

SECURITIES MARKET BULLETIN

An overview of the securities market for the year 2022

A PUBLICATION BY THE TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION
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List of Abbreviations and Acronyms

Act	Securities Act Chapter 83:02 of the Laws of the Republic of Trinidad and Tobago
AUM	Assets Under Management
CBTT	The Central Bank of Trinidad and Tobago
CIS	Collective Investment Scheme
MMRF	Micro and Macro-Prudential Reporting Framework
Qtr	Quarter
RBCAL	Risk-Based Capital and Liquidity Requirements
RBS	Risk-Based Supervision
Repo	Repurchase Agreement
SRO	Self-Regulatory Organisation
The Exchange	The Trinidad and Tobago Stock Exchange
TTSEC	Trinidad and Tobago Securities and Exchange Commission

Introduction

The year 2022 marked a significant milestone of 25 years that the Trinidad and Tobago Securities and Exchange Commission (“TTSEC”) has been the regulator of the local securities industry. Through the TTSEC’s Strategic Plan 2022 – 2026, we reaffirmed our mission and commitment to instil confidence in the securities market through the protection of investors, promotion of sustainable market growth, and reduction in systemic risk.

We are pleased to publish the 10th Issue of our Securities Market Bulletin (“SMB”). The data source of the SMB is the TTSEC’s Micro and Macro-prudential Reporting Framework (“MMRF”). The MMRF collects financial and statistical data from registered entities under Section 51(1) of the Securities Act Chapter 83:02 of the Laws of the Republic of Trinidad and Tobago (“Act”), Self-Regulatory Organisations (“SROs”) under Section 36 of the Act and the Central Bank of Trinidad and Tobago (“CBTT”). The analysis of this data allows the TTSEC to monitor the risk exposure of registered entities and take measures to protect the interest of investors, clients, members and securities industry.

Since its inception in 2016, the TTSEC has been able to utilise the MMRF data to provide a summary of the performance and assessment of the health, soundness and vulnerabilities of the local securities market by way of the SMB (Refer to **Table 7** in the *Appendix* for a summary of market indicators). To date, the data has been instrumental in improving the TTSEC’s risk management toolkit as it is an input of the TTSEC’s Risk-Based Supervision (“RBS”), Stress Testing Frameworks and the Collective Investment Scheme (“CIS”) Risk Monitor.

Entities registered under Section 51(1) of the Act, that is, Broker-Dealers, Investment Advisers and Underwriters are monitored for various types of risks inherent in their business activities. The TTSEC has observed that besides broker dealing and investment advising, registered Broker-Dealers also engage in the following business activities: Portfolio Management, CIS Management, Repo Selling and Structuring and Distributing Securities.

In this issue of the SMB, the TTSEC will analyse the following business activities as well as their interconnections over the calendar year 2022:

- *Investment Advising;*
- *Broker Dealing;*
- *CIS Management;*
- *Repurchase Agreement (“Repo”) Selling; and*
- *Structuring and Distributing Securities: Over-the-Counter (“OTC”) and Private Placements.*

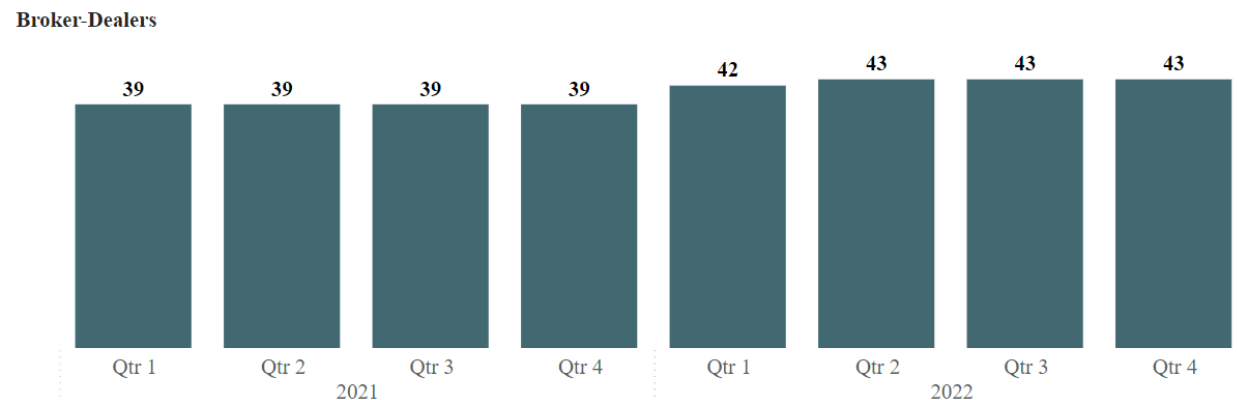
Significant Activities

Entities registered under Section 51(1) of the Act are required to submit MMRF data on a quarterly basis. As at Qtr4 2022, there were **54¹** entities, **43** Broker-Dealers, **10** Investment Advisers (7 Corporate and 3 Individuals) and **1** Underwriter, a growth of **3 (5.88 percent)** when compared to Qtr4 2021 (*Figure 1* and *Figure 2*). It should be noted that from Qtr1 2021 to Qtr4 2022, there was no change to the number of underwriters registered with the TTSEC.

Figure 1: Investment Advisers registered with the TTSEC



Figure 2: Broker-Dealers registered with the TTSEC



¹ The number of entities under 51(1) of the Act registered with the TTSEC and reported under MMRF differ due to timing of the data.

In Trinidad and Tobago, some of the activities performed by entities registered under Section 51(1) of the Act include:

- **Investment Advising:** advising a person as to buying, selling or holding a security only.
- **Broker Dealing:** executing trades on behalf of clients and the company's own account as principal.
- **CIS Management:** managing securities or a portfolio of securities belonging to a CIS.
- **Portfolio Management:** managing securities or a portfolio of securities belonging to another person (excluding CISs) in circumstances involving the exercise of discretion.
- **Repo Selling:** creating and selling Repos based on proprietary holdings.
- **Structuring and Distributing Securities:** structuring and issuing of securities and or underwriting securities on a best-efforts or firm commitment bases.

Based on the MMRF data collected, this Issue summarises the above-mentioned activities excluding Portfolio Management. However, with the revision of the MMRF forms, the TTSEC will provide an analysis of Portfolio Management in the near future.

