



HERALDING THE NEW

# *Millennium*

*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.*

*Our  
Mission*

- 2 *Performance Highlights*
- 4 *Corporate Information*
- 6 *Board of Directors*
- 8 *Chairman's Review*
- 14 *Executive Director's Report*
- 22 *Executive Management*
- 23 *Management Responsibility for Financial Statements*
- 24 *Report of the Auditor General*
- (i) *Contributors to the Initial Capital*

## ACCOUNTS SECTION

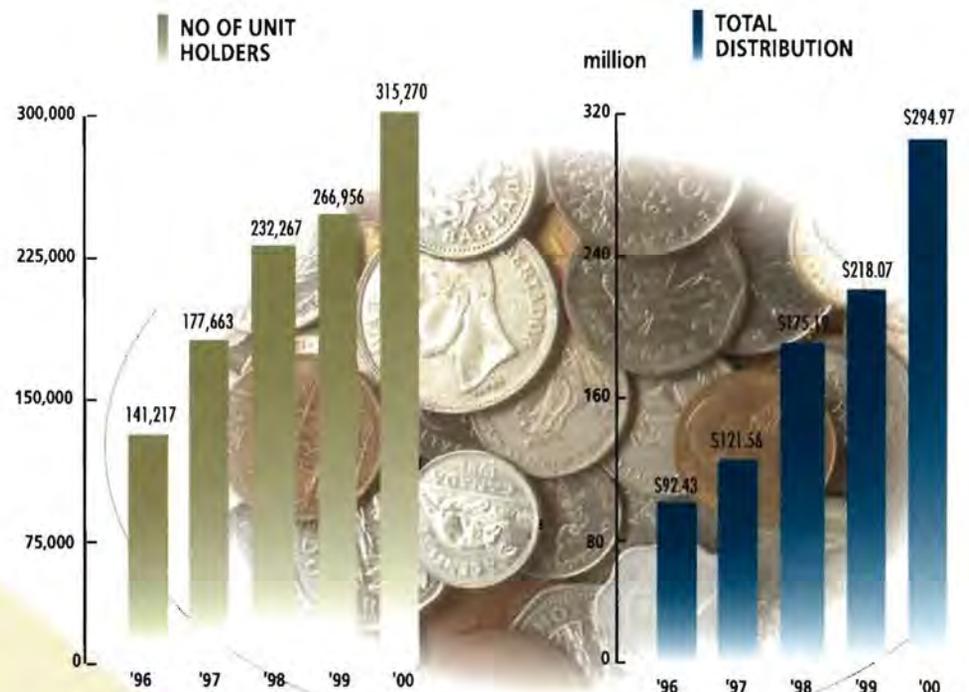
A.1 <i>Consolidated Balance Sheet</i>	A.10 <i>Second Unit Scheme Income Distribution Account</i>	A.19 <i>Note 3, 4, 5</i>
A.2 <i>Income &amp; Expenditure Account</i>	A.11 <i>Universal Retirement Fund Balance Sheet</i>	A.20 <i>Note 6, 7, 8</i>
A.3 <i>Income &amp; Expenditure Account for Management Operations</i>	A.12 <i>Universal Retirement Fund Statement of Operations</i>	A.21 <i>Note 9</i>
A.4 <i>Cashflow Statement</i>	A.13 <i>US Dollar Money Market Fund Balance Sheet</i>	A.22 <i>Note 10, 11, 12</i>
A.5 <i>First Unit Scheme Balance Sheet</i>	A.14 <i>US Dollar Money Market Fund Statement of Operations</i>	A.23 <i>Note 13, 14</i>
A.6 <i>First Unit Scheme Statement of Operations</i>	A.15 <i>US Dollar Money Market Fund Income Distribution Account</i>	A.24 <i>Note 15</i>
A.7 <i>First Unit Scheme Income Distribution Account</i>		A.25 <i>Note 16, 17</i>
A.8 <i>Second Unit Scheme Balance Sheet</i>	<i>Notes to the Financial Statements:</i>	A.26 <i>Note 18, 19, 20</i>
A.9 <i>Second Unit Scheme Statement of Operations</i>	A.16 <i>Note 1, 2 a, b</i>	A.27 <i>Note 21, 22</i>
	A.17 <i>Note 2 c, d</i>	A.28 <i>Note 23, 24</i>
	A.18 <i>Note 2 e, f, g</i>	A.29 <i>Note 25</i>
		A.30 <i>Note 26</i>
		A.31 <i>Note 27</i>
		A.32 <i>Note 28</i>
		A.33 <i>Note 29</i>
		A.34 <i>Note 30, 31, 32, 33</i>
		A.35 <i>Note 34</i>

CONTENTS

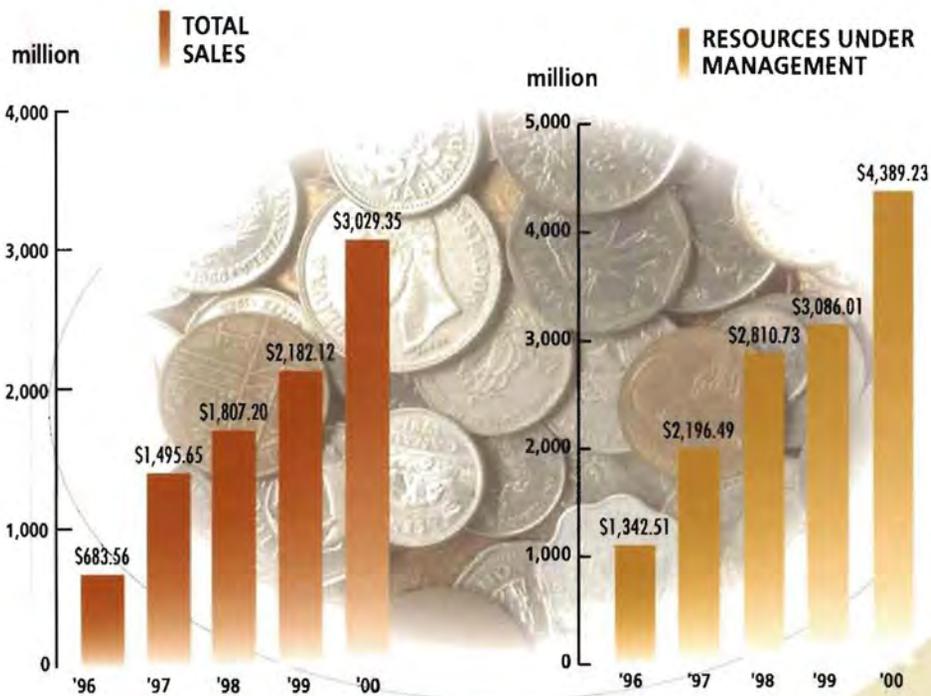
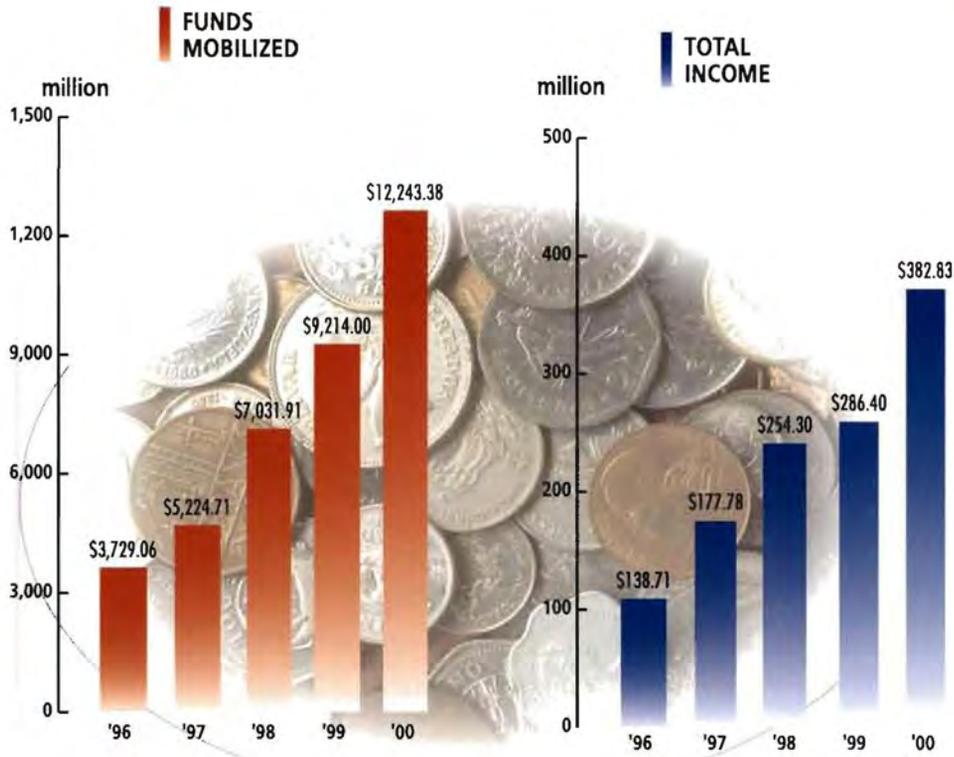
# PERFORMANCE *Highlights*

	1996	1997	1998	1999	2000
<b>INVESTMENT FUNDS SIZE (\$M)</b>					
First Unit Scheme	593.67	1,142.93	1,473.82	1,266.45	<b>1,298.82</b>
Second Unit Scheme	705.33	986.22	1,227.46	1,688.31	<b>2,162.03</b>
Universal Retirement Fund	—	0.40	6.44	9.01	<b>14.23</b>
US\$ Money Market Fund	—	—	—	—	<b>254.93</b>
<b>TOTAL INVESTMENT FUNDS</b>	<b>1,299.00</b>	<b>2,129.55</b>	<b>2,707.72</b>	<b>2,963.77</b>	<b>3,730.01</b>
<b>OTHER FUNDS (\$M)</b>					
Corporation Funds	43.51	66.94	103.01	122.27	<b>132.50</b>
CBU Funds	—	—	—	—	<b>435.33</b>
Pension Funds	—	—	—	—	<b>91.47</b>
<b>TOTAL OTHER FUNDS</b>	<b>43.51</b>	<b>66.94</b>	<b>103.01</b>	<b>122.27</b>	<b>659.30</b>
<b>TOTAL RESOURCES UNDER MANAGEMENT</b>					
	<b>1,342.51</b>	<b>2,196.49</b>	<b>2,810.73</b>	<b>3,086.10</b>	<b>4,389.23</b>
<b>MUTUAL FUND SALES (\$M)</b>					
First Unit Scheme	146.01	395.59	533.39	257.42	<b>277.23</b>
Second Unit Scheme	537.55	1,099.66	1,267.90	1,922.10	<b>2,404.58</b>
Universal Retirement Fund	—	0.40	5.91	2.60	<b>3.85</b>
US\$ Money Market Fund	—	—	—	—	<b>343.69</b>
<b>TOTAL SALES</b>	<b>683.56</b>	<b>1,495.65</b>	<b>1,807.20</b>	<b>2,182.12</b>	<b>3,029.35</b>
<b>FUNDS MOBILIZED (\$M)</b>					
	<b>3,729.06</b>	<b>5,224.71</b>	<b>7,031.91</b>	<b>9,214.03</b>	<b>12,243.38</b>
<b>UNITHOLDERS</b>					
	<b>141,217</b>	<b>177,663</b>	<b>232,267</b>	<b>266,956</b>	<b>315,270</b>
<b>TOTAL INCOME (\$M)</b>					
	<b>138.71</b>	<b>177.78</b>	<b>245.30</b>	<b>289.40</b>	<b>382.83</b>
<b>DISTRIBUTION TO UNITHOLDERS (\$M)</b>					
	<b>92.43</b>	<b>121.56</b>	<b>175.19</b>	<b>218.07</b>	<b>294.97</b>

