ANNUAL REPORT 2009

CARIBBEAN COURT OF JUSTICE TRUST FUND

THE SAMAAN TREE

The samaan epitomises

GROWTH, STABILITY, PROTECTION AND LONGEVITY.

The nature and character of the samaan is rooted in the purpose of the Caribbean Court of Justice Trust Fund.

"...funding the Caribbean Court of Justice in perpetuity..."

CONTENTS

BOARD OF TRUSTEES

The Board of Trustees is comprised of nominees from the following institutions as defined in the Revised Agreement Establishing the Caribbean Court of Justice Trust Fund. The composition of the Board at the end of the financial year was as follows:

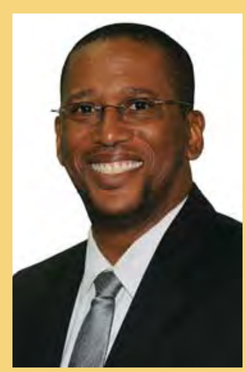
INSTITUTION	REPRESENTATIVE TRUSTEE	BOARD AND COMMITTEE POSITION
Caribbean Association of Industry and Commerce	Dr. Rollin Bertrand	Chairman of the Board
Insurance Association of the Caribbean	Mr. Gerry Brooks	Vice-Chairman of the Board Chairman, Finance & Investment Committee
Organisation of Commonwealth Caribbean Bar Associations	Mr. Wilfred Abrahams	
Conference of Heads of the Judiciary of Member States of the Caribbean Community	Chief Justice Ivor Archie	
CARICOM Secretariat	Mr. Oswald Barnes	Member, Audit Committee
Association of Indigenous Banks of the Caribbean	Mr. Robert Le Hunte	Member, Finance & Investment Committee
Caribbean Congress of Labour	Dr. Linton Lewis	Member Audit Committee
Institute of Chartered Accountants of the Caribbean	Mr. Harryram Parmesar	Chairman, Audit Committee
The University of the West Indies	Mrs. Christine Sahadeo	Member, Finance & Investment Committee

BOARD OF TRUSTEES

Dr. Rollin Bertrand
Chairman

Mr. Gerry Brooks
Vice-Chairman and
Chairman, Finance &
Investment Committee

Mr. Wilfred Abrahams



Chief Justice Ivor Archie

Mr. Oswald Barnes
Audit Committee

Mr. Robert Le Hunte
Finance & Investment
Committee

Dr. Linton Lewis
Audit Committee

Mr. Harryram Parmesar
Chairman,
Audit Committee

Mrs. Christine Sahadeo
Finance & Investment
Committee

REPORT OF THE BOARD OF TRUSTEES

The calendar year 2009 presented investors with fresh challenges in the aftermath of the turbulent and unusual events of the preceding year. On behalf of the Board of Trustees, I am pleased to report on the noteworthy performance of the Caribbean Court of Justice Trust Fund during the year ended December 31, 2009.

Background

The Caribbean Court of Justice Trust Fund ("the Trust Fund") was endowed with its initial capital in April 2005 with the mandate to provide the financial resources necessary to maintain the Caribbean Court of Justice ("the Court") and the Regional Judicial Legal Services Commission ("the Commission") in perpetuity. As such, the Board of Trustees has managed the resources of the Trust Fund in accordance with the following philosophy:

> *"The fund will be invested prudently with a long-term investment horizon in a wide range of tax-efficient international instruments so as to produce an optimal gross rate of return with reasonable security of its capital."*

Accordingly, the Board has developed Investment Guidelines for the Fund, which were approved by the CARICOM Heads of Government. In order to have a reasonable likelihood of satisfying the funding requirements, these approved Guidelines permit a significant exposure to growth assets, such as equities, across a diversified portfolio. During the course of the year, the full Board met five times; the Finance & Investment Committee twice; and the Audit and Compensation Committees once each.

At the start of the financial year under review, the Trust Fund had produced annual rates of return, net of investment management fees, of +10.4%, +9.2%, and -19.5% for the complete calendar years 2006 to 2008 respectively. The annualised net rate of return from April 2005 to December 31, 2008 was +0.7% p.a.

Overview of Performance

Despite the volatile market conditions that prevailed in early 2009, the portfolio achieved a significant recovery after the unprecedented events of 2008. The balance of the Fund as at December 31, 2008 was US$85,968,133, of which total earning assets amounted to US$85,859,381. A third party capital contribution of US$1,017,778 was received from the Government of The Bahamas during the financial year ended December 31, 2009. The Trust Fund disbursed US$4,590,155 in 2009 to cover the funding requests as per the biennial budget 2009/ 2010 set forth by the Court and the Commission.

The Fund increased its market value over the period to end the financial year ended December 31, 2009 with a balance of US$94,109,341 after all disbursements and expenses, of which total earning assets amounted to US$93,955,155, reflecting a net annual return of +15.9% for 2009.

In my statement last year, I noted that the Trustees expected that market volatility would continue to characterize 2009 and that the investment climate would remain challenging. One possible response to these anticipated conditions would have been to exit markets entirely to seek to protect the capital of the Fund by holding all assets in cash. However, to have done so would have amounted to an abandonment of the Board's carefully considered and approved long-term asset allocation strategy. Such action would also have crystallised unrealised "mark to market" losses into realised losses without allowing the Fund the opportunity to benefit from the potential rebound that is a common feature of volatile investment markets. In the face of uncertainty of the timing of such a rebound, the Board maintained its commitment to the diversified strategic asset allocation that was deliberately designed to weather the vagaries of the market. By so doing the Fund reaped the rewards of the rebound in the markets which commenced in March 2009, and which has continued up to the time of writing this report.

REPORT OF THE BOARD OF TRUSTEES

The Markets in 2009

2009 proved to be another eventful year, with the first quarter bringing international equity markets to new lows. Investors were inundated with bad news throughout 2008 so that most became unwilling or in many cases unable to take advantage of the investment opportunities at hand, due to a lack of liquidity. Despite attractive buying opportunities appearing in the first quarter, the situation seemed so uncertain to many investors that they largely shied away from entering the markets.

Just as investors feared the continuation of the precipitous fall which dominated the last quarter of 2008, the markets turned upwards from the lows of March 9, 2009, beginning a fairly consistent trend of monthly gains. The U.S. stock market, as measured by the broad-based DJ U.S. Total Stock Market, the S&P 500, and the closely watched DJIA 30 posted annual returns of +28.6%, +26.5% and +22.7% respectively in 2009. The non-US developed market equities index, the MSCI EAFE, produced a return of +31.8% for the year, whilst the MSCI Emerging Markets Index rewarded investors with a resounding +78.5% return for the same period.

In the U.S., 3-month US Treasury yields ended the year at 0.05% from 0.08% at the start of the year. The 10-year US Treasury yield ended the year at 3.84% from a yield at the start of the year of 2.21%. Regionally, the fixed income markets continued to be influenced by excess liquidity in the markets as well as economic concerns. With respect to short-term interest rates, the 91 day Jamaican T-Bill yield at the end of December 2009 stood at 15.5% in comparison to 20.9% at the end of December 2008. In Trinidad and Tobago, the yield on the 91 day T-Bill was 1.4% at the end of December 2009, in comparison to 7.0% at the end of the previous year. In Barbados, the yield on the 91 day T-Bill moved to 3.4% at the end of 2009 from 4.8% in December 2008.