In Qtr4 2022, the Clients Assets Managed for Investment Advising and Broker Dealing was **TT\$0.07Bn** and **TT\$102.29Bn**, respectively, the Assets Under Management ("AUM") for CIS Management was **TT\$62.53Bn**, the Repo Obligations/Liabilities for Repo Selling was **TT\$5.34Bn** and the value of OTC and Private Placements transactions for Structuring and Distributing Securities were **TT\$3.89Bn** and **TT\$0.48Bn**, respectively. On an annualised basis, the Client Assets Managed for Investment Advisers increased by approximately **TT\$1.11Mn (1.58 percent)** while Client Assets Managed for Broker Dealing and the AUM for CIS Management decreased by approximately **TT\$13.31Bn (11.52 percent)** and **TT\$1.61Bn (2.50 percent)** respectively. It should be noted that there were also decreases in Repo Obligations and transaction values of the OTC Transactions and Private Placements transactions by **TT\$1.88Bn (25.99 percent)**, **TT\$13.44Mn (0.34 percent)** and **TT\$0.44Bn (47.96 percent)**, respectively (*Table 1*). It must be noted that by their nature, Private Placement and OTC transactions are unpredictable.

Table 1: Significant Activities by Group Affiliation (TT\$)

2021						
Activity	Investment Advising	Broker Dealing	CIS Management	Repo Selling	Over the Counter	Private Placement
Bank Group	-	\$67.14bn	\$30.62bn	\$0.50bn	\$3.67bn	-
Financial Group	-	\$41.09bn	\$33.03bn	\$6.46bn	\$0.01bn	\$0.87bn
Independent	\$0.07bn	\$7.37bn	\$0.49bn	\$0.26bn	\$0.22bn	\$0.05bn
Total	\$0.07bn	\$115.61bn	\$64.14bn	\$7.22bn	\$3.91bn	\$0.92bn

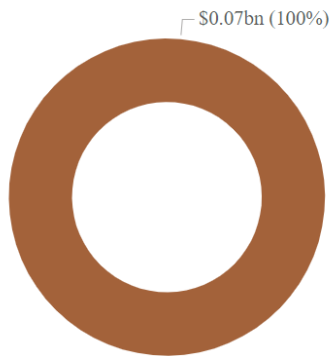
2022						
Activity	Investment Advising	Broker Dealing	CIS Management	Repo Selling	Over the Counter	Private Placement
Bank Group	-	\$64.84bn	\$29.69bn	\$0.61bn	\$3.30bn	-
Financial Group	-	\$29.33bn	\$32.32bn	\$4.84bn	\$0.44bn	\$0.41bn
Independent	\$0.07bn	\$8.12bn	\$0.52bn	\$0.25bn	\$0.15bn	\$0.06bn
Total	\$0.07bn	\$102.29bn	\$62.53bn	\$5.34bn	\$3.89bn	\$0.48bn

Entities are mainly categorised into three group affiliations: Bank Group, Financial Group and Independent. Among the groups, the Financial Group accounted for the majority of AUM for CIS Management, Repo Obligations and Private Placements transactions in Qtr4 2022, totalling the largest portion in all activities. However, for Client Assets Managed for Broker Dealers and OTC transactions, the Bank Group accounted for the majority. It should be noted that only one Investment Adviser, which was within the Independent Group, managed assets of clients in Qtr4 2022 (*Figure 3*). The data showed that the Bank Group did not participate in Private Placements for both years.

Figure 3: Significant Activities by Group Affiliation as at Qtr4 2022

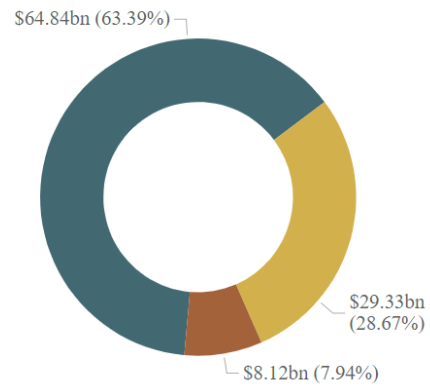
Investment Advising - Client Assets Managed

