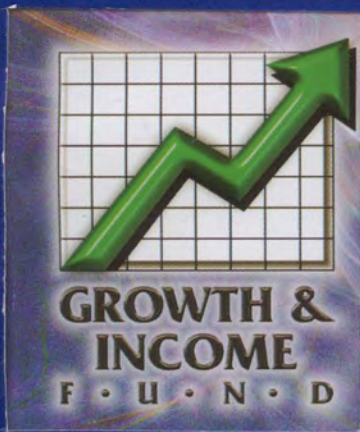


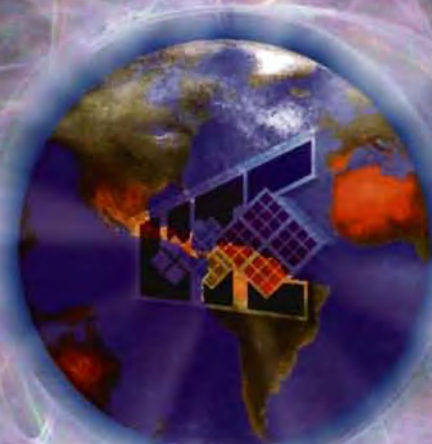
Windows
to the
New Millennium





CHACONIA
INCOME &
GROWTH FUND

IRUA
Individual Retirement Unit Account



**GROWTH &
INCOME**
F • U • N • D



MONEY MARKET
F U N D

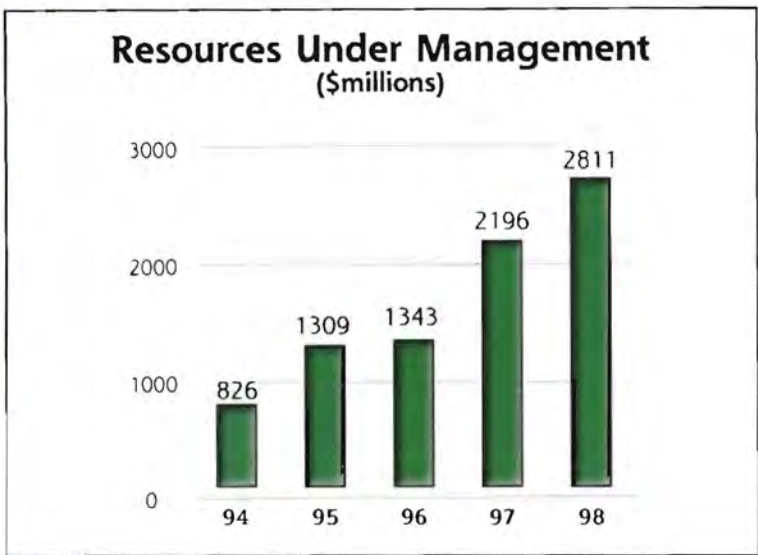


Our Mission

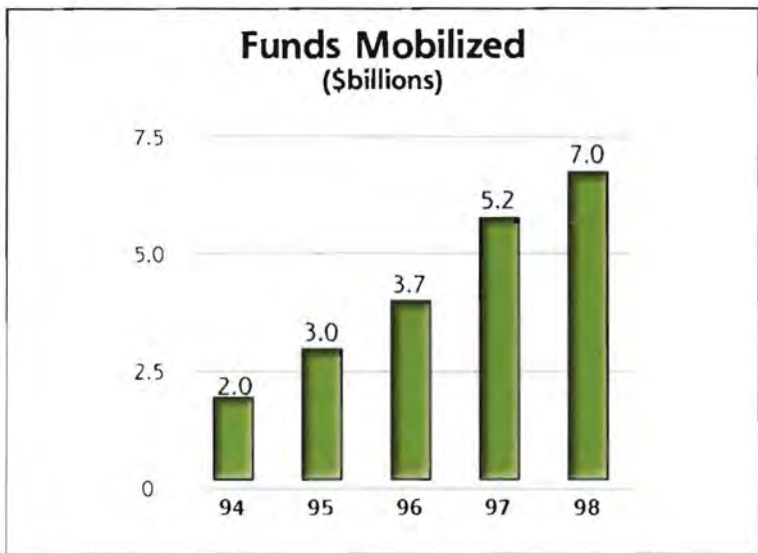
*To encourage and mobilise savings in the community,
thereby fostering a savings and investment consciousness
among our people and to channel those resources
towards productive investments creating in the process,
a wider shareholding democracy.*

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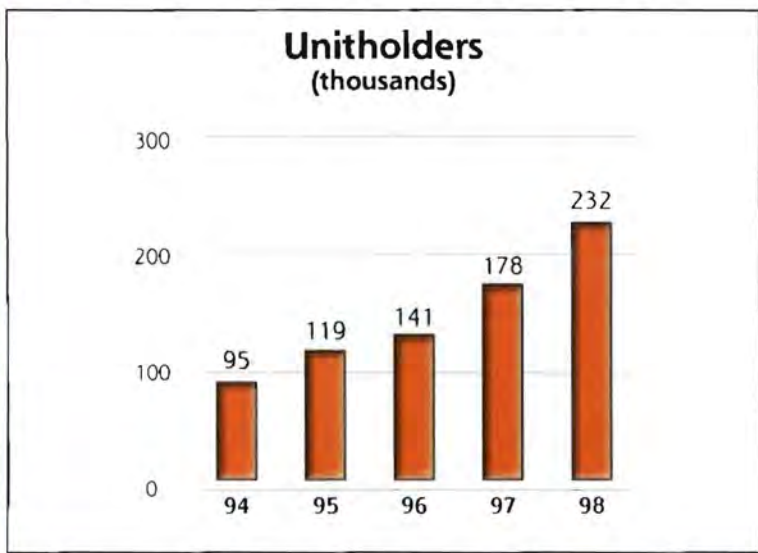
	1994	1995	1996	1997	1998
FUND SIZE (\$M)					
First Unit Scheme	257.58	493.48	593.67	1142.93	1473.82
Second Unit Scheme	541.57	781.04	705.33	986.22	1227.46
Universal Retirement Fund Corporation	27.36	34.76	43.51	66.94	103.01
RESOURCES UNDER MGT.	826.51	1309.28	1342.51	2196.49	2810.73
FUNDS MOBILIZED (\$M)	2030.59	3045.50	3729.06	5224.71	7031.91
UNITHOLDERS	95,297	119,313	141,217	177,663	232,267



Resources under Management by the Corporation continued to increase during the course of 1998 and approached the \$3 Billion threshold by year's end. Funds under Management increased by 28% over 1997.

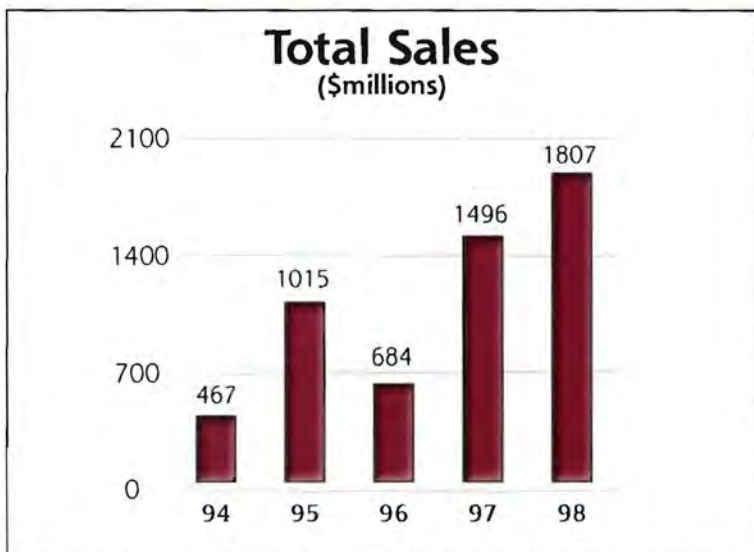


During 1998 the Corporation crossed \$7 Billion in funds mobilized from the population of Trinidad & Tobago since its inception in 1982.

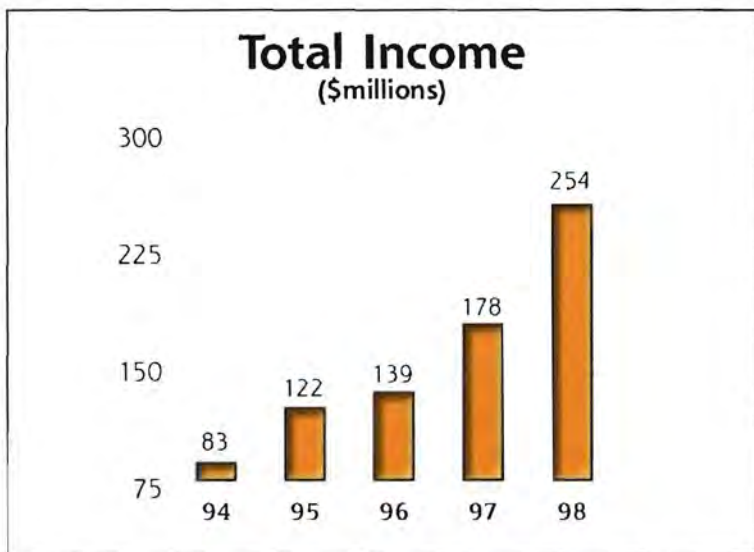


The increase in popularity of mutual funds as a viable means of investing in this country is reflected in the increase in the Corporation's unitholding base, from 177,663 in 1997 to 232,267 in 1998, an overall 30.7% increase.

