



TO: THE BOARD OF DIRECTORS  
TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

**REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE TRINIDAD AND TOBAGO UNIT TRUST CORPORATION – CALYPSO MACRO INDEX FUND FOR THE YEAR ENDED 31 DECEMBER, 2020**

**OPINION**

The financial statements of the Trinidad and Tobago Unit Trust Corporation – Calypso Macro Index Fund (the Fund) for the year ended 31 December, 2020 have been audited. The statements as set out on pages 1 to 18 comprise a Statement of Financial Position as at 31 December, 2020 and the Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year then ended, and Notes to the Financial Statements numbered 1 to 11, including a summary of significant accounting policies.

2. In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trinidad and Tobago Unit Trust Corporation – Calypso Macro Index Fund as at 31 December, 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**BASIS FOR OPINION**

3. The audit was conducted in accordance with accepted auditing standards. The Auditor General's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. The Auditor General is independent of the Fund in accordance with the ethical requirements that are relevant to the audit of the financial statements and other ethical responsibilities have been fulfilled in accordance with these requirements. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the above audit opinion.

**RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

4. Management of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


5. In preparing the financial statements, management is responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going

- Evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. The Auditor General communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that were identified during the audit.



24<sup>TH</sup> MARCH, 2021  
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concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

6. Those charged with governance are responsible for overseeing the Fund's financial reporting process.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

7. The Auditor General's responsibility is to express an opinion on these financial statements based on the audit and to report thereon in accordance with section 30 (4) of the Unit Trust Corporation of Trinidad and Tobago Act, Chapter 83:03.

8. The Auditor General's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes his opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. As part of an audit in accordance with accepted auditing standards, the Auditor General exercises professional judgment and maintains professional skepticism throughout the audit. The Auditor General also:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Fund.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Fund to continue as a going concern. If the Auditor General concludes that a material uncertainty exists, the Auditor General is required to draw attention in his audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify his opinion. The Auditor General's conclusions are based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern.



**STATEMENT OF FINANCIAL POSITION**

As at 31 December, 2020  
Expressed in Trinidad and Tobago Dollars

ASSETS	Notes	31-Dec-20 \$'000	31-Dec-19 \$'000
Cash and Cash Equivalents	3	13,128	15,372
Receivables	4	1,518	3,572
Investment Securities	5	413,906	500,478
<b>TOTAL ASSETS</b>		<b>428,552</b>	<b>519,422</b>
<b>LIABILITIES</b>			
Payables	6	2,632	2,454
<b>TOTAL LIABILITIES</b>		<b>2,632</b>	<b>2,454</b>
<b>EQUITY</b>			
Unitholders' Capital	8	500,755	500,755
Fair Value Reserve		4,059	20,834
Retained Loss		(78,894)	(4,621)
<b>TOTAL EQUITY</b>		<b>425,920</b>	<b>516,968</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>428,552</b>	<b>519,422</b>
Net Asset Value per Unit		\$21.09	\$25.59

Chairman



Executive Director

The accompanying notes form an integral part of these financial statements

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December, 2020  
Expressed in Trinidad and Tobago Dollars

	Notes	31-Dec-20 \$'000	31-Dec-19 \$'000
<b>INCOME</b>			
Dividend Income		14,050	23,507
Net Change in Fair Value of Investment Securities		(69,797)	8,335
Foreign Exchange Loss		(38)	(8)
<b>Total (Loss)/Income</b>		<b>(55,785)</b>	<b>31,834</b>
<b>EXPENSES</b>			
Management Charge	10	(2,123)	(2,472)
Other Expenses		(301)	(313)
Bank Charges		(7)	(6)
<b>Total Expenses</b>		<b>(2,431)</b>	<b>(2,791)</b>
<b>Net (Loss)/Income before Taxation</b>		<b>(58,216)</b>	<b>29,043</b>
Withholding Taxes		(2,321)	(2,830)
<b>Net (Loss)/Income for the year</b>		<b>(60,537)</b>	<b>26,213</b>
<b>Other Comprehensive Income:</b>			
Amounts that will not be transferred to Profit or Loss in the future:			
Fair Value (losses)/gains arising during the year		(16,775)	30,126
<b>Other Comprehensive (Loss)/Income for the year</b>		<b>(16,775)</b>	<b>30,126</b>
<b>Total Comprehensive (Loss)/Income for the year</b>		<b>(77,312)</b>	<b>56,339</b>

