ANSA MERCHANT BANK LIMITED

ANSA US$ SECURED FUND

ANSA McAL GROUP OF COMPANIES

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF ANSA US$ SECURED FUND

We have audited the accompanying financial statements of ANSA US$ Secured Fund (the "Fund") which comprise the Statement of Financial Position as at 31 December, 2009, Statement of Income, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors 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 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 auditors' judgement, including the assessment of 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 for 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 give a true and fair view of, the financial position of the Fund as of 31 December 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst + Young

Port of Spain,
TRINIDAD:
24th March, 2010

STATEMENT OF FINANCIAL POSITION

	Notes	2009	2008
Assets			
Cash and cash equivalents	4	21,825	38,964
Available-for-sale investments	5	259,832	180,192
Interest receivable		4,741	4,799
Receivables from the sale and maturity of assets		4,299	12,645
Total assets		290,697	236,600
Liabilities			
Bank overdraft		255	–
Management fees payable		1,956	775
Trustee fees payable		114	97
Distributions payable		4,344	3,504
Total liabilities		6,669	4,376
Net assets		284,028	232,224
Equity represented by:			
Unitholders' balances	7	294,554	263,727
Investment revaluation deficit		(8,570)	(29,530)
Retained deficit		(1,956)	(1,973)
		284,028	232,224

These financial statements were approved by the Trustee and authorised for issue on 24th March 2010 and signed on their behalf by:

First Caribbean International Banking & Financial Corporation Limited
Trustee

STATEMENT OF INCOME

Income	Note	2009	2008
Interest income		15,581	6,630
Gain on disposal of investments		3,036	69
Other income		3,102	1,210
Total income		21,719	7,909
Expenses			
Fees	6	(3,999)	(887)
Marketing expenses		(72)	(236)
Impairment expense		–	(1,500)
Other expenses		(384)	(14)
Total expenses		(4,455)	(2,637)
Net surplus for the year before distribution		17,264	5,272
Distribution to Unitholders		(17,247)	(7,952)
Surplus/(deficit)for the year		17	(2,680)

STATEMENT OF COMPREHENSIVE INCOME

	2009	2008
Surplus/(deficit) for the year	17	(2,680)
Other comprehensive income/(loss):		
Net gain/(loss) on revaluation of available-for-sale financial assets	14,141	(30,743)
Net loss on available-for-sale financial assets transferred to the Statement of Income	12,097	317
Translation adjustments	(5,278)	–
Impairment losses transferred to Statement of Income	–	1,500
Other comprehensive income/(loss) for the period	20,960	(28,926)
Total comprehensive income/(loss) for the year	20,977	(31,606)

STATEMENT OF CHANGES IN EQUITY

	Unitholders' balances	Revaluation reserve/ (deficit)	Retained earnings/ (deficit)	Total
Balance as at 1 January 2008	38,691	(604)	707	38,794
Total Comprehensive Loss	–	(28,926)	(2,680)	(31,606)
Issue of units	226,739	–	–	226,739
Redemption of units	(1,703)	–	–	(1,703)
Balance as at 31 December 2008	263,727	(29,530)	(1,973)	232,224
Total Comprehensive Income	–	20,960	17	20,977
Issue of units	63,713	–	–	63,713
Redemption of units	(32,886)	–	–	(32,886)
Balance as at 31 December 2009	294,554	(8,570)	(1,956)	284,028

