



**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 CONSOLIDATED FINANCIAL STATEMENTS OF THE TRINIDAD AND TOBAGO UNIT TRUST CORPORATION FOR THE YEAR ENDED 31 DECEMBER, 2021

OPINION

The consolidated financial statements of the Trinidad and Tobago Unit Trust Corporation (the Corporation) for the year ended 31 December, 2021 have been audited. The statements as set out on pages 1 to 92 comprise a Consolidated Statement of Financial Position as at 31 December, 2021, and the Consolidated Statement of Profit or Loss, a Consolidated Statement of Comprehensive Income, a Consolidated Statement of Changes in Equity and a Consolidated Statement of Cash Flows for the year then ended, and Notes to the Consolidated Financial Statements numbered 1 to 31, including a summary of significant accounting policies.

2. In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Trinidad and Tobago Unit Trust Corporation as at 31 December, 2021 and of its consolidated financial performance and its consolidated 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 the principles and concepts of International Standards of Supreme Audit Institutions (ISSAIs). 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 Corporation 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 my opinion.

EMPHASIS OF MATTER

4. Without modifying the above opinion, attention is drawn to Note 28 of the consolidated financial statements, which describes the consolidation of the Corporate Fund for the first time.

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

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

6. In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

7. Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

8. The Auditor General's responsibility is to express an opinion on these consolidated 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.

9. 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 the principles and concepts of ISSAIs 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.

10. As part of an audit in accordance with the principles and concepts of ISSAIs, 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 Corporation.
 - 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 Corporation 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 Corporation to cease to continue as a going concern.
 - 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.
 - Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. The Auditor General is responsible for the direction, supervision and performance of the audit of the Corporation. The Auditor General remains solely responsible for his audit opinion.
11. 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.

25TH MARCH, 2022
PORT OF SPAIN




LORELLY PUJADAS
AUDITOR GENERAL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

(Expressed in thousands of Trinidad and Tobago dollars)

| | Notes | 31 Dec 2021 | 31 Dec 2020 |
|---|-------|-------------------|-------------------|
| Assets | | | |
| Cash and cash equivalents | 4 | 2,118,634 | 2,815,499 |
| Receivables | | 341,361 | 166,381 |
| Prepayments and other assets | | 17,810 | 19,519 |
| Investment securities | 5 | 22,840,032 | 20,638,868 |
| Property, plant and equipment | 6 | 140,894 | 142,248 |
| Right-of-use assets | 7 | 7,918 | 13,950 |
| Intangible assets | 8 | 18,561 | 22,216 |
| Total assets | | 25,485,210 | 23,818,681 |
| Liabilities | | | |
| Accounts payable and short-term liabilities | 10 | 242,971 | 75,314 |
| Lease liabilities | 7 | 9,056 | 15,386 |
| Distribution payable | | 40,368 | 36,182 |
| Pension and other post-retirement liabilities | 11 | 32,632 | 19,108 |
| Price guarantee provision | | - | 3,006 |
| Net assets attributable to unitholders | 12 | 23,565,770 | 22,133,444 |
| Other liabilities | | 1,578 | 3,271 |
| Total liabilities | | 23,892,375 | 22,285,711 |
| Equity | | | |
| Statutory reserves | | 5,050 | 5,050 |
| Revaluation reserve | | (32,905) | (20,535) |
| Retained earnings | | 1,620,690 | 1,548,455 |
| Total equity | | 1,592,835 | 1,532,970 |
| Total liabilities and equity | | 25,485,210 | 23,818,681 |



Chairman




Executive Director

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in thousands of Trinidad and Tobago dollars)

| | Notes | 2021 | 2020 |
|---|-------|------------------|------------------|
| Income | | | |
| Investment income | 13 | 659,349 | 605,473 |
| Net change in fair value on investment securities | 14 | 671,010 | 124,408 |
| Initial charge | | 9,390 | 8,219 |
| Fee income | 15 | 3,630 | 3,807 |
| Other income | 16 | 10,140 | 3,247 |
| Total income | | 1,353,519 | 745,154 |
| Expenses | | | |
| Commissions | | (13,101) | (14,482) |
| Administrative | 17 | (287,142) | (262,734) |
| Depreciation and amortisation | 6,7,8 | (20,852) | (20,597) |
| Total expenses | | (321,095) | (297,813) |
| Net income before guarantee adjustment | | 1,032,424 | 447,341 |
| Price guarantee credit/(charge) | | 2,977 | (367) |
| Net income after guarantee adjustment | | 1,035,401 | 446,974 |
| Distributions to unitholders | 19 | (220,555) | (238,447) |
| Income capitalised | | (51,918) | (8,040) |
| Net income attributable to unitholders | | (685,755) | (132,441) |
| Net income before finance charges | | 77,173 | 68,046 |
| Finance charges | 7 | (858) | (1,657) |
| Net income before taxation | | 76,315 | 66,389 |
| Taxation | 20 | (4,080) | (8,508) |
| Net income for the year | | 72,235 | 57,881 |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in thousands of Trinidad and Tobago dollars)

| | Note | 2021 | 2020 |
|--|------|---------------|---------------|
| Net income for the year | | 72,235 | 57,881 |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods: | | | |
| Re-measurements of pension and other post-retirement liabilities | 11 | (12,114) | (205) |
| Exchange differences on translation of foreign operations | | (256) | 378 |
| Other comprehensive income for the year | | (12,370) | 174 |
| Total comprehensive income for the year | | <u>59,865</u> | <u>58,055</u> |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in thousands of Trinidad and Tobago dollars)

| | Statutory reserve fund | Revaluation reserve | Retained earnings | Total equity |
|---|------------------------|---------------------|-------------------|------------------|
| Balance as at 1 January 2020 | 5,700 | (20,709) | 1,489,924 | 1,474,915 |
| Profit for the year | – | – | 57,881 | 57,881 |
| Other comprehensive income for the year | – | 174 | – | 174 |
| Other reserve movements | (650) | – | 650 | – |
| Balance as at 31 December 2020 | <u>5,050</u> | <u>(20,535)</u> | <u>1,548,455</u> | <u>1,532,970</u> |
| Profit for the year | – | – | 72,235 | 72,235 |
| Other comprehensive income for the year | – | (12,370) | – | (12,370) |
| Other reserve movements | – | – | – | – |
| Balance as at 31 December 2021 | <u>5,050</u> | <u>(32,905)</u> | <u>1,620,690</u> | <u>1,592,835</u> |

The accompanying notes form an integral part of these financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in thousands of Trinidad and Tobago dollars)

| | Notes | Group | |
|--|-------|----------------|----------------|
| | | 2021 | 2020 |
| Operating activities | | | |
| Net income before taxation | | 76,315 | 66,389 |
| <i>Adjustments to reconcile net income to net cash and cash equivalents from operating activities:</i> | | | |
| Net income attributable to unitholders | | 958,228 | 378,928 |
| Depreciation and amortisation | 6,7,8 | 20,852 | 20,597 |
| Loss/(gain) on sale of property, plant and equipment | | 15 | (456) |
| (Decrease)/increase in price guarantee provision | | (2,977) | 367 |
| Revaluation of fund reserve assets | | – | (330) |
| Interest on fund reserve assets | | – | 2,072 |
| Net change in fair value on investment securities | | (639,589) | (134,182) |
| Interest portion of lease payments | | 858 | 1,657 |
| Lease modifications | 7 | 328 | – |
| | | <u>414,030</u> | <u>335,042</u> |
| <i>Movement in net current assets</i> | | | |
| (Increase)/decrease in receivables | | (174,981) | 27,803 |
| Decrease in prepayments and other assets | | 1,710 | 934 |
| Decrease in accounts payable and liabilities | | 165,964 | 2,467 |
| Decrease/(increase) in distribution liability | | 4,186 | (2,648) |
| Increase in pension and other post retirement liabilities | | 1,410 | 1,152 |
| Increase in other movements in net assets attributable to unitholders | | 535,315 | – |
| | | <u>947,634</u> | <u>364,750</u> |
| Taxation paid | 20 | <u>(4,080)</u> | <u>(8,508)</u> |
| Net cash flows from operating activities | | <u>943,554</u> | <u>356,242</u> |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

| | Notes | Group | |
|--|-------|--------------------|--------------------|
| | | 2021 | 2020 |
| Investing activities | | | |
| Purchase of property, plant and equipment | | (9,866) | (8,522) |
| Purchase of intangible assets | | – | (23,658) |
| Disposal of property, plant and equipment | | 86 | 5,390 |
| Purchase of investment securities | | (16,505,203) | (24,593,181) |
| Disposal of investment securities | | 14,943,628 | 23,254,891 |
| Net cash (used in)/generated from investing activities | | <u>(1,571,355)</u> | <u>(1,365,080)</u> |
| Financing activities | | | |
| Subscriptions from unitholders | | 2,274,907 | 2,564,314 |
| Redemptions by unitholders | | (2,115,570) | (1,759,628) |
| Distribution payments to unitholders | 19 | (220,555) | (238,447) |
| Guarantee reserve payment | 30 | (29) | (384) |
| Principal portion of lease payments | | (6,702) | (7,020) |
| Interest portion of lease payments | 7 | (858) | (1,657) |
| Net cash generated from/ (used in) financing activities | | <u>(68,807)</u> | <u>557,178</u> |
| Net loss on foreign exchange | | (257) | (2,113) |
| Net (decrease)/increase in cash and cash equivalents | | <u>(696,865)</u> | <u>(453,773)</u> |
| Cash and cash equivalents at the beginning of the year | | <u>2,815,499</u> | <u>3,269,272</u> |
| Cash and cash equivalents at the end of the year | | <u>2,118,634</u> | <u>2,815,499</u> |

The accompanying notes form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2021
 (Expressed in thousands of Trinidad and Tobago dollars)

I. Incorporation and principal activities of the Group

The Trinidad and Tobago Unit Trust Corporation (the "Corporation") was established by the Unit Trust Corporation of Trinidad and Tobago Act (the "Act"), Chapter 83:03 of the Laws of the Republic of Trinidad and Tobago to provide, inter alia, facilities for members of the public to invest in shares and securities approved by the Board of the Corporation. The Finance Act of 1997 expanded the Corporation's scope of business to include other financial services, such as merchant banking, trustee and card services.

The Corporation's principal place of business is UTC Financial Centre, 82 Independence Square, Port of Spain.

The Consolidated Financial Statements of the Corporation and its subsidiaries, which include its controlled entities, (collectively "the Group") for the year ended 31 December 2021 were authorised for issue by the Board of Directors on 14 February 2022.

2. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these Consolidated Financial Statements (the "Financial Statements") are set out below. These policies have been consistently applied to all years presented.

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). The methods used to fair value the Group's financial assets are provided in Note 2 (f).
- iii. The Financial Statements are presented in Trinidad and Tobago dollars (TTD), which is the functional currency of the Corporation.
- iv. 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 more recently: social distancing protocols and social gathering limitations.

The Group 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 and 2021. In an effort to ensure the safety of its team members and unitholders, the Group activated its business continuity plan and took the decision to reduce the number of locations and opening hours for its Investment Centres and Agencies. A decision was also made to migrate the majority of non-customer-facing staff members to working from home. At the time of this report, the Group's Investment Centres and Agencies have returned to full operations, in line with Government guidelines. The Group's non-customer-facing staff members have migrated to hybrid working arrangements.

Financial Statement impact

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

- The business model for the Group's financial assets is Fair Value Through Profit or Loss (FVPL – see note 2 (e)); consequently, the Group's performance is materially impacted by market price movements. At the onset of the pandemic, financial markets responded by driving asset prices down due to the then-existing uncertainty and the Group recognized a material level of fair value losses. Since then, financial markets have rebounded, and the Group's losses have reversed to produce a fair value gain of \$671 million for the year ended 31 December 2021.
- The Group earned a higher level of dividend income, compared to 2020, as a result of the improvement in dividend declarations from its equity investments. The Group expects this situation to continue in 2022.

