



TRINIDAD AND TOBAGO
UNIT TRUST CORPORATION

Annual Report 1982

**SUMMARY OF ADDRESS ON THE
OPERATIONS OF THE
TRINIDAD AND TOBAGO UNIT TRUST
CORPORATION**

**Presented at the First Annual General Meeting
by the Executive Director**

1. Mr. Jerry Hospedales, Executive Director of the Unit Trust Corporation, presented a report on the activities of the Corporation for the period November 29th, 1982 to June 24th, 1983.

2. He informed unitholders that the primary objective of the Trust is to encourage and mobilise savings of the community and channel same into productive investments so as to promote the growth and diversification of the country's economy. This objective is achieved through the sale of units to the general public.

3. Among the main highlights identified in the report were the following:—

- (i) on April 29th, 1983, the initial term of office of the four directors representing the commercial banks and financial institutions and the insurance companies, expired and in accordance with the provisions of the Act, elections were held in which the said directors were re-elected; in addition, the Chairman of the Board was re-appointed to serve as Chairman.
- (ii) during the period November 29th, 1982 to June 24th, 1983, the UTC has struck 8,975 deals valued at \$36.1 million;
- (iii) the structure of the distribution of sales continued to show a concentration towards the lower end of the spectrum in that 74 per cent of the sales deals have been taking place in the 250 unit and below groups emphasising that the small unitholders as a group have been reached by the promotion and education campaign undertaken by the Trust;
- (iv) in the period January to June 24, 1983, there were altogether 540 repurchases deals conducted by the Trust accounting for a value of \$6.3 million; to date, total repurchases deals (including cancellations), amounted to 557 valued at \$6.358 million;
- (v) the relatively high levels of repurchases during the March - May period were influenced by activities on the primary stock market, as many unitholders in the quest for quick capital gains, sought the stock units in the offers for sale by Readymix West Indies Limited and West Indian Tobacco Company Limited;

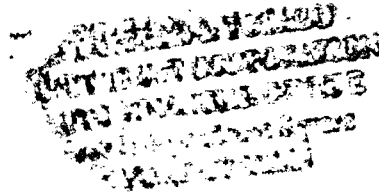
- (vi) the net position of the fund (unit capital) during the period January to June 1983, had contracted from the level at the end of 1982, from \$36.0 million to \$32.1 million;
- (vii) in spite of the contraction of the fund, there was a net increase in sales deals over repurchases deals during the period January to June 1983, for whereas the number of repurchases amounted to 540, the number of sales transactions stood at 885, thereby reflecting a net gain of 345 transactions;
- (viii) the unit price performed satisfactorily in the context of the sharp decline in stock prices which occurred on the Stock Exchange, appreciating by approximately 3.5 per cent since January 1983;
- (ix) the investment portfolio mix showed that the Trust had increased the proportion of equity in the portfolio from 23 per cent on December 31st, 1982 to 57 per cent on June 24th, 1983, with holdings in eighteen (18) stocks comprising the banking sector (35%), manufacturing (28.5%), conglomerates (5.2%), trading companies (21.3%), and property and construction companies (10%).
- (x) the Board of Directors had agreed that the Trust would make two distributions per year — one on March 16th and the other on September 16th, with the first distribution payment to be made on September 16th 1983 to unitholders on the register of the Trust as at July 31, 1983;
- (xi) the Trust had undertaken an extensive publicity and promotions campaign aimed at spreading the ideas of the Unit Trust concept and strengthening the interest of potential investors;
- (xii) the Trust would be introducing a Reinvestment Plan 1983 to coincide with the first distribution on September 16th, 1983, which provided for automatic reinvestment of dividend income payable to unitholders in further units at a special offer price, five per cent below the offer price ruling on September 16th, 1983;
- (xiii) the Trust was in the process of computerising its operations so as to provide unitholders with a more efficient service.

NOTE:

At the request of unitholders at the First Annual General Meeting held on Wednesday 29th June, 1983, the Board of Directors of the Trinidad and Tobago Unit Trust Corporation agreed to circularise the above summarised address to all unitholders.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

Annual Report 1982



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notice of meeting

In accordance with Section 31(2) of the Unit Trust Corporation of Trinidad and Tobago Act No. 26 of 1981, notice is hereby given that the First Annual General Meeting of the Trinidad and Tobago Unit Trust Corporation will be held on Wednesday 29th June, 1983 at five o'clock in the afternoon, at the Festival Ball Room, Holiday Inn, Wrightson Road, Port of Spain, (of which due notice was published on Sunday 29th May, 1983) to conduct the following business:

1. Feature Address: Dr. Euric Bobb, Deputy Governor, Central Bank of Trinidad and Tobago.
2. Address by Executive Director on operations of the Corporation.
3. Receive the Trust's financial statements for the year ended 31st December 1982, and the Report of the Auditor General thereon.

