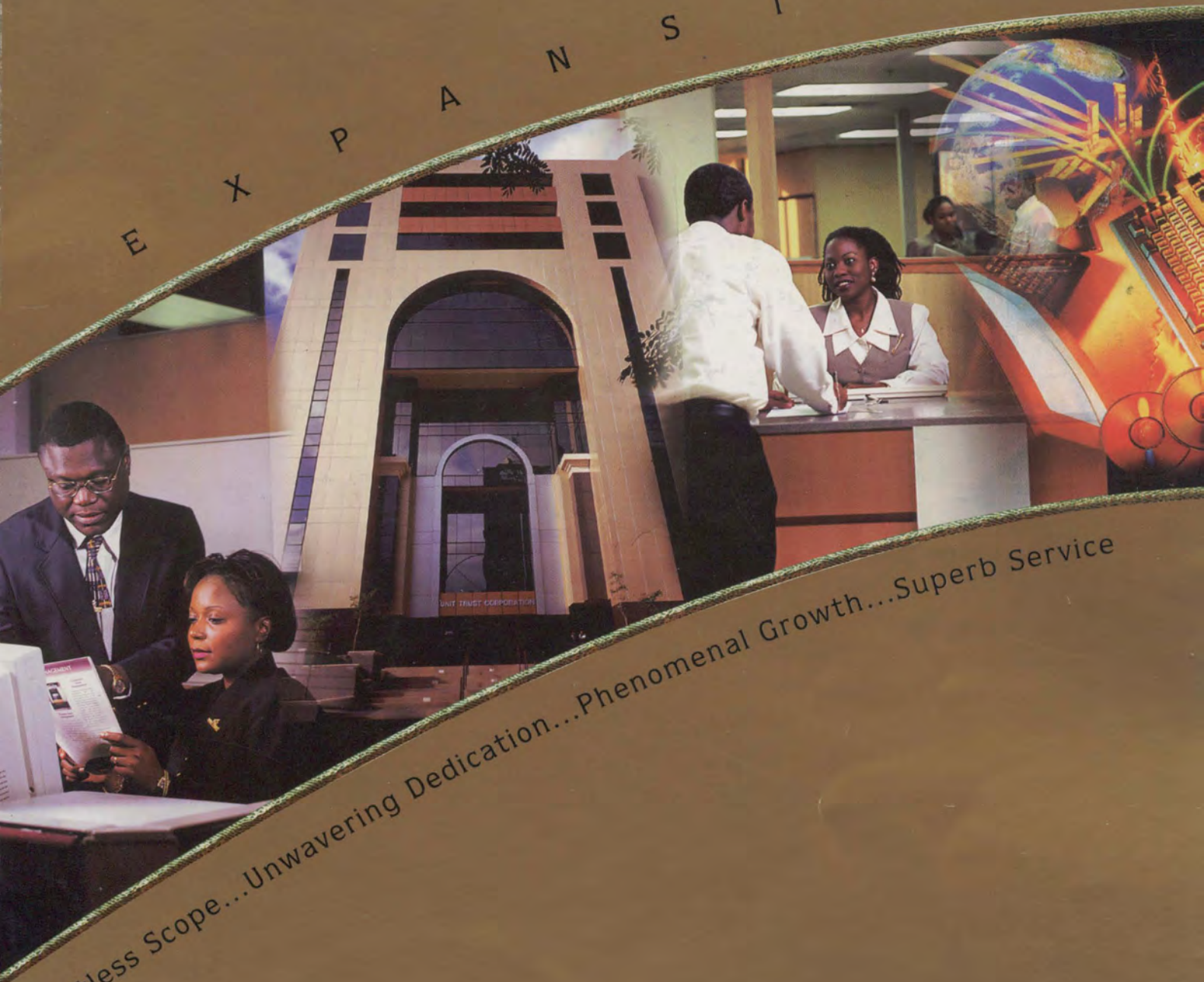


E X P A N S I O N



Limitless Scope... Unwavering Dedication... Phenomenal Growth... Superb Service



UNIT TRUST
CORPORATION

ANNUAL REPORT AND ACCOUNTS 1999

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.



C O N T E N T S



ON THE COVER

EXPANSION

The year 1999 was one of continued growth and expansion...The Unit Trust Corporation is the most successful mutual fund company in the Caribbean, recording impressive gains and making inroads internationally with the establishment of subsidiaries in the United States.

While contending with fluctuating variables in the financial sector, the UTC still flourished: increasing the unitholding population to record proportions; widening the spectrum of superior investment alternatives and expertise offered; expanding the knowledge and size of its team; moving into its new headquarters – itself a symbol of the Corporation's strength and unrivalled capabilities.

2 Performance Highlights

4 Corporate Information

6 Board of Directors

9 Chairman's Review

15 Executive Director's Report

24 Executive Management

25 Management Responsibility for Financial Statements

26 Report of The Auditor General

ACCOUNTS SECTION

A.1 Balance Sheet

A.2 Income & Expenditure Account

A.3 Income & Expenditure Account for Management Operations

A.4 Cashflow Statement

A.5 First Unit Scheme Balance Sheet

A.6 First Unit Scheme Statement of Operations

A.7 First Unit Scheme Income Distribution Account

A.8 Second Unit Scheme Balance Sheet

A.9 Second Unit Scheme Statement of Operations

A.10 Second Unit Scheme Income Distribution Account

A.11 Universal Retirement Fund Balance Sheet

A.12 Universal Retirement Fund Statement of Operations

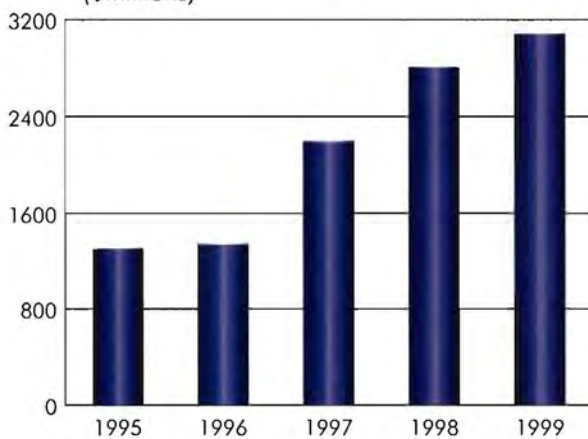
A.13 Notes to the Financial Statements

A.27 Contributors to the Initial Capital

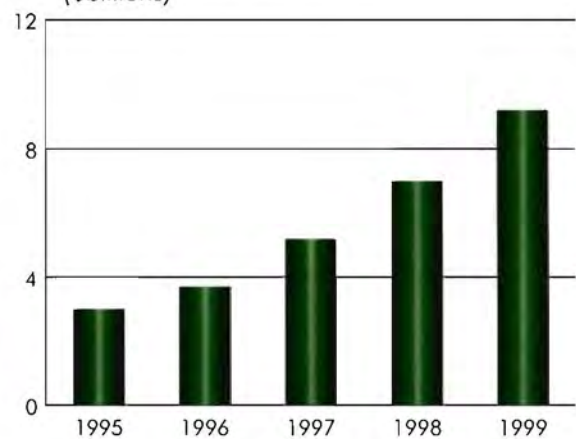
P E R F O R M A N C E

	1995	1996	1997	1998	1999
FUND SIZE (\$m)					
First Unit Scheme	493.48	593.67	1142.93	1473.82	1266.45
Second Unit Scheme	781.04	705.33	986.22	1227.46	1688.31
Universal Retirement Fund Corporation	34.76	43.51	66.94	103.01	122.27
RESOURCES UNDER MGT.	1309.28	1342.51	2196.49	2810.73	3086.10
FUNDS MOBILIZED (\$m)	3045.50	3729.06	5224.71	7031.91	9214
UNITHOLDERS	119,313	141,217	177,663	232,267	266,956
SALES (\$m)					
First Unit Scheme	203.76	146.01	395.59	533.39	257.42
Second Unit Scheme	811.15	537.55	1099.66	1267.90	1922.10
Universal Retirement Fund	-	-	0.40	5.91	2.60
TOTAL	1014.91	683.56	1495.65	1807.20	2183.00
TOTAL INCOME (\$m)	121.76	138.71	177.78	254.30	289.40
DISTRIBUTION TO UNITHOLDERS (\$m)	87.13	92.43	121.56	175.19	218.07

RESOURCES UNDER MANAGEMENT
(\$millions)

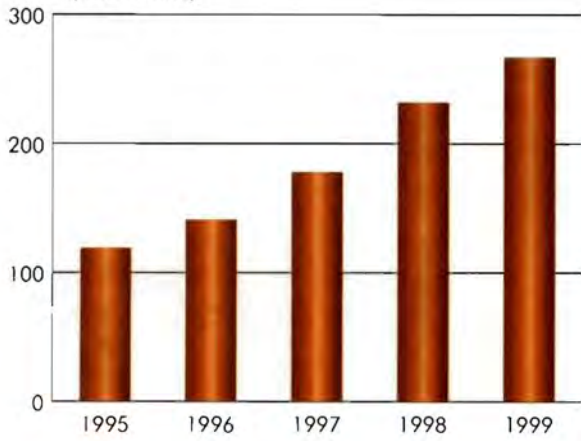


FUNDS MOBILIZED
(\$billions)

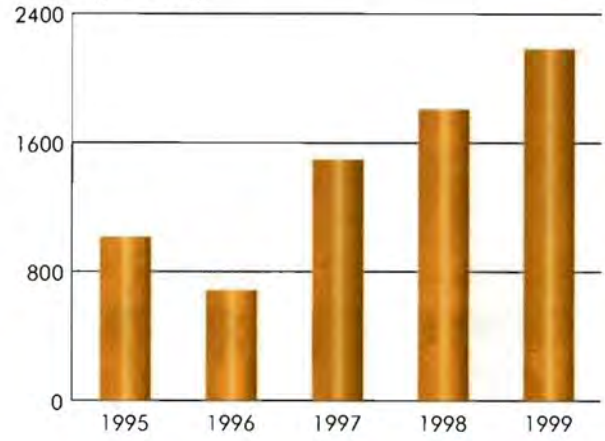


H I G H L I G H T S

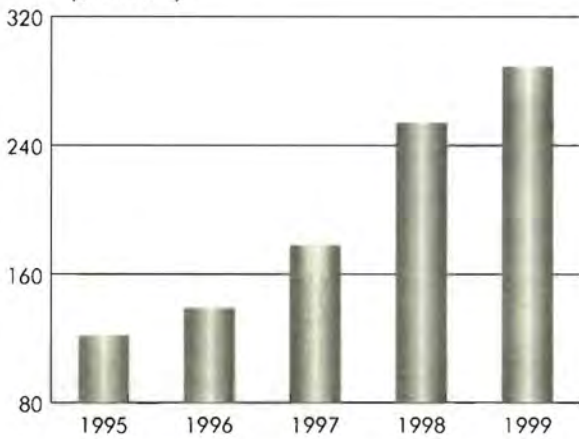
UNITHOLDERS
(thousands)