Commodity markets experienced some volatility throughout the year as mixed economic indicators prevailed. Oil prices fluctuated widely, but ultimately ended the year at $79.36 from US$44.60 per barrel at the start of the year. Gold provided another success story with a price appreciation from US$884.30 per oz to US$1,096.20 per oz, peaking within the year on December 2, 2009 at US$1,215.70 per oz.

Regionally, equity markets were mixed. The Jamaica Stock Exchange (JSE) Market Index experienced significant increases in value, but also in volatility in the last two months of the year. In local currency terms (JMD), the JSE Market Index ended the year with a + 3.8% return for 2009. While the JMD/ USD exchange rate stabilised over the last 9 months of the year, there was an adverse movement of -10.7% from a rate of JMD79.90 at the start of year to JMD 89.425 as at December 31, 2009. This adverse currency movement resulted in an annual return of - 7.3% on the JSE Market Index, expressed in USD terms. The Trinidad and Tobago Composite Index exhibited a consistent downward trend for the year, resulting in a year-to-date loss of - 9.9%, expressed in USD. The Barbados Stock Exchange Cross List Index also provided investors with negative results for the year, producing a return of - 21.7% expressed in USD

Management of the Portfolio

The Trust Fund is an institutional endowment fund and the management of the portfolio is conducted with the long-term focus necessary to achieve the objective of funding the Court and Commission in perpetuity. The Trust Fund has the benefit of the expertise of an independent investment advisor with a solid track record in advising endowment funds and trusts.

The Board of Trustees approved a revised, diversified strategic asset allocation in mid-2008, structured to meet the Trust Fund's need for a reasonable long-term rate of return within acceptable portfolio risk parameters. The allocation provides the portfolio with a diversified exposure to growth assets, in the form of public and private equities. The risk generally associated with growth assets is balanced

REPORT OF THE BOARD OF TRUSTEES

Management of the Portfolio (Continued)

by an allocation to risk-reducing assets, in the form of fixed income instruments and hedge funds. The portfolio is further diversified by an allocation to real assets and other securities designed to protect against inflation.

Given the mixed indicators of recovery in the global developed economies and the financial markets that prevailed in 2009, the Trustees took a measured approach to attaining in full within 2009 the strategic allocation to various asset classes that was approved in 2008. The liquidity levels that were maintained in 2008 allowed the Trust Fund to take advantage of investment opportunities as they presented themselves, without the need to sell assets at heavily discounted prices under adverse conditions. With the options market pricing in equal probabilities of a +/- 20% movement in the US equity markets at the start of the year (which implied a higher than normal level of volatility), the decision was taken to adopt a phased increase of the Fund's equity exposure. Despite this cautious approach, the portfolio was able to significantly benefit from the rally in the international equity markets through its 40% holding in US and Non-US Equities.

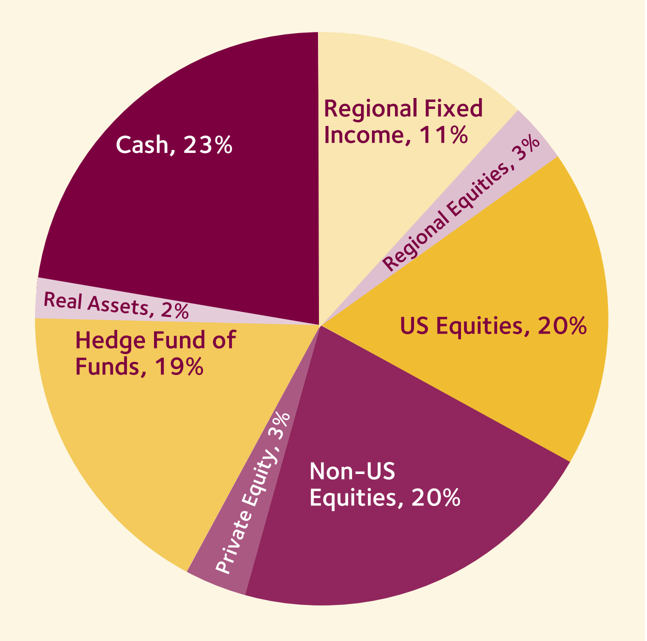
The audited total rates of return net of fees and expenses show that the total earning assets of the Trust Fund have returned +3.5% per annum since receipt of its endowment in April 2005, up from +0.7% per annum one year ago.

TABLE 1: AUDITED FUND RETURNS

	Period Return	Annualised Rate from Inception
April 7 to December 31, **2005**	+ 5.7%	
January 1 to December 31, **2006**	+ 10.4%	+ 9.3%
January 1 to December 31, **2007**	+ 9.2%	+ 9.3%
January 1 to December 31, **2008**	- 19.5%	+ 0.7%
January 1 to December 31, **2009**	+15.9%	+ 3.5%

The investment allocation of the portfolio as at December 31, 2009 is shown in the chart below:

Chart 1: PORTFOLIO ALLOCATION AS AT DECEMBER 31, 2009



During the year, the Fund increased its exposure to US and Non-US Equities from 31% to 40% of the portfolio, in line with the long-term strategic asset allocation strategy. Regional equities as an asset class underperformed international and US equities by a wide margin and consequently constituted a drag on portfolio performance, in addition to triggering impairment losses which the Fund had to record. The Fund therefore disposed of certain non-performing regional equity holdings for which medium term outlooks for price appreciation were not likely. In the Real Assets sector, one holding for which the outlook for price recovery within the year was pessimistic was sold with a view to immediate reinvestment in a substitute holding within the same asset class.

REPORT OF THE BOARD OF TRUSTEES

Movement in Fund Balance

The Fund experienced an appreciation in market value from US$85,968,133 at the start of the year to end 2009 at US$94,109,341 of which US$93,955,155 represented total earning assets.

TABLE 2: STATEMENT OF MOVEMENT IN FUND BALANCE – 2009, 2008 AND FROM INCEPTION (APRIL 2005)

	2009	2008	Apr 2005 to Dec 2009
Opening Balance	**85,968,133**	**115,010,247**	**100,946,142**
Additional Contributions	1,017,778	1,017,778	8,092,630
	86,985,911	116,028,025	108,978,772
Interest and Dividends [1]	1,189,462	3,348,710	12,085,516
Realised Gains/ (Losses)	(501,863)	5,970,362	11,547,374
	687,599	9,319,072	23,632,890
Investment Management Expenses	(186,808)	(384,763)	(2,056,319)
Net Investment Income	**500,791**	**8,934,309**	**21,576,571**
Trust Fund Expenses	(628,297)	(646,582)	(3,312,011)
Net Income	**(127,506)**	**8,287,727**	**18,264,560**
Disbursement to Court & Commission	(4,590,155)	(5,661,943)	(24,027,402)
Net Income After Disbursements	**(4,717,661)**	**2,625,784**	**(5,762,842)**
Unrealised Gains/ (Losses)	14,918,159	(24,831,214)	1,824,941
Impairment on Financial Assets	(3,077,068)	(7,854,462)	(10,931,530)
Net Change in Fund	**7,123,430**	**(30,059,892)**	**(14,869,431)**
Closing Balance Fund @ December 31	**94,109,341**	**85,968,133**	**94,109,341**

REPORT OF THE BOARD OF TRUSTEES

Movement in Fund Balance (Continued)

During the financial year 2009, a third party capital contribution of US$1,017,778 was received from the Government of the Bahamas.

Realised Losses were experienced within the financial year 2009 as assets which were not optimally performing were disposed of and the capital reinvested.

