NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1. General information 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 six (6) members of staff.

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.

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. 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, equity and equity-related securities, in order to produce an optimal net long-term rate of return with reasonable security of capital.

The Trust Fund has engaged Mercer Hammond Investment Consulting Inc. as independent Investment Adviser. The Trust Fund's Custodian is State Street Bank and Trust Company.

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 United States (US) or foreign issuers and shares of money market mutual funds.

2. Significant accounting policies

a) Basis of preparation

These financial statements are presented in US dollars (US$), the Trust Fund's functional and presentation currency, and have been prepared in accordance with International Financial Reporting Standards (IFRS) on a historical cost basis, except for financial assets measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

2. Significant accounting policies (continued)

b) Changes in accounting policies

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

i. New standards and amendments/revisions to published standards and interpretations effective in 2013

The following amendments to published standards are mandatory for the Trust Fund's accounting periods beginning on or after 1 January 2013:

IAS 1 Presentation of Items of Other Comprehensive Income - Amendments to IAS 1

The amendments to IAS 1 introduce a grouping requirement for items presented in other comprehensive income. Items that will be reclassified ('recycled') to the statement of income in the future (e.g., exchange differences on translating foreign operations) will be presented separately from items that will not be reclassified (e.g., gain recognised on revaluation of land and buildings). The amendment had no impact on the Trust Fund's financial position or performance.

IAS 1 Presentation of Financial Statements - Clarification of requirements for comparative information (as part of the Annual Improvements to IFRSs 2009 - 2011 cycle)

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. The amendment had no impact on the Trust Fund's financial position or performance.

IFRS 7 Financial Instruments Disclosures: Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7

The amendments to IFRS 7 require an entity to disclose information about rights of offset and related arrangements (e.g., collateral agreements). The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set off in accordance with IAS 32. The amendment had no impact on the Trust Fund's financial position or performance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

2. Significant accounting policies (continued)

b) Changes in accounting policies (continued)

i. New standards and amendments/revisions to published standards and interpretations effective in 2013 (continued)

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. Fair value under IFRS 13 is defined as "the price that would be received to sell an asset or paid to transfer to liability in an orderly transaction between market participants at the measurement date" (i.e., an exit price).

IFRS 13 provides clarification on a number of areas, including the following:

- Concepts of 'highest and best use' and 'valuation premise' are relevant only for non-financial assets.
- Adjustments for blockage factors (block discounts) are prohibited in all fair value measurements.
- A description of how to measure fair value when a market becomes less active.

The Trust Fund has re-assessed its policies and bases for measuring fair value. The change has had no impact on the measurements of the Trust Fund's financial assets and liabilities, but new disclosures have been included in the financial statements in accordance with the requirements of IFRS 13, and these are provided in Note 6.

ii. New standards and amendments/revisions to published standards and interpretations effective in 2013 but not applicable to the Trust Fund

The following new and revised IFRS that have been issued do not apply to the activities of the Trust Fund:

- IFRS 1 Government Loans - Amendments to IFRS 1 - Effective 1 January 2013
- IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements - Effective 1 January 2013
- IFRS 11 Joint Arrangements, IAS 28 Investments and Associates and Joint Ventures - Effective 1 January 2013
- IFRS 12 Disclosure of Interests in Other Entities - Effective 1 January 2013
- IAS 19 Employee Benefits (Revised)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine - Effective 1 January 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

2. **Significant accounting policies** (continued)

b) **Changes in accounting policies** (continued)

ii. **New standards and amendments/revisions to published standards and interpretations effective in 2013 but not applicable to the Trust Fund** (continued)

- Annual Improvements to IFRSs 2009 - 2011 cycle - Effective 1 January 2013:
    - IFRS 1 First-time Adoption of International Financial Reporting Standards - Repeated application of IFRS 1 and borrowing costs
    - IAS 16 Property Plant and Equipment - Classification of servicing equipment
    - IAS 32 Financial Instruments, Presentation - Tax effect of distributions to holders of equity instruments
    - IAS 34 Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities

iii. **New interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Trust Fund**

The improvements become effective for annual periods on or after 1 January 2014. These changes are currently being evaluated by Management.