2



# PERFORMANCE *Highlights*



*Chairman* : Judy Y. Chang

*Executive Director* : Clarry Benn

*Directors* : Michal Y. Andrews  
Terrence Bharath  
Hollis De Four  
Oscar B. Edghill  
Larry Howai  
Donna-Marie Johnson  
Kamal Mankee  
John H. Smith  
Ray A. Sumairsingh  
Sookh Mungal Supersad

*Corporate Secretary* : Patricia Small-Ilkhtchoui



**BOARD OF**  
*Directors*

# Information

## **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**

## **& BRANCH 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](mailto:utc@trinidad.net)  
Internet Address: <http://www.ttutc.com>

### **SAN FERNANDO BRANCH**

#23 High Street  
San Fernando  
Tel: (868) 657-UNIT (8648)/0041  
Fax: (868) 652-0620

### **CHAGUANAS BRANCH**

#20 Yard Street  
Chaguana  
Tel: (868) 671-UNIT (8648)/6615  
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 Mall  
Westmoorings  
Tel: (868) 632-9222/7720  
Fax: (868) 632-7721

### **TOBAGO BRANCH**

Block A, Level 1  
Scarborough Mall  
Tobago  
Tel: (868) 639-5096  
Tel/Fax: (868) 639-3921

### **POINT FORTIN BRANCH**

#13 Handel Road  
Point Fortin  
Tel: (868) 648-6836  
Tel/Fax: (868) 648-2997

### **COUVA BRANCH**

#32 Southern Main Road  
Couva  
Tel: (868) 636-9871  
Tel/Fax: (868) 636-4750

*Board of* **DIRECTORS**



*Judy Y. Chang*  
*Chairman*

*Clarry Benn*  
*Executive Director*



*Larry Howai*

*Michal Y. Andrews*

*Oscar B. Edgill*

*John Smith*

# Directors



*Hollis De Four*

*Terrence Bharath*

*Donna-Marie Johnson*

*Ray A. Sumairsingh*



*Sookh Mungal Supersad*

*Patricia Small-Ilkhtchoui*  
*Corporate Secretary*

*Kamal Mankee*

# CHAIRMAN'S *Review*

## INTRODUCTION

Despite the negative concerns and uncertainties which attended the dawn of the new millennium, the eventual out-turn of fiscal 2000 for the domestic economy and indeed the Trinidad and Tobago Unit Trust Corporation was solid if not spectacular. I am delighted to report that the Trinidad and Tobago Unit Trust Corporation has had another successful year of operations with impressive sales, record level distributions to unitholders and continued profitability.

The impetus for the Corporation's performance in 2000 was provided by positive trends in the global economy which percolated through to the domestic economy and was manifested in terms of high international oil prices, a strong recovery in petrochemical commodity prices and low inflation. However, the full impact of this highly favourable economic environment, on the local equities market was substantially muted by tight liquidity, the availability of an inordinately high volume of attractively priced fixed income securities, and an uncertain socio-political climate which exerted a sustained downward pressure on the demand for equities traded on the domestic exchange.

During the year 2000 your Board and Management continued with the programme of re-engineering started in earlier years to create the corporate structure needed to drive the Corporation into the twenty-first century. In this regard two new companies UTC Financial Services Limited and UTC Trust Services Limited were activated in readiness for the proposed change of the Unit Trust Corporation from a Statutory Corporation to a private limited liability Company and ultimately a public limited liability company.

*Judy Y. Chang*  
*Chairman*



# CHAIRMAN'S *Review*

Additionally, positive steps were taken to better streamline our operations in compliance with relevant regulatory guidelines.

Your Board and management remain acutely aware of the challenges in the prevailing environment and the esteem in which you hold this organization. Accordingly we have striven during 2000 to ensure its continued growth and expansion and the provision of a fair return on your investment.

## PERFORMANCE HIGHLIGHTS

Both the Corporation's operational and investment performance in fiscal 2000 provided cause for satisfaction and celebration. Although the Corporation's performance is fully explored in the accompanying Executive Director's Report, let me take the opportunity to underscore some of the salient performance highlights.

- The Corporation's newest fund, the US Dollar Money Market Fund (USDMMF) which was launched in April 2000 closed the year with a fund size of \$254.9 million or (US\$40.78 million) and paid distributions totaling \$8.7 million or (US\$1.39 million) to unitholders.
- Funds under management grew by \$766.2 million or 25.9% to close the year at \$3.7 billion. Moreover, total assets under management increased by \$1.25 billion or 39.3% to end the year at \$4.4 billion.
- Investment income earned by the First and Second Unit Schemes, the Universal Retirement Fund and the US Dollar Money Market Fund amounted to \$353.5 million which represented an increase of \$85.6 million or 31.9% increase over the combined earnings of the three funds managed by the Corporation in 1999.
- Distribution payments to unitholders in 2000 increased by \$76.9 million or 35.3% over the total distribution of \$218.1 million paid in 1999.

- The continued profitability of the Corporation during 2000 has facilitated an 8.5% increase in retained earnings to \$132.6 million.

The Corporation's performance in 2000, although not entirely in keeping with our high expectation has served to maintain its leadership position in the mutual fund segment of the domestic financial services industry; while setting the foundation for even greater achievements in the future.

## ECONOMIC AND FINANCIAL MARKET ENVIRONMENT

The new year for the most part yielded a highly favourable economic environment for the pursuit of enterprise; both internationally and domestically. The global economy rebounded strongly from the effects of the financial crisis of the late 1990's to register output growth of the order of 4.2% according to the International Monetary Fund World Economic Outlook. The main impetus for that level of performance came from the impressive expansion in the United States economy, which rode high on a wave of productivity-driven growth with low inflation, to register an annual growth rate of the order of 3.3% in 2000. On the other hand, while the Euro Area economy has achieved a growth rate of 3.5%, Japan's performance has been weak and the cause of much concern.

A significant feature in global recovery during 2000 has been the more than two-fold increase in international oil prices. However, with oil assuming a less significant role in the global economy today, than in the 1970's, the impact of the recent price increases on oil importing countries has been reduced.

In view of the foregoing and related positive developments, the domestic economy performed sturdily in 2000; a performance characterized by steady growth, low inflation and a strengthened external position. The Central Bank has therefore projected a growth rate of 5.3% for 2000, which makes for the seventh successive year of economic expansion.

*The Corporation's  
performance in 2000 ...  
has served to maintain its  
leadership position in the mutual  
fund segment of the domestic  
financial services industry...*

# CHAIRMAN'S *Review*

A noteworthy aspect of the domestic economy in fiscal 2000 was the strong performance of the non-energy based sectors which provided the momentum for growth in the first half of the year. On the other hand, the energy based sector which experienced two consecutive quarterly contractions in early 2000 rebounded strongly in the second half of the year to cement its dominant position in the domestic economy. Improvements in petrochemical commodity prices, the commissioning of the Titan Methanol Plant and the reactivation of the Potash Corporation of Saskatchewan (PCS) Plants contributed to the strong performance of the energy based sector in the second half of 2000.

Not surprisingly, the expansion in economic activities impacted positively on the level of unemployment which declined to approximately 12.8% from the 13.2% level of 1999. Additionally, the inflation rate remained subdued although increasing from 3.4% in 1999 to 3.8%. This increase in the inflation rate was indeed consistent with the levels experienced by Trinidad and Tobago's major trading partners. Furthermore, and consistent with the positive performance of the primary economic indicators, this country's Balance of Payments is projected to register a surplus of 3.3% of GDP in 2000. Moreover, in third quarter 2000 the country's net foreign reserves stood at \$1.5 billion, which represents an increase of \$400 million over the \$1.1 billion at the end of 1999; which provides cover for approximately 5.5 months of imports.

During fiscal 2000 the domestic capital market was impacted by the stringent liquidity management activities of the monetary authority and the inordinately high levels of Government borrowings. More specifically, the domestic fixed income market exhibited its capacity for both short and long-term instruments. On the one hand the Central Bank's consistent and aggressive open market operations provided the momentum for the short end of the market, which was characterized by rising interest rates. On the other hand Government guaranteed borrowings dominated the long end of the market with issues in excess of \$2.5 billion.

“  
...our strategic objective  
(is) to provide greater  
access and convenience to  
our customers in addition  
to enhancing our  
distribution capability.  
”

The domestic equities market displayed early buoyancy in the first quarter when stock prices, as measured by the Composite and all Trinidad and Tobago indices, rose by 16.58% and 24.15% respectively to 486.7 and 536.09. However this spike in stock market prices was short-lived. By year-end the Composite Index had declined to 441.5 while the all Trinidad and Tobago index reached 492.57, in the face of high interest rates and an inordinately high volume of attractively priced government bonds.

Despite the decline after March, the market has managed to show respectable gains for the year with the Composite and the all Trinidad and Tobago indices yielding overall increases of 5.8% and 14.1% respectively.

## STRATEGIC INITIATIVES

2000 was a momentous year in the Corporation's eventful eighteen years of existence. Not only did we occupy and commission our new corporate headquarters – the UTC Financial Centre – we also opened two well-appointed branch offices, one in the Borough of Point Fortin and the other in Couva. These developments are in keeping with our strategic objective geared to provide greater access and convenience to our customers in addition to enhancing our distribution capability.

Additionally, in preparation for the proposed change in the Corporation's status from a Statutory Corporation to a limited liability company, the Board in 2000 activated two previously registered wholly owned companies – UTC Financial Services Limited and UTC Trust Services Limited. These two organizations are targeted to play pivotal roles in the new dispensation while ensuring compliance with existing regulatory provisions.

In keeping with our mission to assist in the development of the capital market the Corporation has over the years provided yeoman service to the Technical Committee to assist in the formulation of Mutual Fund Legislation and

## CHAIRMAN'S *Review*

continues to place its expertise and resources at the disposal of the authorities to facilitate the completion of this noble objective.

Consistent with our ongoing efforts to internationalize our operations and diversify portfolio risk, the Corporation will continue to apply prudent portfolio management techniques. The domestic equity and fixed income markets will, as always, satisfy our core investment objectives. On the other hand, performing international markets would provide the added dimension to our portfolios. In this scenario, our understanding and knowledge of the international marketplace assume even greater significance.

### OUTLOOK

The outlook for the international economy in the short-term is somewhat blurred, however the prognosis for the medium to long-term is more attractive. The sharp contraction in economic activities in the United States, in the last two quarters and the market's failure to respond in a sustained and positive manner to the Federal Reserve interest rate cuts, have led to renewed projections that the US decline would persist well into the third quarter of 2001. Additionally, Japan's continuing recession and the European Central Bank's failure, to date, to effect interest rate adjustments in its attempt to accelerate the rate of economic growth in the Euro area have negatively impacted the recovery process in the global economy.

