

Roytrin Mutual TT\$ Income & Growth Fund

Portfolio Manager's Review

Statement of financial position

Expressed in Trinidad and Tobago Dollars

	As at 31 December	
	2014 \$	2013 \$
Assets		
Investment securities	974,708,253	630,657,428
Interest income receivable	4,206,282	4,179,894
Other receivables	1,601,455	101,121
Cash and cash equivalents	<u>55,213,115</u>	<u>43,832,260</u>
Total assets	<u>1,035,729,105</u>	<u>678,770,703</u>
Liabilities		
Distributions payable	43,947	39,005
Management fees payable	279,304	257,827
Other payables	<u>15,628,915</u>	<u>1,836,237</u>
Liabilities (excluding net assets attributable to unitholders)	<u>15,952,166</u>	<u>2,133,069</u>
Net assets attributable to unitholders	<u>1,019,776,939</u>	<u>676,637,634</u>
Number of participating units	<u>348,882,083</u>	<u>231,297,214</u>
Net asset value per unit	<u>2.923</u>	<u>2.926</u>



Theron Quashie
Trustee



Darrin Chung
Trustee

Statement of profit or loss and other comprehensive income

Expressed in Trinidad and Tobago Dollars

	Year ended 31 December	
	2014 \$	2013 \$
Income		
Interest income	17,730,184	15,888,144
Dividends	6,686,912	4,144,755
Net realised gains on investment securities	<u>25,316,482</u>	<u>11,704,930</u>
Total income	<u>49,733,578</u>	<u>31,737,829</u>
Expenses		
Management fees	(17,400,900)	(11,267,160)
Other administrative expenses	<u>(1,196,065)</u>	<u>(531,978)</u>
Total expenses	<u>(18,596,965)</u>	<u>(11,799,138)</u>
Net income for the year before distributions	31,136,613	19,938,691
Distributions to unitholders	<u>(25,053,548)</u>	<u>(19,289,819)</u>
Net income for the year	6,083,065	648,872
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Net realised gains on investment securities	(25,316,482)	(11,704,930)
Net unrealised gains on financial assets	<u>22,689,083</u>	<u>48,445,052</u>
Other comprehensive (loss)/income for the year, net of tax	<u>(2,627,399)</u>	<u>36,740,122</u>
Total comprehensive income for the year	<u>3,455,666</u>	<u>37,388,994</u>

Statement of changes in net assets attributable to unitholders

Expressed in Trinidad and Tobago Dollars

	Net assets excluding reserves \$	Investment impairment reserve \$	Net assets attributable to unitholders \$
	Year ended 31 December 2014		
Balance as at 1 January 2014	676,026,841	610,793	676,637,634
Net income for the year	6,083,065	--	6,083,065
Other comprehensive loss for the year	(2,627,399)	--	(2,627,399)
Subscriptions	658,911,116	--	658,911,116
Redemptions	<u>(319,227,477)</u>	<u>--</u>	<u>(319,227,477)</u>
Balance as at 31 December 2014	<u>1,019,166,146</u>	<u>610,793</u>	<u>1,019,776,939</u>
Year ended 31 December 2013			
Balance as at 1 January 2013	472,503,343	1,610,793	474,114,136
Net income for the year	648,872	--	648,872
Other comprehensive income for the year	36,740,122	--	36,740,122
Appropriation to impairment reserve	1,000,000	(1,000,000)	--
Subscriptions	235,814,238	--	235,814,238
Redemptions	<u>(70,679,734)</u>	<u>--</u>	<u>(70,679,734)</u>
Balance as at 31 December 2013	<u>676,026,841</u>	<u>610,793</u>	<u>676,637,634</u>

Statement of cash flows

Expressed in Trinidad and Tobago Dollars

	Year ended 31 December	
	2014 \$	2013 \$
Cash flows from operating activities		
Net income for the year before distributions	31,136,613	19,938,691
Adjustment:		
Net realised gain on investment securities	<u>(25,316,482)</u>	<u>(11,704,930)</u>
Net income before working capital changes	5,820,131	8,233,761
Increase in receivables	(1,526,722)	(1,853,689)
Increase in payables	<u>13,819,097</u>	<u>347,907</u>
Net cash generated from operating activities	<u>18,112,506</u>	<u>6,727,979</u>
Cash flows from investing activities		
Purchase of investments	(1,041,465,127)	(450,106,236)
Proceeds on disposal of investments	<u>720,103,385</u>	<u>304,325,642</u>
Net cash used in investing activities	<u>(321,361,742)</u>	<u>(145,780,594)</u>
Cash flows from financing activities		
Subscriptions	658,911,116	235,814,238
Redemptions	(319,227,477)	(70,679,734)
Distributions paid	<u>(25,053,548)</u>	<u>(19,289,819)</u>
Net cash generated from financing activities	<u>314,630,091</u>	<u>145,844,685</u>
Net increase in cash and cash equivalents	11,380,855	6,792,070
Cash and cash equivalents at beginning of year	<u>43,832,260</u>	<u>37,040,190</u>
Cash and cash equivalents at end of year	<u>55,213,115</u>	<u>43,832,260</u>