The accompanying notes form an integral part of these financial statements

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December, 2020  
Expressed in Trinidad and Tobago Dollars

	Unitholders' Capital \$'000	Fair Value Reserve \$'000	Retained Loss \$'000	Total \$'000
<b>Balance as at 1 January, 2020</b>	<b>500,755</b>	<b>20,834</b>	<b>(4,621)</b>	<b>516,968</b>
Net Loss for the year	-	-	(60,537)	(60,537)
Distribution to Unitholders	-	-	(13,736)	(13,736)
Other Comprehensive Loss for the year	-	(16,775)	-	(16,775)
<b>Balance as at 31 December, 2020</b>	<b>500,755</b>	<b>4,059</b>	<b>(78,894)</b>	<b>425,920</b>
<b>Balance as at 1 January, 2019</b>	<b>500,755</b>	<b>(9,292)</b>	<b>(17,906)</b>	<b>473,557</b>
Net Income for the year	-	-	26,213	26,213
Distribution to Unitholders	-	-	(12,928)	(12,928)
Other Comprehensive Income for the year	-	30,126	-	30,126
<b>Balance as at 31 December, 2019</b>	<b>500,755</b>	<b>20,834</b>	<b>(4,621)</b>	<b>516,968</b>

The accompanying notes form an integral part of these financial statements

**STATEMENT OF CASH FLOWS**

For the year ended 31 December, 2020  
Expressed in Trinidad and Tobago Dollars

	31-Dec-20 \$'000	31-Dec-19 \$'000
<b>OPERATING ACTIVITIES</b>		
Net (Loss)/Income before Taxation	(58,216)	29,043
Adjustments to reconcile net income to net cash and cash equivalents from operating activities:		
Dividend Income	(14,050)	(23,507)
Net Change in Fair Value of Investment Securities	69,797	(8,335)
	(2,469)	(2,799)
Movements in Net Current Assets		
Decrease in Payables	(40)	(605)
	(40)	(605)
Dividend Received	16,105	21,426
Taxation Paid	(2,321)	(2,830)
	13,784	18,596
<b>Net Cash Flow From Operating Activities</b>	<b>11,275</b>	<b>15,192</b>
<b>FINANCING ACTIVITIES</b>		
Distribution paid to Unitholders	(13,519)	(12,710)
<b>Net Cash Used In Financing Activities</b>	<b>(13,519)</b>	<b>(12,710)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,244)</b>	<b>2,482</b>
Cash and Cash Equivalents at the beginning of the year	15,372	12,890
Cash and Cash Equivalents at the end of the year	13,128	15,372

The accompanying notes form an integral part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2020  
(Expressed in Trinidad and Tobago Dollars)

**I General Information**

The Calypso Macro Index Fund (the Fund) is a closed-end mutual fund denominated in Trinidad and Tobago Dollars, that was launched on 8 January 2016, and is scheduled to terminate on the redemption date of 30 November 2025 or such later date as may be prescribed by the Regulations of the Fund.

The Fund is governed by Regulations made for the Fund by the Board of Directors of the Trinidad and Tobago Unit Trust Corporation (the Corporation) with the approval of the Central Bank of Trinidad and Tobago under Section 14(1) of the Unit Trust Corporation Act (the Act). The termination or redemption date may be extended in accordance with the provisions of Clause 27.1 of the Regulations. The Custodian of the Fund is the Trinidad and Tobago Central Depository (TTCD).

The Corporation is the Sponsor, Manager, Trustee and Investment Advisor of the Fund. Responsibility for management of the business affairs of the Fund is vested in the Board of Directors of the Corporation which approves all the Fund's significant agreements. The Corporation's registered office is located at UTC Financial Centre, 82 Independence Square, Port of Spain.

