



**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 – US
DOLLAR INCOME FUND FOR THE YEAR ENDED 31 DECEMBER 2024**

OPINION

The Financial Statements of the Trinidad and Tobago Unit Trust Corporation - US Dollar Income Fund (the Fund) for the year ended 31 December 2024 have been audited. The statements as set out on pages 1 to 27 comprise a Statement of Financial Position as at 31 December 2024 and a 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 16, 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 - US Dollar Income Fund as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 International Financial Reporting Standards 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 financial reporting process of the Fund.

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 her 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.



27TH MARCH, 2025
PORT OF SPAIN

Jaiwantie Ramdass

JAIWANTIE RAMDASS
AUDITOR GENERAL

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
US DOLLAR INCOME FUND

FINANCIAL STATEMENTS

31 DECEMBER 2024

(Expressed in thousands of United States dollars)

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
US DOLLAR INCOME FUND

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US DOLLAR INCOME FUND

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TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
US DOLLAR INCOME FUND

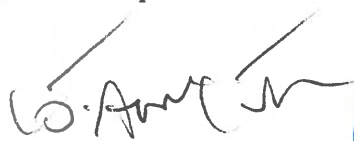
STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(Expressed in thousands of United States dollars)

	Notes	31-Dec-24 \$'000	31-Dec-23 \$'000
Assets			
Cash at bank	4	31,993	17,780
Other receivables	5	13,534	10,362
Investment securities	6	<u>740,731</u>	<u>728,956</u>
Total assets		<u>786,258</u>	<u>757,098</u>
Liabilities			
Other payables	7	<u>6,851</u>	<u>4,592</u>
Total liabilities		<u>6,851</u>	<u>4,592</u>
Equity			
Unitholders' capital	9	759,145	736,976
Retained loss		(1,024)	(4,556)
Fund reserves		<u>21,286</u>	<u>20,086</u>
Total equity		<u>779,407</u>	<u>752,506</u>
Total liabilities and equity		<u>786,258</u>	<u>757,098</u>
Net asset value per unit		\$ 20.48	\$ 20.37

Chairman




Executive Director



TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
US DOLLAR INCOME FUND

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

(Expressed in thousands of United States dollars)

	Notes	31-Dec-24 \$'000	31-Dec-23 \$'000
Interest income		36,740	27,063
Net change in fair value of investment securities		<u>(2,562)</u>	<u>13,176</u>
Total revenue		34,178	40,239
Management charge	10	(9,638)	(8,844)
Commissions		(89)	(71)
Other operating expenses		<u>(124)</u>	<u>(114)</u>
Total operating expenses		<u>(9,851)</u>	<u>(9,029)</u>
Profit before tax		24,327	31,210
Withholding tax expense		<u>(343)</u>	<u>(373)</u>
Profit for the year		<u>23,984</u>	<u>30,837</u>

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

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
US DOLLAR INCOME FUND

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(Expressed in thousands of United States dollars)

	Unitholders' capital \$'000	Retained Loss \$'000	Fund reserves \$'000	Total equity \$'000
Balance as at 1 January 2024	736,976	(4,556)	20,086	752,506
Total comprehensive income for the year				
Profit for the year	—	23,984	—	23,984
Net allocation to reserves	—	(1,200)	1,200	—
Subscriptions of units	130,078	—	—	130,078
Redemptions of units	(107,909)	—	—	(107,909)
Distributions to unitholders	—	(19,252)	—	(19,252)
Total transactions with unitholders	<u>22,169</u>	<u>(19,252)</u>	<u>—</u>	<u>2,917</u>
Balance as at 31 December 2024	<u>759,145</u>	<u>(1,024)</u>	<u>21,286</u>	<u>779,407</u>
Balance as at 1 January 2023	739,937	(24,058)	18,886	734,765
Total comprehensive loss for the year				
Profit for the year	—	30,837	—	30,837
Net allocation to reserves	—	(1,200)	1,200	—
Subscriptions of units	236,189	—	—	236,189
Redemptions of units	(239,150)	—	—	(239,150)
Distributions to unitholders	—	(10,135)	—	(10,135)
Total transactions with unitholders	<u>(2,961)</u>	<u>(10,135)</u>	<u>—</u>	<u>(13,096)</u>
Balance as at 31 December 2023	<u>736,976</u>	<u>(4,556)</u>	<u>20,086</u>	<u>752,506</u>