STATEMENT OF CASH FLOWS

	2009	2008
Cash flows from operating activities		
Surplus/(deficit) for the year	17	(2,680)
Adjustments:		
Impairment expense	–	1,500
Gain on disposal of investments	(3,036)	(69)
Gain on foreign exchange	(2,772)	(894)
Deficit before working capital changes	(5,791)	(2,143)
Changes in assets/liabilities:		
Decrease/(increase) in receivables	8,404	(15,731)
Increase in payables	2,038	4,231
Net cash flows provided by/(used in)operating activities	4,651	(13,643)
Cash flows from investing activities		
Purchase of investments	(308,923)	(239,727)
Proceeds from maturity/sale of investments	256,051	62,012
Net cash flows used in investing activities	(52,872)	(177,715)
Cash flows from financing activities		
Issue of units	63,713	227,336
Redemption of units	(32,886)	(2,300)
Net cash flows provided by financing activities	30,827	225,036
Net change in cash and cash equivalents	(17,394)	33,678
Cash and cash equivalents at the beginning of the year	38,964	5,286
Cash and cash equivalents at the end of the year	21,570	38,964
Represented by:		
Cash at bank	9,103	4,901
Short-term funds	12,722	34,063
Bank overdraft	(255)	–
	21,570	38,964
Supplemental information:		
Interest received	15,639	2,187
Distributions paid	16,850	7,951

* All Numbers Expressed in Thousands of Trinidad & Tobago Dollars

Description of the Fund

The following brief description of the ANSA US$ Secured Fund (the 'Fund') is provided for general information purposes only. Reference should be made to the Trust Deed and Rules of the Fund for more complete information.

General

The Fund is an open-ended mutual fund registered in Trinidad & Tobago, established by ANSA Merchant Bank Limited (the 'Bank') under a Trust Deed dated 1 September 2007. The Bank is the Sponsor, Investment Manager, Administrator and Distributor of the Fund.

In addition, the Bank has guaranteed 100% return of the principal invested in the Fund subject to a minimum holding period of investment, and a fixed minimum yield of 5.85% on the units held subject to a defined period of time established at the time of purchase.

The principal activity of the Fund is to provide investors having similar investment objectives the opportunity to access professional investment management in achieving maximum income returns, minimisation of risk and reasonable safety of capital.

The Trustee of the Fund is First Caribbean International Banking Trinidad & Tobago Limited.

In June 2009, subscriptions to the Fund were temporarily suspended. This decision was taken as it became increasingly difficult to find investments which fulfilled the required return and were of an acceptable quality in the prevailing investment climate. The Trustee took this decision in the best interest of Unitholders given their primary mandate of preserving capital while providing the best yield in the market for Unitholders' investments.

Significant accounting policies

i) Basis of preparation

The financial statements are presented in Trinidad and Tobago dollars and all values are rounded to the nearest thousands, except when otherwise indicated. These financial statements have been prepared on a historical cost basis, except for the measurement at fair value of available-for-sale investment securities.

Statement of compliance

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS). The Fund presents its Statement of Financial Position broadly in order of liquidity. An analysis regarding recovery or settlement up to one year after the Statement of Financial Position date (current), one to five years after the Statement of Financial Position date (non-current) and over five years after the Statement of Financial Position date (longer-term) is presented in Note 9.

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognised amounts and there is intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses will not be offset in the Statement of Income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Fund.

ii) Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year except that the Fund has adopted the following new and revised IFRSs and IFRIC interpretations as of 1 January 2009:

- IAS 1 (Revised) Presentation of Financial Statements
- Amendment to IFRS 7 Financial Instruments: Disclosures

Adoption of these revised standards and interpretations did not have any material effect on the financial performance or position of the Fund. It did however give rise to additional disclosures including revisions to certain accounting policies and an overall revision in the presentation format of the financial statements.

The principal effects of these changes are as follows:

IAS 1 (Revised) Presentation of Financial Statements

This standard requires all owner changes in equity and all non-owner changes to be presented in either one statement of comprehensive income or in two separate statements of income and comprehensive income. The previous standard required components of comprehensive income to be presented in the Statement of Changes in Equity. In addition, it requires entities to present a comparative statement of financial position as at the beginning of the earliest comparative period when the entity has applied an accounting policy retrospectively, makes a retrospective restatement, or reclassifies items in the financial statements.

The Fund has elected to present comprehensive income in two separate Statements of Income and Comprehensive Income. The Fund has not provided a restated comparative set of financial position for the earliest comparative period, as it has not adopted any new accounting policies retrospectively, or has made a retrospective restatement or retrospectively reclassified items in the financial statements.

