



TRINIDAD AND TOBAGO GAZETTE (EXTRAORDINARY)

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386

REPUBLIC OF TRINIDAD AND TOBAGO AUDITOR GENERAL'S DEPARTMENT

REPORT OF THE AUDITOR GENERAL

ON THE CONSOLIDATED FINANCIAL STATEMENTS
OF THE TRINIDAD AND TOBAGO
UNIT TRUST CORPORATION

FOR THE YEAR ENDED

31 December, 2020

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

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRINIDAD AND TOBAGO UNIT TRUST CORPORATION FOR THE YEAR ENDED 31 DECEMBER, 2020

OPINION

The consolidated financial statements of the Trinidad and Tobago Unit Trust Corporation (the Corporation) for the year ended 31 December, 2020 have been audited. The statements as set out on pages 1 to 85 comprise a Consolidated Statement of Financial Position as at 31 December, 2020, a Consolidated Statement of Profit or Loss, a Consolidated Statement of Comprehensive Income, a Consolidated Statement of Changes in Equity and a Consolidated Statement of Cash Flows for the year then ended, and Notes to the Consolidated Financial Statements numbered 1 to 27, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

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

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

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

6. Those charged with governance are responsible for overseeing the Corporation'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 consolidated financial statements based on the audit and to report thereon in accordance with section 30 (4) of the Unit Trust Corporation of Trinidad and Tobago Act, Chapter 83:03.

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

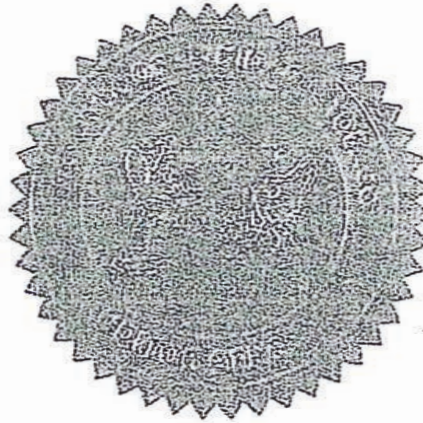
9. As part of an audit in accordance with accepted auditing standards, the Auditor General exercises professional judgment and maintains professional skepticism throughout the audit. The Auditor General also:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Corporation.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Corporation to continue as a going concern. If the Auditor General concludes that a material uncertainty exists, the Auditor General is required to draw attention in his audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify his opinion. The Auditor General's conclusions are based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

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- Evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. The Auditor General is responsible for the direction, supervision and performance of the audit of the Corporation. The Auditor General remains solely responsible for his audit opinion.

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, 2021
PORT OF SPAIN


LORELLY PUJADAS
AUDITOR GENERAL

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TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION


AS AT 31 DECEMBER 2020

(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	31 Dec 2020	31 Dec 2019
Assets			
Cash and cash equivalents	3	2,815,499	3,269,272
Receivables		166,381	194,183
Prepayments and other assets		19,519	20,453
Investment securities	4	20,638,868	19,178,368
Property, plant and equipment	5	142,248	149,826
Right-of-use assets	6	13,950	15,732
Intangible assets	7	22,216	207
Total assets		23,818,681	22,828,041
Liabilities			
Accounts payable and short-term liabilities		75,314	70,566
Lease liabilities	6	15,386	16,405
Distribution payable		36,182	38,829
Pension and other post-retirement liabilities	9	19,108	18,161
Price guarantee provision	2(l)	3,006	3,024
Net assets attributable to unitholders	10	22,133,444	21,201,609
Other liabilities		3,271	4,532
Total liabilities		22,285,711	21,353,126
Equity			
Statutory reserves	2(p)	5,050	5,700
Revaluation reserve	2(p)	(20,535)	(20,709)
Retained earnings		1,548,455	1,489,924
Total equity		1,532,970	1,474,915
Total liabilities and equity		23,818,681	22,828,041



Chairman



Executive Director

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

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TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2020	2019
Income			
Investment income	11	605,473	683,722
Initial charge		8,219	11,900
Fee income	14	3,807	4,561
Other income		3,247	4,328
Net change in fair value on investment securities	12	124,408	639,628
Total income		745,154	1,344,139
Expenses			
Commissions		(14,482)	(16,177)
Administrative	15	(262,734)	(253,586)
Depreciation and amortisation	5,6,7	(20,597)	(17,093)
Total expenses		(297,813)	(286,856)
Net income before guarantee adjustment		447,341	1,057,283
Price guarantee (charge)/credit	2(l)	(367)	22,360
Net income after guarantee adjustment		446,974	1,079,643
Distributions to unitholders	17	(238,447)	(265,389)
Allocation by Funds to Reserves	27	—	(2,731)
Income capitalised		(8,040)	(32,591)
Net income attributable to unitholders		(132,441)	(672,628)
Net income before finance charges		68,046	106,304
Finance charges	6	(1,657)	(1,555)
Net income before taxation		66,389	104,749
Taxation	18	(8,508)	(5,399)
Net income for the year		57,881	99,350

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

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TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

	Note	Group 2020	Group 2019
Net income for the year		57,881	99,350
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Re-measurements of pension and other post-retirement liabilities	9	(205)	(3,868)
Exchange differences on translation of foreign operations		378	(121)
Other comprehensive income for the year		174	(3,989)
Total comprehensive income for the year		<u>58,055</u>	<u>95,361</u>

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

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TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

	Statutory reserve fund	Revaluation reserve	Retained earnings	Total equity
Balance as at 1 January 2019	5,700	(16,720)	1,390,574	1,379,554
Profit for the year	—	—	99,350	99,350
Other comprehensive income for the year	—	(3,989)	—	(3,989)
Other reserve movements	—	—	—	—
Balance as at 31 December 2019	<u>5,700</u>	<u>(20,709)</u>	<u>1,489,924</u>	<u>1,474,915</u>
Profit for the year	—	—	57,881	57,881
Other comprehensive income for the year	—	174	—	174
Other reserve movements	(650)	—	650	—
Balance as at 31 December 2020	<u>5,050</u>	<u>(20,535)</u>	<u>1,548,455</u>	<u>1,532,970</u>

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

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	Group	
		2020	2019
Operating activities			
Net income before taxation		66,389	104,749
<i>Adjustments to reconcile net income to net cash and cash equivalents from operating activities:</i>			
Net income attributable to unitholders		378,928	973,339
Depreciation and amortisation	5,6,7	20,597	17,093
Loss on sale of property, plant and equipment		(456)	(1)
Increase/(decrease) in price guarantee provision		367	(22,834)
Revaluation of fund reserve assets		(330)	(178)
Interest on fund reserve assets		2,072	1,902
Net change in fair value on investment securities		(134,182)	(658,470)
Interest portion of lease payments	6	1,657	1,555
		<u>335,042</u>	<u>417,155</u>
<i>Movement in net current assets</i>			
Decrease/(increase) in receivables		27,803	(44,079)
Decrease/(increase) in prepayments and other assets		934	(3,273)
Decrease in accounts payable and liabilities		2,467	2,943
(Increase)/decrease in distribution liability		(2,648)	(12,462)
Increase in pension and other post retirement liabilities		1,152	310
		<u>364,750</u>	<u>360,594</u>
Taxes paid	18	<u>(8,508)</u>	<u>(5,399)</u>
Net cash flows from operating activities		<u>356,242</u>	<u>355,195</u>

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

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TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in thousands of Trinidad and Tobago dollars)
 (Continued)

	Notes	Group	
		2020	2019
Investing activities			
Purchase of property, plant and equipment		(8,522)	(3,982)
Purchase of intangible assets		(23,658)	—
Disposal of property, plant and equipment		5,390	51
Purchase of investment securities		(24,593,181)	(20,835,813)
Disposal of investment securities		23,254,891	21,862,746
Net cash (used in)/generated from investing activities		(1,365,080)	1,023,002
Financing activities			
Subscriptions from unitholders		2,564,314	2,814,593
Redemptions by unitholders		(1,759,628)	(2,741,298)
Distribution payments to unitholders	17	(238,447)	(265,389)
Guarantee reserve payment	27	(384)	(469)
Principal portion of lease payments		(7,020)	(4,726)
Interest portion of lease payments	6	(1,657)	(1,555)
Net cash generated from/(used in) financing activities		557,178	(198,844)
Net loss on foreign exchange		(2,113)	(881)
Net (decrease)/increase in cash and cash equivalents		(453,773)	1,178,472
Cash and cash equivalents at the beginning of the year		3,269,272	2,090,800
Cash and cash equivalents at the end of the year		2,815,499	3,269,272

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

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in thousands of Trinidad and Tobago dollars)

1. Incorporation and principal activities of the Group

The Trinidad and Tobago Unit Trust Corporation (the "Corporation") was established by the Unit Trust Corporation of Trinidad and Tobago Act (the "Act"), Chapter 83:03 of the Laws of the Republic of Trinidad and Tobago to provide, inter alia, facilities for members of the public to invest in shares and securities approved by the Board of the Corporation.

