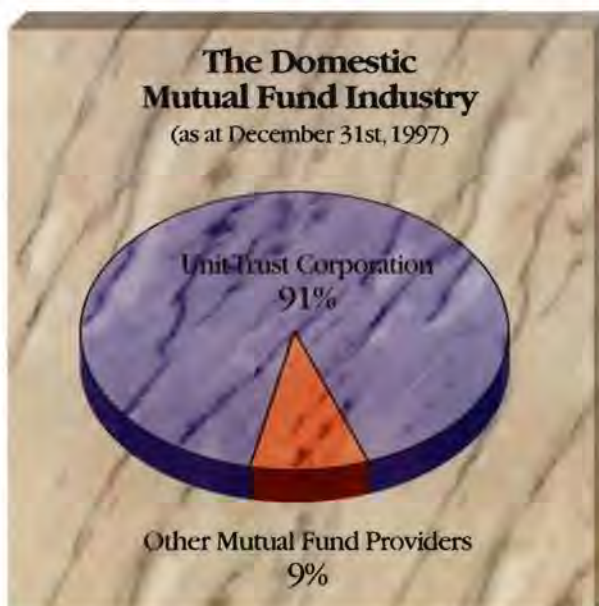
providing a most needed fillip to the activities of the very thin local stock market. Foreign companies should be encouraged to list their shares on the local Stock Exchange and cross border trades with Caricom countries should be strengthened and extended to our non-English speaking neighbours.

Pension fund reform

In September 1997, the Corporation commenced its diversification effort with the launch of a Bureau de Change. This was followed by the launch of the Universal Retirement Fund (URF) in November. The URF is a pension-type facility. It is the first product to be established under



The Governor of the Central Bank of Trinidad & Tobago - Mr. Winston Dookeran, addresses the audience at the launch of The Universal Retirement Fund.



Chairman's Review (cont.)

the trustee function of the Corporation. The expectation is that the URF will revolutionise and re-engineer the domestic pension industry. We saw the need for our unitholders to save for the longer term and to put aside a part of their savings towards retirement. This coincides with the government's thrust to have individuals fund part of their pension, a move which was announced by the Minister of Finance in his 1998 Budget.

Appreciation

I am privileged to chair the Corporation at a time when some very important milestones have been achieved. I must pay tribute to my predecessor, Mr Rolston Nelsom, S.C., one of the pioneers of collective investment schemes in the domestic economy. Mr Nelson served the Corporation with distinction. He was a member of the board of directors from November 1982 to June 22, 1997 and served as Chairman from 1987 to 1997. Mr Nelson's stewardship was characterised by prudence, unrelenting commitment to his fiduciary responsibilities and by his encouragement of thrift.



Board Member Mr. Larry Howai makes a presentation to Mr. Rolston Nelsom, outgoing Chairman of the Board as the new Chairman Mrs. Judy Chang looks on.

During his tenure as chairman the Corporation emerged from a fledgling financial intermediary to take its rightful place as an adept player in the domestic financial landscape. On behalf of the unitholding population, the management and staff of the Corporation and my colleagues on the Board of the Unit Trust, I sincerely thank Mr Nelson for his long and commend-

able service to the Corporation.

During 1997, Mr Richard Kellman resigned as a member of the board of directors of the Corporation, due to the growing demands of his organisation. The Board benefited tremendously from his contributions and was saddened by his departure. I wish on behalf of the board of directors, the management and staff and the unitholders,



Chairman's Review (cont.)

to express our sincere appreciation for the guidance that he provided and the experience that he shared with the Corporation during his tenure.

Mr Ray Sumairsingh succeeded Mr Kellman as one of the life insurance representatives. The Corporation takes this opportunity to publicly welcome Mr Sumairsingh, as well as, the two independent directors who were also appointed in 1997, Ms Michal Christian and Mr Terrence Barath.

To the unitholders, sincere thanks and appreciation for selecting the products of the Corporation. I am indeed pleased to note that our unitholding population has grown from 141,217 to 177,663 during the year. We are committed to providing each and every unitholder

with the best possible return on their investment. This we will continue to do in the most gracious and pleasing manner. Our staff are duty bound to be of service to you. We thank you for doing business with us. The corporation is continuously searching for new and improved products to serve you even better, to make your savings a pleasure and at the same time, to provide you with the opportunity to earn more.

I thank the management and staff for the warm welcome extended to me on my appointment as Chairman in August 1997. I have found the Unit Trust Corporation to be a most dynamic and vibrant organisation. The dedication and commitment of the management and staff is extraordinary. I am pleased to lead this group of

supporters. I am fortunate to have a fine team in my fellow directors and I thank them for their support and contribution during our deliberations. Together, we will provide the leadership and guidance to ensure that the mission of the Corporation is realised.

OUTLOOK

Although I have been entrusted with the chairmanship of the Corporation for only four (4) months of 1997, I was exposed to the many achievements of the Unit Trust over the last fifteen years. I have the distinct pleasure of leading the Corporation as it embarks on a new phase of development, a period, which will be characterised by restructuring and diversification.



The Manager of Investments, Mr. Ruben Mc Sween, welcomes the new Chairman of the Board of UTC as members of the management team look on.


In 1998, the Corporation will be restructured from a statutory corporation to a public limited liability company listed on the Trinidad and Tobago Stock Exchange. The Corporation will be incorporated under the new Companies Act, 1995 which is very dear to me, since I had the honour to head the Cabinet appointed committee to seek a new companies legislation for Trinidad and Tobago.

