



UNIT TRUST
CORPORATION
(Cayman) SPC Limited

Annual Report 2013



SAFETY ■ STRENGTH ■ STABILITY

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Independent Auditor's Report

To the Board of Directors of Unit Trust Corporation (Cayman) SPC Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of each of UTC Energy Fund Segregated Portfolio, UTC Asia Pacific Fund Segregated Portfolio, UTC European Fund Segregated Portfolio, UTC Latin American Fund Segregated Portfolio and UTC Global Bond Fund Segregated Portfolio (each a separate portfolio of Unit Trust Corporation (Cayman) SPC Limited (the "Company"), and referred to individually or collectively as the "Segregated Portfolios") which comprise the statements of financial position as at 31 December 2013 and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

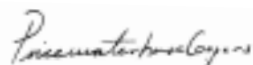
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Segregated Portfolios as at 31 December 2013 and the results of each of their financial performance and each of their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

We draw attention to Note 1 to these financial statements, which refers to the Directors' decision to liquidate the assets of the Company during the financial year. These financial statements have therefore been prepared using a liquidation basis of accounting. Our opinion is not qualified in respect of this matter.



PricewaterhouseCoopers
Cayman Islands 2013


Statement of Financial Position


(Expressed in United States Dollars)


	31 December 2013				
	UTC	UTC	UTC	UTC	UTC
	Energy	Asia	European	Latin	Global
	Fund	Pacific	Fund	American	Bond
	SP	Fund	Fund	Fund	Fund
	\$	SP	SP	SP	SP
	\$	\$	\$	\$	\$
Assets					
Financial assets available-for-sale	-	-	-	-	-
Income receivable	-	-	-	-	-
Other receivables	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-
Total Assets	-	-	-	-	-
Equity					
Equity	-	-	-	-	-
Total equity	-	-	-	-	-
Liabilities					
Management and administration fees payable	-	-	-	-	-
Other payables	-	-	-	-	-
Total Liabilities	-	-	-	-	-
Total Liabilities and Equity	-	-	-	-	-

The notes on pages 11 to 33 form an integral part of these financial statements.

On 21 February 2014, the Board of Directors of the Company authorised these financial statements for issue.


Director
For and on behalf of
Unit Trust Corporation
(Cayman) SPC Limited


Director
For and on behalf of
Unit Trust Corporation
(Cayman) SPC Limited


Director
For and on behalf of
Unit Trust Corporation
(Cayman) SPC Limited

Statement of Financial Position (Continued)

(Expressed in United States Dollars)

		31 December 2012				
	Notes	UTC Energy Fund SP \$	UTC Asia Pacific Fund SP \$	UTC European Fund SP \$	UTC Latin American Fund SP \$	UTC Global Bond Fund SP \$
Assets						
Financial assets available-for-sale	4	4,682,232	1,727,102	1,001,646	1,065,616	1,559,669
Income receivable		5,928	1,704	3,139	5,795	7,653
Other receivables		87	242	–	–	374
Cash and cash equivalents		324,327	143,920	72,898	135,215	139,162
Total Assets		5,012,574	1,872,968	1,077,683	1,206,626	1,706,858
Equity						
Equity		4,961,047	1,848,844	1,064,477	1,191,292	1,682,765
Total equity		4,961,047	1,848,844	1,064,477	1,191,292	1,682,765
Liabilities						
Management and administration fees payable	7	50,742	18,536	10,663	11,947	8,558
Other payables		785	5,588	2,543	3,387	15,535
Total Liabilities		51,527	24,124	13,206	15,334	24,093
Total Liabilities and Equity		5,012,574	1,872,968	1,077,683	1,206,626	1,706,858

The notes on pages 11 to 33 form an integral part of these financial statements.

Statement of Comprehensive Income

(Expressed in United States Dollars)

	Year ended 31 December 2013				
	UTC	UTC	UTC	UTC	UTC
	Asia	Pacific	European	American	Global
	Fund	Fund	Fund	Fund	Bond
	SP	SP	SP	SP	Fund
	\$	\$	\$	\$	SP
	\$	\$	\$	\$	\$
Income					
Interest income	(32)	7	786	22	23,819
Dividend income	61,320	20,622	23,801	11,114	22,566
Other income	10,392	140	30	308	1,507
Net realised (loss)/gain on financial assets available-for-sale	1,001,237	266,897	185,606	(40,783)	(40,317)
Total income	1,072,917	287,666	210,223	(29,339)	7,575
Expenses					
Management and administration fees	(70,857)	(30,565)	(17,306)	(15,999)	(13,274)
Other expenses	(24,960)	(261)	(621)	(528)	(210)
Impairment of financial assets available-for-sale	–	(11,739)	–	(94,593)	–
Total operating expenses	(95,817)	(42,565)	(17,927)	(111,120)	(13,484)
Profit/(loss) before tax	977,100	245,101	192,296	(140,459)	(5,909)
Withholding taxes	(17,339)	(5,248)	(6,027)	(3,542)	(5,439)
Profit/(loss) for the year	959,761	239,853	186,269	(144,001)	(11,348)
Other Comprehensive Income					
Financial assets available-for-sale:					
– Fair value gains/(losses) arising during the year	740,821	87,175	46,478	(228,365)	(98,754)
– Fair value (gains)/losses transferred to income	(1,001,237)	(266,897)	(185,606)	40,783	40,317
– Impairment losses transferred to income	–	11,739	–	94,593	–
Other Comprehensive Income for the year	(260,416)	(167,983)	(139,128)	(92,989)	(58,437)
Total Comprehensive Income/(Loss) for the year	699,345	71,870	47,141	(236,990)	(69,785)

The notes on pages 11 to 33 form an integral part of these financial statements.