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

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
US DOLLAR INCOME FUND

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

(Expressed in thousands of United States dollars)

	31-Dec-24 \$'000	31-Dec-23 \$'000
Cash flows from operating activities		
Profit before tax	24,327	31,210
Adjustments to reconcile profit before tax to net cash flows:		
Interest income	(33,621)	(27,660)
Amortisation of premium expense and discount income	(3,119)	597
Maturity of deposits with banks	—	17,031
Purchase of investments	(684,409)	(330,184)
Proceeds from sale of investments	673,192	310,367
Net change in fair value of investment securities	2,562	(13,176)
Working capital adjustments:		
Increase in other receivables	(35)	(2,999)
Increase in other payables	23	12
	(21,080)	(14,802)
Interest received	30,833	26,837
Withholding tax paid	(343)	(373)
Net cash flows from operating activities	<u>9,410</u>	<u>11,662</u>
Cash flows from financing activities		
Subscriptions of units	51,837	167,231
Redemptions of units	(47,034)	(177,253)
Net cash flows from/(used in) financing activities	<u>4,803</u>	<u>(10,022)</u>
Net increase in cash	14,213	1,640
Cash at the beginning of the year	<u>17,780</u>	<u>16,140</u>
Cash at the end of the year	<u><u>31,993</u></u>	<u><u>17,780</u></u>

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

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
US DOLLAR INCOME FUND

Notes to the financial statements

For the year ended 31 December 2024

(Expressed in thousands of United States dollars)

1. General information

The US Dollar Income Fund (the Fund) is an open-ended fixed income mutual fund denominated in United States dollars that was launched in 17 April 2000. The Custodians of the Fund are the Central Bank of Trinidad and Tobago and Citibank New York. The Fund invests in accordance with its Investment Policy Statement and guidelines approved by the Board of the Trinidad and Tobago Unit Trust Corporation (The Corporation). 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 significant agreements of the Fund. The Corporation's registered office is located at UTC Financial Centre, 82 Independence Square, Port of Spain.

Participation by investors in the Fund is represented by units which are equivalent to a proportion of the Fund's net asset value. There is no limit to the number of units that may be issued. Each unit attracts an equal share in the net asset value and other benefits of the Fund.

Investment objective

The Fund seeks to provide investors with income by investing its capital primarily in US\$ fixed income securities issued by the Government of Trinidad and Tobago, local and international corporations and international sovereigns.

Subscriptions

The price of a unit is fixed at US\$20.00 per unit and may be purchased through the Corporation's distribution channels including the Corporation's authorised agents. The minimum initial investment is US\$100.00.

Redemptions

Units may be redeemed at a fixed price per unit of US\$20.00 per unit through the Corporation's distribution channels including the Corporation's authorised agents.

Reinvestments

The Fund's distribution dates are 31 March, 30 June, 30 September and 31 December. Income earned during any distribution period is automatically credited to unitholders' accounts on the day after the distribution dates.

Management charge

The Corporation may charge an annual Management Charge of up to 2% of the market value of the investments held by the Fund.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
US DOLLAR INCOME FUND

Notes to the financial statements

For the year ended 31 December 2024

(Expressed in thousands of United States dollars)

(Continued)

2. Material accounting policies

The material accounting policies applied in the preparation of these financial statements (the "financial statements") are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of preparation

- i. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). IFRS Accounting Standards comprise the following authoritative literature:
 - IFRS Accounting Standards
 - International Accounting Standards (IASs)
 - Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations)
- ii. The financial statements are 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 Fund's financial assets are provided at Note 2 (g).
- iii. The financial statements are presented in United States dollars, which is the functional currency of the Fund.

b) Changes in accounting policies and disclosures

Standards and amendments to existing standards effective 1 January 2024

The following new and amended accounting standards and interpretations did not have a material impact on the Fund's financial statements in 2024.