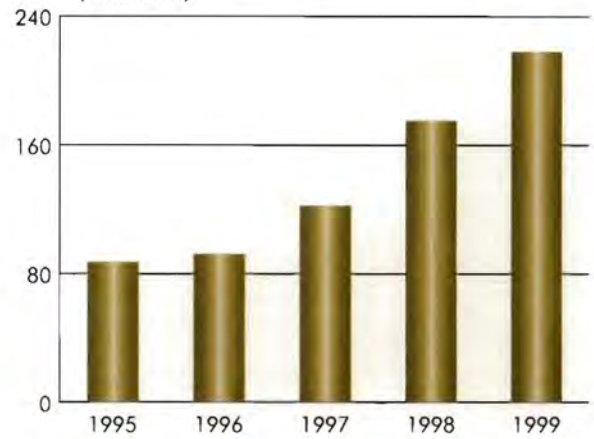
TOTAL SALES
(\$millions)



TOTAL INCOME
(\$millions)



DISTRIBUTIONS
(\$millions)



BOARD OF DIRECTORS

CHAIRMAN	:	Judy Y. Chang
EXECUTIVE DIRECTOR	:	Clarry Benn
DIRECTORS	:	Terrence Bharath Michal Y. Andrews Oscar B. Edghill Jerry Hospedales Larry Howai Donna-Marie Johnson Kamal Mankee John H. Smith Sookh Mungal Supersad Ray A. Sumairsingh Hollis De Four (<i>from 12 Jan, 2000</i>)
CORPORATE SECRETARY	:	Patricia Small-Ilkhtchoui

CHANGES IN BOARD DURING THE YEAR

Mr. Jerry Hospedales retired as Deputy Governor of the Central Bank and also as a Director of the Board of the Trinidad & Tobago Unit Trust Corporation.

Mr. Hospedales served on the Board for a total period of nine (9) years, first in his capacity as Executive Director from June 1982 to March 1985 and then as the representative of the Central Bank of Trinidad and Tobago from September 1993 to July 1999.

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,
 USA.

AUDITORS

**THE AUDITOR GENERAL OF THE REPUBLIC
 OF TRINIDAD & 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 & MORGAN**
 36 Pembroke Street,
 Port of Spain.

FOLEY & LARDNER
 Firststar Center
 777 East Wisconsin Avenue,
 Milwaukee, Wisconsin 53202-5367,
 USA.

CORPORATE OFFICES

HEAD OFFICE & MAIN BRANCH
 UTC Financial Centre,
 82 Independence Square,
 Port of Spain.
 Tel: (868) 624-UNIT (8648)
 Fax: (868) 623-0092
 E-Mail: utc@trinidad.net
 Internet Address: www.ttutc.com

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,
 Westmall 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

POINT FORTIN BRANCH
 13 Handel Road,
 Point Fortin.
 Tel: (868) 648-6836

BOARD OF DIRECTORS

(Back)

Terrence Bharath, Hollis De Four, Kamal Mankee, Sookh Mungal Supersad

(Centre)

Donna-Marie Johnson, Judy Y. Chang (Chairman), Clarry Benn (Executive Director)

(Front)

Michal Y. Andrews, Larry Howai, John H. Smith, Patricia Small-Ilkhtchoui (Corporate Secretary)

(Missing)

Oscar B. Edghill, Ray A. Sumairsingh



Chairman's Review



Judy Y. Chang
Chairman

"The underlying motivation for our actions continues to be our commitment to enhance the quality of service offered to our valued unitholders by providing inter alia the best return possible on investments."

Commitment to enhance the quality of service

INTRODUCTION

In my review of the 1998 financial year, I indicated that although we were challenged by the economic fortunes of the country we remained optimistic about the future. Once again I am pleased to report another successful year of operations for the Unit Trust Corporation.

Our achievements for 1999 must be seen against the backdrop of the formidable challenges posed by low oil and commodity prices during the first half of 1999 on the domestic economy and the two-faced demonstrations of the domestic Securities market, which after nearly two quarters of precipitous decline recovered strongly to register a small but positive gain of just over 3%. Amidst the foregoing scenario, the Board and Management implemented a series of decisive policy measures geared towards the further diversification of corporate earnings, so as to better equip the organization to deal with the challenges faced both at home and abroad.

The underlying motivation for our actions continues to be our commitment to enhance the quality of service offered to our valued unitholders by providing inter alia the best return possible on investments.

PERFORMANCE HIGHLIGHTS

Notwithstanding the uncertainty which appeared to have characterised the domestic financial environment during the year, the Board of Directors and the Management of the Corporation are satisfied with the achievements recorded in the year. These can be identified as follows:

- Funds under management grew by 9.5% increasing from \$2.71 billion in 1998 to \$2.96 billion in 1999. Additionally, assets under management crossed the \$3 billion dollar mark moving from

\$2.8 billion in the previous financial year to \$3.17 billion in 1999, an increase of 13.2%.

- The combined earnings of the Unit Schemes and the Universal Retirement Fund (URF) grew by \$45.9 million or 20.7% over the previous year's earnings of \$221.9 million. Of particular interest to us and indeed to all unitholders is the growth in the total distribution to unitholders which increased by 24.5% moving to \$218.1 million from the \$175.2 million recorded in 1998.

- In the same vein the Corporation's Retained Earnings increased by \$19.3 million or 18.7% advancing the cumulative Retained Earnings to \$122.3 million at year's end.

While the forgoing results were satisfactory they did not match the increases of previous years. This was indeed indicative of the unfavourable stock market condition which prevailed, particularly for the first two quarters of 1999. Nevertheless, the level of performance achieved bears ample testimony to the Unit Trust Corporation's resilience and its ability to swim against the tide.

ECONOMIC ENVIRONMENT

The Corporation's 1999 results were achieved in an economic environment characterised by a staggered buoyancy which has led to mixed results across the economic landscape. The Central Bank's most recent estimates put the real GDP growth for 1999 at 5.1% a marked improvement over the 3.6% and 2.9% growth rates achieved in 1998 and 1997 respectively.

This commendable level of economic performance reflects even greater significance when one considers that for the first two quarters of 1999 the domestic economy was beset by low commodity prices,

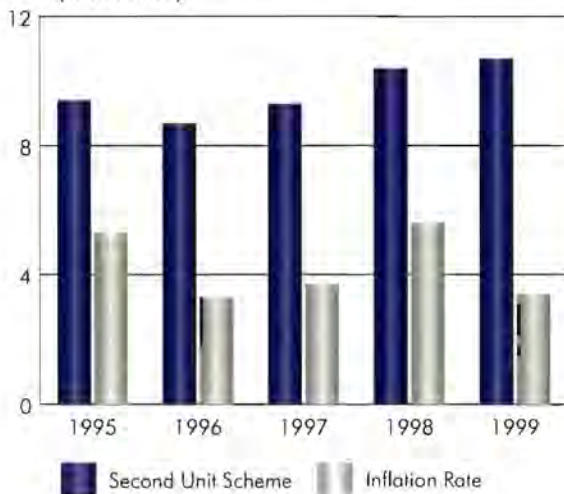


generally soft international demand for export commodities and an average growth rate of just over 1.1% per quarter. Indeed, this was the time when the international economy began its slow emergence from the three prong Asian, Russian and Latin American crises, to achieve a growth rate of 2.3% compared with the 2.5% posted in 1998.

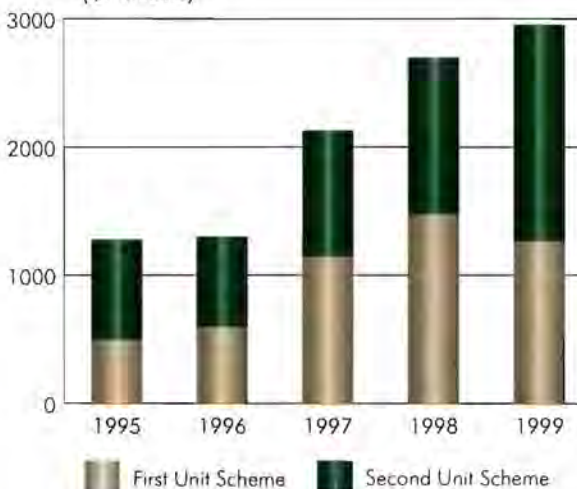
While the local economy has displayed its undoubted resilience it still remains heavily dependent on the fortunes of the petroleum and petrochemicals sectors. In this regard the major impetus to growth throughout the year was provided by the energy sector, in particular the coming on stream of the Atlantic LNG plant in April of 1999. The energy sector is expected to increase its contribution to GDP from 23.5% to 25% in 1999. The non-oil sector is expected to maintain steady growth of approximately 4.7% with agriculture, manufacturing and services growing by 12.6%, 6.9% and 4.1% respectively.

In 1999, Standard and Poor's upgraded the country's long-term credit rating to investment grade, reflecting the favourable prospects for improved economic performance and stability. This enhanced confidence and economic expansion continue to impact positively on the level of unemployment, which is projected to fall below the 13.5% projected for 1999. This has been achieved with an inflation rate of 3.4% which mirrors the rate of this country's major trading partner, the USA.