Amendment to IFRS 7 Financial Instruments: Disclosure

The amendment to the standard requires an entity to provide a quantitative and qualitative analysis of those instruments recognised at fair value based on a three-level measurement hierarchy. Furthermore, for those instruments which have significant unobservable inputs (classified as Level 3), the amendment requires disclosures on the transfers into and out of Level 3, a reconciliation of the opening and closing balances, total gains and losses for the period split between those recognised in other comprehensive income, purchases, sales issues and settlements, and sensitivity analysis of reasonably possible changes in assumptions. In addition, disclosure is required of the movements between different levels of the fair value hierarchy and the reason for those movements. Finally, the standard amends the previous liquidity risk disclosures as required under IFRS 7 for non-derivative and derivative financial liabilities. Entities are required to apply this amendment for annual periods beginning on or after 1 January 2009, with no requirement to provide prior year comparatives on transition.

Listed below are standards and interpretations that have been issued, but have no significant impact on the Fund's financial statements.

Amendment to IAS 23 Borrowing Costs

IAS 23 (revised) is effective for accounting periods beginning on or after 1 January 2009. The main change from the previous version is the removal of the option to immediately recognise as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.

IFRS 8 Operating Segments

This standard requires disclosure of information about an entity's operating segments and replaced the requirement to determine primary (business) and secondary (geographical) reporting segments of the entity.

IFRS 2 Share-Based Payment (Amendment)

This amendment to IFRS 2 Share-based payments was issued in January 2008 and became effective for financial years beginning on or after 1 January 2009. The standard restricts the definition of 'vesting condition' to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted.

IAS 27 Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity (Amendment)

This amendment to IAS 27 is effective for financial years beginning on or after 1 January 2009. The amendment deletes the definition of the 'cost method' under IAS 27, thereby removing the distinction between pre- and post-acquisition profits in its separate financial statements. The entity therefore can recognise all dividends from a subsidiary, jointly controlled entity or associate, but must consider whether any payment of such dividends provides an indication of impairment. In addition, IAS 27 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary rather than its fair value.

IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosure (Amendment)

Amendments to IAS 39 and IFRS 7 were issued in October 2008 in response to the global credit crisis. The amendments allow entities to reclassify certain financial assets out of held-for-trading if they are no longer held for the purpose of being sold or repurchased in the near term. In addition, financial assets that are not eligible for classification as loans and receivables may be transferred from 'Held-for-trading' to 'Available-for-sale' or to 'Held-to-maturity', only in rare circumstances.

The standard was effective retrospectively from 1 July 2008 until 1 November 2008. Thereafter, retrospective application was not permitted. Similarly, IFRS 7 was amended for disclosure requirements in respect of the assets reclassified, including the amount reclassified into and out of each category and the gains and losses that would have been recognised in Statement of Income or Equity, had they not been reclassified.

IFRIC 9 and IAS 39: Embedded Derivatives

The IFRIC has issued Embedded Derivatives: Amendments to IFRIC 9 and IAS 39 which requires entities to assess whether to separate an embedded derivative from a host contract in the case where the entity reclassifies a hybrid financial asset out of the fair value through Statement of Income category. The amendments to IFRIC 9 require an assessment to be made either when the entity first became party to the contract or when a change in the terms of the contract significantly modifies expected cash flows. The amendments are applicable for annual periods ending on or after 31 December 2009.

IFRIC 13 Customer Loyalty Programmes

The IFRIC issued IFRIC interpretation 13 in June 2007. This interpretation requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. It became effective for financial years beginning on or after 1 July 2008. The amendment had no material impact on the Fund's financial statements.

IFRIC 15 Agreement for the Construction of Real Estate

The interpretation is to be applied retrospectively and clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the interpretation provides guidance on how to determine whether an agreement is within the scope of IAS 11 or IAS 18.

IFRIC 16 Hedges of a net investment in foreign operations

IFRIC 16 is effective for accounting periods beginning on or after 1 October 2008. The interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39.