Risk management

The Group routinely undertakes stress testing on all Funds and also evaluates the impact of various scenarios on the Corporation as the Funds' Sponsor. The objective of stress testing is to determine the potential impact of multiple adverse 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 interest rates, credit ratings, foreign exchange rates, equity prices and redemption levels.

The Group has continued to monitor the various risks it faces (market, liquidity, and credit risk) but has not found it necessary to take additional measures to limit its risks apart from adjusting its 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 Group re-established its positions selectively. The Group will continue to closely manage its portfolio holdings and adjust its positions accordingly. The Group has historically managed its liquidity risk conservatively and did not experience any liquidity pressures during the year and it does not anticipate a liquidity challenge in 2022.

Reliefs and/or concessions

For the year ended 31 December 2021, the Group did not receive any reliefs or concessions from the Government of Trinidad and Tobago related to the pandemic.

Basis of preparation

Globally, the development of COVID-19 remains uncertain, with consequences that are difficult to predict. Notwithstanding these uncertainties, the Group believes it possesses sufficient financial resources to 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 Group is not aware of material events occurring after its balance sheet date that require either adjusting or disclosure in these financial statements.

b) Basis of consolidation

The Financial Statements incorporate the separate financial statements of the Corporation, the financial statements of the locally domiciled Funds (see Note 29) and the financial statements of its incorporated subsidiaries (see Note 27). The Corporation and the consolidated entities are referred to as the "Group" in these Financial Statements.

Management concluded that for the purposes of IFRS 10, its relationship with the locally domiciled Funds was that of a principal rather than that of an agent hence their consolidation in these Financial Statements. Management's conclusion was based primarily on its exposure to significant variability of returns due to the Corporation's commitment to support the locally domiciled Funds.

The Corporation reassesses at each reporting period whether or not it controls the entities with which it is involved using the control criteria established in IFRS 10. In particular, it concludes that it controls an entity if, and only if, after considering all the circumstances, it forms the view that:

- i. it has power over the entity;
- ii. it is exposed, or has rights, to variable returns from its involvement with the entity; and
- iii. it has the ability to use its power to affect its returns from the entity.

Assets, liabilities, income and expenses of an entity acquired or disposed of during the year are included in the Financial Statements from the date the Group gains control until the date the Group ceases to control the entity.

The line item in the consolidated statement of financial position "Net Assets Attributable to Unitholders" represents the portion of the profit and net assets of consolidated collective investment schemes not owned, directly or indirectly, by either the Corporation or an entity which the Corporation controls. The balance is recognised as a liability in the consolidated statement of financial position, as the units/shares represent the Group's obligation to deliver cash on presentation of such units/shares for redemption.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

b) Basis of consolidation (continued)

The financial year end of each entity consolidated is 31 December.

c) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020 except for the adoption of new standards and interpretations noted below.

New and amended standards and interpretations

The Group applied for the first time certain amendments and interpretations that are effective for annual periods beginning on or after 1 January 2021. Although these new amendments and interpretations apply for the first time in 2021, they did not have a material impact on the consolidated financial statements of the Group. These are also described in more detail below. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Amendments to IFRS 9, IAS 39, IFRS 7 – Interest Rate Benchmark Reform (Phase 2) – Effective 1 January 2021

The amendments provided temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

Phase one had focused on hedge accounting issues, and provided targeted relief from the potential effects of the uncertainty caused by the interbank offered rates (IBOR) reform.

The Phase 2 of the amendments addressed the following:-

- Practical expedient for particular changes to contractual cash flows
- Relief from specific hedge accounting requirements
- Disclosure requirements
- Transition

The amendments had no impact on the consolidated financial statements of the Group, as the Group has not entered into any hedging arrangements in the financial year 2021.

Amendments to IFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021 – Effective 1 April 2021

The amendment to IFRS 16 provided relief to lessees for accounting for rent concessions from lessors specifically arising from the covid-19 pandemic. While lessees that elect to apply the practical expedient do not need to assess whether a concession constitutes a modification, lessees still need to evaluate the appropriate accounting for each concession as the terms of the concession granted may vary.

The amendments had no impact on the consolidated financial statements of the Group, as the Group has did not receive any rent concessions in the financial year 2021 (a nominal concession was received in 2020).

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current – Effective 1 January 2022
- Amendments to IAS 8 – Definition of Accounting Estimates – Effective 1 January 2023
- Amendments to IAS 12 – Deferred Tax related at Assets and Liabilities arising from a Single Transaction – Effective 1 January 2023
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use – Effective 1 January 2022
- Amendments to IAS 37 – Onerous Contracts - Costs of Fulfilling a Contract – Effective 1 January 2022
- Amendments to IFRS 3 – Reference to the Conceptual Framework – Effective 1 January 2022
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies – Effective 1 January 2023

- IFRS 17, 'Insurance Contracts' – Effective 1 January 2023
- Annual improvements to IFRS standards 2018-2020 cycle, resulting in amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 – Effective 1 January 2022

d) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, cash balances at brokers, and other short-term instruments with original maturities of ninety (90) days or less.

e) Financial instruments

Financial assets

(i) **Initial recognition and subsequent measurement**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group 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 Group 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 Group's investment securities are held in portfolios which are managed and evaluated on a fair value basis. The receipt of contractual cash flows or, the receipt of contractual cash flows and the purchase and sale of financial assets in the portfolio, are incidental to the objectives of the portfolios. Accordingly, the assets in the Group's portfolios have been classified and measured at FVPL - mandatory.

Financial assets at fair value through profit or loss (FVPL)

Investments in equity instruments are classified as FVPL, unless the Group designates an investment that is not held for trading as fair value through other comprehensive income (FVOCI) on initial recognition. The Group has designated all investments in equity instruments that are held for trading as FVPL.

Financial assets at FVPL are those that are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- i. The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis
- ii. The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy

Financial assets at FVPL are recorded in the consolidated statement of financial position at fair value at the end of each reporting period. Changes in fair value are recorded in the consolidated statement of profit or loss.

The net gain or loss recognised in the consolidated statement of profit or loss is included in Note 14. Fair value is determined in the manner described in Note 22.

Interest earned on instruments designated at FVPL is accrued in interest income, using the effective interest rate (EIR) method, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument.

Dividend income from equity instruments measured at FVPL is recorded in the consolidated statement of profit or loss as other operating income when the right to the payment has been established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2021
 (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

e) Financial instruments (continued)
 Financial assets (continued)

(i) Initial recognition and subsequent measurement (continued)

Financial assets at fair value through profit or loss (FVPL) (continued)

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss.

Therefore, for financial assets that are classified as FVPL, the foreign exchange component is recognised in the consolidated statement of profit or loss.

ii) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

i) Initial recognition and subsequent measurement

The Group recognises a financial liability when it becomes party to the contractual obligations of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

ii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognising of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

f) Fair value measurement

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 Group has access at that date.

Valuation framework

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Group has established a control framework for the measurement of fair values. The framework includes a valuation team that is independent of front office management. The valuation team reports to a Valuation Committee comprising the Vice Presidents of Finance and Risk departments. On a quarterly basis, valuations are reviewed by the Audit Committee.

External independent valuers are used for the valuation of Land and buildings every three (3) years.

Fair value hierarchy

Fair value measurements of securities are categorised 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 2020 and 2021.
- **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 Group 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.

Equity traded in active markets

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

Equities not traded in an active market (unquoted equities)

The fair value of significant holdings of unquoted equities is estimated by professional valuers and categorised as Level 3.

Insignificant holdings of unquoted equities are held by the Corporation for strategic purposes. The cost of such holdings is presumed to approximate its fair value.

Private equity

In 2019, a significant portion of the fair value of the Group's private equity holdings was provided by the General Partners of the private entity and were categorised as Level 3. There were no such holdings as at 31 December 2020 and 2021.

Traded local and foreign bonds

Traded bonds are valued using indicative quotations at the reporting date from a reputable pricing service. The quotations do not necessarily reflect the price at which a broker would be willing to execute a transaction and the valuations have been categorised as Level 3. Where the Group is in receipt of prices at which bonds can be traded, the bonds are categorised as Level 1.

Unquoted local bonds

The Group uses an internally developed model to value its unquoted local bonds. Management reviews the model regularly to incorporate enhancements in line with established best practice. Although no changes were made in 2020 and 2021, during 2019, the following improvements to the model were made:

- Application of bootstrapping methodology to construct a zero-coupon yield curve; previously the Group used par yield curves.
- Use of an extrapolation function to estimate the short end of the yield curve.
- Incorporation of industry specific spreads and credit ratings. The Group now uses the Global Industry Classification Standard (GICS) to estimate the spread desirable for each bond.

The output of any valuation model is an estimate of a value that cannot be determined with certainty. As such the valuation may vary significantly from the value that would be realised in an actual transaction. Valuations based on the model are categorised as Level 3.

Categorisation of short-term investments

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

Receivables, payables and short-term liabilities

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

g) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs for repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which such costs are incurred.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

g) Property, Plant and Equipment (continued)

Where the carrying amount of property, plant and equipment is greater than its estimated recoverable amount, the asset is considered impaired and the carrying amount is written down to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the disposal proceeds with the carrying amounts. The resulting gains or losses are recognised in the consolidated statement of profit or loss.

Freehold land is capitalised and not depreciated. Leasehold land is capitalised and amortised over the term of the lease.

Depreciation on property, plant and equipment, with the exception of motor vehicles, is calculated using the straight-line method to allocate their cost over the estimated useful lives. Depreciation on motor vehicles is calculated on a reducing balance basis.

The estimated useful life of the various categories of the Group's property, plant and equipment are as follows:

| Property, Plant and Equipment category | Estimated Useful Life |
|--|-----------------------|
| Buildings | 50 years |
| Office Improvements | 3-15 years |
| Computer Equipment | 2-8 years |
| Office Equipment | 3-13 years |
| Office Furniture and Fixtures | 3-10 years |
| Motor Vehicles | 4 years |

h) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities in respect of lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

| | |
|--------------------|-----------|
| • Property | 3-9 years |
| • Office equipment | 3 years |
| • Motor vehicles | 3 years |

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Right-of-use assets are presented as a separate line item in the consolidated statement of financial position.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives

receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments), or a change in the assessment of an option to purchase the underlying asset.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

(b) The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its properties. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. The Group's leases as lessor are all classified as operating leases.

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

i) Intangible Assets

Acquired computer software and computer software licenses are the only intangible assets recognised by the Group in these financial statements. Computer software and licenses are capitalised on the basis of the costs incurred to acquire and bring the specific software into operation. The costs are recognised as an intangible asset if, and only if, it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

The cost of intangible assets are amortised on a straight-line basis over the estimated useful life of the asset or the life of the license whichever is shorter.

Costs associated with maintaining computer software are expensed when incurred.

j) Employee Benefits

(i) Short-term benefits

Short-term employee benefits such as salaries and vacation entitlements are recognised in the accounting period during which the short-term benefits are earned.

(ii) Pension obligation

Group contributions to retirement benefit plans are recognised as an expense when employees have rendered service entitling them to contributions.

Defined benefits constitute a small portion of the Group's pension plan benefits (Note 11). The Group's defined benefit obligations are calculated by estimating the value of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of the plan assets are deducted. The discount rate approximates either high quality corporate bonds or the long-term bond rate for government bonds with a duration similar to the duration of the defined benefit obligations.

The defined benefit obligation calculations are performed annually by an actuary using the projected unit credit method. Should the calculation result in a surplus, the surplus is not recognised as an asset since the Group is not entitled to reduce its contributions to the plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2021
 (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

j) Employee Benefits (continued)

(iii) Other post-retirement obligations

The Group provides post-retirement medical and insurance benefits to its retirees, the cost of which is recognised as an expense. Entitlement to these benefits is dependent on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that used to compute the defined benefit pension obligations. An independent qualified actuary conducts a valuation of these obligations annually.

k) Provisions

Provisions are recognised when:

- (i) the Group has a present or constructive obligation as a result of past events;
- (ii) it is probable that an outflow of resources will be required to settle the obligation; and
- (iii) the amount of the obligation can be reliably estimated.

l) Guarantee Pricing Liability

In January 1985, the Board of Directors of the Corporation, pursuant to section 13(1)(d) of the Act, formulated a guarantee pricing plan with respect to units issued under the First Unit Scheme - now the Growth and Income Fund (GIF). Under the guarantee pricing plan, each unitholder that holds units in the GIF for at least three (3) years from the date of purchase, may redeem those units at a price no less than the purchase price of the units. Subsequently, the Corporation established the Guarantee Reserve Fund under section 26(1) of the Act to meet claims under the Guarantee Pricing Plan.