In the longer-term however, it is generally agreed that the global economy would rebound as the United States economy return to growth in response to initiatives by an aggressive and proactive Federal Reserve, which has thus far reduced interest rates by 150 basis points over an eleven week period. Additionally, Japan is expected to adopt the harsh adjustment measures which successive governments have avoided in the past.

Despite the uncertainty attending the international economy the outlook for the domestic economy is very favourable. The favourable forecast is based on the very strong likelihood of the following:

- Continuing high and stable oil prices
- Stable petrochemical commodities prices
- Government's expenditure of \$900 million under the Development Programme
- Continuing political and economic stability



*Mrs. Chang speaks at the formal opening of the UTC Financial Centre.*



*Michael Redhead received the Top Individual Producer 2000 Award from Mr. Benn at the Corporation's annual Agents' Award Ceremony.*



*Heralding the new Millennium - the formal opening of the UTC Financial Centre: April 2000.*

## CHAIRMAN'S *Review*

In the foregoing scenario the local economy is expected to be characterized by positive growth, declining unemployment, low inflation and a positive balance of payment position.

With respect to the domestic capital market, the outlook is for a more robust equities market and a less active fixed income market in the face of Government's recent decision to effect a moratorium on further government borrowings until the public debt and debt service ratios are brought into line with international benchmarks. The domestic fixed income market conditions are unfolding in accordance with our expectations. However, as at the end of first quarter 2001 the anticipated stock market condition has not materialised.

The disappointment felt by the Board and Management over the failure to enact the Unit Trust Corporation Vesting Bill in 2000 was profound. However, we remain confident that the Corporation's legal status will be changed in 2001 from a Statutory Corporation to that of a private limited liability company under the Companies Act, 1995 and ultimately a listed public company. These changes in legal status would lead to concomitant changes in reporting requirements and the Corporation's Annual Report in this format could very well be the last Report of its kind to Unitholders. The 2001 Annual Report would in all likelihood be to shareholders, whilst unitholders will be reported to on an individual scheme-by-scheme basis.

The Unit Trust Corporation of Trinidad and Tobago (Vesting) Bill, 2001 will seek to repeal the Unit Trust Corporation of Trinidad and Tobago Act, Chapter 83:3 and to vest the undertaking, real property, specified assets and functions of the Corporation in three companies under the Companies Act, 1995, namely, UTC Financial Services Limited, UTC Holdings Limited and UTC Trust Services Limited. The real property now vested in the Corporation would be vested by the Bill, in UTC Holdings Limited. Additionally, the issued shares of UTC Financial Services Limited and UTC Trust Services Limited, the two wholly-owned operating subsidiaries, would be vested automatically in UTC Holdings Limited.

UTC Financial Services Limited would be the repository of most assets and obligations of the existing Corporation. On the other hand, UTC Trust Services Limited would be vested with responsibility for those funds related to the currently established Unit Schemes, Universal Retirement Fund and US Dollar Money Market Fund.



*Mayor of Pt. Fortin, Mr. Francis Bertrand, cuts the ribbon to formally open the new UTC branch office in Pt. Fortin.*



*Mrs. Amoy Chang Fong, Deputy Governor of the Central Bank, speaks at the launch of the UTC's US Dollar Money Market Fund in April 2000.*



*Mr. Nickie makes a presentation to Mrs. Elizabeth Hamilton, our 300,000th unitholder who opened a CISP account for her son Marion.*

## CHAIRMAN'S *Review*

I want to assure our unit holders that the unit schemes remain the same and that they can expect the same level of return on their investment and service as they have enjoyed in the past. The proposed structure will allow for a more modern-day and efficient manner of conducting business and provide another instrument in which unit holders may invest, when we become listed on the local stock exchange.

Your Board and Management have been involved at every stage of the process to change the legal status of the Corporation and we remain confident that this course of action is in the best interest of the Corporation and unit holders.

### APPRECIATION

I take this opportunity to register my sincere appreciation to the 300,000 plus unitholders, both at home and abroad who continue to repose their confidence in us. In particular I say a

special thank you to Mrs. Elizabeth Hamilton, our 300,000th unitholder. To the Management and staff, I say heartfelt thanks for their diligence and commitment to the fulfillment of the Corporation's mission.

Finally, I thank my fellow Directors for their unwavering support and the enlightened vision that they individually and collectively bring to bear on the affairs of this noble institution as we look forward to another successful year.



Judy Y. Chang  
April 18, 2000

# EXECUTIVE DIRECTOR'S *Report*

The year 2000 was identified by the Corporation as a watershed year. As such the goal was to maintain the growth and development momentum of earlier years, to prepare the Corporation for the transition from a statutory entity to one incorporated under the Companies legislation whose shares will eventually be publicly quoted and traded on the Trinidad and Tobago Stock Exchange.

Although confronted by numerous challenges in the domestic and international capital and money markets, as outlined by our Chairman, the overall performance of the Corporation was indeed very encouraging. 2000 witnessed perhaps the fastest growth rate ever in the life of the Corporation as reflected in the key performance variables recorded during the year.

*Clarry Benn*  
*Executive Director*

14

We believe therefore, that we have been able to meet the challenges head on and with conviction. We were able to convert potential setbacks or adversity into a source for creative dynamism and unmatched accomplishment.

Among our successes:

Gross Sales for the year topped the \$3 billion mark for the first time ever, reaching \$3.03 billion, an increase of 38.9% year over year. This contributed to the attainment of gross mobilisation of \$12.2 billion in resources, since the inception of the Corporation.

Consolidated assets of the Corporation crossed the \$4.0 billion mark, totaling \$4.4 billion by year's end, 39.3% or an increase of \$1.2 billion, over the previous year.

The growth in resources facilitated an expansion of the range and complexities of our investment activity, the results of which are reflected in a



# EXECUTIVE DIRECTOR'S *Report*

sharp rise in gross income which amounted to \$382.8 million compared with \$289.4 million in 1999, an increase of 33.2% or \$93.4 million year on year.

The attainment of the landmark \$1 billion in accumulated distributions to unitholders was also accomplished during the year such that by the end of the year total distributions to unitholders since inception amounted to \$1.2 billion.

The establishment of the US Dollar Money Market Fund which has surpassed all sales and asset growth rates ever recorded to date by any collective investment vehicle in the domestic unit trust/mutual fund industry, has impacted positively on the product range available in the financial services sector of the country.

Another factor contributing to our growth in assets has been the activity pursued by our newly created Corporate Business Unit (CBU). In its first full year of operation, the CBU underwrote capital market issues in the sum of \$771.6 million, accounting for 19% of the total primary capital market issues during the year.

Notwithstanding the foregoing, our greatest source of satisfaction however has been the growth in the unitholding community during the year. It may be recalled that the year 2000 commenced with 266,956 accounts on our register, but as at December 31, this number had grown to 315,270. This level of expansion in our unitholder base represents an increase of 18.1% or 48,314 accounts, the highest one year growth recorded in the Corporation's history.

By the end of the year retained earnings of the Corporation grew to \$132.5 million after making provisions for transfers to reserves.

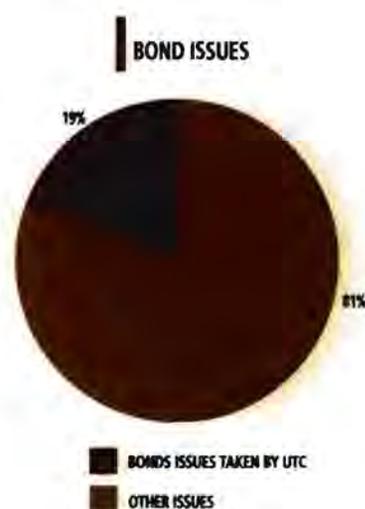
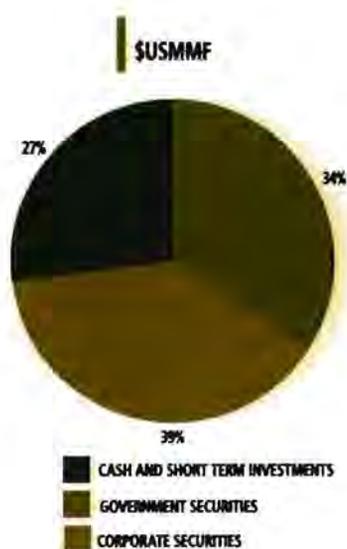
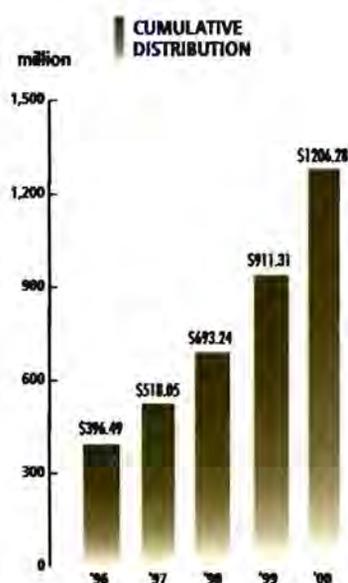
In summary therefore the year 2000 demonstrates the Corporation's readiness to assume a far more prominent role in the financial landscape of Trinidad and Tobago.

## FINANCIAL PERFORMANCE — OVERVIEW

### Income and Expenses

In my last report I alluded to the Corporation's alacrity in approaching the \$300 million mark in total income. This time around, I am happy to report that not only have we surpassed that benchmark, but the UTC is now looking towards the \$400 million mark. During the year, revenues jumped by 33.3% from \$289.4 million to \$382.8 million. This was brought about mainly by enhanced contributions from our traditional lines of business as well as significant contributions from the new, diversified operations, particularly underwriting.

Expenses also grew by a similar proportion to that of gross income, moving from \$262.1 million to \$350.0 million. Again, distribution payments to all our unitholders accounted for the lion's share of our expenses, representing a total of \$295.0 million for the year 2000 compared with \$218.1 million for 1999; a 35.3% larger payout to all unitholders.



# EXECUTIVE DIRECTOR'S *Report*

As a result, net income prior to finance charges jumped 20.3% to \$32.8 million from \$27.3 million in 1999. Costs related to our new headquarters, the UTC Financial Centre, saw our net income for the year marginally contract by \$3.9 million. Nevertheless, our retained earnings position was still well enhanced by \$15.4 million in 2000, taking this figure at the close of 2000 to \$132.6 million.

## OPERATIONAL PERFORMANCE

### Unit Trust and Mutual Fund Activity

Our performance not only reveals the Unit Trust as the vanguard of investment opportunities for a significant portion of the population, but also firmly establishes our resilience in the global marketplace to weather and counteract many a financial uncertainty.

Similar to last year, investment funds under management continued to grow, moving from just shy of \$3 billion or \$2,963.8 million to \$3,730 million, registering a \$766.2 million or 25.9% increase year over year.

### Sales and Redemptions

In 2000, the sales momentum enabled the Corporation to enhance both funds under management and overall assets.