● Bank Group ● Financial Group ● Independent



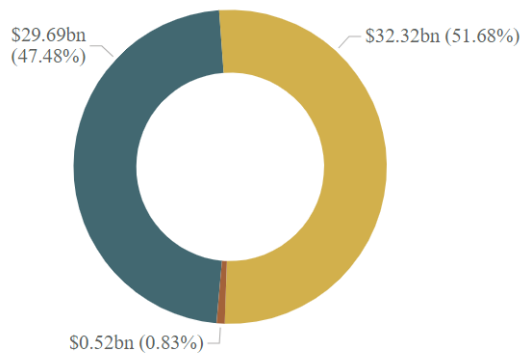
Broker Dealing - Client Asset Managed

● Bank Group ● Financial Group ● Independent



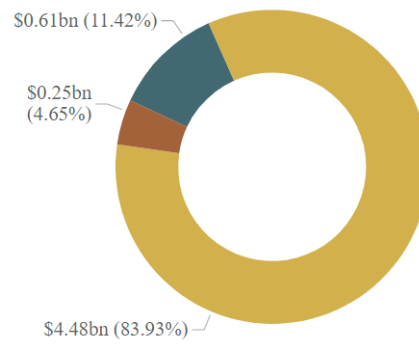
CIS Management

● Bank Group ● Financial Group ● Independent



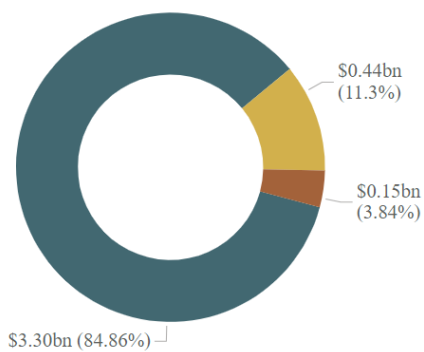
Repo Selling

● Bank Group ● Financial Group ● Independent



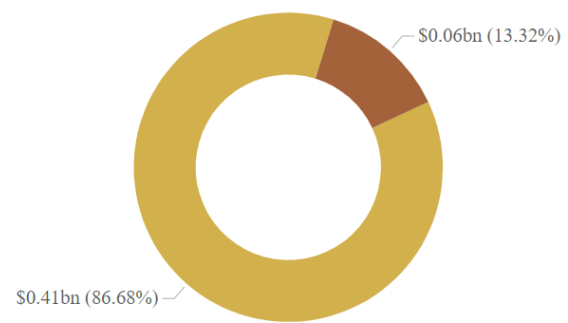
Over-the-Counter

● Bank Group ● Financial Group ● Independent



Private Placements

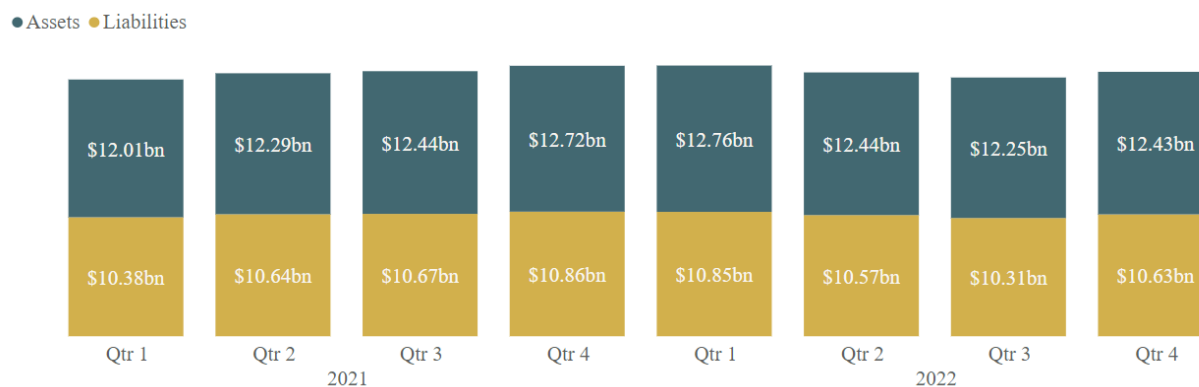
● Financial Group ● Independent



Investment Advising

While there were **10** Investment Advisers (**7** Corporate and **3** Individuals) in Qtr4 2022, it should be noted that Broker-Dealers can also provide investment advice in the market. In 2022, the average values for Assets and Liabilities of Investment Advisers were approximately **TT\$12.47Bn** and **TT\$10.59Bn**, respectively. When compared to the previous year, the average values of Assets increased by approximately **2 percent** while Liabilities fell under **1 percent** (*Figure 4*).

Figure 4: Investment Advisers' Assets and Liabilities Composition

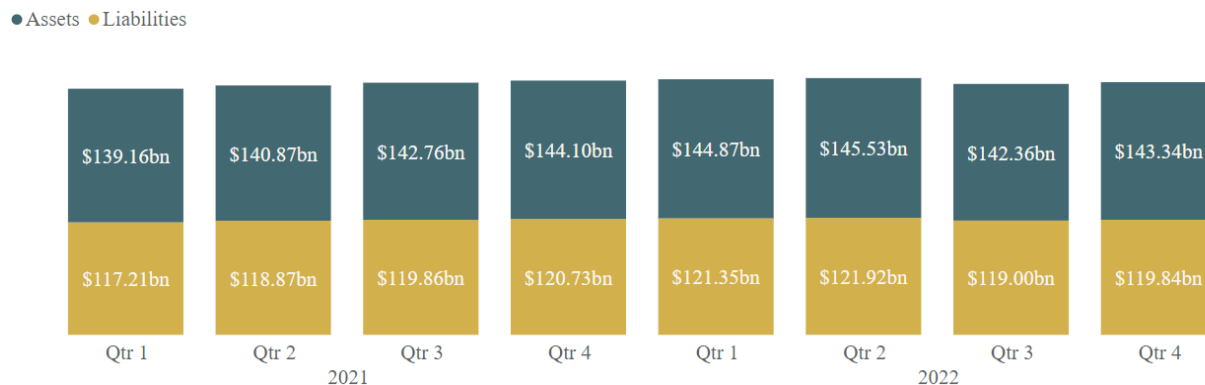


In Qtr4 2022, Investment Advisers had **1001** clients with **TT\$0.07Bn** of Client Assets Managed, a reduction in clients by **3.93 percent** and an increase in Client Assets Managed by **1.58 percent** compared to Qtr4 2021. It should be noted however that only one Investment Adviser has Client Assets Under Management. Currently, the legislation only permits Investment Advisers to provide investment advice; however, the TTSEC is in the process of creating Portfolio Managers Bye-laws which permit the management of clients' accounts.

Broker Dealing

There were **43** Broker-Dealers in the market permitted to conduct Broker Dealing business activities. In Qtr4 2022, Broker Dealers had **2.27Mn** clients with **TT\$102.29Bn** Client Assets Managed. Clients and Client Asset Managed decreased by **2.58 percent** and **11.52 percent**, respectively from Qtr4 2021. In 2022, the average values for Assets and Liabilities of Broker Dealers were approximately **TT\$144.03Bn** and **TT\$120.53Bn**, respectively. When compared to the previous year, the average values of Assets and Liabilities increased by approximately **2 percent** and **1 percent**, respectively (*Figure 5*).

Figure 5: Broker-Dealers' Assets and Liabilities Composition



Of the total Broker-Dealers, there were **8** on the Trinidad and Tobago Stock Exchange (“the Exchange”) as at Qtr4 2022. In total, Broker-Dealers on the Exchange had **73,635** clients with **TT\$16.32Bn** Clients Assets Managed. Even though clients decreased by **5.51 percent** in Qtr4 2022, the Client Assets Managed increased by **5.74 percent**.