Participation by investors in the Fund is by units, which represent an undivided share in the Deposited Property. The Deposited Property means all the assets and investments of the Fund for the time being held or deemed to be held by the Trustee. No unitholder is entitled to any interest or share in any particular part of the Depository Property until such time as the Fund is terminated. The units of the Fund are traded on the Trinidad and Tobago Stock Exchange (TTSE).

**Subscriptions**

Subscription to the Fund closed on 4 December 2015 at the end of the initial offer period. During the initial offer period 20,000,000 units were offered at a price of TT\$25.00 per unit. On the transfer date the Trustee issued:

- (i) 20,000,000 units to successful applicants, and
- (ii) 200,000 units to the Fund Sponsor.

**Redemptions**

No unitholder is entitled to redeem units prior to the Redemption Date of 30 November 2025 or such later Redemption Date as may be prescribed under the Regulations of the Fund.

**Investment Objective**

The objective of the Fund is to hold the Deposited Property of the Fund for a period of ten years. The Fund seeks to provide investors with exposure to the Trinidad and Tobago Stock Exchange all T&T Index, as well as exposure to global energy companies through investment in the Global Energy Index. Each unit provides instant diversification to the investor.

**Trading of Units**

The units of the Fund are traded on the Trinidad and Tobago Stock Exchange. Unitholders may sell, transfer or otherwise dispose of their units by trading on the Trinidad and Tobago Stock Exchange in accordance with its rules for effecting such transactions. The Registrar, transfer agent and income paying agent of the Fund is the Trinidad and Tobago Central Depository Limited. The Registrar maintains the records with respect to each unitholder of the Fund.



**NOTES TO THE FINANCIAL STATEMENTS** (continued)

For the year ended 31 December 2019  
(Expressed in Trinidad and Tobago Dollars)

**1) General Information (continued)**

*Termination of the Fund*

The Fund will continue until the Redemption Date and upon full and final disposition of the Deposited Property. The proceeds from the disposition of the Deposited Property, together with the Fund's Income, will be distributed to the unitholders pro rata minus any monies required to discharge unpaid liabilities properly incurred by the Trustee.

**2) Significant Accounting Policies**

The significant accounting policies applied in the preparation of these Financial Statements (the Financial Statements) are set out below. These policies have been consistently applied to all years presented, except as described in Note 2 (b).

**a) Basis of Preparation**

- i. The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS).
- ii. The Financial Statements were prepared under the historical cost convention as modified by financial assets measured at fair value through profit or loss (FVPL) and equity instruments measured at fair value through other comprehensive income (FVOCI). The methods used to fair value the Fund's financial assets are provided at Note 5.
- iii. The Financial Statements are presented in Trinidad and Tobago dollars, which is the functional currency of the Fund.
- iv. The preparation of the Financial Statements in accordance with IFRS requires management to make judgements, estimates and assumptions. Management reviews these judgements, estimates and underlying assumptions on a regular basis.
- v. The key assumptions concerning the future or other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

Management has exercised significant judgement in determining the business models of the investment portfolio (see Note 2 (d)).

vi. COVID-19

Operations

In response to the COVID-19 coronavirus pandemic, in March 2020 the Government of Trinidad and Tobago instituted several measures to curtail the virus's spread, including at the onset: periodic lock-downs, stay-at-home measures for non-essential workers, and travel bans and latterly: social distancing protocols, social gathering limitations, and continued border closures.

The Fund was regarded as an essential business (along with other financial institutions such as banks and insurance companies) and as such maintained business operations throughout 2020. In an effort to ensure the safety of the Fund's unitholders and the Sponsor's team members, the Sponsor of the Fund took the decision to migrate the majority of non-customer-facing staff members to working from home. At the time of this report, the Investment Centres and Agencies through which the Fund is distributed have returned to full operations, in line with Government guidelines. The Sponsor's non-customer-facing staff members have continued to work primarily from home and the Sponsor does not anticipate a requirement for these team members to mandatorily return to office in the immediate short term.