SECOND UNIT SCHEME vs INFLATION RATE
(Thousands)



FUND SIZES
(\$millions)



FINANCIAL MARKETS

In 1999 the money market was characterised by excess liquidity which averaged 28.2% for the first half of the year resulting in commercial banks lowering their base lending rate by 1% to 16.5% in July. Average Money Market rates, which fell sharply in the first half of the year, rebounded somewhat by year-end.

The domestic bond market was particularly active during 1999, with the sector providing US dollar denominated loans to a number of regional entities. After abstaining from the market for the first six months of the year, the Central Government, the largest single bond issuer, eventually entered the market in the third quarter, with issues totalling \$698.2 million by year-end.

By the second quarter of 1999, the domestic Composite Stock Price Index had lost 100 points; declining from 476.1 in August 1998 to 376.1 in May of 1999 (1983 = 100). Thereafter the recovery began in earnest and for the most part continued to

trend upward attaining a weighted average rate of return of 3.6% for 1999 while posting relatively healthy returns totaling 17.65% in the latter half of the year.

In general, the foreign exchange market remained tight throughout 1999, primarily because of weak commodity export prices and correspondingly strong demand for imports. Nonetheless, the T.T. Dollar exchange rate against the U.S. Dollar remained stable largely on account of the Central Bank's injection of US \$175 million into the system.

STRATEGIC INITIATIVES

1999 was a seminal year in the Corporation's seventeen years of existence. In response to the very challenging environment, the Corporation's Management structure was deepened and strengthened with the addition of another corporate layer and by increasing the line management team. In addition, the Corporation adopted measures to create a more internationally focused organization, configured specifically to provide a better quality service to our various clientele both at home and abroad and to meet the challenges of this technologically driven global marketplace.

These initiatives coincided with a series of fact-finding visits abroad to have a first hand look at systems employed in developed markets. During those visits, some of the Corporation's senior professionals and Managers, were exposed to the most sophisticated technology driven systems employed in the areas of securities trading, fund accounting, fund administration, transfer agency and investment management.

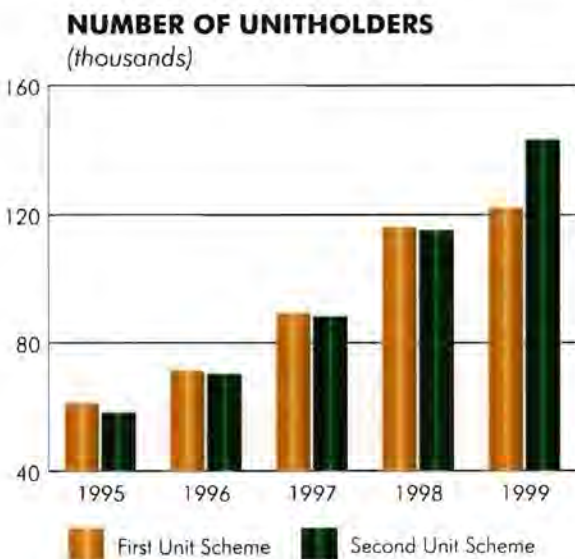
In part, the Corporation's exposure to these business systems facilitated the reorganization of the investment function and the upgrade of the investment management platform, thereby positioning the Corporation for a new phase of growth and expansion.

Apart from contributing immensely to the efficiency of the investment management function, the exposure to and ongoing collaboration with North American based Investment Management Companies are strategic to the Corporation's efforts to internationalize its activities. Our commitment in this regard is borne out by the Corporation's establishment of two wholly owned U.S. registered investment related companies.

The Chaconia Fund Services Inc. and Chaconia Financial Services Inc., our U.S. registered subsidiaries would better provide for the Corporation's more direct and deeper involvement in the United States and other international markets. The Chaconia Fund Services Inc. is registered with the Securities and Exchange Commission (SEC) in Washington D.C. to provide investment advisory services whereas the Chaconia Financial Services, which is also registered with the SEC, provides the Corporation with the institutional mechanism to market and distribute its Chaconia Funds in the United States of America. Going forward, the latter entity will provide a wider range of fund services such as fund accounting, fund administration and transfer agency services.

To strengthen our earning diversification efforts and consistent with the international thrust, key personnel have received hands-on training abroad and several members of the Corporation's staff now hold The National Association of Security Dealers (NASD) Series Six designation which qualifies them to transact business in redeemable securities of companies registered pursuant to the Investment Company Act of 1940 and securities of closed-end companies during the period of original distribution among other related securities. Additionally, the relevant staff members are also being encouraged to obtain the NASD Series Twenty-six designation which is essential for our involvement in specific segments of the U.S. Mutual Fund service provider industry.

In keeping with the Corporation's goal to diversify its earnings base, two business units, the International Business Development Unit (IBDU) and the Corporate Business Unit (CBU) were established.



We also upgraded the Foreign Exchange Services, which was the Corporation's first major effort aimed at diversifying its operations since its scope of business was expanded in 1997 from a single product financial service provider.

With the establishment of the CBU, the Corporation's participation in capital market activity will expand from being merely an institutional investor, managing assets on behalf of unitholders to a deeper involvement in the regional and domestic capital market. Underwriting, loan syndication and acceptance services are but a few of the corporate services offered by the CBU.

Buoyed by the persuasive power and capability inherent in the Unit Trust success story, the IBDU will seek out new opportunities for business engagements both regionally and further afield. This Unit will build on the Corporation's favourable involvement with the Dominica Unit Trust Corporation, in seeking to promote the range of consultancy services now offered by the Corporation.

Additionally, our Foreign Exchange Unit will both deepen and broaden the range of services we offer. The new focus will be concentrated on the more lucrative areas of international trade facilitation, foreign currency dealings and ultimately international investments.

OUTLOOK

There is an emerging consensus that the outlook for the domestic economy is highly favourable. Of particular significance to this stance, is the view that the global economy is on the threshold of a period of synchronized growth which include the economies of the United States, Europe, Japan and most of the emerging markets.

The implications of the foregoing scenario for this country's commodity export prices, balance of payments, fiscal balance, Public Sector Investment Programme and the after tax earnings of the private sector are encouraging. In these circumstances, the Corporation, through an aggressive investment strategy both at home and abroad is positioning itself to ensure it generates maximum benefits for unitholders. It also offers additional opportunities for unitholders to diversify their investment portfolios. Additionally, given the level of enthusiasm with which the new Corporate Business, International Business Development and Foreign Exchange Units

have been received both at home and regionally we are confident of rich rewards from these developments in the medium to long term.

Much has been said in previous reports on the proposed conversion of the Corporation from a Statutory Corporation to a listed company. I would only add, at this juncture, that the Board and Management have done all that have been asked of them towards this desirable objective. We now await further instruction from the Government.

APPRECIATION

During the year, Mr. Jerry Hospedales, the Central Bank's representative on the Board, retired from the Central Bank and from our Board. Mr. Hospedales served the Corporation first as Executive Director from our inception in 1982 to 1985 and then as a Director from September 1993 to July 1999. The Corporation was fortunate to have had someone of the calibre of Mr. Hospedales to guide us through our formative years. On behalf of the Board and our unitholding population, I wish Mr. Hospedales a happy retirement and every success in his future endeavours.

I take this opportunity to also extend a warm welcome to Mr. Hollis De Four who replaced Mr. Jerry Hospedales as the Central Bank's representative of the Board. We look forward to working with Mr. De Four and benefitting from his experience and insights.

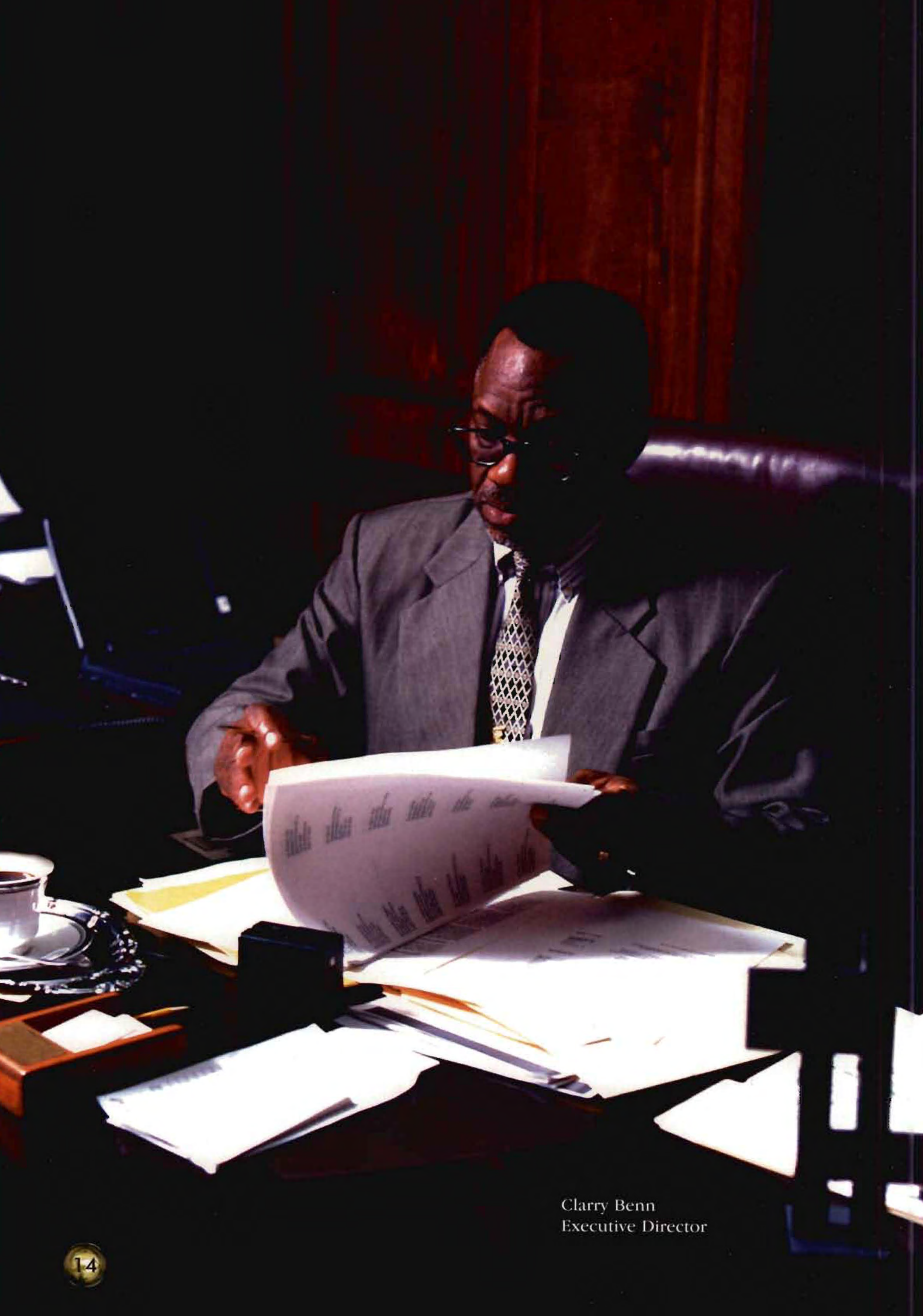
I also wish to publicly thank my fellow Directors for their individual and collective contributions over the past year and confidently look forward to their continuing support.