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

The Finance Act of 1997 expanded the Corporation's scope of business to include other financial services, such as merchant banking, trustee and card services.

The Consolidated Financial Statements of the Corporation and its subsidiaries, which include its controlled entities (collectively "the Group") for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 12 February 2021.

2. Summary of Significant Accounting Policies

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

a) Basis of preparation

- i. The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS).
- ii. The Financial Statements were prepared under the historical cost convention as modified by financial assets measured at fair value through profit or loss (FVPL). The methods used to fair value the Group's financial assets are provided in Note 2 (f).
- iii. The Financial Statements are presented in Trinidad and Tobago dollars (TTD), which is the functional currency of the Corporation.
- iv. The preparation of Financial Statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities in future periods.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

2. Significant accounting policies (continued)**a) Basis of preparation (continued)**

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

- Financial instruments risk management (see Note 21)
- Capital management (see Note 22)

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

- The Group's decision to consolidate the entities for which it is the investment manager, trustee and sponsor (see Note 2 (b)); and
- The Group's decisions with respect to the business models of the investment portfolios of the Growth and Income Fund, the TT Dollar Income Fund, the Universal Retirement Fund, and the US Dollar Income Fund.
- The Group's decisions with respect to the leases (see Note 6)

– *Determining the lease term of contracts with renewal and termination options – Group as lessee*

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

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

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

2. Significant accounting policies (continued)**a) Basis of preparation** (continued)

- iv. • The Group's decisions with respect to the property, plant and equipment (see Note 5)
 - Management exercises judgement in determining whether costs incurred can accrue sufficient future economic benefits to the Group to enable the value to be treated as a capital expense. Further judgement is used upon annual review of the residual values and useful lives of all capital items to determine any necessary adjustments to carrying value.
- 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 amount of assets and liabilities in the next year are described below:
 - the quantum of the liability under the price guarantee offered to unitholders of the Growth and Income Fund at the reporting date (see Note 2 (l));
 - the fair value of financial assets categorised at Level 3. When the fair value of financial assets cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including; professional valuers' estimations, broker quotations, and an internally developed valuation model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments (see Notes 2 (f), 20 and 21);
 - The cost of the defined benefit plan and other post-retirement medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. The key assumptions in the actuarial valuations include: the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and the long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually (See Note 9); and

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

2. Significant accounting policies (continued)**a) Basis of preparation (continued)**

- The Group cannot determine the interest rate implicit in the leases which it holds as lessee nor can it easily arrive at an incremental borrowing rate to measure its lease liabilities. The Group has used the Central Bank prime lending rate as a proxy for its incremental borrowing rate and used that rate to measure its lease liabilities. The Central Bank prime lending rate used is 9.25% (See Note 6).

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

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

Financial Statement impact

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

- The business model for the Group's financial assets is Fair Value Through Profit or Loss (FVPL – see note 2 (e)); consequently, the Group's performance is materially impacted by market price movements. At the onset of the pandemic, financial markets responded by driving asset prices down due to the then-existing uncertainty and the Group recognized a material level of fair value losses. Since then, financial markets have rebounded, and the Group's losses have reversed to produce a fair value gain of \$124.4 million for the year ended 31 December 2020.

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TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

2. Significant accounting policies (continued)**a) Basis of preparation (continued)**

- The Group earned a lower level of interest and dividend income as a result of across-the-board interest rate declines and from either the reduction or suspension of dividend declarations from its equity investments. The Group expects this situation to continue in 2021.

Risk management

The Group routinely undertakes stress testing on all Funds and also evaluates the impact of various scenarios on the Corporation as the Funds' Sponsor. The objective of our stress testing is to determine the potential impact of multiple adverse possible outcomes and to implement proactive risk mitigating strategies. The stress testing considers various factors that can have a negative impact on investment securities including changes to interest rates, credit ratings, foreign exchange rates, equity prices and redemption levels.

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

Reliefs and/or concessions

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

Basis of preparation

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

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

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

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

2. Significant accounting policies (continued)**b) Basis of consolidation**

The Financial Statements incorporate the separate financial statements of the Corporation, the financial statements of the locally domiciled Funds (see Note 26) and the financial statements of its incorporated subsidiaries (see Note 25). The Corporation and the consolidated entities are referred to as the "Group" in these Financial Statements.

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

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

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

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

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

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

2. Significant accounting policies (continued)**b) Basis of consolidation (continued)**

All material intra-group transactions and balances have been eliminated in preparing these Financial Statements.

The financial year end of each entity consolidated is 31 December. The accounting policies of each entity consolidated are consistent with those of the Group.

c) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019 except for the adoption of new standards and interpretations noted below.

New and amended standards and interpretations

The Group applied for the first time certain amendments and interpretations that are effective for annual periods beginning on or after 1 January 2020.

The nature and effect of these changes are described below. Although these new amendments and interpretations apply for the first time in 2020, they did not have a material impact on the consolidated financial statements of the Group. These are also described in more detail below. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Amendments to IAS 1 and IAS 8 – Definition of Material – Effective 1 January 2020

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments had no impact on the consolidated financial statements of the Group. The Group clearly discloses information regarding a material item, transaction or other event in the financial statements in language that is clear and specific.

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(Continued)

2. Significant accounting policies (continued)**c) Changes in accounting policies and disclosures (continued)***New and amended standards and interpretations (continued)***Amendments to IFRS 3 – Definition of a Business – Effective 1 January 2020**

The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. They also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have ‘the ability to contribute to the creation of outputs’ rather than ‘the ability to create outputs’.

The amendments had no impact on the consolidated financial statements of the Group, as there were no acquisitions during the financial year.

Amendments to IFRS 9, IAS 39, IFRS 7 – Interest Rate Benchmark Reform – Effective 1 January 2020

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

The amendments provided the following:-

- an exception for the IAS 39 retrospective assessment when a hedge is temporarily outside the 80-125% range during the period of uncertainty arising from the reform;
- relief from the separately identifiable requirement for redesignation of hedged items in hedges where dedesignation and redesignation take place (e.g. macro hedges);
- clarification that the end of application requirement should apply to each individual item within a designated group of items;
- clarification that the scope of the proposed amendments would apply to all hedges that include interest rate benchmark-based cash flows for the hedged item and/or hedging instrument – e.g. certain cross currency hedges – that are directly affected by uncertainties arising from the reform; and
- simpler proposed disclosure requirements (which introduce specific disclosure requirements for hedging relationships to which the reliefs are applied).

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2. Significant accounting policies (continued)**c) Changes in accounting policies and disclosures (continued)***New and amended standards and interpretations (continued)***Amendments to IFRS 9, IAS 39, IFRS 7 – Interest Rate Benchmark Reform – Effective 1 January 2020 (continued)**

A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The reliefs continue indefinitely in the absence of any of the events described in the amendments. When an entity designates a group of items as the hedged item, the requirements for when the reliefs cease are applied separately to each individual item within the designated group of items.

The amendments had no impact on the consolidated financial statements of the Group, as the Group has not entered into any hedging arrangements that are active in the financial year 2020.

Standards issued but not yet effective

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

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current – Effective 1 January 2022
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use – Effective 1 January 2022
- Amendments to IAS 37 – Onerous Contracts - Costs of Fulfilling a Contract – Effective 1 January 2022
- Amendments to IFRS 3 – Reference to the Conceptual Framework – Effective 1 January 2022
- Amendments to IFRS 16 – Covid-19-Related Rent Concessions – Effective 1 June 2020
- IFRS 17, 'Insurance Contracts' – Effective 1 January 2023
- Annual improvements to IFRS standards 2018-2020 cycle, resulting in amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 – Effective 1 January 2022

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2. Significant accounting policies (continued)**d) Cash and cash equivalents**

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

e) Financial instruments**Financial assets****(i) Initial recognition and subsequent measurement**

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

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

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

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

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

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

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(Continued)

2. Significant accounting policies (continued)**e) Financial instruments (continued)****Financial assets (continued)****(i) Initial recognition and subsequent measurement (continued)**

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

Debt instruments that do not meet the amortised cost criteria are measured as FVPL. In addition, debt instruments that meet the amortised cost criteria but are designated as FVPL are measured at FVPL. A debt instrument may be designated as FVPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the consolidated statement of profit or loss. The net gain or loss recognised in the consolidated statement of profit or loss is included in Note 12. Fair value is determined in the manner described in Note 20.