There was a 64% decline in Interest and Dividends from US$3,348,710 in 2008 to US$1,189,462 in 2009. This decline in interest and dividend income arose from the revised structure of the portfolio away from assets held with equity and fixed income asset managers, which traditionally pay interest and dividends which then require reinvestment.

The revised portfolio allocation had a positive effect on Investment Management Expenses which were reduced from US$384,763 in 2008 to US$186,808 in 2009, a 51% decline year on year. The Trust Fund continues to prudently manage its overhead expenses, even in light of the recovery in the portfolio, with a reduction of expenses from US$646,582 in 2008 to US$628,297 in 2009. As has been the trend since inception, the ratio of fees and administrative expenses of the Trust Fund, excluding charges for depreciation and year-end currency translation differences, expressed as percentage of the average fund balance was 1.0%.

The disbursements to the Court and Commission amounted to US$4,590,155 in the financial year ended December 31, 2009, bringing total disbursements since inception to US$24,027,402. The Trust Fund has paid a significant portion of this from the Net Income earned on the portfolio of US$18,264,560, utilising just US$5,762,842 of capital to satisfy the balance.

The recovery of international financial markets in 2009 resulted in Unrealised Gains on the portfolio of US$14,918,159 for the financial year as compared to Unrealised Losses of US$24,831,214 in 2008.

Following on the events of 2008, the portfolio has returned to a net Unrealised Gains position since inception of the Fund in April 2005, amounting to US$1,824,941, as compared to a net Unrealised Loss position at the end of 2008 of US$13,093,218.

The portfolio was once again affected by the International Accounting Standard, "IAS 39: Financial Instruments: Recognition and Measurement" as it relates to the impairment of equity financial assets. In accordance with this Standard, impairment is deemed to have occurred if there is objective evidence that the cost of an asset may not be recovered as a result of one or more events, and allows for the impairment of equity-related financial assets on the basis of a prolonged or significant decline in fair value relative to cost. In 2008, the Trust Fund adopted the industry interpretation of IAS 39 as it applies to equity-related financial assets as follows: a significant decline is deemed to be one in which the fair value of an investment falls below its weighted-average cost by more than 30%, and a prolonged decline is one in which the fair value remains below the weighted-average cost for more than one year. Whilst the international markets staged a significant recovery in 2009, asset prices were not brought back to pre-2008 levels. As such, the portfolio recorded impairments in equity-related securities in the amount of US$3,007,068.

Through its commitment to the strategic asset allocation, the portfolio significantly benefited from the rally in international financial assets in 2009. As such, the Fund experienced a positive net change in value of US$7,123,430 (after disbursements to the Court and Commission of $4,590,155 and total expenses of the Trust Fund of US$815,105) resulting in a fund balance of US$94,109,341 at the end of the financial year 2009.

REPORT OF THE BOARD OF TRUSTEES

Outlook for 2010

There are mixed views in the market on the sustainability of global economic recovery. Economists are forecasting moderate global growth in the range of 3%. When viewed in terms of developed versus developing economies, the outlooks are varied. Economies in developing Asia and Pacific are predicted to generate more than 6% growth in GDP for 2010, while GDP growth in developed Europe and the U.S. is estimated at around 2%. These positive signs could be an indicator of a period of self-sustaining growth, which could translate into a cycle of business expansion. However, some investment houses hold the view that it is too early to be bullish and there remains a significant risk of double-dip recession.

Similarly, there are mixed expectations in respect of the continuation of the equity rally which began in 2009. Should global GDP growth be sustained, 2009 could be the start of a multi-year upward trending market cycle. However, should the experience of the last three quarters in 2009 turn out to be a bear market rally, the lows of 2008/ 2009 may be repeated within the current year.

Investor sentiment is bullish on equities at the time of writing, but caution should be exercised as most of the major equity markets may be approaching full valuation in comparison to historical averages. In addition, there is the strong likelihood of the continuation of a volatile trading environment.

Generally there is an expectation for higher interest rates, but the timing of policy makers' intervention is uncertain. A further steepening of the yield curve is likely as investors anticipate higher inflation rates arising from the stimulus packages and the current low interest rate environment..

Higher expectations for GDP growth in developing economies, particularly China and other commodity-demand economies, are beneficial to the commodity markets. As such the outlook for commodities is fairly positive based on current market expectations.

Regionally, companies in all sectors are likely to experience continued difficult operating environments, with the consequent impact on earnings. Low demand for equities is likely to continue into 2010, resulting in a lacklustre return expectation for regional stock markets.

The outlook for the full year 2010 remains uncertain for investors as the following factors are clarified:

- Sustainability of global GDP growth and recovery
- Probability of double-dip recession
- Continued choppy trading environments
- Uncertainty over whether current market conditions constitute a bear market rally or the start of a multi-year upward trend

The importance of a diversified strategic allocation is underlined in the face of such uncertainty. The Trust Fund's portfolio is not concentrated in correlated investments, and the resultant diversification effect reduces the inherent risk of the portfolio. The portfolio enjoys the benefit of a long-term focus and the Board will continue to protect existing capital and position the Fund strategically to take advantage of the investment market cycles through its commitment to the approved strategic asset allocation.

REPORT OF THE BOARD OF TRUSTEES

Summary

The Trustees continue to act with foresight and prudence in the management of the Trust Fund. The Trust Fund as an endowment is by nature long-term in its focus. As a result, the Trustees have chosen an appropriate long-term diversified asset allocation strategy to achieve the Fund's objectives. In 2009, the Trustees ensured that the portfolio held sufficient liquid assets to take advantage of investment opportunities, and positioned the portfolio to benefit from the rally in the financial markets when it occurred.

The Trust Fund recorded an audited net rate of return of +15.9% for the current year, with an annualised rate of return of +3.5% since receipt of its endowment in April 2005.

CARICOM Governments contributed a total of US$108,978,772 since inception, and after total disbursements to the Court of US$24,027,402, the audited Fund balance as at December 31, 2009 is US$94,109,341.

Whilst the portfolio is not immune to volatility and possible negative returns over the short term, the diversified asset allocation strategy allows the Trust Fund to earn the required rate of return on capital required to fulfill its long-term objective within acceptable portfolio risk constraints. The Board of Trustees remains confident that the strategic long-term positioning of the portfolio will enable the achievement of the Fund's long-term objectives.

Appreciation

I would like to thank the current Board of Trustees, and those former Trustees who served during the year, for their prudent and proactive approach in guiding the Trust Fund through another noteworthy year. The Trustees who left the Board during the year were Mr. Michael Archibald, Dr. Anthony Bowrin, Mr. Garth Kiddoe, Chief Justice Abdullai Conteh, and Professor Harold Lutchman. I would like to thank in particular, Chief Justice Conteh and Professor Lutchman, who served from the inception of the Board of Trustees. In addition I wish to record my appreciation to Mr. Garth Kiddoe who served as Chairman of the Audit Committee during his entire tenure as a Trustee. I would also like to recognize the members of the Finance and Investment Committee whose guidance saw the Fund through an especially difficult period in financial markets which began in 2008.

The Board would like to record appreciation for the contribution of our previous Executive Officer, Mr. Richard Kellman, who left the Trust Fund in October 2009, and welcome our new Executive Officer, Mr. Glenn Cheong who joined us in April 2010. The Board would also like to extend gratitude to the Management Team and the Investment Advisor, Hammond Associates Institutional Fund Consultants, for their continued professional support.