Statement of Comprehensive Income (Continued)

(Expressed in United States Dollars)

	Year ended 31 December 2012				
	UTC Asia Fund SP \$	UTC Pacific Fund SP \$	UTC European Fund SP \$	UTC Latin American Fund SP \$	UTC Global Bond Fund SP \$
Income					
Interest income	120	36	990	29	11,774
Dividend income	101,350	37,666	28,465	27,627	34,836
Other income	–	49	–	14	721
Net realised (loss)/gain on financial assets available-for-sale	(14,906)	16,245	(23,155)	(9,430)	27,092
Total income	86,564	53,996	6,300	18,240	74,423
Expenses					
Management and administration fees	(105,784)	(37,641)	(20,420)	(23,616)	(17,111)
Other expenses	(22,798)	(307)	(532)	(475)	(187)
Impairment of financial assets available-for-sale	–	–	–	(76,552)	–
Total operating expenses	(128,582)	(37,948)	(20,952)	(100,643)	(17,298)
(Loss)/profit before tax	(42,018)	16,048	(14,652)	(82,403)	57,125
Withholding taxes	(26,676)	(8,978)	(6,487)	(5,910)	(6,933)
(Loss)/profit for the year	(68,694)	7,070	(21,139)	(88,313)	50,192
Other Comprehensive Income					
Financial assets available-for-sale:					
– Fair value gains arising during the year	95,115	246,472	130,935	95,482	83,271
– Fair value losses/(gains) transferred to income	14,906	(16,245)	23,155	9,430	(27,092)
– Impairment losses transferred to income	–	–	–	76,552	–
Other Comprehensive Income for the year	110,021	230,227	154,090	181,464	56,179
Total Comprehensive Income for the year	41,327	237,297	132,951	93,151	106,371

The notes on pages 11 to 33 form an integral part of these financial statements.

Statement of Changes in Equity

(Expressed in United States Dollars)

	UTC Energy Fund SP \$	UTC Asia Pacific Fund SP \$	UTC European Fund SP \$	UTC Latin American Fund SP \$	UTC Global Bond Fund SP \$
Year ended 31 December 2013					
Balance at beginning of year	4,961,047	1,848,844	1,064,477	1,191,292	1,682,765
Subscriptions	429,682	20,570	3,938	13,473	57,707
Redemptions	(6,090,074)	(1,941,284)	(1,115,556)	(967,775)	(1,654,200)
Distributions	-	-	-	-	(16,487)
	(699,345)	(71,870)	(47,141)	236,990	69,785
Total comprehensive Income/loss for the year	699,345	71,870	47,141	(236,990)	(69,785)
Balance at end of year	-	-	-	-	-
Year ended 31 December 2012					
Balance at beginning of year	6,240,048	1,883,454	940,159	1,121,720	1,675,627
Subscriptions	2,520,858	27,284	4,381	32,340	34,041
Redemptions	(3,841,186)	(299,191)	(13,014)	(55,919)	(117,817)
Distributions	-	-	-	-	(15,457)
	4,919,720	1,611,547	931,526	1,098,141	1,576,394
Total comprehensive income for the year	41,327	237,297	132,951	93,151	106,371
Balance at end of year	4,961,047	1,848,844	1,064,477	1,191,292	1,682,765

The notes on pages 11 to 33 form an integral part of these financial statements.

Statement of Cash Flows

(Expressed in United States Dollars)

	Year ended 31 December 2013				
	UTC Energy Fund SP \$	UTC Asia Pacific Fund SP \$	UTC European Fund SP \$	UTC Latin American Fund SP \$	UTC Global Bond Fund SP \$
Cash Flows From Operating Activities					
Profit/(loss) before tax	977,100	245,101	192,296	(140,459)	(5,909)
Adjustments for:					
Impairment of financial assets available-for-sale	–	11,739	–	94,593	–
Net realised (gain)/loss on financial assets available-for-sale	(1,001,237)	(266,897)	(185,606)	40,783	40,317
Withholding taxes	(17,339)	(5,248)	(6,027)	(3,542)	(5,439)
Interest income–amortisation and premium	–	–	47	–	(13,892)
(Loss)/profit before changes in operating assets and liabilities	(41,476)	(15,305)	710	(8,625)	15,077
Changes in operating assets and liabilities:					
Decrease in receivables	6,015	1,946	3,139	5,795	8,027
Decrease in payables	(51,527)	(24,124)	(13,206)	(15,334)	(24,093)
Net Cash Used In Operating Activities	(86,988)	(37,483)	(9,357)	(18,164)	(989)
Cash Flows From Investing Activities					
Purchase of financial assets available-for- sale	(507,100)	(22,455)	(291,313)	(290,454)	(1,065,720)
Disposal of financial assets available-for- sale	5,930,153	1,836,732	1,339,390	1,127,705	2,540,527
Net Cash Generated From Investing Activities	5,423,053	1,814,277	1,048,077	837,251	1,474,807
Cash Flows From Financing Activities					
Subscriptions	429,682	20,570	3,938	13,473	57,707
Redemptions	(6,090,074)	(1,941,284)	(1,115,556)	(967,775)	(1,654,200)
Distributions	–	–	–	–	(16,487)
Net Cash Used In Financing Activities	(5,660,392)	(1,920,714)	(1,111,618)	(954,302)	(1,612,980)
Net Decrease in Cash and Cash Equivalents	(324,327)	(143,920)	(72,898)	(135,215)	(139,162)
Cash And Cash Equivalents at Beginning Of Year	324,327	143,920	72,898	135,215	139,162
Cash And Cash Equivalents at End Of Year	–	–	–	–	–
<u>Supplementary Information:</u>					
Income received	56	7	786	22	23,819
Dividends received	61,320	20,622	23,801	11,114	22,570

The notes on pages 11 to 33 form an integral part of these financial statements.

Statement of Cash Flows (Continued)

(Expressed in United States Dollars)