- IFRS 10, IFRS 12 and IAS 27 Investment Entities - Amendments - Effective 1 January 2014
- IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 - Effective 1 January 2014
- IAS 36 Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36 - Effective January 1 2014
- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39 - Effective 1 January 2014
- IFRIC 21 Levies - Effective 1 January 2014

c) **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 fair value.

d) **Financial instruments**

A financial instrument is any contract that gives rise to (i) a financial asset of one entity, and (ii) a financial liability or equity instrument of another entity.

In 2012 the Trust Fund elected to early adopt *IFRS 9 Financial Instruments: Classification and Measurement,* as issued in November 2009 and revised in October 2010 (IFRS 9), in advance of the mandatory effective date of 1 January 2015. The Trust Fund elected to apply the exemption given in the transitional

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

2. Significant accounting policies (continued)

d) Financial instruments (continued)

provision for early adoption of IFRS 9 and hence did not restate comparative information in the year of initial application.

Recognition and derecognition

Financial assets and liabilities are recognized in the statement of financial position 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.

e) Financial assets

Initial recognition and subsequent measurement

IFRS 9 requires all financial assets, on initial recognition, to be classified as measured at either amortised cost or fair value, depending on the business model (Note 5) for managing the financial assets, and the contractual cash flows.

At initial recognition, all financial assets are measured at fair value. All recognised financial assets are subsequently measured at either amortised cost or fair value depending on their classification.

Transaction costs that are directly attributable to the acquisition of financial assets classified at fair value through profit or loss are recognised immediately in profit or loss. If the asset is not subsequently measured at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the acquisition of the asset.

Reclassification

If the Trust Fund's business model for managing its financial assets changes, those assets must be reclassified. Such reclassification shall be applied prospectively from the reclassification date, and any previously recorded gains, losses or interest shall not be restated.

For financial assets measured at fair value which are reclassified, the fair value is determined at the reclassification date. Any gain or loss arising from a difference between the previous carrying amount and fair value is recorded in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

2. Significant accounting policies (continued)

e) Financial assets (continued)

Reclassification (continued)

For financial assets measured at amortised cost which are reclassified, the fair value at the reclassification date becomes its new carrying value.

Financial assets at amortised cost

Only debt instruments are measured at amortised cost. Only debt instruments measured at amortised cost are tested for impairment.

Debt instruments are measured at amortised cost less impairment loss if both of the following criteria are met: (i) the asset is held within a business model whose objective is to hold assets in order to collect the contractual cash flows; and (ii) the contractual terms of the instrument represent solely payments of principal and interest on the principal amount outstanding. If either of the two amortised cost criteria is not met, debt instruments are to be classified as at fair value through profit or loss. All other financial assets are measured at fair value.

The Trust Fund may irrevocably elect at initial recognition to designate a debt instrument that meets the amortised cost criteria as at fair value through profit or loss, if doing so eliminates or significantly reduces an accounting mismatch, had the debt instrument been measured at amortised cost.

Subsequent to initial recognition, should the objective of the business model change such that the amortised cost criteria are no longer met, the Trust Fund is required to reclassify the debt instruments from amortised cost to fair value through profit or loss. Reclassification of debt instruments that are designated as at fair value through profit or loss on initial recognition is not allowed.

Interest is recognized on an effective interest basis for debt instruments measured at amortised cost.

Interest income is recognized in profit or loss and is included in the line item captioned "Interest income".

Financial assets at fair value through profit or loss

Financial assets other than those classified as financial assets at amortised cost are classified as at fair value through profit or loss (FVTPL), and subsequently measured at fair value, with any gains or losses arising on re-measurement of fair value recognised in profit or loss, and reflected in the line item captioned "Net gain/(loss) in fair value on investments at fair value through profit or loss".

Debt instruments that do not meet the amortised cost criteria described above, or that meet the criteria but the Trust Fund has chosen to designate as at fair value through profit or loss at initial recognition, are measured at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

2. Significant accounting policies (continued)

e) Financial assets (continued)

Financial assets at fair value through profit or loss (continued)

Interest income on debt instruments at fair value through profit or loss is recognised in profit or loss under the line item captioned “Interest income”.