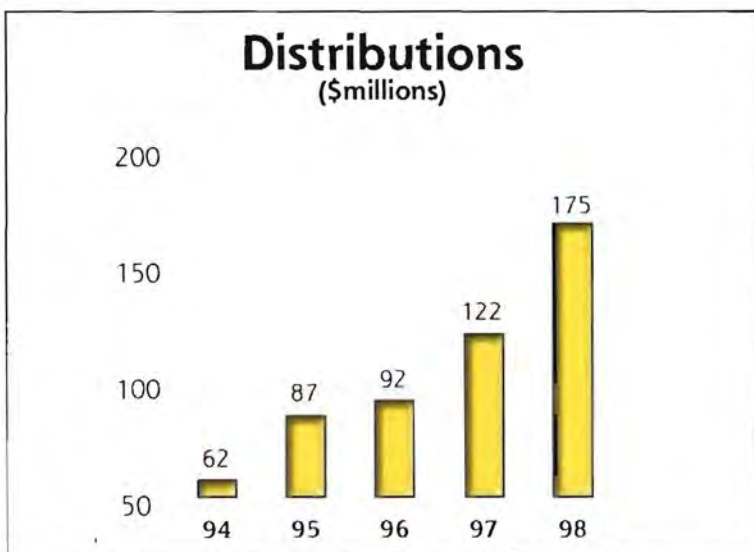
	1994	1995	1996	1997	1998
SALES (\$M)					
First Unit Scheme	81.5	203.76	146.01	395.59	533.39
Second Unit Scheme	385.6	811.15	537.55	1099.66	1267.9
Universal Retirement Fund	-	-	-	0.40	5.91
TOTAL	467.1	1014.91	683.56	1495.65	1807.2
TOTAL INCOME (\$M)	83.31	121.76	138.71	177.78	254.30
DISTRIBUTION TO UNITHOLDERS (\$M)	62.21	87.13	92.43	121.56	175.19



Total Sales by the Corporation increased by 20.8% in 1998 over Total Sales in 1997 of \$1.49 Billion.



Total Income earned by the Corporation attained new heights in 1998 by posting a record \$254.3 million. This represented an increase of 42.7% over 1997.



In 1998 the Corporation continued to pursue its mandate of paying out most of its profits to its investors with a record payout of \$175.2 million.

Chairman	Judy Y. Chang
Executive Director	Clarry Benn
Directors	Terrence Bharath Michal Y. Christian Oscar B. Edghill Jerry Hospedales Larry Howai Donna-Marie Johnson Kamal Mankee John H. Smith Ray A. Sumairsingh Sookh Mungal Supersad

Corporate Secretary Patricia Small-Ilkhtchoui

CHANGES IN BOARD DURING THE YEAR

Ms. Donna-Marie Johnson was appointed by the National Insurance Board (NIB) for a period of four (4) years effective April 22nd 1998 in accordance with Section 7(1)(e) and (4) of the Unit Trust Corporation of Trinidad and Tobago Act, Chapter 83:03.

Ms. Johnson succeeded Mr. Patrick Rabathaly who served on the Board for a period of six (6) years from March 18th 1992 to April 21st 1998.

BANKERS

Central Bank of Trinidad and Tobago
Central Bank Building
Eric Williams Plaza
PORT OF SPAIN.

The Royal Bank of Trinidad and Tobago Limited
55 Independence Square
PORT OF SPAIN.

Citibank (Trinidad and Tobago) Limited
12 Queen's Park East
PORT OF SPAIN

Citibank N.A.
11 Wall Street
New York, N.Y. 10043
USA

AUDITORS

The Auditor General of the Republic of Trinidad and Tobago
Eric Williams Finance Building
Eric Williams Plaza
PORT OF SPAIN.

INTERNAL AUDITORS

PricewaterhouseCoopers
Chartered Accountants
11 -13 Victoria Avenue
PORT OF SPAIN.

ATTORNEYS

Fitzwilliam, Stone, Furness-Smith and Morgan
36 Pembroke Street
PORT OF SPAIN

Foley and Lardner
Firststar Center
777 East Wisconsin Avenue
Milwaukee, Wisconsin 53202-5367
USA

CORPORATE OFFICES

Head Office and 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/utchome>

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 Mall Building
WEST MOORINGS

Tel: 868 632-9222
Fax: 868 632-7721

Tobago Branch

Block A, Level 1
Scarborough Mall
TOBAGO

Tel: 868 639-3921
Fax: 868 639 5096

BOARD OF DIRECTORS



1

Chairman

Judy Y. Chang (1)

Executive Director

Clarry Benn (2)

Directors

Terrence Bharath (4)
 Michal Y. Christian (5)
 Oscar B. Edghill (6)
 Jerry Hospedales (7)
 Larry Howai (8)
 Donna-Marie Johnson (9)
 Kamal Mankee (10)
 John H. Smith (11)
 Ray A. Sumairsingh (12)
 Sookh Mungal Supersad (13)

Corporate Secretary

Patricia Small-Ilkhtchoui (3)



2



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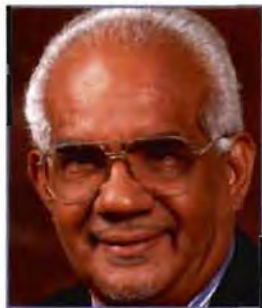
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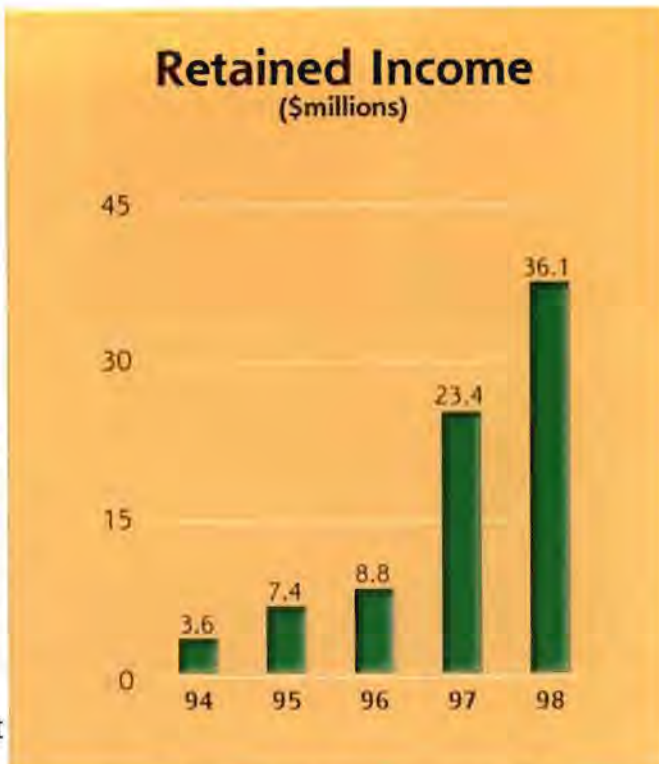
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9

Introduction

I am pleased to report that the Trinidad and Tobago Unit Trust Corporation achieved impressive results in 1998. Funds under management grew by 27.7% to reach \$2.81 billion compared with \$2.20 billion in 1997. The combined earnings of the unit schemes and the Universal Retirement Fund increased by 43.6% or \$67.4 million to \$221.9 million in 1998 compared with \$154.5 million in 1997. Distributions to unit holders expanded by 44% or \$53.6 million, up from \$121.6 million in 1997 to \$175.2 million in 1998. The retained earnings of the Corporation rose by 55% or \$12.7 million year-on-year to \$36.1 million from \$23.4 million in 1997, whilst cumulative retained earnings from the end of the Corporation's first financial year in 1982 to the close of 1998 stood at \$103.01 million. These results reflect the Corporation's strong position in a growth industry.



The Economy

The Corporation's 1998 results were achieved in an economy, which recorded its fifth consecutive year of growth, after nine (9) years of economic contraction, following the collapse of oil prices in 1982. In 1998, although additions to productive capacity in the energy sector totalled US\$1 billion, the economy grew by 3.6% as the overall level of economic activity was constrained by the fall in international prices of the mix of commodities produced by the energy sector. Growth in the petroleum sector of 5% exceeded growth in the non-petroleum sector of 3.2% - a margin of 1.8%. Petrochemicals alone contributed 22% to gross domestic product (GDP). The other outstanding contributors were construction 13.5% and distribution 12.5%. Agriculture which, declined by 14.7% is the only sector of the economy that recorded negative growth in 1998.

The other leading indicators of economic performance show that the unemployment rate, which averaged 13.9% for the first nine (9) months of 1998, remained below the 15% low achieved last year. The rate of inflation rose from 3.7% to 5.6% year-over-year. For the calendar year ended 31 December 1998, government's fiscal operations yielded a surplus of \$308.2 million. At the end of the third quarter of 1998, the current account deficit of US\$419.1 million and the capital account surplus of US\$457.7 million resulted in an overall balance of payments surplus of US\$38.6 million. At year-end, Trinidad and Tobago's gross foreign reserves amounted to US\$1,184.5 million, representing four point three (4.3) months import cover.