The Corporation's performance during 1999 would not have been possible without the support of our unitholders and the dedicated effort of our management and staff who remain highly committed to the organization and its wealth creation ideals. I know that I can count on the team support.



Judy Y. Chang
Chairman
April 26th, 2000

Executive
Director's
Report



Clarry Benn
Executive Director

"Among the outstanding accomplishments realised this year were the creation of two fully-owned subsidiaries in the U.S. thereby broadening and deepening our capability in respect of the provision of financial services internationally, and the restructuring of the Corporation internally and simultaneously establishing an appropriate organisational structure to facilitate the Corporation's expansion into new areas of activity consistent with its expanded mandate"

Expansion

INTRODUCTION

I am particularly pleased to report that the Trinidad and Tobago Unit Trust Corporation recorded yet another successful year in fiscal 1999. The year was deemed by the Corporation as the year of consolidation as attempts were made to consolidate the gains of previous years and to streamline operations geared towards the provision of an enhanced quality of service to unitholders and simultaneously, the provision of greater rewards on their investments.

In spite of the challenging macro economic environment and investment climate which prevailed for the greater part of the year, the Corporation was still able to record excellent overall results as reflected in its investment performance and financial outturns.

Among the outstanding accomplishments realised during the year were the following:

- Surpassing the \$3bn land mark in total assets;
- Attaining a record sales level which topped the \$2bn mark for the first time ever;
- Crossing the \$200m mark in distributions to unitholders;
- Crossing the 250,000 level in the number of unitholders on the register of the Corporation;
- Providing consultancy services beyond the shores of Trinidad and Tobago, and in the process assisting in the establishment of another unit trust corporation in the Caribbean;
- Creating two fully-owned subsidiaries in the U.S. thereby broadening and deepening our capability in respect of the provision of financial services internationally;

- Restructuring the Corporation internally and simultaneously establishing an appropriate organisational structure to facilitate the Corporation's expansion into new areas of activity consistent with its expanded mandate;

- Completing the construction and subsequent occupation of our new headquarters building, the UTC Financial Centre, which in itself reflects the Corporation's strength, dynamism and stability.

It is against this background therefore that the performance of the Corporation during the year 1999 must be considered.

FINANCIAL PERFORMANCE - Overview

The Corporation's 1999 financial results mirror the continued uptrend in key performance variables although there were some unfavourable movements within some sub-components. Overall, however, the Corporation displayed its persistent resilience and creativity and accordingly, was able to cushion the potential adverse impact that could have emerged.

Income and Expenses

In 1999 the Corporation moved closer to the \$300 million mark in total income. Gross income increased to \$289.4 million or 13.8% over the 1998 level of \$254.3 million.

Correspondingly, expenses also rose by 21.3% to \$263.2 million from \$217.0 million recorded in 1998. Distribution payments to unitholders, accounted for 93% of this increase in expenditure, which once more reflected a conscious attempt by the Corporation to reward investors handsomely.

During the year therefore, unitholders' receipts moved from \$175.2 million in 1998 to \$218.1 million.

Retained earnings by year-end were augmented by a further \$19.3 million to \$122.3 million. Given the infancy of the newly created revenue generating departments, the traditional sources of revenue, our fund management activity continue to account for the bulk of the Corporation's income.

OPERATIONAL PERFORMANCE Unit Trust and Mutual Fund Activity

As indicated above, total assets continued to grow apace during 1999. Investment funds under management advanced by 9.5% or \$256.1 million to \$2.96 billion from \$2.71 billion in 1998, with net inflow of resources being the major impetus to the expansion in assets.

Sales and Redemptions

Gross sales of units in the three funds combined, for the year 1999 crossed the \$2 billion mark, ending the year at \$2.2 billion. This represents a 22% improvement over the previous year's gross sales level of \$1.8 billion.

Sales in the First Unit Scheme (the Growth and Income Fund) amounted to \$257.4 million or 12% of total sales compared with \$533.3 million or 29.6% of total sales in 1998. The Second Unit Scheme (the Money Market Fund) contributed total sales of \$1.9 billion or 88.1% of gross sales, compared to \$1.3 billion or 70.1% of sales for 1998. Our third fund, the Universal Retirement Fund,

added \$2.6 million or 0.1% to total sales against \$5.9 million or 0.3% of total sales in 1998.

The data show that investors demonstrated a preference for the short-term money market facility as against the longer term equity-backed instruments.

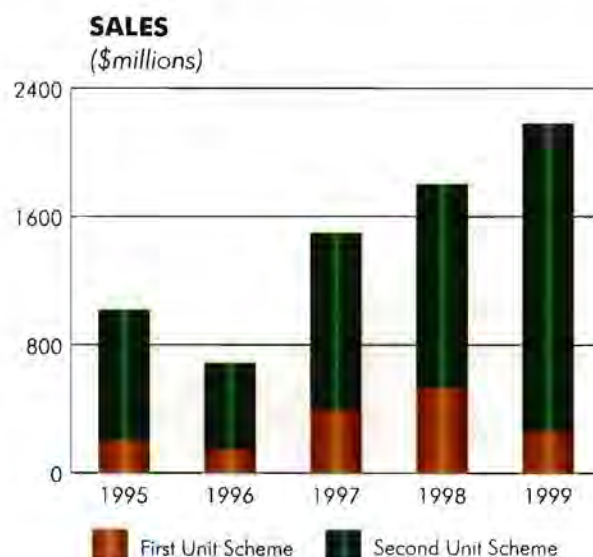
Collectively, the funds recorded net capital inflows of \$307.7 million, after total redemptions of \$1.91 billion, which also reflected the high turnover volume which characterised trading activity during the year.

INVESTMENT PERFORMANCE - First Unit Scheme

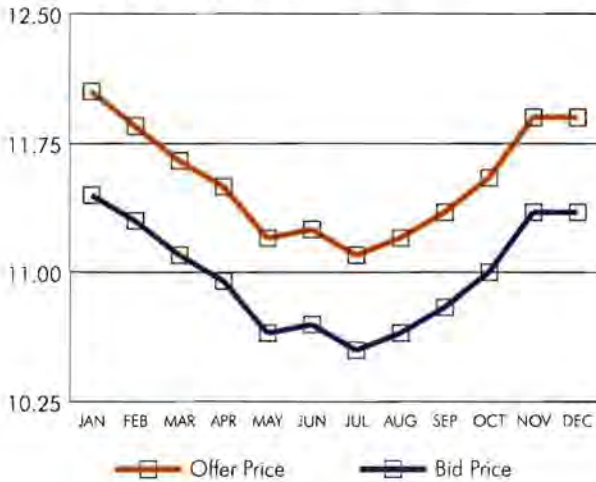
Against a background of adverse market conditions that prevailed in the domestic equity market for much of 1999, the fund size of the FUS contracted by \$207.4 million or 14.1%, registering in the process a net capital outflow of \$154.9 million.

Overall, however, total investment income declined marginally by 7.2% to \$83.2 million in 1999, compared to \$89.7 million in 1998. The reduction in the quantum of resources available for investment coupled with the 1% drop in domestic interest rates were the principal factors that led to the fall in earnings.

On a year on year basis, offer and bid prices fell off slightly. At the beginning of the year, the FUS's offer and bid prices were \$12.05 and \$11.45 respectively, while at year-end they were \$11.90 and \$11.35.



FIRST UNIT SCHEME PRICE OFFER and BID



As illustrated in the diagram above, prices staged an appreciable recovery during the second half of 1999, with the offer and bid prices moving up 80 cents between the months of July and December. This was due to improved stock market conditions as well as prudent asset management adopted by the Corporation to facilitate the long-term growth prospects of resources under management.

The softening of unit prices provided a tremendous buying opportunity for the investing public, and accordingly, the Corporation welcomed 6,739 new unitholders to the FUS during the year. This growth in unitholders in the Growth and Income Fund in an environment of price uncertainty also underscores a resounding show of confidence our unitholders have reposed in the institution as we continue to serve as guardians of their financial future.

Our cumulative rates of return continue to be enhanced, with the three and five year cumulative returns for the FUS at 68.03% and 172.31% respectively.

In keeping with our commitment to pay healthy distributions to its investors, the Corporation paid out to unitholders a ratio of 90.2% or \$52.7 million of net investment income of \$58.4 million earned for the year.

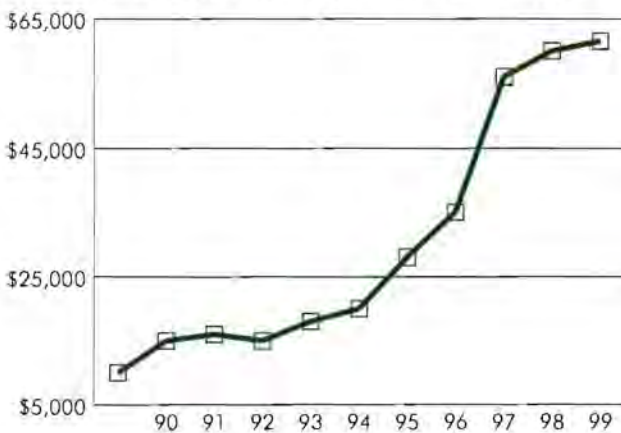
Second Unit Scheme (SUS)

The asset base of the SUS (the Money Market Fund) continues to expand appreciably, with an additional \$460.8 million being added, increasing the fund size to \$1.69 billion. This represents a 37.5% increase in fund size, year over year. As at December 31, 1999, the asset base consisted of 64.75% or \$1.1 billion in money market and other short-term instruments, with 35.25% or \$0.59 billion invested in medium to long-term fixed income instruments.