Investments in equity instruments are mandatorily classified and measured at FVTPL. Equity investments that are held for trading must be measured at FVTPL. A financial asset is held for trading if (i) it has been acquired principally for the purpose of selling it in the near term, or (ii) on initial recognition, it is part of a portfolio of identified financial instruments that the Trust fund manages together and has evidence of a recent actual pattern of short-term profit taking.

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss under the line item captioned “Dividends”.

For equity investments that are not held for trading, the Trust Fund may elect on initial recognition to designate those investments as at fair value through other comprehensive income and to present gains and losses on those instruments in other comprehensive income.

Financial assets at fair value through other comprehensive income

Designation as at fair value through other comprehensive income (FVTOCI) is not permitted if an equity instrument is held for trading.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently they are measured at fair value, with fair value unrealised and realised gains and losses recognised in other comprehensive income and accumulated in revaluation reserves.

For equity instruments that are not held for trading, the Trust Fund may make an irrevocable election at initial recognition, on an instrument-by-instrument basis, to designate them as at FVTOCI, with fair value unrealised and realised gains and losses presented through other comprehensive income.

Gains or losses on equity instruments measured at FVTOCI can never subsequently be reclassified to profit or loss, and no impairments are recognised in profit or loss. When the asset is disposed of, the cumulative gain or loss previously accumulated in revaluation reserves is reclassified to retained earnings, and not to profit or loss.

Dividends earned for such investments are recognised in profit or loss and are included in the line item captioned “Dividends”.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

2. Significant accounting policies (continued)

f) Financial liabilities

The Trust Fund's financial liabilities include accounts payables and accrued liabilities.

Initial recognition and subsequent measurement

Financial liabilities on initial recognition are measured at fair value.

Financial liabilities are subsequently measured at either FVTPL or at amortised cost. Transaction costs that are directly attributable to the issue of financial liabilities that are not at FVTPL are deducted from the fair value of the financial liability.

For changes in fair value of a financial liability designated at fair value through profit or loss, which are attributable to changes in the credit risk of that liability, that part of a fair value change due to the Trust Fund's own credit risk will be recorded in other comprehensive income rather than in the income statement, unless this creates an accounting mismatch.

g) Fair value measurement

The Trust Fund measures its investments in financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in the absence of a principal market, in the most advantageous market to which the Trust Fund has access at that date. The fair value of a liability reflects the risk of its non-performance.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in organized financial markets is based on their quoted market prices for those instruments at the reporting date. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, and the instrument is not actively traded on recognized exchanges, fair value is determined using valuation techniques (e.g. discounted cash flow analysis or industry accepted valuation models) that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. 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 reporting date for an instrument with similar terms and conditions. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

2. Significant accounting policies (continued)

g) Fair value measurement (continued)

All financial instruments for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement (Refer to Note 6).

Transfers between levels of the fair value hierarchy are deemed to have occurred at the date of the event or change in circumstances during the reporting period.

h) Impairment of financial assets

The Trust Fund assesses at each reporting date whether there is objective evidence that a financial asset or group of assets is impaired. A financial asset or group of assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss” event) and that loss event has had an impact on the estimated cash flows of the asset that can reliably be estimated.

Objective evidence of an impairment loss would include (i) significant financial difficulty of the issuer or counterparty, (ii) a breach of contract, such as delinquency or default in interest or principal payments, (iii) probability that the borrower will enter bankruptcy or other financial re-organisation and (iv) the disappearance of an active market for that financial asset because of financial difficulties.