	Year ended 31 December 2012				
	UTC	UTC	UTC	UTC	UTC
	Asia	European	American	Global	
	Pacific	Fund	Fund	Bond	
	Fund	Fund	Fund	Fund	Fund
	SP	SP	SP	SP	SP
	\$	\$	\$	\$	\$
Cash Flows From Operating Activities					
(Loss)/profit before tax	(42,018)	16,048	(14,652)	(82,403)	57,125
Adjustments for:					
Impairment of financial assets available-for-sale	–	–	–	76,552	–
Net realised losses/(gains) on financial assets available-for-sale	14,906	(16,245)	23,155	9,430	(27,092)
Withholding taxes	(26,676)	(8,978)	(6,487)	(5,910)	(6,933)
(Loss)/profit before changes in operating assets and liabilities	(53,788)	(9,175)	2,016	(2,331)	23,100
Changes in operating assets and liabilities:					
Decrease in receivables	821,076	5,445	4,640	4,819	105
Decrease in payables	(74,621)	(25,641)	(12,337)	(14,852)	(224)
Net Cash Generated From/(Used In) Operating Activities	692,667	(29,371)	(5,681)	(12,364)	22,981
Cash Flows From Investing Activities					
Purchase of financial assets available-for-sale	(2,111,542)	(170,244)	(184,806)	(243,581)	(397,447)
Disposal of financial assets available-for-sale	1,482,725	400,038	177,333	319,894	338,570
Net Cash Flows (Used In)/Generated From Investing Activities	(628,817)	229,794	(7,473)	76,313	(58,877)
Cash Flows From Financing Activities					
Subscriptions	2,520,858	27,284	4,381	32,340	34,041
Redemptions	(3,841,186)	(299,190)	(13,014)	(55,919)	(117,818)
Distributions	–	–	–	–	(15,457)
Net Cash Used In Financing Activities	(1,320,328)	(271,906)	(8,633)	(23,579)	(99,234)
Net (Decrease)/Increase in Cash and Cash Equivalents	(1,256,478)	(71,483)	(21,787)	40,370	(135,130)
Cash And Cash Equivalents At Beginning Of Year	1,580,805	215,403	94,685	94,845	274,292
Cash And Cash Equivalents At End of Year	324,327	143,920	72,898	135,215	139,162
<u>Supplementary Information:</u>					
Income received	120	35	990	29	13,598
Dividends received	70,439	27,763	25,620	20,871	28,205

The notes on pages 11 to 33 form an integral part of these financial statements.

Notes to the Financial Statements

31 December 2013

(Expressed in United States Dollars)

1 General information

Unit Trust Corporation (Cayman) SPC Limited is a subsidiary of the Trinidad and Tobago Unit Trust Corporation, who is the sponsor and manager of the Unit Trust Corporation (Cayman) SPC Limited. Unit Trust Corporation (Cayman) SPC Limited was incorporated as an exempted segregated portfolio Company with limited liability under the provisions of the Companies Law (Revised) (Cayman Islands) on 31 July, 2006. Its registered office is situated at Campbell Corporate Services Limited, Floor 4, Willow House, Cricket Square, P.O. Box 884, Grand Cayman KY1-1103, Cayman Islands. The Company was licensed as a mutual fund under Section 4(1) (1a) of the Mutual Funds Law (Revised). Unit Trust Corporation (Cayman) SPC Limited operates as an open-ended mutual fund regulated under the Mutual Funds Law (Revised) of the Cayman Islands and issues shares in a number of different classes each designated to a separate segregated portfolio (a "SP").

The respective Segregated Portfolios are referred to as the "Funds" in the financial statements.

The financial statements have been prepared for each of the segregated portfolios of Unit Trust Corporation (Cayman) SPC Limited (the "Company") comprising UTC Energy Fund Segregated Portfolio, UTC Latin American Fund Segregated Portfolio, UTC European Fund Segregated Portfolio, UTC Global Bond Fund Segregated Portfolio and UTC Asia Pacific Fund Segregated Portfolio. The Company commenced operations on 1 August, 2006. In October 2013, the directors of the Fund resolved to liquidate the Fund in an orderly manner commencing in October 2013. The settlement of liabilities and payment of shareholder redemptions was completed by the end of 2013.

Subscriptions

Subscriptions are made for the specific segregated portfolio shares (participating shares) being offered. Subscriptions are made by investors at a price per participating share (subscription price) based on the net asset value per share. The minimum initial subscription is US\$100.00 and the minimum subsequent subscription is US\$20.00 which may be increased at any time at the discretion of the Directors. There is a sales charge with the exception of the UTC Energy Fund and the UTC Global Bond Fund, equal to 5% payable to the sponsor, which is deducted directly from the subscription amount. The net subscription fee is invested in the specific segregated portfolio.

Redemptions

All participating shares, with the exception of participating shares in the UTC Global Bond Fund, are redeemed without charge at the bid price based on the net asset value per participating share on the valuation day which immediately precedes the redemption day. A redemption fee of up to 5% of the amount redeemed will be charged by the Funds for redemptions of participating shares in the UTC Global Bond Fund. This fee may be waived at the discretion of the Directors.

Notes to the Financial Statements (Continued)

31 December 2013

(Expressed in United States Dollars)

1 General Information (Continued)

Distributions

Dividends may be declared and paid on the participating shares at the discretion of the Directors. Dividends may be declared and paid on a semi-annual basis on the Participating Shares in issue on June 30 and December 31 of each year (the "Record Dates"). Dividends will be declared five business days after each Record Date (the "Declaration Date") and paid two business days after the Declaration Date.

Taxation

Under the current laws of the Cayman Islands, there is no income, estate, transfer, sales or other Cayman Island taxes payable by the Funds. As a result, no provision for income taxes has been made in the financial statements. Dividend income earned is generally subject to foreign withholding tax at source. Withholding taxes on dividends (if any) are shown as a separate line item in the statement of comprehensive income.

2 Summary Of Significant Accounting Policies

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

2.1 Basis of preparation

The financial statements of the UTC Energy Fund SP, UTC Latin American Fund SP, UTC European Fund SP, UTC Global Bond Fund SP and UTC Asia Pacific Fund SP have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the liquidation basis of accounting. The Fund historically and presently measures its investment assets and liabilities at carrying values which are either fair value or approximate fair value, as required or permitted by IFRS. Although the Fund is no longer a going concern (Note 1), there is no material difference in the accounting measurement basis as applied under the going concern basis of accounting and as would apply under the liquidation basis of accounting.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

There are no new standards, interpretations or amendments in effect for periods beginning as of 1 January 2013 that would be expected to have impacted the Funds. There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Funds.

Notes to the Financial Statements (Continued)

31 December 2013

(Expressed in United States Dollars)

2 Summary Of Significant Accounting Policies (Continued)

2.2 Foreign currency translation

(a) *Functional and presentation currency*

The financial statements are presented in United States dollars which is each Segregated Portfolio's functional currency. See Note 3 for additional information.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

Changes in the fair value of monetary securities denominated in foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in other comprehensive income.

2.3 Financial assets available-for-sale

Classification

The Funds classify its investments as financial assets available-for-sale. Management determines the classification of its financial assets at initial recognition. Financial assets available-for-sale are those that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Recognition/de-recognition

All purchases and sales of financial assets available-for-sale are recognised on the trade date – the date on which each Segregated Portfolio commits to purchase or sell the investment security. Financial assets available-for-sale are de-recognised when the rights to receive cash flows have expired or the Funds have transferred substantially all risks and rewards of ownership.