Improvements to IFRSs

In May 2008 the IASB issued its first omnibus of amendments to its standards. The amendments primarily deal with a view to remove inconsistencies and clarify wordings. These amendments, unless otherwise stated, are effective for financial years beginning on or after 1 January 2009. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Fund.

- IFRS 7 Financial Instruments: Disclosures: the amendment removed the reference to 'total interest income' as a component of finance costs. This had no impact to the accounting policy and financial position of the Fund as this policy was already applied.
- IAS 1 Presentation of Financial Statements: assets and liabilities classified as 'held-for-trading' in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the Statement of

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2009
(Expressed in Thousands of Trinidad and Tobago dollars)
(continued)

Financial Position. This had no impact on the Fund as the Fund does not classify its financial assets and liabilities between current and non-current categories.

- IAS 8 Accounting Policies, Change in Accounting Estimates and Errors: the amendment clarifies that only implementation guidance that is an integral part of an IFRS is mandatory when selecting an accounting policy. This had no impact on accounting policy and financial position of the Fund as it had already been applied.

- IAS 10 Events after the Reporting Period: The amendment clarifies that dividends declared after the end of the reporting period are not obligations. This had no impact to accounting policy and financial position of the Fund.

- IAS 18 Revenue: the amendment replaces the term 'direct costs' with transaction costs as defined in IAS 39.

- IAS 36 Impairment of Assets: when discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'.

iii) Standards in issue not yet effective

The following IFRS's and IFRIC interpretations that have been issued but are not yet effective were not applied to the financial statements of the Fund:

IAS 39 Financial Instruments: Recognition and Measurement was amended (effective from 1 July 2009) regarding hedging portions of risk, and clarifies the principles associated with designating a portion of cash flows or fair values of a financial instrument as a hedged item.

IFRS 3 Business Combinations was amended (effective from 1 July 2009). The amendments were the result of a joint project with the US FASB, and certain Fundamental changes and improvements were made to reinforce the existing standard and remedy problems that have emerged with its application.

IFRIC 17 Distributions of Non-cash Assets to Owners (effective from 1 July 2009) provides guidance on how to account for such transactions. It also provides guidance on when to recognise a liability and how to measure it and the associated assets, and when to derecognise the asset and liability and the consequences of doing so.

IFRIC 18 Transfers of Assets from Customers (effective from 1 July 2009) provides guidance on when and how an entity should recognise items of property, plant and equipment received from their customers.

IFRS 9 Financial instruments This standard will eventually replace IAS 39 Financial Instruments: Recognition and Measurement. Although adoption of this standard is permitted on a phased basis for periods ending on or after 31 December 2009, adoption of this standard becomes mandatory on 1 January 2013.

iv) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash at hand and at bank with original maturities of three months or less and subject to insignificant risks of change in value.

v) Financial instruments

The Fund's financial assets and financial liabilities are recognised in the Statement of Financial Position when it becomes party to the contractual obligation of the instrument. A financial asset is derecognised when the right to receive the cash flows from the asset has expired or where the Fund has transferred all the risks and rewards of ownership of the asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. All 'regular way' purchases and sales are recognised at settlement date.

vi) Investment securities

The Fund classifies its investment securities as available-for-sale. Management determines the classification of its investment securities at initial recognition.

Available-for-sale financial assets are securities intended to be held for an indefinite period of time, but may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. After initial recognition, these assets are measured at fair value based on quoted market prices where available or discounted cash flow models. Fair values for unlisted securities are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Unrealised gains and losses are reported in the investment revaluation reserve. When the securities are disposed of, the related accumulated fair value adjustments are included in other income. When securities become impaired, the related accumulated fair value adjustments previously recognised in the investment revaluation reserve are included in the Statement of Income as an impairment expense on investment securities.

vii) Impairment

The carrying value of all the Fund's financial assets is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The identification of impairment and the determination of recoverable amounts is an inherently uncertain process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices.