The amount of the impairment is the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss.

i) 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	12½% - 50%	Straight line
Leasehold improvements	33⅓%	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 2013 (continued)

2. Significant accounting policies (continued)

j) 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, at terms agreed with the Lessor (See Note 15). 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.

k) Capital contributions

Members' contributions are accounted for on an accruals basis. Third party contributions are received from the Government of the Commonwealth of the Bahamas which is not yet a participant in the Court. As described in Note 8, it was agreed amongst the Members that the Government of the Commonwealth of the Bahamas will contribute in accordance with Article IV of the Revised Agreement Establishing the Caribbean Court of Justice Trust Fund.

l) Transfers to/from 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 to the Court upon attainment of the agreed retirement age. These amounts are treated as distributions out of the fund balance and are accounted for when disbursement amounts are approved by the Board of Trustees. Funds surplus to the Court's requirements in any year may be returned to the Trust Fund. These funds are treated as credits to the fund balance, and accounted for when remitted by the Court.

m) 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. Dividend income is recognised when the right to receive the income is established, usually the ex-dividend date.

n) Foreign currency translation

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 the reporting date and any gains or losses arising are taken to the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

2. Significant accounting policies (continued)

n) Foreign currency translation (continued)

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) 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.

p) Comparative information

Comparative data has been adjusted to conform with changes in presentation in the current year arising from the reclassification of items in the statement of cashflows. These changes had no impact on the previously reported net increase in cash and cash equivalents, net income or net assets as at 31 December 2012 and for the year then ended.

3. Significant accounting judgements and estimates

The preparation of financial statements in conformity with IFRS requires Management to make certain significant estimates, assumptions and judgements that affect amounts reported in the financial statements and accompanying disclosures. Actual results could differ from these estimates. Management has made the following judgements in the application of accounting policies which may have the most significant effect on the amounts reported in the financial statements.

Fair value of financial instruments

For financial instruments that trade infrequently and have little price transparency, fair value requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. Their fair value is determined using a variety of valuation techniques that include the use of valuation models.

The inputs for these models are taken from observable markets where possible, but where this is not feasible, estimation is required to establish fair values. These estimates include considerations of liquidity, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. See note 6 for further disclosures.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

3. Significant accounting judgements and estimates (continued)

Classification of investments

Management evaluates at the time of acquisition of its financial instruments whether these should be classified as at amortised cost, fair value through profit or loss or fair value through other comprehensive income. Management has considered the detailed criteria for determination of such classification, including its business model, and is satisfied that its investments in financial instruments are properly classified as at fair value through profit or loss.

4. Cash and cash equivalents

	2013 US$	2012 US$
Cash at bank	**456,343**	1,312,993
Money market accounts	**265,914**	163,706
Income funds	**5,429,493**	4,921,279
	6,151,750	6,397,978

5. Investments at fair value through profit or loss

The Trust Fund determines the fair value of all financial instruments at the reporting date and separately discloses this information where these fair values are different from carrying amounts. In accordance with its business model, the Trust Fund's investments are classified as at fair value through profit or loss.

Set out below is the Trust Fund's financial assets, excluding those with carrying amounts which are reasonable approximations of fair value:

	2013 US$	2012 US$
Fixed income securities	**3,908,822**	4,224,254
Equities	**51,781,622**	48,127,007
Private equity fund of funds	**7,567,496**	7,946,483
Hedge fund of funds	**18,993,286**	21,663,228
Money market funds	**7,782,912**	1,162,846
Debt fund	**4,157,003**	4,084,814
	94,191,141	87,208,632

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

5. Investments at fair value through profit or loss (continued)

The Trust Fund's financial instruments are traded in organized financial markets. Transactions are recorded on a trade date basis and interest recognized when earned. Private Equity Fund of Funds and Hedge Fund of Funds investments are valued at year-end based on net asset values (NAVs).

The fair value of the Trust Fund's financial assets is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The carrying values of the financial instruments reflected in the financial statements equate the fair value.

For financial assets that are liquid or have a maturity of less than three months, the carrying value is deemed to approximate their fair values due to the short-term maturities of those instruments. These include cash and cash equivalents (cash, money market accounts and income funds), interest receivable and other current assets, accounts payable and other current liabilities.

Business model

The Trust Fund’s business model has been determined based on the way in which the investment portfolio is managed, as well as the way in which the information is provided to the Board.

Factors considered include the policies and objectives outlined in the Investment Guidelines and the application thereof, the basis for disposal of investments, the process utilized by Management in monitoring and assessing the performance of the portfolio, and the basis upon which the Board evaluates the performance of the portfolio.

The Trust Fund’s financial instruments are not acquired with the explicit intention to hold over the long term to maturity or in perpetuity, although some assets may be held to maturity.