Notes to the Financial Statements (Continued)

31 December 2013

(Expressed in United States Dollars)

2 Summary Of Significant Accounting Policies (Continued)

2.3 Financial assets available-for-sale (continued)

Measurement

Financial assets available-for-sale are initially recognised at fair value plus transaction costs. Subsequent to initial recognition financial assets available-for-sale are carried at fair value. Gains and losses arising from changes in the fair value of financial assets available-for-sale are recognised in other comprehensive income, until the investment security is de-recognised or impaired. At this time, the cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss.

Fair value estimation

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, each Segregated Portfolio establishes fair value using various valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

2.4 Impairment of financial assets available-for-sale

The Funds assess at each statement of financial position date whether there is objective evidence that a financial asset is impaired. Objective evidence that a financial asset available-for-sale is impaired includes observable data that comes to the attention of the Fund about the following loss events:

- (i) a significant financial difficulty of the issuer or debtor;
- (ii) a breach of contract, such as default or delinquency in payment;
- (iii) it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- (iv) the disappearance of an active market for the financial asset because of financial difficulties;
- (v) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of individual assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group including:
 - adverse changes in the payment status of issuers or debtors in the group; or
 - national or local economic conditions that correlate with defaults on assets in the group.

Notes to the Financial Statements (Continued)

31 December 2013

(Expressed in United States Dollars)

2 Summary Of Significant Accounting Policies (Continued)

2.4 Impairment of financial assets available-for-sale (continued)

In the case of equity financial assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also considered in determining whether the assets are impaired. The Funds consider a 30% decline as “significant” and a period of greater than twelve months as “prolonged”.

If any such evidence of impairment exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss.

Impairment losses recognised in profit or loss on equity instruments are not reversed through the profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts.

2.6 Sponsor contributions

Sponsor contributions are contributions received from the Trinidad and Tobago Unit Trust Corporation to establish the initial portfolios for each segregated portfolio. Sponsor contributions are accounted for when received and are classified as financial liabilities. These contributions were converted to participating shares of the respective segregated portfolio at the end of the Initial Offer Period.

2.7 Provisions

Provisions are recognised when each Segregated Portfolio has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are recognised initially at fair value and then subsequently at amortised cost.

Notes to the Financial Statements (Continued)

31 December 2013

(Expressed in United States Dollars)

2 Summary Of Significant Accounting Policies (Continued)

2.8 Equity

Equity (segregated portfolio shares) is redeemable at the unit holder's option as identified in Note 1, and are classified as equity.

The shares are carried at the redemption amount that is payable at the balance sheet date if the holder exercises the right to put the shares back to the respective Fund. The shares can be put back into the Funds at each dealing day for cash equal to a proportionate share of the Fund's net asset value as determined in the prospectus.

The net asset value per share of each Fund is calculated by dividing total assets of the respective Fund, including all cash, cash equivalents, instruments and securities, less total liabilities at the close of the business day with the total number of outstanding shares (segregated portfolio shares) of the particular Fund.

The distribution on these shares is recognised in the statement of changes in equity as dividends.

2.9 Interest income and dividend income

Interest income is recognised on a time-proportionate basis using the effective interest method and is included in profit or loss. It includes interest income from cash and cash equivalents and debt securities available-for-sale.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Funds estimate cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Funds' right to receive payment is established.

2.10 Expenses

Expenses are accounted for on the accrual basis.

Notes to the Financial Statements (Continued)

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(Expressed in United States Dollars)

2 Summary Of Significant Accounting Policies (Continued)

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Subscriptions and redemptions

Subscriptions and redemptions are accounted for on an accruals basis.

3 Critical Accounting Judgements In Applying Accounting Principles

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equate to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

(i) *Impairment losses on financial assets available-for-sale*

The Funds follow the guidance of IAS 39 – Financial Instruments: Recognition and Measurement to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology, and operational and financing cash flow.

If all of the declines in fair value below cost were considered significant or prolonged, the Funds would not have suffered an additional loss, being the transfer of the accumulated fair value adjustments recognised in other comprehensive income on the impaired available-for-sale financial assets to profit or loss.

Notes to the Financial Statements (Continued)

31 December 2013

(Expressed in United States Dollars)

3 Critical Accounting Judgements In Applying Accounting Principles (Continued)

(ii) *Fair value of financial assets not quoted in an active market*

The fair value of securities not quoted in an active market may be determined by the Funds using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Funds would exercise judgement and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Funds may price positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The inputs into these models are primarily earning multiples and discounted cash flows. The models used to determine fair values are validated and periodically reviewed by experienced management personnel, independent of the party that created them. The models used for private equity securities are based mainly on earnings multiples (based on the historical earnings of the issuer over the past decade) and discounted cash flows. The models used for debt securities are based on net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit and market risk factors.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The determination of what constitutes 'observable' requires significant judgement by the Funds. The Funds consider 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.

(iii) *Functional currency*

Subscriptions and redemptions of segregated portfolio shares are denominated in United States dollars (US dollars). While the Funds are international and represent investment opportunities across the globe, the primary activity of all the Funds is to invest in US dollar securities. The performance of the Funds is measured and reported to the investors in US dollars. The Board of Directors considers the US dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and hence has determined the US dollar to be the functional currency of the Funds.

(iv) *Income taxes*

The Segregated Portfolios invest in securities issued by entities which are virtually all domiciled in countries other than the Cayman Islands. Many of these foreign countries have tax laws which indicate that capital gains taxes may be applicable to non residents, such as the Segregated Portfolios. Typically, these capital gains taxes are required to be determined on a self assessment basis and, therefore, such taxes may not be deducted by the brokers on a "withholding" basis. In accordance with IAS 12 – Income Taxes, the Segregated Portfolios are required to recognise a tax liability when it is probable that the tax laws of foreign countries require a tax liability to be assessed on the Segregated Portfolios' capital gains sourced from such foreign country, assuming the relevant taxing authorities have full knowledge of all the facts and circumstances. The tax liability is then measured at the amount expected to be paid to the relevant taxation authorities using the tax laws and rates that have been enacted or substantively enacted by the end of the reporting period. There is sometimes uncertainty about the way enacted tax law is applied to offshore investment funds. This creates uncertainty about whether or not a tax liability will ultimately be paid by the Segregated Portfolios. Therefore when measuring any uncertain tax liabilities management considers all of the relevant facts and circumstances available at the time which could influence the likelihood of payment, including any formal or informal practices of the relevant tax authorities.