Interest income on debt instruments designated at FVPL is included in the consolidated statement of profit or loss.

Dividend income on investments in equity instruments at FVPL is recognised in the consolidated statement of profit or loss when the Group's right to receive the dividends is established.

Foreign exchange gains and losses

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

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

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(Continued)

2. Significant accounting policies (continued)**e) Financial instruments (continued)****Financial assets (continued)****ii) Derecognition of financial assets**

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

Financial liabilities**i) Initial recognition and subsequent measurement**

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

The Group determines the classification of its financial liabilities at initial recognition.

ii) Derecognition of financial liabilities

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

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(Continued)

2. Significant accounting policies (continued)**f) Fair value measurement**

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

Valuation framework

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

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

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

Fair value hierarchy

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

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

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(Continued)

2. Significant accounting policies (continued)**f) Fair value measurement (continued)**

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

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

Equity traded in active markets

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

Equities not traded in an active market (unquoted equities)

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

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

Private equity

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

Traded local and foreign bonds

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

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(Continued)

2. Significant accounting policies (continued)**f) Fair value measurement (continued)*****Unquoted local bonds***

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

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

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

Categorisation of short-term investments

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

Receivables, payables and short-term liabilities

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

g) Property, Plant and Equipment

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

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 (Continued)

2. Significant accounting policies (continued)

g) Property, Plant and Equipment (continued)

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

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

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

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

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

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

h) Leases

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

The Group as lessee

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

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(Continued)

2. Significant accounting policies (continued)**h) Leases** (continued)*The Group as lessee* (continued)*(a) Right-of-use assets*

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

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

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

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

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

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(Continued)

2. Significant accounting policies (continued)**h) Leases (continued)***(b) Lease liabilities (continued)*

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

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

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

(b) The Group as lessor

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

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

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(Continued)

2. Significant accounting policies (continued)**i) Intangible Assets**

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

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

Costs associated with maintaining computer software are expensed when incurred.

j) Employee Benefits**(i) Short-term benefits**

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

(ii) Pension obligation

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

Defined benefits constitute a small portion of the Group's pension plan benefits (Note 9). The Group's defined benefit obligations are calculated by estimating the value of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of the plan assets are deducted. The discount rate approximates either high quality corporate bonds or the long-term bond rate for government bonds with a duration similar to the duration of the defined benefit obligations.

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

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(Continued)

2. Significant accounting policies (continued)**j) Employee Benefits****(iii) Other post-retirement obligations**

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

k) Provisions

Provisions are recognised when:

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

l) Guarantee Pricing Liability

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

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

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

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2. Significant accounting policies (continued)**l) Guarantee Pricing Liability (continued)**

The Corporation has historically funded shortfalls in the guarantee reserve fund and is committed to doing so in the future. The liability recognised as at 31 December 2020 was \$3.0 million (2019: \$3.0 million).

m) Revenue recognition

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

Dividend income is recognised when:

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

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

n) Taxation*Corporation tax*

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

Withholding tax

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

o) Foreign currency translation

The Group's functional and presentation currency is Trinidad and Tobago dollars. Foreign currency transactions are translated into the functional currency using the mid-rate for the currency, quoted by the Central Bank of Trinidad and Tobago, on the day prior to the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the consolidated statement of profit or loss.

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(Continued)

2. Significant accounting policies (continued)**o) Foreign currency translation (continued)**

The results and financial position of all Group entities that have a functional currency other than the presentation currency are translated into the presentation currency at the rate of exchange prevailing at 31 December and their statements of profit or loss are translated at an average exchange rate. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

p) Equity movements*Statutory reserves*

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

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

Revaluation Reserve

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

q) Impairment of non-financial assets

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

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(Continued)

2. Significant accounting policies (continued)**q) Impairment of non-financial assets (continued)**

An impairment loss is the amount by which an asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss.

r) Separate funds under management

The assets and liabilities pertaining to funds which are managed on behalf of third parties by the Group in accordance with specific Investment Management Agreements are not included in the consolidated statement of financial position of the Corporation. The market value of these portfolios as at 31 December is \$1.06 billion (2019; \$936 million).

s) Segment reporting

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

3. Cash and cash equivalents

Cash and cash equivalents are analysed below:

	2020	2019
Corporation	698,216	1,187,978
Locally Domiciled Funds	2,113,023	2,043,460
Foreign Funds	2,565	2,957
Other Group Entities	<u>1,695</u>	<u>34,877</u>
	<u>2,815,499</u>	<u>3,269,272</u>

Cash and cash equivalents held by Funds form part of the net assets of said Funds. In compliance with legislation, regulatory restrictions and best practice, all the assets of each Fund, including cash and cash equivalents, are ring-fenced and are not available for use by other entities within the Group. Restricted cash as at 31 December was \$2.17 billion (2019: \$2.144 billion) (see Note 8)

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4. Investment securities

	2020	2019
Investment securities		
Designated at fair value through statement of income	<u>20,638,868</u>	<u>19,178,368</u>
Total investment securities	<u>20,638,868</u>	<u>19,178,368</u>
Investment securities designated at fair value through profit and loss		
Bonds	12,852,428	8,870,960
Equity	2,422,263	2,342,013
Treasury bills	803,277	1,845,507
Fixed-term deposits	1,581,997	1,574,233
Short-term investments	881,499	1,504,971
Commercial paper	114,644	1,500,892
Bond Exchange Traded Funds	466,503	—
Exchange Traded Funds (ETFs)	1,398,326	996,823
Structured bonds	—	526,872
Private equity	3,629	10,933
Mutual funds	114,302	5,164
Other	—	—
Total investment securities	<u>20,638,868</u>	<u>19,178,368</u>

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TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. Property, plant and equipment

	Land	Buildings	Office Improvements	Office Computer equipment	Office & Furniture & Motor Vehicles	Total
2020						
Opening net book value	15,987	92,111	13,995	23,450	4,283	149,826
Additions	—	—	3,698	4,455	369	8,522
Disposals	(2,965)	(1,942)	—	(20)	(7)	(4,934)
Depreciation/amortisation	(22)	(2,369)	(1,624)	(6,381)	(770)	(11,166)
Closing net book value	<u>13,000</u>	<u>87,800</u>	<u>16,069</u>	<u>21,504</u>	<u>3,875</u>	<u>142,248</u>
As at 31 December 2020						
Cost	13,604	122,104	54,562	106,514	26,206	322,990
Accumulated depreciation/ amortisation	(604)	(34,304)	(38,493)	(85,010)	(22,331)	(180,742)
Net book value	<u>13,000</u>	<u>87,800</u>	<u>16,069</u>	<u>21,504</u>	<u>3,875</u>	<u>142,248</u>

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TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Continued)

5. Property and equipment (continued)

2019

	Land	Buildings	Office Improvements	Office Computer equipment	Office & Furniture & Motor Vehicles	Total
Opening net book value	16,008	94,520	15,483	26,624	4,670	157,305
Additions	—	—	242	3,323	417	3,982
Disposals	—	—	—	(17)	(33)	(50)
Depreciation/amortisation	(21)	(2,409)	(1,730)	(6,480)	(771)	(11,411)
Closing net book value	15,987	92,111	13,995	23,450	4,283	149,826
As at 31 December 2019						
Cost	16,569	124,269	50,864	102,900	26,214	320,816
Accumulated depreciation/ amortisation	(582)	(32,158)	(36,869)	(79,450)	(21,931)	(170,990)
Net book value	15,987	92,111	13,995	23,450	4,283	149,826

Land includes leasehold land of \$2.2 million (2019: \$2.2 million) and freehold land of \$11.4 million (2019: \$14.4 million).