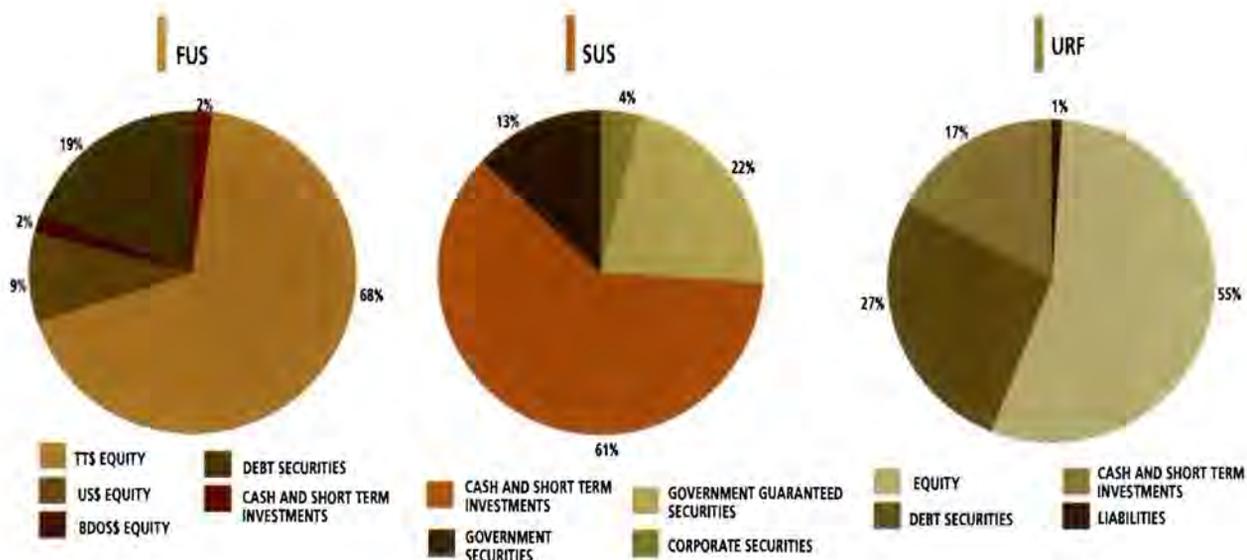
On a cumulative basis, gross sales of units for our four funds surpassed the land mark level of \$3 billion, finishing the year

at \$3.03 billion and reflecting a 38.9% improvement. This is even more momentous in light of the fact that we had only crossed the \$2.0 billion mark in sales the year before.

During the year, each of the funds namely the FUS, SUS, URF and the recently established USDMMF recorded appreciable growth. The largest growth rate was recorded by the SUS which posted an increase in fund size of 28.1% or \$473.7 million. We are very heartened by the performance of the newest addition to the Unit Trust Corporation's family of funds. This short-term fixed income USD denominated MMF in only nine months of operation reached a fund size of TT\$254.9 million or US\$40.8 million.

With improved sales of 7.7% or \$19.8 million, sales of the First Unit Scheme (the Growth and Income Fund) increased to \$277.2 million compared with \$257.4 million in 1999, accounting for 9.2% of all sales for 2000. Likewise, the Second Unit Scheme (or Money Market Fund) saw sales increase markedly by 25.1% to \$2,404.6 million in 2000 against \$1,922.1 million in 1999. Second Unit Scheme sales, as in previous years, accounted for the majority of overall sales with 79.4% of the entire figure. The Universal Retirement Fund added \$3.8 million or 0.1% to overall sales, reflecting a \$1.2 million expansion in sales over the previous year. Launched in April 2000, the USDMMF recorded US\$55.0 million (TT\$343.7 million) in sales, accounting for 11.3% of total sales for 2000.

16



# EXECUTIVE DIRECTOR'S *Report*

Given the investment climate that prevailed in the domestic, regional and international markets, it is not surprising that our money market products contributed 90.7% of annual sales in the year as opposed to the residual 9.3% of sales accounted for by our equity-based products. Overall, the Corporation enjoyed net capital inflows of \$743.5 million in 2000.

## INVESTMENT PERFORMANCE

### First Unit Scheme (FUS)

Though the economy rebounded for the most part in early 2000, stemming from higher world oil prices in late 1999, overall, the domestic equity markets offered mixed results for the year. Succinctly, the FUS reversed its previous year movement and grew by 2.6% or \$32.4 million to \$1,298.8 million in 2000. At the same time it posted improved net returns of 11.02% compared to 0.6% in the previous year.

At the start of the year, I, like you, looked forward towards 2000 as the year in which there was great expectation for a reversal of fortune in the domestic equity market. Rightly so, equity investors, who had sat out most of the latter part of 1999, jumped at opportunities that presented themselves within the first quarter of 2000 and consequently, we all saw the stock market indices soar significantly during late February and early March. However, despite the strength and resilience of the overall economy, coupled with strong companies' fundamentals, the exuberant response of many investors to the markets' signals were not sustainable and soon enough, the market retreated. By year end the composite and all Trinidad and Tobago indices were up by 5.8% and 14.1% respectively.

In part, the precipitous rise and subsequent fall in the composite index can be attributed to the unprecedented bond and money market activity that took place during the second, third and fourth quarters of 2000. Astute investors were able to enjoy double-digit rates of interest on treasury instruments maturing in less than one year and other relatively risk free assets. The government's desire, as the largest single spender in the local economy, to come to the market to finance a number of its capital expenditure requirements was the principal contributor to the financial market conditions which prevailed. Thus, owing to the relative attractiveness of the fixed income market where much of the primary bond market activity originated many investors shied away from equity products and instead invested in these attractive instruments directly through treasury issues or indirectly through money market mutual funds.

The heightened level of fiscal borrowing activity lasted throughout the second and third quarters of the year, abruptly ceasing in early November 2000, with the December general elections.

It is against this background that total investment income of the FUS rose by 37.6% or \$31.3 million to \$114.5 million in 2000 fostered by greater dividend, interest income and realized capital gains. The latter resulted from the Corporation's efforts to capitalize on the market conditions and simultaneously enhance unitholder rewards. Throughout the market's vagaries, the FUS quietly welcomed 8,744 new unitholders, increasing its investor base to 131,169 accounts.

Though the asset growth and investment performance of the fund was quite creditable in light of such unpredictable financial market conditions which emerged in 2000, the environment conditioned the management of the fund to employ strategies geared towards withstanding many of the endogenous and exogenous factors that impact on the market.

The performance of the domestic stock market over the past two years has taught investors an important lesson: financial markets are cyclical by nature and unitholders must be highly disciplined investors with the appropriate medium to long term investment horizon if they hope to garner the superior returns which investing in equity based products like the FUS affords. Such investors must seek to derive the full benefit of dollar cost averaging through the continuous purchase of units. Further, when unit prices are low investors should seek to take full advantage of such opportunities since weak prices provide investors with greater potential for future growth/capital appreciation.

### Second Unit Scheme(SUS)

Over the last year, the Second Unit Scheme (Money Market Fund) exhibited another sterling performance. It recorded the largest asset growth rates posting an increase in fund size of \$473.7 million or 28.1%, up from \$1,688.3 million to \$2,162.0 million and emphatically surpassing the \$2 billion mark for the first time ever in late 2000. Its creditable performance can be attributed to the prevailing market conditions which had the uncharacteristic effect of increasing short-term interest rates so rapidly that fixed income investments including the Second Unit Scheme became highly attractive low risk investments when compared to equities and equity based funds or products.

Fuelled by highly favourable market conditions and well timed sales momentum the SUS generated \$225.7 million in

# EXECUTIVE DIRECTOR'S *Report*

investment income, \$41.6 million or 22.6% more than the \$184.1 million recorded in 1999. Of this improved outturn for the current year, the fund realized net investment income of \$196.3 million. Accordingly, unitholders' earnings in 2000 represented 99.8% or \$195.9 million of the net investment income earned by the unit scheme. By comparison in 1999, unitholders enjoyed \$165.8 million in net investment income, \$30.5 million less than that realized in 2000. Over the same period in 1999 unitholders received \$165.4 million or 99.8%.

An additional 24,014 unitholders joined the Second Unit Scheme fold in 2000, increasing the number of accounts by 16.1% to 173,536 accounts. The Corporation views the growth in numbers in this fund, in particular, as an indication of the investing public penchant for channeling their savings via fixed income funds such as the Money Market Fund.

## Universal Retirement Fund

The Universal Retirement Fund continues along a sure and steady path of satisfactory fund performance. At the close of the year, the fund size stood at \$14.2 million, an increase of \$5.2 million or 57.9% from the previous year. Investment income continues to be augmented with an additional \$0.5 million in income generated by the fund in 2000. Investment income now stands at \$1.0 million. Since this fund does not make distribution payments to unitholders, all income after management expenses is re-invested into the fund. Consequently, net income for capitalization stood at \$0.7 million in 2000 versus \$0.4 million in 1999. Year-over-year Investment Performance accounted for \$1.44 million or 27.7% of the 58% growth in assets, whereas net capital flows contributed to \$3.76 million or 72.3%. The latter was achieved through an additional 555 new unitholders, raising the total number of investors associated with this fund to 2,259 accounts.

Like the First Unit Scheme, the Universal Retirement Fund has, as its principal objective, a longer-term capital growth philosophy. For the year under review, the URF posted net returns of 15.38%, significantly improving above the negative 1.46% recorded the previous year. This is an extremely good track record for equity linked pension related funds and it provides such investors with an exceedingly attractive alternative while providing them with pension portability and effectively addressing the issue of the pension plan "surplus".

## United States Dollar Money Market Fund

Though there are no comparative prior year statistics, I cannot help but express my satisfaction over the rate of asset growth and the investment performance of our newest fund, the US Dollar Money Market Fund. After only nine (9) months of



*Prime Minister Basdeo Panday cuts the ribbon to formally open the UTC Financial Centre (Mrs. Binn and Mrs. Oma Panday look on)*



*Mr Binn speaks at the formal opening of the UTC Centre.*



*Moko jumbies perform at the ceremony marking the opening of the UTC Financial Centre.*

# EXECUTIVE DIRECTOR'S *Report*

existence, the fund has grown appreciably to \$254.9 million (or US\$ 40.8 million). The fund managed to mobilize \$343.6 million (US\$55.0 million) in sales. As a result of investment activities conducted during the year, investment income totalled TT\$12.3 million. After management expenses were deducted, TT\$10 million in net investment income was available for unitholder distribution payments. Over the nine-month period, April to December 2000, TT\$8.7 million or 87.1% of net earnings of the fund was distributed to unitholders.

## **The Chaconia Income and Growth Fund**

The year 2000 proved to be one of the most difficult years in the seven year history of the fund. At the first half of the year, with the support of the shareholders, we took the decision to change the investment managers, a decision that proved to be most timely given the changing dynamics which were very evident in the US stock market by the end of the first quarter of 2000. We still remain quite optimistic of the future prospects of the fund, as the performance of the fund during the second half of the year was due more to the decline in the market as opposed to the inherent characteristics of the fund. Our performance benchmark, the Standard and Poor's (S&P) 500 Index declined year over year by 9.1%, which represented its worst year since 1977. The effect of the Federal Reserve's six interest rate hikes over a sixteen month period, finally took effect, depressing the US economy. We believe that the decision to make the amendments to the portfolio just prior to the dramatic falloff of the U.S. stock market will augur well for the fund in the eventual turnaround in that environment.