There is significant uncertainty with regard to the timing and value of the claims made under the Guarantee Pricing Plan. Factors that appear to influence the timing of guarantees include:

- (i) The prevailing price of the GIF units. Generally, the price of the GIF units and the total guarantee pricing liability are inversely related. Increases in the price of GIF units generally result in a decrease in the total guarantee pricing liability as the number of eligible units tends to contract. Conversely a decrease in the price of the units generally increases the total guarantee pricing liability as more units are eligible; and
- (ii) General public sentiment with regard to the future performance of the local and global economy.

The Corporation has historically funded shortfalls in the guarantee reserve fund and is committed to doing so in the future. The guarantee pricing liability recognised as at 31 December 2021 was nil (2020: \$3.0 million).

m) Revenue recognition

Interest income is recognised in the consolidated statement of profit or loss using the effective interest rate (EIR) method.

The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

Dividend income is recognised when:

- (i) the right to receive a dividend payment is established;
- (ii) it is probable that the economic benefits associated with the dividend will flow to the Group;
- (iii) the amount of the dividend can be reliably measured.

Realised and unrealised investment gains and losses are recognised as income in the consolidated statement of profit or loss.

n) Taxation

Corporation tax

The Corporation is exempt from corporation tax. However, it is subject to Green Fund Levy. Corporation tax is payable on profits realised by the corporate subsidiaries, based on the laws applicable in their tax jurisdiction.

Withholding 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.

o) Foreign currency translation

The consolidated financial statements are presented in Trinidad and Tobago dollars, which is the functional currency of the Group. Transactions in foreign currencies are initially recorded in the functional currency at the mid-rate of exchange, quoted by the Central Bank of Trinidad and Tobago, ruling at the date prior to the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the mid-rate of exchange at the reporting date. Non-monetary assets and liabilities are translated using exchange rates that existed at the date of the initial transaction. All revenue and expenditure transactions denominated in foreign currencies are translated at mid-exchange rates and the resulting profits and losses on exchange from these trading activities are dealt with in the statement of profit or loss.

On consolidation, the assets and liabilities in foreign operations are translated into Trinidad and Tobago dollars at the mid-rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at an average exchange rate. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

p) Equity movements

Statutory reserves

In accordance with section 51(1) of the Securities Act, Chapter 83:02 and Section 27(1)(a)(ii) of the Security Industry By-Laws, Chapter 83:02, a reserve of \$5 million was established to satisfy the capital requirements for registration as a Broker Dealer and \$50,000 for registration as an Investment Adviser.

In accordance with section 5 of the Exchange Control Act, a reserve of \$650,000 was established to meet the requirements for operation of the Group's Bureau de Change. The Corporation discontinued the operations of the Bureau de Change effective 1 August 2020 and as a result the established reserve was no longer required.

Revaluation Reserve

The revaluation reserve reflects foreign currency translation differences related to financial instruments and revaluations related to the Pension and other post retirement plans. The revaluation of the investments held by the Funds is reflected in the line item Net Assets Attributable to Unitholders and is not included in this revaluation reserve.

q) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the consolidated statement of profit or loss.

r) Separate funds under management

The assets and liabilities pertaining to funds managed on behalf of third parties by the Group in accordance with specific Investment Management Agreements are not included in the consolidated statement of financial position of the Corporation. The market value of these portfolios as at 31 December is \$1.2 billion (2020: \$1.06 billion).

s) Segment reporting

The Group consists of one segment as all the Group's activities are incidental to its main activity of collective investment scheme management.

3. Significant accounting judgments, estimates and assumptions in applying accounting policies

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities in future periods.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021
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3. Significant accounting judgments, estimates and assumptions in applying accounting policies (continued)

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Financial instruments risk management (see Note 23)
- Capital management (see Note 24)

a) Judgments

In the process of applying the Group's accounting policies, management has made the following judgements, which can have a significant effect on the amounts recognised in the consolidated financial statements:

- The Group's decision to consolidate certain entities for which it is the investment manager, trustee and sponsor (see Note 2 (b)); and
- The Group's decisions with respect to the business models of the investment portfolios of the Growth and Income Fund, the TT Dollar Income Fund, the Universal Retirement Fund, the US Dollar Income Fund and the Corporate Fund.
- The Group's decisions with respect to leases (see Note 7)
 - *Determining the lease term of contracts with renewal and termination options – Group as lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

- The Group's decisions with respect to property, plant and equipment (see Note 6)
 - Management exercises judgement in determining whether costs incurred can accrue sufficient future economic benefits to the Group to enable the value to be treated as a capital expenditure. Further judgement is used upon annual review of the residual values and useful lives of all capital items to determine any necessary adjustments to carrying value.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next year are described below:

- the quantum of the liability under the price guarantee offered to unitholders of the Growth and Income Fund at the reporting date (see Note 2 (l));
- the fair value of financial assets categorised at Level 3. When the fair value of financial assets cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including: professional valuers' estimations, broker quotations, and an internally developed valuation model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments (see Notes 2 (f), 22 and 23);
- The cost and the present value of the defined benefit plan, the pension obligation, and other post retirement benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. The key assumptions in the actuarial valuations include: the determination of the discount rate, future

salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and the long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually (See Note 1 l); and

- The Group cannot determine the interest rate implicit in the leases which it holds as lessee nor can it easily arrive at an incremental borrowing rate to measure its lease liabilities. The Group has used the Central Bank prime lending rate as a proxy for its incremental borrowing rate and used that rate to measure its lease liabilities. The Central Bank prime lending rate used is 7.50% (2020: 9.25%) (See Note 7).

4. Cash and cash equivalents

Cash and cash equivalents are analysed below:

| | 2021 | 2020 |
|-------------------------|------------------|------------------|
| Corporation | 543,636 | 698,216 |
| Locally Domiciled Funds | 1,563,518 | 2,113,023 |
| Foreign Funds | 9,976 | 2,565 |
| Other Group Entities | <u>1,504</u> | <u>1,695</u> |
| | <u>2,118,634</u> | <u>2,815,499</u> |

Cash and cash equivalents held by Funds form part of the net assets of the respective Funds. In compliance with legislation, regulatory restrictions and best practice, all the assets of each Fund, including cash and cash equivalents, are ring-fenced and are not available for use by other entities within the Group. Restricted cash as at 31 December was \$1.58 billion (2020: \$2.17 billion) (see Note 9).

5. Investment securities

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Investment securities | | |
| Designated at fair value through statement of income | <u>22,840,032</u> | <u>20,638,868</u> |
| Total investment securities | <u>22,840,032</u> | <u>20,638,868</u> |

Investment securities designated at fair value through profit and loss

| | | |
|------------------------------------|-------------------|-------------------|
| Bonds | 14,791,248 | 12,852,428 |
| Equity | 3,275,696 | 2,422,263 |
| Treasury bills | 454,152 | 803,277 |
| Fixed-term deposits | 1,704,640 | 1,581,997 |
| Short-term investments | 1,255,781 | 881,499 |
| Commercial paper | 67,720 | 114,644 |
| Bond Exchange Traded Funds | – | 466,503 |
| Exchange Traded Funds (ETFs) | 1,166,408 | 1,398,326 |
| Private equity | 3,088 | 3,629 |
| Mutual funds | 121,299 | 114,302 |
| Other | – | – |
| Total investment securities | <u>22,840,032</u> | <u>20,638,868</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2021
 (Expressed in thousands of Trinidad and Tobago dollars)

6. Property, plant and equipment

2021

| | Land | Buildings | Office Improvements | Office Computer Equipment | Office & Furniture & Motor Vehicles | Total |
|---------------------------------------|---------------|---------------|---------------------|---------------------------|-------------------------------------|----------------|
| Opening net book value | 13,000 | 87,800 | 16,069 | 21,504 | 3,875 | 142,248 |
| Additions | – | – | 2,021 | 7,783 | 62 | 9,866 |
| Disposals | – | – | – | (97) | (4) | (101) |
| Depreciation/amortisation | (22) | (2,359) | (2,473) | (5,542) | (723) | (11,119) |
| Closing net book value | 12,978 | 85,441 | 15,617 | 23,648 | 3,210 | 140,894 |
| As at 31 December 2021 | | | | | | |
| Cost | 13,604 | 122,104 | 56,583 | 112,300 | 26,207 | 330,798 |
| Accumulated depreciation/amortisation | (626) | (36,663) | (40,966) | (88,652) | (22,997) | (189,904) |
| Net book value | 12,978 | 85,441 | 15,617 | 23,648 | 3,210 | 140,894 |

2020

| | | | | | | |
|--|---------------|---------------|---------------|---------------|--------------|----------------|
| Opening net book value | 15,987 | 92,111 | 13,995 | 23,450 | 4,283 | 149,826 |
| Additions | – | – | 3,698 | 4,455 | 369 | 8,522 |
| Disposals | (2,965) | (1,942) | – | (20) | (7) | (4,935) |
| Depreciation/amortisation | (22) | (2,369) | (1,624) | (6,381) | (770) | (11,166) |
| Closing net book value | 13,000 | 87,800 | 16,069 | 21,504 | 3,875 | 142,248 |
| As at 31 December 2020 | | | | | | |
| Cost | 13,604 | 122,104 | 54,562 | 106,514 | 26,206 | 322,990 |
| Accumulated depreciation/ amortisation | (604) | (34,304) | (38,493) | (85,010) | (22,331) | (180,742) |
| Net book value | 13,000 | 87,800 | 16,069 | 21,504 | 3,875 | 142,248 |

Land includes leasehold land of \$2.2 million (2020: \$2.2 million) and freehold land of \$11.4 million (2020: \$11.4 million).

Fair value of land and buildings

The fair value of land and buildings was estimated at \$162.6 million at 31 December (2020: \$201 million). Information related to the fair value of land and buildings at 31 December is provided in the table below in millions of dollars:

| Property | Cost \$'M | Independent Valuation \$'M | Date of last valuation | Fair Value 31 Dec 2021 \$'M | Fair Value 31 Dec 2020 \$'M | Valuation Level |
|----------------|--------------|-------------------------------|------------------------|-----------------------------------|-----------------------------------|-----------------|
| Leasehold land | 2.2 | 15.0 | Oct 2021 | 15.0 | 10.8 | Level 2 |
| Freehold land | 11.4 | 26.2 | Nov 2021 | 26.2 | 22.5 | Level 2 |
| Buildings | 122.1 | 121.4 | Nov 2021 | 121.4 | 167.7 | Level 2 |
| Total | 135.7 | 162.6 | | 162.6 | 201.0 | |

Management estimated the fair value of Level 2 land and buildings by reference to an independent valuator and its recent experience in the market.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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 (Expressed in thousands of Trinidad and Tobago dollars)

7. Leases

Group as lessee
 Right-of-use assets

| | Property | Motor vehicles | Equipment | Total |
|---------------------------------|-----------------|----------------|----------------|-----------------|
| Cost | | | | |
| As at 1 January 2021 | 19,211 | 894 | 4,667 | 24,772 |
| Additions | – | – | 211 | 211 |
| Extensions | – | 74 | – | 74 |
| Disposals | (1,376) | – | (1,359) | (2,735) |
| As at December 2021 | 17,835 | 968 | 3,519 | 22,322 |
| Accumulated Depreciation | | | | |
| As at 1 January 2021 | (8,878) | (469) | (1,475) | (10,822) |
| Disposals | 1,376 | – | 1,120 | 2,496 |
| Depreciation | (4,587) | (336) | (1,155) | (6,078) |
| As at December 2021 | (12,089) | (805) | (1,510) | (14,404) |
| Carrying Amount | | | | |
| As at December 2021 | <u>5,746</u> | <u>163</u> | <u>2,009</u> | <u>7,918</u> |
| Cost | | | | |
| As at 1 January 2020 | 18,277 | 754 | 2,100 | 21,131 |
| Additions | 4,911 | 121 | 2,843 | 7,875 |
| Extensions | 122 | 19 | 428 | 569 |
| Disposals | (4,099) | – | (704) | (4,803) |
| As at December 2020 | 19,211 | 894 | 4,667 | 24,772 |
| Accumulated Depreciation | | | | |
| As at 1 January 2020 | (4,448) | (108) | (843) | (5,399) |
| Disposals | 2,105 | – | 254 | 2,359 |
| Depreciation | (6,535) | (361) | (886) | (7,782) |
| As at December 2020 | (8,878) | (469) | (1,475) | (10,822) |
| Carrying Amount | | | | |
| As at December 2020 | <u>10,333</u> | <u>424</u> | <u>3,192</u> | <u>13,950</u> |

Right-of-use assets

The Group leases buildings, motor vehicles and office equipment. The average term is 3 years. The Group's obligations are secured by the lessors' title to the leased assets.

