



UNIT TRUST
CORPORATION

EMBRACING TRANSFORMATION

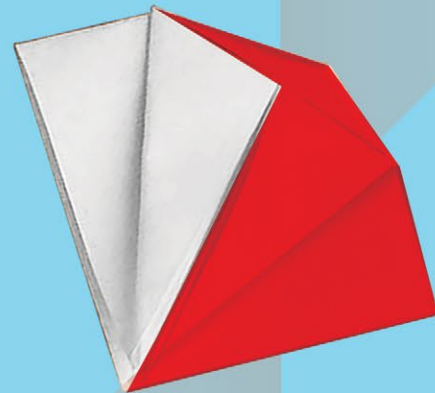


UTC Calypso Macro Index Fund
Annual Report 2022



UNIT TRUST
CORPORATION

WRITING OUR NEXT CHAPTER



TOGETHER

WRITING OUR NEXT CHAPTER TOGETHER

40 years ago, a story began...a story unlike any that had gone before it, born out of the will of the people on the little island of Trinidad and Tobago. Filled with renewed energy, innovative ideas and the spirit of possibility, an organisation set out a bold agenda for building wealth and prosperity, regardless of social or economic status. Through the strength of collective investment, came empowered communities and a shifting of the financial landscape.

Now, four decades later, the Unit Trust Corporation has remained true to its purpose, delivering exceptional results and solid performances that have sustained our Unitholders through the good and tough times. We have put our hearts into the effort of making our country a better place. The privilege to serve you is one we hold with integrity and pride, hand in hand and from generation to generation. As we build lasting partnerships with you, we remain committed to being the leader in investment management and wealth creation in the region.

In a world of uncertainty, we see adversity as an opportunity to innovate, enhance our technology and maintain our competitiveness. Change, although uncomfortable, has become necessary for us to improve our efficiencies and better serve you.

As a committed and trusted partner, your loyalty has heightened our sense of purpose.

In 2022, the Corporation implemented its new technology platform aimed at improving the way we do business. Looking towards the future with optimism, we are excited to be a catalyst in the evolution of the financial landscape through our entrepreneurial efforts and active steps toward regional growth. We are on a journey of transformation where YOU are at the epicenter of it all.

Meeting change with resilience is integral to our DNA. Because of you, the UTC story began. Because of you, it will continue to be a story of hope, strength and transformation.

Let us embrace this next chapter together!

CONTENTS

4

CHIEF FINANCIAL
OFFICER'S REPORT

CHIEF
INVESTMENT
OFFICER'S
REPORT

6-11

12

PERFORMANCE
HIGHLIGHTS

PORTFOLIO OF
INVESTMENTS

13-15

18

INDEPENDENT
AUDITOR'S
REPORT

FINANCIAL
STATEMENTS

A3-A27

Kerri Maharaj

CHIEF FINANCIAL OFFICER'S Report



2022 CFO REPORT CALYPSO MACRO INDEX FUND 2022

Dear Fellow Shareholders,

The Calypso Macro Index Fund ('Calypso' or 'the Fund') completed its seventh year of operations in 2022, having officially launched in January 2016. Calypso is a closed-end mutual fund, which is scheduled to terminate on the redemption date of November 30, 2025.

Despite the challenges from the Ukraine-Russia war and rising inflation, the Fund recorded Total Comprehensive Income of \$104 million for the year ended 31 December 2022. When compared to \$132 million for the year ended 31 December 2021, the Fund experienced a decline of 21% due to a lower level of fair value gains on its investment portfolio: \$87 million (in total) for the year ended 31 December 2022 compared to \$118 million for the year ended 31 December 2021. The decline was experienced mainly in local equities.

For the year ended 31 December 2022, the Fund's Total Assets grew by 16% from \$546 million in 2021 to \$635 million in 2022 due to gains on energy Exchange-Traded Funds (ETFs), which were partially offset by unfavourable movements in local equities.

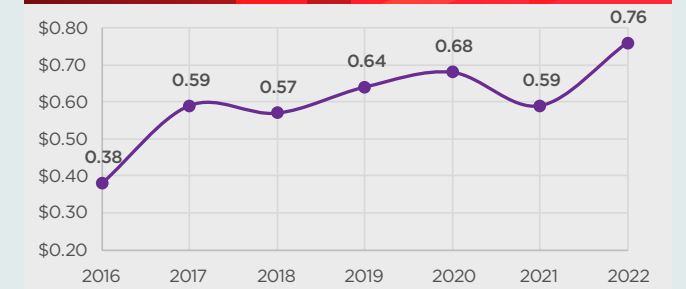
We are pleased to report that distributions increased 29% from \$0.59 per unit for the year ended 31 December 2021 to \$0.76 per unit for the year ended 31 December 2022. The higher payout was mainly due to an increase in cash returns generated from the portfolio's energy ETFs. The Fund's closing traded price on the Trinidad and Tobago Stock Exchange improved from \$16.65 at the end of 2021 to \$21.15 at the end of 2022. In combination, these generated total returns to investors of 16%.

The Fund's Net Asset Value (NAV) at 31 December 2022 was \$31.39, an improvement of \$4.38 compared to \$27.01 as at 31 December 2021.

THE FUTURE

While the Fund produced favourable results in 2022, stock markets remain volatile; investors are therefore encouraged to maintain a long-term outlook for their investment decisions.