Dr. R. Bertrand
Chairman
Board of Trustees
May 12, 2010

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF CARIBBEAN COURT OF JUSTICE TRUST FUND

We have audited the accompanying financial statements of Caribbean Court of Justice Trust Fund, which comprise the balance sheet as at 31 December 2009 and the statement of comprehensive income, statement of changes in fund balance 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 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' judgment, 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 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 Trust 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:

7 July 2010

BALANCE SHEET AS AT 31 DECEMBER 2009

	Notes	2009 US$	2008 US$
Assets			
Cash and cash equivalents	5	12,293,828	13,142,209
Accounts receivable		6,364	7,369
Unsettled trade receivables		620,583	–
Available-for-sale investments	6	80,806,499	72,488,654
Interest receivable		198,454	204,856
Dividends receivable		35,751	21,607
Other assets		32,178	36,381
Fixed assets	7	146,622	110,660
Total assets		94,140,279	86,011,736
Liabilities			
Accounts payable and accrued expenses		30,938	43,603
Total liabilities		30,938	43,603
Total net assets		**94,109,341**	**85,968,133**
Fund balance			
Capital contributions	8	108,978,772	107,960,994
Revaluation reserve/(deficit)		1,824,941	(13,093,218)
Retained deficit		(16,694,372)	(8,899,643)
Total fund balance		**94,109,341**	**85,968,133**

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

These financial statements were approved by the Board of Trustees and authorised for issue on 7 July 2010 and are signed on their behalf by:

: Trustee

: Trustee

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 US$	2008 US$
Income			
Interest income		1,346,700	1,877,983
Dividends		542,613	1,293,207
Realized (losses)/gains on investments	3 (g)	(501,863)	5,970,362
Other income		17,890	15,598
Gain/(loss) on disposal of fixed assets		251	10,940
		1,405,591	9,168,090
Expenditure			
Investment management expenses		186,808	384,763
Legal and professional fees		56,428	43,239
Staff costs		295,678	329,108
Board expenses	11	72,084	77,463
Depreciation		42,650	27,900
Property related expenses		83,786	75,811
General administrative expenses		77,671	93,061
		815,105	1,031,345
Net operating income		590,486	8,136,745
Net foreign exchange (loss)/gain		(717,992)	150,500
Impairment losses on investments	3 (i)	(3,077,068)	(7,853,980)
Net (loss)/income for the year		(3,204,574)	433,265
Other comprehensive income			
Unrealized gains/(losses) arising on revaluation of investments during the year		11,337,917	(26,623,181)
Impairment losses transferred from revaluation reserve to net income during the year		3,077,068	7,853,980
Net realized losses/(gains) on investments disposed of in the year, transferred to net income		503,174	(6,062,013)
		14,918,159	(24,831,214)
Total comprehensive income/(loss) for the year		**11,713,585**	**(24,397,949)**

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

STATEMENT OF CHANGES IN FUND BALANCE FOR THE YEAR ENDED 31 DECEMBER 2009

	Capital contributions US$	Revaluation (deficit)/ reserve US$	Retained deficit US$	Fund balance US$
Balance at 31 December 2007	**106,943,216**	**11,737,996**	**(3,670,965)**	**115,010,247**
Members' contributions (Note 8)	–	–	–	–
Third party contributions (Note 8)	1,017,778	–	–	1,017,778
Net income for the year	–	–	433,265	433,265
Other comprehensive income	–	(24,831,214)	–	(24,831,214)
Transfers to the Court (Note 3(m))	–	-	(5,661,943)	(5,661,943)
	1,017,778	(24,831,214)	(5,228,678)	(29,042,114)
Balance at 31 December 2008	**107,960,994**	**(13,093,218)**	**(8,899,643)**	**85,968,133**
Members' contributions (Note 8)	–	–	–	–
Third party contributions (Note 8)	1,017,778	–	–	1,017,778
Net loss for the year	–	–	(3,204,574)	(3,204,574)
Other comprehensive income	–	14,918,159	–	14,918,159
Transfers to the Court (Note 3(m))	–	-	(4,590,155)	(4,590,155)
	1,017,778	14,918,159	(7,794,729)	8,141,208
Balance at 31 December 2009	**108,978,772**	**1,824,941**	**(16,694,372)**	**94,109,341**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 US$	2008 US$
Operating activities		
Net (loss)/income for the year	**(3,204,574)**	**433,265**
Adjustments for:		
Depreciation	42,651	27,901
Gain on disposal of fixed assets	(251)	(10,940)
Translation difference	631	(466)
Operating (loss)/income before working capital changes	(3,161,543)	449,760
Decrease in interest receivable	6,402	106,237
(Increase)/decrease in accounts receivable, unsettled trade receivables, dividends receivable and other assets	(629,519)	38,226
(Decrease) /increase in accounts payable and accrued expenses	(12,665)	18,392
Net cash (used in) / generated from operating activities	**(3,797,325)**	**612,615**
Investing activities		
Purchase of fixed assets	(99,955)	(52,583)
Net movement in regional equity investments	2,759,907	3,554,842
Net movement in regional fixed income instruments	1,071,615	3,786,007
Net movement in non-regional investments	2,768,791	(4,327,879)
Proceeds from disposal of fixed assets	20,963	20,160
Net cash provided by investing activities	**6,521,321**	**2,980,547**
Financing activities		
Third party contributions	1,017,778	1,017,778
Transfers to Court	(4,590,155)	(5,661,943)
Net cash used in financing activities	(3,572,377)	(4,644,165)
Net decrease in cash and cash equivalents	**(848,381)**	**(1,051,003)**
Cash and cash equivalents at beginning of the year	**13,142,209**	**14,193,212**
Cash and cash equivalents at end of the year	**12,293,828**	**13,142,209**
Supplemental information:		
Interest received during the year	1,353,101	1,984,220
Dividends received during the year	528,469	1,317,283

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. Formation and principal activities

The Caribbean Court of Justice Trust Fund (the Trust Fund) was established by the CARICOM Heads of Government (the Members) in accordance with the "Revised Agreement establishing the Caribbean Court of Justice Trust Fund" (the Agreement) effective 27 January 2004. The Board of Trustees was inaugurated at its first Meeting on 22 August 2003, and operations commenced on 1 May 2004.

The Trust Fund operates as an international legal entity which is not amenable to the municipal jurisdiction of any one sovereign state and is domiciled in the Republic of Trinidad and Tobago. Its registered office is at 22 Cornelio Street, Woodbrook, Port of Spain, Trinidad and Tobago. The Trust Fund currently employs five members of staff.

The purpose of the Trust Fund is to provide the resources necessary to finance the capital and operating budget of the Caribbean Court of Justice (the Court) and the Regional Judicial and Legal Services Commission (the Commission) in perpetuity. Its principal activity is the management of an endowment fund invested in a range of regional (originating CARICOM territories) and non-regional assets. The investment objective is to seek medium to long-term capital growth through investment in a diversified portfolio of tax-efficient international instruments, including fixed income and equity securities, in order to produce an optimal gross rate of return with reasonable security of capital.

The Trust Fund in 2008 entered into an Investment Advisory Agreement with Hammond Associates Institutional Fund Consultants Inc. as independent Investment Adviser, and State Street Bank and Trust Company as Custodian to the Trust Fund.

Based on the advice of the Investment Adviser, the Trust Fund enters into direct agreements with asset managers and also makes direct purchases of appropriate mutual funds and other approved financial instruments. Each asset manager invests and reinvests the securities, cash and/or other investments held, in accordance with the Trust Fund's investment objectives. Investments may be made in, but are not limited to, securities of any kind, including stocks, warrants, options, rights, corporate or government bonds or notes issued by U.S. or foreign issuers and shares of money market mutual funds.