Amendments to IAS 1 - Classification of liabilities as current or non-current and non-current liabilities with covenants

The amendments specifies the requirements for classifying liabilities as current or non-current. The amendments clarify:

- i) What is meant by a right to defer settlement
- ii) That a right to defer settlement must exist at the end of the reporting period
- iii) That classification is unaffected by the likelihood that an entity will exercise its deferral right
- iv) That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
US DOLLAR INCOME FUND

Notes to the financial statements

For the year ended 31 December 2024

(Expressed in thousands of United States dollars)

(Continued)

2. Material accounting policies

b) Changes in accounting policies and disclosures (continued)

Standards and amendments to existing standards effective 1 January 2024 (continued)

Amendments to IFRS 16 - Lease liability in a sale and leaseback

The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

Amendments to IAS 7 and IFRS 7 - Disclosures: supplier finance arrangements

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

New standards, amendments and interpretations effective after 1 January 2024 and have not been early adopted

The following new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2024, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

- Amendments to IAS 21 – Lack of Exchangeability – Effective 1 January 2025
- Amendments to IFRS 9 – Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Effective 1 January 2026
- Annual Improvements to IFRS Accounting Standards – Volume 11 – Effective 1 January 2026
- Amendments to IFRS 18 – Presentation and Disclosure in Financial Statements – Effective 1 January 2027
- Amendments to IFRS 19 – Subsidiaries without Public Accountability: Disclosures – Effective 1 January 2027

c) Cash at bank

Cash at bank represents account balances held in various banks and a brokerage institution.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
US DOLLAR INCOME FUND

Notes to the financial statements

For the year ended 31 December 2024

(Expressed in thousands of United States dollars)

(Continued)

2. Material accounting policies

d) Deposits with banks

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

e) Due from and due to brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

f) Financial assets and financial liabilities at fair value through profit or loss

i) Classification

Financial assets

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

Financial liabilities

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.

A financial liability is classified at fair value through profit or loss if it is classified as held-for-trading or it is designated as such on initial recognition.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
US DOLLAR INCOME FUND

Notes to the financial statements

For the year ended 31 December 2024

(Expressed in thousands of United States dollars)

(Continued)

2. Material accounting policies

f) Financial assets and financial liabilities at fair value through profit or loss (continued)

i) Classification (continued)

Financial assets (continued)

ii) Recognition, measurement and derecognition

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are presented in the statement of comprehensive income within Net changes in fair value of investment securities in the period in which they arise.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

iii) Fair value estimation

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.

The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the reporting date.

The fair value of financial assets that are not traded in an active market is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. (Note 2 (g))

iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
US DOLLAR INCOME FUND

Notes to the financial statements

For the year ended 31 December 2024

(Expressed in thousands of United States dollars)

(Continued)

2. Material accounting policies

g) 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
US DOLLAR INCOME FUND

Notes to the financial statements

For the year ended 31 December 2024

(Expressed in thousands of United States dollars)

(Continued)

2. Material accounting policies (continued)

g) 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 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.

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.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
US DOLLAR INCOME FUND

Notes to the financial statements

For the year ended 31 December 2024

(Expressed in thousands of United States dollars)

(Continued)

2. Material accounting policies (continued)

g) Fair value measurement (continued)

Fair value hierarchy (continued)

- **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 comparable, transaction comparable 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

Traded local and foreign bonds

Where quoted prices in an active market are available at the measurement date, those prices are used (Level 1 measurement). The Fund measures instruments quoted in an active market at the closing price at the measurement date, because this price provides a reasonable approximation of the price that would be received to sell the bonds between market participants.

Unquoted local bonds

The Fund 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. There were no material changes made to the model during 2024 and 2023.

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 2.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
US DOLLAR INCOME FUND

Notes to the financial statements

For the year ended 31 December 2024

(Expressed in thousands of United States dollars)

(Continued)

2. Material accounting policies (continued)

g) Fair value measurement (continued)

Categorisation of short-term investments

The Fund's short-term investments (for example: reverse repurchase agreements and commercial paper) 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.

h) Interest income

Interest is recognised on a time-proportionate basis 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. Interest income includes interest from cash and cash equivalents. Interest income is recognised in the statement of comprehensive income.

i) Taxation

The Fund is exempt from corporation tax. The Fund currently incurs withholding taxes imposed by certain countries' on investment income. Such income is recorded gross of withholding taxes in the statement of comprehensive income.