Distribution payout



Share price



Net asset value



Kerri Maharaj
Chief Financial Officer
28th April 2023

Sekou Mark

CHIEF
INVESTMENT
OFFICER'S

Report

2022 CIO REPORT CALYPSO MACRO INDEX FUND 2022

Dear Fellow Shareholders,

The Calypso Macro Index Fund is a 'passive' Mutual Fund.

In a passive Mutual Fund, the Fund Manager places a series of assets in the Fund portfolio at inception which aim to generate returns similar to an Index or a series of Indices. Thereafter, the Fund Manager amends this mix of assets only when a change is required per the Prospectus (which outlines the Investment Rules) of the Fund.

The Calypso Macro Index Fund aims to generate returns similar to the combination of two Indices:

1. The All-Trinidad and Tobago Index (the local companies on the Trinidad and Tobago Stock Exchange); and
2. An index of four Energy Exchange Traded Funds, comprising a number of global energy companies traded on the New York Stock Exchange

Let us examine how the Calypso Macro Index Fund performed in 2022.

Overview

The Calypso Macro Index Fund delivered strong returns in 2022 despite a modest increase in energy prices and the worst performance of the local equity market since 2008.

In 2022, the Fund provided investors with an estimated net return of 16.4% based on the Net Asset Value of the Fund (inclusive of distributions paid and net of management charge and other Fund expenses).

The Fund paid \$15.4 million to Unitholders in 2022 representing a 28.8% increase over the distribution paid in 2021.

In total, the Fund has paid twenty-seven (27) quarterly distributions to Unitholders totalling TT\$81.8 million since inception in 2015.

Funds Under Management increased by 16.2% year-on-year to TT\$634.2 million at the end of 2022.

In terms of asset allocation, as at December 31, 2022, the Calypso Macro Index Fund held 47.5% in international equities (largely comprising of four Energy Exchange Traded Funds), 50.1% in domestic equities and 2.2% in cash and cash equivalents.

Please read further for valuable insights on the economic climate in 2022, the performance of the Calypso Macro Index Fund and an outlook for the economic and capital markets for 2023.

ECONOMIC AND CAPITAL MARKET REVIEW

Local

Cautious Optimism

According to the Central Statistical Office (CSO), domestic economic activity expanded by 6.6% year-on-year in the second quarter of 2022. A 10.5% increase in the non-energy sector compensated for a decline of 2.5% in the energy sector. Regarding the entirety of 2022, the International Monetary Fund (IMF) is forecasting growth of 2.5%. With respect to price levels, inflation accelerated during the second half of 2022 largely as a result of external supply-side factors, including high food commodity prices, rising shipping costs as well as international transportation delays. Consequently, headline inflation, which is the overall inflation rate, increased to 8.7% in December 2022 compared to 4.9% in June 2022. Meanwhile, at the end of 2022, official international reserves stood at a healthy US\$6.8Bn or about 8.6 months of import cover, which represents the number of months of imports that can be covered by our foreign currency reserves.

Positive Developments in the Trinidad and Tobago Energy Sector

Despite challenges with energy production in recent years, several upstream projects from the likes of bpTT, Shell Trinidad and Tobago, EOG Resources, and Touchstone Exploration are expected to boost local energy production. Additionally, in the medium to long term, production levels should also be boosted in the event the governments of Trinidad and Tobago and Venezuela can iron out a commercial deal after the U.S. waived sanctions with respect to the development of the Dragon gas field which has an estimated 4.2 trillion cubic feet (tcf) of gas reserves. Against that backdrop, international consulting firm Rystad estimates that local gas production can rise to 4 billion standard cubic feet per day (bcf/d) by 2030, up from present production levels of under 3 bcf/d.

Future Prospects

In the presentation of the 2023 National Budget, the Minister of Finance announced that annual total budgeted revenue is expected to be \$56.2Bn while total annual budgeted expenditure is expected to be \$57.7Bn, resulting in a projected fiscal deficit of \$1.5Bn or 0.8% of Gross Domestic Product (GDP). This estimate is predicated on energy price assumptions of an oil price of US\$92.50 per barrel and a natural gas price of US\$6.00 per mmBtu.

S&P Global Ratings reaffirmed Trinidad and Tobago's 'BBB-' credit rating while upgrading its outlook from 'Negative' to 'Stable'. The upward revision was based on the agency's view that the local economy will benefit from significantly higher energy and petrochemical prices which will 'more than offset lower-than-expected energy production'. In the event that stronger economic performance and favourable long-term GDP growth prospects lead to a sustained decline in government debt and ease external pressures, an upgrade in the country's credit rating may be on the cards over the next two years.

Contraction in the Domestic Stock Market

The Trinidad and Tobago Composite Index decreased by 11.0% in 2022, the worst annual performance of the Index since it returned -14.2% in 2008. Local (Trinidad and Tobago) stocks fell by 3.7%, whereas cross-listed stocks plunged by 29.9%.

CinemaOne Limited (CINE1) was 2022's top performer with an annual price increase of 95.2%.

Other key gainers were Agostini's Limited (AGL) and Angostura Holdings Limited (AHL), with annual price increases of 53.9% and 33.3% respectively.

The domestic stocks which experienced the greatest declines for 2022 were Massy Holdings Limited (MASSY), NCB Financial Group Limited (NCBFG) and GraceKennedy Limited (GKC) with annual price decreases of 95.7%, 43.1%, and 26.4%, respectively.