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5. Property and equipment (continued)**Fair value of land and buildings**

The fair value of land and buildings was estimated at \$201 million at 31 December (2019: \$206.5 million). Information related to the fair value of land and buildings at 31 December is provided in the table below in millions of dollars:

Property	Cost \$'M	Independent Valuation \$'M	Date of last valuation	Fair Value		Valuation Level
				31 Dec 2020 \$'M	31 Dec 2019 \$'M	
Leasehold land	2.2	10.8	24 Jan 2019	10.8	10.8	Level 2
Freehold land	11.4	26.5	24 Jan 2019	22.5	26.5	Level 2
Buildings	122.1	169.7	24 Jan 2019	167.7	169.2	Level 2
Total	<u>135.7</u>	<u>207.0</u>		<u>201.0</u>	<u>206.5</u>	

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

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6. Leases**Group as lessee****Right-of-use assets**

	Property	Motor vehicles	Equipment	Total
Cost				
As at 1 January 2020	18,277	754	2,100	21,131
Additions	4,911	121	2,843	7,875
Extensions	122	19	428	569
Disposals	(4,099)	—	(704)	(4,803)
As at December 2020	<u>19,211</u>	<u>894</u>	<u>4,667</u>	<u>24,772</u>
Accumulated Depreciation				
As at 1 January 2020	(4,448)	(108)	(843)	(5,399)
Disposals	2,105	—	254	2,359
Depreciation	(6,535)	(361)	(886)	(7,782)
As at December 2020	<u>(8,878)</u>	<u>(469)</u>	<u>(1,475)</u>	<u>(10,822)</u>
Carrying Amount				
As at December 2020	<u>10,333</u>	<u>424</u>	<u>3,193</u>	<u>13,950</u>
Cost				
As at 1 January 2019	17,379	—	1,265	18,644
Additions	898	754	835	2,487
As at December 2019	<u>18,277</u>	<u>754</u>	<u>2,100</u>	<u>21,131</u>
Accumulated Depreciation				
As at 1 January 2019	—	—	—	—
Depreciation	(4,448)	(108)	(843)	(5,399)
As at December 2019	<u>(4,448)</u>	<u>(108)</u>	<u>(843)</u>	<u>(5,399)</u>
Carrying Amount				
As at December 2019	<u>13,829</u>	<u>646</u>	<u>1,257</u>	<u>15,732</u>

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

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6. Leases (continued)**Group as lessee (continued)****Lease liabilities**

Approximately 3% of the leases for properties and equipment expired in the current financial year. The expired contracts were replaced by new leases for identical underlying assets. The maturity analysis of lease liabilities is presented in the table below.

	2020	2019
Less than one year	6,269	4,872
Between one and five years	8,034	10,376
More than five years	<u>1,083</u>	<u>1,157</u>
	<u>15,386</u>	<u>16,405</u>

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

	2020	2019
Depreciation expense of right-of-use assets	7,782	5,399
Interest expense on lease liabilities	1,657	1,555
Expense related to short-term leases	<u>429</u>	<u>199</u>
	<u>9,868</u>	<u>7,153</u>

At 31 December 2020, the Group had no short-term lease commitments. The total cash outflow for leases amounted to \$8.3 million (2019: \$6.5 million)

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(Continued)

6. Leases (continued)**Group as lessor**

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

Maturity analysis of operating leases contracts with tenants at 31 Dec

	2020	2019
Year 1	587	1,380
Year 2	531	—
Year 3	91	—
	<u>1,209</u>	<u>1,380</u>

Rental income reported in the consolidated statement of profit or loss for 2020 was \$3.04 million (2019: \$3.03 million).

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7. Intangible assets

2020	Computer software	Software licenses	Total
Opening net book value	207	–	207
Additions	–	23,658	23,658
Amortisation	(42)	(1,607)	(1,649)
Closing net book value	<u>165</u>	<u>22,051</u>	<u>22,216</u>
As at 31 December			
Cost	2,726	23,658	26,384
Accumulated amortisation	(2,561)	(1,607)	(4,168)
Net book value	<u>165</u>	<u>22,051</u>	<u>22,216</u>
2019			
Opening net book value	490	–	490
Additions	–	–	–
Amortisation	(283)	–	(283)
Closing net book value	<u>207</u>	<u>–</u>	<u>207</u>
As at 31 December			
Cost	2,726	–	2,726
Accumulated amortisation	(2,519)	–	(2,519)
Net book value	<u>207</u>	<u>–</u>	<u>207</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8. Restricted assets

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

Particulars	2020	2019
Cash and cash equivalents (see Note 3)	2,815,499	3,269,272
Restricted cash and cash equivalents	<u>(2,170,311)</u>	<u>(2,144,531)</u>
Available to Group without restriction	<u>645,188</u>	<u>1,124,741</u>

Particulars	2020	2019
Receivables	166,381	194,183
Restricted receivables	<u>(158,663)</u>	<u>(185,342)</u>
Available to Group without restriction	<u>7,718</u>	<u>8,841</u>

Particulars	2020	2019
Investment securities (see Note 4)	20,638,868	19,178,368
Restricted investment securities	<u>(19,812,094)</u>	<u>(18,888,458)</u>
Available to Group without restriction	<u>826,774</u>	<u>289,910</u>

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(Continued)

9. Pension and other post-retirement liabilities

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

	2020	2019
Net Defined Benefit Liability (Note 9 (a))	—	—
Group Life Liability (Note 9 (b))	2,555	2,471
Medical Benefit Liability (Note 9 (c))	16,553	15,690
Statement of financial position	19,108	18,161

a) Pension Benefits

i. Net Liability in consolidated statement of financial position

	2020	2019
Present value of defined benefit obligation	244,866	229,013
Fair value of plan assets	(250,560)	(235,405)
Surplus	(5,694)	(6,392)
Effect on asset ceiling	5,694	6,392
Net Defined Benefit Liability/(Asset)	—	—

ii. Movement in consolidated statement of financial position

Opening present value of defined benefit obligation	229,013	208,222
Current service costs	11,206	10,745
Plan participant contributions	4,180	4,127
Interest cost	11,721	10,652
Actuarial gains on obligation	(6,835)	402
Benefit and expenses paid	(4,419)	(5,135)
Closing present value of defined benefit obligation	244,866	229,013

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 (Continued)

9. Employee benefits (continued)

a) Pension Benefits (continued)

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

	2020	2019
Active members	67%	68%
Deferred members	14%	12%
Pensioners	19%	20%

96% of the benefits for active members are vested.

27% of the total defined benefit obligation is defined benefit in nature, of which 3% is conditional on active members' future salary increases. The weighted average duration of the defined benefit liability component of the obligation is 15.1 years.

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

	2020	2019
Opening fair value of plan assets	235,405	212,000
Expected return	12,052	10,859
Actuarial loss	(8,294)	2,067
Employer contributions for current service	11,636	11,487
Plan participant contributions for current service	4,180	4,127
Benefits and expenses paid	(4,419)	(5,135)
Closing fair value of plan assets	<u>250,560</u>	<u>235,405</u>
Actual return on plan assets	<u>3,758</u>	<u>12,926</u>

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(Continued)

9. Employee benefits (continued)

a) Pension Benefits (continued)

iii (b). Asset allocation

	2020	2019
Universal Retirement Fund	186,187	172,980
TT\$ Income Fund	24,371	30,742
TT\$ National Insurance bonds	13,641	13,708
TT\$ Government bonds	24,832	10,158
Cash and cash equivalents	<u>1,529</u>	<u>7,817</u>
	<u>250,560</u>	<u>235,405</u>

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

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

	2020	2019
Current service costs	<u>11,206</u>	<u>10,745</u>

v. Re-measurements recognised in other comprehensive income

	2020	2019
Actuarial (gains)/losses	1,459	(1,665)
Effect of asset ceiling	<u>(1,029)</u>	<u>2,407</u>
	<u>430</u>	<u>742</u>

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 (Continued)

9. Employee benefits (continued)**a) Pension Benefits (continued)**

vi. Summary of principal assumptions as at 31 December

	2020	2019
Discount rate	5.00%	5.00%
Average individual salary increases	4.00%	4.00%
Future pension increases	0.00%	0.00%

b) Group Life Benefits

i. Net Liability in consolidated statement of financial position

	2020	2019
Present value of defined benefit obligation	2,555	2,471
Fair value of plan assets	—	—
Benefit	2,555	2,471
Effect on asset ceiling	—	—
Net Defined Benefit Liability	2,555	2,471

ii. Movement in consolidated statement of financial position

Opening present value of defined benefit obligation	2,471	2,012
Current service costs	129	175
Interest cost	122	99
Experience adjustments	(111)	700
Actuarial loss/(gain) on obligation	—	(466)
Benefit paid	(56)	(49)
Closing present value of defined benefit obligation	2,555	2,471

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(Continued)