Withholding taxes are recognised as an expense and shown as a separate item in the statement of comprehensive income.

3. Significant accounting estimates and assumptions in applying accounting policies

In preparing these financial statements, management has made estimates. In developing these estimations, management has made assumptions about the future that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
US DOLLAR INCOME FUND

Notes to the financial statements

For the year ended 31 December 2024

(Expressed in thousands of United States dollars)

(Continued)

3. Significant accounting estimates and assumptions in applying accounting policies
(continued)

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in Note 12 (c) and relates to the determination of fair value of financial instruments with significant unobservable inputs.

4. Cash at bank

	2024	2023
Cash at banks	9,113	11,927
Cash at broker	<u>22,880</u>	<u>5,853</u>
Total	<u>31,993</u>	<u>17,780</u>

5. Other receivables

	2024	2023
Amounts due from the Corporation (see Note 10)	3,385	3,000
Interest receivable	<u>10,149</u>	<u>7,362</u>
Total	<u>13,534</u>	<u>10,362</u>

6. Investment securities

	2024	2023
Investment securities carried at fair value		
Bonds	702,038	641,520
Commercial paper	38,693	56,436
Reverse repurchase agreements	<u>—</u>	<u>31,000</u>
Total	<u>740,731</u>	<u>728,956</u>

7. Other payables

	2024	2023
Amounts due to the Corporation (see Note 10)	944	1,128
Distribution payable	5,886	3,436
Other payables	<u>21</u>	<u>28</u>
Total	<u>6,851</u>	<u>4,592</u>

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8. Distributions to unitholders

Distributions to unitholders for the year ended 31 December 2024 were \$19.3 million (December 2023: \$10.1 million). The next distribution period is January to March 2025.

9. Unitholders' capital

This represents the capital value of units issued by the Fund. The Fund is responsible for redemption of its units. The movement in the balance of redeemable units is summarised below.

	2024	2023
Opening balance as at 1 January	<u>736,976</u>	<u>739,937</u>
Add: sales	130,078	236,189
Less: repurchases	<u>(107,909)</u>	<u>(239,150)</u>
Net sales/(repurchases)	<u>22,169</u>	<u>(2,961)</u>
Closing balance as at 31 December	<u>759,145</u>	<u>736,976</u>

10. Related party transactions

Parties are considered related if the following conditions applies:

- if one entity has the ability to control the other entity or exercise significant influence over the other entity in making financial or operational decisions, and
- if the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

The Fund is managed by the Corporation. Under the terms of the investment management agreement dated 17 April 2000, the Corporation may charge an annual fee of up to 2% of the net asset value of the Fund.

Total management fees for the year amounted to \$9.6 million or 1.25% of month end fund sizes (December 2023: \$8.8 million or 1.25% of month end fund sizes). The outstanding management charge due to the Corporation at the 31 December 2024 amounted to \$0.8 million (December 2023: \$0.8 million) (see Note 7).

There is an amount of \$0.1 million payable to the Corporation in respect of net redemptions (December 2023: \$0.3 million) at the end of the reporting period. (see Note 7).

There was an amount of \$3.4 million receivable from the Corporation for funds advanced to facilitate same-day large repurchases (December 2023: \$3.0 million) (see Note 5).

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10. Related party transactions (continued)

The Corporation also had an investment in the Fund as at 31 December 2024. The value of the holding was \$0.6 million (December 2023: \$0.5 million).

UTC Financial and Investment Advisory Services Limited has an investment in the Fund as at 31 December 2024. The value of the holding is \$0.3 million (December 2023: \$0.3 million).

There were no other related party transactions for the year.

11. Segment information

The Fund has a fixed income portfolio which is its reportable segment. The portfolio's investment objective and strategy is to invest in the local and international debt market within the parameters set out in the Fund's prospectus to achieve the highest possible yield.

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

Segment information is measured on the same basis as that used in the preparation of the Fund's financial statements.