Global Macroeconomic Review

Slowing Growth and Geopolitical Risks

The International Monetary Fund (IMF) reported that global growth is estimated to have slowed to 3.4% in 2022 compared with growth of 5.9% recorded in 2021. Efforts to combat global inflation, Russia's conflict with Ukraine, and a resurgence of COVID-19 in China all weighed negatively on global economic activity in 2022. Particularly as it relates to China, GDP growth fell to 3% in 2022, down from 8.1% in the prior year and marking the first time in more than 40 years that China's growth came in below the global average. This occurred as renewed lockdowns arising from the government's 'Zero-COVID' policy hampered economic activity.

European economic growth in 2022, however, was more resilient than expected in the face of the fallout from the Russia-Ukraine conflict with Eurozone GDP expanding by 3.5%. Despite initially being under significant pressure with respect to high energy and food costs as well as the uncertainty with respect to energy supplies due to the region's heavy reliance on Russia, the bloc was able to successfully replace

Russian imports and store enough supplies to meet domestic demand. A warmer than expected winter also assisted in bringing energy costs down towards the end of the year.

Stubborn Inflation and Rising Interest Rates

The IMF estimates that the real GDP of the U.S. expanded by 2.0% in 2022 down from 5.6% a year earlier. This deceleration in growth can be primarily attributed to the tightening of monetary policy by the U.S. Federal Reserve (Fed). In order to achieve its mandate relating to price stability, the Fed sought to counter rising inflation levels which peaked in June 2022 at a level of 9.1%, the highest level in four decades, by raising the rate at which banks lend each other money, its interbank interest rate also known as the fed funds rate. The Fed raised the fed funds rate seven times from 0.00%-0.25% in March 2022 to 4.25%-4.50% in December 2022. This represented the most rate increases in a single year since the early 1980s.

The Energy Story: A Tale of Two Halves

In terms of energy markets, West Texas Intermediate and Brent crude benchmark oil prices rose by 6.7% and 10.5% respectively in 2022. However, the price movements during the year were anything but linear. Stronger petroleum demand as the COVID-19 pandemic eased and slower crude production growth put upward pressure on global oil prices at the beginning of the year. Prices then surged in March as Russia's invasion of Ukraine created chaos and instilled uncertainty in oil markets with Brent prices reaching \$139 a barrel at one point, the highest level since 2008. This was as several western nations imposed economic sanctions on Russia and contemplated an embargo on Russian energy supplies.

Oil prices then declined in the second half of 2022 as rising interest rates to fight inflation increased recession worries, hampering crude demand in the process. Higher interest rates also boosted the U.S. dollar, making dollar-denominated commodities like

crude oil more costly for holders of other currencies. Additionally, China's Zero-COVID restrictions had diminished demand recovery hopes as the world's top oil importer and second-largest consumer posted its first drop in oil demand for years.

With respect to supply, amid slumping oil prices and concerns about a global recession, the group of twenty-three (23) major oil-producing countries which form the Organization of the Petroleum Exporting Countries (OPEC+) made its largest production cut since the early days of the COVID-19 pandemic after agreeing to cut production by 2 million barrels per day starting in November 2022 and lasting through the end of 2023. The move represented a major reversal in production policy for the bloc, which slashed output by a record 10 million barrels per day in early 2020 when demand plummeted due to the COVID-19 pandemic.

No Markets Spared

Global equity markets experienced an extremely challenging year in 2022 evidenced by a -19.5% price return on the MSCI World Index amidst rising interest rates and recession worries. In the U.S., the S&P 500 fell by 19.4%, marking the worst performance for the benchmark since 2008 with all eleven (11) S&P 500 sectors with the exception of energy posting negative returns. The Nasdaq Composite Index was the worst performer among the major U.S. equity indices, falling by 33.1% in 2022.

2022 was also a challenging year for global fixed-income markets.

Despite historically being known to be negatively correlated with equity markets, the Barclay's Global Aggregate Bond Total Return Index returned -16.3%.

The benchmark 10-year U.S. Treasury yield began the year at 1.51% and more than doubled, ending 2022 at 3.87%.

In the rising interest rate environment created by the Fed to combat inflation, new bonds reflected the higher rates causing the demand for the older,

lower-yielding bonds in circulation to fall. The resulting lower demand for these bonds placed downward pressure on bond prices, leading to significant loss of value in fixed income portfolios.

Fund Performance Review

As at December 31st, 2022, the Net Asset Value (NAV) of the Calypso Macro Index Fund stood at \$31.39 which represents a 16.4% increase when compared to 2021's NAV and a 25.6% return when compared with the Fund's inception NAV of \$25.00.

This occurred against the backdrop of a 3.7% decline in the All T&T Index and an increase of 56.7% in the selected energy ETFs over the same period.

Historically, the Calypso Macro Index Fund has traded on the Trinidad and Tobago Stock Exchange at a discount to its NAV.

Given the NAV of \$31.39 and the market price of \$21.15 per unit on December 31, 2022, the discount to the NAV stood at 32.6%.

In 2022, the Fund provided investors with an estimated net return of 16.4% based on the Net Asset Value of the Fund (inclusive of distributions paid and net of management charge and other Fund expenses).

The Fund paid TT\$15.4 million to Unitholders in 2022 representing a 28.8% increase over the distribution paid in 2021.