Lease liabilities

Approximately 15% of the leases for properties and equipment expired in the current financial year. The expired contracts were replaced by new leases for identical underlying assets. The maturity analysis of lease liabilities is presented in the table below.

| | 2021 | 2020 |
|----------------------------|--------------|---------------|
| Less than one year | 5,163 | 6,269 |
| Between one and five years | 3,549 | 8,034 |
| More than five years | 344 | 1,083 |
| | <u>9,056</u> | <u>15,386</u> |

The amounts recognised in the consolidated statement of profit or loss in respect of operating leases is provided below.

| | 2021 | 2020 |
|---|--------------|--------------|
| Depreciation expense of right-of-use assets | 6,078 | 7,782 |
| Finance charges on lease liabilities | 858 | 1,657 |
| Expense related to short-term leases | 252 | 429 |
| | <u>7,188</u> | <u>9,868</u> |

At 31 December 2021, the Group had one (1) short-term lease commitment (2020: nil). The total cash outflow for leases amounted to \$7.5 million (2020: \$8.3 million)

Group as lessor

Operating leases, in which the Group is lessor, relate to excess office space within buildings owned by the Group and leased for terms of between 1 to 3 years. The lessees do not have an option to purchase at the expiry of the leased periods.

Maturity analysis of operating leases contracts with tenants at 31 December is shown below.

| | 2021 | 2020 |
|--------|--------------|--------------|
| Year 1 | 1,161 | 587 |
| Year 2 | 148 | 531 |
| Year 3 | – | 91 |
| | <u>1,309</u> | <u>1,209</u> |

Rental income reported in the consolidated statement of profit or loss for 2021 was \$3.01 million (2020: \$3.04 million).

8. Intangible assets

2021

| | Computer software | Software licenses | Total |
|-------------------------------|-------------------|-------------------|---------------|
| Opening net book value | 165 | 22,051 | 22,216 |
| Amortisation | (33) | (3,622) | (3,655) |
| Closing net book value | 132 | 18,429 | 18,561 |
| As at 31 December | | | |
| Cost | 2,726 | 23,658 | 26,384 |
| Accumulated amortisation | (2,594) | (5,229) | (7,823) |
| Net book value | 132 | 18,429 | 18,561 |

2020

| | | | |
|-------------------------------|------------|---------------|---------------|
| Opening net book value | 207 | – | 207 |
| Additions | – | 23,658 | 23,658 |
| Amortisation | (42) | (1,607) | (1,649) |
| Closing net book value | 165 | 22,051 | 22,216 |
| As at 31 December | | | |
| Cost | 2,726 | 23,658 | 26,384 |
| Accumulated amortisation | (2,561) | (1,607) | (4,168) |
| Net book value | 165 | 22,051 | 22,216 |

9. Restricted assets

The Group, in keeping with best practice and legislation, has no access to the investment securities, cash holdings or other assets of the Funds it manages. The Funds are by nature collective investment schemes and as such the assets, including cash, are ring-fenced and used exclusively for the benefit of the unitholders/shareholders. The table below analyses the significant line items in the consolidated statement of financial position which include assets that are not available to the Group.

| Particulars | 2021 | 2020 |
|---|----------------|----------------|
| Cash and cash equivalents (see Note 4) | 2,118,634 | 2,815,499 |
| Restricted cash and cash equivalents | (1,576,261) | (2,170,311) |
| Available to Group without restriction | 542,373 | 645,188 |

| Particulars | 2021 | 2020 |
|---|---------------|--------------|
| Receivables | 341,361 | 166,381 |
| Restricted receivables | (327,939) | (158,663) |
| Available to Group without restriction | 13,422 | 7,718 |

| Particulars | 2021 | 2020 |
|---|------------------|----------------|
| Investment securities (see Note 5) | 22,840,032 | 20,638,868 |
| Restricted investment securities | (21,836,140) | (19,812,094) |
| Available to Group without restriction | 1,003,892 | 826,774 |

10. Accounts payable and short-term liabilities

| | 2021 | 2020 |
|-------------------------------|----------------|---------------|
| Due to brokers | 167,116 | 6,549 |
| Accounts payable and accruals | 52,169 | 44,314 |
| Other liabilities | 23,686 | 24,451 |
| | <u>242,971</u> | <u>75,314</u> |

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II. Pension and other post-retirement liabilities

A summary of the Group's pension and other post-retirement liabilities is summarised below.

| | 2021 | 2020 |
|--|---------------|---------------|
| Net defined benefit liability (Note II (a)) | - | - |
| Group life liability (Note II (b)) | 2,566 | 2,555 |
| Medical benefit liability (Note II (c)) | 30,066 | 16,553 |
| Statement of financial position | 32,632 | 19,108 |
| Net Defined Benefit Liability (Note II (a iv)) | 11,627 | 11,206 |
| Group Life Liability (Note II (b iii)) | 266 | 251 |
| Medical Benefit Liability (Note II (c iii)) | 1,722 | 1,649 |
| Statement of profit or loss | 13,615 | 13,106 |

a) Pension Benefits

i. Net liability in consolidated statement of financial position

| | 2021 | 2020 |
|--|-----------|-----------|
| Present value of defined benefit obligation | 271,985 | 244,866 |
| Fair value of plan assets | (282,881) | (250,560) |
| Surplus | (10,896) | (5,694) |
| Effect on asset ceiling | 10,896 | 5,694 |
| Net Defined Benefit Liability/(Asset) | - | - |

ii. Movement in consolidated statement of financial position

| | 2021 | 2020 |
|---|---------|---------|
| Opening present value of defined benefit obligation | 244,866 | 229,013 |
| Current service cost | 11,627 | 11,206 |
| Plan participant contributions | 4,163 | 4,180 |
| Interest cost | 12,456 | 11,721 |
| Experience adjustments | 10,344 | (6,835) |
| Actuarial gains from changes in financial assumptions | (4,292) | - |
| Benefits and expenses paid | (7,179) | (4,419) |
| Closing present value of defined benefit obligation | 271,985 | 244,866 |

ii (b). The defined benefit obligation is allocated between Plan members as follows:

| | 2021 | 2020 |
|------------------|------|------|
| Active members | 69% | 67% |
| Deferred members | 14% | 14% |
| Pensioners | 17% | 19% |

96% of the benefits for active members are vested.

23% of the total defined benefit obligation is defined benefit in nature, of which 2% is conditional on active members' future salary increases. The weighted average duration of the defined benefit liability component of the obligation is 14.0 years.

iii. Changes in the fair value of Plan assets are as follows:

| | 2021 | 2020 |
|--|---------|---------|
| Opening fair value of plan assets | 250,560 | 235,405 |
| Expected return | 12,741 | 12,052 |
| Actuarial loss | 10,956 | (8,294) |
| Employer contributions for current service | 11,640 | 11,636 |
| Plan participant contributions for current service | 4,163 | 4,180 |
| Benefits and expenses paid | (7,179) | (4,419) |
| Closing fair value of plan assets | 282,881 | 250,560 |
| Actual return on plan assets | 23,697 | 3,758 |

iii (b). Asset allocation

| | 2021 | 2020 |
|-------------------------------|---------|---------|
| Universal Retirement Fund | 217,520 | 186,187 |
| TT\$ Income Fund | 1,345 | 24,371 |
| TT\$ National Insurance bonds | 3,597 | 13,641 |
| TT\$ Government bonds | 11,066 | 24,832 |
| Cash and cash equivalents | 2,835 | 1,529 |
| Insured annuities | 46,518 | - |
| | 282,881 | 250,560 |

The Plan's assets are invested in a strategy agreed with the Plan's trustee and management committee. This strategy is largely dictated by statutory constraints (at least 80% of the assets must be invested in Trinidad and Tobago and no more than 50% in equities) and the availability of suitable investments.

iv. Expense recognised in the consolidated statement of profit or loss

| | 2021 | 2020 |
|-----------------------|--------|--------|
| Current service costs | 11,627 | 11,206 |

v. Re-measurements recognised in other comprehensive income

| | 2021 | 2020 |
|--------------------------|---------|---------|
| Actuarial (gains)/losses | (4,904) | 1,459 |
| Effect of asset ceiling | 4,917 | (1,029) |

13 430

vi. Summary of principal assumptions as at 31 December

| | 2021 | 2020 |
|-------------------------------------|-------|-------|
| Discount rate | 5.50% | 5.00% |
| Average individual salary increases | 4.00% | 4.00% |
| Future pension increases | 0.00% | 0.00% |

b) Group Life Benefits

i. Net liability in consolidated statement of financial position

| | 2021 | 2020 |
|---|--------------|--------------|
| Present value of defined benefit obligation | 2,566 | 2,555 |
| Fair value of plan assets | - | - |
| Net Defined Benefit Liability | 2,566 | 2,555 |

ii. Movement in consolidated statement of financial position

| | 2021 | 2020 |
|---|-------|-------|
| Opening present value of defined benefit obligation | 2,555 | 2,471 |
| Current service cost | 140 | 129 |
| Interest cost | 126 | 122 |
| Experience adjustments | 78 | (111) |
| Actuarial gains from changes in financial assumptions | (269) | - |
| Benefits paid | (64) | (56) |
| Closing present value of defined benefit obligation | 2,566 | 2,555 |

iii. Expense recognised in the consolidated statement of profit or loss

| | 2021 | 2020 |
|----------------------|------|------|
| Current service cost | 140 | 129 |
| Net interest cost | 126 | 122 |
| | 266 | 251 |

iv. Re-measurements recognised in other comprehensive income

| | 2021 | 2020 |
|---------------------------|-------|-------|
| Experience (gains)/losses | (191) | (111) |

c) Medical Benefits

i. Net Liability in consolidated statement of financial position

| | 2021 | 2020 |
|---|---------------|---------------|
| Present value of defined benefit obligation | 30,066 | 16,553 |
| Fair value of plan assets | - | - |
| Net Defined Benefit Liability | 30,066 | 16,553 |

ii. Movement in consolidated statement of financial position

| | 2021 | 2020 |
|---|---------|--------|
| Opening present value of obligation | 16,553 | 15,690 |
| Current service cost | 907 | 872 |
| Interest cost | 815 | 777 |
| Experience adjustments | 15,662 | (470) |
| Actuarial gains from changes in financial assumptions | (3,370) | - |
| Benefits paid | (501) | (316) |
| Closing present value of obligation | 30,066 | 16,553 |



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11. Pension and other post-retirement liabilities (continued)

c) Medical Benefits (continued)

| | | |
|---|--------------|--------------|
| iii. Expense recognised in the consolidated statement of profit or loss | | |
| | 2021 | 2020 |
| Current service cost | 907 | 872 |
| Net interest cost | 815 | 777 |
| | <u>1,722</u> | <u>1,649</u> |
| iv. Re-measurements recognised in other comprehensive income | | |
| | 2021 | 2020 |
| Experience (gains)/losses | 12,292 | (470) |
| v. Summary of principal assumptions as at 31 December | | |
| | 2021 | 2020 |
| Discount rate | 5.50% | 5.00% |
| Average individual salary increases | 4.00% | 4.00% |

12. Net assets attributable to unitholders

This represents the amounts payable on demand to unitholders in the Growth and Income Fund, the TT Dollar Income Fund, the Universal Retirement Fund, the US Dollar Income Fund, the Corporate Fund and to participating shareholders of UTC (Cayman) SPC Ltd. The units/shares issued by each of the aforementioned Funds may be redeemed at any time. Each Fund is responsible for redemption of its units/shares out of its assets.