Financial Markets

Continued economic growth and low inflation provided the backdrop for the performance of financial markets. In the foreign exchange market, the TT to US dollar exchange rate exhibited a high level of stability, appreciating by 0.2% during the year. This level of stability was due mainly to the US dollar transactions that occurred between the commercial banks and the Central Bank, to even out the demand and supply imbalances in the system.

Apart from conducting open market operations to sterilise the impact of its US dollar transactions in the system, the monetary authority also adjusted the reserve requirement from 24% of total deposits to 21% of total deposits and non-deposit funding instruments. These monetary policies adopted by the Central Bank at the close of 1997 and during the second quarter of 1998 caused liquidity in the banking system to contract temporarily. Basic prime rose from an average median rate of 15.3% in 1997 to 17.4% in 1998, an increase of two hundred and ten (210) basis points.

In the short-term fixed income market, the overall increase in the rate of interest ranged, from thirty-seven (37) to sixty-six (66) basis points, for money market instruments and treasury bills, respectively. In the bond market, interest rate increases were due largely to the increase in prime lending rate as the interest rate spread for government issues remained relatively unchanged, whereas in the case of corporate issues the spread narrowed by approximately fifty (50) basis points.

In the equity market, stock market returns approximated one-third of those posted in 1997, down from 124.03% to 34.42% year-on-year. Stock price increases in the first half of 1998 were not as large as those recorded in 1997. Moreover, during the second half of the year, the stock market reflected the uncertainty being experienced in the international financial markets. Price increases, which dominated the domestic stock market between January and September of 1998, generated an annualised rate of return of 52.32%. However, during the last quarter, these returns were reduced by price declines and amounted to 17.90%.

Number of Unitholders (thousands)



Industry Performance

In 1998, the TT dollar unit trust industry grew by 48.1% or \$1.1 billion, up from \$2.3 billion in 1997 to \$3.4 billion in 1998. The Corporation, which accounted for 80% of the total assets of TT dollar unit trust schemes, continued to maintain its dominance in the local industry. The unit holding population for TT dollar funds also increased, from approximately 182,000 unit holders in 1997 to over 250,000 in 1998. The Corporation accounted for 93% of the total number of unit holders in the industry, our unit holders having increased from 177,663 in 1997 to 232,267 in 1998.

Currently, in the TT dollar unit trust scheme category, the Corporation accounts for approximately 96% of the total

number of unit holders. Further, 227,878 unit holders or 98% are households. The number of institutional investors investing in unit schemes has been growing but households continue to dominate, a feature, consistent with the industry internationally.

From a Statutory Corporation to a Listed Company

Over the last two (2) years, I have had the privilege of leading the Corporation through a period of continued expansion as well as a period of preparation for transition from a statutory corporation to a publicly quoted company incorporated under the Companies Act, 1995. The Corporation, which engages in the full range of services associated with collective investment schemes, will be the first company of its kind in Trinidad and Tobago to be listed on the local stock exchange.

The proposed public listing is possible primarily because of the success with which the Corporation pioneered the local unit trust industry and the quiet revolution that occurred in this country between 1982 and 1998 in this sub-sector of the securities industry. During its embryonic stage of development, between 1982 and 1985, the assets of the Corporation contracted on average by 19.16% per annum. The decline was due largely to the undiversified nature of its operations and the fact that its single equity-based product was adversely affected by the unfavourable economic and financial market conditions, which prevailed. This situation was further exacerbated by limited product knowledge.

Since 1986 the Corporation's growth trends were completely reversed as the per annum growth rate averaged 45.50%. The establishment of the Second Unit Scheme, a money market fund, along with adept marketing, product knowledge deepening and creative packaging, accompanied by fiscal incentives and a general improvement in economic and financial market conditions, led to a period of uninterrupted growth from 1986 to 1998.

There were two (2) exceptional years, 1990 and 1996, during the period of expansion. In 1990, the rate of growth was phenomenal, as total assets grew by 160.58% whereas in 1996, the rate of growth was minimal as total assets grew by 1.92%. The latter was due mainly to a fiscal measure introduced in 1996, but which was subsequently reversed in 1997. Save for those two years, the data show that the remaining period was characterised mostly by years of quantum growth ranging from a minimum of 38.15% to a maximum of 71.08%.

Growth of the Corporation's Collective investment business helped fuel the economy, in part, by supplying capital to corporate and government borrowers. And, to a degree, increased equity financing brought about by the resources mobilised by the FUS has strengthened corporate balance sheets dramatically and reduced financial risk in the system.

The Corporation has been the beneficiary of the wisdom of the framers of its enabling legislation. The vision to legislate the promotion of unit trust schemes as a savings and investment vehicle has been central to the growth and development of the Corporation. Therefore, sixteen (16) years after the establishment of the first collective investment scheme, savers/investors in Trinidad and Tobago have expanded their accumulation horizon. They shifted from being individuals who save for a rainy day to wealth accumulators. By investing in equity funds, such as the First Unit Scheme of the Corporation, savers are increasing their wealth position over time in tandem with the underlying assets of the fund.

In the next millennium, collective investment vehicles are well placed to play a lead role in lifting the savings and investment consciousness of the investing public of Trinidad and Tobago to a significantly higher level of national savers in the world. In the short term, employee pension plans with emphasis on collective investment schemes are expected to become more popular and fuel, to some extent, continued growth and expansion in the local industry.

Against this background, the Corporation's popular appeal within the financial services sector and its determination to build on its success have put it in a position to extend its product line to the full range of financial services, thereby creating a one-stop-shop.

Several benefits are expected to flow from being a listed company. For instance, the corporation will be able to raise equity capital from the public by the issue of shares in the primary capital market, whether as rights issue or otherwise. Members of the investing public will be able to acquire the Corporation's shares in the primary market. They will also be able to trade (buy and sell) the Corporation's shares, on the secondary market through stockbrokers. This means that, apart from increasing their wealth position by investing in the unit schemes and funds of the Corporation, the investing public will also have access to another source of wealth, the shares of the publicly listed company that manages their funds.

Increased listing on the stock exchange will allow the country to exploit the potential of the stock market more fully. Therefore, while the Corporation leads by example it is our hope that by listing the shares of the Corporation on the local exchange we will stimulate interest among the large number of successful businesses in the country to become quoted companies. Being a quoted company means that the Corporation will contribute somewhat, to the further development of the local capital and stock market by adding its name to the number of companies whose shares are traded on our rather thin stock market.

In addition, by listing on the stock exchange the Corporation's stakeholders' base, which comprises unit holders and employees, will expand to include shareholders. So, as the twenty-first century approaches and we embrace the responsibility that comes with being a company, our focus will be to enhance shareholder value. This will act as a catalyst to inspire the Corporation to even higher levels of performance. Therefore, as we eagerly await the passage of the enabling legislation, we pledge our commitment to serving our prospective shareholders with dedication. On behalf of the board of directors, the management and staff of the Corporation I look forward to welcoming on board the Corporation's newest stakeholders, the shareholders of the New UTC, to the Unit Trust family.

Outlook

In the short to medium term the level of economic activity is expected to be moderate as the full impact of the decline in commodity prices in the energy sector globally works its way through the local economy. The general decline in international commodity prices, coupled with the anticipated slow down in economic activity, is expected to put pressure on export earnings. Further deterioration in the current account is conceivable and as the fiscal managers seek to grapple with the sharp decline in the prices of petroleum and petrochemical products the fiscal accounts may be put under great strain.

We at the Corporation see the current position to be in keeping with the normal cyclical economic trend in the life of any country and we are confident that the position will be reversed in the near future. Our track record shows that the Corporation has the resolve to produce outstanding results under the most trying circumstances. Therefore, as we look to the future we continue to be optimistic and are challenged by the economic fortunes of the country.

In 1999, in spite of reported increases in corporate earnings for fiscal 1998, we have observed the declining values in the stock market and investors' equity based asset holdings. In the past, the Corporation dealt with stock price declines by drawing on its creative energies to ensure that the investors' interest was well served. In

Funds Under Management 1998



light of the foregoing, the Corporation views the current occurrences in the market place as mere challenges, which we have to overcome. Where current events are impacting adversely on unit holders' wealth position the Corporation has taken action through greater diversification by country and currency to enhance returns. Further, in the case where current events have led to a shift toward fixed income instruments the Corporation has taken action to ensure that the unit holder enjoys a high rate of return.

While it is our hope that the Corporation will add to the number of companies listed on the stock exchange, we are conscious that this by itself does not create the appropriate depth and breath needed to enhance the level of efficiency in the stock market. The Corporation recognises that increased listings provide more investment opportunities, which can translate into increased liquidity, a feature that will redound to the benefit of all market participants. This is the setting within which the Corporation will continue its campaign to bring about increased listing on the stock market.

The Corporation is heartened to note that work on the institutional, legal and regulatory framework to facilitate the further development of the collective investments industry is progressing and looks forward to the enactment of the enabling legislation in 1999. Also the Corporation expects that in accordance with its oversight responsibilities the Securities and Exchange Commission will ensure that domestic funds are not disadvantaged by the unrestricted entry of foreign funds. In this regard, the Corporation is prepared to make its expertise available to promote the orderly development of the sector.