The new incorporation arrangements will help the Corporation to adopt modern corporate practices in keeping with the trends in the private sector worldwide as we compete in the globalised environment. It will also provide an avenue for our unitholders to have an interest in the Corporation that manages their funds. This is in addition to having an interest in the

units that we manage. Further, by listing on the exchange the corporation would contribute to the deepening of the local stock market

Also in 1998, the Corporation will seek to further diversify its activities in its quest to position itself to become a major regional financial service provider. Over the medium term the Corporation will continue to grow its business by extending the mutual fund operations and by intensifying the diversification thrust.

Even as the corporation restructures, continues to grow its business and increases its range of financial products, we remain ever mindful of the fiduciary responsibility to our unitholders, thus we will continue to protect their welfare.



Judy Y. Chang
Chairman
2 April 1998

Executive Director's Report

INTRODUCTION

In my address to unitholders at the last Annual General Meeting of the Corporation, I designated the year 1997 as the year of expansion for the Corporation. Moreover, in the Executive Director's report I revealed specific performance targets for the year 1997 in respect of funds under management and the unitholder population.

I am therefore happy to report that the year 1997 recorded the most impressive results for the Corporation since its establishment in 1982, exceeding all its financial projections and attaining in the process numerous performance records.

It should be recalled that in the previous year the Corporation had to weather the impact of the 1996 fiscal measures and thus, we welcomed the Government initiative to level the playing field in 1997. This initiative provided the Corporation with an expanded mandate whereby it was able to aggressively seize the opportunity to provide a wider range of products and services for the benefit of the investing public.

As a consequence, we continued to establish appropriate development oriented infrastructure so as to ensure that the growth momentum of the Corporation is sustained over time.

On September 3, 1997 a Bureau de Change was established at each of our branch outlets. This was seen as the first major step towards creating a one stop shop for financial services. The Bureau de Change was, of course, the direct result of the liberalising of the financial sector and a view by the Unit Trust

Corporation that the institution should always position itself to take advantage of change.

On November 28, 1997 we launched our revolutionary product, the Universal Retirement Fund (URF). The innovative URF was designed to secure the long-term interest of individuals. It was also a response to the need to convert the market for retirement funds into one which offers greater choice and flexibility. A number of individuals and institutions have already committed themselves to this attractive product and we envisage another successful instrument in our increasingly diversified product range.

The Arima branch office commenced operation on December 1, 1997, in response to an overwhelming call for our presence to service the eastern borough and its environs. For the one month period of its operation which ended December 31, 1997, all our expectations were realised as the Branch recorded more than one thousand (1,000) transactions, with almost three hundred (300) new accounts being established. The future of this new outlet is therefore assured and will no doubt redound to the benefit of our unitholders.

In response to the phenomenal growth recorded in sales and in the unitholding population, a Telemarketing Unit was established in August to better serve our unitholders. During the first five (5) months of operation, an average of 10,000 unitholders transactions were processed on a monthly basis through this new facility. As a result, the average service time per unitholder was reduced considerably and we are committed to upgrading this facility in the near term.

Additionally, the TSTT Bill Payment facility was launched in August, 1997. This service allowed unitholders to effect payment of their telephone bills directly from their Second Unit Scheme account. To date, unitholders have responded favourably to this facility and it is the intention of the



CLARRY BENN,
Executive Director

Executive Director's Report (cont.)



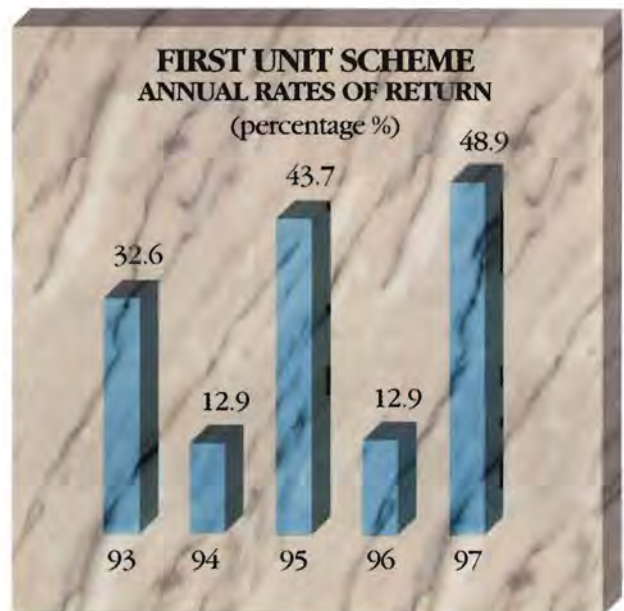
Mr Winston Dookeran, Governor of the Central Bank and the Mayor of Arima, his worship Elvin Edwards, formally open the fifth branch of the UTC in Arima.

Corporation to introduce a similar arrangement for all utility bills including those of T&TEC and WASA.

As part of our 15th Anniversary celebrations, unitholders received a “doubling up” of their unitholdings in the First Unit Scheme effective December 1, 1997. This initiative allowed for one’s unit balance to be increased by 100% while simultaneously halving the price of the unit from the

prevailing prices of \$22.35 (offer) and \$21.25 (bid) to \$11.20 (offer) and \$10.65 (bid) respectively.

The main objective behind the unit split was to ensure that the unit price remained affordable to the average unitholder. This objective which is consistent with our mission statement and philosophy of promoting a wider shareholding democracy was achieved with tremendous support from our loyal unitholders.