While the portfolio’s focus and objective are long-term in nature, each asset is individually assessed on an ongoing basis and may be disposed of prior to maturity for the following reasons, among others: (i) to realise capital gains, (ii) if liquidity is required and (iii) desired changes to the asset allocation.

The Trust Fund has therefore designated all of its financial instruments as at FVTPL since those assets are managed, evaluated and reported internally on a fair value basis and are not expected to be held for the medium to long-term for strategic purposes.

6. Financial instruments - fair value

The fair values of financial instruments that are traded in active markets are based on quoted market prices. For all other financial instruments, the Trust Fund determines fair value using other valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the investment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

6. **Financial instruments - fair value** (continued)

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy.

Fair value hierarchy

The Trust Fund measures fair values using the following hierarchy which reflects the significance of the inputs used in making the measurements:

- Level 1: derived from inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

- 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). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3: derived from inputs that are unobservable. This category includes all instruments for which the valuation techniques include inputs for the instrument which are not based on observable market data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect the differences between the instruments.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Trust Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the date of the event or change in circumstances during the reporting period.

For the purpose of fair value disclosures, the Trust Fund has determined classes of instruments on the basis of the nature, characteristics and risks of the instrument, and the level of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

6. Financial instruments - fair value (continued)

The following table analyses the Trust Fund's financial instruments recognized at fair value at the reporting date, by the level in the fair value hierarchy.

Recurring fair value measurement of financial instruments

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
2013				
Fixed income securities	**–**	**3,908,822**	**–**	**3,908,822**
Equities	**24,087,683**	**27,693,939**	**–**	**51,781,622**
Private equity fund of funds	**–**	**–**	**7,567,496**	**7,567,496**
Hedge fund of funds	**–**	**–**	**18,993,286**	**18,993,286**
Money market funds	**7,782,912**	**–**	**–**	**7,782,912**
Debt fund	**–**	**4,157,003**	**–**	**4,157,003**
	31,870,595	**35,759,764**	**26,560,782**	**94,191,141**
2012				
Fixed income securities	–	4,224,254	–	4,224,254
Equities	19,356,820	28,770,187	–	48,127,007
Private equity fund of funds	–	–	7,946,483	7,946,483
Hedge fund of funds	–	–	21,663,228	21,663,228
Money market funds	1,162,846	–	–	1,162,846
Debt fund	–	4,084,814	–	4,084,814
	20,519,666	37,079,255	29,609,711	87,208,632

Transfers between Levels

There were no transfers amongst the three Levels 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 and quoted prices in active markets are no longer available for those instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

6. Financial instruments - fair value (continued)

Transfers between Levels (continued)

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.

Transfers to or from Level 3 are dependent on the existence of unobservable pricing inputs. Financial instruments are transferred to Level 3 where a previously active market or pricing based on such market ceases or becomes unobservable.

Valuation techniques

Level 1 instruments

When fair values of publicly traded equities, equity-related securities and managed funds are based on quoted market prices in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy. The Trust Fund values these investments at quoted market price at the close of trading on the reporting date.

The Trust Fund categorises these investments as Level 1. Fair values at the reporting date are obtained using valuation techniques based on observable data. Observable data is considered to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by an independent source which is actively involved in the relevant market.

Level 2 instruments

The Trust Fund invests in fixed income securities, treasury bills and mutual funds. In the absence of a quoted price in an active market, these instruments are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers, discounted cash flows based on yield curves, and quoted prices of the underlying securities. Adjustments are made to the valuations if necessary to recognise differences in the instrument's terms.

To the extent that the significant inputs are observable, the Trust Fund categorises these investments as Level 2.

Level 3 instruments

The Trust Fund invests in managed funds (Private Equity Fund of Funds and Hedge Fund of Funds) which are not quoted in active markets and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets. Investments in those funds are valued based on the NAV per unit published by the administrator of those funds. Such a NAV is adjusted by the individual fund managers when necessary to reflect liquidity risk, limitations on redemptions, and other factors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

6. Financial instruments - fair value (continued)

Valuation techniques (continued)

Level 3 instruments (continued)

The Trust Fund, as part of its due diligence prior to investing, considers the valuation techniques and inputs used by the individual fund managers in valuing the Private Equity Fund of Funds and Hedge Fund of Funds investments, to ensure that they are reasonable and appropriate. The objective of these valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset in an orderly transaction, i.e. not a forced sale, between market participants at the measurement date.