Notes to the Financial Statements (Continued)

31 December 2013

(Expressed in United States Dollars)

4 Financial Assets Available-For-Sale

	UTC Energy Fund SP \$	UTC Asia Pacific Fund SP \$	UTC European Fund SP \$	UTC Latin American Fund SP \$	UTC Global Bond Fund SP \$
As at 31 December 2013					
Equities – quoted	–	–	–	–	–
Debt instruments – quoted	–	–	–	–	–
Mutual funds	–	–	–	–	–
Total	–	–	–	–	–

As at 31 December 2012

Equities – quoted	4,682,232	1,727,102	965,005	1,065,616	1,134,696
Debt instruments – quoted	–	–	36,641	–	229,592
Mutual funds	–	–	–	–	195,381
Total	4,682,232	1,727,102	1,001,646	1,065,616	1,559,669

5 Investment Revaluation Reserve

	UTC Energy Fund SP \$	UTC Asia Pacific Fund SP \$	UTC European Fund SP \$	UTC Latin American Fund SP \$	UTC Global Bond Fund SP \$
Year ended 31 December 2013					
Balance at beginning of year	260,416	167,983	139,128	92,989	58,437
Other comprehensive income for the year	(260,416)	(167,983)	(139,128)	(92,989)	(58,437)
Balance at end of year	–	–	–	–	–
Year ended 31 December 2012					
Balance at beginning of year	150,395	(62,244)	(14,962)	(88,475)	2,258
Other comprehensive income for the year	110,021	230,227	154,090	181,464	56,179
Balance at end of year	260,416	167,983	139,128	92,989	58,437

Notes to the Financial Statements (Continued)

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(Expressed in United States Dollars)

6 Net Asset Value Per Share

	UTC Energy Fund SP \$	UTC Asia Pacific Fund SP \$	UTC European Fund SP \$	UTC Latin American Fund SP \$	UTC Global Bond Fund SP \$
As at 31 December 2013					
Number of shares at beginning of year	286,786	80,992	51,062	56,090	83,321
Subscriptions	23,787	648	184	515	1,296
Redemptions	(310,573)	(81,640)	(51,246)	(56,605)	(84,617)
Number of shares at end of year	—	—	—	—	—
Equity	—	—	—	—	—
Net asset value per shares	—	—	—	—	—
As at 31 December 2012					
Number of shares at beginning of year	350,841	93,838	51,512	57,329	86,598
Subscriptions	146,096	1,262	220	1,518	1,332
Redemptions	(210,151)	(14,108)	(670)	(2,757)	(4,609)
Number of shares at end of year	286,786	80,992	51,062	56,090	83,321
Equity	4,961,047	1,848,844	1,064,477	1,191,292	1,682,765
Net asset value per shares	17.29	22.82	20.84	21.23	20.19

Notes to the Financial Statements (Continued)

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(Expressed in United States Dollars)

7 Related-Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Unit Trust Corporation (Cayman) SPC Limited is a subsidiary of the Trinidad and Tobago Unit Trust Corporation, who is the sponsor and manager of the Unit Trust Corporation (Cayman) SPC Limited. Unit Trust Corporation (Cayman) SPC Limited was incorporated as an exempted segregated portfolio Company with limited liability under the provisions of the Companies Law (Revised) (Cayman Islands) on 31 July, 2006. Each Fund pays the Investment Advisor a management fee up to 1.5% of the average net asset value for the year at the discretion of the Investment Advisor (Trinidad and Tobago Unit Trust Corporation). In addition the Investment Advisor is paid an administrative fee up to 0.5% of the average net asset value at the discretion of the investment advisor.

The following are details of related party transactions:

	2013	2012
	\$	\$
7.1 Balances with Investment Advisor		
(i) <i>Management and administration fees payable:</i>		
UTC Energy Fund	–	50,742
UTC Asia Pacific Fund	–	18,536
UTC European Fund	–	10,663
UTC Latin American Fund	–	11,947
UTC Global Bond Fund	–	8,558
(ii) <i>Value of shares held:</i>		
UTC Energy Fund	–	735,507
UTC Asia Pacific Fund	–	859,635
UTC European Fund	–	736,832
UTC Latin American Fund	–	791,461
UTC Global Bond Fund	–	1,097,133
7.2 Transactions with Investment Advisor		
(i) <i>Carrying value of financial assets sold during the year:</i>		
UTC European Fund	38,002	–
UTC Global Bond Fund	228,621	–

No gains or losses were recorded on the above disposals as the assets were sold at their carrying values.

Notes to the Financial Statements (Continued)

31 December 2013

(Expressed in United States Dollars)

7	Related-Party Transactions (Continued)	2013	2012
		\$	\$
7.2	Transactions with Investment Advisor (continued)		
	<i>(ii) Management and administration fees:</i>		
	UTC Energy Fund	70,857	105,784
	UTC Asia Pacific Fund	30,565	37,641
	UTC European Fund	17,306	20,420
	UTC Latin American Fund	15,999	23,616
	UTC Global Bond Fund	13,274	17,111
		<u>148,001</u>	<u>204,572</u>
7.3	Values of shares held by key management:		
	UTC Energy Fund	–	3,041
	UTC Asia Pacific Fund	–	678
	UTC European Fund	–	623
	UTC Latin American Fund	–	631
	UTC Global Bond Fund	–	654

8 Financial Risk Management

8.1 Strategy in using financial instruments

The Funds' activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business and operational risks are an inevitable consequence of being in business. Management's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects in the Funds' financial performance by focusing on the unpredictability of financial markets.

Management's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls and to monitor the risks and adherence to limits by means of reliable and up to date information systems.

The most important types of risks to the Funds are liquidity risk, market risk, and credit risk. Market risks include currency risk, interest rate risk and other price risk.