9. Employee benefits (continued)**b) Group Life Benefits (continued)**

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

	2020	2019
Current service costs	129	175
Net interest costs	122	99
Past service cost/(credit)	—	—
	<u>251</u>	<u>274</u>

iv Re-measurements recognised in other comprehensive income

	2020	2019
Experience (gains)/losses	(111)	234
Effect of asset ceiling	—	—
	<u>(111)</u>	<u>234</u>

c) Medical Benefits

i. Net Liability in consolidated statement of financial position

	2020	2019
Present value of defined benefit obligation	16,553	15,690
Fair value of plan assets	—	—
	<u>16,553</u>	<u>15,690</u>
Benefit	16,553	15,690
Effect on asset ceiling	—	—
Net Defined Benefit Liability	<u>16,553</u>	<u>15,690</u>

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(Continued)

9. Employee benefits (continued)**c) Medical Benefits (continued)**

ii. Movement in consolidated statement of financial position

Opening present value of obligation	15,690	11,971
Current service costs	872	449
Interest cost	777	592
Experience adjustments	(470)	(2,606)
Actuarial loss/(gain) on obligation	—	5,541
Benefit paid	<u>(316)</u>	<u>(257)</u>
Closing present value of obligation	<u>16,553</u>	<u>15,690</u>

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

	2020	2019
Current service costs	872	449
Net interest costs	777	592
Past service cost/(credit)	<u>—</u>	<u>—</u>
	<u>1,649</u>	<u>1,041</u>

iv Re-measurements recognised in other comprehensive income

	2020	2019
Experience (gains)/losses	(470)	2,935
Effect of asset ceiling	<u>—</u>	<u>—</u>
	<u>(470)</u>	<u>2,935</u>

v. Summary of principal assumptions as at 31 December

	2020	2019
Discount rate	5.00%	5.00%
Average individual salary increases	4.00%	4.00%

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10. Net assets attributable to unitholders

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

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

	2020	2019
Initial Capital Growth and Income Fund	4,766	4,766
Unit Capital Growth and Income Fund	5,249,177	5,348,738
Unit Capital TT Dollar Income Fund	12,393,600	11,553,551
Unit Capital Universal Retirement Fund	371,921	346,512
Unit Capital US Dollar Income Fund	4,106,210	3,939,498
Participating Shares UTC (Cayman) SPC Ltd.	7,770	8,544
	<u>22,133,444</u>	<u>21,201,609</u>

Initial capital in line one of the analysis above, represents the capital subscribed by the initial contributors in accordance with Section 17 of the Act. The subscriptions were invested in the Growth and Income Fund. Initial capital as at 31 December 2020 was \$4.8 million (2019: \$4.8 million).

Unit capital in the analysis above, represents the net asset value of the four (4) investment funds domiciled in Trinidad and Tobago at the reporting date. In respect of the Growth and Income Fund, this excludes the acquisition cost of the units issued in respect of initial capital.

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

Financial information is provided for the locally domiciled entities above in Note 27 (i) to (iv). Financial information for UTC (Cayman) SPC Ltd. is provided in Note 27 (v).

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11. Investment income

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

Entity	2020	2019
Growth & Income Fund	130,687	182,017
TT Dollar Income Fund	334,352	344,893
Universal Retirement Fund	7,724	10,791
US Dollar Income Fund	107,352	110,300
UTC (Cayman) SPC Ltd.	411	606
Local subsidiaries	670	—
Corporation	<u>24,277</u>	<u>35,115</u>
	<u>605,473</u>	<u>683,722</u>
Type of income	2020	2019
Interest income	526,162	553,354
Dividend income	78,120	126,635
Other income	<u>1,191</u>	<u>3,733</u>
	<u>605,473</u>	<u>683,722</u>

12. Net change in fair value on investment securities

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

Entity	2020	2019
Growth & Income Fund	(8,260)	401,459
TT Dollar Income Fund	47,731	101,046
Universal Retirement Fund	8,048	28,807
US Dollar Income Fund	75,172	111,519
UTC (Cayman) SPC Ltd.	1,460	1,147
Corporation	<u>257</u>	<u>(4,350)</u>
	<u>124,408</u>	<u>639,628</u>

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

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13. Foreign exchange gains/(losses)

The exchange differences credited to the consolidated statement of profit or loss are included in Other Income as follows:

	2020	2019
Foreign exchange loss	<u>(3,656)</u>	<u>(1,350)</u>

14. Fee income

	2020	2019
Management charge - third parties	3,772	4,526
Trustee fees	20	20
Paying agent fees	<u>15</u>	<u>15</u>
	<u>3,807</u>	<u>4,561</u>

15. Administrative expenses

	2020	2019
Audit fees	402	362
Directors' fees	2,746	3,000
General administration	111,352	109,311
Staff costs (see note 16)	<u>148,234</u>	<u>140,913</u>
	<u>262,734</u>	<u>253,586</u>

16. Staff costs

	2020	2019
Salaries and wages	101,605	98,743
Other staff costs	27,464	23,842
Pension costs (see note 9)	13,106	12,060
National Insurance	<u>6,059</u>	<u>6,268</u>
	<u>148,234</u>	<u>140,913</u>
Number of employees	<u>529</u>	<u>527</u>

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17. Distributions to unitholders

	2020	2019
Growth & Income Fund	22,743	71,704
TT Dollar Income Fund	169,179	155,053
US Dollar Income Fund	46,525	38,632
	<u>238,447</u>	<u>265,389</u>

a) Growth & Income Fund

The Growth & Income Fund paid \$22.7 million to its unitholders in respect of its June 2020 and December 2020 distributions (2019: \$71.7 million). Included in the \$22.7 million was distributions paid to initial capital contributors of \$0.3 million (2019: \$0.3 million)

b) TT Dollar Income Fund

The TT Dollar Income Fund makes quarterly distributions at the end of February, May, August and November. Income accrued as at 31 December for distributions in the quarter ending 28 February 2021 amounted to \$13.7 million (2019: \$13.9 million).

c) US Dollar Income Fund

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

18. Taxation

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

	2020	2019
Net income before taxation	66,389	104,749
less: income taxed at 0%	<u>(65,766)</u>	<u>(104,743)</u>
Net income subject to tax	<u>623</u>	<u>6</u>
Corporation tax charge/(refund) for foreign subsidiaries	319	(107)
Withholding tax on interest and dividends received	7,145	4,426
Green Fund Levy	<u>1,044</u>	<u>1,080</u>
	<u>8,508</u>	<u>5,399</u>

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19. Related party transactions and balances

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

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

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

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

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

	2020	2019
Key management transactions		
Loan balances	<u>52</u>	<u>104</u>
Represented by:		
Balance at the beginning of the year	104	334
Loans advanced	—	—
Loan repayments	(52)	(230)
Interest income	—	10
Interest received	<u>—</u>	<u>(10)</u>
Balance at the end of the year	<u>52</u>	<u>104</u>

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19. Related party transactions and balances (continued)

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

Key management - compensation

	2020	2019
Short-term benefits	22,143	19,336
Post employment benefits	<u>6,006</u>	<u>5,861</u>
	<u>28,149</u>	<u>25,197</u>

Key management - balances in Funds managed by the Corporation

	2020	2019
Units held by key management	<u>5,043</u>	<u>1,568</u>

Other related party transactions - directors remuneration

	2020	2019
Directors' fees (see Note 15)	<u>2,746</u>	<u>3,000</u>

Other related party transactions - directors balances in Funds under management

	2020	2019
Units in funds under management	<u>3,402</u>	<u>1,754</u>

All transactions with related parties were undertaken on commercial terms and on an arms-length basis. No expense was recognised in the current or prior year for bad or doubtful debts for amounts owed by any related party.

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

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

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20. Fair value of financial instruments**(i) Determination of fair value and fair value hierarchies**

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

2020	Level 1	Level 2	Level 3	Total
Investment securities designated at FVPL				
Bonds	501,261	—	12,351,167	12,852,428
Equity	2,172,248	—	250,015	2,422,263
Treasury bills	803,277	—	—	803,277
Fixed-term deposits	1,581,997	—	—	1,581,997
Short-term investments	881,499	—	—	881,499
Commercial paper	114,644	—	—	114,644
Exchange Traded Funds (ETFs)	1,398,326	—	—	1,398,326
Bond Exchange Traded Funds	466,503	—	—	466,503
Private equity	—	—	3,629	3,629
Mutual funds	114,302	—	—	114,302
	<u>8,034,057</u>	<u>—</u>	<u>12,604,811</u>	<u>20,638,868</u>

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20. Fair value of financial instruments (continued)

(i) Determination of fair value and fair value hierarchies (continued)

2019	Level 1	Level 2	Level 3	Total
Investment securities designated at FVPL				
Bonds	455,545	—	8,415,415	8,870,960
Equity	2,015,004	—	327,009	2,342,013
Treasury bills	1,845,507	—	—	1,845,507
Fixed-term deposits	1,574,233	—	—	1,574,233
Short-term investments	1,504,971	—	—	1,504,971
Commercial paper	1,500,892	—	—	1,500,892
Exchange Traded Funds (ETFs)	996,823	—	—	996,823
Structured bonds	—	—	526,872	526,872
Private equity	—	—	10,933	10,933
Mutual funds	5,164	—	—	5,164
	<u>9,898,139</u>	<u>—</u>	<u>9,280,229</u>	<u>19,178,368</u>

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

There were no transfers between levels for the year ended 31 December 2020 (2019: there were no transfers between levels).