CIS Management

Figure 6: CIS AUM (TT\$)

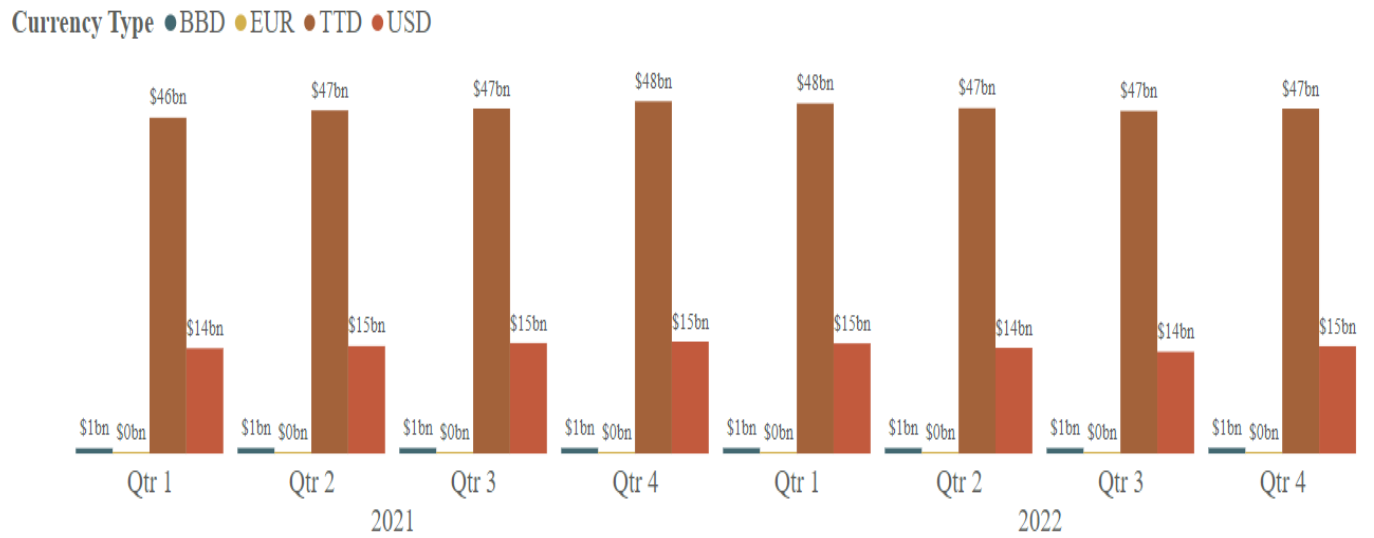
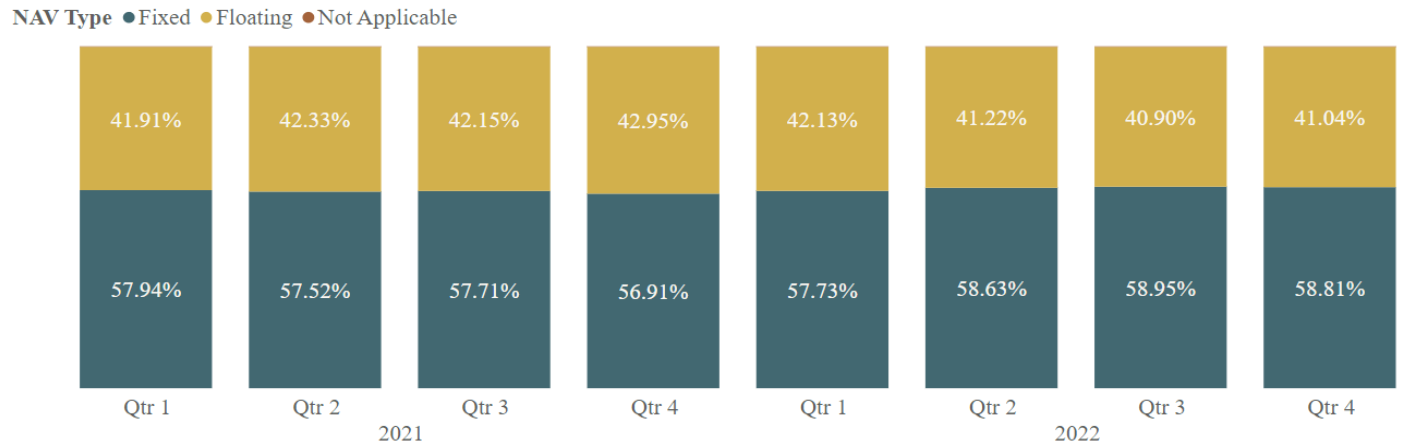


In Qtr4 2022, **17** Broker-Dealers managed **78** Funds, valuing **TT\$62.53Bn** (**Figure 6**). Throughout 2021 and 2022, the number of CISs gradually increased while the AUM fluctuated, peaking at **TT\$64.13Bn** at the end of Qtr4 2021 and then falling to a low of **TT\$61.42Bn** in Qtr3 2022. This decline is ascribable to the downward pressures caused by volatility in global equity markets and monetary policy tightening to curb inflationary pressures in advanced and emerging economies.²

² Central Bank of Trinidad and Tobago. 2023. Economic Bulletin Volume XXV No. 1. https://www.central-bank.org.tt/sites/default/files/page-file-uploads/economic-bulletin-january-2023-20231302_0.pdf

The market continues to be dominated by **14 Fixed Net Asset Value (“NAV”) Funds**, accounting for an average of approximately **59 percent** of total AUM in 2022 (*Figure 7*).

Figure 7: CIS AUM Breakdown



In Qtr4 2022, there were **35** Fixed Income CISs which accounted for **77.8 percent** of the market's AUM (**Figure 8**), and TT Individuals continued to have the largest investments in CISs (**Figure 9**).