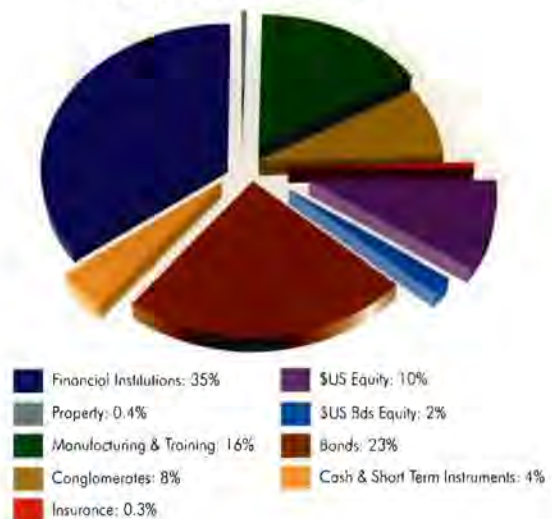
The Money Market Fund mobilized \$460.1 million in net capital inflows, which contributed in part to the stronger investment performance. Accordingly, investment income generated by the SUS was \$184.1 million. Of this income, unitholders earned \$165.4 million, 45.4% or \$51.6 million more than in 1998.

Resultantly, the SUS yielded a compounded effective rate of return for the year 1999 of 10.67%. This compares very favourably with the annual rate of inflation, which for 1999 is estimated at 3.4%.

VALUE OF \$10,000 INVESTED IN THE FIRST UNIT SCHEME ON JANUARY 1ST, 1990



FIRST UNIT SCHEME PORTFOLIO STRUCTURE



Unitholders it would appear, opted for the safe haven of this fund during the year to ride out the volatility evident in the stock market, as an additional 27,459 new unitholders joined this scheme. This clearly demonstrates that a substantial segment of the investing public rely on the Corporation to provide them with a stable and diversified family of mutual fund products for the furtherance of their financial objective.

This scheme, with the ability to provide funds instantaneously, is viewed by many investors as the warm nesting place until they were ready once again to assume stock market risk through the purchase of units in the FUS and/ or the URF. This was clearly evident through the second half of the year, with 37.69 % of new unitholders joining the Fund during the price recovery.

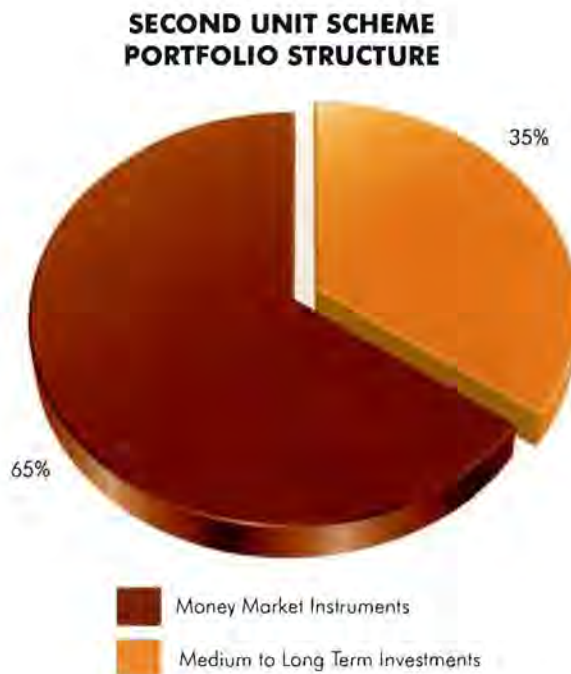
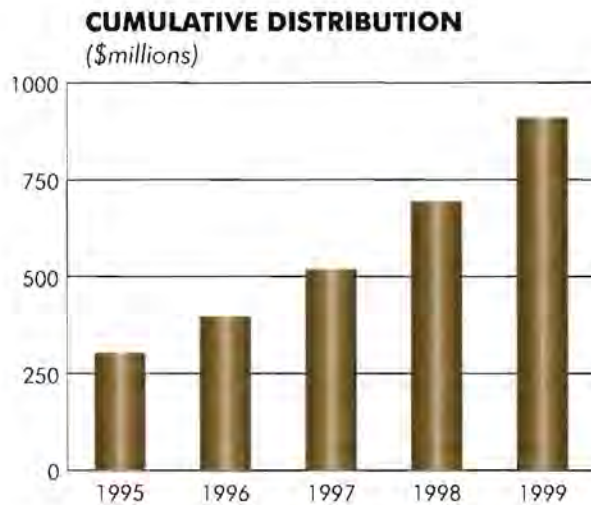
Universal Retirement Fund (URF)

I am satisfied with the outturns of the newest member of the Corporation's family of funds, the Universal Retirement Fund (URF), which continues to show a satisfactory level of performance. As at December 1999, the fund size increased to \$9 million, up 40% or \$2.6 million. We continue to see more and more interest in the fund, and we welcomed a further 491 unitholders to the URF. Sales for the year amounted to \$2.5 million.

Total investment income grew by 109.6% to \$0.5 million, in 1999, up from \$0.24 million in 1998. After fund expenses, the level of income reinvested into the fund grew by \$0.22 million.

The URF presents an affordable way to adequately prepare for one's retirement. Its features make the product very attractive and the fund's inherent flexibility augurs well for the impending pension legislation reform.

The investment philosophy of the URF proposes long-term capital appreciation and seeks to meet its objective by investing the Fund's assets in investment grade securities of both domestic and international companies, as well as bonds and other high income securities with greater than average growth potential. Empirically, a diversified portfolio weighted more heavily towards stocks has been the preferred and desired investment option to ensure that the investor's medium to long term objectives are achieved.



The Chaconia Income and Growth Fund (Chaconia)

I feel it incumbent upon me to explain in some detail, the performance of the Chaconia Fund over the last year. The Fund, as was the case with many other US dollar denominated equity based funds, experienced mixed results, given the many peculiarities and extreme volatility throughout the year.

The Chaconia Income and Growth Fund, has an investment objective of producing capital appreciation and high current income through ownership of gilt edged securities over the medium to long term, usually three to five years. The Fund's performance over the years since inception is testimony to that philosophy, with an annualized rate of return of 10.68%. Moreover, the future prospects look favourable for this fund for investors who can accept the short-term fluctuations in portfolio values and other systematic risks associated with the Fund, in the pursuit of enhanced rates of return.

Fund size grew appreciably to US\$62.9 million in 1999, up 43.6% from US\$43.8 million the year before. We also saw 4,082 new shareholders entering the Fund during the year, bringing the total number of shareholders to 11,367. I am very encouraged by this steady rate of growth, particularly among investors residing in the U.S. mainland, where the mutual fund market is fiercely competitive. Furthermore, I consider these results very good, given the backdrop of an extremely challenging investment climate in the marketplace.

OTHER BUSINESS SEGMENTS

International Business Development Unit (IBDU)

The IBDU represents a new thrust for the Corporation. This unit will be primarily responsible for the Corporation's new commercial initiatives undertaken outside of Trinidad and Tobago. Already, we have made substantial inroads into the regional and international financial arena, where considerable progress has been made with a number of institutions which share common interests and goals. We fully expect to capitalize on these initiatives in the pursuit of mutual objectives.

Corporate Business Unit

The Corporate business Unit (CBU) was established to deepen and broaden specialised merchant banking activities to complement the mutual fund management operations. It is anticipated that this unit

will undertake the arrangement and management of corporate and government debt instruments, not only in Trinidad and Tobago, but also within the region.

Dominica Unit Trust Corporation (DUTC)

During the year, we introduced to the people of Dominica the Unit Trust vehicle and the opportunities presented by investment pools that participate in capital market activity. At the request of the Government of Dominica, the Dominica Unit Trust Corporation (DUTC) was opened on July 9, 1999 offering citizens of that island new investment opportunities from which to benefit.

This represents a tremendous accomplishment by the Corporation. Over many weeks, prior to the opening of the DUTC's doors, we provided consultancy services to their personnel, in the areas of fund accounting, customer service, marketing and distribution, information technology and investment advisory services, both in Dominica and here at our head office. We continue to offer support and advice to our peers in Dominica, with regular site visits and the sharing of any new investments that are akin to their mutual fund objectives.



Clarry Benn addresses the audience at the launch of the Dominica Unit Trust Corporation (DUTC) on July 9th 1999, as Anthony Moore, DUTC C.E.O. (left) and Frederick Symes, DUTC board member and Speaker of the House, Dominica, (right) look on.



Foreign Exchange Business

Our Bureau de Change operations continue to grow at an impressive pace, with income increasing by \$0.33 million or 50% to \$0.99 million, from \$0.66 million in 1998. Total volume of currencies traded increased by TT\$43.4 million, from TT\$84.89 million in 1998 to TT\$128.3 million in 1999. Total trading of US dollars for the year climbed to \$12.4 million, up \$4.5 million when compared to 1998 figure of US\$7.9 million. It is our firm belief that the bureau will continue to play a very vital role in all our activities, particularly as they relate to our strategies outside of Trinidad and Tobago.

Branch Networking

Although we did not extend our branch network in 1999, we are currently in the process of finalizing work to open two more branches. The expansion of the branch network is in response to the public's demand for services provided by the Corporation, particularly in the southern part of the country. These branches will be fully staffed and well equipped to provide the full range of services in comfortable surroundings.

As I alluded to earlier, we moved to our new head office, the UTC Financial Centre at 82 Independence Square, along the Brian Lara Promenade, in early January 2000. Not only does the building represent the marriage of practical design and functional utility, it is our millennium gift to the people of our twin island state.

Training and Development

In keeping with our mantra to provide our loyal unitholders with the best possible service through our varied products, the Corporation persisted with the enhancement of its most important resource, our human capital. We continue to mobilize and encourage our staff to pursue programmes in their particular field of endeavor, both at home or abroad.