Executive Director's Report (cont.)

In addition, we provided unitholders in the Second Unit Scheme with an opportunity to enroll for free accidental insurance to the extent of \$5,000.00. Options for increased coverage at attractive rates were also made available to unitholders and their families. Our records reveal that a total of 26,352 unitholders have opted to participate in this facility.

Perhaps our greatest source of satisfaction during the year was the sharp increase in the unitholding population. At the end of 1997, the number of accounts on the register of both the First and Second Unit Schemes stood at 177,663, an increase of 36,446 or 25.8% from the previous year's level of 141,217. This is a clear signal that more persons are becoming used to the savings/investment ethic of the Corporation.

It is against this background that I am again pleased to report on the financial and operational performance of the Trinidad and Tobago Unit Trust Corporation for the financial year ended December 31, 1997.

FINANCIAL PERFORMANCE

Income and Expenses:

In 1997, resources under management increased by \$854.0 million or 63.6% to \$2.19 billion. This was largely attributable to attractive rates of return on investments, superior customer service and strategic marketing initiatives. Moreover, the Unit Trust "gospel" is being accepted by a wider cross section of the investing public.

Consolidated gross income improved by \$39.1 million or 28.2% to \$177.8 million mainly due to an additional \$28.0 million generated by the Schemes. Simultaneously, total expenses increased by \$35.8 million or 30.4% to \$153.4 million over the same period.

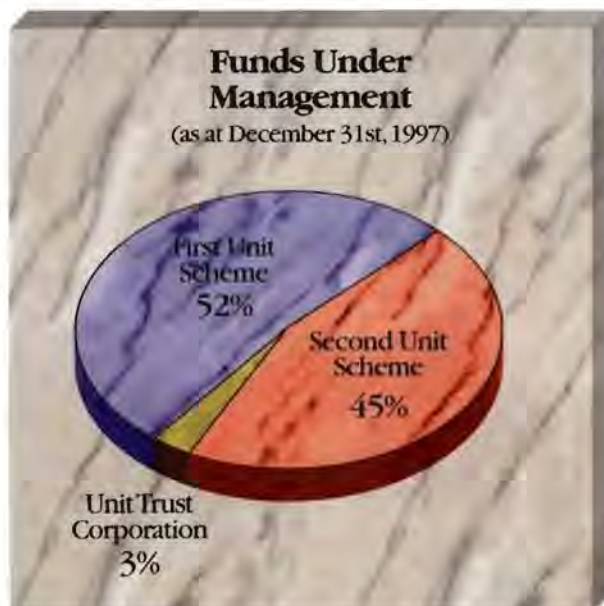
The incremental increase in total expenses was attributed mainly to increased total distribution payouts of \$29.1 million or 31.5% to \$121.5 million. Net income increased by \$14.4 million or 142.6% to \$24.4 million.

As a consequence, retained income as at December 31, 1997 stood at \$66.9 million, an increase of \$23.4 million or 53.9% over the 1996 figure of \$43.5 million.

RESOURCE MOBILIZATION

Sales and Repurchases

Gross sales crossed the billion dollar mark increasing by \$812 million or 118% to \$1.49 billion. Sales in the First Unit Scheme increased by \$249 million or 170.9% to \$395.6 million and accounted for 26.5% of gross sales. Similarly, sales in the Second Unit Scheme increased by \$562 million or 104.6% to \$1.1 billion, thereby accounting for 73.5% of gross sales. After taking into account gross repurchases of \$923.1 million, the Corporation recorded a net inflow of \$572.56 million.



Executive Director's Report (cont.)

FIRST UNIT SCHEME

The First Unit Scheme (Growth and Income Fund) fund size rose by \$549.30 million of which \$255.6 million or 46.5% represented inflow of new cash with the remaining 53.5% representing the capital appreciation from the investment function. This facilitated the generation of higher levels of income, which rose by \$16.1 million to \$56.6 million.

Rate of Return:

Overall, the Scheme generated a rate of return of 48.88% during the year, mainly due to a bullish stock market. Income distribution totalled \$39.5 million compared with \$27.0m million in 1996. The offer price of units which began the year at \$15.65 ended the year at \$11.40 as a result of the unit-split which halved the prices of the unit from \$22.35 (offer) and \$21.25 (bid) to \$11.20 (offer) and \$10.65 (bid). As at December 31,

1997 the portfolio of the Scheme comprised equities of 51% or \$586.3 million and non-equities of 49% or \$556.62 million.

SECOND UNIT SCHEME

The Fund size increased from \$705.3 million in 1996 to \$986.2 million an increase of 280.9 million or 40%. In addition income generated by the fund increased from \$86.0 million in 1996 to \$97.9 million. This higher level of income allowed for increased distribution payments, which increased by 16.4 million or 26% to \$78.3 million. The rate of return per unit was 9.29%.

OUTLOOK FOR 1998

During the year 1998, the Corporation intends to expand on the range of products and services offered to unitholders, consistent with the areas outlined in the Government's 1997 Budget.

In particular, the Corporation is eagerly looking forward to the

restructuring of the institution. A key element of the restructuring process is an initial public offer of shares to the general public as a limited liability company with the shares listed and quoted on the Trinidad and Tobago Stock.