An analysis by Fund of the net assets attributable to unitholders is provided below.

| | | |
|--|-------------------|-------------------|
| | 2021 | 2020 |
| Initial Capital - Growth and Income Fund | 4,766 | 4,766 |
| Unit Capital - Growth and Income Fund | 5,870,418 | 5,249,177 |
| Unit Capital - TT Dollar Income Fund | 12,290,724 | 12,393,600 |
| Unit Capital - Universal Retirement Fund | 443,535 | 371,921 |
| Unit Capital - US Dollar Income Fund | 4,415,921 | 4,106,210 |
| Unit Capital - Corporate Fund (See Note 28.) | 531,789 | - |
| Participating Shares - UTC (Cayman) SPC Ltd. | 8,616 | 7,770 |
| | <u>23,565,770</u> | <u>22,133,444</u> |

Initial capital in the analysis above, represents the capital subscribed by the initial contributors in accordance with Section 17 of the Act. The subscriptions were invested in the Growth and Income Fund. Initial capital as at 31 December 2021 was \$4.8 million (2020: \$4.8 million).

Unit capital in the analysis above, represents the net asset value of the five (5) investment funds domiciled in Trinidad and Tobago at the reporting date. In respect of the Growth and Income Fund, this excludes the acquisition cost of the units issued in respect of initial capital.

Participating shares represent the participating shares of three (3) segregated portfolios of UTC (Cayman) SPC Ltd. not held by the Corporation or other Group entities.

Financial information is provided for the locally domiciled entities above in Note 29 and 30 (i) to (v). Financial information for UTC (Cayman) SPC Ltd. is provided in Note 30 (vi).

13. Investment income

The Group's investment income is analysed by major entity and type of income below:

| | | |
|---------------------------|----------------|----------------|
| Entity | 2021 | 2020 |
| Growth & Income Fund | 158,361 | 130,687 |
| TT Dollar Income Fund | 337,381 | 334,352 |
| Universal Retirement Fund | 9,851 | 7,724 |
| US Dollar Income Fund | 113,728 | 107,352 |
| Corporate Fund | 9,441 | - |
| UTC (Cayman) SPC Ltd. | 400 | 411 |
| Local subsidiaries | 390 | 670 |
| Corporation | 29,797 | 24,277 |
| | <u>659,349</u> | <u>605,473</u> |

| | | |
|-----------------------|----------------|----------------|
| Type of income | 2021 | 2020 |
| Interest income | 543,165 | 526,162 |
| Dividend income | 111,939 | 78,120 |
| Other income | 4,245 | 1,191 |
| | <u>659,349</u> | <u>605,473</u> |

14. Net change in fair value on investment securities

The Group's net change in fair value on investment securities is analysed by major entity below:

| | | |
|---------------------------|----------------|----------------|
| Entity | 2021 | 2020 |
| Growth & Income Fund | 656,300 | (8,260) |
| TT Dollar Income Fund | 24,009 | 47,731 |
| Universal Retirement Fund | 50,425 | 8,048 |
| US Dollar Income Fund | (70,736) | 75,172 |
| Corporate Fund | 2,346 | - |
| UTC (Cayman) SPC Ltd. | 3,070 | 1,460 |
| Corporation | 5,596 | 257 |
| | <u>671,010</u> | <u>124,408</u> |

The fair value on investment securities is determined in accordance with the significant accounting policies note 2(f).

15. Fee income

| | | |
|-----------------------------------|--------------|--------------|
| | 2021 | 2020 |
| Management charge - third parties | 3,596 | 3,772 |
| Trustee fees | 20 | 20 |
| Paying agent fees | 14 | 15 |
| | <u>3,630</u> | <u>3,807</u> |

16. Other income

| | | |
|------------------------------|---------------|--------------|
| | 2021 | 2020 |
| Foreign exchange gain/(loss) | 4,321 | (3,656) |
| Rental income | 3,007 | 3,044 |
| Other management charge | 2,449 | 2,546 |
| Other income | 363 | 1,313 |
| | <u>10,140</u> | <u>3,247</u> |

17. Administrative expenses

| | | |
|---------------------------|----------------|----------------|
| | 2021 | 2020 |
| Audit fees | 800 | 402 |
| Directors' fees | 3,016 | 2,746 |
| General administration | 130,671 | 111,352 |
| Staff costs (see note 18) | 152,655 | 148,234 |
| | <u>287,142</u> | <u>262,734</u> |

18. Staff costs

| | | |
|-----------------------------|----------------|----------------|
| | 2021 | 2020 |
| Salaries and wages | 102,041 | 101,605 |
| Other staff costs | 30,704 | 27,464 |
| Pension costs (see note 11) | 13,615 | 13,106 |
| National insurance | 6,295 | 6,059 |
| | <u>152,655</u> | <u>148,234</u> |

| | | |
|---------------------|------------|------------|
| Number of employees | <u>526</u> | <u>529</u> |
|---------------------|------------|------------|

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19. Distributions to unitholders

| | 2021 | 2020 |
|-----------------------|----------------|----------------|
| Growth & Income Fund | 33,619 | 22,743 |
| TT Dollar Income Fund | 140,231 | 169,179 |
| US Dollar Income Fund | 38,301 | 46,525 |
| Corporate Fund | 8,404 | – |
| | <u>220,555</u> | <u>238,447</u> |

a) Growth & Income Fund

The Growth & Income Fund paid \$33.6 million to its unitholders in respect of its June 2021 and December 2021 distributions (2020: \$22.7 million). Included in the \$33.6 million was distributions paid to initial capital contributors of \$0.3 million (2020: \$0.3 million)

b) TT Dollar Income Fund

The TT Dollar Income Fund makes quarterly distributions at the end of February, May, August and November. Income accrued as at 31 December for distributions in the quarter ending 28 February 2022 amounted to \$11.4 million (2020: \$13.7 million).

c) US Dollar Income Fund

Distributions in the US Dollar Income Fund are paid by calendar quarters.

d) Corporate Fund

Distributions in the Corporate Fund are paid by calendar quarters. (See Note 28.)

20. Taxation

The local subsidiary companies are subject to Trinidad and Tobago corporation tax while the foreign subsidiaries are subject to taxation in the country of domicile.

| | 2021 | 2020 |
|--|--------------|--------------|
| Net income before taxation | 76,315 | 66,389 |
| less: income taxed at 0% | (76,066) | (65,766) |
| Net income subject to tax | <u>249</u> | <u>623</u> |
| Corporation tax charge/(refund) for foreign subsidiaries | 111 | 319 |
| Withholding tax on interest and dividends received | 2,854 | 7,145 |
| Green fund levy | 1,114 | 1,044 |
| | <u>4,080</u> | <u>8,508</u> |

21. Related party transactions and balances

Related parties consist of either individuals or entities. An individual is related to the Group when that individual or a close member of that individual's family either:

- has significant influence over the Corporation or one of its subsidiaries; or
- is a director or key member of the management of the Corporation or one of its subsidiaries.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

An entity is related to the Group if the entity is:

- a subsidiary of the Corporation;
- an associate of the Corporation;
- has significant influence over the Corporation or one of its subsidiaries; or
- a post-employment benefit plan of either the Corporation or one of its related entities.

Related party transactions and balances, not disclosed elsewhere in these Financial Statements, are disclosed below.

| | 2021 | 2020 |
|--------------------------------------|-----------|-----------|
| Assets | | |
| Loans | | |
| Key management | <u>11</u> | <u>52</u> |
| Represented by: | | |
| Balance at the beginning of the year | 52 | 104 |
| Loans advanced | – | – |
| Loan repayments | (41) | (52) |
| Balance at the end of the year | <u>11</u> | <u>52</u> |

| | 2021 | 2020 |
|---|--------------|--------------|
| Liabilities | | |
| Net assets attributable to unitholders | | |
| Key management | 4,242 | 5,043 |
| Directors | 3,724 | 3,402 |
| Balance at the end of the year | <u>7,966</u> | <u>8,445</u> |

Expenses

Distributions to unitholders

| | | |
|--------------------------------|-----------|-----------|
| Key management | 35 | 34 |
| Directors | 25 | 26 |
| Balance at the end of the year | <u>60</u> | <u>60</u> |

Key management compensation

| | 2021 | 2020 |
|--------------------------|---------------|---------------|
| Short-term benefits | 19,246 | 22,143 |
| Post-employment benefits | 7,035 | 6,006 |
| | <u>26,281</u> | <u>28,149</u> |

Other related party transactions - directors remuneration

| | 2021 | 2020 |
|-------------------------------|--------------|--------------|
| Directors' fees (see Note 17) | <u>3,016</u> | <u>2,746</u> |

All transactions with related parties were undertaken on commercial terms and at market rates. No expense was recognised in the current or prior year for bad or doubtful debts for amounts owed by any related party.

There were no balances outstanding for related parties except for the loans to key management noted above.

There were no commitments to related parties during the year and no commitments outstanding at the year end.

22. Fair value of financial instruments

(i) Determination of fair value and fair value hierarchies

The Group uses a valuation hierarchy to rank the fair value of its investments (see Note 2 (f)).

| 2021 | Level 1 | Level 2 | Level 3 | Total |
|---|------------------|----------|-------------------|-------------------|
| Investment securities designated at FVPL | | | | |
| Bonds | 797,226 | – | 13,994,022 | 14,791,248 |
| Equity | 2,990,834 | – | 284,862 | 3,275,696 |
| Treasury bills | 454,152 | – | – | 454,152 |
| Fixed-term deposits | 1,704,640 | – | – | 1,704,640 |
| Short-term investments | 1,255,781 | – | – | 1,255,781 |
| Commercial paper | 67,720 | – | – | 67,720 |
| Exchange Traded Funds (ETFs) | 1,166,408 | – | – | 1,166,408 |
| Bond Exchange Traded Funds | – | – | – | – |
| Private equity | – | – | 3,088 | 3,088 |
| Mutual funds | 121,299 | – | – | 121,299 |
| | <u>8,558,060</u> | <u>–</u> | <u>14,281,972</u> | <u>22,840,032</u> |

| 2020 | Level 1 | Level 2 | Level 3 | Total |
|---|------------------|----------|-------------------|-------------------|
| Investment securities designated at FVPL | | | | |
| Bonds | 501,261 | – | 12,351,167 | 12,852,428 |
| Equity | 2,172,248 | – | 250,015 | 2,422,262 |
| Treasury bills | 803,277 | – | – | 803,277 |
| Fixed-term deposits | 1,581,997 | – | – | 1,581,997 |
| Short-term investments | 881,499 | – | – | 881,499 |
| Commercial paper | 114,644 | – | – | 114,644 |
| Exchange Traded Funds (ETFs) | 1,398,326 | – | – | 1,398,326 |
| Structured bonds | 466,503 | – | – | 466,503 |
| Private equity | – | – | 3,629 | 3,629 |
| Mutual funds | 114,302 | – | – | 114,302 |
| | <u>8,034,057</u> | <u>–</u> | <u>12,604,811</u> | <u>20,638,868</u> |

At each reporting date the Group assesses the fair value hierarchy of its financial instruments. A transfer between levels will occur when a financial instrument no longer meets the criteria in which the financial instrument is classified.

There were no transfers between levels for the year ended 31 December 2021 (2020: there were no transfers between levels).



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22. Fair value of financial instruments

(ii) Valuation techniques used to derive Level 3 fair values

The valuation techniques used by the Group to arrive at the fair value of Level 3 investment securities are set out in Note 2 (f). The tables below summarise the valuation techniques used in estimating the fair value of level 3 investment securities, the significant unobservable inputs, the relationship of the unobservable inputs to fair value and the impact that an increase or decrease in the unobservable inputs would have had on the valuation results.