The Net Asset Value of the TTD Income & Growth Fund (assets less liabilities) jumped 50.7% or TT\$ 343.1 million over the twelve-month period to TT\$1.02 billion due primarily to net subscriptions of TT\$ 339.7 million and total comprehensive income (which is the surplus net income for the period post distribution to unit holders as well as the net unrealised gain on financial assets) of TT\$ 3.5 million.

With both local and foreign equity markets close to all-time highs, the portfolio managers opted to realise gains on certain positions. As such, realised gains on investment securities stood at TT\$ 25.3 million (more than double that of the previous year) allowing the Fund to pay a distribution of 8 cents per unit to unit holders (versus 9 cents in 2013) with total distributions paid to unit holders for 2014 at TT\$ 25.1 million (versus TT\$ 19.3 million in 2013).

Overall, the TTSE Composite Index managed a modest 0.60% return for 2014 while the S&P 500 returned 13.68%. Excess liquidity and low interest rates will continue to increase the attractiveness of local equities although with several stocks making all-time highs, the market will continue to be prone to bouts of selling as investors take profits. We remain partial to good dividend paying stocks as the local economy has been challenged to achieve any significant growth in recent years and will likely remain challenged as oil and gas prices fall and the diversification of economic revenues occurs at a snail pace. With limited local opportunities we continue to invest globally in sectors where we see greater growth potential albeit accompanied by greater volatility.

Q1 2015 corporate results from U.S. companies have been negatively impacted by the strong dollar as expected but so far there have been few material surprises. Equity markets remain range bound as investors await the U.S. Fed decisions regarding interest rates while also assessing the full impact on the energy sector from the lower oil and gas prices. From our perspective we remain vigilant of the current market highs to ensure we do not overpay for equities, no matter how much we may like them. That being said, we also see many opportunities to invest in companies whose growth story remains strong and intact despite the global economic issues.



Natalie Mansoor
Head - Asset Management

Roytrin Mutual US\$ Income & Growth Fund

Portfolio Manager's Review

Statement of financial position

Expressed in United States Dollars

	As at 31 December	
	2014 US\$	2013 US\$
Assets		
Investment securities available for sale	22,020,820	6,574,167
Interest income receivable	123,419	62,999
Other receivables	7,918	39,529
Cash and cash equivalents	<u>4,229,698</u>	<u>259,446</u>
Total assets	<u>26,381,855</u>	<u>6,935,141</u>
Liabilities		
Distributions payable	6,669	1,175
Management fees payable	6,801	2,657
Other payables	<u>1,957,627</u>	<u>38,107</u>
Liabilities (excluding net assets attributable to unitholders)	<u>1,971,097</u>	<u>41,939</u>
Net assets attributable to unitholders	<u>24,410,758</u>	<u>6,893,202</u>
Number of participating units	<u>20,715,932</u>	<u>5,917,688</u>
Net asset value per unit	<u>1.1784</u>	<u>1.165</u>


Theron Quashie, Trustee


Darrin Chung, Trustee

Statement of changes in net assets attributable to unitholders

Expressed in United States Dollars

	As at 31 December	
	2014 US\$	2013 US\$
Balance at beginning of year	6,893,202	4,445,475
Net income for the year	184,685	44,952
Other comprehensive (loss)/income for the year	<u>(128,270)</u>	<u>16,404</u>
Total comprehensive income for the year	56,415	61,356
Subscriptions	22,895,380	4,555,316
Redemptions	<u>(5,434,239)</u>	<u>(2,168,945)</u>
Balance at end of year	<u>24,410,758</u>	<u>6,893,202</u>