CHACONIA INCOME AND GROWTH FUND

The financial and investment performance of the Chaconia Income and Growth Fund in 1997 has been phenomenal. The Fund achieved a total rate of return of 19.98% during the year compared with the rate of return of 5.6% in 1996. Since its inception in 1993 the Fund has generated an average annual rate of return of 12.17%, as at 31st December 1997. For fiscal year 1997, the Fund paid an attractive dividend of US\$1.05 per share. The Board of Directors of the Fund is heartened by the growth in the number of shareholders which increased during the year, from 1,571 to 3,022, an increase of 1,451 accounts or 92%



Executive Director's Report (cont.)

at year end. Moreover, the shareholding community of this Fund is widely spread among countries of the Caribbean, Central America, North America and Europe.

CORPORATE ACTIVITY

TRAINING AND DEVELOPMENT

During the year 1997, we continued our focus on the development of human capital as the vehicle for ensuring the delivery of superior products and services. In response to the unprecedented growth experienced by the Corporation, our staff complement was increased by 26 to 131 as at December 31, 1997. The staff was

exposed to a number of training programmes which included

in-house orientations on Strategic Planning.

UNIT TRUST HEADQUARTERS

The sod-turning ceremony to herald the start of construction of the Corporation Headquarters took place on August 26, 1997. The Prime Minister of Trinidad and Tobago, the Honourable Basdeo Panday performed the honours. Construction of the building commenced on October 14, 1997. The building is designed to represent the Corporation's symbol which reflects the growth, strength and dynamism of the Unit

Trust Corporation. The inauguration of work on these premises thus marks a signal achievement in the context of a long-term commitment that the Unit Trust Corporation had made to itself and members of the Trinidad and Tobago investing community.

The building is scheduled to be completed in the second quarter of 1999.

COMMUNITY RELATIONS

The Corporation continued to support a wide range of activities geared towards community devel-



The Honourable Prime Minister, Mr. Basdeo Panday cuts the ribbon to officially commence construction of the UTC's new head office building.

Executive Director's Report (cont.)

opment, through numerous financial seminars, active participation in sporting events, and the enhancement of socio-economic and cultural pursuits by several segments of our plural society. These include:

- Expanding the role of the Credit Union Sector
- Common Entrance Scholarships Award
- Southex97
- School Investment Game
- Divali Nagar
- American Chamber of Commerce
- Trinidad and Tobago Chamber of Commerce
- Scouting for Talent

In addition to the foregoing, the Corporation part-sponsored the "Women on the Move" 5K Classic road race.

The Trinidad and Tobago Unit Trust

Corporation showed its usual appreciation to its sales agents who are instrumental in assisting the Corporation attain new heights in the financial sector, by hosting the Annual Agents Award function at Pier 1.

The Corporation's 15th Anniversary was celebrated with an Awards Dinner which was held at the Trinidad Hilton.

APPRECIATION AND THANKS

I wish to express my personal gratitude to the management and staff for their loyal, untiring and dedicated support during 1997, a most challenging, eventful and successful year. The accomplishments which we highlight in this year's Annual Report could only have been possible through the commitment on the part of the management and staff who were always

prepared to go that extra mile at times when circumstances seemed overwhelming.

Also, my sincerest thanks to our new Chairman and the Board of Directors for the support and guidance provided throughout the year. These results represent our collective efforts in strategic planning and execution. Like our Chairman, on behalf of the management and staff and on my own behalf, I must record our gratitude to Mr. Rolston Nelson, S.C.; the Corporation's second Chairman who served with distinction during the period 1987-1997. The stature which the Corporation now enjoys owes much to the nurturing hand of the immediate past Chairman.

Underlying all of this however, is the burgeoning support and encouragement being given to us by the unitholding community. We at the Trinidad and Tobago Unit Trust Corporation recognise that it is the demands placed on us by our unitholders and our unrelenting desire to satisfy them that energize us. We therefore look forward to your continued strong support as we move confidently forward to the next millennium.

Clarry Benn

Clarry Benn
Executive Director
April 03, 1998



Mr. Clarry Benn, (right), Executive Director and Mr. Renrick Nickie, Executive Manager of Marketing, Operations and Management Information Systems make a presentation to the recipients of this year's Annual Common Entrance Scholarships.



Former Chairman of the Board of Directors, Mr. Rolston Nelson, addresses Unitholders at the 15th AGM in June 1997.



Mr. Clarry Benn, Executive Director, with the Major Category Winners at the Annual Agents Award Ceremony in July.



Mr. Clarry Benn, Executive Director of UTC makes a presentation to The Honourable Prime Minister, Mr. Basdeo Panday, as Mr. John Smith looks on.

Management Responsibility for Financial Statements

Management is responsible for the preparation of the Corporation's financial statements and related information appearing in this annual report. Management believes that the financial statements fairly reflect the position and results of operations in conformity with generally accepted accounting principles. Management has included in the Corporation's financial statements, amounts that are based on estimates and judgements, which it believes are reasonable under the circumstances.

The Corporation maintains a system of Internal accounting policies, procedures and controls intended to provide reasonable assurance, at appropriate cost, that transactions are executed in accordance with the Corporation's authorization and are properly recorded and in the financial statements, and that assets are adequately safeguarded.

The independent accountants audit the Corporation's financial statements in accordance with generally accepted auditing standards and provide an objective, independent review of the Corporation's internal controls and the fairness of its reported financial position and operating results.

The Board of Directors of the Corporation has an Audit Committee comprised of non-management Directors. The committee meets financial management and the auditors to review internal accounting controls and accounting, auditing and financial reporting matters.