In total, the Fund has paid twenty-seven (27) quarterly distributions to Unitholders totalling TT\$81.8 million since inception in 2015.

Funds Under Management increased by 16.2% year-on-year to TT\$634.2 million at the end of 2022.

In terms of asset allocation, as at December 31, 2022, the Calypso Macro Index Fund held 47.5% in international equities (largely comprising of four Energy Exchange Traded Funds), 50.1% in domestic equities and 2.2% in cash and cash equivalents.

ECONOMIC AND CAPITAL MARKET OUTLOOK: 2023

Local

The IMF projects that the economy of Trinidad and Tobago will grow by 3.2% in 2023, but growth is expected to slow to 1.5% in the medium term due to maturing oil and gas fields. Inflation is also projected to decrease to 4.5% by the end of 2023 from a high of 8.7% in December 2022.

Declining global energy prices and reduced gas and petrochemical exports are expected to cause the current account surplus to decrease to an average of 6.6% of GDP at the end of 2023. Nonetheless, international reserve coverage is expected to be adequate, with around 7.2 months of prospective total imports in 2023.

A recovery in energy prices could have a positive impact on the country's finances, improving its balance of trade and foreign reserves. Furthermore, elevated prices could attract international oil companies to explore and develop upstream energy resources. However, lower energy prices could result in reduced inflows from the energy sector, continuing pressure on revenue and even a potential recession. It could also limit investment and prompt a reduction in government spending.

Global

The IMF has projected a decline in the global growth rate from 3.4% in 2022 to 2.9% in 2023, followed by a marginal increase to 3.1% in 2024.

Global central banks have increased interest rates to combat inflation, and the ongoing conflict in Ukraine is hindering economic activity. However, the recent reopening of China after the rapid spread of COVID-19 is expected to lead to a faster-than-anticipated recovery.

The global economic outlook is subject to a range of factors that could have positive or negative impacts. For instance, pent-up demand in various economies and a more rapid decline in inflation could boost growth prospects, while severe health issues in China and the escalation of the Ukraine conflict could impede recovery. Additionally, tighter global financing costs could exacerbate debt distress.

In terms of headwinds and tailwinds, the financial markets are anticipated to encounter both obstacles and opportunities in 2023. Central banks may have to pause interest rate hikes or even reduce interest rates in 2023 due to deteriorating economic conditions. This could lead to a sustained recovery of asset prices and the global economy by the end of 2023. However, to make this shift, a combination of factors, such as lower inflation, reduced market volatility, and decreasing price levels of risky assets may need to occur.

Overall global economic sluggishness will continue to negatively impact asset prices in the short term.

Energy Outlook: 2023

In 2023, the growth in energy supplies and weaker demand are expected to ease the tight energy markets, relieving some of the price pressures that drove energy prices higher in 2022.

While the fundamentals are expected to improve, prices are likely to remain below the peaks seen in 2022 but remain relatively elevated in 2023. This, combined with high raw material costs and decarbonisation efforts, will be key factors

in industrial output. Industries that heavily rely on low-cost natural gas will bear the brunt of these higher costs. As a result, a rationalisation in petrochemical and fertilizer capacity is anticipated. Some companies may be forced to abandon production for lower-cost markets and imports, given the prospects of higher-than-average costs. Governments' efforts to enhance energy security, along with the high energy prices, will likely stimulate a strong year of investment in energy infrastructure in 2023. However, the industry will face high inflation in the form of the increased rig, labor, materials, and equipment costs. This inflation will reduce the effectiveness of capital deployed compared to previous years.

Conclusion

Despite persistent macroeconomic challenges, we maintain a positive outlook on economic recovery in 2023 as the growth of the Trinidad and Tobago economy amidst the COVID-19 pandemic and Russia's military activities in Ukraine has been buoyed by robust global energy prices.

As a result, Trinidad and Tobago has weathered the global economic downturn and emerged with greater economic stability compared to many non-energy-producing economies.

The Calypso Macro Index Fund delivered strong returns in 2022 despite a modest increase in energy prices and the worst market performance of the local equity market since 2008.

We extend our heartfelt appreciation to our valued shareholders for their unwavering support in 2022, and we eagerly anticipate the opportunity to continue to serve you in 2023.

We remain your Partners For Life.



Sekou A. Mark
Chief Investment Officer
28 April 2022

Performance Highlights CMIF

	2016	2017	2018	2019	2020	2021	2022
Funds Under Management (\$ 000's)	556,549	547,915	473,557	516,968	425,920	545,601	634,201
Net Asset Value (NAV)	\$27.52	\$27.12	\$23.42	\$25.50	\$21.09	\$26.96	\$31.39
Market Price	\$21.89	\$21.40	\$15.00	\$15.75	\$14.01	\$16.65	\$21.15
Market Price Discount to NAV	20.46%	21.09%	35.95%	38.24%	33.57%	38.24%	32.62%
Distributions paid to unitholders (\$ 000's)	7,676	11,918	11,514	12,928	13,736	11,918	15,352
Dividends per unit paid	\$0.24	\$0.58	\$0.62	\$0.63	\$0.67	\$0.59	\$0.72
Number of unitholders at year end	2,135	2,133	2,080	2,009	2,276	1,967	1,996



ASSET ALLOCATION FOR Calypso Macro Index Fund

Equities 54.71% | Exchange Traded Funds 42.93% | Cash and Cash Equivalents 2.36%



CALYPSO MACRO INDEX FUND

TOP TEN HOLDINGS (As at 31 December 2022)