Statement of profit or loss and other comprehensive income

Expressed in United States Dollars

	Year ended 31 December	
	2014 US\$	2013 US\$
Income		
Interest income	269,530	170,191
Dividend income	117,975	51,274
Net realised gains on investment securities	<u>629,209</u>	<u>104,405</u>
Total income	<u>1,016,714</u>	<u>325,870</u>
Expenses		
Management fees	(313,860)	(115,539)
Other administrative expenses	<u>(19,910)</u>	<u>(2,799)</u>
Total expenses	<u>(333,770)</u>	<u>118,338</u>
Net income for the year before distributions	682,944	207,532
Distributions to unitholders	<u>(498,259)</u>	<u>(162,580)</u>
Net income for the year	184,685	44,952
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Net realised gains on investment securities	(629,209)	(104,405)
Net unrealised gains on investment securities	<u>500,939</u>	<u>120,809</u>
Other comprehensive (loss)/income for the year net of tax	<u>(128,270)</u>	<u>16,404</u>
Total comprehensive income for the year	<u>56,415</u>	<u>61,356</u>

Statement of cash flows

Expressed in United States Dollars

	Year ended 31 December	
	2014 US\$	2013 US\$
Cash flows from operating activities		
Net income for the year before distributions	682,944	207,532
Adjustment:		
Gain on investment securities	<u>(629,209)</u>	<u>(104,405)</u>
Net income before working capital changes	53,735	103,127
Increase in receivables	(28,809)	(63,624)
(Decrease)/increase in payables	<u>1,929,159</u>	<u>(8,323)</u>
Net cash generated from operating activities	<u>1,954,685</u>	<u>31,180</u>
Cash flows from investing activities		
Purchase of investments	(24,994,418)	(5,986,701)
Proceeds on disposal of investments	<u>10,048,704</u>	<u>3,484,367</u>
Net cash used in investing activities	<u>(14,945,714)</u>	<u>(2,202,334)</u>
Cash flows from financing activities		
Subscriptions	22,895,380	4,555,316
Redemptions	(5,434,239)	(2,168,945)
Distributions paid	<u>(498,259)</u>	<u>(161,560)</u>
Net cash generated from financing activities	<u>16,962,882</u>	<u>2,224,811</u>
Net increase in cash and cash equivalents	3,971,252	53,657
Cash and cash equivalents at beginning of year	258,446	204,789
Cash and cash equivalents at end of year	<u>4,229,698</u>	<u>258,446</u>

The Net Asset Value of the USD Income & Growth Fund (assets less liabilities) jumped 254% over the twelve month period to end December 2014 at US\$ 24.4 million due primarily to US\$ 17.46 million in net subscriptions.

With U.S. equity markets close to all-time highs, the portfolio managers opted to realise gains on certain positions. As such, realised gains on investment securities stood at US\$0.63 million (versus US\$0.10 the previous year) allowing the Fund to maintain its annual distribution of 3 cents per unit to unit holders.

Continued upward traction in the foreign stock market, has resulted in an increase in the net asset value (NAV) of the Fund (from 1.165 at the end of 2013 to 1.178 as at December 31, 2014).

Despite several bouts of volatility, the S&P 500 managed a 13.68% return in 2014. Excess liquidity and low interest rates will continue to support the attractiveness of global equities however we remain partial to U.S. equities as the U.S. economy remains more resilient and is expected to enjoy relatively robust growth versus the other industrialised nations in Europe and Japan where growth expectations have been revised downwards. Overall we view the decline in oil prices as being a net global positive as all developed economies are net energy importers and as such the decline in energy costs will put some much needed additional spending dollars in the hands of consumers.

The S&P 500 managed a modest 0.44% return in Q1 2015. Q1 corporate results from U.S. companies have been negatively impacted by the strong dollar as expected but so far there have been few material surprises. Equity markets remain range bound as investors await the U.S. Fed decisions regarding interest rates while also assessing the full impact on the energy sector from the lower oil and gas prices. From our perspective we remain vigilant of the current market highs to ensure we do not overpay for equities, no matter how much we may like them. That being said, we also see many opportunities to invest in companies whose growth story remains strong and intact despite the global economic issues.