Executive Director



Financial Comptroller

*Auditor
General's
Report*

*and the
Corporation's
Accounts*

1997



**REPORT OF THE AUDITOR GENERAL OF
THE REPUBLIC OF TRINIDAD & TOBAGO
ON THE ACCOUNTS OF
TRINIDAD & TOBAGO UNIT TRUST CORPORATION
FOR THE YEAR ENDED DECEMBER 31st, 1997.**

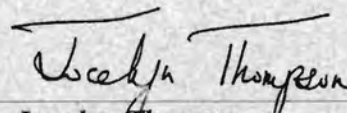


1998 April 23

The accompanying Financial Statements of the Trinidad and Tobago Unit Trust Corporation for the year ended 1997 December 31 have been examined in accordance with the provisions of section 30 (1) of the Unit Trust Corporation of Trinidad & Tobago Act, 1981. All the information and explanations requested were received. The examination was conducted in accordance with accepted Auditing Standards.

The Statements and Notes on pages twenty-two (22) to thirty-nine (39) 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 as at 1997 December 31 and of the results of its activities for the year then ended.

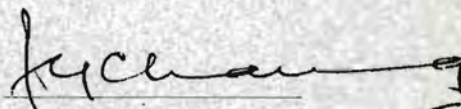



Jocelyn Thompson
Auditor General

BALANCE SHEET

AS AT DECEMBER 31st, 1997

	NOTES	1997 \$ '000	1996 \$ '000
ASSETS			
Investment Funds			
First Unit Scheme	1,21	1,142,928	593,675
Second Unit Scheme	1,22	986,216	705,332
Universal Retirement Fund	1,23	400	-
		<u>2,129,544</u>	<u>1,299,007</u>
Cash		3,346	5,682
Short Term Investments		34,763	10,689
Receivables	12	22,258	17,361
Investments	19	8,798	7,238
Fixed Assets	25	10,553	8,880
TOTAL ASSETS		<u>2,209,262</u>	<u>1,348,857</u>
LIABILITIES			
Accounts Payable	13	3,871	1,373
CAPITAL AND RESERVES			
Initial Capital	5	4,811	4,811
Unit Capital - First Unit Scheme	6	1,138,026	586,676
Unit Capital - Second Unit Scheme	6	986,216	705,332
Universal Retirement Fund	7	400	-
Guarantee Reserve	8	4,965	4,481
Children's Investment Starter Plan (CISP) Reserve	9	30	34
Second Unit Scheme Reserve	10	3,128	2,486
Capital Reserve	11	873	152
Retained Income		66,942	43,512
TOTAL LIABILITIES, CAPITAL AND RESERVES		<u>2,209,262</u>	<u>1,348,857</u>


CHAIRMAN




EXECUTIVE DIRECTOR

The following notes form an integral part of these Financial Statements

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED DECEMBER 31st, 1997

	NOTES	1997 \$ '000	1996 \$ '000
<u>INCOME</u>			
Investment Income -			
First Unit Scheme	3	56,594	40,418
Second Unit Scheme Corporation	3	97,923	86,047
Initial Charge	15	4,280	6,481
Other Income	14	17,460	3,863
Undistributed Income at start of year		933	756
		593	1,145
Total Income		177,783	138,710
Withholding Tax	3	-	(11,049)
Income After Tax		177,783	127,661
<u>EXPENSES</u>			
Distribution	4	121,557	92,433
Commission	18	3,724	1,868
Administrative	17	27,066	22,446
Depreciation	25	1,075	904
Total Expenses		153,422	117,651
NET INCOME		24,361	10,010
Transfer to Reserves		891	665
Undistributed Income at end of year		40	593
Retained Income for the year		23,430	8,752
Retained Income as at January 01st		43,512	34,760
Retained Income as at December 31st		66,942	43,512

The following notes form an integral part of these Financial Statements

INCOME AND EXPENDITURE ACCOUNT FOR MANAGEMENT OPERATIONS
FOR THE YEAR ENDED DECEMBER 31st, 1997

	NOTES	1997 \$ '000	1996 \$ '000
INCOME			
Management Charge	16	30,410	20,982
Initial Charge	15	17,460	3,863
Investment		4,280	6,481
Loan Interest		920	812
Other	14	933	756
Total Income		<u>54,003</u>	<u>32,894</u>
EXPENSES			
Commission	18	2,432	792
Administrative	17	27,066	22,446
Depreciation	25	1,075	904
Total Expenses		<u>30,573</u>	<u>24,142</u>
Net Income of the Corporation		23,430	8,752
Retained Income as at January 01st		43,512	34,760
RETAINED INCOME AS AT December 31st		<u>66,942</u>	<u>43,512</u>