Valuation techniques include net present value and discounted cash flow models, market approach and comparison with similar instruments for which market observable prices exist, as well as mathematical models such as Black-Scholes and polynomial option pricing models.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices, as well as expected price volatilities and asset correlations. Fair value is determined by each Fund of Funds manager using the various valuation techniques and relevant valuation models.

In the case of Private Equity investments, the predominant methodology adopted by the fund managers in determining the NAV is a market approach, which takes market multiples using a specified financial measure (e.g. EBITDA), recent public market and private transactions and other available measures for valuing comparable companies.

The Trust Fund classifies investments in Private Equity Fund of Funds as Level 3.

In the case of Hedge Fund of Funds, valuation techniques employed by the fund managers include a combination of quoted market prices available in active markets, values derived from observable inputs, such as quotations received from counterparties, dealers or brokers, whenever available and considered reliable, as well as other mathematical models and valuation techniques as stated above.

In the instances where these models are used, the value depends on the contractual terms of and specific risks inherent in the instrument, as well as the availability and reliability of observable inputs, such as market prices for reference securities, yield curves, credit curves, volatility, prepayment rates and the correlations of such inputs.

The Trust Fund typically classifies investments in Hedge Fund of Funds as Level 3.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

6. Financial instruments - fair value (continued)

Valuation techniques (continued)

Level 3 instruments (continued)

Sensitivity analysis to significant changes in unobservable inputs within Level 3

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2013 are shown below:

	Input used	Sensitivity used +/-%	Effect on fair value US$
Hedge Funds of Funds	NAV	5	948,027
	NAV	10	1,896,054
	NAV	15	2,844,081
Private Equity Funds of Funds	NAV	5	378,375
	NAV	10	756,750
	NAV	15	1,135,124

Significant decreases in the NAVs would result in a significantly lower fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

6. Financial instruments - fair value (continued)

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.

	Private equity fund of funds US$	Hedge fund of funds US$	Total US$
2013			
Balance at 1 January 2013	**7,946,483**	**21,663,228**	**29,609,711**
Total realised gains/(losses)	**413,517**	**(382,819)**	**30,698**
Subscriptions	**–**	**–**	**–**
Redemptions	**–**	**(4,572,980)**	**(4,572,980)**
Capital calls	**293,800**	**–**	**293,980**
Distributions	**(1,207,183)**	**–**	**(1,207,183)**
Transfers into or out of Level 3	**–**	**–**	**–**
Unrealised gains/(losses) included in comprehensive income	**120,879**	**2,285,857**	**2,406,736**
Balance at 31 December 2013	**7,567,496**	**18,993,286**	**26,560,782**
2012			
Balance at 1 January 2012	6,976,875	21,202,675	28,179,550
Total realised gains/(losses)	257,627	(35,063)	222,564
Subscriptions	–	2,768,578	2,768,578
Redemptions	–	(3,496,637)	(3,496,637)
Capital calls	1,201,000	–	1,201,000
Distributions	(830,595)	–	(830,595)
Transfers into or out of Level 3	–	–	–
Unrealised gains/(losses) included in comprehensive income	341,577	1,223,674	1,565,251
Balance at 31 December 2012	7,946,483	21,663,228	29,609,711

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

7. Fixed Assets

	Motor vehicles US$	Equipment & furniture US$	Leasehold improvements US$	Total US$
Cost				
Balance at 31 December 2012	144,587	126,804	12,267	283,658
Additions at cost	**39,472**	**6,880**	**830**	**47,182**
Exchange adjustments	**(52)**	**(47)**	**(4)**	**(103)**
Disposals	**(35,964)**	**–**	**–**	**(35,964)**
Balance at 31 December 2013	**148,043**	**133,637**	**13,093**	**294,773**
Accumulated depreciation				
Balance at 31 December 2012	(64,254)	(102,757)	(12,267)	(179,278)
Charge for the year	**(20,635)**	**(7,183)**	**(242)**	**(28,060)**
Exchange adjustments	**23**	**37**	**4**	**64**
Disposals	**26,218**	**–**	**–**	**26,218**
Balance at 31 December 2013	**(58,648)**	**(109,903)**	**(12,505)**	**(181,056)**
Net book value at 31 December 2012	80,333	24,047	–	104,380
Net book value at 31 December 2013	**89,395**	**23,734**	**588**	**113,717**