Financial statement impact

The Fund's annual financial statements have been affected by the pandemic in primarily two aspects:

- The business models for the Fund's financial assets are Fair Value Through Profit or Loss and Fair Value Through Other Comprehensive Income (see Note 2d); consequently, the Fund's performance is materially impacted by market price movements. For the year ended 31 December 2020, the Fund recognized a fair value loss of \$69.8 million through the Statement of Comprehensive Income and a fair value loss of \$16.8 million through the Statement of Other Comprehensive Income.
- The Fund earned a lower level of dividend income as a result of the reduction and suspension of dividend declarations from its equity investments. The Fund expects this situation to continue in 2021.

Risk management

The Sponsor routinely undertakes stress testing on the Fund to determine the potential impact of multiple adverse possible outcomes and to implement proactive risk mitigating strategies. The stress testing considers various factors that can have a negative impact on investment securities including changes to credit ratings, foreign exchange rates, equity prices and redemption levels.

The Sponsor has continued to monitor the various risks the Fund faces (market, liquidity, and credit risk) but has not found it necessary to take additional measures to limit its risks apart from adjusting the Fund's portfolio holdings at the onset of the pandemic to exit or reduce certain exposures. As the economic and financial impact of the pandemic became clearer, the Sponsor re-established the Fund's position selectively. The Sponsor will continue to closely manage the Fund's portfolio holdings and adjust the Fund's position accordingly. The Sponsor has historically managed the Fund's liquidity risk conservatively and did not experience any liquidity pressures during the year and it does not currently anticipate a liquidity challenge in 2021.

Reliefs and/or concessions

For the year ended 31 December 2020, the Fund did not receive any reliefs or concessions from the Government of Trinidad and Tobago related to the pandemic.

Basis of preparation and subsequent events

Globally, the development of COVID-19 remains uncertain, with consequences that are difficult to predict. Notwithstanding these uncertainties, the Sponsor believes the Fund can withstand materially unfavourable financial impacts, should they arise, and therefore the going concern basis of accounting remains appropriate.

The major area where judgement could be required would be changes to estimation techniques and assumptions for measuring the fair value of financial assets.

The Sponsor is not aware of material events occurring after its Statement of Financial Position date that require either adjusting or disclosure in these financial statements.

**b) Standards and amendments to existing standards effective 1 January 2020**

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2020 that have a material effect on the financial statements of the Fund.

**c) New standards, amendments and interpretations effective after 1 January 2020 and have not been early adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

**d) Financial Assets**

The Fund's financial assets consist of:

- i. Investment securities;
- ii. Cash and cash equivalents; and
- iii. Receivables

The Fund recognizes a financial asset when it becomes party to the contractual obligations of the financial asset.

The Fund derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expires or where the Fund has transferred substantially all the risks and rewards of ownership of the financial asset to another party.

*Classification and measurement of financial assets*

The Fund classifies its financial assets based on the business model of the portfolio within which the financial asset is managed and the contractual cash flow characteristics of the financial asset.

In assessing the objective of a portfolio's business model, the Fund considers:

- i. The way in which the assets within the portfolio are managed and information provided to management;
- ii. The stated policies and objectives of the portfolio;
- iii. The operation of the portfolio's stated policies in practice;
- iv. The method of evaluating the performance of the portfolio; and
- v. The risks that affect the performance of the portfolio and how those risks are managed.

The Fund's investment securities are held in a portfolio which is managed and whose performance is evaluated on a fair value basis. The receipt of contractual cash flows and the purchase and sale of the financial assets in the portfolio, are incidental to the objectives of the portfolios. Accordingly, the financial assets of the Fund that do not qualify as equity, namely its ETFs, Receivables and Cash and Cash Equivalents, have been classified and measured at FVPL - mandatory.

The Fund's equity instruments are not traded. The Fund has opted to classify its equity instruments at 1 January 2018 as FVOCI.

**e) Financial Liabilities**

The Fund recognizes a financial liability when it becomes party to the contractual obligations of the financial instrument. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

**f) Fair Value Estimation – Investment Securities**

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date.

*Valuation framework*

The Fund has established a control framework for the measurement of fair values. The framework includes a valuation team that is independent of the front office management. The valuation team reports to a Valuation Committee comprising the Vice Presidents of the Finance, Trust Services and Risk Departments. Valuations are reviewed by the Valuation Committee on a quarterly basis.