Figure 8: Types of CISs as at Qtr4 2022

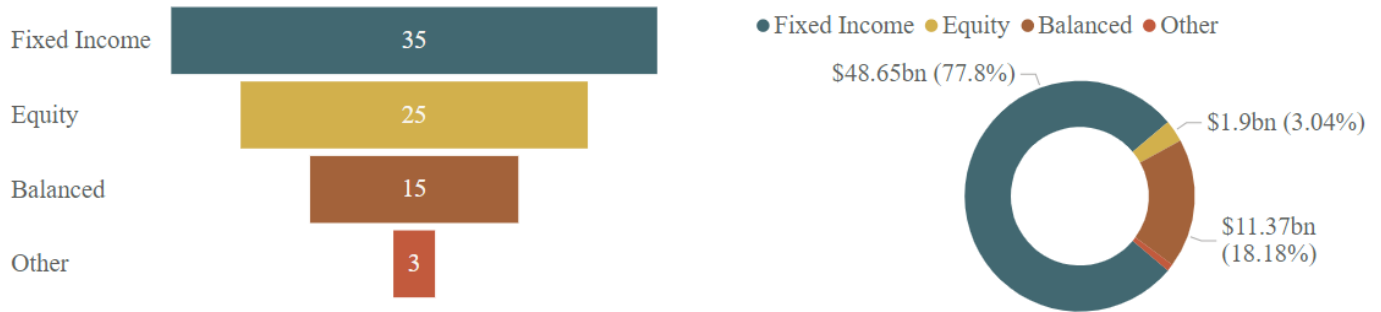
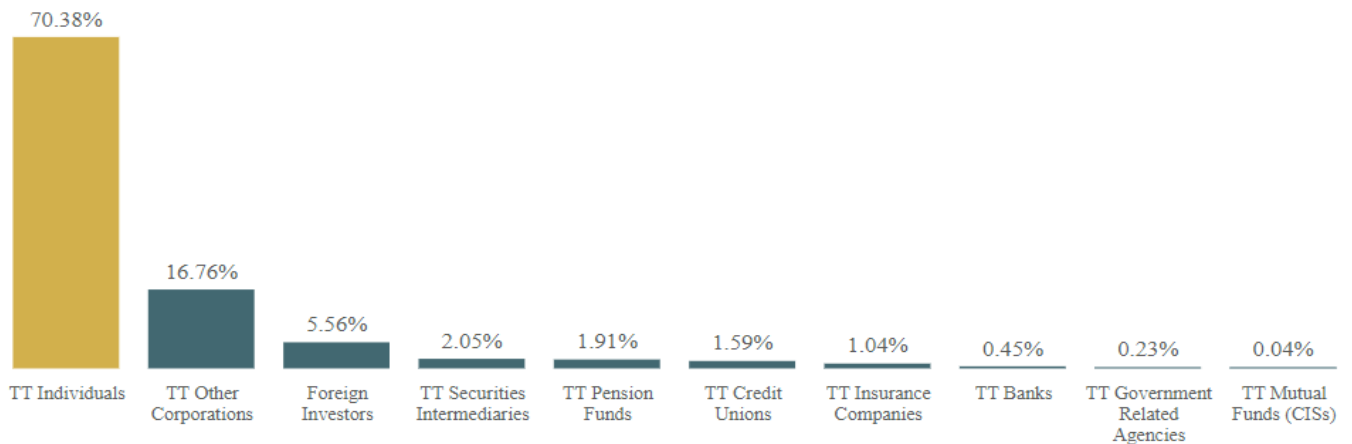


Figure 9: Types of Investors in CISs as at Qtr4 2022

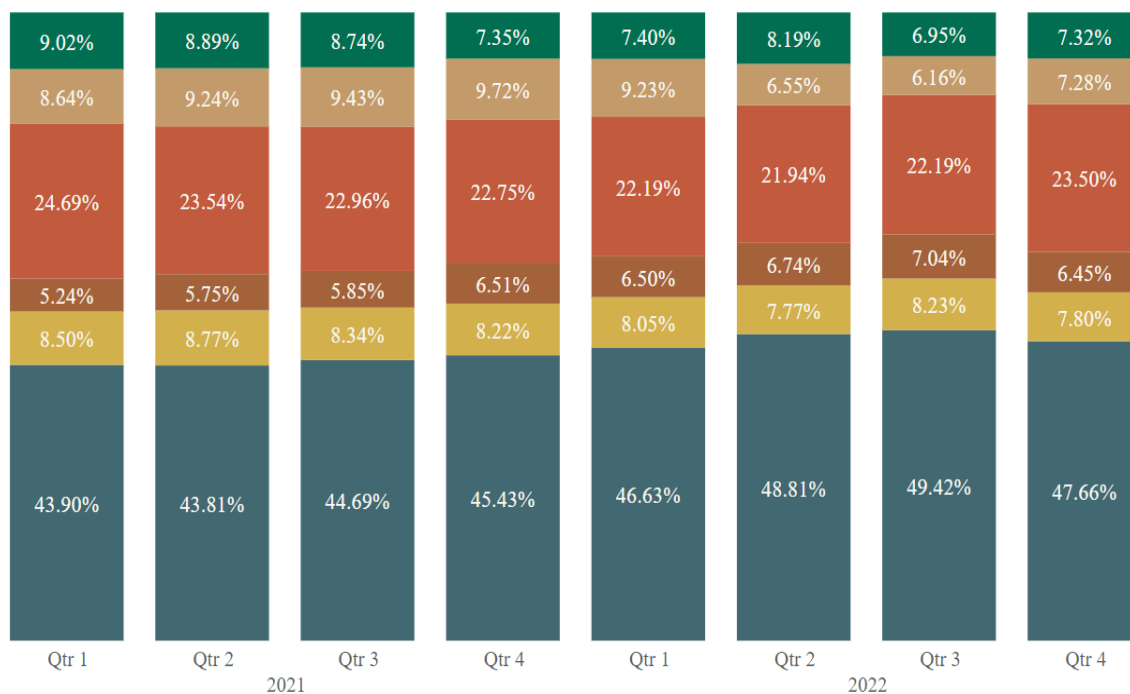


CIS portfolios continue to be mainly comprised of Local Government Securities. In 2021, these investments were approximately 44 percent, on average. When compared to 2022, investments in Local Government Securities increased to approximately 48 percent, on average.

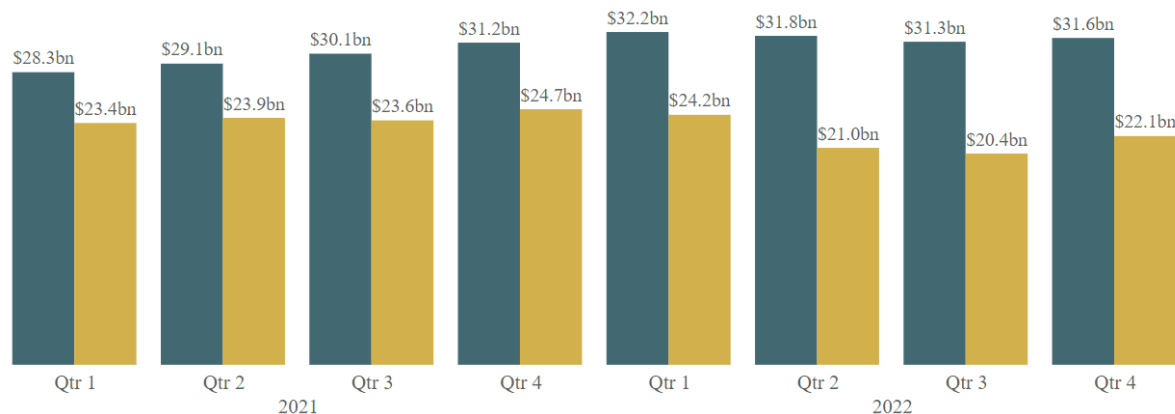
Additionally, CIS portfolios continue to be dominated by TTD. While on an annualised basis, the TTD composition had a minimal increase of **TT\$0.45Bn (1.44 percent)**, the USD composition fell by **TT\$2.6Bn (10.52 percent)** (**Figure 10**).