Values in the following tables are expressed in millions of dollars.

| 2021 | Investment securities designated at FVPL | Level 3 Fair Value | Valuation Technique | Significant Unobservable Inputs | Possible Shift in Inputs | Changes in Valuation |
|-------------|---|--------------------|--|---------------------------------|--------------------------|----------------------|
| | Bonds | 13,994 | Valuation model, indicative quotations | Interest rates, spreads | 1% | 140 |
| | Equity | 285 | Professional/management valuations | Not applicable | Not applicable | Not applicable |
| | Private equity | 3 | General partner's valuation | Not applicable | Not applicable | Not applicable |
| | | <u>14,282</u> | | | | <u>140</u> |
| 2020 | Investment securities designated at FVPL | | | | | |
| | Bonds | 12,351 | Valuation model, indicative quotations | Interest rates, spreads | 1% | 124 |
| | Equity | 250 | Professional/management valuations | Not applicable | Not applicable | Not applicable |
| | Private equity | 4 | General partner's valuation | Not applicable | Not applicable | Not applicable |
| | | <u>12,605</u> | | | | <u>124</u> |

(iii) Movements in Level 3 financial instruments

Values in the following tables are expressed in millions of dollars.

2021

| Investment securities designated at FVPL | Carrying value Level 3 1 Jan 2021 | Purchases/ Capitalised interest | Sales/ Repayments/ Maturities | Net gains/ (losses) recognised in P&L | Carrying value Level 3 31 Dec 2021 | Fair Values |
|--|-----------------------------------|---------------------------------|-------------------------------|---------------------------------------|------------------------------------|---------------|
| Bonds | 12,351 | 7,460 | (5,719) | (98) | 13,994 | 13,994 |
| Equity | 250 | – | – | 35 | 285 | 285 |
| Private equity | 4 | 1 | – | (2) | 3 | 3 |
| | <u>12,605</u> | <u>7,461</u> | <u>(5,719)</u> | <u>(65)</u> | <u>14,282</u> | <u>14,282</u> |

2020

| Investment securities designated at FVPL | Carrying value Level 3 1 Jan 2020 | Purchases/ Capitalised interest | Sales/ Repayments/ Maturities | Net gains/ (losses) recognised in P&L | Carrying value Level 3 31 Dec 2020 | Fair Values |
|--|-----------------------------------|---------------------------------|-------------------------------|---------------------------------------|------------------------------------|---------------|
| Bonds | 8,415 | 6,644 | (2,796) | 88 | 12,351 | 12,351 |
| Equity | 327 | – | – | (77) | 250 | 250 |
| Structured bonds | 527 | – | (533) | 6 | – | – |
| Private equity | 11 | 2 | – | (9) | 4 | 4 |
| | <u>9,280</u> | <u>6,646</u> | <u>(3,330)</u> | <u>8</u> | <u>12,605</u> | <u>12,605</u> |

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23. Risk management

The financial assets and liabilities of the Group are summarised below.

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Financial assets | | |
| Cash and cash balances (see Note 4) | 2,118,634 | 2,815,499 |
| Receivables | 341,361 | 166,381 |
| Other assets | 7,659 | 7,630 |
| Investment securities (see Note 5) | <u>22,840,032</u> | <u>20,638,868</u> |
| | <u>25,307,686</u> | <u>23,628,378</u> |
| Financial liabilities | | |
| Accounts payable and short-term liabilities | 242,971 | 75,314 |
| Lease liabilities | 9,056 | 15,386 |
| Distribution payable | 40,368 | 36,182 |
| Other liabilities | 1,578 | 3,271 |
| Net assets attributable to unitholders | <u>23,565,770</u> | <u>22,133,444</u> |
| | <u>23,859,743</u> | <u>22,263,596</u> |

Risk management framework

The Collective Investment Schemes managed by the Corporation and the Corporation's investment activities expose the Group to a variety of financial risks. The Board of Directors has established policies, procedures, an Audit Committee and a Strategic Risk and Compliance Committee (SRCC) to minimise the potential loss that may arise from such financial risks.

The SRCC is responsible for establishing and implementing the Corporation's risk management framework and appropriate risk policies and mitigation plans. The SRCC also has oversight of the effectiveness of risk management, compliance and management of key risks including strategic and operational risks of the Corporation.

During 2021, the SRCC met at least once per quarter to:

- monitor compliance with the risk management policies and procedures established by the Board;
- ensure that the overall risk profile and policy environment of the Group was appropriate and consistent with the Group's strategic objectives; and
- consider reports and recommendations submitted by the risk management and internal audit departments.

The Audit Committee is responsible for discharging independent oversight of the Corporation's financial reports and the Corporation's compliance with statutory and regulatory requirements. The Audit Committee is also responsible for ensuring that Management has:

- maintained the reliability and integrity of the accounting policies and financial reporting and disclosure practices
- established and maintained processes to assure that an adequate system of internal control is functioning within the Corporation.

Risk exposures

The primary risks to which the Group is exposed are:

- market risk, which comprises:
 - equity, exchange traded funds (ETF), and traded bonds price risk
 - interest rate risk
 - currency risk
- credit risk
- liquidity risk; and
- operational risk

At an operational level, and in line with the Corporation's Governance Framework, these risk exposures are managed on an ongoing basis to ensure that they remain in compliance with approved risk tolerances and that adequate corrective actions are implemented when necessary.

Market risk

Market risk is the risk that changes in market prices e.g. equity and ETF price risk, bond price risk, foreign exchange rates, and interest rates will affect the Group'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 optimising returns.

The responsibility for market risk oversight is vested in the SRCC. The Enterprise Risk Management & Compliance Division is responsible for the development of detailed risk management policies and for the day-to-day review of their implementation.

Equity and ETF price risk

Equity and ETF price risk is the risk that the fair value of the equities/ETFs decreases as a result of changes in the market price for these securities.

Two (2) Funds within the Group have 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 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

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 Group's equity and ETF holdings are categorised below, both in dollars and as a percentage of total equity holdings, into three (3) categories to reflect the Group's exposure to movements in equity prices.

| | Lower than market | Comparable to market | Higher than market |
|---------------------|----------------------|-------------------------|-----------------------|
| As at December 2021 | 2,145,062 47.0% | 1,312,494 28.8% | 1,105,841 24.2% |
| As at December 2020 | 1,938,273 50.7% | 782,242 20.5% | 1,100,074 28.8% |

The following table presents the approximate sensitivity of the net asset value of the Group 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.

Values in the following table are expressed in millions of dollars.

| Market indices | Change in equity price % | Effect on net asset value | |
|----------------|-----------------------------|------------------------------|------|
| | | 2021 | 2020 |
| TTSE | +/- 5 | 128.4 | 73.5 |
| S&P 500 | +/- 5 | 71.4 | 70.7 |

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group holds a significant portion of fixed rate debt securities, which exposes it to fair value interest rate risk and to cash flow interest rate risk. The exposure arises primarily on the debt securities held by its two (2) Income Funds - TT\$ Income Fund and the US\$ Income Fund. The debt securities held by the other entities within the Group also expose it to interest rate risk.

The Group manages its overall interest rate risk through judicious adjustments of the overall weighted average term to maturity (duration) of its portfolios.



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23. Risk management (continued)

Interest rate risk (continued)

The Group's exposure to interest rate risk as at 31 December 2021 is summarised below. The Group's assets and liabilities are included at their carrying amount and categorised by the earlier of contractual re-pricing or maturity dates.

| 2021 | Less than one year | One to five years | Over five years | Total |
|---------------------------------|--------------------|-------------------|-----------------|-------------------|
| Assets | | | | |
| Cash & cash equivalents | 2,118,634 | – | – | 2,118,634 |
| Treasury bills | 454,152 | – | – | 454,152 |
| Fixed-term deposits | 1,704,642 | – | – | 1,704,642 |
| Short-term investments | 1,255,781 | – | – | 1,255,781 |
| Commercial paper | 67,722 | – | – | 67,722 |
| Bonds | 1,466,447 | 13,324,801 | – | 14,791,248 |
| Bond Exchange Traded Funds | – | – | – | – |
| Liabilities | | | | |
| Lease liability (see Note 7) | (5,163) | (3,549) | (344) | (9,056) |
| Rate re-pricing position | 7,062,215 | 13,321,252 | (344) | 20,383,123 |

| 2020 | Less than one year | One to five years | Over five years | Total |
|---------------------------------|--------------------|-------------------|------------------|-------------------|
| Assets | | | | |
| Cash & cash equivalents | 2,815,499 | – | – | 2,815,499 |
| Treasury bills | 803,277 | – | – | 803,277 |
| Fixed-term deposits | 1,581,997 | – | – | 1,581,997 |
| Short-term investments | 881,499 | – | – | 881,499 |
| Commercial paper | 114,644 | – | – | 114,644 |
| Bonds | 2,533,069 | 7,499,696 | 2,819,663 | 12,852,428 |
| Bond Exchange Traded Funds | 466,503 | – | – | 466,503 |
| Liabilities | | | | |
| Lease liability (see Note 7) | (6,269) | (8,034) | (1,083) | (15,386) |
| Rate re-pricing position | 9,190,219 | 7,491,662 | 2,818,580 | 19,500,461 |

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Since the TT\$ denominated portfolios contain investments denominated in US\$, these portfolios can be negatively impacted by movements in the US\$/TT\$ exchange rate.

The foreign currency assets and liabilities of the Group as at 31 December are summarised below.

| | 2021 | | 2020 | |
|--|--------------------|--------------------------------------|--------------------|--------------------------------------|
| | US\$ | Other Currencies (Presented in TT\$) | US\$ | Other Currencies (Presented in TT\$) |
| Cash & cash equivalents | 556,044 | – | 477,195 | – |
| Treasury bills | – | – | 269,827 | – |
| Fixed-term deposits | 429,277 | – | 166,586 | – |
| Short-term investments | 680,631 | – | 273,205 | – |
| Commercial paper | 67,722 | – | 114,644 | – |
| Bonds | 6,272,403 | – | 5,418,066 | – |
| Bond Exchange Traded Funds | – | – | 466,503 | – |
| Equities, ETFs, Private equity and Mutual Funds | 1,913,536 | 72,521 | 1,880,670 | 73,363 |
| Total financial assets | 9,919,613 | 72,521 | 9,066,696 | 73,363 |
| Net assets attributable to Unitholders (see Note 12) | (4,424,536) | – | (4,113,979) | – |
| Total financial liabilities | (4,424,536) | – | (4,113,979) | – |
| Net currency risk exposure | 5,495,075 | 72,521 | 4,952,717 | 73,370 |
| Reasonably possible change in currency rate | 1% | 1% | 1% | 1% |
| Approximate change in US\$ holdings | 54,951 | 725 | 49,527 | 734 |

Concentration of foreign currency exposure

| | 2021 | 2020 |
|-----------------------------|------|------|
| % of total financial assets | 22% | 21% |

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 Group is exposed to credit risk primarily on debt securities, short-term investments and bank balances. The carrying value of these assets represents the Group's maximum exposure to credit risk on the respective reporting dates. Hence no separate maximum exposure to credit risk disclosure is provided for these instruments.

Credit risk is managed by:

- subjecting counterparties to robust credit risk assessments prior to initial acquisition;
- limiting the acquisition or retention of debt instruments to certain credit ratings;
- regular review, measurement and monitoring of counterparties' credit ratings; and
- placing limits on the amount of risk accepted in relation to a single counterparty or group of related counterparties and to geographical segments.

The credit quality of the Group's debt securities, short-term investments and bank balances is analysed in the following table into high, moderate and low using ratings primarily from recognised international rating agencies and local rating agencies for either the instrument, the issuer, the sponsor in the case of Bond ETFs, or the sovereign in the case of state-owned entities. In those few instances where instruments were rated internally, the ratings were mapped to the international credit quality grades used by Standard and Poor's.