2. Privileges and immunities

The Agreement establishes certain privileges and immunities to enable the Trust Fund and its Officers to discharge its duties and responsibilities. In accordance with Article XII of the Agreement the Trust Fund, its assets, property, income and its operations and transactions are exempt, in its country of domicile, from all taxation, all customs duties on goods imported for its official use and all other imports. The privileges and immunities are encompassed in the Headquarters Agreement established with the Government of Trinidad and Tobago.

3. Significant accounting policies

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

a) Basis of preparation

These financial statements are expressed in United States dollars and are prepared in accordance with International Financial Reporting Standards (IFRS) on the historic cost basis, except for available-for-sale investments which are measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

3. Significant accounting policies (continued)

b) Adoption of standards and interpretations effective in 2009

The following new or revised standards, amendments and interpretations to existing Standards have been adopted in the current year and are mandatory for adoption by the Trust Fund for the 2009 reporting year:

IAS 1 (Revised), Presentation of Financial Statements was issued in September 2007 and is effective for accounting periods beginning on or after 1 January 2009. This revision has introduced terminology changes including changes in the titles of some of the financial statements, as well as changes in the format and content of the financial statements, and requires the aggregation of information in the financial statements on the basis of shared characteristics.

The Trust Fund has adopted the amendment "IFRS 7 Financial Instruments: Disclosures-Improving Disclosures about Financial Instruments". The amendments to IFRS 7 were issued by the IASB in March 2009 and became effective for annual periods beginning on or after 1 January 2009.

The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk, and require fair value measurements to be disclosed by the source of inputs using a three-level hierarchy:

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices), or indirectly (derived from prices)
- Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The amendments to IFRS 7 also require the specified minimum liquidity risk disclosures, including the contractual maturity of non derivative and derivative financial liabilities, and a description of how this is managed.

In accordance with the transitional reliefs offered in these amendments, comparative information for these expanded disclosures has not been provided in the current year.

c) Standards, amendments and interpretations in issue but not yet effective

The following new and revised International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and International Financial Reporting Committee (IFRIC) interpretations have been issued but are not yet effective for reporting:

- IFRS 9: Financial Instruments – Classification and Measurement (Issued November 2009)
- IAS 1: Presentation of Financial Statements - Amendments (Issued April 2009)
- IAS 7: Statement of Cash Flows – Amendments (Issued April 2009)
- IAS 24: Related Party Disclosures – Revised definition of related parties (Revised November 2009)
- IAS 36: Impairment of Assets – Amendments (Issued April 2009)
- IAS 39: Financial instruments: Recognition and Measurement – Amendments (Issued April 2009)

3. Significant accounting policies (continued)

d) Standards, amendments and interpretations in issue but not relevant

The following additional standards, amendments and interpretations to existing standards have been issued and become effective for reporting periods commencing on or after 1 July 2009. The Trust Fund has evaluated the effect of these and has determined that they do not apply to the activities of the Trust Fund.

- IFRS 1 : First-time Adoption of International Financial Reporting Standards – Revised and restructured (Revised November 2008)
- IFRS 1: First-time Adoption of International Financial Reporting Standards – Amendments relating to oil and gas assets and determining whether an arrangement contains a lease (Revised July 2009)
- IFRS 1: First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7: Disclosures for First-time Adopters (Revised January 2010)
- IFRS 2: Share-based Payment – Amendments relating to group cash-settled share-based payment transactions (Issued June 2008)
- IFRS 5: Non-current Assets Held For Sale and Discontinued Operations – Amendments (Issued April 2009)
- IFRS 8: Operating Segments – Amendments (Issued April 2009)
- IAS 17: Leases – Amendments (Issued April 2009)
- IAS 32: Financial Instruments: Presentation-Amendments relating to classification of rights issue (Revised 2009)
- IAS 36: Impairment of Assets - Amendments (Issued April 2009)
- IAS 38: Intangible Assets (Amendment)
- IAS 39: Financial Instruments: Recognition and Measurement - Amendments (Issued April 2009)
- IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction
- IFRIC 19: Extinguishing Financial Liabilities with Equity instruments

e) Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less and are carried at cost, which approximates market value.

f) Financial instruments

Financial assets and liabilities are recognized in the balance sheet when the Trust Fund becomes party to the contractual obligation of the instrument. Regular purchases and sales of investments are recognized on the trade date – the date on which the Trust Fund commits to purchase or sell the asset.

A financial asset is derecognized when the rights to receive the cash flows from the asset have expired or where all the risks and rewards of ownership of the asset have been transferred. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

3. Significant accounting policies (continued)

g) Available-for-sale investments

The Trust Fund classifies its investments as available-for-sale. Investments are comprised of regional and non-regional equities, equity-related securities and fixed income securities. Available-for-sale investments are securities which are intended to be held for an indefinite period of time but which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

All investments are initially recognized at cost, being the fair value of the consideration given including transaction costs associated with the investment. After initial recognition, available-for-sale investments are measured at fair value.

Unrealized gains or losses arising from changes in the fair value are recognized directly as a separate component of the fund balance until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously included in the fund balance is recognized in the statement of comprehensive income as realized gains or losses on investments.

h) Determination of fair value

Fair value is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

The fair value for financial instruments traded in organized financial markets is based on their quoted market prices at the balance sheet date without any deduction for transaction costs. Where the instrument is not actively traded or quoted on recognized exchanges, fair value is determined using discounted cash flow analysis or industry accepted valuation models. Where discounted cash flow techniques are used, future cash flows are based on best estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions.

i) Impairment of financial assets

The Trust Fund invests its endowment assets with a view to generating a consistent long-term return to meet its long-term mandate. Given this perspective, investments are initiated with a medium to long-term holding period. The Trust Fund assesses at the end of each reporting period, whether there is objective evidence that any of its financial assets or group of assets is impaired. As far as possible, the assessment is done on an individual security basis. Equities and equity-related securities are considered to be impaired if there is objective evidence that the cost of the investment may not be recovered. Objective evidence of impairment of an equity instrument includes observable data that comes to the attention of the Trust Fund

about loss events, information about significant changes with an adverse effect that have taken place in the business environment in which the issuer operates, and indicates that the cost of the investment may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

3. Significant accounting policies (continued)

i) Impairment of financial assets (continued)

A significant decline is deemed to be one in which the fair value of an investment in an equity instrument falls below its weighted-average cost by more than 30%, and a prolonged decline is one in which the fair value remains below the weighted-average cost for more than one year.

Fixed income securities are considered to be impaired if there is objective evidence that a loss event has occurred which brings into doubt the willingness or ability of the issuer to meet its contractual payment obligations on the security. A decline in fair value of an investment in a debt instrument due to changes in the risk-free interest rate does not represent evidence of a loss event.

When a decline in the fair value of a financial asset has been recognized directly in revaluation reserves, and there is objective evidence that the financial asset is impaired, the cumulative loss that had been recognized in revaluation reserves is reclassified from the revaluation reserves to the statement of comprehensive income as an impairment loss. The amount of the cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of comprehensive income.