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20. Fair value of financial instruments**(ii) Valuation techniques used to derive Level 3 fair values**

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

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

2020 Investment securities designated at FVPL	Level 3 fair value	Valuation technique	Significant unobservable inputs	Possible shift in inputs	Changes in valuation
Bonds	12,351	Valuation model, Trading prices Professional/ management valuations	Interest rates, spreads	1%	124
Equity	250		Not applicable	Not applicable	Not applicable
Structured bonds	—	Broker quotations	Interest rates, spreads	1%	—
Private equity	4	General partner's valuation	Not applicable	Not applicable	Not applicable
Other	—	Cost	Not applicable	Not applicable	Not applicable
	<u>12,605</u>				<u>124</u>

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20. Fair value of financial instruments (continued)						
(ii) Valuation techniques used to derive Level 3 fair values (continued)						
2019	Level 3	Valuation	Significant	Possible shift	Changes in	
Investment securities	fair value	technique	unobservable	in inputs	valuation	
designated at FVPL			inputs			
Bonds	8,415	Valuation model, Trading prices Professional/ management valuations	Interest rates, spreads	1%	120	
Equity	327		Not applicable	Not applicable	Not applicable	
Structured bonds	527	Broker quotations	Interest rates, spreads	1%	—	
Private equity	11	General partner's valuation	Not applicable	Not applicable	Not applicable	
Other	—	Cost	Not applicable	Not applicable	Not applicable	
	<u>9,280</u>					<u>120</u>

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20. Fair value of financial instruments (continued)

(iii) Movements in Level 3 financial instruments

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

2020 Investment securities designated at FVPL	Carrying value Level 3 1 Jan 2020	Purchases/ Capitalised interest	Sales/ Repayments/ Maturities	Net gains/ (losses) recognised in P&L	Unrealised gains/(losses) recognised in OCI	Carrying value Level 3 31 Dec 2020	Fair Values
Bonds	8,415	6,644	(2,796)	88	-	12,351	12,351
Equity	327	-	-	(77)	-	250	250
Structured bonds	527	-	(533)	6	-	(0)	(0)
Private equity	11	2	-	(9)	-	4	4
Other	-	-	-	-	-	-	-
	9,280	6,646	(3,329)	8	-	12,605	12,605

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20. Fair value of financial instruments (continued)

(iii) Movements in Level 3 financial instruments (continued)

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

2019 Investment securities designated at FVPL	Carrying value Level 3 1 Jan 2019	Purchases/ Capitalised interest	Sales/ Repayments/ Maturities	Net gains/ (losses) recognised in P&L	Unrealised gains/(losses) recognised in OCI	Carrying value Level 3 31 Dec 2019	Fair Values
Bonds	8,978	4,637	(4,729)	(471)	-	8,415	8,415
Equity	328	-	-	(1)	-	327	327
Structured bonds	603	-	(82)	6	-	527	527
Private equity	98	-	(104)	17	-	11	11
Other	2	-	(2)	-	-	-	-
	10,009	4,637	(4,917)	(449)	-	9,280	9,280

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21. Risk management

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

	2020	2019
Financial assets		
Cash and cash balances (see Note 3)	2,815,499	3,269,272
Receivables	166,381	194,183
Other assets	7,630	7,617
Investment securities (see Note 4)	20,638,868	19,178,368
Financial liabilities		
Accounts payable and short-term liabilities	75,314	70,566
Lease liabilities	15,386	16,405
Distribution payable	36,182	38,829
Other liabilities	3,271	4,532
Net assets attributable to unitholders	22,133,444	21,201,609

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21. Risk management (continued)**Risk management framework**

The Collective Investment Schemes managed by the Corporation and the Corporation's investment activities expose the Group to a variety of financial risks. The Board of Directors has established policies, procedures, an audit committee and a strategic risk committee to minimise the potential loss that may arise from such financial risks.

The strategic risk committee is responsible for oversight of the strategic risks which the Group faces. During 2020, the audit committee and the strategic risk committees 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 Group was appropriate and consistent with the Group's strategic objectives; and
- iii. consider reports and recommendations submitted by the risk management and internal audit departments.

Risk exposures

The primary risks to which the Group is exposed are:

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

Market risk

Market risk is the risk that changes in market prices e.g. equity and ETF price risk, bond price risk, foreign exchange rates, and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

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21. Risk management (continued)**Equity and ETF price risk**

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

Two (2) of the Funds within the Group have significant holdings of equities and ETFs all of which are traded on either the local or North American stock exchanges. Negative equity price movements in the local and foreign markets can subject the portfolios to decreases in their Net Asset Values. This risk is managed by:

- 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

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

	Lower than market	Comparable to market	Higher than market
As at December 2020	1,938,273 50.7%	782,242 20.5%	1,100,074 28.8%
As at December 2019	1,844,028 61.2%	1,029,980 34.2%	137,937 4.6%

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21. Risk management (continued)**Equity and ETF price risk (continued)**

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

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

Market indices	Change in equity price %	Effect on net asset value	
		2020 +/-	2019 +/-
TTSE	+/- 5	73.5	39.7
S&P 500	+/- 5	70.7	47.0

Interest rate risk

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

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

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21. Risk management (continued)**Interest rate risk (continued)**

The Group's exposure to interest rate risk as at 31 December 2020 is summarised below. The Group's assets and liabilities are included at their carrying amount and categorised by the earlier of contractual re-pricing or maturity dates.

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

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21. Risk management (continued)

Interest rate risk (continued)

2019	Less than one year	One to five years	Over five years	Total
Assets				
Cash & cash equivalents	3,269,272	—	—	3,269,272
Treasury bills	1,845,507	—	—	1,845,507
Fixed-term deposits	1,574,233	—	—	1,574,233
Short-term investments	1,504,971	—	—	1,504,971
Commercial paper	1,500,892	—	—	1,500,892
Bonds (FVPL)	1,447,694	4,802,097	2,621,169	8,870,960
Structured Products (FVPL)	526,872	—	—	526,872
Liabilities				
Lease liability (see Note 6)	(4,872)	(10,376)	(1,157)	(16,405)
Rate re-pricing position	<u>11,664,569</u>	<u>4,791,721</u>	<u>2,620,012</u>	<u>19,076,302</u>

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21. Risk management (continued)**Currency risk**

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

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

	2020		2019	
	US\$ (presented in TT\$)	Other foreign currencies	US\$ (presented in TT\$)	Other foreign currencies
Cash & cash equivalents	477,195	—	1,001,199	7
Prepayments and Other assets	—	—	7,353	—
Treasury bills	269,827	—	1,061,411	—
Fixed-term deposits	166,586	—	57,310	—
Short-term investments	273,205	—	240,289	—
Commercial paper	114,644	—	1,467,093	—
Bonds (FVPL)	5,418,066	—	2,957,387	—
Bond Exchange Traded Funds	466,503	—	526,872	—
Equities, ETFs, Private equity and Mutual Funds	<u>1,880,670</u>	<u>73,363</u>	<u>1,271,283</u>	<u>—</u>
Total financial assets	<u>9,066,696</u>	<u>73,363</u>	<u>8,590,197</u>	<u>7</u>
Net assets attributable to Unitholders (see Note 10)	<u>(4,113,979)</u>	<u>—</u>	<u>(3,939,498)</u>	<u>—</u>
Total financial liabilities	<u>(4,113,979)</u>	<u>—</u>	<u>(3,939,498)</u>	<u>—</u>
Net currency risk exposure	<u>4,952,717</u>	<u>73,363</u>	<u>4,650,699</u>	<u>7</u>
Reasonably possible change in currency rate	1%	1%	1%	1%
Approximate change in US\$ holdings	<u>49,527</u>	<u>734</u>	<u>46,507</u>	<u>0</u>

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21. Risk management (continued)**Currency risk (continued)****Concentration of foreign currency exposure**

	2020	2019
% of total financial assets	21%	38%

Credit risk

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

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

Credit risk is managed by:

- 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; and
- iii. regular review, measurement and monitoring of counterparties' credit ratings.