Our complement of staff increased in 1999, with the total staff complement rising to 197, from 178 in the prior year.



Agents' Award

The Corporation took time out on April 14, 1999 to recognize our hard working sales agent for the invaluable contribution throughout the year. At the ceremony at the Ambassador Hotel, we welcomed twenty new agents to our Million-Dollar Club.

Anniversary celebrations during the year

On September 1, 1999, the Corporation celebrated the tenth anniversary of the Second Unit Scheme, signifying a momentous occasion for the Unit Trust Corporation. We also celebrated on November 29, 1999, the 17th anniversary of the Trinidad and Tobago Unit Trust Corporation with a small toast and vote of thanks at our branches and Head Office.

Community Relations

The Trinidad and Tobago Unit Trust Corporation continues to contribute to the society as a mark of appreciation to the people of Trinidad and Tobago. Apart from our perennial sponsorship of various carnival activities, we continue to be actively involved in many cultural and sporting activities. We recognize our invaluable contribution to the arts via the Scouting for Talent series of shows as well as efforts to educate the youthful investors of the nation through our hugely successful School's Investment Game.

Y2K

The Corporation successfully met and surpassed its Y2K implementation programme well in advance of the December 31, 1999 deadline and quietly monitored the date rollover along with

millions of others around the world. Our business systems are now in line with the most technological-ly advanced in the industry and these will set the information platform for further advancement into the future. Special thanks to all those who sacrificed through the first Millennium hours to ensure all our systems were operationally functional.

E-Commerce

With the expectation that this medium will be the preferential means by which much of the commerce of tomorrow will be facilitated, the Corporation upgraded its web site and now has a new address, **www.ttuftc.com**. We encourage all Internet users to visit the site and view the ever-expanding products and services the Corporation has to offer, as well as to keep abreast of the latest occurrences at the Corporation.

APPRECIATION

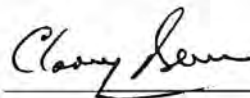
As we embark on the internet revolution, we stand starry-eyed at the endless possibilities that it will create. However, the success that the Corporation enjoys tomorrow is rooted in the efforts of all those who toil today.

Therefore, firstly let me thank the Chairman for her erudition and support, as well as my fellow directors on the Board for their encouragement and insightfulness from which I have benefited tremendously throughout the year.

To our many agents, whose outstanding, tireless contributions throughout the year of the promotion of the UTC, are very much appreciated by the entire management team, the staff complement and myself, I look forward in the coming years to a continued harmonious relationship.

To our unitholders, who despite the odds, have shown unflagging support to all our initiatives in the past. As we continue to put the Unit Trust brand on the regional economy, I feel quite assured of your unshakable trust and encouragement into the future. I join with my management colleagues and staff in thanking you for all your many words of encouragement throughout 1999 and wish you continued financial success in the new century.

In concluding this report, I wish to pay special tribute to the management and staff who are undoubtedly responsible for all the successes of the Corporation. Without them providing me with the necessary support and dedicated service to this noble institution, these achievements would not have been possible. To you all, my heartfelt thanks.



Clarry Benn
Executive Director
April 26th, 2000





1. UTC Chairman, Judy Chang along with members of the UTC Management Team give a tour of the UTC's new Financial "Centre of Excellence" to Central Bank Governor Winston Dookeran.

2. Works Minister, Sadiq Baksh formally addresses the gathering at the Topping Off Ceremony at the UTC's new Financial Centre.

3. Works Minister, Sadiq Baksh and UTC Executive Director, Clarry Benn do the honour of "Topping Off" the Corporation's new Headquarters.

4. Finance Minister, Brian Kuei Tung was among the first group of customers to transact business in the modern, elegantly furnished Customer Service area at the new UTC Financial Centre.

5. Former UTC Executive Director, Henry Sealy beams as he chats with Stockbroker, Ameer Edoe and Jack Bynoe of Bynoe and Associates, in the Investment Hall of the new Financial Centre.

UNIT TRUST CORPORATION

Office Ceremony Headquarters



6. UTC staff assemble for the Corporation's Quarterly Meeting on the 9th Floor of the spanking new Headquarters.

7. Top Agents display their tokens of excellence at the Annual Agents Awards Ceremony.

8. UTC Chairman, Judy Chang along with UTC Executive Director, Clarry Benn and Investment Advisor, Robert Mayers make a presentation to 1999 Schools' Investment game 1st Place Winners - St. Joseph's Convent, Port of Spain.

EXECUTIVE MANAGEMENT



The Executive Management Team enters the boardroom for a planning session.
(right) CLARRY BENN, Executive Director.
(centre) RENRICK NICKIE, Executive Manager – Marketing, Operations and MIS.
(left) MICHAEL ALEXANDER, Executive Manager – Investments and Financial and Trust Accounting.

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.

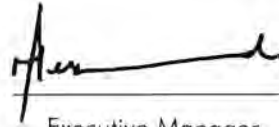
The Corporation maintains a system of Internal accounting policies, procedures and controls intended to provide reasonable assurance, at appropriate cost, that transactions are executed in accordance with the Corporation's authorization and are properly recorded and in the financial statements, and that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



Executive Manager



**Report of The Auditor General
of The Republic of Trinidad and Tobago
on The Accounts of
Trinidad and Tobago Unit Trust Corporation
for the year ended 1999 December 31**

The accompanying Financial Statements of the Trinidad and Tobago Unit Trust Corporation for the year ended 1999 December 31 have been audited. The Statements as set out on pages one (1) to twenty-six (26) comprise Balance Sheets of the Corporation, First and Second Unit Schemes and the Universal Retirement Fund as at 1999 December 31, an Income and Expenditure Account, Statements of Operation of the Corporation, First and Second Unit Schemes and the Universal Retirement Fund, Income Distribution Accounts of the First and Second Unit Schemes and a Cash Flow Statement for the year ended 1999 December 31 and Notes to the Financial Statements numbered one (1) to twenty-seven (27).

2. These Financial Statements are the responsibility of the management of the Trinidad and Tobago Unit Trust Corporation. The Auditor General's responsibility is to audit these Financial Statements and to report thereon in accordance with section 30 (1) and (4) of the Unit Trust Corporation of Trinidad and Tobago Act, 1981.

3. The examination was conducted in accordance with generally accepted Auditing Standards. These Standards require that the audit be planned and performed in order to obtain reasonable assurance about whether the Financial Statements are free of material misstatement.

4. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of information in the Financial Statements. The Auditor General is of the view that the audit which was conducted provides a reasonable basis for the comments made in this Report.

5. The Financial Statements and Notes to the Financial Statements, as outlined at paragraph 1 above, are in agreement with the books of the Trinidad and Tobago Unit Trust Corporation and present fairly, in all material respects, the state of affairs of the Trinidad and Tobago Unit Trust Corporation as at 1999 December 31 and the results of its operations and its cash flows for the year ended 1999 December 31 in accordance with generally accepted accounting principles.

2000 April 27



JOCELYN THOMPSON
AUDITOR GENERAL

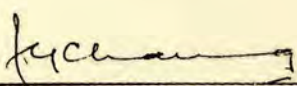
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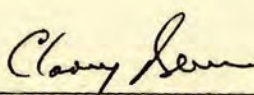
BALANCE SHEET

AS AT DECEMBER 31ST, 1999

<u>ASSETS</u>	NOTES	1999 \$ '000	1998 \$ '000
Investment Funds			
First Unit Scheme	1,22	1,266,446	1,473,813
Second Unit Scheme	1,23	1,688,307	1,227,458
Universal Retirement Fund	1,24	<u>9,014</u>	<u>6,438</u>
		2,963,767	2,707,709
Cash		27,065	18,117
Short Term Investments		34,223	38,104
Receivables	12	34,437	27,467
Prepayments and Other Assets	13	2,462	1,949
Investments	20	12,342	10,110
Fixed Assets	25	98,736	22,482
		<u>3,173,032</u>	<u>2,825,938</u>
<u>LIABILITIES</u>			
CURRENT			
Accounts Payable		3,152	3,611
Current Portion of Finance Lease	2,14	<u>10,054</u>	<u>-</u>
TOTAL CURRENT LIABILITIES		13,206	3,611
LONG TERM			
Finance Lease	2,14	<u>60,789</u>	<u>-</u>
TOTAL LIABILITIES		73,995	3,611
<u>CAPITAL AND RESERVES</u>			
Initial Capital	5	4,811	4,811
Unit Capital - First Unit Scheme	6	1,261,635	1,469,002
Unit Capital - Second Unit Scheme	6	1,688,307	1,227,458
Universal Retirement Fund	7	9,014	6,438
Guarantee Reserve	8	6,621	5,676
Children's Investment Starter Plan (CISP) Reserve	9	19	27
Second Unit Scheme Reserve	10	4,786	3,934
Capital Reserve	11	1,571	1,967
Retained Income		<u>122,273</u>	<u>103,014</u>
		<u>3,173,032</u>	<u>2,825,938</u>
TOTAL LIABILITIES, CAPITAL AND RESERVES		3,173,032	2,825,938


Chairman




Executive Director

The following notes form an integral part of these Financial Statements

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED DECEMBER 31ST, 1999

INCOME	NOTES	1999 \$ '000	1998 \$ '000
Investment Income -			
First Unit Scheme		83,190	89,667
Second Unit Scheme		184,121	131,991
Universal Retirement Fund Corporation		501	239
Initial Charge	16	7,045	7,506
Other Income	15	9,694	22,699
Undistributed Income at start of year		4,379	2,162
		450	40
Total Income		289,380	254,304
EXPENSES			
Finance Charges		1,068	-
Distribution	4	218,076	175,189
Commission	19	2,233	4,695
Administrative	18	39,842	35,492
Depreciation and Amortisation	25	1,965	1,646
Total Expenses		263,184	217,022
NET INCOME		26,196	37,282
Transfer to Reserves		(978)	(760)
Undistributed Income at end of year		(5,959)	(450)
Retained Income for the year		19,259	36,072
Retained Income as at January 01st		103,014	66,942
Retained Income as at Dec 31st		122,273	103,014

INCOME AND EXPENDITURE ACCOUNT FOR MANAGEMENT OPERATIONS.