Natalie Mansoor
Head - Asset Management

Roytrin TT\$ Income Fund

Portfolio Manager's Review

Statement of financial position

Expressed in Trinidad and Tobago Dollars

	As at 31 December	
	2014 \$	2013 \$
Assets		
Investment securities	4,305,280,929	4,247,628,141
Interest income receivable	49,270,671	51,635,675
Other receivables	7,603,499	3,405
Cash and cash equivalents	<u>273,833,222</u>	<u>207,055,121</u>
Total assets	<u>4,635,988,321</u>	<u>4,506,322,342</u>
Liabilities		
Distributions payable	489,466	541,618
Other payables	<u>47,382,402</u>	<u>130,203,403</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>47,871,868</u>	<u>130,745,021</u>
Net assets attributable to unitholders	<u>4,588,116,453</u>	<u>4,375,577,321</u>
Number of participating units	<u>181,470,946</u>	<u>171,507,863</u>
Net asset value per unit	<u>25,228</u>	<u>25,512</u>

 Trustee
Theron Quashie

 Trustee
Darrin Chung

Statement of changes in net assets attributable to unitholders

Expressed in Trinidad and Tobago Dollars

	Net assets excluding reserves \$	Investment impairment reserve \$	Net assets attributable to unitholders \$
Year ended 31 December 2014			
Balance as at 1 January 2014	4,369,247,790	6,329,531	4,375,577,321
Net income for the year	1,902,929	--	1,902,929
Other comprehensive loss for the year	(573,068,883)	--	(573,068,883)
Subscriptions	1,515,261,411	--	1,515,261,411
Redemptions	<u>(1,247,318,325)</u>	<u>--</u>	<u>(1,247,318,325)</u>
Balance as at 31 December 2014	<u>4,581,786,922</u>	<u>6,329,531</u>	<u>4,588,116,453</u>
Year ended 31 December 2013			
Balance as at 1 January 2013	4,540,547,077	18,329,531	4,558,876,608
Loss for the year	1,277,043	--	1,277,043
Other comprehensive income for the year	(99,771,414)	--	(99,771,414)
Appropriation to impairment reserve	12,000,000	(12,000,000)	--
Subscriptions	1,232,340,967	--	1,232,340,967
Redemptions	<u>(1,317,145,883)</u>	<u>--</u>	<u>(1,317,145,883)</u>
Balance as at 31 December 2013	<u>4,369,247,790</u>	<u>6,329,531</u>	<u>4,375,577,321</u>

As at December 31, 2014 the Net Asset Value of the TTD Income Fund (assets less liabilities) rose by TT\$ 212.5 million to TT\$ 4,588 billion as compared to the prior twelve-month period ended December 31, 2013, primarily as a result of net subscriptions of TT\$ 267.9 million. Total income including net realised gains on investment securities was TT\$ 229.1 million while expenses totaled TT\$ 89.2 million. Net income stood at TT\$ 1.9 million and TT\$ 138.1 million was distributed to unit holders.

Despite the low interest rate environment in 2014 and the dearth of TT dollar denominated investments available, the Fund has been efficiently managed as assets held in cash represented 5.1% of total assets, a small increase over the 4.6% position as at December 2013. Interest income has declined marginally to TT\$ 192.4 million (as compared to TT\$ 204.3 million twelve months prior) as low interest rates both locally and in the U.S. continue to impact the portfolio.

Despite net realised gains of TT\$ 36.8 million on investment securities versus TT\$29.9 million in 2013, lower interest rates globally have impacted the distribution to unit holders with 79 cents per unit paid for the twelve months to December 2014 (versus 83 cents in the prior twelve-month period).

Although there have been a few local market issues (both government guaranteed and corporate issues), local interest rates remain depressed as a result of the significant levels of excess liquidity. We expect that any bonds brought to market will be oversubscribed pushing longer term rates further downward and cause a further flattening of the yield curve.

Credit demand locally remains weak overall and GDP growth has been trending low to negative. As we noted in our 2014 half year review late last year, with an upcoming election we continue to expect the focus will shift towards economic stimulus and as such we do not expect any sustained decline in excess liquidity in the near term nor do we expect local rates to rise significantly and most of the increases will likely be on the short end resulting in a flattening of the curve over the year. In fact, so far for 2015, the market has seen the TTD Treasury rate now around 1.39% from 0.79% as at the end of last quarter. This is inline with the Central Bank's tightening monetary policy as it tries to combat escalating inflation.

U.S. interest rates have trended lower due to geopolitical issues and general economic weakness globally. So far in 2015 it seems the pressure to raise rates has started to escalate once again although it is unclear where this apparent urgency is coming from: Certainly the economic data continues to be mediocre at best and so we believe that this is being driven more by a sense of fear over what will happen if they don't raise rates versus any real economic impetus for monetary tightening. As such we feel any move by the U.S. Fed will be cosmetic and any market impact will be short-lived as the underlying circumstances have not improved enough to support materially higher interest rates on a consistent basis.