Notes to the Financial Statements (Continued)

31 December 2013

(Expressed in United States Dollars)

8 Financial Risk Management (Continued)

8.1 Strategy in using financial instruments (continued)

There are several bodies responsible for managing and monitoring risks as follows:

(a) *Board of Directors*

The Board appoints an Investment Advisor for the Funds (Trinidad and Tobago Unit Trust Corporation) for all the segregated portfolios with day-to-day responsibility for all aspects of the fund management process, including financial risk management. The Board sets the risk reporting guidelines for the Investment Advisor and considers the Advisor's recommendations for the format of said risk reports. The Board possesses ultimate control over the financial risk management process as it reserves the right to change the Investment Advisor for one or more of its Funds at any time subject to the applicable notice period.

(b) *Investment Advisor*

The Investment Advisor for all the segregated portfolios is responsible for providing the Board with timely, concise, relevant and accurate information on the risk exposures faced by the Funds and how they are being managed or controlled. The Advisor also presents the risk measurement methodology and any subsequent changes to said methodology to the Board for their approval.

8.2 Analysis of financial assets available-for-sale by fair value hierarchy

All financial assets available-for-sale held by the Funds are carried at fair value. The hierarchy of fair value is applied as follows:

Level 1: This refers to instruments whose fair values are determined directly by reference to published price quotations in an active market. In the case of quoted equities, fair values reflect closing quotations on recognised securities exchanges including the New York Stock Exchange and the National Association of Securities Dealers (Automated Quotes). Substantially all of the Funds' equity instruments fall into this category. In the Global Bond Fund, the investments listed as equities comprise primarily of investments in exchange traded funds.

Level 2: This refers to debt instruments, equities and mutual funds which are not quoted in an active market. The fair value of debt instruments in this category reflect bid quotations from at least two recognised market makers where available and those that are determined by a valuation technique that makes use of observable market inputs. Valuation techniques are applied in the absence of market makers for various fixed income instruments with remaining term to maturity in excess of 365 days. These are valued in order of priority via market reads from fellow bondholders, via comparison with similar bond issues or via observable changes in credit spreads for bonds of similar quality. The fair value of equities and mutual funds in this category reflect the underlying net asset values (NAVs) at year end which are considered observable due to the level of capital activity.

Level 3: This refers to debt instruments which are not quoted in an active market. The fair value of debt instruments in this category reflects a bid quotation from a recognised market marker using observable market data.

Notes to the Financial Statements (Continued)

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(Expressed in United States Dollars)

8 Financial Risk Management (Continued)

8.2 Analysis of financial assets available-for-sale by fair value hierarchy (continued)

The following tables analyse the financial assets available-for-sale held by the Funds according to their fair value hierarchy:

	UTC Energy Fund SP \$	UTC Asia Pacific Fund SP \$	UTC European Fund SP \$	UTC Latin American Fund SP \$	UTC Global Bond Fund SP \$
As at 31 December 2013					
Fair value Level 1					
Equities – quoted	–	–	–	–	–
Fair value Level 2					
Debt instruments – quoted	–	–	–	–	–
Mutual funds	–	–	–	–	–
Total	–	–	–	–	–
As at 31 December 2012					
Fair value Level 1					
Equities – quoted	4,682,232	1,727,102	965,005	1,065,616	1,134,696
Fair value Level 2					
Debt instruments – quoted	–	–	18,782	–	182,592
Mutual funds	–	–	–	–	195,381
Fair value Level 3					
Debt instruments	–	–	17,860	–	47,000
Total	4,682,232	1,727,102	1,001,646	1,065,616	1,559,669

During 2012 there was a transfer of bonds from level 2 to level 3 due to the fact that the bonds were priced by only one pricing source.

	European Fund \$	Global Bond Fund \$
Opening Balance of bond	–	–
Transfer from level 2 into level 3	15,656	41,200
Purchases	–	–
Sales	–	–
Change in fair value gain/(loss)	2,204	5,800
Closing value	17,860	47,000
Fair value gain/(loss) recognised in equity	2,204	5,800

Notes to the Financial Statements (Continued)

31 December 2013

(Expressed in United States Dollars)

8 Financial Risk Management (Continued)

8.3 Liquidity risk

i) *Definition*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

ii) *Management of risk*

In accordance with the Board of Directors' policy, the Investment Advisor monitors the Funds' liquidity position on a daily basis. Liquidity risk is managed by maintaining an adequate liquidity position through appropriate cash, near cash and other short-term investments. The liquidity position is also reviewed on a monthly basis by the Investment Advisor. The Board may in its sole and absolute discretion and in such circumstances as it deems appropriate suspend the determination of the Net Asset Value per Participating Share. Consequently, the rights to redeem segregated portfolio would be suspended in such circumstances. In addition, the Board may elect to settle payments due in respect of the redemption of Participating Shares by the transfer of assets of the Fund to the redeeming Shareholder.

iii) *Maturity analysis of financial liabilities*

The Funds' financial liabilities comprise management fees and other payables. Segregated portfolio shares are classified as equity.

All balances are due within twelve months and equal their carrying values as the impact of discounting is not significant.

iv) *Expected liquidity of financial assets available-for-sale*

The Funds manage their liquidity risk by investing in quoted securities that are readily tradable. These securities are generally listed on recognised securities exchanges or trade in reasonably active broker-dealer markets. Typically, the Funds would expect to liquidate such securities in less than two weeks under most market conditions. Commercial paper and other unquoted money market investments maturing within one year tend to require significant lead time for disposal given the bilateral nature of the contracts. All other unquoted debt securities are assumed to take beyond one year to liquidate and are typically not disposed of prior to maturity. The following table provides an analysis of the expected liquidation period for the Funds' assets as at 31 December 2013 and as at 31 December 2012:

Notes to the Financial Statements (Continued)

31 December 2013

(Expressed in United States Dollars)

8 Financial Risk Management (Continued)

8.3 Liquidity risk (continued)

	Less Than Two Weeks \$	Between Two Weeks And One Year \$	More Than One Year \$	Total \$
31 December 2013				
UTC Energy Fund	–	–	–	–
UTC Asia Pacific Fund	–	–	–	–
UTC European Fund	–	–	–	–
UTC Latin American Fund	–	–	–	–
UTC Global Bond Fund	–	–	–	–
31 December 2012				
UTC Energy Fund	4,682,232	–	–	4,682,232
UTC Asia Pacific Fund	1,727,102	–	–	1,727,102
UTC European Fund	965,005	36,641	–	1,001,646
UTC Latin American Fund	1,065,616	–	–	1,065,616
UTC Global Bond Fund	1,330,077	229,592	–	1,559,669

8.4 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements in interest rates, credit spreads, foreign exchange rates and equity prices.

a) **Currency risk**

i) *Definition*

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. The Funds may hold financial assets and liabilities in currencies other than the United States dollars. It is therefore exposed to currency risk as the value of securities denominated in other currencies will fluctuate due to changes in exchange rates.

ii) *Management of risk*

In accordance with the Board of Director's policy, the Investment Advisor monitors the Funds' currency position on a daily basis. The currency position is also reviewed periodically by the Board of Directors.