FOR THE YEAR ENDED DECEMBER 31ST, 1999

	NOTES	1999 <u>\$ ' 000</u>	1998 <u>\$ '000</u>
INCOME			
Management Charge	17	40,400	42,758
Initial Charge	16	9,694	22,699
Investment		7,045	7,506
Loan Interest		1,494	1,011
Other	15	4,379	2,162
Total Income		<u>63,012</u>	<u>76,136</u>
EXPENSES			
Finance Charges		1,068	-
Commission	19	878	2,926
Administrative	18	39,842	35,492
Depreciation	25	1,965	1,646
Total Expenses		<u>43,753</u>	<u>40,064</u>
Net Income of the Corporation		19,259	36,072
Retained Income as at January 01st		103,014	66,942
Retained Income as at Dec 31st		<u>122,273</u>	<u>103,014</u>

The following notes form an integral part of these Financial Statements

CASHFLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31ST, 1999

	1999	1998
	<u>\$ ' 000</u>	<u>\$ ' 000</u>
OPERATING ACTIVITIES		
NET INCOME	19,259	36,072
Adjustment to reconcile net income to net cash from operating activity		
Depreciation Expense	1,965	1,646
Loss on Fixed Asset Disposals	67	41
Increase in Receivables	(6,970)	(5,262)
Increase in Prepayments and Other Assets	(513)	(1,897)
Decrease in Accounts Payable	(459)	(260)
Net Change in Investment Funds		
First Unit Scheme - Net Expropriations / (Appropriations)	154,855	(247,980)
Second Unit Scheme - Net Appropriations	(460,072)	(241,367)
Universal Retirement - Net Appropriations	(2,508)	(5,781)
Income Reinvested in Chaconia	(679)	(202)
Unrealised foreign currency loss / (gain)	38	(10)
Net Cash Outflow from Operating Activities	<u>(295,017)</u>	<u>(465,000)</u>
INVESTING ACTIVITIES		
Purchase of Fixed Assets	(78,392)	(13,679)
Proceeds from Disposal of Fixed Assets	107	62
Purchase of Investments	(1,988)	(5)
Net Cash Outflow from Investing Activities	<u>(80,273)</u>	<u>(13,622)</u>
FINANCING ACTIVITIES		
Proceeds from Finance Lease	70,843	-
(Decrease) / Increase in First Unit Scheme Capital	(154,855)	248,071
Increase in Second Unit Scheme Capital	460,072	241,367
Increase in Universal Retirement Fund	2,508	5,781
Movement in Reserves	1,789	1,515
Net cash inflow from Financing Activities	<u>380,357</u>	<u>496,734</u>
NET CASH INFLOW FOR THE YEAR	5,067	18,112
Cash & Cash Equivalents:		
Beginning of Year	56,221	38,109
End of Year	<u>61,288</u>	<u>56,221</u>
REPRESENTED BY:		
Cash	27,065	18,117
Short Term Investments	34,223	38,104
	<u>61,288</u>	<u>56,221</u>

The following notes form an integral part of these Financial Statements

FIRST UNIT SCHEME
BALANCE SHEET
AS AT DECEMBER 31ST, 1999

	NOTES	1999 \$' 000	1998 \$' 000
<u>ASSETS</u>			
Investments	22	1,266,446	1,473,813
Cash		18,580	3,879
Short Term Investments		14,200	24,376
Income Receivable		15,444	17,665
Other Receivables		72	329
Total assets		<u>1,314,742</u>	<u>1,520,062</u>
<u>LIABILITIES</u>			
Distribution Payable		29,143	31,373
Amount Due Corporation		12,836	14,064
Other Payables		358	362
		<u>42,337</u>	<u>45,799</u>
<u>RESERVES</u>			
Undistributed Income		5,959	450
Total Liabilities and Reserves		<u>48,296</u>	<u>46,249</u>
NET ASSETS		<u>1,266,446</u>	<u>1,473,813</u>
CAPITAL ACCOUNT			
UNREALISED CAPITAL APPRECIATION	26	751,993	902,040
		514,453	571,773
		<u>1,266,446</u>	<u>1,473,813</u>

The following notes form an integral part of these Financial Statements

FIRST UNIT SCHEME
STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED DECEMBER 31ST , 1999

	NOTES	1999 <u>\$ ' 000</u>	1998 <u>\$ ' 000</u>
INVESTMENT INCOME			
Dividends		29,454	19,872
Interest		41,042	69,795
Realised Capital Gains		12,694	-
Total Investment Income		<u>83,190</u>	<u>89,667</u>
EXPENSES			
Management Charge	17	24,789	27,629
Total Expenses		<u>24,789</u>	<u>27,629</u>
NET INVESTMENT INCOME		<u>58,401</u>	<u>62,038</u>

The following notes form an integral part of these Financial Statements

FIRST UNIT SCHEME INCOME DISTRIBUTION ACCOUNT

FOR THE YEAR ENDED DECEMBER 31ST, 1999

	NOTES	1999 <u>\$ ' 000</u>	1998 <u>\$ ' 000</u>
NET INVESTMENT INCOME		58,401	62,038
Distribution to Initial Contributors 45c per unit (1998 - 48c per unit)	4	433	462
Distribution to Unitholders 45c per unit (1998 - 48c per unit)	4	52,259	60,966
		<hr/> 5,709	<hr/> 610
Undistributed Income brought forward		450	40
		<hr/> 6,159	<hr/> 650
Allocation to Guarantee Reserve Fund	8	200	200
Undistributed Income at December 31st		<hr/> 5,959 <hr/>	<hr/> 450 <hr/>

The following notes form an integral part of these Financial Statements

SECOND UNIT SCHEME
BALANCE SHEET
AS AT DECEMBER 31ST, 1999

	NOTES	1999 <u>\$' 000</u>	1998 <u>\$' 000</u>
ASSETS			
Investments	23	1,688,307	1,227,458
Cash		3,539	4,780
Interest Receivable		29,369	18,471
Other Receivables		128	130
TOTAL ASSETS		<u>1,721,343</u>	<u>1,250,839</u>
LIABILITIES			
Accruals for Distribution	4	12,451	6,932
Amount Due Corporation		13,365	9,786
Other Liabilities		5,370	4,813
		<u>31,186</u>	<u>21,531</u>
Reserves		1,850	1,850
TOTAL LIABILITIES AND RESERVES		<u>33,036</u>	<u>23,381</u>
NET ASSETS		<u>1,688,307</u>	<u>1,227,458</u>
Capital Account		<u>1,688,307</u>	<u>1,227,458</u>

The following notes form an integral part of these Financial Statements

SECOND UNIT SCHEME STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31ST, 1999

	NOTES	1999 <u>\$ ' 000</u>	1998 <u>\$ ' 000</u>
INVESTMENT INCOME			
Interest Income		184,121	131,991
INVESTMENT INCOME		<u>184,121</u>	<u>131,991</u>
EXPENSES			
Management Charge	17	15,488	15,050
Interest		1,494	1,011
Commission	19	1,355	1,769
Total Expenses		<u>18,337</u>	<u>17,830</u>
NET INVESTMENT INCOME		<u><u>165,784</u></u>	<u><u>114,161</u></u>

The following notes form an integral part of these Financial Statements

SECOND UNIT SCHEME INCOME DISTRIBUTION ACCOUNT

FOR THE YEAR ENDED DECEMBER 31ST, 1999

	NOTES	1999 <u>\$ ' 000</u>	1998 <u>\$ ' 000</u>
NET INVESTMENT INCOME		<u>165,784</u>	<u>114,161</u>
DISTRIBUTION PAYMENT:			
Distribution Paid	4	152,933	106,829
Accruals for Distribution	4	12,451	6,932
TOTAL		<u>165,384</u>	<u>113,761</u>
Transfer to Reserves		400	400
		<u>165,784</u>	<u>114,161</u>

The following notes form an integral part of these Financial Statements

UNIVERSAL RETIREMENT FUND
BALANCE SHEET
AS AT DECEMBER 31ST, 1999

	NOTES	1999 <u>\$' 000</u>	1998 <u>\$' 000</u>
INVESTMENTS	24	<u>9,014</u>	<u>6,438</u>
CAPITAL ACCOUNT	7	<u>9,014</u>	<u>6,438</u>

The following notes form an integral part of these Financial Statements

UNIVERSAL RETIREMENT FUND
STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED DECEMBER 31ST, 1999

	NOTES	1999 <u>\$ ' 000</u>	1998 <u>\$ ' 000</u>
INVESTMENT INCOME			
Dividends		192	64
Interest		309	175
Total Investment Income		<u>501</u>	<u>239</u>
 EXPENSES			
Management Charge	17	123	79
Total Expenses		<u>123</u>	<u>79</u>
 NET INCOME FOR CAPITALIZATION			
		<u><u>378</u></u>	<u><u>160</u></u>

The following notes form an integral part of these Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31ST, 1999

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. In 1999 the Corporation began its activities of a Merchant Banking nature.

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 Vehicles	25%
Equipment	20-25%
Furniture & Fixtures	15-20%

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31ST, 1999

Foreign Currencies

Assets and liabilities in foreign currencies are expressed in Trinidad and Tobago dollars at the rates of exchange prevailing on December 31st, 1999.

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

Leases

Assets held under finance leases are capitalised as fixed assets and duly depreciated.

The liability net of finance charges are classified as current and long term liabilities and interest charged to the Profit and Loss account over the term of the lease.

Realised Gains

For the year ended 31st December 1999 the Corporation changed its accounting policy with respect to the treatment of Realised Gains on disposal of Marketable Equity Investments in accordance with the introduction of IAS 39 - Financial Instruments Recognition and Measurement.

In previous years realised gains on the disposals of Equity Investments were accounted for via Reserves. This change in accounting policy has been applied prospectively.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31ST, 1999

3. TAXATION

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

4. DISTRIBUTIONS

The Corporation declared its thirty-third (33rd) and thirty-fourth (34th) distributions in respect of the First Unit Scheme for the year 1999 totalling \$52,691,893. The distributions to registered unitholders as at June 30th, 1999 amounted to \$23,548,878 and at December 31st, 1999 amounted to \$29,143,016. The total distributions to Initial Capital Contributors for the year amounted to \$433,014.