8. Capital contributions

	2013 US$	2012 US$
At beginning of year	**112,032,106**	111,014,328
Third party contributions	**1,017,778**	1,017,778
At end of year	**113,049,884**	112,032,106
Represented by:		
Members' contributions and escrow	**104,907,660**	104,907,660
Third party contributions	**8,142,224**	7,124,446
At end of year	**113,049,884**	112,032,106

The initial capital totalling US$99,500,000 was raised by the Caribbean Development Bank 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 from Members in 2006.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

8. Capital contributions (continued)

Third party contributions

The Members 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 until July 2014. This contribution is premised on the key condition that any such amounts paid shall be converted into membership contributions should the Government of the Commonwealth of the Bahamas become a Member of the Court.

9. 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. 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.

No commercial transactions are entered into by the Trust Fund with related parties in the normal course of business. Short-term benefits for key management total US$338,322 (2012: US$302,126). Honoraria payments to Trustees total US$17,000 for the year (2012: US$14,500).

10. 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, and retained deficits after distributions to the Court. These resources are invested in a diversified portfolio of tax-efficient instruments, including fixed income and equity securities, in order to produce an optimal net long-term 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 2013 (continued)

11. Financial risk management

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 12 to 14 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.

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.

12. 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, matching the maturity profiles of financial assets and liabilities, as well as by ensuring that sufficient cash and marketable instruments are available to meet short-term requirements.

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, the Commission and the Trust Fund. Except for Private Equity and Hedge Fund of Funds holdings, the balance of the portfolio is invested widely in 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 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 Fund 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

12. Liquidity risk (continued)

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

	Up to 1 year US$	1 to 5 years US$	Over 5 years US$	Non-interest bearing US$	Total US$
2013					
Fixed income securities	**1,042,988**	**2,865,834**	–	–	**3,908,822**
Equities	–	–	–	**51,781,622**	**51,781,622**
Private equity fund of funds	–	–	–	**7,567,496**	**7,567,496**
Hedge fund of funds	–	–	–	**18,993,286**	**18,993,286**
Money market funds	**7,782,912**	–	–	–	**7,782,912**
Debt fund	–	–	–	**4,157,003**	**4,157,003**
	8,825,900	**2,865,834**	–	**82,499,407**	**94,191,141**

	Up to 1 year US$	1 to 5 years US$	Over 5 years US$	Non-interest bearing US$	Total US$
2012					
Fixed income securities	–	2,505,229	1,719,025	–	4,224,254
Equities	–	–	–	48,127,007	48,127,007
Private equity fund of funds	–	–	–	7,946,483	7,946,483
Hedge fund of funds	–	–	–	21,663,228	21,663,228
Money market funds	962,846	–	–	200,000	1,162,846
Debt fund	–	–	–	4,084,814	4,084,814
	962,846	2,505,229	1,719,025	82,021,532	87,208,632

13. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

13. Credit risk (continued)

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 asset 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 asset manager or broker. Delivery of securities sold is only made upon receipt of payment by the asset manager or broker.

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 purchased regionally, the Trustees consider analyses presented by Management to ensure that the securities satisfy standards established by the Board.

Investments in Private Equity Fund of 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 Fund of Funds is for increased diversification and reduction of volatility in portfolio returns.