In order to determine whether negative revaluations on investment securities correctly represent impairment, all investment securities for which the market value has been significantly below cost price for a considerable period of time, are individually reviewed. A distinction is made between negative revaluations due to general market fluctuations and due to issuer specific developments.

The impairment review focuses on issuer specific developments regarding financial condition and future prospects, taking into account the intent and ability to hold the securities under the Fund's long-term investment strategy.

If there is objective evidence that the cost may not be recovered, an available-for-sale equity security is considered to be impaired. Objective evidence that the cost may not be recovered, in addition to qualitative impairment criteria, includes a significant or prolonged decline in the fair value below cost. The Fund's policy considers a significant decline to be one in which the fair value is below the weighted-average cost by more than 30% and a prolonged decline to be one in which fair value is below the weighted-average cost for greater than one year. This policy is applied by all subsidiaries at the individual security level.

If an available-for-sale equity security is impaired based upon the Fund's qualitative or quantitative impairment criteria, any further declines in the fair value at subsequent reporting dates are recognized as impairments. Therefore, at each reporting period, for an equity security that is determined to be impaired based upon the Fund's impairment criteria, an impairment is recognized for the difference between the fair value and the original cost basis, less any previously recognized impairments.

viii) Fair values of financial instruments

Fair value determinations for financial assets and financial liabilities are based on bid market prices at the close of business on the Statement of Financial Position date for listed instruments. If prices are not readily available, the fair value is based on internal valuation models. These pricing models consider, among other factors, contractual and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

ix) Revenue recognition

Investment income

Interest income is recognised in the Statement of Income as it accrues, taking into account the effective yield of the asset or an applicable floating rate. Interest income includes the amortisation of any discount or premium on the constant yield basis. Investment income also includes dividends.

Interest income is accrued until the investment becomes contractually three months in arrears at which time the interest is suspended and then accounted for on a cash basis until the investment is brought up to date.

Other income and expenditure

Other income and expenditure are brought into account on the accruals basis.

x) Subscriptions and redemptions

Subscriptions and redemptions are accounted for on the accruals basis. Subscriptions and redemptions to the Fund are made by investors at a price US$200 per unit. Prior to 1 July 2009, subscriptions of units were at a minimum initial value of US$5,000 and additional investments were at least US$500 in value, except in the instance of reinvestment of distributions. There are no limits as to the number of units that can be redeemed at any one time.

As at 30 June 2009, subscriptions to the Fund were temporarily suspended as a result of the prevailing market conditions. This was carried out in line with the provisions set out in the prospectus.

xi) Distributions to Unitholders

Distributions to Unitholders are recognised when they are ratified by the Trustees and are paid out quarterly.

xii) Taxation

Tax on distributions paid is withheld to non-resident unitholders at the rates applicable to the country in which the Unitholders reside.

xiii) Foreign currency transactions

The functional currency of the Fund is the United States dollar and the presentation currency is the Trinidad and Tobago dollar. Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling on 31 December 2009. All revenue and expenditure transactions denominated in foreign currencies are translated at mid-exchange rates and the resulting profits and losses on exchange from these trading activities are dealt with in the Statement of Income.

ix) Comparative information

Certain changes in presentation have been made in these financial statements. These changes had no effect on the operating results of the Fund for the previous year.

3. Significant accounting judgements and estimates

Management has made the following judgements in its application of the Fund's policies which have the most significant effect on the amounts reported in the financial statements.

Impairment of financial assets
Management makes judgements to determine whether financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

Valuation of investments
The Fund has applied IAS 39 in its classification of investments securities which requires measurement of securities at fair value. Fair values are based on quoted market prices for the specific instrument, comparisons with other similar financial instruments, or the use of valuation models. Establishing valuations where there are no quoted market prices inherently involves the use of judgement and applying judgement in establishing reserves against indicated valuations for aged positions, deteriorating economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity, model risk itself and other factors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2009
(Expressed in Thousands of Trinidad and Tobago dollars)
(continued)