*Fair value hierarchy*

Fair value measurements of securities are categorized into three levels based on the degree to which the fair value measurement inputs are observable. The three levels are:

- **Level 1.** Level 1 valuation inputs are unadjusted quoted prices for identical assets and liabilities in active markets that the entity can access at the measurement date.
- **Level 2.** Level 2 valuation inputs exclude Level 1 inputs but are inputs that are observable for the asset or liability either directly or indirectly. There were no assets classified as Level 2 during the years 2019 and 2020.
- **Level 3.** Level 3 uses significant inputs that are unobservable in the valuation of the asset.

The level within the fair value hierarchy to which fair value measurements are assigned is determined by the lowest level input that is significant to the fair value measurement in its entirety. Thus, where a fair value measurement requires significant judgement with respect to an input, it is classified as Level 3.

The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

*Equities and Exchange Traded Funds (ETFs) traded in active markets*

An active market is a market in which transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of equities and ETFs in active markets is based on unadjusted quoted prices at the close of trading on the reporting date and categorized as Level 1.



**NOTES TO THE FINANCIAL STATEMENTS** (continued)

For the year ended 31 December 2020  
(Expressed in Trinidad and Tobago Dollars)

**2) Significant Accounting Policies (continued)**

**f) Fair Value Estimation – Investment Securities (continued)**

*Categorization of short-term investments*

The Fund's short-term investments are assumed to be encashable/tradeable at their carrying value and are categorized as Level 1.

*Receivables, payables and short-term liabilities*

The carrying value of receivables and payables, which are of a short-term nature, are assumed to approximate their fair values.

**g) Foreign Currency Translation**

The Fund's functional and presentation currency is Trinidad and Tobago dollars (TT\$). Foreign currency transactions are translated into the functional currency using the mid-rate for the currency, quoted by the Central Bank of Trinidad and Tobago, on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the Statement of Comprehensive Income.

**h) Cash and Cash Equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances at brokers, and other short-term instruments with original maturities of ninety days or less.

**i) Revenue Recognition**

Interest income is recognized in the Statement of Comprehensive Income using the effective interest rate method.

Dividend income is recognized only when:

- the right to receive a dividend payment is established;
- it is probable that the economic benefits associated with the dividend will flow to the Fund; and
- the amount of the dividend can be reliably measured

Realized and unrealized investment gains and losses are recognized as income in the Statement of Comprehensive Income.

**j) Taxation**

The Fund is exempt from Corporation Tax. Withholding tax is payable on dividends and interest earned in foreign jurisdictions based on the jurisdiction's tax laws and double taxation treaties where applicable.

Taxes are recognized as an expense in the period in which they arise.

**3) Cash And Cash Equivalents**

	31-Dec-20 \$'000	31-Dec-19 \$'000
Cash and cash equivalents at brokers	8	383
Cash at bank	13,120	14,989
<b>Total</b>	<b>13,128</b>	<b>15,372</b>

**4) Receivables**

	31-Dec-20 \$'000	31-Dec-19 \$'000
Dividend receivable	1,518	3,572
<b>Total</b>	<b>1,518</b>	<b>3,572</b>

**5) Investment Securities**

Summaries of the Investment Securities held by the Fund are provided by year, investment type and classification below.

	31-Dec-20 \$'000	31-Dec-19 \$'000
<b>Investment securities carried at fair value</b>		
Quoted equities	330,713	310,226
Exchange Traded Funds	83,193	190,252
	<b>413,906</b>	<b>500,478</b>

	31-Dec-20 \$'000	31-Dec-19 \$'000
<b>Investment securities summarized by classification</b>		
- At fair value through profit or loss – mandatory (FVPL – M)	83,193	190,252
- Equity instruments at fair value through other comprehensive income (FVOCI)	330,713	310,226
	<b>413,906</b>	<b>500,478</b>