Appreciation

First, I warmly congratulate our two hundred and thirty-two thousand, two hundred and sixty-seven (232,267) unit holders for selecting the Corporation's collective investment vehicles as their products of choice. Moreover, I sincerely thank them for the confidence they have in the ability of the Board of Directors and the management and staff of the Unit Trust Corporation to achieve their investment goals.

Second, great credit is due to the management and staff of the Corporation for their continued dedication and commitment to the goal of creating a shareholding democracy in Trinidad and Tobago.

Finally, I thank my fellow directors for their unwavering interest in the affairs of the Corporation and the quality of their leadership, which our combined efforts produced during the year.



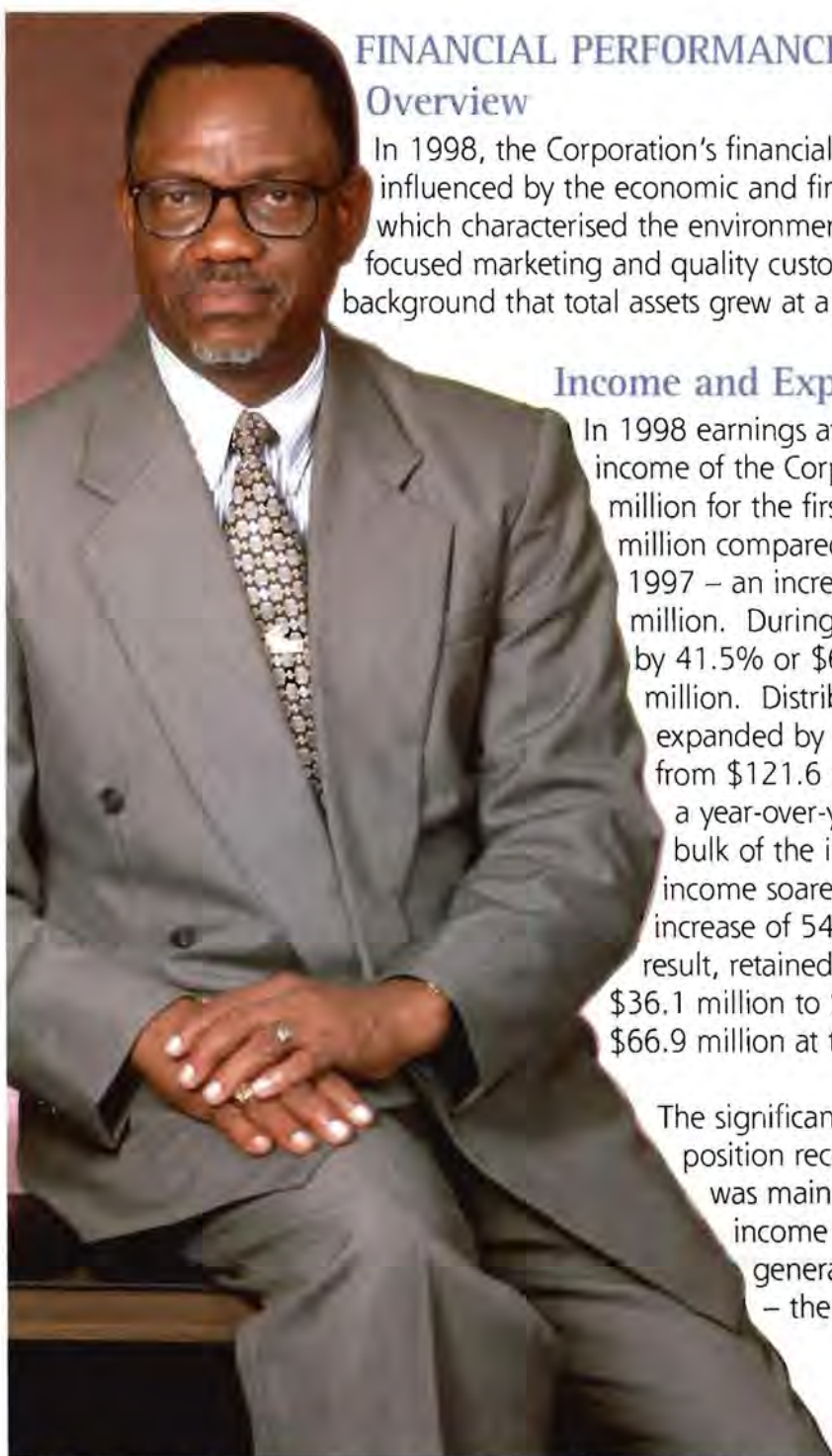
Judy Y. Chang
Chairman

INTRODUCTION

The financial performance of the Trinidad and Tobago Unit Trust Corporation for the year 1998 was the best ever produced by the institution in its sixteen (16) year history. In addition, the year 1998 may be the culmination of an important period in the history of this Corporation, in that it could represent both the closure of the era as a statutory corporation and the onset of a new phase as a publicly quoted company.

In the midst of this year's remarkable success, perhaps just as notable, is the level of retained earnings which the Corporation accumulated. This level of financial strength is indicative of the prudence and thrift that characterise the operations of the Corporation. In fact, we are convinced that financial strengthening can only serve to affirm confidence in the soundness of this noble institution.

Therefore, as we continue to build on our success, the Corporation has fully positioned itself to cater to the long-term investment and financial interest of investors locally, regionally and internationally.



FINANCIAL PERFORMANCE

Overview

In 1998, the Corporation's financial performance was greatly influenced by the economic and financial market conditions, which characterised the environment, strategic investments, focused marketing and quality customer service. It is against this background that total assets grew at a consistently strong pace.

Income and Expenses

In 1998 earnings attained record levels. Gross income of the Corporation surpassed \$200 million for the first time, reaching \$254.3 million compared with \$177.8 million in 1997 – an increase of 43.0% or \$76.5 million. During the year, total expenses rose by 41.5% or \$63.6 million to \$217.0 million. Distribution payments, which expanded by 44.1% or \$53.6 million – up from \$121.6 million to \$175.2 million on a year-over-year basis – accounted for the bulk of the increase in total expenses. Net income soared to \$36.1 million, an increase of 54.3% or \$12.7 million. As a result, retained income rose by 53.9% or \$36.1 million to \$103.0 million, up from \$66.9 million at the close of the previous year.

The significantly improved earnings position recorded at the close of 1998 was mainly due to the increase in income from investment operations generated by the unit trust schemes – the Corporation's core business.

OPERATIONAL PERFORMANCE

Overview

The Corporation's 1998 results from operations reflect its strong position as a growth company in a growth industry. Since the onset of the 1990s, the unit trust sub-sector in the financial services industry has witnessed rapid expansion. This trend is expected to persist with international economic and financial market conditions assuming a pivotal role.

UNIT TRUST AND MUTUAL FUND ACTIVITY

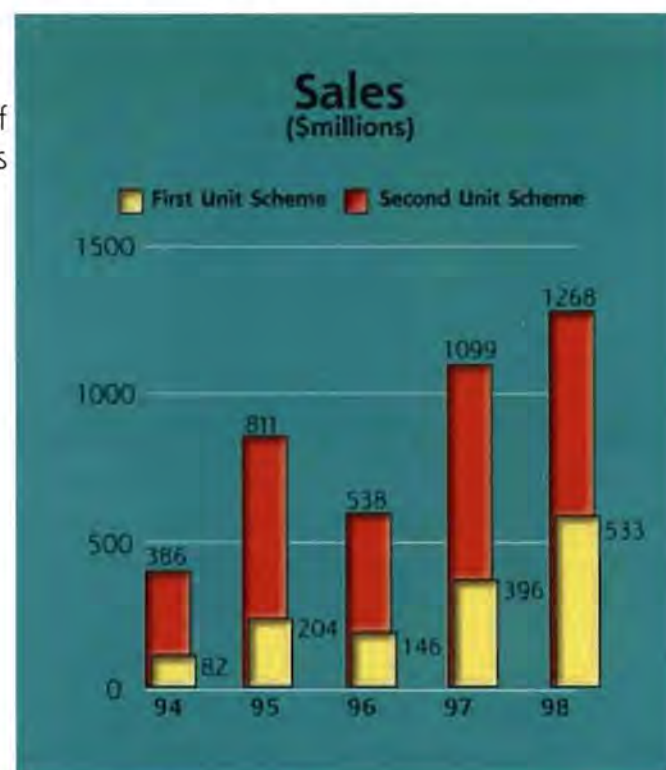
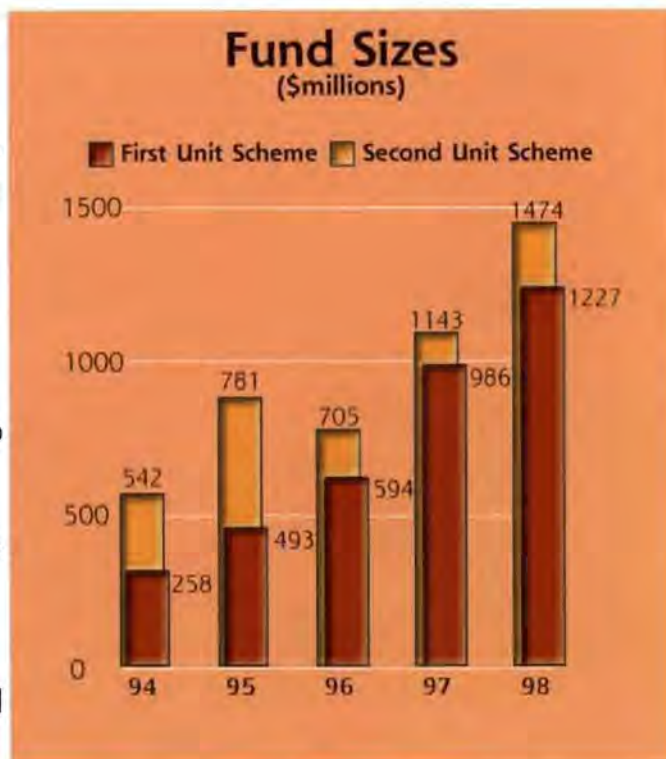
Asset Size

In 1998, growth in total assets of the unit trust schemes continued along an expansionary path. Resources under management increased by \$578.2 million or 27.15% to \$2.71 billion. Unit dealing activity fueled the growth momentum. However, growth in assets from investment operations was solid.