4. *Cash and cash equivalents*

	2009	2008
Cash at bank	9,103	4,901
Short-term investments	12,722	34,063
	21,825	38,964

5. *Available-for-sale investments*

	2009	2008
Government securities	83,685	54,980
State owned company securities	49,939	38,139
Corporate bonds and debentures	123,536	83,458
Quoted shares	2,672	3,615
	259,832	180,192

6. *Fees*

The Investment Manager is paid a quarterly fee from the assets of the Fund. The fee is calculated on the basis of the average net asset value in that quarter pro-rated where necessary on the basis of number of days remaining or elapsed in the quarter, according to an annual rate not to exceed 2.50% on the average net asset value of the Fund.

The Trustee is paid from the assets of the Fund a fee not exceeding an annual rate of 0.20% on the average net asset value and such fee shall be, subject to a minimum annual fee of $10,000, exclusive of VAT.

The following is a breakdown of the fees charged to the Statement of Income:

	2009	2008
Management fees	3,554	680
Trustee fees	445	207
	3,999	887

7. *Units*

	2009	2008
Authorised:		
Unlimited number of units		
Units outstanding at the beginning of the year	214,274	30,303
Units issued	43,161	185,328
Units redeemed	(25,865)	(1,357)
Units outstanding at the end of the year	231,570	214,274
Net asset value per unit	$ 1,226.50	$ 1,083.77

8. *Financial instruments*

Fair values

The estimated fair values of certain financial instruments have been determined using available market information or other appropriate valuation methodologies that require judgement in interpreting market data and developing estimates. Consequently, estimates made do not necessarily reflect the amounts that the Fund would realise in a current market exchange. The use of different assumptions and/or different methodologies may have a material effect on the fair values estimated.

The fair value information is based on information available to Management as at dates presented. Although Management is not aware of any factors that would significantly affect the fair value amounts, such amounts have not been comprehensively revalued for the purposes of these financial statements since those dates and, therefore the current estimates of the fair value may be significantly different from the amounts presented herein.

(i) *Short-term financial assets and liabilities*

The carrying amount of short-term financial assets and liabilities comprising cash and cash equivalents, interest and other receivables, bank overdraft, management fees payable, distribution payable, trustee fees payable, redemptions payable and other payables are a reasonable estimate of their fair values because of the short maturity of these instruments.

(ii) *Investment securities*

The fair value of trading investments is based on market quotations, when available. When market quotations are not readily available, fair values are based on discounted cash flows or estimated using quoted market prices of similar investments. In the absence of a market value, discounted cash flows will approximate fair value. This process relied on available market data to generate a yield curve for each country in which valuations were undertaken, using interpolated results where there were no market observable rates.

In pricing callable bonds, where information is available, the price of a callable bond is determined as at the call date using the Yield to Worst. For bonds with irregular cash flows (sinking Funds, capitalization of interest, moratoria, amortizations or balloon payments) a process of iteration using the Internal Rate of Return is used to arrive at bond values.

iii) *Carrying amounts and fair values*

As at 31 December 2009 carrying amounts approximated fair values for the Fund's financial assets and liabilities. A similar position existed as at 31 December 2008.

iv) *Determination of fair value and fair value hierarchies*

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1

Included in the Level 1 category are financial assets that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in the Level 2 category are financial assets that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity Funds with fair values obtained via Fund managers and assets that are valued using the Fund's own models whereby the majority of assumptions are market observable.

Level 3

Level 3 hierarchies relate to financial assets and that are not quoted as there are no active markets to determine a price for those assets. This is however not applicable to the Fund since as at 31 December 2009 the asset portfolio did not include assets whose prices were not available on an active market.

2009	Level 1	Level 2	Value
Available-for-sale financial assets	152,674	107,158	259,832

Transfers between Level 1 and 2

For the year ended 31 December 2009 there was no transfer of assets between Level 1 and Level 2.

9. *Risk management*

Introduction

Risk is inherent in the Fund's activities but it is managed through a process of ongoing identification and measurement and monitoring, subject to risk limits and other controls.