The security ratings by S&P and their corresponding impact on the credit quality on the investment securities are:

- ratings with AAA to BBB- are considered high credit quality instruments
- ratings with BB+ to B- are considered medium credit quality instruments
- ratings with CCC+ and below are considered low credit quality instruments

Values in the following table are expressed in millions of dollars.

| | High | Medium | Low | Total |
|-------------------------------|---------------|--------------|------------|---------------|
| 2021 | | | | |
| Debt securities | 12,976 | 1,780 | 36 | 14,792 |
| Treasury bills | 454 | – | – | 454 |
| Fixed-term deposits | 1,705 | – | – | 1,705 |
| Short-term investments | 1,256 | – | – | 1,256 |
| Commercial paper | 68 | – | – | 68 |
| Bond Exchange Traded Funds | – | – | – | – |
| Bank balances | 2,119 | – | – | 2,119 |
| Total financial assets | 18,578 | 1,780 | 36 | 20,394 |
| 2020 | | | | |
| Debt securities | 11,275 | 1,221 | 357 | 12,852 |
| Treasury bills | 803 | – | – | 803 |
| Fixed-term deposits | 1,582 | – | – | 1,582 |
| Short-term investments | 881 | – | – | 881 |
| Commercial paper | 115 | – | – | 115 |
| Structured bonds | 467 | – | – | 467 |
| Bank balances | 2,815 | – | – | 2,815 |
| Total financial assets | 17,938 | 1,221 | 357 | 19,516 |

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 units of the Locally domiciled Funds (see Note 29) and the participating shares of the segregated portfolios of UTC (Cayman) SPC Ltd. are redeemable on demand. This risk is mitigated by ensuring that the Corporation holds adequate cash and liquidity to fund commitments, and that each portfolio hold adequate cash, cash equivalents and short-term investments to fund redemptions. In addition, substantial portions of the investments held by the portfolios are tradeable.

Analysis of financial liabilities by remaining contractual maturities

The tables below summarise the maturity profile of the Group's financial liabilities as at 31 December 2021 and 2020, based on contractual repayment obligations, over the remaining life of those liabilities.

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23. Risk management (continued)

Liquidity risk (continued)

| | Less than one year | Greater than one year | Total |
|---|--------------------|-----------------------|-------------------|
| 2021 | | | |
| Accounts payable and short-term liabilities | 242,971 | – | 242,971 |
| Lease liabilities | 5,163 | 3,893 | 9,056 |
| Distribution payable | 40,368 | – | 40,368 |
| Other liabilities | 1,578 | – | 1,578 |
| Net assets attributable to unitholders | 23,565,770 | – | 23,565,770 |
| | <u>23,855,850</u> | <u>3,893</u> | <u>23,859,743</u> |
| | Less than one year | Greater than one year | Total |
| 2020 | | | |
| Accounts payable and short-term liabilities | 75,314 | – | 75,314 |
| Lease liabilities | 6,269 | 9,117 | 15,386 |
| Distribution payable | 36,182 | – | 36,182 |
| Other liabilities | 3,271 | – | 3,271 |
| Net assets attributable to unitholders | 22,133,444 | – | 22,133,444 |
| | <u>22,254,480</u> | <u>9,117</u> | <u>22,263,597</u> |

Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk is inherent within all business activities and has the potential for financial or reputational loss, this includes errors, omissions, disasters and fraud.

Operational risk is managed through a combination of systems and procedures to monitor and document transactions, and where appropriate, the risk is transferred by the placement of adequate insurance coverage.

The Group has developed business contingency arrangements and support of operations in the event of disasters.

Managing information security threats across the Group remains a major priority and the Corporation is responsible for overseeing information security risks and maintaining its risk appetite. Mechanisms are in place to prevent, detect and respond against cyber threats and where appropriate, risk is transferred by the placement of adequate insurance coverage.

24. Capital management

The Group's capital consists of reserves and retained earnings. The Group's objectives when managing capital are:

- to comply with the capital requirements stipulated by the regulators of the markets where the Group operates;
- to safeguard the Group's ability to continue as a going concern; and
- to provide attractive risk adjusted returns.

25. Commitments

As at 31 December, the Group had contractual obligations for capital contributions in the amounts of approximately \$37 million (2020: \$38.8 million) which relates to infrastructure projects and other investments.

26. Contingent liabilities

As at 31 December 2020, there were three (3) matters before the courts. The contingent liability in relation to the three (3) matters is estimated at \$3.3 million (2020: \$3.78 million).

27. Interest in corporate entities

(i) Local corporate entities

The Corporation has three (3) wholly-owned local subsidiary companies incorporated under the Companies Act 81:01 of the Laws of the Republic of Trinidad and Tobago, namely:

| Company | Principal place of business | Date of incorporation | Interest |
|---|---|-----------------------|----------|
| Unit Trust Corporation Financial and Investment Advisory Services Limited (formerly UTC Financial Services Limited) | 82 Independence Square, Port of Spain, Trinidad | 23 March 1999 | 100% |

| Company | Principal place of business | Date of incorporation | Interest |
|----------------------------|---|-----------------------|----------|
| UTC Trust Services Limited | 82 Independence Square, Port of Spain, Trinidad | 2 June 1999 | 100% |

| Company | Principal place of business | Date of incorporation | Interest |
|--|---|-----------------------|----------|
| Unit Trust Corporation Brokerage and Advisory Services Corporation Limited | 82 Independence Square, Port of Spain, Trinidad | 14 January 2021 | 100% |

All directors of the foregoing three (3) companies are directors of the Corporation. Unit Trust Corporation Financial and Investment Advisory Services Limited carries on the business of a registrar and paying agent, while UTC Trust Services Limited is the registered trustee for certain bonds. Unit Trust Corporation Brokerage and Advisory Services Corporation Limited carries on the business of stockbroking.

The assets, liabilities and results of these subsidiaries have been fully incorporated in these financial statements.

Unit Trust Corporation Brokerage and Advisory Services Corporation Limited had no activities for the period.

The auditor for Unit Trust Corporation Financial and Investment Advisory Services Limited and UTC Trust Services Limited is the Auditor General's Department of the Republic of Trinidad and Tobago.

(ii) Foreign corporate entities

The Corporation has three (3) foreign subsidiaries which are consolidated. These are:

| Company | Interest | Country of incorporation | Date of incorporation |
|---------------------------------|----------|--------------------------|-----------------------|
| UTC Fund Services, Inc. | 100% | Delaware, USA | 8 December 1997 |
| UTC Financial Services USA Inc. | 100% | Rhode Island, USA | 8 June 1999 |
| UTC (Cayman) SPC Ltd. | 69% | Cayman Islands | 4 September 2015 |

UTC Fund Services Inc. and UTC Financial Services USA, Inc. have been dormant since closure of the North American Fund in 2018.

UTC (Cayman) SPC Ltd. is incorporated in the Cayman Islands as an exempted segregated portfolio company with limited liability. It operates three (3) open-ended mutual funds namely:

- UTC Global Investor Select ETF Fund Segregated Portfolio - Conservative
- UTC Global Investor Select ETF Fund Segregated Portfolio - Moderate
- UTC Global Investor Select ETF Fund Segregated Portfolio - Aggressive

Auditors foreign subsidiaries

UTC Fund Services Inc. does not require auditors for any statutory or regulatory purpose. The auditors for the UTC Financial Services USA, Inc. and UTC (Cayman) SPC Ltd. are as follows:

| Company | Auditors |
|----------------------------------|---|
| UTC Financial Services USA, Inc. | Accell Audit & Compliance, PA, Tampa, Florida |
| UTC (Cayman) SPC Ltd. | Pricewaterhouse Coopers, Cayman Islands |

(iii) Regional corporate entities

The Corporation has two (2) regional subsidiaries which are consolidated. These are:

| Company | Interest | Country of incorporation | Date of incorporation |
|--|----------|--------------------------|-----------------------|
| UTC Fund Management Services STL Limited | 100% | St. Lucia | 7 June 2021 |
| UTC Global Balanced Fund | 100% | St. Lucia | 7 June 2021 |

All the directors of the foregoing two (2) companies are directors of the Corporation. UTC Fund Management Services STL Limited carries on the business of mutual fund management while UTC Global Balanced Fund Limited is the mutual fund company.

These subsidiaries had no activities for the period.



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28. Corporate Fund

The Corporate Fund was reactivated towards the end of 2019, and its activities were immaterial to the Group for 2019 and 2020. During 2021, the Group reassessed the materiality of the Fund with guidance from IFRS Practice Statement 2 Making Materiality Judgments and concluded the Fund should be consolidated effective 1 January 2021, in accordance with IFRS 10 Consolidated Financial Statements. The financial statements included in the Group's results and financial position as at 31 December 2021 are shown in Note 30 (v).

29. Locally domiciled funds

The five (5) locally domiciled funds controlled by the Corporation are considered subsidiaries for the purposes of IFRS 10. The total assets of these Funds are shown in the table below.

| | 2021 | 2020 |
|---------------------------|-------------------|-------------------|
| Growth and Income Fund | 6,046,629 | 5,281,488 |
| TT Dollar Income Fund | 12,318,222 | 12,423,783 |
| Universal Retirement Fund | 459,673 | 372,661 |
| US Dollar Income Fund | 4,432,353 | 4,126,388 |
| Corporate Fund | 546,164 | – |
| Total assets | 23,803,041 | 22,204,320 |

Summarised financial information for the locally domiciled funds is provided in Note 30.

30. Summarised financial information

(i) Growth and Income Fund

The table below summarises financial information for the Growth and Income Fund (before inter-entity eliminations or consolidation adjustments) for the years 2021 and

| | 2021 | 2020 |
|--|------------------|------------------|
| Cash and cash equivalents | 259,985 | 203,596 |
| Receivables | 33,434 | 29,641 |
| Investment securities | 5,753,210 | 5,048,251 |
| Total Assets | 6,046,629 | 5,281,488 |
| Liabilities | 171,444 | 27,544 |
| Equity | 5,875,185 | 5,253,944 |
| Total liabilities and equity | 6,046,629 | 5,281,488 |
| | 2021 | 2020 |
| Investment income | 815,821 | 118,582 |
| Net income | 700,374 | 10,690 |
| Distributions | (33,619) | (22,743) |
| Total comprehensive (loss)/ income for the year | 666,755 | (12,053) |
| Net cash flow provided by operating activities | 180,030 | 18,381 |
| Net cash used in investing activities | (41,307) | (29,193) |
| Net cash (used in)/provided by financing activities | (82,334) | (112,245) |
| Net change in cash flows for the year | 56,389 | (123,057) |

The table below analyses the investment securities held by the Growth & Income Fund.

| | 2021 | 2020 |
|-------------------------------------|------------------|------------------|
| Category | | |
| Government securities | 978,588 | 951,687 |
| Corporate securities | 238,916 | 265,404 |
| Equity and ETFs (local and foreign) | 4,181,563 | 3,603,532 |
| Short-term investments | 354,143 | 227,628 |
| Total | 5,753,210 | 5,048,251 |
| Classification | | |
| Fair value through profit or loss | 5,753,210 | 5,048,251 |

Growth and Income Fund reserves

In 1985, in accordance with the provisions of Section 26 (1) and (2) of the Act, the Corporation established a Guarantee Reserve Fund in respect of the Growth & Income Fund (First Unit Scheme) to ensure adequate funding of the Guarantee Pricing Plan. During 2021 calls totalling \$0.03 million (2020: \$0.4 million) were made on the reserve. The Corporation, the guarantor (see Note 2 (l)), met the calls on the reserve.

In 2012, the Board approved the establishment of a Secondary Reserve Facility for the Growth & Income Fund (First Unit Scheme). The Secondary Reserve is used to fund requirements for capital reinstatement and/or distribution liabilities of the Growth & Income Fund. The balance in the Secondary Reserve Facility was nil for 2021 and 2020.

A summary of the transactions in the Growth & Income Fund Guarantee Reserve is provided below.