Despite a slower economic outlook, growth rates for both large capitalization and small capitalization stocks still remain quite attractive. Inflation and unemployment remain relatively in check in the world's largest economy and with the distinct possibility of future interest rate cuts by the Federal Reserve going forward, these factors should prove quite helpful to the equity markets. We remain optimistic about a recovery of the markets and by extension, the fund.

## **OTHER BUSINESS SEGMENTS**

In its first full year of operation, the Corporate Business Unit (CBU) contributed significantly to the overall profitability of the Corporation with the unit underwriting capital market issues to the extent of \$771.6 million or 19% of the total primary market issues during the year. The achievements are even more impressive in light of the fact that the underwriting business is extremely competitive. Despite this, the CBU has managed to eek out a viable existence within the marketplace and provide a worthy service to the financial community.

The International Business Development Unit (IBDU) continues to make its mark through the many forays into the region, in search of new prospects to ensure the regionalisation of the Corporation's business. As we look further afield, we fully expect to announce new and exciting developments that the Unit Trust will engage in, in the not too distant future.

Income from the Bureau de Change operations increased by 31.3% to \$1.3 million, up from \$0.99 million in 1999, with our total trading volume of currencies rising by 44.9% or \$57.7 million to \$186.0 million. The Bureau has proven to be pivotal in many of the functional activities that the Corporation has entered both at home and abroad. These accomplishments are even more profound in light of competitive pricing and tight spreads in the market place. Nevertheless, we look forward to an expanded and ever increasing role for the Bureau in the facilitation of our initiatives.

## **Branch Networking**

Apart from the move into the UTC Financial Centre at the start of the year, the Corporation opened its doors to the people of Pt. Fortin and Couva during 2000 as part of our extension of the branch network into the outlying, but bustling areas of the country. We now have a presence in eight regions of our twin island state, each office fully equipped and staffed to provide the full range of products and services that the investing public has come to expect from the Corporation.

We at the Unit Trust Corporation are very appreciative of the publics' acceptance and demand for our family of funds — a brand that is easily recognizable not only in Trinidad and Tobago but also in the Caribbean region and among Caribbean people resident in North Atlantic countries.

## **Training and Development**

Given the many challenges associated with today's complex world, combined with our attempts to provide our unitholders with the best investment opportunities, the Corporation continues to deepen its efforts to assist its staff in their many areas of personal career advancement. This can only redound to the benefit of the investing public.

Key in this regard was our hosting, in association with our strategic alliance partner Euromoney Training Institute, a week long intensive portfolio management workshop in June 2000 at the UTC Financial Centre. Participation was strong from the domestic financial fraternity, with participants also coming from Latin America.

# EXECUTIVE DIRECTOR'S *Report*



*Mr. Paul Viera of Earnest Partners of Atlanta — the new investment manager for Chaconia Income and Growth Fund — talks to Chaconia shareholders at a seminar held at UTC Financial Centre.*



*The then Minister of Finance Brian Kuei Tung makes a presentation at a bond signing ceremony held by UTC's Corporate Business Unit.*



*At our Couva Branch opening, UTC Chairman Judy Chang welcomes Attorney General Ramesh Lawrence Maharaj as Clarry Benn, Executive Director, looks on.*

Our staff continues to be fully encouraged, not only to pursue further academic training but also to offer differing suggestions and initiatives through established channels of communication. This, we fervently hope, will empower all our 213 staff complement to foster an environment where unitholder satisfaction is of the utmost priority.

## **Anniversary Celebrations**

As is customary, the Corporation took time out on September 1st and November 29th this past year to celebrate another anniversary of the Second Unit Scheme and the Unit Trust Corporation, a first in our new premises. We fully expect to commemorate many others in our new home and look forward with zeal to the Corporation's upcoming 20th anniversary.

## **Community Relations**

Our admiration, respect and thanks to the people of Trinidad and Tobago is exemplified in our promotion of sports, cultural, educational and humanitarian activities in the country. As part of the responsibility of a corporate citizen of this country, ours is a never ending crusade to encourage the mobilization of financial resources of the workforce and to channel those resources into as many productive areas as possible of the domestic, regional and international economy, thereby ensuring the creation of wealth for its unitholders—the citizens of Trinidad and Tobago. With this, the very fabric of the doctrine we hold so dear, we will continue to act as a catalyst for the promotion of objectives which are community-based throughout the nation.

## **Appreciation**

The Corporation is ever so grateful to everyone who has in some way, small or great, contributed to its development. First, let me thank the Chairman and the Board of Directors for their unflagging support to the executive team and to myself in particular. Their wealth of advice is one debt of gratitude that the Corporation will never be able to fully compensate them for and so, I thank them.

I also thank the management and staff of the Corporation for their indefatigable dedication to the Unit Trust. They are largely responsible for the income which we generate and distribute every year to the people of Trinidad and Tobago, and to them must be showered the accolades. Again, thank you for yet another successful year.

Finally, to you our unitholders who always support our efforts wholeheartedly. It is because of you we strive to excel in our labours to provide you with a family of investment opportunities.

# EXECUTIVE DIRECTOR'S *Report*

The Corporation believes that it has come of age and now stands ready to assume a greater role in the determination of the financial landscape of the country and the region. We are at the end of a restructuring exercise that would eventually see a change in the incorporation status of the Unit Trust. The road has been long and much mention has been made in previous reports of our impending changeover to a publicly listed company. I wish to assure all unitholders that the Corporation has in the interim taken the necessary steps to prepare itself adequately for its new status and all the challenges likely to be encountered therefrom.

This impending but inevitable change that will herald in a new era for the country; an era in which we will once again invite the ordinary citizen of Trinidad and Tobago to fully participate more directly in the future growth of the organization as a listed company on the stock exchange. We do hope that you will respond favourably to this invitation.



Clarry Benn  
May 9, 2001



*Common Entrance Scholarship winners — Cassandra Nandlal and Lea Andro Sandiford.*



*Judy Chang and Clarry Benn of the UTC with Schools' Investment Game winners, St. Benedict's College, with featured speaker Garth Thomas on left.*



*Clarry Benn speaks with the unionists — among them are Francis Mungroo (left) and Errol McLeod (right) at the UTC Pension Symposium for Trade Unions.*

# EXECUTIVE *Management*

*Executive  
Management  
Team*



*Renrick Nickie*  
Executive Manager —  
Marketing, Operations and IS

*Clarry Benn*  
Executive Director

*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 authorisation and are properly recorded and in the financial statements, and that assets are adequately safeguarded.

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

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



Executive Director



Executive Manager



**REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD  
AND TOBAGO ON THE ACCOUNTS OF THE TRINIDAD AND TOBAGO UNIT  
TRUST CORPORATION FOR THE YEAR ENDED 2000 DECEMBER 31**

The accompanying Financial Statements of the Trinidad and Tobago Unit Trust Corporation for the year ended 2000 December 31 have been audited. The Statements as set out on pages one (1) to thirty-five (35) comprise:

a. **UNIT TRUST CORPORATION**

- Consolidated Balance Sheet as at 2000 December 31
- Income and Expenditure Account for the year ended 2000 December 31
- Income and Expenditure Account for Management Operations for the year ended 2000 December 31
- Cash Flow Statement for the year ended 2000 December 31

b. **FIRST UNIT SCHEME**

- Balance Sheet as at 2000 December 31
- Statement of Operations for the year ended 2000 December 31
- Income Distribution Account for the year ended 2000 December 31

c. **SECOND UNIT SCHEME**

- Balance Sheet as at 2000 December 31
- Statement of Operations for the year ended 2000 December 31
- Income Distribution Account as at 2000 December 31

d. **UNIVERSAL RETIREMENT FUND**

- Balance Sheet as at 2000 December 31
- Statement of Operations for the year ended 2000 December 31

e. **US DOLLAR MONEY MARKET FUND**

- Balance Sheet as at 2000 December 31
- Statement of Operations for the nine months ended 2000 December 31
- Income Distribution Account for the nine months ended 2000 December 31

f. **Notes to the Accounts numbered one (1) to thirty-four (34)**

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 mis-statement.
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 comment made in this Report at paragraph 5.

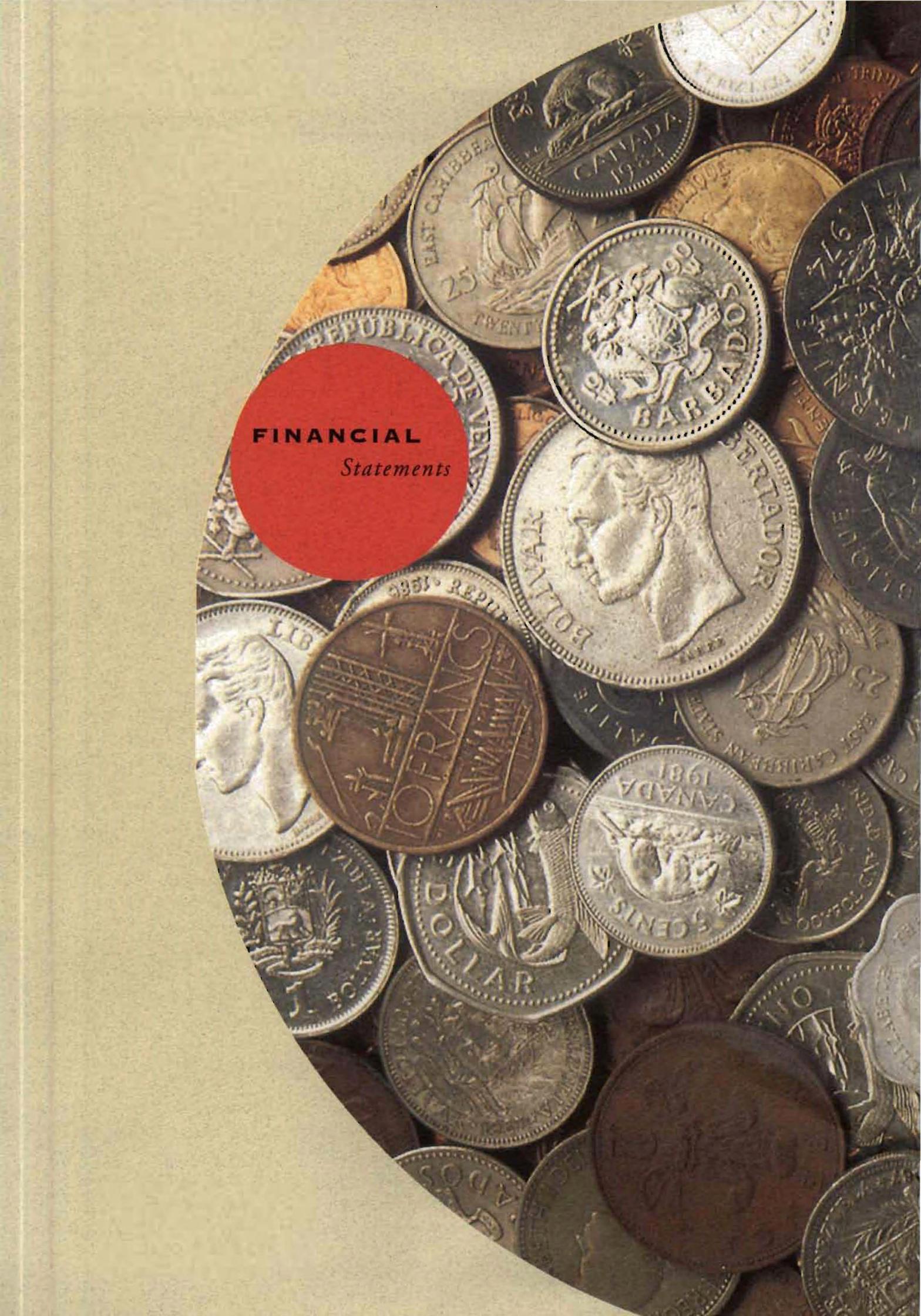
**OPINION**

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 Corporation as at 2000 December 31 and the results of its operations and its cash flows for the year ended 2000 December 31 in accordance with generally accepted accounting principles.