	% of Securities 2022
Vanguard Energy Equity Traded Fund	12.88%
Energy Select Sector SPDR Equity Traded Fund	12.78%
iShares US Energy Equity Traded Fund	12.12%
Republic Financial Holdings Limited Common Shares	10.03%
Scotiabank Trinidad and Tobago Limited Common Shares	7.73%
First Citizens Group Financial Holdings Limited Common Shares	7.34%
iShares Global Energy Sector Index Fund	6.20%
ANSA McAI Limited Common Shares	5.09%
Massy Holdings Limited Common Shares	4.92%
British American Tobacco PLC - ADR	4.70%
TOTAL	83.79%

UTC Calypso Macro Index Fund

CALYPSO MACRO INDEX FUND PORTFOLIO OF INVESTMENTS (As at 31 December 2022)

Expressed in Trinidad & Tobago Dollars

	Market Value 2022 TT\$
Equities	346,941,334
Exchange Traded Funds	272,272,814
Cash and Cash Equivalents	13,976,293
Other Assets in Excess of Liabilities	1,010,887
Total Net Assets	634,201,328

THE DIRECTORS OF THE FUND SPONSOR AND TRUSTEES OF THE FUND

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

AS AT DECEMBER 31, 2022 ARE:

Ms. Jo-Anne Julien
Mr. Nigel Edwards
Ms. Sharmaine Caballero
Mr. Chip Sa Gomes
Mr. Douglas Camacho
Ms. Fe Lopez-Collymore
Ms. Naleisha Bally
Ms. Anne Joseph
Mr. Dirk Smith
Mr. Roy Stephen Allum Poon
Mr. Robert Green
Mr. Brevard Nelson

Auditor

**Auditor General
of the Republic of
Trinidad and Tobago
Levels 2 -4**
Tower C
International Waterfront
Centre
Wrightson Road
Port of Spain

Banker

**Citibank
(Trinidad & Tobago)**
Limited
12 Queen's Park East,
Port of Spain

Legal Advisor

**Johnson, Camacho
& Singh**
Attorneys-at-Law
10 Sweet Briar Road
St. Clair
Port of Spain

The Corporation is the Sponsor, Manager, Trustee and Investment Advisor of the Fund. Responsibility for management of the business affairs of the Fund is vested in the Board of Directors of the Corporation which approves all the Fund's significant agreements.

FINANCIAL REPORT



THE UNFOLDING
OF A FLOURISHING
WITH A

FUTURE BEGINS ^A SOLID FOUNDATION





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

**REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO
ON THE FINANCIAL STATEMENTS OF THE TRINIDAD AND TOBAGO UNIT TRUST
CORPORATION CALYPSO MACRO INDEX FUND FOR THE YEAR ENDED
31 DECEMBER, 2022**

OPINION

The financial statements of the Trinidad and Tobago Unit Trust Corporation Calypso Macro Index Fund (the Fund) for the year ended 31 December, 2022 have been audited. The statements as set out on pages 1 to 27 comprise a Statement of Financial Position as at 31 December, 2022 and the Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year then ended, and Notes to the Financial Statements numbered 1 to 15, including a summary of significant accounting policies.

2. In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trinidad and Tobago Unit Trust Corporation-Calypso Macro Index Fund as at 31 December, 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

BASIS FOR OPINION

3. The audit was conducted in accordance with 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 Fund in accordance with the ethical requirements that are relevant to the audit of the financial statements and other ethical responsibilities have been fulfilled in accordance with these requirements. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the above audit opinion.

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

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

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

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

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

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

8. The Auditor General's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes her 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.

9. 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 Fund.

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

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

24TH MARCH, 2023
PORT OF SPAIN



Lorelly Pujadas
LORELLY PUJADAS
AUDITOR GENERAL

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	31 Dec 2022	31 Dec 2021
Assets			
Cash at bank	3	13,976	12,637
Other receivables	4	1,343	1,452
Investment securities	5	619,214	531,791
Total assets		<u>634,533</u>	<u>545,880</u>
Liabilities			
Other payables	6	332	279
Total Liabilities		<u>332</u>	<u>279</u>
Equity			
Unitholders' capital	8	500,755	500,755
Fair value reserve		57,731	65,427
Retained earnings/(loss)		75,715	(20,581)
Total equity		<u>634,201</u>	<u>545,601</u>
Total liabilities and equity		<u>634,533</u>	<u>545,880</u>
Net asset value per unit		\$ 31.39	\$ 27.01
<i>[Signature]</i> Chairman		<i>[Signature]</i> Executive Director	

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	31 Dec 2022	31 Dec 2021
Dividend income		23,032	18,491
Net change in fair value of investment securities		95,120	56,517
Net foreign exchange (loss)/gain		(35)	38
Total revenue		118,117	75,046
Management charge	9	(3,064)	(2,449)
Other operating expenses		(337)	(314)
Total operating expenses		(3,401)	(2,763)
Profit before tax		114,716	72,283
Withholding tax expense		(3,068)	(2,052)
Profit for the year		111,648	70,231
Other comprehensive income:			
<i>Amounts that will not be transferred to profit or loss in the future:</i>			
Fair value (losses)/gains arising during the year		(7,696)	61,368
Other comprehensive (loss)/income for the year		(7,696)	61,368
Total comprehensive income for the year		103,952	131,599