BY ORDER OF THE BOARD,

Dave Cowie,
Secretary.

May 30, 1983.

90 Independence Square,
PORT OF SPAIN.

chairman's report

It is my privilege to present the first report of the Trinidad and Tobago Unit Trust Corporation, Trinidad and Tobago's first Unit Trust. The audited balance sheet, of December 31, 1982, submitted to you is prepared five (5) weeks after the commencement of trading. It is being submitted under the provisions of the Act governing the operations of the Corporation. This submission is in keeping with the strict standards of reporting which have been laid down to ensure that unitholders are kept fully informed of the progress of the Trust. I should like to take this opportunity to publicly thank the Auditor General and his staff for the diligent manner in which they worked to ensure that these reporting deadlines were met.

When the Trust was launched in November 1982, there was an enthusiastic response. In ten (10) days we received \$34m from you as unitholders. At our launching ceremony I indicated that our Trust and its unitholders will thrive to the extent that the economy of our country thrives. Since that time we have begun to feel in this country, the effects of the unsettled economic conditions which had been prevailing in the other countries for some time. The significant drop in the price of petroleum products on which our country depends for its revenues is a direct result of these international unsettled economic conditions. In this situation an adjustment in the local economy became inevitable. This process is being carried out against a background of a decade in which the society had become accustomed to increasing wealth and rising standards of living. For many the situation appears bewildering.

Economic uncertainty in this country is likely to continue for some time until there is an improvement in the international situation. During the last decade relatively easy profits were earned on a buoyant stock exchange. It is unlikely that such a situation will continue to prevail. The climate therefore demands a sense of restraint, prudence and clear thinking at all levels of our society. Unitholders can expect that their savings will show appreciation in capital only to the extent, that we as citizens of this country can increase our productivity, eliminate waste and channel our savings in areas which can create and stimulate the local economy and thereby create jobs. This is a role that the Unit Trust Corporation can assist in filling.

chairman's report (cont'd)

Now, there should be a strong emphasis on savings in the country. In this way urgently needed resources can be generated to assist in the restructuring of the domestic economy. The Unit Trust has an important part to play here. The Trust will be in a position to take up investment positions for the benefit of the country. Divestment and living above our means as a country will only help to create further difficulties for our financial and industrial institutions. Saving through the Unit Trust Corporation will give the Trust an opportunity to play a significant role in providing finance to the industrial and commercial sectors of the country at a time when other institutions through lack of available funds are unable to provide finance freely.

We are a fledgling institution and require the support of the entire population of this country if we are to succeed in building our institutions locally. To many we appear to have had remarkable success to date. However, we have but eight thousand unitholders. The working population of our country is approximately four hundred thousand. If we encourage the savings habit on a regular basis and at least one in ten of that working population, became unit holders we should have on our books approximately forty thousand unitholders. This illustrates that we still have a long way to go in achieving the objective of channelling the savings of the population into our Unit Trust. Accordingly we have been running an active publicity campaign aimed primarily at creating an awareness of the Trust. Our future plans call for taking the activities of the Trust into every factory, office and work place. We seek your assistance in the task ahead.

May 30, 1982.

board of directors

John Hunt, Chairman

Jerry Hospedales

Denis Borde

Frank Barsotti

Michael Chambers

Carlton Cheesman

Amoy Chang Fong (Miss)

Peter Knaggs

Dunbar McIntyre

Rolston Nelson

Carl Tull

Secretary

Dave Cowie

Registered Office

Furness House, 90 Independence Square,
Port of Spain.

Bankers

Central Bank of Trinidad and Tobago
Cor. St. Vincent Street & Independence Square, Port of Spain.

The National Commercial Bank of Trinidad and Tobago Limited,
60, Independence Square, Port of Spain.

The Royal Bank of Trinidad and Tobago Limited,
55, Independence Square, Port of Spain.

Auditors

The Auditor General of The Republic of Trinidad and Tobago,
Treasury Building, Independence Square, Port of Spain.

auditor's report

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND
TOBAGO ON THE
BALANCE SHEET OF THE TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
AT 31st DECEMBER, 1982

The Balance Sheet of the Trinidad and Tobago Unit Trust Corporation at 31st December, 1982, has been examined in accordance with Section 30(1) of the Unit Trust Corporation of Trinidad and Tobago Act, 1981 and all the information and explanations which were requested have been obtained.

As a result of such audit, it is certified that the Balance Sheet shows a true and fair view of the state of affairs of the Corporation at 31st December, 1982.