Distributions in the Second Unit Scheme are made quarterly. Four (4) payments were made in 1999 and total distributions paid for the period January – November 1999 totalled \$152,933,489. Accrued income as at December 31st, 1999 for distribution in the quarter ended February 29th, 2000 amounted to \$12,450,534.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31ST, 1999

7. UNIVERSAL RETIREMENT FUND

1999	1998
<u>\$'000</u>	<u>\$'000</u>
9,014	6,438

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31ST, 1999

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 and the Dominica Unit Trust Growth and Income Fund has been taken to a Capital Reserve Account.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31ST, 1999

12. RECEIVABLES

1999	1998
<u>\$'000</u>	<u>\$'000</u>
34,437	27,467

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

13. PREPAYMENTS AND OTHER ASSETS

1999	1998
<u>\$'000</u>	<u>\$'000</u>
2,462	1,949

These include the preliminary expenses relating to the restructuring of the Unit Trust Corporation to a Limited Liability Company.

14. FINANCE LEASE

The Corporation committed to a lease agreement with FINCOR for the UTC Financial Centre on the 19th November 1999. This agreement is for a term of 20 years, with purchase options at the end of the tenth and fifteenth years. The interest rate implicit on the lease is 3.5% below average Republic Bank Limited Prime lending rate, with a ceiling of 13.5% and a floor of 10%. The current effective rate is 13.0625% with reviews every five years. The first lease payment of \$5,027,090.24 is due on the 19th May 2000.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31ST, 1999

15. OTHER INCOME

	1999	1998
	<u>\$'000</u>	<u>\$'000</u>
Chaconia Fees	2,496	1,200
Bureau De Change	991	663
Consultancy	707	-
Commissions & Commitment Fees	102	271
Miscellaneous	83	28
	<u>4,379</u>	<u>2,162</u>

16. INITIAL CHARGE

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

17. MANAGEMENT CHARGE

In accordance with the regulations governing the First and Second Unit Schemes, the Corporation may charge a management fee of up to two per cent (2%) on the value of the funds held in each Scheme. For 1999 the Board applied a charge of 2% (1998 - 1.93%) to the First Unit Scheme and an average charge of 1.035% (1998 - 1.23%) to the Second Unit Scheme and 1.5% (1998 - 1.50%) for the Universal Retirement Fund.

	1999	1998
	<u>\$'000</u>	<u>\$'000</u>
First Unit Scheme	24,789	27,629
Second Unit Scheme	15,488	15,050
Universal Retirement Fund	123	79
	<u>40,400</u>	<u>42,758</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31ST, 1999

18. ADMINISTRATIVE EXPENSES

1999	1998
<u>\$'000</u>	<u>\$'000</u>
39,842	35,492

These expenses include the following:

1. Directors' fees	328	373
2. Auditors' remuneration	75	75

19. COMMISSIONS

1999	1998
<u>\$'000</u>	<u>\$'000</u>
2,233	4,695

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.

20. INVESTMENTS

1999	1998
<u>\$'000</u>	<u>\$'000</u>
12,342	10,110

This amount includes \$10.277 million in respect of the value of the Trinidad and Tobago Unit Trust Corporation investment in the Chaconia Income and Growth Fund Inc. and \$1.722 million in the Dominica Unit Trust Corporation Limited. The Chaconia Income and Growth 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE YEAR ENDED DECEMBER 31ST, 1999

20. *(Continued)*

The Dominica Unit Trust Corporation Limited is a company incorporated under the Companies Act, no. 24 of 1994 of the laws of the Commonwealth of Dominica and has its registered office at Valley Road, Roseau, in the island of Dominica. The Corporation has an investment of EC\$500,000 in the equity of the Company and an EC\$240,000 holding in the Growth and Income Fund.

21. COMMITMENTS

The Corporation has agreed to participate in the Government Project Financing Facility to the extent of \$19.36 million. As at December 31st, 1999 disbursements amounting to \$15.06 million had been made.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31ST, 1999

22. INVESTMENT PORTFOLIO *First Unit Scheme*

EQUITY	SHAREHOLDING (STOCK UNITS)	MARKET VALUE (\$)
FINANCIAL INSTITUTIONS		
BANK OF NOVA SCOTIA		
TRINIDAD AND TOBAGO LIMITED	6,836,862	118,619,556
REPUBLIC BANK LIMITED	7,859,815	188,242,569
ROYAL BANK OF		
TRINIDAD AND TOBAGO LIMITED	14,889,960	146,963,905
ANSA FINANCE LIMITED	1,585,770	8,008,139
MANUFACTURING		
ANGOSTURA HOLDINGS LIMITED	6,987,207	67,775,908
BERGER PAINTS TRINIDAD LIMITED	133,333	393,332
LEVER BROTHERS WEST INDIES LIMITED	1,248,538	23,222,807
WEST INDIAN TOBACCO COMPANY LIMITED	1,341,530	14,179,972
TRINIDAD CEMENT LIMITED	14,471,078	63,672,743
NATIONAL FLOUR MILLS LIMITED	6,719,862	27,551,434
CONGLOMERATES		
ANSA MC AL LIMITED	5,044,056	65,824,931
NEAL & MASSY HOLDINGS LIMITED	2,900,764	32,053,442
INSURANCE		
AMERICAN LIFE AND GENERAL INSURANCE		
COMPANY (TRINIDAD AND TOBAGO) LIMITED	462,416	3,579,100
GUARDIAN HOLDINGS LIMITED	119,182	1,579,162
PROPERTY		
POINT LISAS INDUSTRIAL PORT DEVELOPMENT		
CORPORATION LIMITED	1,701,240	8,591,262
TRADING		
L.J. WILLIAMS LIMITED	1,150,000	1,667,500
TOTAL TT \$ EQUITY		771,925,762
TOTAL US \$ EQUITY		120,930,023
TOTAL B'DOS \$ EQUITY		31,341,211
TOTAL EQUITY		924,196,996
TOTAL DEBT SECURITIES		291,428,658
CASH AND SHORT TERM INVESTMENTS		1,215,625,654
		50,820,264
TOTAL VALUE OF PORTFOLIO		1,266,445,918

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31ST, 1999

23. INVESTMENT PORTFOLIO *Second Unit Scheme*

SECURITIES	MARKET VALUE
	\$
Government Securities	275,500,805
Government Guaranteed Securities	80,028,636
Corporate Securities	239,454,447
Cash and Short Term Investments	1,093,322,725
TOTAL	<u>1,688,306,613</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31ST, 1999

24. UNIVERSAL RETIREMENT FUND

	SHAREHOLDING (STOCK UNITS)	MARKET VALUE (\$)
<u>SECURITIES</u>		
FINANCIAL INSTITUTIONS		
ANSA FINANCE	7,000	35,000
ROYAL BANK OF TRINIDAD AND TOBAGO LIMITED	199,164	1,955,790
REPUBLIC BANK OF TRINIDAD AND TOBAGO LIMITED	10,493	250,783
SCOTIA BANK OF TRINIDAD AND TOBAGO LIMITED	52,157	902,316
MANUFACTURING		
WEST INDIAN TOBACCO CO. LIMITED	8,105	85,265
LEVER BROTHERS W.I. LIMITED	22,346	414,518
TRINIDAD CEMENT LIMITED	31,249	135,933
TRINIDAD PUBLISHING LIMITED	62,000	155,000
NATIONAL FLOUR MILLS	44,742	181,205
ANGOSTURA HOLDINGS	31,250	301,563
CONGLOMERATES		
ANSA MC. AL	47,633	619,229
NEAL & MASSY	30,487	335,357
MARKET VALUE OF EQUITY		<hr/> 5,371,959
DEBT SECURITIES		738,062
CASH & SHORT TERM INVESTMENTS		3,026,656
LIABILITIES		(122,761)
NET ASSET VALUE OF PORTFOLIO		<hr/> 9,013,916 <hr/>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31ST, 1999

25. FIXED ASSETS

	Freehold Land <u>\$'000</u>	Building <u>\$'000</u>	Leasehold Land <u>\$'000</u>	Office Improve <u>\$'000</u>	Motor Vehicles <u>\$'000</u>	Equipment <u>\$'000</u>	Furniture <u>\$'000</u>	Total <u>\$'000</u>
Year ended December 31, 1999								
Opening Net Book Value	10,847	1,781	3,020	1,181	1,084	3,655	914	22,482
Additions	1,458	70,843	-	1,486	751	1,277	2,577	78,392
Disposals	-	-	-	(3)	(61)	(61)	(47)	(172)
Transfers	-	-	-	-	7	(7)	-	-
Depreciation Charge	-	(203)	-	(330)	(323)	(924)	(186)	(1,966)
Closing Net Book Value	12,305	72,421	3,020	2,334	1,458	3,940	3,258	98,736

As at December 31, 1999

Cost	12,305	72,749	3,020	4,103	2,324	7,049	4,043	105,593
Accumulated Depreciation	-	(328)	-	(1,769)	(866)	(3,109)	(785)	(6,857)
Net Book Value	12,305	72,421	3,020	2,334	1,458	3,940	3,258	98,736

Year ended December 31st, 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 31st, 1998

Cost	10,847	1,906	3,020	2,625	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

To finance the construction of the building, the Corporation leased the land to the Project Company which in turn sub-leased the land and building to the Corporation. In 1999 the Corporation completed construction of its Headquarters Building on a Build, Own, Lease and Transfer arrangement. Following completion of the lease payments by the Corporation, the land and building will be transferred to the Corporation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31ST, 1999

26. UNREALISED CAPITAL APPRECIATION

This represents the net unrealised gain on the valuation of the Investment Portfolio at the year-end.

27. 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.

CONTRIBUTORS TO THE INITIAL CAPITAL

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

Central Bank of Trinidad & Tobago.
The National Insurance Board.

COMMERCIAL BANKS

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

NON-BANK FINANCIAL INSTITUTIONS

ANSA Finance Limited
(formerly Amalgamated Finance Co. Ltd).
Republic Finance & Merchant Bank Limited
(Commerce Division).
ScotiaTrust & Merchant Bank 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 Company
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).

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