*Jocelyn Thompson*

JOCELYN THOMPSON  
AUDITOR GENERAL

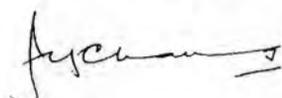


**FINANCIAL**  
*Statements*

# CONSOLIDATED BALANCE SHEET

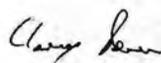
AS AT DECEMBER 31st, 2000

	Notes	2000 \$'000	1999 \$'000
<b>ASSETS</b>			
Investment Funds	5	3,730,012	2,963,767
Cash & Short Term Investments		44,048	61,288
Receivables	12	52,248	34,437
Prepayments and Other Assets	13	2,756	2,462
Investments	14	10,192	12,098
Investment in Subsidiaries	15	35,244	244
Long Term Investments	31	435,329	—
Fixed Assets	29	110,551	98,736
<b>TOTAL ASSETS</b>		<b>4,420,380</b>	<b>3,173,032</b>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accrued Expenses & Accounts Payable		16,849	3,152
Short Term Certificates of Interest	32	389,793	—
Current Portion of Long Term Debt	17	2,491	826
<b>TOTAL CURRENT LIABILITIES</b>		<b>409,133</b>	<b>3,978</b>
<b>LONG TERM</b>			
Long Term Financial Instruments	33	17,828	—
Long Term Loans	16	35,000	—
Finance Lease	17	77,526	70,017
<b>TOTAL LIABILITIES</b>		<b>539,487</b>	<b>73,995</b>
<b>CAPITAL AND RESERVES</b>			
Initial Capital	7	4,811	4,811
Unit Capital	8	3,725,201	2,958,956
Fund Reserves	9	13,209	11,426
Other Reserves	10	5,050	—
Capital Reserve	11	107	1,571
Retained Income		132,515	122,273
<b>TOTAL LIABILITIES, CAPITAL AND RESERVES</b>		<b>4,420,380</b>	<b>3,173,032</b>



Chairman





Executive Director

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

# INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED DECEMBER 31st, 2000

	Notes	2000 <u>\$'000</u>	1999 <u>\$'000</u>
<b>INCOME</b>			
<b>Investment Income —</b>			
First Unit Scheme		114,490	83,190
Second Unit Scheme		225,675	184,121
Universal Retirement Fund		969	501
US Dollar Money Market Fund Corporation	19	12,316	—
Management Charge — Pension funds	19	8,685	7,045
Initial Charge	21	141	—
Other Income	20	10,452	9,694
Other Income	18	4,145	4,379
Undistributed Income at start of period		5,959	450
<b>Total Income</b>		<u>382,832</u>	<u>289,380</u>
<b>EXPENSES</b>			
Distribution	6	294,969	218,076
Commission	23	2,985	2,233
Administrative	22	47,502	39,842
Depreciation and Amortisation	29	4,578	1,965
<b>Total Expenses</b>		<u>350,034</u>	<u>262,116</u>
<b>NET INCOME BEFORE FINANCE CHARGES</b>		<b>32,798</b>	<b>27,264</b>
Finance Charges	17	(12,082)	(1,068)
<b>NET INCOME AFTER FINANCE CHARGES</b>		<u>20,716</u>	<u>26,196</u>
Transfer to Reserves		(1,320)	(978)
Undistributed Income at end of period		(4,104)	(5,959)
Income for the year		<u>15,292</u>	<u>19,259</u>
Retained Income at start of year		122,273	103,014
Transfer to Reserve	10	(5,050)	—
<b>Retained Income at end of year</b>		<u>132,515</u>	<u>122,273</u>

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

# INCOME AND EXPENDITURE ACCOUNT FOR MANAGEMENT OPERATIONS

FOR THE YEAR ENDED DECEMBER 31st, 2000

	Notes	2000 <u>\$'000</u>	1999 <u>\$'000</u>
<b>INCOME</b>			
Management Charge	21	55,760	40,400
Initial Charge	20	10,452	9,694
Investment	19	8,685	7,045
Loan Interest		1,289	1,494
Other	18	4,145	4,379
<b>Total Income</b>		<u>80,331</u>	<u>63,012</u>
<b>EXPENSES</b>			
Commission		877	878
Administrative	22	47,502	39,842
Depreciation	29	4,578	1,965
<b>Total Expenses</b>		<u>52,957</u>	<u>42,685</u>
Net Income before Finance Charges		27,374	20,327
Finance Charges	17	(12,082)	(1,068)
Income for the year		<u>15,292</u>	19,259
Retained Income at start of year		122,273	103,014
		<u>137,565</u>	<u>122,273</u>
Transfers to Reserves	10	(5,050)	—
<b>Retained Income at end of year</b>		<u>132,515</u>	<u>122,273</u>

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

# CASHFLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31st, 2000

	2000 <u>\$'000</u>	1999 <u>\$'000</u>
<b>OPERATING ACTIVITIES</b>		
<b>NET INCOME</b>	<b>15,292</b>	<b>19,259</b>
Adjustment to reconcile net income to net cash from operating activity		
Depreciation Expense	4,578	1,965
Gain/(Loss) on Fixed Asset Disposals	(1)	67
Increase in Receivables	(17,811)	(6,970)
Increase in Prepayments and Other Assets	(294)	(513)
Increase/(Decrease) in Accounts Payable	13,697	(459)
Income Reinvested in Mutual Funds	(101)	(679)
Unrealised foreign currency loss / (gain)	126	38
Increase in Short Term certificates of Interest	407,621	—
Capitalised Interest on Investments	(6,769)	—
Net Cash Inflow from Operating Activities	<u>416,338</u>	<u>12,708</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of Long Term Investments	(428,560)	—
Establishment of subsidiaries	(35,000)	—
Purchase of Fixed Assets	(17,537)	(78,392)
Proceeds from Disposal of Fixed Assets	1,139	107
Proceeds from Disposal of Investments	1,073	—
Purchase of Investments	(650)	(1,988)
Net Cash Outflow from Investing Activities	<u>(479,535)</u>	<u>(80,273)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from Loans from subsidiaries	35,000	—
Repayments of Lease payment	(826)	—
Proceeds from Finance Lease	10,000	70,843
Movement in Reserves	1,783	1,789
Net cash inflow from Financing Activities	<u>45,957</u>	<u>72,632</u>
<b>NET CASH INFLOW FOR THE YEAR</b>	<b>(17,240)</b>	<b>5,067</b>
Cash & Short-term Investments:		
Beginning of Year	61,288	56,221
End of Period	<u>44,048</u>	<u>61,288</u>

A.4

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

# FIRST UNIT SCHEME BALANCE SHEET

AS AT DECEMBER 31st, 2000

	Notes	2000 <u>\$'000</u>	1999 <u>\$'000</u>
<b>ASSETS</b>			
Investments	25	1,298,818	1,266,446
Cash and Short Term Investments		45,555	32,780
Income Receivable		29,173	15,444
Other Receivables		—	72
<b>Total assets</b>		<u>1,373,546</u>	<u>1,314,742</u>
<b>LIABILITIES</b>			
Distribution Payable	6	58,407	29,143
Amount Due to Corporation		13,088	12,836
Other Payables		423	358
		<u>71,918</u>	<u>42,337</u>
<b>RESERVES</b>			
Undistributed Income		2,810	5,959
<b>Total Liabilities and Reserves</b>		<u>74,728</u>	<u>48,296</u>
<b>NET ASSETS</b>		<u>1,298,818</u>	<u>1,266,446</u>
<b>CAPITAL ACCOUNT</b>			
UNREALISED CAPITAL APPRECIATION	30	757,278	751,993
		541,540	514,453
		<u>1,298,818</u>	<u>1,266,446</u>

A.5

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

# FIRST UNIT SCHEME STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31st, 2000

	Notes	2000 <u>\$'000</u>	1999 <u>\$'000</u>
<b>INVESTMENT INCOME</b>			
Dividends		37,318	29,454
Interest		42,143	41,042
Realised Capital Gains		35,029	12,694
<b>Total Investment Income</b>		<u>114,490</u>	<u>83,190</u>
<b>EXPENSES</b>			
Management Charge	21	27,102	24,789
<b>Total Expenses</b>		<u>27,102</u>	<u>24,789</u>
<b>NET INVESTMENT INCOME</b>		<u>87,388</u>	<u>58,401</u>

A.6

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

# FIRST UNIT SCHEME INCOME DISTRIBUTION ACCOUNT

FOR THE YEAR ENDED DECEMBER 31st, 2000

	Notes	2000 <u>\$ '000</u>	1999 <u>\$'000</u>
<b>NET INVESTMENT INCOME</b>		<b>87,388</b>	58,401
Distribution to Initial Contributors 77¢ per unit (1999 — 45¢ per unit)	6	(741)	(433)
Distribution to Unitholders 77¢ per unit (1999 — 45¢ per unit)	6	(89,596)	(52,259)
		<u>(2,949)</u>	<u>5,709</u>
Undistributed Income brought forward		5,959	450
		<u>3,010</u>	<u>6,159</u>
Allocation to Guarantee Reserve Fund	9	(200)	(200)
Undistributed Income at December 31st		<u><u>2,810</u></u>	<u><u>5,959</u></u>

A.7

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

## SECOND UNIT SCHEME BALANCE SHEET

AS AT DECEMBER 31st, 2000

	Notes	2000 <u>\$'000</u>	1999 <u>\$'000</u>
<b>ASSETS</b>			
Investments	26	2,162,030	1,688,307
Cash		2,742	3,539
Interest Receivable		31,192	29,497
<b>TOTAL ASSETS</b>		<u>2,195,964</u>	<u>1,721,343</u>
<b>LIABILITIES</b>			
Accruals for Distribution	6	12,612	12,451
Amount Due to Corporation		16,810	13,365
Other Liabilities		2,662	5,370
		<u>32,084</u>	<u>31,186</u>
Reserves		1,850	1,850
<b>Total Liabilities and Reserves</b>		<u>33,934</u>	<u>33,036</u>
<b>NET ASSETS</b>		<u>2,162,030</u>	<u>1,688,307</u>
Capital Account		<u>2,162,030</u>	<u>1,688,307</u>