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)

	Unitholders' capital	Fair value reserve	Retained earnings	Total equity
Balance as at 1 January 2021	500,755	4,059	(78,894)	425,920
Total comprehensive income for the year				
Profit for the year	–	–	70,231	70,231
Other comprehensive income for the year	–	61,368	–	61,368
Transactions with unitholders recognised directly in equity				
Distributions paid to unitholders	–	–	(11,918)	(11,918)
Total transactions with unitholders	–	–	(11,918)	(11,918)
Balance as at 31 December 2021	500,755	65,427	(20,581)	545,601
Balance as at 1 January 2022	500,755	65,427	(20,581)	545,601
Total comprehensive income for the year				
Profit for the year	–	–	111,648	111,648
Other comprehensive loss for the year	–	(7,696)	–	(7,696)
Transactions with unitholders recognised directly in equity				
Distributions paid to unitholders	–	–	(15,352)	(15,352)
Total transactions with unitholders	–	–	(15,352)	(15,352)
Balance as at 31 December 2022	500,755	57,731	75,715	634,201

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)

	31 Dec 2022	31 Dec 2021
Cash flows from operating activities		
Profit before tax	114,716	72,283
Adjustments to reconcile profit/(loss) before tax to net cash flows:		
Dividend income	(23,032)	(18,491)
Net change in fair value of investment securities	(95,120)	(56,517)
Working capital adjustments:		
Increase in other payables	38	52
	(3,398)	(2,673)
Dividend received	23,140	18,558
Withholding tax paid	(3,068)	(2,052)
Net cash flows from operating activities	<u>16,674</u>	<u>13,833</u>
Cash flows from financing activities		
Distribution paid to unitholders	(15,335)	(14,324)
Net cash flows used in financing activities	<u>(15,335)</u>	<u>(14,324)</u>
Net increase/(decrease) in cash	1,339	(491)
Cash at the beginning of the year	<u>12,637</u>	<u>13,128</u>
Cash at the end of the year	<u>13,976</u>	<u>12,637</u>

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)

1. General Information

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

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

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

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

Subscriptions

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

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

Redemptions

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

Investment Objective

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

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

1. General Information (continued)

Trading of Units

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

Termination of the Fund

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

2. Significant Accounting Policies

The significant accounting policies applied in the preparation of these Financial Statements 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) and equity instruments measured at fair value through other comprehensive income (FVOCI). The methods used to fair value the Fund's financial assets are provided at Note 11.
- iii. The Financial Statements are presented in Trinidad and Tobago dollars, which is the functional currency of the Fund.
- iv. The preparation of the Financial Statements in accordance with IFRS requires management to make judgements, estimates and assumptions. Management reviews these judgements, estimates and underlying assumptions on a regular basis.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

- v. 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 amounts of assets and liabilities are those used in estimating the fair value of financial assets categorised as Level 3.

Management has also exercised significant judgement in determining the business model of the investment portfolios.

- vi. COVID-19

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

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

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

b) Changes in Accounting Policies and Disclosures

Standards and amendments to existing standards effective 1 January 2022

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2022 that have a material effect on the financial statements of the Fund.

New standards, amendments and interpretations effective after 1 January 2022 and have not been early adopted

A number of new standards, amendments to standards and interpretations that are issued but not yet effective, up to the date of issuance of the Fund's financial statements, have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. Significant Accounting Policies (continued)

c) Deposits with Banks

Deposits with Banks comprise highly liquid financial assets that are subject to an insignificant risk of changes in their fair value.

d) Due From/To Brokers

In accordance with the Fund's policy of trade-date accounting for regular-way sale and purchase transactions, sales/purchase transactions awaiting settlement represent amounts receivable/payable for securities sold/purchased but not yet settled as at the reporting date.

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.

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

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

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

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. Significant Accounting Policies (continued)

e) Financial Instruments (continued)

Financial Assets (continued)

i) Initial recognition and subsequent measurement (continued)

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

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

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

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 Statement of Financial Position at fair value at the end of each reporting period. Changes in fair value are recorded in the Statement of Comprehensive Income.

The net gain or loss recognised in the Statement of Comprehensive Income is determined in the manner described in Note 2 (f).

Dividend income from equity instruments measured at FVPL is recorded in the Statement of Comprehensive Income as other operating income when:

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

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)

- 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 Fund;
- iii. the amount of the dividend can be reliably measured.

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

Financial assets at fair value through other comprehensive income (FVOCI)

Upon initial recognition, the Fund occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI.

Equity instruments at FVOCI are not subject to an impairment assessment. The Fund's equity instruments are not traded.

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 Statement of Comprehensive Income.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. Significant Accounting Policies (continued)

e) Financial Instruments (continued)

Financial Assets (continued)

ii) Derecognition of financial assets

The Fund 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 Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund 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 Fund recognises a financial liability when it becomes party to the contractual obligations of the financial instrument. The Fund 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. Significant Accounting Policies (continued)

f) Fair Value Measurement

Valuation framework

The Fund has established a control framework for the measurement of fair values. The framework includes a valuation team that is independent of front office management. The valuation team reports to a Valuation Committee comprising the Chief Financial Officer, Chief Risk Officer and other senior officers. On a monthly basis, the Valuation Committee reviews the prices for non-traded bonds prior to incorporation into the Fund, while a meeting is held quarterly, or more frequently as required, to discuss and approve the fair value of assets in the funds. The Valuation Committee reports to the Audit Committee in relation to significant changes to the valuation methodology.