Fund Reserve

| | 2021 | 2020 |
|--|------|-------|
| Fund reserve as at 1 January | – | – |
| Allocation to reserve (Growth & Income Fund) | – | – |
| Call on Reserve | 29 | 384 |
| Allocation to reserve (Corporation) | (29) | (384) |

Fund reserve as at 31 December

| | |
|---|---|
| – | – |
|---|---|

No transfers to support the Growth & Income Fund were required during the year 2021 or 2020. The Corporation is the sponsor of the Growth & Income Fund and is committed to supporting the Fund financially and otherwise as necessary.

(ii) TT Dollar Income Fund

The table below summarises financial information for the TT Dollar Income Fund (before inter-entity eliminations or consolidation adjustments) for the years 2021 and 2020.

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Cash and cash equivalents | 1,129,258 | 1,760,964 |
| Receivables | 226,374 | 254,154 |
| Investment securities | 10,962,590 | 10,408,665 |
| Total Assets | 12,318,222 | 12,423,783 |
| Liabilities | 27,153 | 29,841 |
| Equity | 12,291,069 | 12,393,942 |
| Total liabilities and equity | 12,318,222 | 12,423,783 |
| | 2021 | 2020 |
| Investment income | 362,181 | 383,614 |
| Net income | 202,784 | 229,399 |
| Distributions | (140,231) | (169,179) |
| Allocations to reserves (see paragraphs below) | (7,700) | – |
| Total comprehensive income for the year | 54,853 | 60,220 |
| Net cash flow provided by operating activities | 216,278 | 139,516 |
| Net cash (used in)/provided by investing activities | (549,510) | (438,700) |
| Net cash provided by financing activities | (298,474) | 592,014 |
| Net change in cash flows for the year | (631,705) | 292,830 |

The table below analyses the investment securities held by the TT Dollar Income Fund

| | 2021 | 2020 |
|-----------------------------------|-------------------|-------------------|
| Category | | |
| Government securities | 5,946,923 | 5,333,394 |
| Corporate securities | 2,809,902 | 2,877,810 |
| ETFs (foreign) | – | 197,823 |
| Short-term investments | 2,205,765 | 1,999,638 |
| Total | 10,962,590 | 10,408,665 |
| | 2021 | 2020 |
| Classification | | |
| Fair value through profit or loss | 10,962,590 | 10,408,665 |
| Total | 10,962,590 | 10,408,665 |

TT Dollar Income Fund reserves

In accordance with the provisions of Section 13 of the TT Dollar Income Fund (Second Unit Scheme) regulations issued under the Act, the Corporation established two (2) reserves in respect of the TT Dollar Income Fund - a Primary Reserve and a Secondary Reserve.

The Primary Reserve was established to satisfy any shortfall that may arise on the realisation of securities in the portfolio of the Fund. The Secondary Reserve was established to augment the capital maintenance capabilities of the Fund and to provide for the funding of any distribution liability which may arise.

There were no calls on either reserve during 2021 or 2020.

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30. Summarised financial information (continued)

(ii) TT Dollar Income Fund (continued)

TT Dollar Income Fund reserves (continued)

A summary of the transactions in the TT Dollar Income Fund Reserves is provided below.

Primary Reserve

| | 2021 | 2020 |
|--|---------------|---------------|
| Fund reserve as at 1 January | 56,987 | 56,038 |
| Allocation to primary reserve | 7,700 | – |
| Interest earned on the reserve | – | 949 |
| Primary reserve as at 31 December | 64,687 | 56,987 |

Secondary Reserve

| | 2021 | 2020 |
|--|---------------|---------------|
| Fund reserve as at 1 January | 21,717 | 21,355 |
| Allocation to secondary reserve | – | – |
| Interest earned on the reserve | – | 362 |
| Secondary reserve as at 31 December | 21,717 | 21,717 |

| | 2021 | 2020 |
|---|---------------|---------------|
| Total Fund reserve as at 31 December | 86,404 | 78,704 |

A transfer of \$7.7 million was made to the primary reserve during the year 2021 (2020: nil). The Corporation is the sponsor of the TT Dollar Income Fund and is committed to supporting the Fund financially and otherwise as necessary.

(iii) Universal Retirement Fund

The table below summarises financial information for the Universal Retirement Fund (before inter-entity eliminations or consolidation adjustments) for the years 2021 and 2020.

| | 2021 | 2020 |
|-------------------------------------|----------------|----------------|
| Cash and cash equivalents | 25,920 | 18,227 |
| Receivables | 2,700 | 2,289 |
| Investment securities | 431,053 | 352,145 |
| Total Assets | 459,673 | 372,661 |
| Liabilities | 16,139 | 740 |
| Equity | 443,534 | 371,921 |
| Total liabilities and equity | 459,673 | 372,661 |

| | 2021 | 2020 |
|--|---------------|--------------|
| Investment income | 60,382 | 15,358 |
| Total comprehensive income for the year | 51,918 | 8,039 |
| Net cash flow provided by/(used in) operating activities | 15,424 | 68,369 |
| Net cash (used in)/provided by investing activities | (27,680) | (76,364) |
| Net cash provided by financing activities | 19,949 | 16,060 |
| Net change in cash flows for the year | 7,693 | 8,065 |

The table below analyses the investment securities held by the Universal Retirement Fund.

| | 2021 | 2020 |
|-------------------------------------|----------------|----------------|
| Category | | |
| Government securities | 44,036 | 37,379 |
| Corporate securities | 42,458 | 27,151 |
| Equity and ETFs (local and foreign) | 341,173 | 275,871 |
| Short-term investments | 3,385 | 11,744 |
| Total | 431,053 | 352,145 |

| | 2021 | 2020 |
|-----------------------------------|----------------|----------------|
| Classification | | |
| Fair value through profit or loss | 431,053 | 352,145 |
| Total | 431,053 | 352,145 |

No transfers to support the Universal Retirement Fund were required during the year 2021 or 2020. The Corporation is the sponsor of the Universal Retirement Fund and is committed to supporting the Fund financially and otherwise as necessary.

(iv) US Dollar Income Fund

The table below summarises financial information for the US Dollar Income Fund (before inter-entity eliminations or consolidation adjustments) for the years 2021 and 2020.

| | 2021 | 2020 |
|--|------------------|------------------|
| Cash and cash equivalents | 150,168 | 130,237 |
| Receivables | 146,464 | 141,233 |
| Investment securities | 4,135,721 | 3,854,918 |
| Total Assets | 4,432,353 | 4,126,388 |
| Liabilities | 14,925 | 18,025 |
| Equity | 4,417,428 | 4,108,363 |
| Total liabilities and equity | 4,432,353 | 4,126,388 |
| Investment income | 42,992 | 182,391 |
| Net income | (10,347) | 129,571 |
| Distributions | (38,392) | (46,491) |
| Allocations to reserves (see paragraphs below) | – | – |
| Total comprehensive income for the year | (48,739) | 83,081 |
| Net cash flow provided by/(used in) operating activities | 78,011 | 42,728 |
| Net cash provided by/(used in) investing activities | (364,772) | (218,920) |
| Net cash (used in)/provided by financing activities | 306,692 | 69,032 |
| Net change in cash flows for the year | 19,931 | (107,160) |

The table below analyses the investment securities held by the US Dollar Income Fund.

| | 2021 | 2020 |
|-----------------------------------|------------------|------------------|
| Category | | |
| Government securities | 717,514 | 2,543,534 |
| Corporate securities | 2,994,929 | 889,776 |
| Short-term investments | 423,278 | 421,608 |
| Total | 4,135,721 | 3,854,918 |
| Classification | | |
| Fair value through profit or loss | 4,135,721 | 3,854,918 |
| Total | 4,135,721 | 3,854,918 |

US Dollar Income Fund reserves

In accordance with the provisions of Section 26 (1) and (2) of the Act, the Corporation established two (2) reserves in respect of the US Dollar Income Fund - a Primary Reserve and a Secondary Reserve.

The Primary Reserve was established to satisfy any shortfall that may arise on the realisation of securities in the portfolio of the Fund. The Secondary Reserve was established to augment the capital maintenance capabilities of the Fund and to provide for the funding of any distribution liability which may arise.

There were no calls on the reserve during 2021 and 2020.



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30. Summarised financial information (continued)

(iv) US Dollar Income Fund (continued)

US Dollar Income Fund reserves (continued)

A summary of the transactions in the US Dollar Income Fund Reserves is provided below.

| | 2021 | 2020 |
|---|----------------|---------------|
| Primary Reserve | | |
| Fund reserve as at 1 January | 60,220 | 59,954 |
| Allocation to primary reserve | 18,286 | – |
| Interest earned on the reserve | – | 469 |
| Foreign exchange translation | 1,434 | (203) |
| Primary reserve as at 31 December | 79,940 | 60,220 |
| Secondary Reserve | | |
| Fund reserve as at 1 January | 37,583 | 37,417 |
| Allocation to secondary reserve | – | – |
| Interest earned on the reserve | – | 293 |
| Foreign exchange translation | (1,812) | (127) |
| Secondary reserve as at 31 December | 35,771 | 37,583 |
| | 2021 | 2020 |
| Total Fund reserve as at 31 December | 115,710 | 97,803 |

A transfer of \$18.3 million was made to the primary reserve during the year 2021 (2020: nil). The Corporation is the sponsor of the US Dollar Income Fund and is committed to supporting the Fund financially and otherwise as necessary.

(v) UTC Corporate Fund

The table below summarises financial information for the UTC Corporate Fund (before inter-entity eliminations or consolidation adjustments) for the year 2021.

| | 2021 |
|--|----------------|
| Cash and cash equivalents | 954 |
| Receivables | 11,465 |
| Investment securities | 533,745 |
| Total Assets | 546,164 |
| Liabilities | 9,016 |
| Equity | 537,148 |
| Total liabilities and equity | 546,164 |
| | 2021 |
| Investment income | 11,786 |
| Total comprehensive income for the year | 10,680 |
| Net cash flow provided by/(used in) operating activities | 12,406 |
| Net cash (used in)/provided by investing activities | (224,611) |
| Net cash provided by financing activities | 211,641 |
| Net change in cash flows for the year | (564) |

The table below analyses the investment securities held by the UTC Corporate Fund.

| | 2021 |
|-----------------------------------|----------------|
| Category | |
| Government securities | 433,689 |
| Corporate securities | 94,056 |
| Short-term investments | 6,000 |
| Total | 533,745 |
| | 2021 |
| Classification | |
| Fair value through profit or loss | 533,745 |
| Total | 533,745 |

No transfers to support the UTC Corporate Fund were required during the year 2021. The Corporation is the sponsor of the UTC Corporate Fund and is committed to supporting the Fund financially and otherwise as necessary.

(vi) UTC (Cayman) SPC Ltd.

The Corporation is the manager, sponsor, administrator and investment advisor of UTC (Cayman) SPC Ltd. The table below summarises financial information for UTC (Cayman) SPC Ltd. (before inter-entity eliminations or consolidation adjustments) for the years 2021 and 2020.

| | 2021 | 2020 |
|--|---------------|---------------|
| Cash and cash equivalents | 9,976 | 196 |
| Receivables and prepayments | 131 | 99 |
| Investment securities | 19,822 | 26,413 |
| Total Assets | 29,929 | 26,709 |
| Liabilities | 209 | 178 |
| Equity | 29,720 | 26,530 |
| Total liabilities and equity | 29,929 | 26,708 |
| | 2021 | 2020 |
| Investment income | 3,463 | 1,872 |
| Total comprehensive income for the year | 2,327 | 850 |
| Net cash flow (used in)/provided by operating activities | 9,030 | (1,315) |
| Net cash provided by financing activities | 751 | 924 |
| Net change in cash flows for the year | 9,781 | (391) |

The table below analyses the investment securities held by the UTC (Cayman) SPC Ltd.

| | 2021 | 2020 |
|-----------------------------------|---------------|---------------|
| Category | | |
| Exchange Traded Funds | 19,822 | 26,413 |
| Total | 19,822 | 26,413 |
| | 2021 | 2020 |
| Classification | | |
| Fair value through profit or loss | 19,822 | 26,413 |
| Total | 19,822 | 26,413 |

31. Events after the reporting period

There were no material events after the statement of financial position date of 31 December 2021 which required recording or disclosure in the financial statements of the Group as at 14 February 2022.