Figure 10: CIS Portfolio Composition³

● Local Gov't Securities ● Local Fixed Income Securities ● Local Equity ● Foreign Fixed Income Securities ● Foreign Equity ● Other Securities



● TTD ● USD

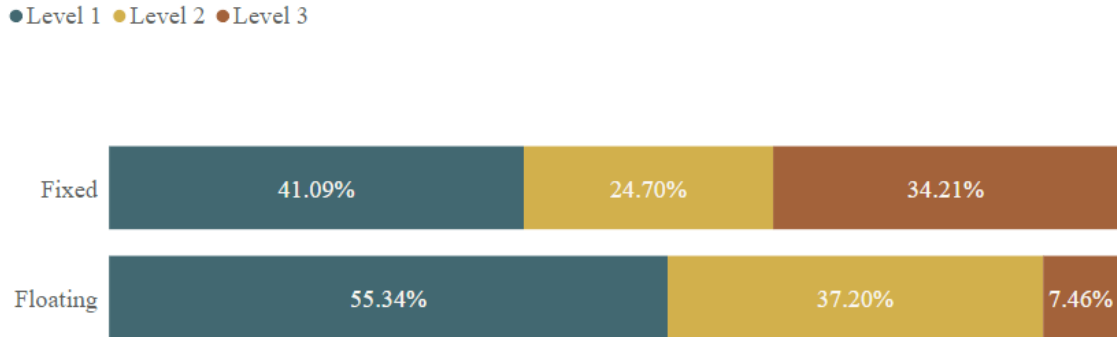


A closer inspection of the CIS Portfolios for Qtr4 2022 revealed that the majority of both Fixed (**41.09 percent**) and Floating (**55.34 percent**) NAV CISs contained securities classified as Level 1, indicating that the prices of these securities can be easily quoted on an organised exchanged

³ The following definitions pertain to asset categories for portfolios in this report. Local Government Securities include TT Government Securities, TT Financial State Agencies, TT Non-Financial State Agencies and TT Eurobonds. Local Fixed Income Securities include TT Bonds Financial Sector and TT Other Corporate Bonds. Local Equity includes TT CISs and TT Equity. Foreign Fixed Income Securities include Foreign Government Securities and Foreign Non-Government Securities. Foreign Equity includes Foreign CISs and Foreign Equity. Other Securities include Real Estate, Repurchase Agreements and Other Assets.

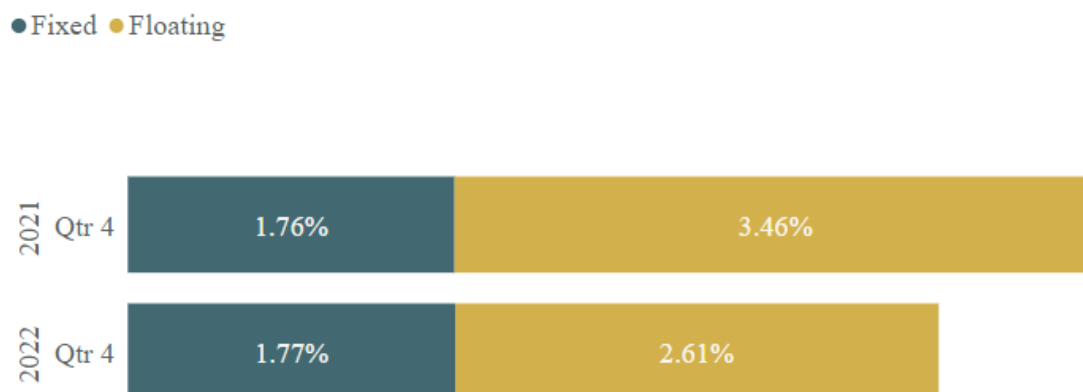
(**Figure 11**). Securities whose fair value requires the utilisation of valuation techniques using inputs that are directly observable in the market which are not included within Level 1 are classified as Level 2. As at Qtr4 2022, Level 2 securities within portfolios for the Floating NAV CISs accounted for the larger share compared to Fixed NAV CISs. Additionally, of the securities valued based on unobservable market inputs, those classified as Level 3, **86.42 percent** were contained in the portfolios of Fixed NAV CISs.

Figure 11: CIS Asset Level Classification as at Qtr4 2022



Floating NAV CISs continued to provide higher yields for its investors, recording an average of **2.61 percent** as compared to Fixed NAV CISs which recorded an average yield of **1.77 percent** at the end of Qtr4 2022. However, it should be noted that the average yield for the Floating NAV CISs decreased by **24.57 percent** from its position in Qtr4 2021 while there was a negligible **0.57 percent** increase for Fixed NAV CISs. (**Figure 12**).

Figure 12: Average Yield by NAV Type as at Qtr4 2022



It was observed that the maturities of Fixed Income securities within the market were influenced by the NAV of the CIS. For Fixed NAV CISs the Local Fixed Income securities had a longer time to maturity than its Foreign counterpart while for Floating NAV CISs, it was noted that Foreign Fixed Income securities had the longer time to maturity. The data also showed that the maturities for all types of Fixed Income securities decreased in 2022 when compared to 2021 (*Table 2*).