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

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

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

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21. Risk management (continued)**Credit risk (continued)**

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

	High	Medium	Low	Total
2020				
Debt securities	11,275	1,221	357	12,853
Treasury bills	803	—	—	803
Fixed-term deposits	1,582	—	—	1,582
Short-term investments	881	—	—	881
Commercial paper	115	—	—	115
Bond Exchange Traded Funds	467	—	—	467
Bank balances	2,815	—	—	2,815
	<u>17,938</u>	<u>1,221</u>	<u>357</u>	<u>19,516</u>
Total financial assets	<u>17,938</u>	<u>1,221</u>	<u>357</u>	<u>19,516</u>
2019				
Debt securities	7,490	855	1,053	9,398
Treasury bills	1,846	—	—	1,846
Fixed-term deposits	1,574	—	—	1,574
Short-term investments	1,505	—	—	1,505
Commercial paper	1,501	—	—	1,501
Structured bonds	526	—	—	526
Bank balances	3,269	—	—	3,269
	<u>17,711</u>	<u>855</u>	<u>1,053</u>	<u>19,619</u>
Total financial assets	<u>17,711</u>	<u>855</u>	<u>1,053</u>	<u>19,619</u>

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21. Risk management (continued)**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 Growth and Income Fund, the TT\$ Income Fund and the US\$ Income Fund are redeemable on demand. The participating shares of the segregated portfolios of UTC (Cayman) SPC Ltd. are also redeemable on demand. The risk is mitigated in each portfolio by holding adequate cash, cash equivalents and short-term investments. In addition, substantial portions of the investments held by the portfolios are tradeable.

Analysis of financial liabilities by remaining contractual maturities

The tables below summarise the maturity profile of the Group's financial liabilities as at 31 December 2020 and 2019, based on contractual repayment obligations, over the remaining life of those liabilities.

	Less than one year	Greater than one year	Total
2020			
Accounts payable and short-term liabilities	75,314	–	75,314
Lease liabilities	6,269	9,117	15,386
Distribution payable	36,182	–	36,182
Other liabilities	3,271	–	3,271
Net assets attributable to unitholders	<u>22,133,444</u>	<u>–</u>	<u>22,133,444</u>
	<u>22,254,480</u>	<u>9,117</u>	<u>22,263,597</u>

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21. Risk management (continued)**Liquidity risk** (continued)*Analysis of financial liabilities by remaining contractual maturities* (continued)

	Less than one year	Greater than one year	Total
2019			
Accounts payable and short-term liabilities	70,566	–	70,566
Lease liabilities	5,631	10,774	16,405
Distribution payable	38,829	–	38,829
Other liabilities	4,532	–	4,532
Net assets attributable to unitholders	<u>21,201,609</u>	<u>–</u>	<u>21,201,609</u>
	<u>21,321,167</u>	<u>10,774</u>	<u>21,331,941</u>

22. Capital management

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

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

23. Commitments

As at 31 December, the Group had contractual obligations for capital contributions in the amounts of approximately \$ 38.5 million (2019: \$20.13 million) which relates to infrastructure projects and other investments.

24. Contingent liabilities

As at 31 December 2020, there were six (6) matters before the Courts. The contingent liability in relation to the six (6) matters is estimated at \$3.78 million (2019: \$2.8 million).

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25. Interest in corporate entities**(i) Local corporate entities**

The Corporation has two (2) wholly-owned local subsidiary companies incorporated under the Companies Act 81:01 of the Laws of the Republic of Trinidad and Tobago, namely:

Company	Interest	Principal place of business	Date of incorporation
Unit Trust Corporation Financial and Investment Advisory Services Limited (formerly UTC Financial Services Limited)	100%	82 Independence Square, Port of Spain, Trinidad	23 March 1999
UTC Trust Services Limited	100%	82 Independence Square, Port of Spain, Trinidad	2 June 1999

All the directors of the foregoing two (2) companies are directors of the Corporation. Unit Trust Corporation Financial and Investment Advisory Services Limited carries on the business of a registrar and paying agent, while UTC Trust Services Limited is the registered trustee for certain bonds.

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

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

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25. Interest in corporate entities

(ii) Foreign corporate entities

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

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

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

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

- i. UTC Global Investor Select ETF Fund Segregated Portfolio - Conservative
- ii. UTC Global Investor Select ETF Fund Segregated Portfolio - Moderate
- iii. UTC Global Investor Select ETF Fund Segregated Portfolio - Aggressive

Auditors foreign subsidiaries

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

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

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26. Locally domiciled funds

The four (4) locally domiciled funds controlled by the Corporation are considered subsidiaries for the purposes of IFRS 10. The total assets of the locally domiciled funds are shown in the table below.

	2020	2019
Growth and Income Fund	5,281,488	5,379,701
TT Dollar Income Fund	12,423,783	11,588,597
Universal Retirement Fund	372,661	347,106
US Dollar Income Fund	4,126,388	3,960,832
Total assets	<u>22,204,320</u>	<u>21,276,236</u>

Summarised financial information for the locally domiciled funds is provided in Notes 27.

27. Summarised financial information**(i) Growth and Income Fund**

The table below summarises financial information for the Growth and Income Fund (before inter-entity eliminations or consolidation adjustments) for the years 2020 and 2019.

	2020	2019
Cash and cash equivalents	203,596	326,653
Receivables	29,641	33,871
Investment securities	5,048,251	5,019,177
Total Assets	<u>5,281,488</u>	<u>5,379,701</u>
Liabilities	27,544	26,200
Equity	5,253,944	5,353,501
Total liabilities and equity	<u>5,281,488</u>	<u>5,379,701</u>

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TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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27. Summarised financial information (continued)

(i) Growth and Income Fund (continued)

	2020	2019
Investment income	<u>118,582</u>	<u>583,475</u>
Net income	<u>10,690</u>	<u>474,793</u>
Distributions	<u>(22,743)</u>	<u>(71,704)</u>
Total comprehensive (loss)/ income for the year	<u>(12,053)</u>	<u>403,089</u>
Net cash flow provided by operating activities	18,381	7,586
Net cash used in investing activities	(29,193)	(74,026)
Net cash (used in)/provided by financing activities	<u>(112,245)</u>	<u>(13,593)</u>
Net change in cash flows for the year	<u>(123,057)</u>	<u>(80,033)</u>

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

	2020	2019
Category		
Government securities	951,687	952,635
Corporate securities	265,404	258,378
Equity and ETFs (local and foreign)	3,603,532	3,140,879
Short-term investments	<u>227,628</u>	<u>667,285</u>
Total	<u>5,048,251</u>	<u>5,019,177</u>
	2020	2019
Classification		
Fair value through profit or loss	<u>5,048,251</u>	<u>5,019,177</u>
Total	<u>5,048,251</u>	<u>5,019,177</u>

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

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 (Continued)

27. Summarised financial information (continued)

(i) Growth and Income Fund (continued)

Growth and Income Fund reserves

In 1985, in accordance with the provisions of Section 26 (1) and (2) of the Act, the Corporation established a Guarantee Reserve Fund in respect of the Growth & Income Fund (First Unit Scheme) to ensure adequate funding of the Guarantee Pricing Plan. During 2020 calls totalling \$0.4 million (2019: \$0.5 million) were made on the reserve. The Corporation, the guarantor (see Note 2 (1)), met the calls on the reserve.

In 2012, the Board approved the establishment of a Secondary Reserve Facility for the Growth & Income Fund (First Unit Scheme). The Secondary Reserve is used to fund requirements for capital reinstatement and/or distribution liabilities of the Growth & Income Fund. The balance in the Secondary Reserve Facility was nil for 2020 and 2019.

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

Fund Reserve	2020	2019
Fund reserve as at 1 January	—	—
Allocation to reserve (Growth & Income Fund)	—	—
Call on Reserve	384	469
Allocation to reserve (Corporation)	<u>(384)</u>	<u>(469)</u>
Fund reserve as at 31 December	<u>—</u>	<u>—</u>

No transfers to support the Growth & Income Fund were required during the year 2020 or 2019. The Corporation is the sponsor of the Growth & Income Fund and is committed to supporting the Fund financially and otherwise as necessary.