## SECOND UNIT SCHEME STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31st, 2000

	Notes	2000 <u>\$'000</u>	1999 <u>\$'000</u>
<b>INVESTMENT INCOME</b>			
Interest Income		225,675	184,121
<b>INVESTMENT INCOME</b>		<u>225,675</u>	<u>184,121</u>
<b>EXPENSES</b>			
Management Charge	21	26,066	15,488
Interest		1,289	1,494
Commission		1,994	1,355
<b>Total Expenses</b>		<u>29,349</u>	<u>18,337</u>
<b>NET INVESTMENT INCOME</b>		<u>196,326</u>	<u>165,784</u>

## SECOND UNIT SCHEME INCOME DISTRIBUTION ACCOUNT

FOR THE YEAR ENDED DECEMBER 31st, 2000

	Notes	2000 \$'000	1999 \$'000
<b>NET INVESTMENT INCOME</b>		<u>196,326</u>	<u>165,784</u>
<b>DISTRIBUTION PAYMENT:</b>			
Distribution Paid	6	183,314	152,933
Accruals for Distribution	6	12,612	12,451
<b>TOTAL</b>		<u>195,926</u>	<u>165,384</u>
<b>Transfer to Reserves</b>	9	400	400
		<u>196,326</u>	<u>165,784</u>

# UNIVERSAL RETIREMENT FUND BALANCE SHEET

AS AT DECEMBER 31st, 2000

	Notes	2000 <u>\$'000</u>	1999 <u>\$'000</u>
Cash & Short Term Investments		1,528	2734
Interest Receivable		947	293
Long Term Investments		11,897	6,110
<b>Total Assets</b>		<b>14,372</b>	<b>9,137</b>
<b>Liabilities</b>			
Amount Due to Corporation		143	123
<b>NET ASSETS OF THE FUND</b>	27	<b>14,229</b>	<b>9,014</b>
<b>CAPITAL ACCOUNT</b>		13,711	9,227
<b>UNREALISED CAPITAL APPRECIATION/(DEPRECIATION)</b>		518	(213)
		<b>14,229</b>	<b>9,014</b>

# UNIVERSAL RETIREMENT FUND STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31st, 2000

	Notes	2000 \$'000	1999 \$'000
<b>INVESTMENT INCOME</b>			
Dividends		326	192
Interest		643	309
<b>Total Investment Income</b>		<u>969</u>	<u>501</u>
<b>EXPENSES</b>			
Management Charge	21	249	123
<b>Total Expenses</b>		<u>249</u>	<u>123</u>
<b>NET INCOME FOR CAPITALIZATION</b>		<u>720</u>	<u>378</u>

# US DOLLAR MONEY MARKET FUND BALANCE SHEET

AS AT DECEMBER 31st, 2000

	Notes	2000 <u>TT\$'000</u>
<b>ASSETS</b>		
Investments	28	254,935
Cash		2,732
Interest Receivable		3,169
<b>TOTAL ASSETS</b>		<u>260,836</u>
<b>LIABILITIES</b>		
Amount Due to Corporation		2,319
Distribution Payable	6	2,288
Un-Distributed Income		1,294
<b>TOTAL LIABILITIES</b>		<u>5,901</u>
<b>NET ASSETS</b>		<u>254,935</u>
Capital Account		<u>254,935</u>

# US DOLLAR MONEY MARKET FUND STATEMENT OF OPERATIONS

FOR THE NINE MONTHS ENDED DECEMBER 31st, 2000

	Notes	2000 <u>TT\$'000</u>
<b>INVESTMENT INCOME</b>		
Interest Income		12,316
<b>TOTAL INVESTMENT INCOME</b>		<u>12,316</u>
<b>EXPENSES</b>		
Management Charge	21	2,202
Commissions		114
<b>Total Expenses</b>		<u>2,316</u>
<b>NET INVESTMENT INCOME</b>		<u><u>10,000</u></u>

**US DOLLAR MONEY MARKET FUND  
INCOME DISTRIBUTION ACCOUNT**

FOR THE NINE MONTHS ENDED DECEMBER 31st, 2000

	<b>Notes</b>	<b>2000 TT\$'000</b>
<b>NET INVESTMENT INCOME</b>		<b>10,000</b>
Distribution Expense	6	<b>8,706</b>
<b>UNDISTRIBUTED INCOME AS AT 31ST DECEMBER , 2000</b>		<b><u>1,294</u></b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2000

## 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. The Finance Act of 1997 expanded the scope of activities to include other financial services including merchant banking and trustee business.

## 2) SIGNIFICANT ACCOUNTING POLICIES

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

### a) *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.

### b) *Investments*

Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates are classified as available-for-sale.

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity.

Investments available-for-sale are carried at fair value.

Held-to-Maturity investments are carried at amortised cost, less any adjustment necessary for impairment.

All purchases and sales of investment securities are recognised at the settlement date. Gains and losses from changes in the fair value of securities available-for-sale are recognised in equity. When the financial assets are disposed of or are impaired, the related fair value adjustments are included in the income statement.

Analyses of income, expenses, gains and losses on financial instruments recognised in the income statements of the various Investment Funds are given in their respective notes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2000

## 2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### c) *Security Valuation*

The fair value of publicly traded securities is determined by the prevailing market prices on the last trading day on the offer basis.

The carrying amount of financial assets and liabilities with a maturity of less than one year are assumed to approximate their nominal amounts.

### d) *Fixed Assets*

During the year 2000, Management reviewed the depreciation method applied to property, plant and equipment and made the decision to change to a depreciation method that will better reflect the expected pattern of the economic benefits of the assets. Consequently, the straight-line method, net of residual values has been adopted at rates estimated to write off the residual value of the assets over their useful lives. This is applied to all assets with the exception of motor-vehicles which are depreciated using the reducing balance basis.

The Straight-line useful lives are as follows:

Building	50 years
Office Improvements	5-15 years
Computer Equipment	3-10 years
Office Equipment	4-15 years
Furniture & Fixtures	7-15 years

Reducing balance basis:	
Motor Vehicles	25%

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2000

## 2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### e) *Foreign Currencies*

Assets and liabilities in foreign currencies are expressed in Trinidad and Tobago dollars at the rates of exchange prevailing on December 31st, 2000.

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

### f) *Leases*

Assets held under finance leases are capitalised as fixed assets and duly depreciated. The liability, net of finance charges, is classified as current and long term liabilities and the financial elements are charged to the Profit and Loss account over the term of the lease.

### g) *Funds under administration*

The assets and liabilities pertaining to pension funds which are managed in accordance with specific Investment Management Agreements are not included in the Balance sheet of the Corporation. The market value of the said managed portfolio for this financial year is \$91.4 million.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2000

## 3) CHANGE IN ACCOUNTING ESTIMATE

The change in accounting estimate for the calculation of depreciation resulted in a reduction of the expense by \$1.914m in this reporting period.

## 4) TAXATION

The Corporation is exempted from Corporation Tax. By virtue of the provisions of the Finance Act of 1997 a 10% tax is applied to interest income at the point of distribution to Unitholders.

## 5) INVESTMENT FUNDS

	<b>2000</b> <b>\$'000</b>	1999 <u>\$'000</u>
First Unit Scheme	<b>1,298,818</b>	1,266,446
Second Unit Scheme	<b>2,162,030</b>	1,688,307
Universal Retirement Fund	<b>14,229</b>	9,014
US\$ Money Market Fund	<b>254,935</b>	<u>—</u>
<b>Investment Funds</b>	<b><u>3,730,012</u></b>	<u>2,963,767</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2000

## 6) DISTRIBUTIONS

The Corporation declared its thirty-fifth (35th) and thirty-sixth (36th) distributions in respect of the First Unit Scheme for the year 2000 totalling \$90,337,986. The distribution to registered unitholders as at June 30th, 2000 amounted to \$31,670,431 and the distribution to December 31st, 2000 amounted to \$57,926,619. The total distribution to Initial Capital Contributors for the year amounted to \$740,934.

Distributions in the Second Unit Scheme are made quarterly. Four (4) payments were made in 2000 and total distributions paid during the period January — November 2000 totalled \$183,314,072. Accrued income as at December 31st, 2000 for distribution in the quarter ended February 28th, 2001 amounted to \$12,612,100.

Distributions in the US Dollar Money Market Fund are paid by calendar quarters. Total distributions for the nine months of operations of this fund amounted to TT\$8,705,508 (US\$1,392,892).

## 7) 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.

A.20

## 8) UNIT CAPITAL

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

	<b>2000</b> <b>\$'000</b>	<b>1999</b> <b>\$'000</b>
Unit Capital — First Unit Scheme	<b>1,294,007</b>	1,261,635
Unit Capital — Second Unit Scheme	<b>2,162,030</b>	1,688,307
Universal Retirement Fund	<b>14,229</b>	9,014
US\$ Money Market Fund	<b>254,935</b>	—
<b>Total Unit Capital</b>	<b><u>3,725,201</u></b>	<b><u>2,958,955</u></b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2000

## 9) FUND RESERVES

	<b>2000</b>	<b>1999</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Guarantee Reserve	7,552	6,621
Children's Investment Starter Plan	—	19
Second Unit Scheme Reserve	5,657	4,786
<b>Total Fund Reserves</b>	<b><u>13,209</u></b>	<b><u>11,426</u></b>

### a) *Guarantee Reserve*

In accordance with the provisions 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.

### b) *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 was fully utilized in the year 2000 to write off expenses incurred by the Corporation in the execution of the plan.

### c) *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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2000

## 10) OTHER RESERVES

In Accordance with section 59(3)(d)(ii) of the Securities Industry Act and section 12(1)(a) of the Securities Industries By Laws 1997, a reserve of \$5,000,000 was established to satisfy the capital requirements for registration as an Underwriter and \$50,000 as an Investment Adviser.

## 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

<u>2000</u>	<u>1999</u>
<u>\$'000</u>	<u>\$'000</u>
52,248	34,437

These include amounts due to the Corporation from all Schemes, the Universal Retirement Fund and the US\$ Money Market Fund.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2000

## 3) PREPAYMENTS AND OTHER ASSETS

<u>2000</u> <u>\$'000</u>	<u>1999</u> <u>\$'000</u>
2,756	2,462

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

## 14) INVESTMENTS

<u>2000</u> <u>\$'000</u>	<u>1999</u> <u>\$'000</u>
10,192	12,342

This amount includes \$8.858 million in respect of the value of the Trinidad and Tobago Unit Trust Corporation investment in the Chaconia Income and Growth Fund Inc. and \$1.179 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2000

## 15) INVESTMENT IN SUBSIDIARIES

### *Local*

The Corporation has established two wholly owned subsidiaries- UTC Financial Services and UTC Trust Services. The UTC Financial Services and UTC Trust Services were incorporated on the 23rd March 1999 and the 2nd June 1999 respectively under the Companies Act, 1995 of Trinidad & Tobago. They are both licensed under the Financial Institutions Act, 1993 to carry on business of a financial nature such as merchant banking, mortgage institution, trust company, unit trust, credit card and financial services business and such other classes of business for which they may be licensed from time to time under the Act. The Companies shall not carry on any business which is prohibited by the said Act.