Natalie Mansoor
Head - Asset Management

Statement of profit or loss and other comprehensive income

Expressed in Trinidad and Tobago Dollars

	Year ended 31 December	
	2014 \$	2013 \$
Income		
Interest income	192,365,183	204,333,422
Other income	--	749,196
Net realised gains on investment securities	<u>36,776,105</u>	<u>29,957,982</u>
Total income	<u>229,141,288</u>	<u>235,040,600</u>
Expenses		
Management fees	(89,131,683)	(89,775,959)
Other administrative expenses	<u>(41,384)</u>	<u>(1,601,714)</u>
Total expenses	<u>(89,176,067)</u>	<u>(91,377,673)</u>
Net income for the year before distributions	139,965,221	143,662,927
Distributions to unitholders	<u>(138,062,292)</u>	<u>(142,385,884)</u>
Net income for the year	<u>1,902,929</u>	<u>1,277,043</u>
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Net realised gains on investment securities	(36,776,105)	(29,957,982)
Net unrealised losses on investment securities	<u>(20,530,778)</u>	<u>(69,813,432)</u>
Other comprehensive (loss)/income for the year net of tax	<u>(57,306,883)</u>	<u>(99,771,414)</u>
Total comprehensive loss for the year	<u>(55,403,954)</u>	<u>(98,494,371)</u>

Statement of cash flows

Expressed in Trinidad and Tobago Dollars

	Year ended 31 December	
	2014	2013
Cash flows from operating activities		
Net income for the year before distributions	139,965,222	143,662,927
Adjustments:		
Net gains on investment securities	<u>(36,776,105)</u>	<u>(29,957,982)</u>
Net income before working capital changes	102,189,117	113,704,945
Increase/(decrease) in receivables	(5,235,090)	5,965,543
(Increase)/decrease in other payables	<u>(82,873,153)</u>	<u>34,752,134</u>
Net cash generated from operating activities	<u>15,080,874</u>	<u>154,422,622</u>
Cash flows from investing activities		
Purchase of investments	(2,366,547,433)	(2,105,904,864)
Proceeds from disposal of investments	<u>2,288,363,866</u>	<u>2,140,462,723</u>
Net cash (used in)/generated from investing activities	<u>(78,183,567)</u>	<u>34,557,859</u>
Cash flows from financing activities		
Subscriptions	1,515,261,411	1,232,340,968
Redemptions	(1,247,318,325)	(1,317,145,883)
Distributions paid	<u>(138,062,292)</u>	<u>(142,385,884)</u>
Net cash (used in)/generated from financing activities	<u>129,880,794</u>	<u>(227,190,799)</u>
Net decrease in cash and cash equivalents	66,778,101	(38,210,318)
Cash and cash equivalents at beginning of year	<u>207,055,121</u>	<u>245,265,439</u>
Cash and cash equivalents at end of year	<u>273,833,222</u>	<u>207,055,121</u>

Roytrin US\$ Income Fund

Statement of financial position

Expressed in United States Dollars

	As at 31 December	
	2014 US\$	2013 US\$
Assets		
Investment securities	384,604,468	404,047,153
Interest income receivable	5,273,036	5,410,155
Other receivables	5,807,585	6,984,221
Cash and cash equivalents	<u>24,704,163</u>	<u>16,877,434</u>
Total assets	<u>420,389,252</u>	<u>433,318,963</u>
Liabilities		
Distributions payable	24,766	31,970
Management fees payable	116,083	163,212
Other payables	<u>634,787</u>	<u>12,400,943</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>775,636</u>	<u>12,596,125</u>
Net assets attributable to unitholders	<u>419,613,616</u>	<u>420,722,838</u>
Number of participating units	<u>16,303,770</u>	<u>16,381,570</u>
Net asset value per unit	<u>25.737</u>	<u>25.683</u>



Theron Quashie

Trustee



Darrin Chung

Trustee

Statement of profit or loss and other comprehensive income

Expressed in United States Dollars

	Year ended 31 December	
	2014 US\$	2013 US\$
Income		
Interest income	20,727,958	21,575,555
Net realised (loss)/gains on investment securities	<u>(1,842,866)</u>	<u>796,729</u>
Total income	<u>18,885,092</u>	<u>22,372,284</u>
Expenses		
Management fees	(8,588,464)	(8,940,960)
Other administrative expenses	<u>(32,393)</u>	<u>(48,330)</u>
Total expenses	<u>(8,620,857)</u>	<u>(8,989,290)</u>
Net income for the year before distributions	<u>10,264,235</u>	<u>13,382,994</u>
Distributions to unitholders	<u>(10,252,108)</u>	<u>(12,270,501)</u>
Net income for the year	<u>12,127</u>	<u>1,112,493</u>
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Net realised loss/gains on investment securities	1,842,866	(796,729)
Net unrealised losses on investment securities	<u>(282,713)</u>	<u>(24,320,447)</u>
Other comprehensive income/(loss) for the year, net of tax	<u>1,560,153</u>	<u>(25,117,176)</u>
Total comprehensive income/(loss) for the year	<u>1,572,280</u>	<u>(24,004,683)</u>