Major customers

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

As at 31 December 2024, one unitholder held more than 20% of the Fund's net asset value, holding approximately 24% (December 2023: 22%). All other unitholders held 2% or less.

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12. 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 (g)), as analysed below.

Fair value hierarchy for investment securities as at 31 December 2024				
Investment securities carried at fair value through profit or loss	Level 1	Level 2	Level 3	Total
Bonds	633,440	68,598	—	702,038
Commercial paper	<u>38,693</u>	<u>—</u>	<u>—</u>	<u>38,693</u>
Total investment securities	<u>672,133</u>	<u>68,598</u>	<u>—</u>	<u>740,731</u>

Fair value hierarchy for investment securities as at 31 December 2023				
Investment securities carried at fair value through profit or loss	Level 1	Level 2	Level 3	Total
Bonds	555,545	85,975	—	641,520
Commercial paper	56,436	—	—	56,436
Reverse repurchase agreements	<u>31,000</u>	<u>—</u>	<u>—</u>	<u>31,000</u>
Total investment securities	<u>642,981</u>	<u>85,975</u>	<u>—</u>	<u>728,956</u>

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12. Fair value of financial instruments (continued)

b) Transfers between fair value hierarchy levels

At each reporting date the Fund 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 the fair value hierarchy levels during 2024.

In 2023, securities with a carrying amount of \$31.8 million were transferred from Level 1 to Level 2, securities with a carrying amount of \$12.3 million were transferred from Level 2 to Level 1 and securities with a carrying amount of \$2.5 million were transferred from Level 3 to Level 2 of the fair value hierarchy. (see Note 12 (a)).

c) Valuation techniques used to derive Level 3 fair values

The valuation techniques used by the Fund to arrive at the fair value of Level 3 investments are set out in Note 2(g).

There were no securities determined as Level 3 for the year ended 31 December 2024 and 31 December 2023.

d) Movements in Level 3 financial instruments

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

Values are expressed in millions of dollars.

Bonds	2024	2023
Carrying value as at 1 January	—	3
Transfer out of Level 3 to Level 2	—	(3)
Carrying value as at 31 December	<u>—</u>	<u>—</u>

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13. Risk management

Risk management framework

The 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 identify, assess and manage these risks to safeguard the interests of all stakeholders and to achieve strategic objectives.

The SRCC meets at least once per quarter and is responsible for overseeing the Fund's risk management and compliance frameworks, programs and supporting policies.

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 Fund.

Risk exposures

The primary risks to which the Fund is exposed are:

- i. market risk, which comprises:
 - bond price risk
 - interest rate risk
- ii. credit risk
- iii. liquidity risk; and
- iv. operational risk

In alignment with the Risk Management Framework, these risk exposures are managed on an ongoing basis. Risks are monitored to determine compliance with approved risk tolerances and to ensure appropriate corrective actions are implemented when necessary.

Market risk

Market risk is the risk that changes in market prices for example, bond prices, foreign exchange rates and interest 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.

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(Continued)

13. Risk management (continued)

Bond price risk

Bond price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market.

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 Fund's interest rate risk exposure arises primarily on fixed rate debt securities held.

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

Management has determined that a fluctuation in interest rates of 100 basis points is reasonably possible, considering the economic environment in which the Fund operates.

The following tables demonstrate the sensitivity of the Fund's profit or loss for the year to a possible 100 basis point change in interest rates, with all other variables held constant. The sensitivity of the profit or loss for the year is the effect of the assumed change in interest rates on:

- i. The interest income for one year, based on the floating rate assets held at the end of the reporting period; and
- ii. Changes in the fair value for the year, based on revaluing fixed rate financial assets at the end of the reporting period.

Sensitivity of changes in fair value of investments

	2024	2023
Maximum loss	(30,000)	(20,000)
Minimum loss	(20,000)	(10,000)

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(Continued)

13. Risk management (continued)

Interest rate risk (continued)

The Fund's exposure to interest rate risk as at 31 December is summarised below. The Fund's assets are included at their carrying amount and categorised by the earlier of contractual re-pricing or maturity dates. The liabilities of the Fund are not subject to interest rate risk.