The following notes form an integral part of these Financial Statements

CASHFLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31st, 1997

	1997 \$ '000	1996 \$ '000
OPERATING ACTIVITIES		
NET INCOME	23,430	8,752
Adjustment to reconcile net income to net cash from operating activity		
Depreciation Expense	1,075	904
Loss on Fixed Asset Disposals	-	2
(Decrease) / Increase in Receivables	(4,897)	2,332
Increase / (Decrease) in Accounts Payable	2,499	(974)
Net Change in Investment Funds		
First Unit Scheme		
- Capital Appreciation	(293,652)	(41,695)
- Net Appropriations	(255,601)	(58,498)
Second Unit Scheme		
- Capital Appreciation	(1,819)	(605)
- Net (Appropriations) /Expropriations	(279,075)	76,316
Universal Retirement		
- Capital depreciation	2	-
- Net Appropriations	(402)	-
Income Reinvested in Chaconia	(703)	(1,309)
Unrealised foreign currency gain	(135)	(249)
Net Cash Outflow from Operating Activities	(809,278)	(15,024)
INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,854)	(1,561)
Proceeds from Disposal of Fixed Assets	106	151
Net Cash Outflow from Investing Activities	(2,748)	(1,410)
FINANCING ACTIVITIES		
Payments to initial contributors	-	(87)
Increase in First Unit Scheme Capital		
- Capital Appreciation	293,652	41,695
- Net Proceeds from Sales	257,698	58,983
Increase in Second Unit Scheme		
- Capitalised Interest	1,819	605
- Net Sales/(Repurchases)	279,073	(76,316)
Increase in Universal Retirement Fund		
- Capital Depreciation	(2)	-
- Contributions	402	-
Movement in Reserves	1,122	1,338
Net cash inflow from Financing Activities	833,764	26,218
NET CASH INFLOW FOR THE YEAR	21,738	9,784
Cash & Cash Equivalents:		
Beginning of Year	16,371	6,587
End of Year	38,109	16,371
REPRESENTED BY:		
Cash	3,346	5,682
Short Term Investments	34,763	10,689
	38,109	16,371

The following notes form an integral part of these Financial Statements

FIRST UNIT SCHEME BALANCE SHEET
AS AT DECEMBER 31st, 1997

	NOTES	1997 \$ '000	1996 \$ '000
<u>ASSETS</u>			
Investments	21	1,142,928	593,675
Cash		1,590	678
Short Term Investments		21,600	8,500
Income Receivable		8,961	6,597
DIA Receivable	3	-	5,310
Other Receivables		181	57
Total Assets		1,175,260	614,817
<u>LIABILITIES</u>			
Distribution Payable		21,641	14,094
Amount Due Corporation		10,285	6,093
Other Payables		366	362
		32,292	20,549
<u>RESERVES</u>			
Undistributed Income		40	593
Total Liabilities and Reserves		32,332	21,142
NET ASSETS		1,142,928	593,675
CAPITAL ACCOUNT		648,603	393,002
UNREALISED CAPITAL APPRECIATION	24	494,325	200,673
		1,142,928	593,675

The following notes form an integral part of these Financial Statements

FIRST UNIT SCHEME STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31st, 1997

	NOTES	1997 <u>\$ '000</u>	1996 <u>\$ '000</u>
INVESTMENT INCOME			
Dividends		13,863	10,117
Interest	3	42,731	30,301
Total Gross Investment Income		<u>56,594</u>	<u>40,418</u>
Withholding Tax	3	-	(2,322)
Investment Income After Tax		<u>56,594</u>	<u>38,096</u>
EXPENSES			
Management Charge	16	17,434	11,414
Total Expenses		<u>17,434</u>	<u>11,414</u>
Net Investment Income		<u>39,160</u>	<u>26,682</u>

The following notes form an integral part of these Financial Statements

FIRST UNIT SCHEME INCOME DISTRIBUTION ACCOUNT
FOR THE YEAR ENDED DECEMBER 31st, 1997

	NOTES	1997 <u>\$ '000</u>	1996 <u>\$ '000</u>
NET INVESTMENT INCOME		39,160	26,682
Distribution to Initial Contributors 45c per unit (comparative equivalent 60c) (1996 - 52c per unit)	4	289	252
Distribution to Unitholders 60c per unit (comparative equivalent 80c) (1996 - 69c per unit)	4	39,224	26,782
		<u>(353)</u>	<u>(352)</u>
Undistributed Income brought forward		593	1,145
		<u>240</u>	<u>793</u>
Allocation to Guarantee Reserve Fund	8	200	200
Undistributed Income at December 31st		<u>40</u>	<u>593</u>

The following notes form an integral part of these Financial Statements

SECOND UNIT SCHEME BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31st, 1997

	NOTES	1997 \$ '000	1996 \$ '000
<u>ASSETS</u>			
Investments	22	986,216	705,332
Cash		6,030	6,197
Interest Receivable		12,568	11,829
Other Receivables		219	56
TOTAL ASSETS		<u>1,005,033</u>	<u>723,414</u>
<u>LIABILITIES</u>			
Accruals for Distribution	4	3,749	3,483
Amount Due Corporation		8,959	9,602
Other Liabilities		4,259	3,438
		<u>16,967</u>	<u>16,523</u>
Reserves		1,850	1,559
Total Liabilities and Reserves		<u>18,817</u>	<u>18,082</u>
NET ASSETS		<u>986,216</u>	<u>705,332</u>
Capital Account		<u>986,216</u>	<u>705,332</u>

The following notes form an integral part of these Financial Statements

SECOND UNIT SCHEME STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31st, 1997

	NOTES	1997 <u>\$ '000</u>	1996 <u>\$ '000</u>
INVESTMENT INCOME			
Interest Income	3	97,923	86,047
GROSS INVESTMENT INCOME		<u>97,923</u>	<u>86,047</u>
Withholding Tax 15%	3	-	(8,727)
Investment Income after Taxes		<u>97,923</u>	<u>77,320</u>
EXPENSES			
Management Charge	16	12,975	9,568
Interest		920	812
Commission	18	1,292	1,076
Total Expenses		<u>15,187</u>	<u>11,456</u>
NET INVESTMENT INCOME		<u>82,736</u>	<u>65,864</u>

The following notes form an integral part of these Financial Statements

SECOND UNIT SCHEME INCOME DISTRIBUTION ACCOUNT

FOR THE YEAR ENDED DECEMBER 31st, 1997

	NOTES	1997 \$ '000	1996 \$ '000
NET INVESTMENT INCOME		<u>82,736</u>	<u>65,864</u>
DISTRIBUTION PAYMENT:			
Distribution Paid	4	78,296	61,916
Accruals for Distribution	4	3,749	3,483
TOTAL		<u>82,045</u>	<u>65,399</u>
Transfer to Reserves		691	465
		<u>82,736</u>	<u>65,864</u>

The following notes form an integral part of these Financial Statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31st, 1997

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.