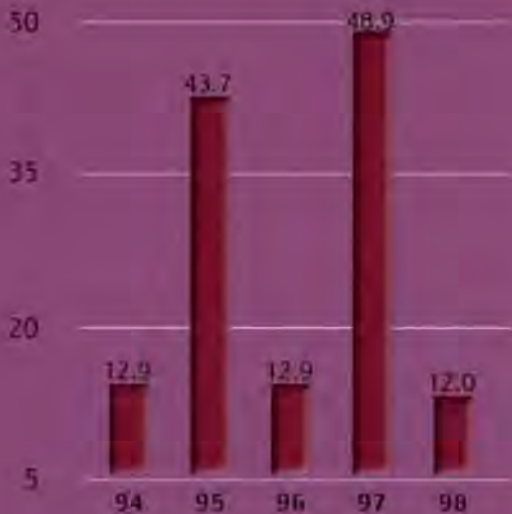
Sales and Redemptions

Gross sales for the year 1998 amounted to \$1.8 billion compared to \$1.4 billion in 1997, an increase of 28.5% or \$0.4 billion. Sales in the First Unit Scheme (the Growth and Income Fund) accounted for \$533.3 million or 29.6% of total sales compared to \$396 million in 1997. The Second Unit Scheme's contribution to total sales amounted to \$1.3 billion or 70.1% of total sales compared to \$1.09 billion in 1997. The Universal Retirement Fund added \$5.9 million or 0.3% to gross sales in 1998.

After taking into account redemptions totalling \$1.29 billion, the Corporation recorded net capital inflows in the sum of \$520.18 million. In 1998, net sales provided the impetus for expansion in funds under management. This represents a reversal of last year's trend when growth in assets was led by net investment gains.



First Unit Scheme Returns (Percentage %)



assets. Thus, income from investment operations rose by \$33.1 million or 58.5% to \$89.7 million from \$56.6 million, on a year-on

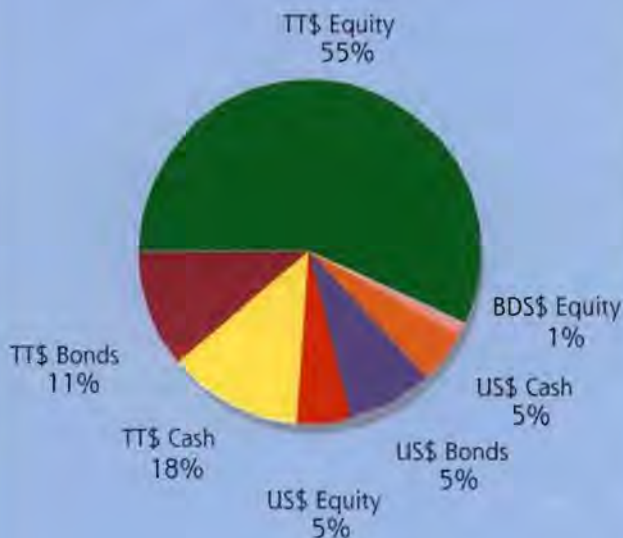
INVESTMENT PERFORMANCE The First Unit Scheme (FUS)

Driven largely by net capital inflows which amounted to \$248.0 million or 74.97% of the increase in total assets, the fund size of the FUS rose to \$1.47 billion, up by \$330.88 million or 28.8% on a year-over-year basis. In the same year, net investment gains also contributed \$82.89 million or 25.03% to the increase in asset size of the FUS.

The size of the net capital inflows facilitated the generation of a higher level of income from investment operations. Favourable financial market conditions and the employment of astute fund management techniques further augmented the earnings of the portfolio's assets. Thus, income from investment operations rose by \$33.1 million or 58.5% to \$89.7 million from \$56.6 million, on a year-on year basis.

In 1998, total annual returns to unit holders amounted to 12.0%. It comprised 7.71% in capital appreciation and 4.29% in income yield. The capital appreciation resulted from increases in the FUS's offer and bid prices, which opened at \$11.20 and \$10.65 and closed the year at \$12.30 and \$11.70 respectively. The income yield contribution to returns resulted from distributions to unit holders of \$61.4 million compared to \$39.5 million in 1997.

First Unit Scheme Portfolio Structure



by \$240 million or 24.2%. As at 31 December 1998, 68.8% or \$844.6 million of the Second Unit Scheme's portfolio was comprised of money market instruments and 31.2% or \$382.9 million of medium-to-long-term fixed income securities.

The Second Unit Scheme (SUS)

In 1998, total assets of the SUS (the Money Market Fund) increased to \$1.23 billion from \$0.99 billion in 1997 – up

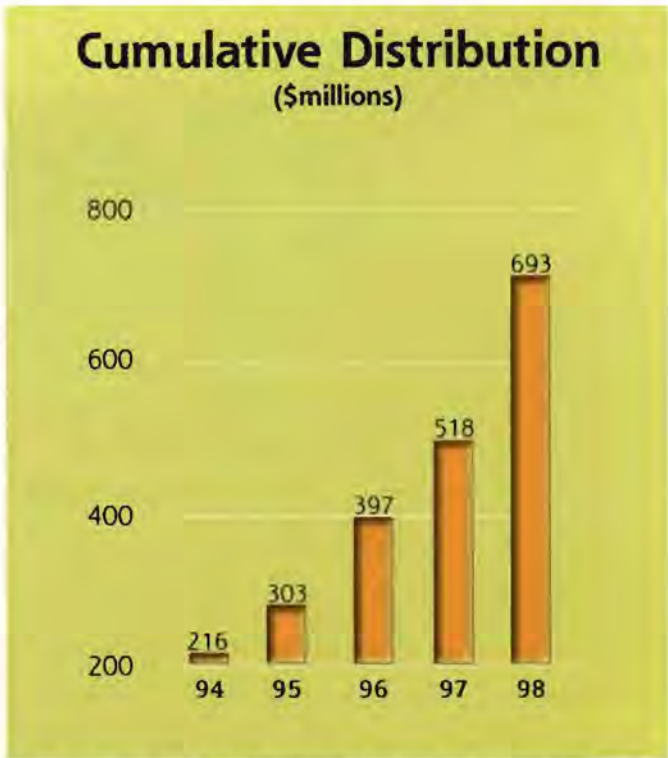
During the year, net capital inflows enhanced the income generation capacity of the SUS. This was reflected in the level of income from investment operations. Earnings of the fund expanded from \$97.9 million in 1997 to \$132.0 million in 1998. Higher levels of income earned resulted in higher levels of distribution payments. Accordingly, distributions to unit holders increased by \$28.5 million or 36.44% – up from \$78.3 million in 1997 to \$106.8 million in 1998. Total annual returns to unit holders improved by 101 basis points, rising to 10.3% in 1998 compared with 9.29% in 1997.

The Universal Retirement Fund (URF)

The most recent member of the Unit Trust family of funds, the Universal Retirement Fund (URF) performed creditably during its thirteen (13) months of operations. In fiscal 1998, there was a steady inflow of funds and by year-end total assets stood at \$6.4 million compared with \$0.4 million in 1997. Capital appreciation augmented asset size somewhat as the net asset value, which began 1998 at \$10.09, closed the year at \$10.95.

The Chaconia Income and Growth Fund (Chaconia)

The year 1998 proved to be a very outstanding year for the Chaconia Income and Growth Fund. **Lipper Analytical Services Inc, ranked Chaconia with annual returns of 14.95%, as the top Income Fund in its category in the United States of America, for the period November 6, 1997 to November 5, 1998.**



The results of the Lipper survey, which emanated from Cable News Network (CNN) received tremendous national coverage and stimulated widespread interest among existing shareholders and prospective investors in Trinidad and Tobago. As a result, shareholders' participation in the fund accelerated. Prior to the announcement on 6 November 1998, the number of shareholders stood at 5,897. However, with less than two months to year-end, this number increased by 24.4% or 1,439 shareholders.

In 1998, the fund size increased by 136.55% or US\$25.26 million to US\$43.76 million compared to US\$18.50 million in 1997. The net asset value of Chaconia, which began the year at US\$11.47, ended the year at US\$12.47. In 1998, the Fund paid an attractive distribution of US\$0.82 per share.