Notes to the Financial Statements (Continued)

31 December 2013

(Expressed in United States Dollars)

8 Financial Risk Management (Continued)

8.4 Market risk (continued)

a) Currency risk (continued)

iii) Concentration of currency risk exposure and sensitivity analysis

The Funds are not significantly exposed to currency risk as its financial assets and liabilities are substantially denominated in US dollars. The Funds' financial assets and liabilities (both monetary and non-monetary) were all denominated in US dollars as at 31 December 2013 and 31 December 2012.

b) Interest rate risk

i) Definition

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 Funds take on exposure to the effects of fluctuations in prevailing levels of market interest rates on both its fair value and cash flow risks. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

ii) Management of risk

The Funds manage interest rate risk in line with their individual investment objectives. Funds with pure capital growth objectives manage their exposure to fixed rate bonds by limiting their exposure to this asset class to a fixed percentage of net assets. Funds with an income objective actively manage their effective duration in order to balance the counteracting effects on cash flow and fair value from changes in interest rates.

iii) Sensitivity analysis

Sensitivity analysis was conducted to determine the effect had US interest rates changed by 100 basis points. With all other variables held constant, total comprehensive income for the year would have increased/(decreased) as follows:

	+100 bps		-100 bps	
	2013	2012	2013	2012
	\$	\$	\$	\$
UTC Energy Fund	–	–	–	–
UTC Asia Pacific Fund	–	–	–	–
UTC European Fund	–	(1,134)	–	1,216
UTC Latin American Fund	–	–	–	–
UTC Global Bond Fund	–	(9,649)	–	10,310

Notes to the Financial Statements (Continued)

31 December 2013

(Expressed in United States Dollars)

8 Financial Risk Management (Continued)

8.4 Market risk (continued)

c) Price risk

i) Definition

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or issuer, or factors affecting all similar financial instruments traded in the market.

The Funds are exposed to equity securities price risk. They are not exposed to commodity price risk.

ii) Management of risk

The Funds manage equity price risk through careful asset allocation and security selection within specified limits. The security selection decision is typically influenced by consideration of fundamental and technical valuation factors as well as by the instrument's historical price sensitivity to the market. Overall price risk in the Funds is controlled by monitoring the weighted price sensitivity of the equity portfolio to movements in the relevant market, which is typically represented by the S&P 500.

iii) Sensitivity analysis

As at 31 December 2013 and 31 December 2012, using the S&P 500 Index, had equity securities and mutual fund prices increased/decreased as a whole by 5% (with all other variables held constant), total equity and mutual funds would have increased/decreased as follows for the following Funds:

	2013	2012
	\$	\$
- UTC Energy Fund	–	260,678
- UTC Asia Pacific Fund	–	79,799
- UTC European Fund	–	47,294
- UTC Latin American Fund	–	53,797
- UTC Global Bond Fund	–	51,827

8.5 Concentrations of risk by geography and industry sector

The Funds manage concentrations of financial assets available-for-sale by geography and industry sector. Geography is generally represented by the major regions reflecting fund nomenclature in addition to the United States. Residual positions in countries not belonging to the major geographical regions corresponding to fund nomenclature are grouped in the "other" category.

Industry sector is generally divided by Sovereign, Financial Institutions and Energy representing the typical major specific sector exposures for the funds. Residual positions in other economic sectors as well as substantial positions in financial instruments that replicate exposure to a broad market classification are included in the "other" category.

Notes to the Financial Statements (Continued)

31 December 2013

(Expressed in United States Dollars)

8 Financial Risk Management (Continued)

8.5 Concentrations of risk by geography and industry sector (continued)

The Funds' exposure to financial risks by geography and industry sector is provided as follows:

As at 31 December 2013

Country	North America \$	Europe \$	Asia Pacific \$	Latin America \$	Other \$	Total \$
Sovereign						
UTC Energy Fund	—	—	—	—	—	—
UTC Asia Pacific Fund	—	—	—	—	—	—
UTC European Fund	—	—	—	—	—	—
UTC Latin American Fund	—	—	—	—	—	—
UTC Global Bond Fund	—	—	—	—	—	—
Financial Institutions						
UTC Energy Fund	—	—	—	—	—	—
UTC Asia Pacific Fund	—	—	—	—	—	—
UTC European Fund	—	—	—	—	—	—
UTC Latin American Fund	—	—	—	—	—	—
UTC Global Bond Fund	—	—	—	—	—	—
Energy						
UTC Energy Fund	—	—	—	—	—	—
UTC Asia Pacific Fund	—	—	—	—	—	—
UTC European Fund	—	—	—	—	—	—
UTC Latin American Fund	—	—	—	—	—	—
UTC Global Bond Fund	—	—	—	—	—	—
Other						
UTC Energy Fund	—	—	—	—	—	—
UTC Asia Pacific Fund	—	—	—	—	—	—
UTC European Fund	—	—	—	—	—	—
UTC Latin American Fund	—	—	—	—	—	—
UTC Global Bond Fund	—	—	—	—	—	—
Total						
UTC Energy Fund	—	—	—	—	—	—
UTC Asia Pacific Fund	—	—	—	—	—	—
UTC European Fund	—	—	—	—	—	—
UTC Latin American Fund	—	—	—	—	—	—
UTC Global Bond Fund	—	—	—	—	—	—

Notes to the Financial Statements (Continued)

31 December 2013

(Expressed in United States Dollars)