Valuation techniques

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity indices, EBITDA multiples and revenue multiples and expected price volatilities and correlations.

The Fund uses valuation models that use observable market data for determining the fair value of its financial instruments. Observable prices or model inputs are usually available in the market for listed debt and equity securities. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the debt, equity and exchange-traded funds and is prone to changes based on specific events and general conditions in the financial markets.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. Significant Accounting Policies (continued)

f) Fair Value Measurement (continued)

Valuation techniques (continued)

For more complex instruments, the Fund uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Fund believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Fund and the counterparty where appropriate.

The fair values of financial assets and financial liabilities that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded.

An active market is a market in which transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. For all other financial instruments, the Fund determines fair values using other valuation techniques.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. Significant Accounting Policies (continued)

f) Fair Value Measurement (continued)

Fair value hierarchy

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- **Level 1** - Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- **Level 2** - Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are not considered active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- **Level 3** - Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions such as trading comparables, transaction comparables are required to reflect differences between the instruments.

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

Valuation techniques for specific instruments

Equities and Exchange traded Funds (ETFs) in active markets

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.

Categorisation of short-term investments

The Fund'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, which are of a short-term nature, are assumed to approximate their fair values.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. Significant Accounting Policies (continued)

g) Revenue Recognition

Interest income is recognised in the Statement of Comprehensive Income using the effective interest rate 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. Realised and unrealised investment gains and losses are recognised as income in the Statement of Comprehensive Income.

h) Taxation

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

Taxes are recognised as an expense in the period in which they occur.

i) Foreign Currency Translation

The Fund's functional and presentation currency is Trinidad and Tobago dollars (TT\$). 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. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Statement of Comprehensive Income.

3. Cash at bank

Cash at Bank is analysed below:

	2022	2021
Cash at brokers	2,395	874
Cash at bank	<u>11,581</u>	<u>11,763</u>
Total	<u>13,976</u>	<u>12,637</u>

Cash at bank represents the balances of the accounts held in the various financial institutions as at 31 December.

4. Other Receivables

	2022	2021
Dividend receivable	<u>1,343</u>	<u>1,452</u>
Total	<u>1,343</u>	<u>1,452</u>

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

5. Investment Securities

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

	2022	2021
Investment securities carried at fair value		
Exchange traded funds (ETFs)	272,273	177,153
Quoted equities	<u>346,941</u>	<u>354,638</u>
Total	<u>619,214</u>	<u>531,791</u>

	2022	2021
Investment securities summarised by classification		
- At fair value through profit or loss	272,273	177,153
- Equity instruments at fair value through other comprehensive income	<u>346,941</u>	<u>354,638</u>
	<u>619,214</u>	<u>531,791</u>

6. Other Payables

	2022	2021
Amounts due to the Corporation (see Note 9)	269	232
Distribution payable	<u>63</u>	<u>47</u>
Total	<u>332</u>	<u>279</u>

7. Distribution To Unitholders

Distribution to unitholders for the year ended 31 December 2022 amounted to \$15,352,000 (2021: \$11,918,000). The next distribution period is December 2022 to February 2023, payable on 11 April 2023.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

8. Unitholders' Capital

This represents the capital value of units issued by the Fund. The redeemable units of the Fund are 20.2 million.

9. Related Party Transactions

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

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

Total management fees for the year amounted to \$3.1 million or 0.5% of month end fund size (December 2021: \$2.4 million or 0.5% of fund size). The outstanding management charge due to the Corporation at 31 December 2022 amounted to \$0.3 million (2021: \$0.2 million).

The Corporation and the Growth and Income Fund (a related party sponsored and managed by the Corporation) invested in the Calypso Macro Index Fund as at 31 December 2022. The value of the holdings were \$27.7 million and \$126.4 million respectively. (December 2021: \$21.8 million and \$99.5 million respectively).

During the year, the Fund distributed to the Corporation and the Growth and Income Fund \$1.0 million and \$4.5 million respectively. (December 2021: \$0.8 million and \$4.2 million respectively).

There were no other related party transactions for the year.

10. Segment Information

The Fund has an equity portfolio which is its reportable segment. The portfolio's investment objective and strategy is to invest in a diversified portfolio of equity securities issued by TTSE and NYSE and Foreign/Local unlisted companies to achieve capital appreciation.

The Board of Directors reviews the internal management reports of the sub-portfolio at least quarterly.

The Fund regards the holders of redeemable units as customers because it relies on their funding for continuing operations and meeting its objectives.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

11. Fair value of Financial Instruments

a) The Fair Value Hierarchy for Investment Securities

The Fund uses a valuation hierarchy to rank the fair value of its Investment Securities (see Note 2 (f)), as analysed below.

Fair Value Hierarchy for Investment Securities as at 31 December 2022				
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
Investment securities carried at fair value through profit or loss				
Quoted equities	346,941	–	–	346,941
Exchange traded funds (ETFs)	272,273	–	–	272,273
Total investment securities	619,214	–	–	619,214

Fair Value Hierarchy for Investment Securities as at 31 December 2021				
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
Investment securities carried at fair value through profit or loss				
Quoted equities	354,638	–	–	354,638
Exchange traded funds (ETFs)	177,153	–	–	177,153
Total investment securities	531,791	–	–	531,791

b) Transfers between Fair Value Hierarchy Levels

There were no transfers between the fair value hierarchy levels during either 2022 or 2021.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

12. Risk Management

Risk Management Framework

The Calypso Macro Index Fund's investment activities expose it 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 has oversight of risk management and compliance and is responsible for establishing and implementing the Corporation's enterprise risk management framework and appropriate risk policies and mitigation plans.