The Finance Act of 1997 expanded the activities of the Corporation to include the business of:

- A Trust Company;
- Merchant Banking;
- Credit Cards; and
- Financial services in respect of future and contingent liabilities relating to foreign exchange and commodities.

The Corporation has since established a Bureau De Change on September 03rd, 1997 and the Universal Retirement Fund on November 28th, 1997.

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

Traded securities in the Investment Funds are valued at the prevailing market prices on the last trading day on the offer basis. Unlisted Bonds are valued at par.

Fixed Assets

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31st, 1997

Presentation

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 prevailing on December 31st, 1997.

Resulting translation differences and profits and losses from other transactions are dealt with in the income statement.

3. TAXATION

The Corporation is exempted from Corporation Tax. However in 1996, by virtue of the Provisional Collection of Taxes Order 1996 the Corporation was subject to a 15% tax on interest income. The Finance Act of 1997 however relocated the tax to the point of distribution made to Unitholders.

The Corporation in accordance with Acts 4 and 6 of 1984 was eligible to receive the DIA on dividends received. This was discontinued by the Finance Act of 1996.

4. DISTRIBUTIONS

The Corporation declared its twenty-ninth (29th) and thirtieth (30th) distributions in respect of the First Unit Scheme for the year 1997 totalling \$39,223,715. The distribution to registered unitholders as at June 30th, 1997 amounted to \$17,727,531 and as at December 31st, 1997 amounted to \$21,496,184. The total distribution to initial capital contributors for the year amounted to \$288,676.

Distributions in the Second Unit Scheme are made quarterly. Four (4) payments were made in 1997 and total distribution paid for the period January - November 1997 totalled \$78,296,020. Accrued income as at December 31st, 1997 for distribution in the quarter ended February 28th, 1998 amounted to \$3,748,700.

Effective December 01st, 1997, investors' unitholdings in the First Unit Scheme were split entitling investors to an additional unit for every one (1) on the register at this date.

The effect of this on the units in issue and the offer and bid price at that date is as follows:

	1997 30 th Nov.	1997 01 st Dec.
Units in issue	51,125,481.06	102,250,962.12
Offer Price	\$22.35	\$11.20
Bid Price	\$21.25	\$10.65

As a consequence of the doubling of units the Distribution payment for the thirtieth (30) the Distribution was twenty cents (\$0.20) per unit for unitholders and fifteen cents (\$0.15) per unit for Initial Contributors, equivalent to forty cents (\$0.40) and thirty cents (\$0.30) per unit respectively prior to the split.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 1997

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.

7. UNIVERSAL RETIREMENT FUND

1997	1996
<u>\$'000</u>	<u>\$'000</u>
400	-

This represents the value of units issued in this fund.

8. 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.

9. 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 29th, 1985.

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

10. 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.

11. CAPITAL RESERVE

The unrealised Capital Appreciation from the investment in the Chaconia Income and Growth Fund has been taken to a Capital Reserve Account. During the year there was a partial realisation of the capital gain on this fund.

12. RECEIVABLES

1997	1996
<u>\$'000</u>	<u>\$'000</u>
22,258	17,361

These include amounts due to the Corporation from both unit schemes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31st, 1997

13. ACCOUNTS PAYABLE

1997	1996
<u>\$'000</u>	<u>\$'000</u>
3,871	1,373

This comprises mainly liabilities for Administrative and Commission Expenditure and amounts due to the Unit Schemes from the Corporation at the year end.

14. OTHER INCOME

	1997	1996
	<u>\$'000</u>	<u>\$'000</u>
Chaconia Fees	736	659
Bureau De Change	134	-
Commissions	29	-
Miscellaneous	34	97
	<u>933</u>	<u>756</u>

15. INITIAL CHARGE

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

16. 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 1997 the Board applied an average charge of 1.87% (1996 - 2%) to the First Unit Scheme and an average charge of 1.45% (1996 - 1.38%) to the Second Unit Scheme.

17. ADMINISTRATIVE EXPENSES

1997	1996
<u>\$'000</u>	<u>\$'000</u>
27,066	22,446

These expenses include the following:

1. Directors' fees	141	132
2. Auditors' remuneration	75	70

18. COMMISSIONS

1997	1996
<u>\$'000</u>	<u>\$'000</u>
3,724	1,868

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.

19. INVESTMENTS

1997	1996
<u>\$'000</u>	<u>\$'000</u>
8,798	7,238

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31st, 1997

This amount includes \$8.698 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.

20. COMMITMENTS

The Corporation has agreed to participate in the Government Project Financing Facility to the extent of \$19.36 million. As at December 31st, 1997 disbursements amounting to \$14.79 million had been made.