This process of risk management is critical to the Fund's continuing profitability. It is exposed to credit risk, liquidity risk and market risk.

Role of the Trustee

The Trustee is the custodian of the Fund and their responsibility is that of safeguarding Unitholders' interests. The Trustee approves all distribution of income from the Fund and ensures that the Fund is externally audited every year. They also ensure that all provisions within the prospectus are followed by the Investment Manager and all regulatory requirements are fulfilled.

Risk management structure

The Bank which acts as the Fund Sponsor, Distributor, Administrator and Investment Manager, is ultimately responsible for identifying and controlling risks. The Bank is also responsible for the overall risk management approach and for approving the risk strategies, principles and policies and procedures. Day to day adherence to risk principles is carried out by the executive management of the Bank in compliance with the policies approved by the Board of Directors.

Treasury management

The Fund employs the Treasury function of the Bank, which is responsible for managing the Fund assets and liabilities and the overall financial structure. The treasury function is also primarily responsible for the Funding and liquidity risks of the Fund.

Credit risk management

Credit risk to the Fund is the potential that a counterparty will fail to meet its stated obligations in accordance with agreed terms. It is the Fund's policy to enter into financial arrangements with a variety of creditworthy counterparties and monitor the size of the exposure to any one issuer and the duration of the investment. The Fund's exposure to credit risk is limited to the value of its investments securities portfolio. The Bank, in its capacity as Investment Manager, is responsible for identifying and controlling credit risk.

Significant changes in the economy, or in the state of a particular industry segment that represents a concentration in the Fund's portfolio, could result in losses that are different from those provided at the Statement of Financial Position date. Management therefore carefully manages its exposure to credit risk.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The following table shows the maximum exposure to credit risk which represents a worst case scenario of credit note exposure, without taking account of any collateral held or other credit enhancements. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

	Gross maximum exposure 2009	2008
Cash and cash equivalents	21,825	38,964
Available-for-sale investments	257,160	176,577
Interest and other receivables	4,741	4,799
Receivables from the sale and maturity of assets	4,299	12,645
	288,025	232,985

Cash and cash equivalents

These Funds are placed with highly rated local banks and with international financial institutions with which the Fund has relationships as custodians or fund managers. All custodians and fund managers are highly rated by Moody and have been classified with a "stable" outlook. Management therefore considers the risk of default of these counterparties to be low.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2009
(Expressed in Thousands of Trinidad and Tobago dollars)
(continued)

with a "stable" outlook. Management therefore considers the risk of default of these counterparties to be low.

Investment securities

The credit quality of investment securities has been analyzed into the following categories:

High grade	These comprise of regional sovereign debt securities issued directly or through state intermediary body where there has been no history of default.
Standard	These securities are current and have been serviced in accordance with the terms and conditions of the underlying agreements. Also included in this category are securities issued by subsidiaries within the ANSA McAL Group of companies or other companies under common control
Sub-standard	These securities are either greater than 90 days in arrears but are not considered to be impaired, or have been restructured in the past financial year.
Impaired	These securities are non-performing.

	High grade	Standard	Sub-standard	Impaired	Total
2009	106,587	150,573	–	–	257,160
2008	74,300	88,752	9,761	3,764	176,577

Currency risk

The Fund takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Bank in its capacity as Investment Manager sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the Fund's exposure to foreign currency exchange rate risk at 31 December, arising primarily from monetary financial assets and liabilities denominated in US$ dollars.

The final line of the table, illustrates the effect of a reasonably possible movement of the USD against the TTD, with all other variables held constant on the Statement of Income.

	US$ 2009	2008
Financial assets		
Cash and short-term funds	21,252	38,914
Available for sale investments	259,832	131,804
Interest and other receivables	9,040	3,238
	290,124	173,956
Financial liabilities		
Distribution payable	4,344	3,504
	4,344	3,504
Net currency risk exposure	285,780	170,452
Reasonably possible change in currency rate	5%	5%
Effect on income for the year	14,289	8,523

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Fund manages its interest rate exposure by investing in fixed and variable rate instruments.