During 2022, the SRCC met at least once per quarter to:

- i. monitor compliance with the risk management policies and procedures established by the Board;
- ii. ensure that the overall risk profile and policy environment of the Fund was appropriate and consistent with the Fund's strategic objectives; and
- iii. consider reports and recommendations submitted by the Risk Management and Internal Audit Departments.

The Audit Committee is responsible for the independent oversight of the Fund's financial reports and the Fund'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 Fund.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

12. Risk Management (continued)

Financial Risk Exposures

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

- i. market risk – which comprises:
 - equity and exchange traded funds (ETF) price risk
 - currency risk
- ii. credit risk
- iii. liquidity risk; and
- iv. 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 for example equity, ETF price risk and foreign exchange rates will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while 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 equities/ETFs decreases as a result of changes in the market prices for these securities.

The Fund has significant holdings of equities and ETFs all of which are traded on either the local or North American stock exchanges. Negative equity price movements in the local and foreign equity markets can subject the portfolios to decreases in their net asset values. This risk is managed by:

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

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

12. Risk Management (continued)

Equity and ETF Price Risk (continued)

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

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

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

	Lower than market	Comparable to market	Higher than market
At 31 December 2022	463,867 75%	– –	155,347 25%
At 31 December 2021	228,214 43%	267,412 7%	36,434 50%

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

	2022	2021
TTSE composite index	\$12.7 million	\$14.2 million
S&P 500 index	\$10.8 million	\$12.2 million

Currency risk

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

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

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

12. Risk Management (continued)

Currency Risk (continued)

	At 31 December 2022		At 31 December 2021	
	US\$	Other Foreign Currencies	US\$	Other Foreign Currencies
	(Presented in TT\$)		(Presented in TT\$)	
Assets				
Cash at bank	12,486	–	10,509	–
Quoted equities	29,131	–	81,354	–
ETFs	272,273	–	50,270	–
Liabilities				
Payables	(332)	–	(279)	–
Total	<u>313,558</u>	<u>–</u>	<u>141,854</u>	<u>–</u>

The following analysis shows how the effect of a 1% change in the TT dollar relative to the US dollar would have changed the net assets of the Fund at 31 December 2022 with all other variables held constant.

	2022	2021
Approximate change in US\$	<u>3,136</u>	<u>1,419</u>

Concentration of foreign currency exposure

At the reporting date, the financial assets in foreign currencies expressed as a percentage of the Fund's net assets were as follows:

% of total equity	2022	2021
US dollars	49%	26%

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.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

12. Risk Management (continued)

Credit Risk (continued)

The Fund is exposed to credit risk primarily on short-term investments and bank balances. The carrying value of these assets represents the Fund's maximum exposure to credit risk on financial instruments on the respective reporting dates. 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 Fund's short-term investments and bank balances are considered to have a high credit rating equivalent to international credit quality grades used by Standard and Poor's.

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

Liquidity Risk

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

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

	Less than 1 year
At 31 December 2022	
Other payables	<u>332</u>
Total	<u>332</u>

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

12. Risk Management (continued)

Liquidity Risk (continued)

	Less than 1 year
At 31 December 2021	
Other payables	232
Distribution payable	<u>47</u>
Total	<u>279</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, including 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 Sponsor has developed business contingency arrangements and support of operations in the event of disasters.

The Sponsor is responsible for overseeing information security risks and maintaining its risk appetite. Mechanisms are in place to prevent, detect and respond against cyber threats.

13. Capital Management

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

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

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
CALYPSO MACRO INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

14. Events after the Reporting Period

On 11 November 2022, the finance minister announced that distribution of shares and bonds to Clico Investment Fund (CIF) unitholders will begin in January 2023, after the termination on 2 January 2023, in accordance with the provisions set out in the CIF Trust Deed.

On termination, the Trustee distributed Republic Financial Holdings Limited Shares (RFHL) and Government of the Republic of Trinidad and Tobago Series II, 4.25% 25 Year Fixed Rate Bonds due 31 October 2037. The CIF holdings on the portfolio as at 31 December 2022 was 558,242 shares. In accordance with the allocation rules, unitholders received 0.1964 RFHL shares for each unit held and 3.445 bonds per unit held. The shares and bonds were put through on 24 January 2023 with a settlement date of 27 January 2024.

There was no impact to the Fund's financial statements as at 31 December 2022. The CIF termination occurred after the reporting period, as such it is considered a non-adjusting event.

The positive impact to the Fund's financial statements in January 2023 was \$1,455,688.79.

15. Approval of the Financial Statements

These Financial Statements were approved by the Board of Directors and authorised for issue on 15 February 2023.

Design: Lonsdale Saatchi and Saatchi Advertising Limited
Printing: SCRIP-J



“IT’S A NEW DAWN,
IT’S A NEW DAY,
IT’S A NEW LIFE FOR ME...

AND I’M **Feelin’
Good!**”

-NINA SIMONE