At subsequent balance sheet dates, any further declines in fair value are recognized as impairments. If the fair value of a debt security instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment shall be reversed through the statement of comprehensive income. If the fair value of an equity-related security increases, impairment losses shall not be reversed through the statement of comprehensive income, even when the reasons for impairment no longer exist.

j) Fixed assets

Fixed assets are stated at cost net of accumulated depreciation. Depreciation is provided for at rates expected to write off the cost of the assets over their estimated useful lives. Leasehold improvements are depreciated over the period of the lease. Depreciation on all classes of fixed assets is computed as follows:

	Rate	Basis
Motor vehicles	25%	Reducing balance
Equipment, furniture and fittings	12 ½% - 50%	Straight line
Leasehold improvements	33 ⅓%	Straight line

Gains and losses on disposal of fixed assets are determined by reference to their carrying amounts and are taken into account in determining net income. Costs of repairs are charged to the statement of comprehensive income when the expenditure is incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

3. Significant accounting policies (continued)

k) Operating lease

Operating leases are leases that do not transfer substantially all the risks and rewards of ownership to the lessee. The Trust Fund has entered into a three year operating lease for the occupation of its registered office with the option to renew the lease at the end of the period for two further periods of three years, each at terms agreed with the Lessor. Either party has the option to terminate the agreement by serving notice in writing. Lease payments are recognized as an expense in the statement of comprehensive income on a straight-line basis over the period of the lease.

l) Members' contributions

Members' contributions are accounted for on a receipt basis.

m) Transfers to the Court

The Court submits biennial budgets in relation to the cash flow requirements of the Court and the Commission. These projections are considered by the Board of Trustees and, after consultation, the necessary financing is remitted to the Court. An actuarial valuation is submitted by the Court at the end of each year in respect of the pension arrangements for its Judges. The pension payment due in respect of each Judge is remitted upon retirement. These amounts are treated as distributions out of the fund balance and are accounted for when disbursed.

n) Foreign currency translation

The functional and presentation currency of the Trust Fund is the United States dollar (US$). Transactions in foreign currencies are translated at exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rate at balance sheet date and any gains or losses arising are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated at the exchange rates at the date the fair value was determined. Foreign exchange gains or losses thus arising are recognised consistently with the fair value gains or losses, directly in the fund balance or the statement of comprehensive income as appropriate.

o) Revenue and expenditure

Income and expenditure are accounted for on the accruals basis. Interest income includes coupons earned on fixed income investments as well as accrued discounts on treasury bills and other discounted investments.

p) Taxation

The Trust Fund is exempt from all forms of taxation in Trinidad and Tobago, including taxes on interest income, dividends and capital gains, as well as withholding taxes. Dividend income in some jurisdictions is subject to withholding taxes deducted at the source of the income. Dividend income is presented net of the withholding taxes where applicable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

3. Significant accounting policies (continued)

q) Comparative figures

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

4. Significant accounting judgements and estimates

Management has made the following judgements in the application of accounting policies which may have the most significant effect on the amounts recognized in the financial statements:

Determining fair value

The Trust Fund has applied IAS 39 in its classification of investment securities. IAS 39 requires measurement of securities at fair value. For financial instruments that trade infrequently and have little price transparency, fair value requires varying degree of some judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Impairment of financial assets

Management makes judgments at each balance sheet date to determine whether financial assets are impaired. The determination of what is significant or prolonged requires judgement including factors such as share price volatility and market factors.

5. Cash and cash equivalents

	2009 US$	2008 US$
Cash at bank	1,465,433	192,472
Money market accounts	1,629,173	362,215
Short-term deposits	-	2,532,694
Income funds	9,199,222	10,054,828
	12,293,828	13,142,209

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

6. Available-for-sale investments

	2009 Carrying value US$	2009 Fair value US$	2008 Carrying value US$	2008 Fair value US$
Debt securities	10,171,963	10,171,963	8,953,975	9,116,142
Equities	41,806,755	41,806,755	37,711,824	37,711,824
Private equity fund of funds	2,939,531	2,939,531	2,178,936	2,178,936
Hedge fund of funds	17,459,273	17,459,273	15,676,321	15,676,321
Monet market funds	6,326,393	6,326,393	4,043,368	4,043,368
Short-term instruments	2,102,584	2,102,584	3,924,230	3,924,230
	80,806,499	**80,806,499**	**72,488,654**	**72,650,821**

7. Fixed assets

	Motor vehicles US$	Equipment & furniture US$	Leasehold improvement US$	Total US$
Cost				
Balance at 31 December 2008	111,114	105,470	12,545	229,129
Additions at cost	87,900	12,055	–	99,955
Exchange adjustments	(634)	(602)	(71)	(1,307)
Disposals	(69,482)	(7,600)	–	(77,082)
Balance at 31 December 2009	**128,898**	**109,323**	**12,474**	**250,695**
Accumulated depreciation				
Balance at 31 December 2008	(61,674)	(44,585)	(12,210)	(118,469)
Charge for the year	(23,178)	(19,138)	(334)	(42,650)
Exchange adjustments	352	255	70	677
Disposals	48,794	7,575	–	56,369
Balance at 31 December 2009	**(35,706)**	**(55,893)**	**(12,474)**	**(104,073)**
Net book value at 31 December 2008	**49,440**	**60,885**	**335**	**110,660**
Net book value at 31 December 2009	**93,192**	**53,430**	**–**	**146,622**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

8. Capital contributions

	2009 US$	2008 US$
At beginning of year	107,960,994	106,943,216
Members' contributions	–	–
Third party contributions	1,017,778	1,017,778
At end of year	**108,978,772**	**107,960,994**

Members' contributions and escrow interest

The initial capital totalling US$99,500,000 was raised by the Caribbean Development Bank (CDB) on behalf of the Members on 16 July 2004 and remitted to the Trust Fund on 7 April 2005 along with escrow interest earned of US$1,446,142. Additional contributions amounting to US$3,961,518 were received in 2006.

Third party contributions

The Members have accepted a third party contribution of US$9,160,000 from the Government of the Commonwealth of the Bahamas, payable over a period of nine years in the sum of US$1,017,778 per annum commencing July 2006. This contribution is premised on the key condition that any such amounts paid shall be converted into membership contributions should the Government of the Bahamas become a Member of the Court.

9. Capital management

The primary objective of the Trust Fund's capital management is to achieve capital growth in order to provide the resources necessary to finance the capital and operating budget of the Court and the Commission in perpetuity.

The capital structure of the Trust Fund consists of capital contributions from Members and approved third parties, revaluation reserves and retained earnings/(deficit) after distributions to the Court. These resources are invested in a diversified portfolio of tax-efficient regional and non-regional instruments, including fixed income and equity securities, in order to produce an optimal gross rate of return with reasonable security of capital.

Assets are invested and managed by considering the purpose, terms, distribution requirements and other circumstances of the Trust Fund. Investment and management decisions in respect of individual assets are evaluated in the context of the portfolio as a whole and as a part of an overall investment strategy, reflecting risk and return objectives reasonably suited to the Trust Fund.

Management reviews the adequacy of its capital available to fulfil its objective on an ongoing basis. A formal assessment is conducted biennially and the Board submits a Report on the adequacy of the resources to the Members for consideration.

No externally imposed capital requirements apply to the Trust Fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

10. Financial instruments - fair value

The Trust Fund determines the fair value of all financial instruments at the balance sheet date and separately discloses this information where these fair values are different from carrying amounts (Note 6).

For financial assets that are liquid or have a short-term maturity (less than three months), the carrying value is assumed to approximate their fair values. These include cash and cash equivalents, interest receivable and other assets.

The Trust Fund's regional equities and non-regional investments are traded in organized financial markets. Regional equities are valued based upon the market price at the last trade date prior to the financial year end.