### *Foreign*

The Corporation established a wholly owned subsidiary — Chaconia Fund Services, Inc., a Delaware corporation formed in 1997. In 1999 Chaconia Fund Services acquired Chaconia Financial Services Inc., a Rhode Island corporation and registered broker-dealer.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2000

## 16) LONG TERM LOAN

The majority of this balance is Inter-company loans of \$35M from the two wholly owned local subsidiaries. They carry no fixed repayment date and are non-interest bearing.

## 17) FINANCE LEASE

The Corporation committed to a lease agreement with FINCOR for the UTC Financial Center 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 lease payment of \$5,027,090.24 is paid semi-annually on the 19th of May and November respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2000

## 18) OTHER INCOME

	<b>2000</b>	1999
	<b><u>\$'000</u></b>	<u>\$'000</u>
Chaconia Fees	2,235	2,496
Bureau De Change	1,298	991
Consultancy	94	707
Commissions & Commitment Fees	185	102
Miscellaneous	333	83
<b>Total Other Income</b>	<b><u>4,145</u></b>	<u>4,379</u>

## 19) INVESTMENT INCOME

Included in this amount is \$3.78m related to Commission and Fee Income.

## 20) INITIAL CHARGE

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2000

## 21) MANAGEMENT CHARGE

The Corporation in accordance with the regulations governing the First and Second Unit Schemes, Universal Retirement Fund and the US\$ Money Market Fund may charge a management fee of up to two per cent (2%) on the value of the funds held in each Scheme. For 2000 the Board applied a charge of 2% (1999 — 2%) to the First Unit Scheme and an average charge of 1.3% (1999 — 1.035%) to the Second Unit Scheme, 2% (1999 — 1.50%) to the Universal Retirement Fund and 1.86% to the US\$ Money Market Fund.

	<u>2000</u> <u>\$'000</u>	1999 <u>\$'000</u>
First Unit Scheme	27,102	24,789
Second Unit Scheme	26,066	15,488
Universal Retirement Fund	249	123
US\$ Money Market Fund	2,202	—
Pension Funds	141	—
<b>Total</b>	<u>55,760</u>	<u>40,400</u>

## 22) ADMINISTRATIVE EXPENSES

	<u>2000</u> <u>\$'000</u>	1999 <u>\$'000</u>
These expenses include the following:	<b>47,502</b>	39,842
1. Directors' fees	413	328
2. Auditors' remuneration	75	75

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2000

## 23) COMMISSIONS

<b>2000</b>	1999
<b><u>\$'000</u></b>	<u>\$'000</u>
<b>2,985</b>	2,233

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 and the US\$ Money Market Fund are charged against the income of those Schemes.

## 24) COMMITMENTS

The Corporation has agreed to participate in the Government Project Financing Facility to the extent of \$19.36 million. As at December 31st, 2000 disbursements amounting to \$15.06 million had been made.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2000

## 25) INVESTMENT PORTFOLIO

### First Unit Scheme

Equity	Shareholding (Stocking Units)	Market Value \$
<b>Financial Institutions</b>		
Bank of Nova Scotia Trinidad and Tobago Limited	6,636,862	119,065,304
Republic Bank Limited	7,002,272	227,223,726
Royal Bank of Trinidad and Tobago Limited	14,639,960	185,927,492
ANSA Finance Limited	2,010,675	11,400,527
<b>Manufacturing</b>		
Angostura Holdings Limited	6,987,207	40,525,801
Berger Paints Trinidad Limited	54,058	156,768
Lever Brothers West Indies Limited	1,462,530	26,983,679
West Indian Tobacco Company Limited	2,683,060	14,434,863
Trinidad Cement Limited	14,563,078	66,262,005
Readymix Limited	35,780	262,983
Grace Kennedy	1,000,000	3,550,000
National Flour Mills Limited	7,081,302	30,449,599
<b>Conglomerates</b>		
ANSA McAl limited	5,234,869	57,845,302
Agostini Limited	932,343	7,878,298
Neal & Massy Holdings Limited	4,199,225	54,379,964
<b>Insurance</b>		
American Life and General Insurance Company (Trinidad and Tobago) Limited	462,416	3,579,100
Guardian Holdings Limited	1,803,573	26,458,416
<b>Property</b>		
Point Lisas Industrial Port Development Corporation Limited	2,191,880	12,932,092
<b>Trading</b>		
L.J. Williams Limited	1,150,000	<u>989,000</u>
<b>Total TT \$ Equity</b>		890,304,919
<b>Total US \$ Equity</b>		111,129,314
<b>Total B'dos \$ Equity</b>		<u>24,811,792</u>
<b>Total Equity</b>		1,026,246,025
<b>Total Debt Securities</b>		<u>252,047,864</u>
		1,278,293,889
<b>Cash and Short Term Investments</b>		<u>20,523,705</u>
<b>Total Value of Portfolio</b>		<u><u>1,298,817,594</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2000

## 26) INVESTMENT PORTFOLIO

### Second Unit Scheme

#### Securities

Market Value  
\$

Government Securities

285,222,641

Government Guaranteed Securities

91,853,484

Corporate Securities

481,777,644

Cash and Short Term Investments

1,303,176,226

**TOTAL**

**2,162,029,995**

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2000

## 27) UNIVERSAL RETIREMENT FUND

	Shareholding (Stocking Units)	Market Value \$
<b>Securities</b>		
<b>Financial Institutions</b>		
ANSA Finance	94,219	529,511
Royal Bank of Trinidad and Tobago Limited	199,164	2,519,425
Republic Bank of Trinidad and Tobago Limited	19,493	631,573
<b>Manufacturing</b>		
West Indian Tobacco Co. Limited	56,210	299,599
Lever Brothers W.I. Limited	30,975	569,940
Trinidad Cement Limited	62,498	281,241
National Flour Mills	44,742	190,153
Readymix Limited	1,000	7,300
<b>Insurance</b>		
Guardian Holdings	61,050	892,551
<b>Property</b>		
Plipdeco	94,435	552,445
<b>Conglomerates</b>		
ANSA McAI	46,768	514,448
Agostini Limited	16,252	136,517
Neal & Massy	62,131	801,490
<b>Market Value of Equity</b>		7,926,193
<b>Debt Securities</b>		3,971,111
<b>Cash &amp; Short Term investments</b>		2,475,635
<b>Liabilities</b>		(143,500)
<b>Net asset value of portfolio</b>		<b>14,229,439</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2000

## 28) US\$ MONEY MARKET FUND

<b>Securities</b>	<b>Market Value</b>
	<b>\$</b>
Government Securities	88,345,948
Corporate Securities	101,875,385
Cash and Short Term Investments	64,713,289
<b>TOTAL</b>	<b><u>254,934,622</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2000

### 29) FIXED ASSETS

	Freehold Land \$'000	Building \$'000	Leasehold Land \$'000	Office Improve \$'000	Motor Vehicles \$'000	Equipment \$'000	Furniture \$'000	Total \$'000
<i>Period ended</i>								
<i>December 31, 2000</i>								
Opening Net Book Value	12,305	72,421	3,020	2,334	1,458	3,940	3,258	98,736
Additions	—	—	—	10,350	1,815	1,774	3,598	17,537
Disposals	—	—	(755)	—	(363)	(26)	—	(1,144)
Transfers	—	95	(95)	—	6	(6)	—	—
Depreciation Charge	—	(1,467)	—	(765)	(497)	(1,238)	(611)	(4,578)
<b>Closing Net Book Value</b>	<b>12,305</b>	<b>71,049</b>	<b>2,170</b>	<b>11,919</b>	<b>2,419</b>	<b>4,444</b>	<b>6,245</b>	<b>110,551</b>
<i>As at December 31, 2000</i>								
Cost	12,305	72,844	2,170	14,453	3,273	8,777	7,640	121,462
Accumulated Depreciation	—	(1,795)	—	(2,534)	(854)	(4,333)	(1,395)	(10,911)
<b>Net Book Value</b>	<b>12,305</b>	<b>71,049</b>	<b>2,170</b>	<b>11,919</b>	<b>2,419</b>	<b>4,444</b>	<b>6,245</b>	<b>110,551</b>
<i>As at December 31st, 1999</i>								
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)
<b>Net Book Value</b>	<b>12,305</b>	<b>72,421</b>	<b>3,020</b>	<b>2,334</b>	<b>1,458</b>	<b>3,940</b>	<b>3,258</b>	<b>98,736</b>

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 1999 the Corporation completed construction of its Headquarters Building on a Build, Own, Lease and Transfer arrangement.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2000

## 30) UNREALISED CAPITAL APPRECIATION

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

## 31) LONG TERM INVESTMENTS

The major portion of this amount represents the Corporation's holding in long term government bonds that will mature in fifteen (15) to twenty (20) years.

## 32) SHORT TERM CERTIFICATES OF INTEREST

This represents Guaranteed Investment Certificates backed by the underlying asset of the Government bonds. These instruments are due within one year.

## 33) LONG TERM FINANCIAL INSTRUMENTS

This represents zero coupon financial instruments that are derived from a portion of the Government long term bonds. These instruments are payable in fifteen (15) to twenty (20) years.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2000

### 34) DEFINED BENEFIT PLAN ASSETS

a) Amounts recognised in the balance sheet	2000 \$	1999 \$
Present value of the Obligation	5,985,700	—
Fair Value of plan assets	<u>(14,077,200)</u>	<u>—</u>
	<b>(8,091,500)</b>	<b>—</b>
Unrecognised Transition Assets	8,037,800	—
Unrecognised Actuarial Gains	53,700	—
<b>Asset recognised in Balance Sheet</b>	<u><b>0</b></u>	<u><b>—</b></u>

b) Amount recognised in the Income Statement	2000 \$	1999 \$
Current Service Cost	233,300	—
Interest Cost	547,000	—
Expected Return on Assets	<u>(1,171,700)</u>	<u>—</u>
Net actuarial gain/(loss) on plan Assets	—	—
Income Not Utilised due to asset Limit	391,400	—
Income statement effect	<u><b>0</b></u>	<u><b>—</b></u>

**International Accounting Standard 19 (revised) — Employee Benefits** defines the maximum allowable asset as equal to the economic value inherent, in future contribution reductions by the Employer. The Corporation has continued to maintain the contributions to the plan irrespective of the quantum of the surplus and thus there is no pension asset or gain.



## 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  
Scotiabank Trinidad & Tobago Limited  
First Citizens Bank Limited  
Republic Bank Limited  
The Royal Bank of T&T Limited  
Citibank (Trinidad & Tobago) Limited

### NON-BANK FINANCIAL INSTITUTIONS

ANSA Finance & Merchant Bank Limited  
Republic Finance & Merchant Bank Limited  
Scotiast & Merchant Bank Trinidad &  
Tobago Limited  
Caribbean Finance Company Limited  
Clico Investment Bank  
First Citizens Trust & Merchant Bank Limited  
Republic Finance & Merchant Bank Limited  
(FINCOR)  
Royal Bank Trust Company (Trinidad) Limited  
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 Limited  
(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 Ltd.  
Tatil Life Insurance Company Limited  
Winsure Life Insurance Company  
(transferred and assigned to Maritime Life  
(Caribbean) Limited)



**DESIGN: KENNETH R. HENRY**

Photography: Michael Bonaparte Studios • Cover Design: Jhullian Graphics • Printing: Caribbean Paper & Printed Products (1993) Limited

**A WILLOW WORKS PRODUCTION**