During the period under review, the Board of Directors of the Chaconia Income and Growth Fund intensified its exertion to grow the asset size of the Fund. Therefore, the Board continues to be encouraged by the accelerated growth experienced in 1998. The number of shareholders expanded from 3,013 at the beginning of the year to 7,285 at year-end, an increase of 141.79% or 4,272 shareholders.

OTHER BUSINESS SEGMENTS

Foreign Exchange

In 1997, the Corporation launched the first phase of its foreign currency dealing operations, the Bureau de Change. This represented a significant initiative on the part of the Corporation towards providing a one-stop shop for financial services.

In 1998, the Corporation's foreign exchange operations advanced admirably. Income increased by 394.7% or \$0.53 million to \$0.66 million compared with \$0.13 million in 1997. This level of contribution to operating income is in keeping with the Corporation's expectations. More importantly, it confirms our views about the future potential of foreign currency dealings in the Corporation's continued growth and expansion thrust. Against this background, the Corporation is seeking to expand the scope of its foreign exchange operations to maximise the benefits associated with such growth momentum.

Consultancy

In the pursuit of its consultancy initiatives, the Corporation was contracted by the Government of Dominica to develop and establish a Mutual Fund. In accordance with the contractual arrangements associated therewith, the Corporation was engaged to provide the full range of services associated with the operations of collective investment schemes. In addition, the Corporation is also contracted to provide technical support towards the establishment and operationalisation of the fund, training and advisory services.

Other Asset Management Activities

The Corporation is aggressively pursuing initiatives in other areas of asset management. During 1998, it continued its efforts in the area of pension funds and other collective pools of funds. Meanwhile, the Corporation has enhanced its corporate treasury management functions and external client base.

CORPORATE ACTIVITY

Branch Networking

In keeping with its commitment to provide existing and potential investors with superior service, the Corporation added another branch to its existing network, bringing the total number of branches servicing the public to six (6). The formal opening of the newest branch, which is located at West Mall in Westmoorings, was held on 23 March, 1998. This branch is well equipped to extend to the public the full range of services offered by the Corporation, a feature that is consistent with all our branch offices.

Debit Card Facility

On 29 April 1998, the Corporation, through the joint efforts of the Royal Bank of Trinidad and Tobago and BancAssurance, launched a debit card facility at its Westmoorings Branch. This means that unit holders can now purchase units with debit cards through the LINX network at all our branch offices. The card facility is intended to enhance the quality of service which unit holders currently enjoy by affording them more convenience when transacting business with the Corporation. Moreover, it is also in keeping with the corporation's goal of creating a one-stop-shop for investment and financial services.

Training and Development

At the Corporation we recognise that a learning organisation is the essential platform which leads to the delivery of consistently superior products and services. Therefore, in accordance with the Corporation's strategic planning goals and objectives, in 1998, human resource development towards honing core competencies received special focus. Staff members were exposed to a number of training programmes at home and abroad. All professional staff and 79% of the non-professional staff attended local courses and seminars, while 34% of the professional staff benefited from overseas training.

In 1998, the staff complement increased. The recruitment of an additional forty-six (46) employees formed part of a broader response to the unprecedented growth experienced by the Corporation. The increased complement is also in keeping with the Corporation's commitment to bring personnel on board to enhance its human resources competencies and skills.

Agents Award

On 26 March 1998, the Corporation hosted a reception at Pier 1 to honor the agents' contribution to its overall performance. At that function the Corporation once again welcomed many of its agents to its Million-Dollar Club.

16th Anniversary

The Corporation's 16th Anniversary, which signified the attainment of another milestone in its life, was celebrated with a toast at all the branches.

Community Relations

The Corporation continues to give back to the society from which it has received bountifully. In 1998, in addition to its normal contributions to cultural and sporting events and UTC's Common Entrance Scholarship programme, the Corporation financed in full the creation of a Chair in business studies at the University of the West Indies, St Augustine Campus. The funding of this Chair is expected to benefit university graduates and the wider business community.

In 1998, the Corporation was the major sponsor of the Hampton games and the CARIFIN Cross Country Run. In addition to the foregoing sporting events, the Corporation is now the main sponsor of the "Women on the Move" 5k Classic, the largest road race in the Caribbean. During 1998, Mastana Bahar, Scouting for Talent, and a host of programmes involving the steel pan movement and calypsonians also benefited from sponsorships financed by the Corporation.

OUTLOOK FOR 1999

Y2K Preparedness

As the Corporation gears itself for the new millennium it accelerated its Y2K programme, which met the time schedule for completion of the business systems renovations and replacements by the close of the year. During the first six (6) months of 1999, the Corporation's Y2K preparedness programme will focus on fine-tuning the overall system and developing a Y2K contingency plan.

These initiatives are intended to ensure that the Corporation is Y2K compliant long before December 31, 1999. On the external front, the Corporation is aggressively monitoring the progress and readiness of its business partners to ensure that there is seamless continuity of business operations in the Year 2000.

E-Commerce

In 1998, to further exploit the opportunities presented by the electronic commerce-retailing medium, the Corporation vastly upgraded its Web site. Looking ahead, the Corporation expects that, increasingly, Internet retailing will account for a greater share of total sales. Therefore, cognizant of the role which electronic commerce will play in the coming millennium, the Corporation will continue to upgrade and enhance its Web site. This is necessary, since the Corporation recognises the value of customer fulfillment that unit holders enjoy through the traditional media and is committed to ensuring that an equivalent quality of service is afforded unit holders through the electronic commerce medium.

Restructuring

In the short-term, the Corporation anticipates that there will be some degree of restructuring resulting from; impending changes in its incorporation status, full operationalisation of the Securities and Exchange Commission and the looming mutual fund legislation. The Corporation, which functions to some extent as a self-regulatory organisation, is well aware that a higher degree of disclosure and reporting will come with being a reporting issuer, a licensed financial institution and a listed company.

The Corporation has had an impeccable sixteen (16) year record with its reporting agencies, the Auditor General, the Minister of Finance and the Public Accounts Committee of Parliament. Therefore, it looks forward to the additional monitoring and reporting with the same level of timeliness it has been able to achieve in the past. Being in compliance with the relevant agencies under a more stringent regulatory regime enhances investor confidence and ameliorates the participation rate through improved transparency benefits that will redound to the benefit of the industry.

APPRECIATION

As we come to the end of yet another year of outstanding performance, I express my deepest gratitude to all those who contributed to that success.

In this regard, I specially thank the Chairman and the other directors of the Board for the guidance and wisdom received during our deliberations.

The Corporation is also appreciative of the contribution made by its agents in 1998. Therefore, in addition, to the annual agents award function that is held annually to recognise the efforts of agents, I specially thank you for your contributions to this year's performance.

To the unit holders, for whom we continue to work towards providing an enhanced quality service and to whom we look for unstinting support, I say thank you.

Lastly, but by no means least, I express my profound appreciation to the management and staff of the Corporation for their many years of commitment, dedication and support. Without their yeoman service during the year, these results could not have been possible.



Mr Clarry Benn
Executive Director

Dated April 20, 1998

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 general 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 general 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



**REPORT OF THE AUDITOR GENERAL OF
THE REPUBLIC OF TRINIDAD & TOBAGO ON THE ACCOUNTS OF
TRINIDAD & TOBAGO UNIT TRUST CORPORATION
FOR THE YEAR ENDING DECEMBER 31ST, 1998.**

The accompanying Financial Statements for the Trinidad and Tobago Unit Trust Corporation for the year ended 1998 December 31 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 generally accepted Auditing Standards.

The Statements and Notes on pages twenty-three (23) to forty-two (42) 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 1998 December 31 and of the results of its activities for the year then ended.



Joelyn Thompson

JOCELYN THOMPSON
AUDITOR GENERAL

BALANCE SHEET

AS AT DECEMBER 31ST, 1998

BALANCE SHEET**ASSETS**

NOTES

1998
\$ '0001997
\$ '000**Investment Funds**

First Unit Scheme	1,21	1,473,813	1,142,928
Second Unit Scheme	1,22	1,227,458	986,216
Universal Retirement Fund	1,23	6,438	400
		2,707,709	2,129,544

Cash		18,117	3,346
Short Term Investments		38,104	34,763
Receivables	12	27,467	22,206
Prepayments and Other Assets	13	1,949	52
Investments	19	10,110	8,798
Fixed Assets	25	22,482	10,553

TOTAL ASSETS**2,825,938** **2,209,262****LIABILITIES**

Accounts Payable		3,611	3,871
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CAPITAL AND RESERVES

Initial Capital	5	4,811	4,811
Unit Capital - First Unit Scheme	6	1,469,002	1,138,026
Unit Capital - Second Unit Scheme	6	1,227,458	986,216
Universal Retirement Fund	7	6,438	400
Guarantee Reserve	8	5,676	4,965
Children's Investment Starter Plan (CISP) Reserve	9	27	30
Second Unit Scheme Reserve	10	3,934	3,128
Capital Reserve	11	1,967	873
Retained Income		103,014	66,942