E. GREGOIRE
Auditor General.

29th April, 1983.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
DIRECTOR'S REPORT

balance sheet AS AT DECEMBER 31, 1982

Liabilities	Notes	\$000
Accounts Payable	4	1,091
Capital		
Unit Capital	5	35,960
Initial Capital		5,000
TOTAL LIABILITIES AND CAPITAL		<u>42,051</u>
Assets		
Cash at Bank	6	32,484
Investments Quoted	7	9,513
Deferred Expenditure	8	54
TOTAL ASSETS		<u>42,051</u>

The notes set out on pages 7 and 8 form an integral part of these accounts.

Signed on behalf of the Board of Directors.

J. HUNT
Chairman

D. BORDE
Director

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
NOTES TO BALANCE SHEET DECEMBER 31, 1982

1. Activities

The Trinidad and Tobago Unit Trust Corporation was established by the Unit Trust Corporation of Trinidad and Tobago Act, 1981, proclaimed on February 1, 1982. In accordance with Section 17(1) of the Act, initial contributions totalling five million dollars (\$5m) were received from:

- (i) The Central Bank
- (ii) The Life Insurance Companies
- (iii) The National Insurance Board
- (iv) The Commercial Banks and Financial Institutions

In addition, to ensure the viability of the operations of the Corporation, the Central Bank of Trinidad and Tobago has undertaken to provide all management and other services required from the commencement of operations to December 31, 1984 at a fixed fee of two hundred and fifty thousand dollars (\$250,000) per annum.

The Corporation commenced trading on November 29, 1982 when units were offered for sale at ten dollars (\$10) per unit during a fixed offer period which ended on December 10, 1982. There was no trading activity by the Corporation from the date of the proclamation of the Act to November 29.

2. Accounting Policies

The accounting policies of the Corporation are based on generally accepted accounting principles.

3. Financial Year

Section 29(2) of the Trinidad and Tobago Unit Trust Corporation Act 1981 requires the Corporation to balance and close its books each year on the 31st December. Accordingly this Balance Sheet is prepared to meet the requirements of the Act. Because the Corporation traded for only one month in the year an income and expenditure account has not been prepared as this will not truly represent the results of its operations.

4. Accounts Payable

This represents short term liabilities for investments acquired and advertising expenditure incurred.

5. Unit Capital

This represents all funds received from the sale of units during the period November 29 – December 31, 1982.

6. Cash at Bank

This represents money on call deposit with the Corporation's Bankers. The rates of interest earned on these deposits vary between six per cent and nine and one half per cent per annum. A Statement of Receipts and Payments for the period 1st February to 31st December, 1982 is shown at Appendix A.

7. Investments

Details of cost and market value of the Corporation's investments are listed on Appendix B.

8. Deferred Expenditure (Net)

This represents advertising expenditure incurred on the launch of the First Unit Scheme less interest received from the Corporation's Bankers on call deposits uplifted.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

appendix a

RECEIPTS AND PAYMENTS FOR THE PERIOD

1st FEBRUARY TO 31st DECEMBER, 1982

\$000

Items	Receipts	Payments
Sales – Unit Capital	35,993	—
Initial Capital	5,000	—
Interest	102	—
Payments to Brokers	—	8,578
Repurchases and Refunds of Unit Capital	—	33
Cash at Bank	—	32,484
TOTAL	<u>41,095</u>	<u>41,095</u>

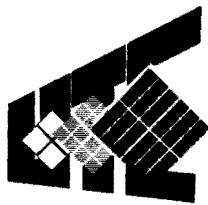
appendix b

FIRST UNIT SCHEME – INVESTMENT SCHEDULE

31st DECEMBER, 1982

\$000

Investment	Cost	Market Value
Angostura Holdings Limited	654	670
Bank of Commerce Trinidad and Tobago Limited	1,194	1,130
Bank of Nova Scotia Trinidad and Tobago Limited	803	731
Berger Paints Trinidad Limited	323	330
Furness Trinidad Limited	881	884
Home Construction Limited	388	384
Lever Brothers West Indies Limited	889	908
Metal Box Trinidad Limited	495	435
Neal and Massy Holdings Limited	357	328
Republic Bank Limited	1,280	1,300
Royal Bank of Trinidad and Tobago Limited	1,009	947
Stephens and Ross Limited	199	214
West Indian Tobacco Company Limited	46	46
Workers' Bank of Trinidad and Tobago – Ord. "D"	995	969
TOTAL INVESTMENTS	<u>9,513</u>	<u>9,276</u>



TRINIDAD AND TOBAGO
UNIT TRUST CORPORATION