Table 2: Weighted Average Maturities as at Qtr4 2022 (years)

NAV Type	Fixed Income Type	Qtr 4 2021	Qtr 4 2022
Fixed	Local	4.00	3.62
	Foreign	3.51	2.12
Floating	Local	2.86	2.16
	Foreign	7.27	5.48

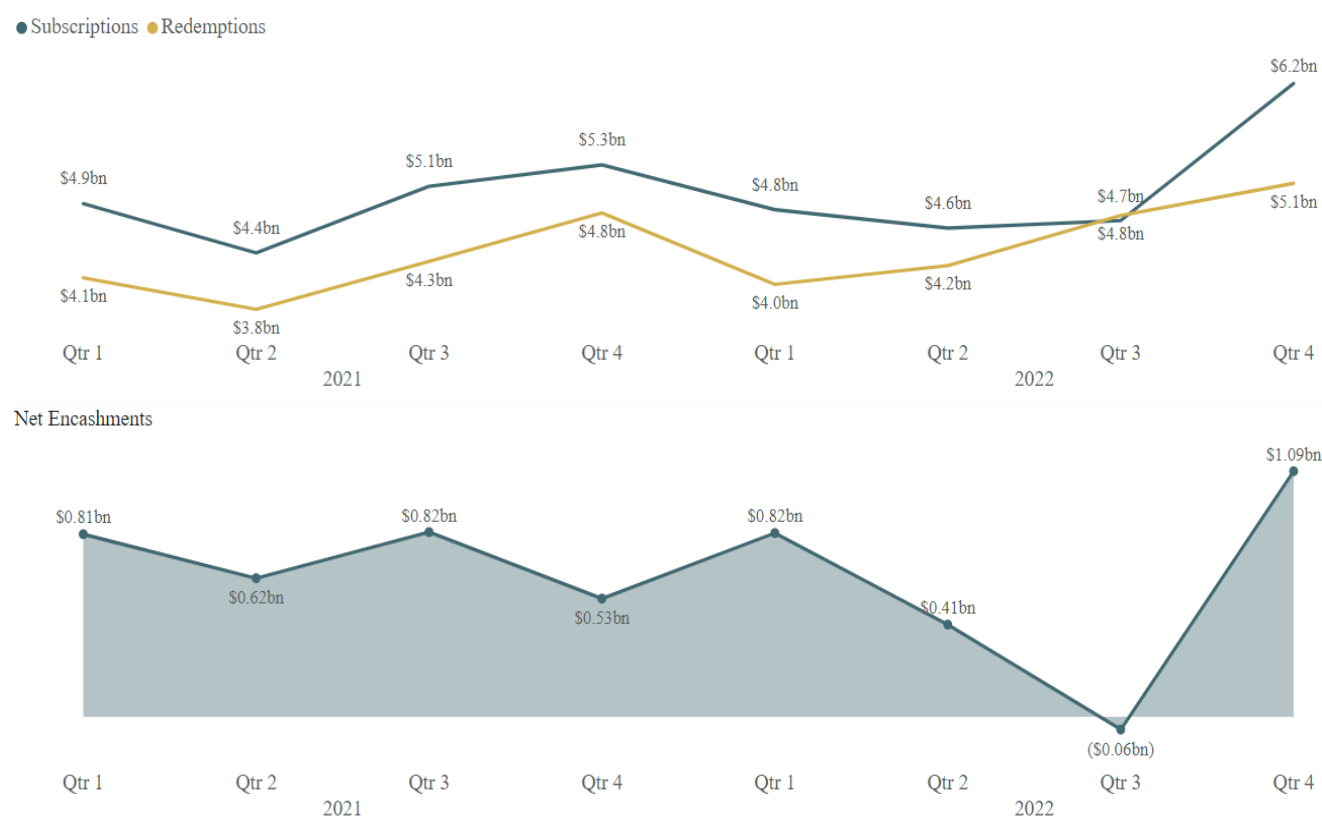
In Qtr4, both Local (**40.50 percent**) and Foreign (**60.54 percent**) Fixed Income securities within the portfolios of Fixed NAV CISs had maturities between one and five years. Conversely, for Floating NAV CISs, the data showed that the majority (**56.63 percent**) of Local Fixed Income securities had maturities of less than one year while most Foreign Fixed Income securities (**40.10 percent**) had maturities of greater than five years (*Table 3*).

Table 3: Weighted Average Maturities by Portfolio Composition as at Qtr4 2022 (%)

NAV Type	Fixed Income Type	< 1 yr	1 – 5 yrs	> 5 yrs
Fixed	Local	28.26%	40.50%	31.24%
	Foreign	27.34%	60.54%	12.12%
Floating	Local	56.63%	25.37%	18.01%
	Foreign	35.21%	24.69%	40.10%

Throughout 2021 and 2022, Subscriptions and Redemptions fluctuated. For the most part, Subscriptions were greater than Redemptions except in Qtr3 2022 where the market recorded Net Redemptions of **TT\$0.06Bn**. Following this, the market recorded the largest Net Subscriptions over the 2-year period in Qtr4 2022 of **TT\$1.09Bn** (*Figure 13*).

Figure 13: Subscriptions, Redemptions, Net Encashments (TT\$)



Repo Selling

When compared to 2021, the number of Repo Sellers in Qtr4 2022 was the same at **13** entities. Repo Liabilities and Assets were gradually increasing until large declines of over **35 percent** in Qtr3 2022. This was as a result of the exit of a prominent Repo Seller. The Repo Liabilities and Assets in Qtr4 2022 were valued at **TT\$5.34Bn** and **TT\$5.77Bn**, respectively (*Figure 14*). Also, in light the of the exit of the large Repo Seller, the number of foreign contracts fell by **62.57 percent** from Qtr2 to Qtr3, 2022 (*Table 4*). In addition, the currency composition of the portfolios is no longer dominated by USD but now TTD.