21. INVESTMENT PORTFOLIO

First Unit Scheme

EQUITY	SHAREHOLDING (STOCK UNITS)	MARKET VALUE (\$)
FINANCIAL INSTITUTIONS		
BANK OF NOVA SCOTIA		
TRINIDAD AND TOBAGO LIMITED	3,030,356	64,546,583
REPUBLIC BANK LIMITED	7,846,992	177,891,309
ROYAL BANK OF		
TRINIDAD AND TOBAGO LIMITED	6,259,893	115,808,021
ANSA FINANCE LIMITED	750,000	5,032,500
MANUFACTURING		
ANGOSTURA HOLDINGS LIMITED	2,108,523	44,257,898
BERGER PAINTS TRINIDAD LIMITED	133,333	579,999
LEVER BROTHERS WEST INDIES LIMITED	1,172,365	12,157,425
WEST INDIAN TOBACCO COMPANY LIMITED	1,324,503	12,384,103
TRINIDAD CEMENT LIMITED	7,888,426	59,557,616
NATIONAL FLOUR MILLS LIMITED	4,183,911	13,806,906
CONGLOMERATES		
ANSA MC AL LIMITED	2,015,553	42,548,324
NEAL & MASSY HOLDINGS LIMITED	2,359,624	22,652,390
INSURANCE		
AMERICAN LIFE AND GENERAL INSURANCE		
COMPANY (TRINIDAD AND TOBAGO) LIMITED	462,416	1,294,765
GUARDIAN HOLDINGS LIMITED	18,075	281,066
PROPERTY		
POINT LISAS INDUSTRIAL PORT DEVELOPMENT		
CORPORATION LIMITED	1,701,240	10,377,564
TRADING		
L.J. WILLIAMS LIMITED	1,333,064	3,132,700
TOTAL EQUITY		586,309,169
TOTAL DEBT SECURITIES		201,032,168
		787,341,337
CASH AND SHORT TERM INVESTMENTS		355,586,818
TOTAL VALUE OF PORTFOLIO		<u>1,142,928,155</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31st, 1997

22. INVESTMENT PORTFOLIO

SECOND UNIT SCHEME

SECURITIES	MARKET VALUE \$
Government Securities	172,144,666
Government Guaranteed Securities	59,200,234
Corporate Securities	109,360,109
Cash and Short Term Investments	645,511,451
TOTAL	<u>986,216,460</u>

23. UNIVERSAL RETIREMENT FUND

SECURITIES	SHAREHOLDING (STOCK UNITS)	MARKET VALUE (\$)
<i>FINANCIAL INSTITUTIONS</i>		
ANSA MC AL LIMITED	421	8,866
ROYAL BANK OF TRINIDAD AND TOBAGO LIMITED	16,174	298,410
<i>MANUFACTURING</i>		
WEST INDIAN TOBACCO CO. LIMITED	105	977
CASH		91,255
		<u>399,508</u>

24. UNREALISED CAPITAL APPRECIATION

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31st, 1997

25. FIXED ASSETS

	Freehold Land \$'000	Freehold Building \$'000	Leasehold Land \$'000	Office Improvements \$'000	Motor Vehicles \$'000	Equipment & Furniture \$'000	Total \$'000
Year ended December 31, 1997							
Opening Net Book Value	600	1,854	3,020	911	663	1,832	8,880
Additions	-	-	-	443	714	1,697	2,854
Disposals	-	-	-	-	(106)	-	(106)
Depreciation Charge	-	(37)	-	(237)	(280)	(521)	(1,075)
Closing Net Book Value	600	1,817	3,020	1,117	991	3,008	10,553
As at December 31, 1997							
Cost	600	1,906	3,020	2,243	1,383	5,082	14,234
Accumulated Depreciation	-	(89)	-	(1,126)	(392)	(2,074)	(3,681)
Net Book Value	600	1,817	3,020	1,117	991	3,008	10,553
Year ended December 31st, 1996							
Opening Net Book Value	600	1,892	2,469	1,189	496	1,730	8,376
Additions	-	-	551	22	459	529	1,561
Disposals	-	-	-	-	(152)	(3)	(155)
Depreciation Charge	-	(38)	-	(300)	(140)	(424)	(902)
Closing Net Book Value	600	1,854	3,020	911	663	1,832	8,880
As at December 31st, 1996							
Cost	600	1,906	3,020	1,799	1,069	3,386	11,780
Accumulated Depreciation	-	(52)	-	(888)	(406)	(1,554)	(2,900)
Net Book Value	600	1,854	3,020	911	663	1,832	8,880

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. In 1997 the Corporation Commenced construction of its Headquarters Building on a Build, Own, Lease and Transfer arrangement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31st, 1997

26. 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 last actuarial valuation report as at January 1st, 1995 revealed that the fund is adequate to provide its promised benefits. The actuaries are currently conducting the valuation due for 1998.

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**

- Republic Bank Limited
(Commerce Division)
- Bank of Nova Scotia T&T Limited
- First Citizens Bank Limited
- Republic Bank Limited
- The Royal Bank of T&T Limited
- Citibank (Trinidad & Tobago) Limited

NON-BANK FINANCIAL INSTITUTIONS

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

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 Co.
Trinidad & Tobago Limited
(operations managed by GUARDIAN LIFE
OF THE CARIBBEAN LIMITED)
Colonial Life Insurance Company
(Trinidad) Limited
Crown Life (Caribbean) Limited
(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 Company)
MEGA Insurance Company of
Trinidad & Tobago Limited
Guardian Life of the Caribbean Limited
Life of Barbados Limited
Maritime Life (Caribbean) Limited
Nationwide Insurance Company Limited
Tatil Life Insurance Company Limited
Winsure Life Insurance Company
(under judicial management)