8 Financial Risk Management (Continued)

8.5 Concentrations of risk by geography and industry sector (continued)

As at 31 December 2012

Country	North America \$	Europe \$	Asia Pacific \$	Latin America \$	Other \$	Total \$
Sovereign						
UTC Energy Fund	—	—	—	—	—	—
UTC Asia Pacific Fund	—	—	—	—	—	—
UTC European Fund	—	—	—	—	—	—
UTC Latin American Fund	—	—	—	—	—	—
UTC Global Bond Fund	672,751	81,168	—	—	—	753,919
Financial Institutions						
UTC Energy Fund	—	—	—	—	—	—
UTC Asia Pacific Fund	—	—	518,362	—	—	518,362
UTC European Fund	17,860	46,378	—	—	—	64,238
UTC Latin American Fund	—	—	—	11,655	—	11,655
UTC Global Bond Fund	267,964	187,699	—	—	—	455,663
Energy						
UTC Energy Fund	3,620,021	114,508	212,780	—	452,549	4,399,858
UTC Asia Pacific Fund	—	—	403,725	—	—	403,725
UTC European Fund	—	34,885	—	—	—	34,885
UTC Latin American Fund	—	—	—	61,720	—	61,720
UTC Global Bond Fund	—	—	—	133,167	—	133,167
Other						
UTC Energy Fund	282,374	—	—	—	—	282,374
UTC Asia Pacific Fund	—	—	805,015	—	—	805,015
UTC European Fund	43,970	829,748	—	—	28,805	902,523
UTC Latin American Fund	—	—	—	992,241	—	992,241
UTC Global Bond Fund	216,919	—	—	—	—	216,919
Total						
UTC Energy Fund	3,902,395	114,508	212,780	—	452,549	4,682,232
UTC Asia Pacific Fund	—	—	1,727,102	—	—	1,727,102
UTC European Fund	61,830	911,011	—	—	28,805	1,001,646
UTC Latin American Fund	—	—	—	1,065,616	—	1,065,616
UTC Global Bond Fund	1,157,634	268,868	—	133,167	—	1,559,669

Notes to the Financial Statements (Continued)

31 December 2013

(Expressed in United States Dollars)

8 Financial Risk Management (Continued)

8.6 Credit risk

a) *Definition*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit exposures arise principally in investment activities that bring debt and other securities into the Funds' investment portfolio.

b) *Management of risk*

The Investment Advisor manages default risk by subjecting potential issuers/counterparties to a robust credit risk assessment process that results in the assignment of a credit score or rating. The level of exposure to the issuer/counterparty is then set based on its credit score or rating. For existing issuers/counterparties, the Investment Advisor performs a credit review on at least an annual basis. Based on the outcome of the review, exposure limits to the issuer or counterparty may be increased, decreased or maintained going forward.

The ratings of the major rating agencies shown below are mapped to the rating classes or credit scores based on the long-term average default rates of each external grade. The Funds use the external ratings where available to benchmark the internal credit risk assessment. Observed defaults per rating category vary year on year, especially over an economic cycle.

Funds' credit rating	Description of the grade	External rating:
1	High	At least BBB-
2	Moderate	From B- to BB+
3	Low	Below B- or unrated

There is minimal exposure to the credit risk arising from cash balances that are held by the respective investment brokers. However, this is managed by a periodic reassessment of the broker's credit rating. Currently, none of the balances held are with financial institutions that are experiencing financial difficulties. All of the cash balances are held by brokers with a credit rating of A-.

Notes to the Financial Statements (Continued)

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(Expressed in United States Dollars)

8 Financial Risk Management (Continued)

8.6 Credit risk (continued)

c) *Maximum exposure to credit risk before collateral held or other credit enhancements*

The following table represents a worst case scenario of credit risk exposure to the Funds as at 31 December 2013 and 31 December 2012:

	UTC Energy Fund SP \$	UTC Asia Pacific Fund SP \$	UTC European Fund SP \$	UTC Latin American Fund SP \$	UTC Global Bond Fund SP \$
31 December 2013					
Corporate debt securities	-	-	-	-	-
Other assets	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 December 2012					
Corporate debt securities	-	-	36,641	-	229,592
Other assets	5,928	1,704	3,139	5,795	7,653
Cash and cash equivalents	324,327	143,920	72,898	135,215	139,162
	<u>330,255</u>	<u>145,624</u>	<u>112,678</u>	<u>141,010</u>	<u>376,407</u>

d) *Analysis of financial assets exposed to credit risk*

The credit quality of the financial assets available-for-sale that are neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Funds. The following is an analysis of the Funds' financial assets that are exposed to credit risk.

Notes to the Financial Statements (Continued)

31 December 2013

(Expressed in United States Dollars)

	Neither past due nor impaired			Impaired	
	Funds' Credit Rating				Total
	1	2	3		
\$	\$	\$	\$	\$	
As at 31 December 2013					
<u>Corporate Debt Securities</u>					
UTC Energy Fund	—	—	—	—	—
UTC Asia Pacific Fund	—	—	—	—	—
UTC European Fund	—	—	—	—	—
UTC Latin American Fund	—	—	—	—	—
UTC Global Bond Fund	—	—	—	—	—
As at 31 December 2012					
<u>Corporate Debt Securities</u>					
UTC Energy Fund	—	—	—	—	—
UTC Asia Pacific Fund	—	—	—	—	—
UTC European Fund	36,641	—	—	—	36,641
UTC Latin American Fund	—	—	—	—	—
UTC Global Bond Fund	229,592	—	—	—	229,592

Interest income receivable, other assets and cash and cash equivalents each have a fund's credit rating of 1.

9 Capital Management

Shares in the Segregated Portfolio Companies of UTC Cayman are considered to be the capital of each such entity. UTC Cayman's objective is to manage the capital of each Fund/Segregated Portfolio Company for the benefit of the shareholders of same in pursuit of the specific investment objective of the Fund. To this end, each Fund is governed by a distinct investment policy statement that sets the overarching parameters for the deployment of capital in the acquisition and disposal of financial instruments. UTC Cayman and its investment advisor consistently review the portfolio decisions of the Funds from a strategic and tactical perspective at least quarterly and monthly respectively with a view to provide ongoing assurance of optimal use of capital. The Funds do not utilise leverage and have no immediate intention to use same or to include debt in their capital structure. Further, the Funds are not subject to any specific statutory or regulatory minimum capital requirements or restrictions. UTC Cayman is not considered to have any material capital outside of its control over the capital of the Segregated Portfolio Companies.

10 Events After The Balance Sheet Date

There are no significant post-balance sheet date events.