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TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

27. Summarised financial information (continued)

(ii) TT Dollar Income Fund

The table below summarises financial information for the TT Dollar Income Fund (before inter-entity eliminations or consolidation adjustments) for the years 2020 and 2019.

	2020	2019
Cash and cash equivalents	1,760,964	1,468,134
Receivables	254,154	206,446
Investment securities	<u>10,408,665</u>	<u>9,914,017</u>
Total Assets	<u>12,423,783</u>	<u>11,588,597</u>
Liabilities	29,841	33,986
Equity	<u>12,393,942</u>	<u>11,554,611</u>
Total liabilities and equity	<u>12,423,783</u>	<u>11,588,597</u>
	2020	2019
Investment income	<u>383,614</u>	<u>445,938</u>
Net income	<u>229,399</u>	<u>303,548</u>
Distributions	(169,179)	(155,052)
Allocations to reserves (see paragraphs below)	<u>—</u>	<u>(700)</u>
Total comprehensive income for the year	<u>60,220</u>	<u>147,796</u>
Net cash flow provided by operating activities	139,516	174,482
Net cash (used in)/provided by investing activities	(438,700)	560,842
Net cash provided by financing activities	<u>592,014</u>	<u>107,271</u>
Net change in cash flows for the year	<u>292,830</u>	<u>842,595</u>

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TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

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(Continued)

27. Summarised financial information (continued)

(ii) TT Dollar Income Fund (continued)

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

	2020	2019
Category		
Government securities	5,333,394	3,580,457
Corporate securities	2,877,810	2,218,048
ETFs (foreign)	197,823	—
Short-term investments	1,999,638	4,115,512
Total	<u>10,408,665</u>	<u>9,914,017</u>

	2020	2019
Classification		
Fair value through profit or loss	10,408,665	9,914,017
Total	<u>10,408,665</u>	<u>9,914,017</u>

TT Dollar Income Fund reserves

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

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

There were no calls on either reserve during 2020 or 2019.

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TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

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(Continued)

27. Summarised financial information (continued)

(ii) TT Dollar Income Fund (continued)

TT Dollar Income Fund reserves (continued)

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

Primary Reserve	2020	2019
Fund reserve as at 1 January	56,038	54,677
Allocation to primary reserve	—	700
Interest earned on the reserve	949	661
Primary reserve as at 31 December	56,987	56,038
Secondary Reserve	2020	2019
Fund reserve as at 1 January	21,355	21,104
Allocation to primary reserve	—	—
Interest earned on the reserve	362	251
Secondary reserve as at 31 December	21,717	21,355
	2020	2019
Total Fund reserve as at 31 December	78,704	77,393

No transfers to support the TT Dollar Income Fund were required during the year 2020 or 2019. The Corporation is the sponsor of the TT Dollar Income Fund and is committed to supporting the Fund financially and otherwise as necessary.

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(Continued)

27. Summarised financial information (continued)

(iii) Universal Retirement Fund

The table below summarises financial information for the Universal Retirement Fund (before inter-entity eliminations or consolidation adjustments) for the years 2020 and 2019.

	2020	2019
Cash and cash equivalents	18,227	10,162
Receivables	2,289	70,122
Investment securities	<u>352,145</u>	<u>266,822</u>
Total Assets	<u>372,661</u>	<u>347,106</u>
Liabilities	740	594
Equity	<u>371,921</u>	<u>346,512</u>
Total liabilities and equity	<u>372,661</u>	<u>347,106</u>
	2020	2019
Investment income	<u>15,358</u>	<u>39,599</u>
Total comprehensive income for the year	<u>8,039</u>	<u>32,591</u>
Net cash flow provided by/(used in) operating activities	68,369	(69,620)
Net cash (used in)/provided by investing activities	(76,364)	32,634
Net cash provided by financing activities	<u>16,060</u>	<u>16,750</u>
Net change in cash flows for the year	<u>8,065</u>	<u>(20,236)</u>

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TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

27. Summarised financial information (continued)

(iii) Universal Retirement Fund (continued)

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

	2020	2019
Category		
Government securities	37,379	29,091
Corporate securities	27,151	25,668
Equity and ETFs (local and foreign)	275,871	161,488
Short-term investments	<u>11,744</u>	<u>50,575</u>
Total	<u>352,145</u>	<u>266,822</u>
	2020	2019
Classification		
Fair value through profit or loss	<u>352,145</u>	<u>266,822</u>
Total	<u>352,145</u>	<u>266,822</u>

No transfers to support the Universal Retirement Fund were required during the year 2020 or 2019. The Corporation is the sponsor of the Universal Retirement Fund and is committed to supporting the Fund financially and otherwise as necessary.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

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(Continued)

27. Summarised financial information (continued)

(iv) US Dollar Income Fund

The table below summarises financial information for the US Dollar Income Fund (before inter-entity eliminations or consolidation adjustments) for the years 2020 and 2019.

	2020	2019
Cash and cash equivalents	130,237	238,511
Receivables	141,233	143,376
Investment securities	3,854,918	3,578,945
Total Assets	4,126,388	3,960,832
Liabilities	18,025	18,967
Equity	4,108,363	3,941,865
Total liabilities and equity	4,126,388	3,960,832
	2020	2019
Investment income	182,391	221,819
Net income	129,571	160,988
Distributions	(46,491)	(38,631)
Allocations to reserves (see paragraphs below)	—	(2,031)
Total comprehensive income for the year	83,081	120,326
Net cash flow provided by/(used in) operating activities	42,728	37,882
Net cash provided by/(used in) investing activities	(218,920)	173,150
Net cash (used in)/provided by financing activities	69,032	(310,883)
Net change in cash flows for the year	(107,160)	(99,851)

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TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

27. Summarised financial information (continued)

(iv) US Dollar Income Fund (continued)

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

	2020	2019
Category		
Government securities	2,543,534	361,884
Corporate securities	889,776	1,807,432
Short-term investments	421,608	1,409,629
Total	<u>3,854,918</u>	<u>3,578,945</u>
	2020	2019
Classification		
Fair value through profit or loss	3,854,918	3,578,945
Total	<u>3,854,918</u>	<u>3,578,945</u>

US Dollar Income Fund reserves

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

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

There were no calls on the reserve during 2020 and 2019.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

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(Continued)

27. Summarised financial information (continued)

(iv) US Dollar Income Fund (continued)

US Dollar Income Fund reserves (continued)

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

Primary Reserve	2020	2019
Fund reserve as at 1 January	59,954	57,427
Allocation to primary reserve	—	2,031
Interest earned on the reserve	469	542
Foreign exchange translation	(203)	(46)
Primary reserve as at 31 December	60,220	59,954
Secondary Reserve	2020	2019
Fund reserve as at 1 January	37,417	37,106
Allocation to primary reserve	—	—
Interest earned on the reserve	293	334
Foreign exchange translation	(127)	(23)
Secondary reserve as at 31 December	37,583	37,417
	2020	2019
Total Fund reserve as at 31 December	97,803	97,371

No transfers to support the US Dollar Income Fund were required during the year 2020 or 2019. The Corporation is the sponsor of the US Dollar Income Fund and is committed to supporting the Fund financially and otherwise as necessary.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

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27. Summarised financial information (continued)

(v) UTC (Cayman) SPC Ltd.

The Corporation is the manager, sponsor, administrator and investment advisor of UTC (Cayman) SPC Ltd. The table below summarises financial information for UTC (Cayman) SPC Ltd. (before inter-entity eliminations or consolidation adjustments) for the years 2020 and 2019.

	2020	2019
Cash and cash equivalents	196	589
Receivables and prepayments	99	853
Investment securities	<u>26,413</u>	<u>24,658</u>
Total Assets	<u>26,708</u>	<u>26,100</u>
Liabilities	178	426
Equity	<u>26,530</u>	<u>25,674</u>
Total liabilities and equity	<u>26,708</u>	<u>26,100</u>
	2020	2019
Investment income	<u>1,872</u>	<u>1,753</u>
Total comprehensive income for the year	<u>850</u>	<u>1,083</u>
Net cash flow (used in)/provided by operating activities	(1,315)	(15,243)
Net cash provided by financing activities	<u>924</u>	<u>6,796</u>
Net change in cash flows for the year	<u>(391)</u>	<u>(8,447)</u>

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

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27. Summarised financial information (continued)

(v) UTC (Cayman) SPC Ltd. (continued)

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

	2020	2019
Category		
Exchange Traded Funds	26,413	24,658
Total	26,413	24,658

	2020	2019
Classification		
Fair value through profit or loss	26,413	24,658
Total	26,413	24,658