Statement of changes in net assets attributable to unitholders

Expressed in United States Dollars

	Year ended 31 December	
	2014 US\$	2013 US\$
Balance at beginning of year	420,722,838	444,357,865
Net income for the year	12,127	1,112,493
Other comprehensive (loss)/income for the year	<u>1,560,153</u>	<u>(25,117,176)</u>
Total comprehensive (loss)/income for the year	1,572,280	(24,004,683)
Subscriptions	84,933,140	105,717,434
Redemptions	<u>(87,614,642)</u>	<u>(105,347,778)</u>
Balance at end of year	<u>419,613,616</u>	<u>420,722,838</u>

Statement of changes in net assets attributable to unitholders

Expressed in United States Dollars

	Year ended 31 December	
	2014 US\$	2013 US\$
Cash flows from operating activities		
Net income for the year before distributions	10,264,235	13,382,994
Adjustments:		
Net loss/(gain) on investment securities	<u>1,842,866</u>	<u>(796,729)</u>
Net income before working capital changes	12,107,101	12,586,265
Decrease/(increase) in receivables	1,313,755	(4,168,300)
(Decrease)/increase in payables	<u>(11,820,489)</u>	<u>12,107,642</u>
Net cash generated from operating activities	<u>1,600,367</u>	<u>20,525,607</u>
Cash flows from investing activities		
Purchase of investment securities	(135,810,945)	(204,664,509)
Proceeds on disposal of investment securities	<u>154,970,917</u>	<u>188,274,524</u>
Net cash generated from/(used in) investing activities	<u>19,159,972</u>	<u>(16,389,985)</u>
Cash flows from financing activities		
Subscriptions	84,933,140	105,717,434
Redemptions	(87,614,642)	(105,347,778)
Distributions paid	<u>(10,252,108)</u>	<u>(12,270,501)</u>
Net cash used in financing activities	<u>(12,933,610)</u>	<u>(11,900,845)</u>
Net increase/(decrease) in cash and cash equivalents	7,826,729	(7,765,223)
Cash and cash equivalents at beginning of year	<u>16,877,434</u>	<u>24,642,657</u>
Cash and cash equivalents at end of year	<u>24,704,163</u>	<u>16,877,434</u>

Portfolio Manager's Review

The Net Asset Value of the USD Income Fund (assets less liabilities) remained relatively flat year on year at US\$ 419.6 million (December 2013: US\$420.7 million) as a result of the combination of total comprehensive income of US\$ 1.6 million offset by net redemptions of US\$ 2.7 million. Total income which includes losses realised on investment securities totaled US\$ 18.9 million while expenses amounted to US\$ 8.6 million. Resulting net income for the period stood at US\$ 10.3 million and substantially all of this was distributed to unit holders.

Continued low US interest rates over the 12-month period to December 2014 negatively impact interest income earned and this was compounded by realised losses for 2014 versus gains in 2013. As a result the distributions to unit holders fell to 63 cents per unit for 2014, as compared to 73 cents for the same period prior year.

While underlying fundamentals in the US have been gradually improving, these improvements have all been relatively modest and while the Fed may feel the economy is strong enough for stimulus to be reduced, there are still several economic challenges that remain that will serve to keep the markets and interest rates in check. Besides low economic growth and falling labor participation rates which mask a falling unemployment rate, there remains abundant liquidity and benign inflation.

U.S. interest rates have trended lower due to geopolitical issues and general economic weakness globally. So far in 2015 it seems the pressure to raise rates has started to escalate once again although it is unclear where this apparent urgency is coming from: Certainly the economic data continues to be mediocre at best and so we believe that this is being driven more by a sense of fear over what will happen if they don't raise rates versus any real economic impetus for monetary tightening. As such we feel any move by the U.S. Fed will be cosmetic and any market impact will be short-lived as the underlying circumstances have not improved enough to support materially higher interest rates on a consistent basis.



Natalie Mansoor
Head - Asset Management



Theron Quashie - Trustee