TOTAL LIABILITIES, CAPITAL AND RESERVES**2,825,938** **2,209,262**

CHAIRMAN

EXECUTIVE DIRECTOR



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

INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31ST, 1998

	NOTES	1998 \$ '000	1997 \$ '000
INCOME			
Investment Income -			
First Unit Scheme		89,667	56,594
Second Unit Scheme		131,991	97,923
Universal Retirement Fund Corporation		239	-
		7,506	4,280
Initial Charge	15	22,699	17,460
Other Income	14	2,162	933
Undistributed Income at start of year		40	593
Total Income		254,304	177,783
EXPENSES			
Distribution	4	175,189	121,557
Commission	18	4,695	3,724
Administrative	17	35,492	27,066
Depreciation	25	1,646	1,075
Total Expenses		217,022	153,422
NET INCOME		37,282	24,361
Transfer to Reserves		760	891
Undistributed Income at end of year		450	40
Retained Income for the year		36,072	23,430
Retained Income as at January 01st		66,942	43,512
Retained Income as at December 31st		103,014	66,942

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

INCOME & EXPENDITURE ACCOUNT FOR MANAGEMENT OPERATIONS
 FOR THE YEAR ENDED DECEMBER 31ST, 1998

	NOTES	1998 \$ ' 000	1997 \$ ' 000
INCOME			
Management Charge	16	42,758	30,410
Initial Charge	15	22,699	17,460
Investment		7,506	4,280
Loan Interest		1,011	920
Other	14	2,162	933
Total Income		76,136	54,003
EXPENSES			
Commission	18	2,926	2,432
Administrative	17	35,492	27,066
Depreciation	25	1,646	1,075
Total Expenses		40,064	30,573
Net Income of the Corporation		36,072	23,430
Retained Income as at January 01st		66,942	43,512
Retained Income as at December 31st		103,014	66,942

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31ST, 1998

	1998 \$ ' 000	1997 \$ ' 000
OPERATING ACTIVITIES		
NET INCOME	36,072	23,430
Adjustment to reconcile net income to net cash from operating activity		
Depreciation Expense	1,646	1,075
Loss on Fixed Asset Disposals	41	-
Increase in Receivables	(5,262)	(4,897)
Increase in Prepayments and Other Assets	(1,897)	-
(Decrease)/Increase in Accounts Payable	(260)	2,499
Net Change in Investment Funds		
First Unit Scheme - Net Appropriations	(247,980)	(255,601)
Second Unit Scheme - Net Appropriations	(241,367)	(279,075)
Universal Retirement - Net Appropriations	(5,781)	(402)
Income Reinvested in Chaconia	(202)	(703)
Unrealised foreign currency gain	(10)	(135)
Net Cash Outflow from Operating Activities	<u>(465,000)</u>	<u>(513,809)</u>
INVESTING ACTIVITIES		
Purchase of Fixed Assets	(13,679)	(2,854)
Proceeds from Disposal of Fixed Assets	62	106
Purchase of Investments	(5)	-
Net Cash Outflow from Investing Activities	<u>(13,622)</u>	<u>(2,748)</u>
FINANCING ACTIVITIES		
Increase in First Unit Scheme Capital	248,071	257,698
Increase in Second Unit Scheme Capital	241,367	279,073
Increase in Universal Retirement Fund	5,781	402
Movement in Reserves	1,515	1,122
Net cash inflow from Financing Activities	<u>496,734</u>	<u>538,295</u>
NET CASH INFLOW FOR THE YEAR	18,112	21,738
Cash & Cash Equivalents:		
Beginning of Year	38,109	16,371
End of Year	<u>56,221</u>	<u>38,109</u>
REPRESENTED BY:		
Cash	18,117	3,346
Short Term Investments	38,104	34,763
	<u>56,221</u>	<u>38,109</u>

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

FIRST UNIT SCHEME BALANCE SHEET
AS AT DECEMBER 31ST, 1998

FIRST UNIT SCHEME BALANCE SHEET

	NOTES	1998 \$' 000	1997 \$' 000
ASSETS			
Investments	21	1,473,813	1,142,928
Cash		3,879	1,590
Short Term Investments		24,376	21,600
Income Receivable		17,665	8,961
Other Receivables		329	181
Total assets		1,520,062	1,175,260
LIABILITIES			
Distribution Payable		31,373	21,641
Amount Due Corporation		14,064	10,285
Other Payables		362	366
		45,799	32,292
RESERVES			
Undistributed Income		450	40
Total Liabilities and Reserves		46,249	32,332
NET ASSETS		1,473,813	1,142,928
CAPITAL ACCOUNT		902,040	648,603
UNREALISED CAPITAL APPRECIATION 24		571,773	494,325
		1,473,813	1,142,928

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

FIRST UNIT SCHEME STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED DECEMBER 31ST , 1998

	NOTES	1998 \$ ' 000	1997 \$ ' 000
INVESTMENT INCOME			
Dividends		19,872	13,863
Interest		69,795	42,731
Total Investment Income		<u>89,667</u>	<u>56,594</u>
EXPENSES			
Management Charge	16	27,629	17,434
Total Expenses		<u>27,629</u>	<u>17,434</u>
NET INVESTMENT INCOME		<u>62,038</u>	<u>39,160</u>

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

FIRST UNIT SCHEME INCOME DISTRIBUTION ACCOUNT
 FOR THE YEAR ENDED DECEMBER 31ST, 1998

FIRST UNIT SCHEME INCOME DISTRIBUTION ACCOUNT

	NOTES	1998 \$ ' 000	1997 \$ ' 000
NET INVESTMENT INCOME		62,038	39,160
Distribution to Initial Contributors 48c per unit (1997 - 45c per unit)	4	462	289
Distribution to Unitholders 48c per unit (1997 - 60c per unit)	4	60,966	39,224
		610	(353)
Undistributed Income brought forward		40	593
		650	240
Allocation to Guarantee Reserve Fund	8	200	200
Undistributed Income at December 31st		450	40

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

SECOND UNIT SCHEME BALANCE SHEET
AS AT DECEMBER 31ST, 1998

	NOTES	1998 \$' 000	1997 \$' 000
<u>ASSETS</u>			
Investments	22	1,227,458	986,216
Cash		4,780	6,030
Interest Receivable		18,471	12,568
Other Receivables		130	219
TOTAL ASSETS		1,250,839	1,005,033
<u>LIABILITIES</u>			
Accruals for Distribution	4	6,932	3,749
Amount Due Corporation		9,786	8,959
Other Liabilities		4,813	4,259
		21,531	16,967
RESERVES		1,850	1,850
Total Liabilities and Reserves		23,381	18,817
NET ASSETS		1,227,458	986,216
CAPITAL ACCOUNT		1,227,458	986,216

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

SECOND UNIT SCHEME STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED DECEMBER 31ST, 1998

	NOTES	1998 \$ ' 000	1997 \$ ' 000
INVESTMENT INCOME			
Interest Income		131,991	97,923
Total Investment Income		131,991	97,923
EXPENSES			
Management Charge	16	15,050	12,975
Interest		1,011	920
Commission	18	1,769	1,292
Total Expenses		17,830	15,187
NET INVESTMENT INCOME		114,161	82,736

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

SECOND UNIT SCHEME INCOME DISTRIBUTION ACCOUNT
 FOR THE YEAR ENDED DECEMBER 31ST, 1998

	NOTES	1998 \$ ' 000	1997 \$ ' 000
NET INVESTMENT INCOME		<u>114,161</u>	<u>82,736</u>
DISTRIBUTION PAYMENT:			
Distribution Paid	4	106,829	78,296
Accruals for Distribution	4	6,932	3,749
TOTAL		<u>113,761</u>	<u>82,045</u>
Transfer to Reserves		400	691
		<u>114,161</u>	<u>82,736</u>

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

UNIVERSAL RETIREMENT FUND BALANCE SHEET
AS AT DECEMBER 31ST, 1998

	NOTES	1998 \$' 000	1997 \$' 000
INVESTMENTS	23	<u>6,438</u>	<u>400</u>
CAPITAL ACCOUNT	7	<u>6,438</u>	<u>400</u>

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

UNIVERSAL RETIREMENT FUND STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31ST, 1998

	NOTES	1998 \$ ' 000
INVESTMENT INCOME		
Dividends		64
Interest		175
Total Investment Income		<u>239</u>
EXPENSES		
Management Charge	16	79
Total Expenses		<u>79</u>
NET INCOME FOR CAPITALIZATION		<u><u>160</u></u>

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

1. INCORPORATION AND PRINCIPAL ACTIVITIES

The Trinidad and Tobago Unit Trust Corporation was established by the Unit Trust Corporation of Trinidad and Tobago Act 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 the financial 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 and in accordance with this Act the Corporation 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%
Office Improvements	25%
Motor Vehicle	25%
Equipment	20-25%
Furniture & Fixtures	15-20%

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

Foreign Currencies

Assets and liabilities in foreign currencies are expressed in Trinidad and Tobago dollars at the rates of exchange prevailing on December 31st, 1998.

Resulting translation differences and profits and losses from other transactions are disclosed within the income statement.

3. TAXATION

The Corporation is exempted from Corporation Tax. The Finance Act of 1997 however instituted a 10% tax on interest income at the point of distribution to Unitholders.