	Less than 1 year	Between 1 and 5	Over 5 years	Total
At 31 December 2024				
Assets				
Cash at banks	31,993	—	—	31,993
Bonds	36,524	338,564	326,950	702,038
Commercial paper	38,693	—	—	38,693
	<u>107,210</u>	<u>338,564</u>	<u>326,950</u>	<u>772,724</u>

	Less than 1 year	Between 1 and 5	Over 5 years	Total
At 31 December 2023				
Assets				
Cash at banks	17,780	—	—	17,780
Bonds	200,835	408,570	32,115	641,520
Commercial paper	56,436	—	—	56,436
Reverse repurchase agreements	31,000	—	—	31,000
	<u>306,051</u>	<u>408,570</u>	<u>32,115</u>	<u>746,736</u>

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.

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13. Risk management (continued)

Credit risk (continued)

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

Credit risk is managed by:

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

The quality of the Fund's debt securities, deposits with banks, short-term investments and bank balances are analysed in the Table below 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:

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

In instances where a security is not rated by an international rating agency and has not been assigned a rating under the internal rating system, it is classified as 'Unrated'.

An analysis of security ratings is presented in the table below.

2024	High	Medium	Low	Total
Cash at banks	31,993	—	—	31,993
Bonds	649,370	52,668	—	702,038
Commercial paper	38,693	—	—	38,693
Total	720,056	52,668	—	772,724

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13. Risk management (continued)

Credit risk (continued)

2023	High	Medium	Low	Unrated	Total
Cash at banks	17,780	—	—	—	17,780
Bonds	580,769	58,227	—	2,524	641,520
Commercial paper	56,436	—	—	—	56,436
Reverse repurchase agreements	31,000	—	—	—	31,000
Total	685,985	58,227	—	2,524	746,736

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 Fund are redeemable on demand. The risk is mitigated by ensuring that the Fund holds adequate cash, cash equivalents and short-term investments to fund redemptions. This includes holding a liquidity buffer to meet stressed liquidity requirements. In addition, substantial portions of the investments held by the portfolios are tradable.

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 2024	
Other payables	965
Distribution payable	5,886
Total	6,851
	Less than 1 year
At 31 December 2023	
Other payables	1,156
Distribution payable	3,436
Total	4,592

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13. Risk management (continued)

Liquidity risk (continued)

The Fund manages its liquidity risk by investing predominantly in securities that it expects to be able to liquidate within 1-12 months or less. The following table illustrates the expected liquidity of assets held:

	Less than 1 year	Between 1 and 5	Over 5 years	Total
At 31 December 2024				
Cash at banks	31,993	—	—	31,993
Other receivables	13,534	—	—	13,534
Investment securities	75,217	338,564	326,950	740,731
Total	<u>120,744</u>	<u>338,564</u>	<u>326,950</u>	<u>786,258</u>

	Less than 1 year	Between 1 and 5	Over 5 years	Total
At 31 December 2023				
Cash at banks	17,780	—	—	17,780
Other receivables	10,362	—	—	10,362
Investment securities	288,271	408,570	32,115	728,956
Total	<u>316,413</u>	<u>408,570</u>	<u>32,115</u>	<u>757,098</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. This is inherent within all business activities and has the potential for financial or reputational loss, this includes errors, omissions, disasters and fraud. It is managed through a combination of systems, processes and controls.

The Fund maintains a comprehensive business continuity program that enables it to be agile in responding to the various business continuity threats/operational disruptions that may arise.

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(Continued)

13. Risk management (continued)

Operational risk (continued)

Managing information/cyber security risks remains a priority. The Fund maintains an Information Security Program to respond to the ever-evolving cyber threat landscape. The organization continues to monitor and enhance its security posture and implements relevant controls and mitigants to reduce the impacts of cyber incidents.

14. 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.

15. Events after the reporting period

There were no material events after the statement of financial position date of 31 December 2024 which required recording or disclosure in the financial statements of the Fund as at 13 February 2025.

16. Approval of the financial statements

These financial statements were approved by the Board of Directors and authorised for issue on 13 February 2025.