**a) The Fair Value Hierarchy for Investment Securities**

The Fund uses a valuation hierarchy to rank the fair value of its Investments (see Note 2 (f) Fair Value Estimation). The Fund's Investments at 31 December 2020 are analyzed by their fair value hierarchy below:

**Fair Value Hierarchy for Investment Securities December 2020**

Recurring fair value measurements	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Investment securities carried at fair value through profit or loss - mandatory</b>				
Quoted equities	330,713	-	-	330,713
Exchange Traded Funds	83,193	-	-	83,193
<b>Total Investment Securities</b>	<b>413,906</b>	<b>-</b>	<b>-</b>	<b>413,906</b>

The Fund's Investments at 31 December 2019 are analyzed by the fair value hierarchy below:

**Fair Value Hierarchy for Investment Securities December 2019**

Recurring fair value measurements	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Investment securities carried at fair value through profit or loss - mandatory</b>				
Quoted equities	310,226	-	-	310,226
Exchange Traded Funds	190,252	-	-	190,252
<b>Total Investment Securities</b>	<b>500,478</b>	<b>-</b>	<b>-</b>	<b>500,478</b>

**b) Transfers between Fair Value Hierarchy Levels**

There were no transfers between the Fair Value Hierarchy Levels during either 2020 or 2019.

**6) Payables**

	31-Dec-20 \$'000	31-Dec-19 \$'000
Amounts due to the Corporation (see Note 10)	180	220
Distribution payable (see Note 10)	2,452	2,234
<b>Total</b>	<b>2,632</b>	<b>2,454</b>

**7) Distribution To Unitholders**

The distribution allocated to unitholders for the year ended 31 December 2020 amounted to \$13,736,000 (2019: \$12,928,000). The next distribution period is December 2020 to February 2021, payable on 7 April 2021.

**8) Unitholders' Capital**

This represents the capital value of units issued by the Fund. The units of the Fund are traded on the Trinidad and Tobago Stock Exchange. The redeemable units of the Fund are 20.2 million.

**9) Financial Risk Management**

**Financial Risk Exposures**

The primary financial risks to which the Fund is exposed are:

- market risk – which comprises:
  - equity and exchange traded funds (ETF) price risk
  - currency risk
- credit risk; and
- liquidity risk

**Market Risk**

Market risk is the risk that changes in market prices for example, equity and ETF prices and foreign exchange rates, will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

**Equity and ETF Price Risk**

Equity and ETF price risk is the risk that the fair value of equities/ETFs decreases as a result of changes in the market prices for these securities. The Fund has significant holdings of equities and ETFs, all of which are traded on either the local or North American stock exchanges. Negative equity price movements in the local and foreign equity markets can subject the portfolios to decreases in their net asset values. This risk is managed by:

- careful asset allocation and security selection;
- daily monitoring of security prices; and
- monitoring and measurement of each portfolio's price risk exposure.

The equity price risk exposure is monitored and measured with reference to the beta of equity instruments. Beta is a measure of the stock's price sensitivity to the stock market e.g. stocks that have a beta of 1 would change by approximately 1% for every 1% move in the overall stock market.

A stock with a beta less than 0.9 is considered to have a low equity price risk relative to the overall market. A stock with a beta above 1.1 is considered to have a high equity price risk vis-à-vis the market. A stock with a beta between 0.9 and 1.1 is regarded as having equity price risk comparable to the market.

The Fund's equity and ETF holdings are categorized below, both in dollar terms and as a percentage of total equity holdings into three (3) categories to reflect the Fund's exposure to movements in equity prices.

	Lower than market \$'000	Comparable to market \$'000	Higher than market \$'000
At 31 December 2020	239,907 57%	-	178,999 43%
At 31 December 2019	281,981 56%	218,497 44%	-

The following Table presents the approximate sensitivity of the net asset value of the Fund to a 5% change in the TTSE Composite Index and the S&P 500 Composite Index respectively as at 31 December with all other variables held constant.