4. DISTRIBUTIONS

The Corporation declared its thirty-first (31st) and thirty-second (32nd) distributions in respect of the First Unit Scheme for the year 1998 totalling \$61,428,357. The distributions to registered unitholders as at June 30th, 1998 amounted to \$30,055,050 and at December 31st, 1998 amounted to \$31,373,307. The total distributions to Initial Capital Contributors for the year amounted to \$461,881.

Distributions in the Second Unit Scheme are made quarterly. Four (4) payments were made in 1998 and total distributions paid for the period January - November 1998 totalled \$106,829,385. Accrued income as at December 31st, 1998 for distribution in the quarter ended February 28th, 1999 amounted to \$6,931,663.

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 and invested in units in the First Unit Scheme.

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

1998 \$'000	1997 \$'000
6,438	400

This represents the Net Asset Value of units in issue and includes net income capitalized by the 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.

12. RECEIVABLES

1998 \$'000	1997 \$'000
27,467	22,206

These include amounts due to the Corporation from both unit Schemes and the Universal Retirement Fund.

13. PREPAYMENTS AND OTHER ASSETS

1998 \$'000	1997 \$'000
1,949	52

This Asset represents the deposit on land in Tobago that was acquired in January 1999 and the preliminary expenses relating to the restructuring of the Unit Trust Corporation to a Limited Liability Company.

14. OTHER INCOME

	1998 \$'000	1997 \$'000
Chaconia Fees	1,200	736
Bureau De Change	663	134
Commissions	271	29
Miscellaneous	28	34
	2,162	933

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 1998 the Board applied an average charge of 1.93% (1997 - 1.87%) to the First Unit Scheme and an average charge of 1.23% (1997 - 1.45%) to the Second Unit Scheme and 1.5% for the Universal Retirement Fund.

17. ADMINISTRATIVE EXPENSES

1998 \$'000	1997 \$'000
35,492	27,066

These expenses include the following:

1. Directors' fees	373	141
2. Auditors' remuneration	75	75

18. COMMISSIONS

1998 \$'000	1997 \$'000
4,695	3,724

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

1998 \$'000	1997 \$'000
10,110	8,798

This amount includes \$10.005 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

i. The Corporation has agreed to participate in the Government Project Financing Facility to the extent of \$19.36 million. As at December 31st, 1998 disbursements amounting to \$15.63 million had been made.

ii. A commitment has been made for Capital Expenditure of \$2,052,403 which represents a 90% outstanding payment and legal fees for the purchase of freehold land and building in Scarborough, Tobago.

21. INVESTMENT PORTFOLIO

First Unit Scheme

EQUITY	SHAREHOLDING (STOCK UNITS)	MARKET VALUE (\$)
FINANCIAL INSTITUTIONS		
SCOTIA BANK		
TRINIDAD AND TOBAGO LIMITED	5,957,714	112,005,023
REPUBLIC BANK LIMITED	7,859,815	162,305,180
ROYAL BANK		
TRINIDAD AND TOBAGO HOLDINGS LIMITED	7,444,980	147,410,604
ANSA FINANCE LIMITED	1,585,770	9,038,889
MANUFACTURING		
ANGOSTURA HOLDINGS LIMITED	6,834,542	54,334,609
BERGER PAINTS TRINIDAD LIMITED	133,333	493,332
LEVER BROTHERS WEST INDIES LIMITED	1,214,093	19,000,555
WEST INDIAN TOBACCO COMPANY LIMITED	1,341,530	12,275,000
TRINIDAD CEMENT LIMITED	19,271,078	110,423,277
NATIONAL FLOUR MILLS LIMITED	5,303,751	21,480,192
CONGLOMERATES		
ANSA MC AL LIMITED	5,044,056	100,628,917
NEAL & MASSY HOLDINGS LIMITED	2,900,764	39,740,467
INSURANCE		
AMERICAN LIFE AND GENERAL INSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED	462,416	3,579,100
GUARDIAN HOLDINGS LIMITED	59,591	1,090,515
PROPERTY		
POINT LISAS INDUSTRIAL PORT DEVELOPMENT CORPORATION LIMITED	1,701,240	15,396,222
TRADING		
L.J. WILLIAMS LIMITED	1,333,064	2,532,822
TOTAL TT \$ EQUITY		811,734,704
TOTAL US \$ EQUITY		64,025,690
TOTAL B'DOS \$ EQUITY		15,801,507
TOTAL EQUITY		891,561,901
TOTAL DEBT SECURITIES		261,086,600
		1,152,648,501
CASH AND SHORT TERM INVESTMENTS		321,164,594
TOTAL VALUE OF PORTFOLIO		<u><u>1,473,813,095</u></u>

22. INVESTMENT PORTFOLIO**SECOND UNIT SCHEME****SECURITIES**

Government Securities	173,500,802
Government Guaranteed Securities	61,651,636
Corporate Securities	147,787,039
Cash and Short Term Investments	844,518,907

TOTAL**1,227,458,384****23. UNIVERSAL RETIREMENT FUND**

	SHAREHOLDING (STOCK UNITS)	MARKET VALUE (\$)
SECURITIES		
FINANCIAL INSTITUTIONS		
ANSA FINANCE	7,000	39,200
ROYAL BANK TRINIDAD AND TOBAGO HOLDINGS LIMITED	99,582	1,966,745
REPUBLIC BANK OF TRINIDAD AND TOBAGO LIMITED	10,493	216,156
SCOTIA BANK OF TRINIDAD AND TOBAGO LIMITED	50,607	948,881
MANUFACTURING		
WEST INDIAN TOBACCO CO. LIMITED	8,105	73,755
LEVER BROTHERS W. I. LIMITED	21,069	328,676
TRINIDAD CEMENT LIMITED	31,249	177,494
TRINIDAD PUBLISHING LIMITED	62,000	184,760
NATIONAL FLOUR MILLS	34,563	138,252
ANGOSTURA HOLDINGS	31,250	245,313
CONGLOMERATES		
ANSA MC. AL	33,133	659,347
NEAL & MASSY	30,487	416,148
MARKET VALUE OF EQUITY		5,394,727
DEBT SECURITIES		738,062
CASH & SHORT TERM INVESTMENTS		477,786
LIABILITIES		(172,120)
NET ASSET VALUE OF PORTFOLIO		6,438,455

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.

25. FIXED ASSETS

	Freehold Land \$'000	Freehold Building \$'000	Leasehold Land \$'000	Office Improve \$'000	Motor Vehicles \$'000	Equipment \$'000	Furniture \$'000	Total \$'000
Year ended December 31, 1998								
Opening Net Book Value	600	1,817	3,020	1,117	991	2,215	793	10,553
Additions	10,247	-	-	383	488	2,301	261	13,680
Disposals	-	-	-	-	(75)	(30)	-	(105)
Depreciation Charge	-	(36)	-	(319)	(320)	(831)	(140)	(1,646)
Closing Net Book Value	10,847	1,781	3,020	1,181	1,084	3,655	914	22,482
As at December 31, 1998								
Cost	10,847	1,906	3,020	2,626	1,678	5,974	1,576	27,626
Accumulated Depreciation	-	(125)	-	(1,444)	(594)	(2,319)	(662)	(5,144)
Net Book Value	10,847	1,781	3,020	1,181	1,084	3,655	914	22,482
Year ended December 31st, 1997								
Opening Net Book Value	600	1,854	3,020	911	663	1,089	743	8,880
Additions	-	-	-	443	714	1,525	172	2,854
Disposals	-	-	-	-	(106)	-	-	(106)
Depreciation Charge	-	(37)	-	(237)	(280)	(399)	(122)	(1,075)
Closing Net Book Value	600	1,817	3,020	1,117	991	2,215	793	10,553
As at December 31st, 1997								
Cost	600	1,906	3,020	2,243	1,383	3,767	1,315	14,234
Accumulated Depreciation	-	(89)	-	(1,126)	(392)	(1,552)	(522)	(3,681)
Net Book Value	600	1,817	3,020	1,117	991	2,215	793	10,553

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.

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, 1998 revealed that the fund is adequate to provide its promised benefits.

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

Central Bank of Trinidad and Tobago

The National Insurance Board

Commercial Banks

- Republic Bank Limited (Commerce Division)
- Scotiabank Trinidad and Tobago Limited
- First Citizens Bank Limited
- Republic Bank Limited
- The Royal Bank of Trinidad and Tobago Limited
- Citibank (Trinidad and Tobago) Limited

Non-Bank Financial Institutions

- ANSA Finance Limited (formerly Amalgamated Finance Co. Ltd.)
- Republic Finance and Merchant Bank Limited (Commerce Division)
- ScotiaTrust and Merchant Bank Trinidad and Tobago Limited
- Caribbean Finance Company Limited
- Clico Investment Bank
- First Citizens Mortgage and 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 and 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 Company Trinidad and Tobago Limited
(operations managed by the 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 Limited (wholly-owned subsidiary of Demerara Life Assurance Company)
- MEGA Insurance Company of Trinidad and Tobago Limited
- Guardian Life of the Caribbean Limited
- Life of Barbados Limited
- Maritime Life (Caribbean) Limited
- Nationwide Insurance Company Limited
- Tatil Life Insurance Company Limited
- Winsure Life Insurance Company (under Judicial Management)