The carrying amount of financial instruments 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 fixed income securities is analyzed by the following S&P credit risk ratings:

	2013 US$	**2012 US$**
A-to AA+	**1,695,696**	1,940,513
BBB to BBB+	**2,213,126**	2,283,741
	3,908,822	4,224,254

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

13. Credit risk (continued)

Risk concentrations of financial instruments by geographical distribution

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

	Regional US$	Non-Regional US$	Total US$
2013			
Fixed income securities			
Government bonds	**1,042,988**	**–**	**1,042,988**
Government agency bonds	**652,708**	**–**	**652,708**
Corporate bonds	**2,213,126**	**–**	**2,213,126**
	3,908,822	**–**	**3,908,822**
Equities	**–**	**51,781,622**	**5,178,622**
Private equity fund of funds	**–**	**7,567,496**	**7,567,496**
Hedge fund of funds	**–**	**18,993,286**	**18,993,286**
Money market funds	**–**	**7,782,912**	**7,782,912**
Debt fund	**–**	**4,157,003**	**4,157,003**
	3,908,822	**90,282,319**	**94,191,141**
2012			
Fixed income securities	–	–	–
Government bonds	1,103,834	–	1,103,834
Government agency bonds	836,679	–	836,679
Corporate bonds	2,283,741	–	2,283,741
	4,224,254	–	4,224,254
Equities	–	48,127,007	48,127,007
Private equity fund of funds	–	7,946,483	7,946,483
Hedge fund of funds	–	21,663,228	21,663,228
Money market funds	–	1,162,846	1,162,846
Debt fund	–	4,084,814	4,084,814
	4,224,254	82,984,378	87,208,632

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

14. 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 US$. The Trust Fund's administrative expenses arise in US$ as well as Trinidad and Tobago dollars (TT$). The Trust Fund matches its liabilities by investing in US$ and TT$.

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 financial instruments and the impact on the fund balance. 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 fund balance is analyzed by maturity of the asset and is calculated by revaluing fixed rate financial instruments for the effects of the assumed changes in interest rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

14. Market risk (continued)

b) Interest rate risk (continued)

Interest rate sensitivity (continued)

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.

		Change in fund balance		
	Increase/ (decrease) in basis points	Up to 5 years US$	Over 5 years US$	Total US$
2013				
Fixed income securities	**+50**	**(40,522)**	**–**	**(40,522)**
	+100	**(80,578)**	**–**	**(80,578)**
	+150	**(119,953)**	**–**	**(119,953)**
	–50	**39,563**	**–**	**39,563**
	–100	**77,022**	**–**	**77,022**
	–150	**109,682**	**–**	**109,682**
2012				
Fixed income securities	+50	(26,583)	(31,833)	(58,415)
	+100	(52,784)	(63,286)	(116,070)
	+150	(78,615)	(93,950)	(172,565)
	–50	26,968	67,793	94,761
	–100	54,329	102,256	156,684
	–150	75,598	137,616	213,214

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's equity and equity-related investments are susceptible to equity price risk arising from fluctuations in equity indices.

The Trust Fund's investments in equity and equity-related securities may be held for the medium to long term for strategic purposes, and are not held for short-term trading purposes. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

14. Market risk (continued)

c) Equity price risk (continued)

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

	Change in equity price 2013 +/-%	Effect on net assets and fund balance 2013 US$	Change in equity price 2012 +/-%	Effect on net assets and fund balance 2012 US$
U.S. equities	**5**	**882,570**	5	848,697
	10	**1,765,139**	10	1,697,393
	15	**2,647,709**	15	2,546,090
Non U.S. equities	**5**	**1,056,272**	5	969,265
	10	**2,112,544**	10	1,938,531
	15	**3,168,816**	15	2,907,796
Debt fund	**5**	**207,850**	5	204,241
	10	**415,700**	10	408,481
	15	**623,550**	15	612,722
Real assets	**5**	**266,189**	5	231,080
	10	**532,378**	10	462,161
	15	**798,567**	15	693,241

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

15. Commitment and contingencies

Operating lease commitments

The Trust Fund has entered into an arrangement for the lease of property for a three (3) year period. Lease commitments are as follows:

	2013 US$	2012 US$
Within one year	**69,407**	69,037
Within two to five years	**31,837**	106,063
At end of year	**101,244**	175,100

Lease rental expense included in property related expenses amounted to US$59,606 (2012: US$58,631) for the year. The lease commitments presented above represent the commitments under the current lease period which ends in May 2015.

Contingencies

There are no contingencies at year end (2012:$Nil).

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