Non-regional equities are traded in non-regional financial markets and are valued based upon the market values at year end or on the last trade date prior to year end as quoted on major exchanges. Transactions are recorded on a trade date basis with dividends and interest recognized when earned. Private Equity and Hedge fund of funds investments are valued at year end based on audited net asset and fund values.

The following table provides an analysis of available-for-sale financial instruments recognized at fair value, grouped into Levels 1 to 3, based on the degree to which the fair value is observable.

- Level 1: derived from quoted prices in active markets for identical assets.
- Level 2: derived from inputs other than quoted prices, that are observable for the asset, either directly (i.e. as prices), or indirectly (i.e. derived from prices).
- Level 3: derived from valuation techniques that include inputs for the asset which are not based on observable market data (unobservable inputs).

2009	Level 1	Level 2	Level 3	Total
Debt securities	2,129,530	8,042,433	-	10,171,963
Equities	16,015,222	25,791,533	-	41,806,755
Private equity fund of funds	-	-	2,939,531	2,939,531
Hedge fund of funds	-	-	17,459,273	17,459,273
Money market funds	6,326,393	-	-	6,326,393
Short-term instruments	2,102,584	-	–	2,102,584
	26,573,729	**33,833,966**	**20,398,804**	**80,806,499**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

10. Financial instruments – fair value (continued)

Where fair values of listed equities and debt securities at the reporting date are based on quoted market prices or binding dealer price quotations, without any deduction for transaction costs, the instruments are included within Level 1 of the hierarchy. For all other financial instruments, fair value is determined by individual asset managers using valuation techniques and relevant valuation models. Instruments included in Level 3 include those for which there is currently no active market and for which valuation models are used which are accepted in the industry.

Transfers between Level 1 and Level 2

There were no transfers between Levels 1 and 2 during the reporting period.

Financial instruments are transferred from Level 1 to Level 2 if they cease to be traded in an active market during the year. Fair values at the reporting date are obtained using valuation techniques based on observable data.

Financial instruments are transferred from Level 2 to Level 1 where certain equities and funds are listed on a stock exchange during the reporting period for the first time and are considered to be traded in an active market. Fair values for these financial instruments at the reporting date are based on quoted market prices or binding dealer price quotations.

Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorized within Level 3 between the beginning and end of the reporting period.

	2009 US$
Opening balance	17,855,257
Total realized gains/losses	-
Purchases	4,250,000
Sales	(4,296,844)
Transfers into or out of Level 3	-
Unrealized gains/(losses) included in comprehensive income	2,590,391
Closing balance	**20,398,804**

11. Related parties

Parties are considered to be related if (a) one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions or (b) the party is a member of key management personnel. No commercial transactions are entered into by the Trust Fund with related parties in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

11. Related parties (continued)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the organization or have the power to participate in the financial and operating policy decisions of the Trust Fund. Short-term benefits for key management total US$ 225,173 (2008: US$255,184). Honoraria payments to Trustees total US$17,000 for the year (2008: US$15,600).

12. Financial risk

The Trust Fund is exposed to a variety of financial risks through the financial instruments it holds. Financial risk includes liquidity risk, credit risk and market risk. Market risk arises through the effects of changes in interest rates, foreign currency and debt and equity prices.

The effects of these risks are disclosed in Notes 13 to 15 and enable users to evaluate the nature and extent of risks arising from the financial instruments. These disclosures have no quantitative impact on the financial statements.

13. Financial risk management

Risks inherent in the Trust Fund's investment activities are managed through a process of ongoing identification, measurement and monitoring within the framework of investment limits and other controls.

The Board is responsible for the overall risk management approach and for approving the investment principles and strategies as detailed in the Investment Guidelines. The Board through the Finance and Investment Committee is responsible for the development of the risk strategy, as well as the approval and monitoring of the relevant risk decisions.

The Trust Fund manages risk primarily by investing in a diversified portfolio of assets and by selection of high credit quality investments amongst other strategies. The Fund is long-term in its objective and investments are made in accordance with strategic exposure limits encompassed in the Board approved Investment Guidelines.

The Trust Fund's investments are diversified across a wide range of asset classes. Allocations to each asset class are determined after strategic analysis of the fundamentals and prospects for each.

An optimum allocation is maintained between regional and non-regional assets to match known liabilities on the basis of currency and tenor. Maximum exposure limits are determined on the basis of asset class allocation, specific sectors within these asset classes, investment category and entity.

Management regularly reviews the portfolio distribution to ensure that asset class, geographical and individual company exposures are within the prescribed limits.

14. Liquidity risk

Liquidity risk arises from fluctuations in cash flows. Liquidity risk management ensures that the Trust Fund is able to honour all of its financial commitments as they fall due. The Trust Fund manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities, as well as by ensuring that sufficient

14. Liquidity risk (continued)

cash and marketable instruments such as treasury bills are available to meet short-term requirements. More specifically, at the start of each year the Trust Fund sets aside in liquid assets the amount required to meet the annual financial requirements of the Court, Commission and the Trust Fund.

Except for Private Equity and Hedge fund of funds holdings, the balance of the Fund's portfolio is invested widely in regional and non-regional marketable assets which are traded in active and liquid markets, and can therefore be liquidated in the event of an unforeseen interruption of cash flow. All investments are held as available-for-sale and can be disposed of during the course of any financial year.

Fund of funds assets exhibit unique liquidity characteristics, with the actual underlying assets typically being more illiquid in nature than direct equity holdings. These funds of funds may include an initial minimum holding (lock-up) period, contractual terms for redemption frequency, as well as the right of the Fund of Funds manager to suspend redemptions. Redemption suspensions may occur to protect the interests of redeeming and continuing investors when there is a significant decrease in liquidity.

The table below summarizes the financial instruments at their carrying amounts categorized by the earlier of contractual repricing or maturity dates.

2009	Up to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Debt securities		3,282,921	6,889,042	-	10,171,963
Equities	-	-	-	41,806,755	41,806,755
Private equity funds	-	-	-	2,939,531	2,939,531
Hedge fund of funds	-	-	-	17,459,273	17,459,273
Money market funds	6,326,393	-	-	-	6,326,393
Short-term instruments	2,102,584	–	–	–	2,102,584
	8,428,977	**3,282,921**	**6,889,042**	**62,205,559**	**80,806,499**

2008	Up to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Debt securities	-	700,000	8,253,975	-	8,953,975
Equities	-	-	-	37,711,824	37,711,824
Private equity funds	-	-	-	2,178,936	2,178,936
Hedge fund of funds	-	-	-	15,676,321	15,676,321
Money market funds	4,043,368	-	-	-	4,043,368
Short-term instruments	3,924,230	–	–	–	3,924,230
	7,967,598	**700,000**	**8,253,975**	**55,567,081**	**72,488,654**

15. Credit Risk

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 a contractual obligation.

The Board of Trustees has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults and has established guidelines for investment in institutions which meet certain minimum criteria. All cash and cash equivalent instruments are placed with financial institutions which have a minimum investment rating or financial profile as established by the Board. The credit risk on non-regional liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

All transactions in listed securities are paid for or settled after trade, using portfolio managers or brokers approved by the Board. The risk of default is considered minimal as payment is made on a purchase once the securities have been received by the portfolio manager or broker. Delivery of securities sold is only made upon receipt of payment by the asset manager or broker.