	31 December 2020	31 December 2019
<b>TTSE Composite Index</b>	\$9.2 million	\$5.7 million
<b>S&amp;P 500 Composite Index</b>	\$8.7 million	\$10.5 million



**NOTES TO THE FINANCIAL STATEMENTS** (continued)

For the year ended 31 December 2020  
(Expressed in Trinidad and Tobago Dollars)

**9) Financial Risk Management (continued)**

**Equity and ETF Price Risk (continued)**

**Currency Risk**

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Since the Fund contains investments denominated in US\$, the Fund can be impacted by movements in the US\$/TT\$ exchange rate. The foreign currency assets and liabilities of the Fund at 31 December are summarized below.

	At 31 December 2020		At 31 December 2019	
	US\$ (Presented in TT\$) \$'000	Other Foreign Currencies (Presented in TT\$) \$'000	US\$ (Presented in TT\$) \$'000	Other Foreign Currencies (Presented in TT\$) \$'000
<b>Assets</b>				
Cash & cash equivalents	9,653	-	12,132	-
Quoted equities	27,250	-	30,968	-
ETFs	120,741	-	190,252	-
<b>Liabilities</b>				
Payables	(2,632)	-	(2,454)	-
<b>Total</b>	<b>155,012</b>	<b>-</b>	<b>230,898</b>	<b>-</b>

The following analysis shows how the effect of a 1% change in the TT dollar relative to the US dollar would have changed the net assets of the Fund at 31 December with all other variables held constant.

	2020 \$'000	2019 \$'000
Approximate change in US\$	1,550	2,309
<b>Concentration of foreign currency exposure</b>		
% of total equity		
US dollars	36%	45%

**Credit Risk**

Credit risk is the risk that the counterparty to a financial instrument will default on its financial obligations, that is, it fails to make full and timely payments of scheduled interest and/or principal sums due.

The Fund is exposed to credit risk primarily on short-term investments and bank balances. The carrying value of these assets represents the Fund's maximum exposure to credit risk on financial instruments on the respective reporting dates.

Credit risk is managed by:

- subjecting counterparties to robust credit risk assessments prior to initial acquisition; and
- regular review, measurement and monitoring of counterparties' credit ratings.

The quality of the Fund's short-term investments and bank balances are considered to have a high credit rating equivalent to international credit quality grades used by Standard and Poor's.

**Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset as they become due.

The financial liabilities of the Fund are summarized by their due dates and shown below. The amounts disclosed are the contractual undiscounted cash flows. The Fund had no financial liabilities over one (1) year.

	Less than 1 year \$'000
<b>At 31 December 2020</b>	
Other payables	180
Distribution payable	2,452
<b>Total</b>	<b>2,632</b>

	Less than 1 year \$'000
<b>At 31 December 2019</b>	
Other payables	220
Distribution payable	2,234
<b>Total</b>	<b>2,454</b>

**Capital Management**

The Fund's capital consists of Unitholders' Capital, Reserves and Retained Earnings. The Fund's objectives when managing capital are:

- To comply with the capital requirements stipulated by the regulators;
- To safeguard the Fund's ability to continue as a going concern; and
- To provide attractive risk adjusted returns.

**10) Related Party Transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Fund is managed by the Corporation. Under the terms of the investment management agreement dated September 23, 2015, the Corporation may charge an annual fee of up to 0.5% of the net asset value of the Fund.

Total management fees for the year amounted to \$2.1 million or 0.5% of month end fund size (December 2019: \$2.5 million or 0.5% of fund size). The outstanding management charge due to the Corporation at 31 December 2020 amounted to \$0.2 million (2019: \$0.2 million).

The Corporation and the Growth and Income Fund invested in the Calypso Macro Index Fund as at 31 December 2020. The value of the holdings are \$18.4 million and \$83.7 million respectively.

During the year, the Fund distributed to the Corporation and the Growth and Income Fund \$0.9 million and \$4.7 million respectively (December 2019: \$0.9 million and \$3.8 million respectively). Included in the distribution payable (Note 6) is an amount of \$0.2 million and \$0.7 million (December 2019: \$0.1 million and \$0.7 million) due to the Corporation and the Growth and Income Fund at the end of the reporting period.

There were no other related party transactions for the year.

**11) Approval of the Financial Statements**

These Financial Statements were approved by the Board of Directors and authorized for issue on 12 February 2021.