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. The Fund takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Bank, in its capacity as Investment Manager, sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by the Bank's Treasury department.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Fund's net assets and equity.

The sensitivity of income is the effect of the assumed changes in interest rates on income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December. The sensitivity of equity is calculated by revaluing fixed rate available-for-sale assets for the effects of assumed changes in interest rates at 31 December. In addition, a 5% change for financial assets valued through market observable inputs was applied.

Increase in basis points	Sensitivity of income 2009	Sensitivity of equity 2009	Sensitivity of income 2008	Sensitivity of equity 2008
+ 100	–	(1,469)	–	(1,170)
-100	–	750	–	1,116

Liquidity risk

Liquidity risk is the risk that the Fund will be unable to liquidate positions to satisfy commitments to Unitholders for redemptions due to market conditions. This is managed by maintaining an adequate position in assets with maturities of less than one year.

The table analyses the Fund's financial assets and liabilities into the relevant maturity grouping based on the remaining period as at 31 December to the contractual maturity date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2009
(Expressed in Thousands of Trinidad and Tobago dollars)
(continued)

	Up to one year	One to five years	Over five years	Total
2009				
Financial assets				
Cash and cash equivalents	21,825	–	–	21,825
Available-for-sale investments	111,197	35,545	113,090	259,832
Interest and other receivable	9,040	–	–	9,040
	142,062	35,545	113,090	290,697
Financial liabilities				
Bank overdraft	255	–	–	255
Management fees payable	1,956	–	–	1,956
Trustee fees payable	114	–	–	114
Distributions payable	4,344	–	–	4,344
	6,669	–	–	6,669

	Up to one year	One to five years	Over five years	Total
2008				
Financial assets				
Cash and cash equivalents	38,964	–	–	38,964
Available-for-sale investments	63,856	37,633	78,703	180,192
Interest and other receivable	17,444	–	–	17,444
	120,264	37,633	78,703	236,600
Financial liabilities				
Management fees payable	775	–	–	775
Trustee fees payable	97	–	–	97
Distributions payable	3,504	–	–	3,504
	4,376	–	–	4,376

Equity price risk

Equity price risk is the risk that the fair values of equities will decrease as the result of decreases in equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Fund's investment portfolio.

The effect on equity will arise as a result of changes in the fair value of equity instruments categorised as available-for-sale. The effect on equity due to a reasonably possible change in equity indices is considered immaterial.

10. Related party transactions and balances

Parties are considered to be related if one has the ability to control or exercise significant influence over the other party in making financial or operational decisions. Related party transactions are carried out at commercial terms and at market rates. The related assets, liabilities, income and expenses from these transactions are as follows:

	2009	2008
Assets		
Management company	61,683	12,976
Other related parties	5,566	12,645
Liabilities		
Management company	1,956	775
Other related parties	272	219
Income		
Management company	966	532
Other related parties	–	–
Expenses		
Management company	3,554	680
Other related parties	445	207
Distributions		
Management company	407	392
Other related parties	610	151
Unitholders' balances		
Management company	6,961	6,773
Other related parties	10,572	10,482

11. Capital management

When managing capital, which is represented by Unitholders' balances, the objectives of the Fund Manager are:

- To comply with the requirements set out in the Fund's prospectus and Trust Deed;
- To safeguard Fund's ability to continue as a going concern so that it can continue to provide returns for Unitholders'; and
- To maintain a strong capital base to support the development of its business.

The Fund endeavours to invest the proceeds from the issue of units in appropriate investments while maintaining sufficient liquidity to meet redemptions where necessary, such liquidity being augmented by short term borrowings or disposal of investment securities where necessary.

The use of proceeds from the issue of units is monitored on a daily basis by the Fund Manager, based on guidelines set out in the Prospectus and the Trust Deed. The Fund complied with the requirements set out in the Prospectus and Trust Deed during the reported financial periods and no changes were made to the Fund's objectives, policies and processes from the previous year.