In the non-regional portfolio, selected approved asset managers are authorized to purchase suitable securities on a discretionary basis based on an analysis by the asset manager of the companies' prospectuses and due diligence procedures. Asset managers who participate in the fixed income space are limited to investment grade securities.

With respect to investments selected for the regional portfolio, the Trustees consider analyses presented by Management to ensure that the securities satisfy standards established by the Board. Investments in Private Equity funds and Hedge fund of funds are effected through asset managers who themselves invest in a diversified range of funds that select the underlying investments. At each stage of the process, due diligence is conducted to identify appropriate and suitable investments. The purpose of investing in these investment funds is for increased diversification and reduction of volatility in portfolio returns.

The carrying amount of financial assets recorded in the financial statements represents the Trust Fund's maximum exposure to credit risk.

Credit quality of financial instruments

The Trust Fund's credit risk exposure on available-for-sale debt securities is analyzed by the following S&P credit risk ratings:

2009	Regional US$	Non-regional US$	Total US$
A- to AA+	3,546,068	–	3,546,068
BBB to BBB+	2,138,945	–	2,138,945
B- to BBB-	2,198,065	–	2,198,065
Not rated *	2,288,885	–	2,288,885
	10,171,963	–	**10,171,963**

* This is a single holding and represents a bond issued by the Trinidad and Tobago subsidiary of an AA+ rated Canadian Bank.

15. Credit Risk (continued)
Credit quality of financial instruments

2008	Regional US$	Non-regional US$	Total US$
A-to AA+	3,351,822	–	3,351,822
BBB to BBB+	2,966,376	–	2,966,376
B- to BBB-	730,833	–	730,833
Not rated *	1,904,944	–	1,904,944
	8,953,975	**–**	**8,953,975**

* This is a single holding and represents a bond issued by the Trinidad and Tobago subsidiary of an AA+ rated Canadian Bank.

Risk concentrations of financial instruments by geographical distribution

The Trust Fund's available-for-sale investments are analyzed by the following asset classes and geographical regions:

2009	Regional US$	Non-regional US$	Total US$
Debt securities			
Government bonds	3,282,922	–	3,282,922
Government agency bonds	1,308,317	–	1,308,317
Corporate bonds	5,580,724	-	5,580,724
	10,171,963	-	10,171,963
Equities	3,058,527	38,748,228	41,806,755
Private equity fund of funds	–	2,939,531	2,939,531
Hedge fund of funds	–	17,459,273	17,459,273
Money market funds	–	6,326,393	6,326,393
Short-term instruments	–	2,102,584	2,102,584
	13,230,490	**67,576,009**	**80,806,499**

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FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

15. Credit Risk (continued)
Risk concentrations of financial instruments by geographical distribution

2008	Regional US$	Non-regional US$	Total US$
Debt securities			
Government bonds	1,993,758	–	1,993,758
Government agency bonds	1,358,062	–	1,358,062
Corporate bonds	5,602,155	–	5,602,155
	8,953,975	**–**	**8,953,975**
Equities	5,328,031	32,383,793	37,711,824
Private equity funds	–	2,178,936	2,178,936
Hedge fund of funds	–	15,676,321	15,676,321
Money market funds		4,043,368	4,043,368
Short-term instruments	824,231	3,099,999	3,924,230
	15,106,237	**57,382,417**	**72,488,654**

16. Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables. Market risk comprises three types of risk - foreign currency risk, interest rate risk and equity price risk.

The Trust Fund's investments are susceptible to market price risk arising from fluctuations in market prices. Management, in conjunction with the Trust Fund's Investment Adviser, closely monitors the exposure of the Trust Fund's investment portfolio to changes in market prices and is therefore able to minimise the risk resulting from such fluctuations.

a) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Trust Fund has no significant foreign exchange exposure since liabilities are funded by assets in the same currency. The Trust Fund's liability to meet the expenses of the Court and Commission in perpetuity arises in Trinidad and Tobago dollars (TT$), the currency of the host country, as well as in United States dollars (US$). The Trust Fund matches the liability by investing in TT$ and also in US$ which is regarded as a stronger currency.

Although the Trust Fund also holds some assets in other international currencies, the exposure to currency risk is minimal given the size of these holdings. The Board of Trustees does not consider it necessary to protect this exposure through currency hedging.

16. Market risk (continued)

b) 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 Trust Fund is exposed to risks associated with the effects of fluctuations in prevailing market interest rates on the market value of its fixed rate available-for-sale financial assets and the impact on the fund balance.

In a falling interest rate environment, market values of equities and fixed income investments may rise while returns on cash decrease. Conversely, in a rising interest rate environment, market values of equities and fixed income investments are likely to be negatively affected while returns on cash increase.

The Trust Fund's management of interest rate risk includes maintaining a diversified portfolio of cash, equities and bonds and adjusting the average duration of fixed income securities as interest rates change.

Interest rate sensitivity

The sensitivity of the Trust Fund's fund balance is analyzed by maturity of the asset and is calculated by revaluing fixed rate available-for-sale financial assets for the effects of the assumed changes in interest rates.

The following table demonstrates management's best estimate of the sensitivity to reasonable possible changes in interest rates prevailing as at 31 December, with all other variables held constant, and the impact on market value and net assets/fund balance based on the exposure at that date.

2009	Increase/(decrease) in basis points	Change in fund balance Up to 5 years US$	Over 5 years US$	Total US$
Regional bonds	+50	(56,896)	(153,178)	(210,074)
	+100	(112,552)	(300,381)	(412,933)
	+150	(166,998)	(443,173)	(610,171)
	-50	58,170	155,109	213,279
	-100	117,645	316,537	434,182
	-150	178,462	483,061	661,523

2008	Increase/(decrease) in basis points	Change in fund balance Up to 5 years US$	Up to 5 years US$	Total US$
Regional bonds	+50	(9,143)	(36,088)	(45,231)
	+100	(41,012)	(201,395)	(242,407)
	+150	(72,076)	(361,462)	(433,538)
	-50	57,123	311,045	368,168
	-100	91,575	493,300	584,875
	-150	126,954	681,640	808,594

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

16. Market risk (continued)

c) Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks.

The Trust Fund invests in equities both regionally and non-regionally. Equity investments are held for strategic purposes rather than trading purposes. The Trust Fund does not actively trade these investments. The Trust Fund's investments are susceptible to equity price risk arising from fluctuations in equity indices. Management, in conjunction with the Trust Fund's Investment Adviser, closely monitors the exposure of the Trust Fund's investment portfolio to changes in equity indices and is therefore able to minimise the risk resulting from such fluctuations.

The table below indicates management's best estimate of reasonable possible changes in the fair value of equity instruments held as available-for-sale, with all other variables held constant, and the effect on net assets/fund balance as at 31 December:

	Change in equity price 2009 +/-%	Effect on net assets and fund balance 2009 US$	Change in equity price 2008 +/-%	Effect on net assets and fund balance 2008 US$
Regional equities	5	152,926	5	266,402
	10	305,853	10	532,803
	15	458,779	15	799,205
Non-regional U.S. equities	5	930,040	5	555,220
	10	1,860,080	10	1,110,440
	15	2,790,120	15	1,665,660
Non U.S. equities	5	917,442	5	800,302
	10	1,834,883	10	1,600,605
	15	2,752,325	15	2,400,907
Resources	5	89,930	5	307,527
	10	179,860	10	615,054
	15	269,790	15	922,581
Fund of Funds	5	872,964	5	892,763
	10	1,745,927	10	1,785,526
	15	2,618,891	15	2,678,289

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