Figure 14: Repo Portfolio Composition

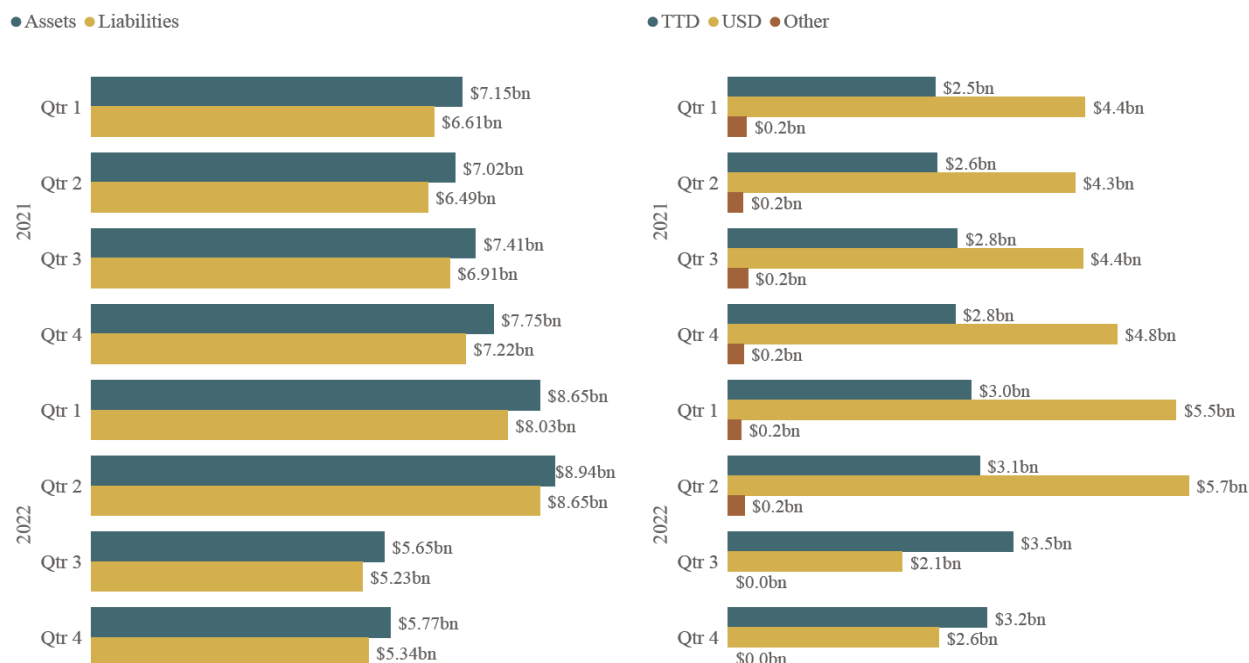


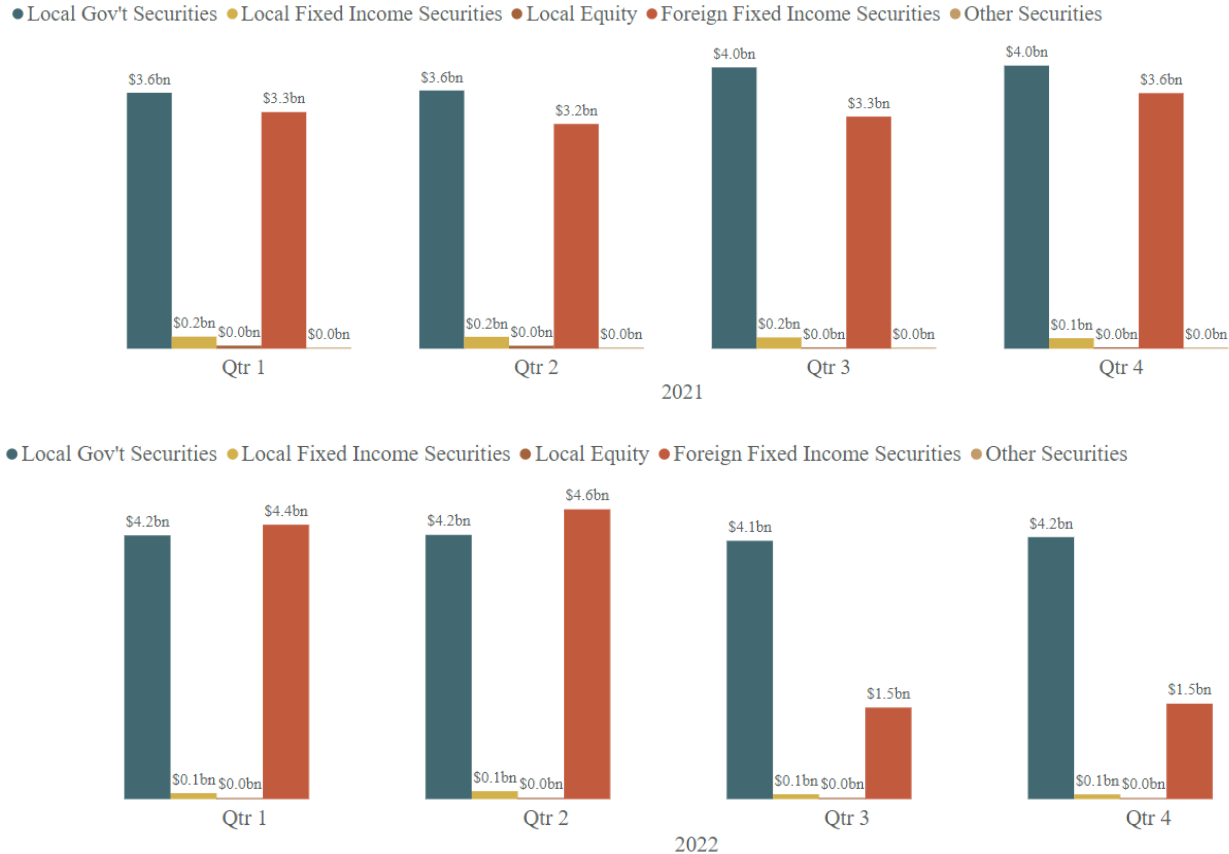
Table 4: Repo Contracts

Year	Quarter	Contracts		
		Foreign	Local	Total
2021	Qtr 1	170	1624	1794
	Qtr 2	181	1663	1844
	Qtr 3	191	1645	1836
	Qtr 4	194	1680	1874
2022	Qtr 1	199	1716	1915
	Qtr 2	179	1720	1899
	Qtr 3	67	1734	1801
	Qtr 4	66	1796	1862

Additionally, for the year 2022, the average maturity of a Repo contract was **11.5 months**, with the average return for investors approximately **4.42 percent**. Surprisingly, these estimates increased in Qtr3 2022 after the exit of a large Repo Seller. (See **Appendix 1**). At the end of Qtr4 2022, the average rollover rate for Local and Foreign contracts was **53.99 percent** and **73.61 percent** respectively. This represented an increase of **7.74 percent** for Local contracts and a significant decrease of **22.12 percent** for Foreign contracts when compared to Qtr4 2021.

The asset composition of the Repo portfolio changed due to the exit of the prominent Repo Seller. Prior to Qtr2 2022, the Repo portfolios were mainly denominated in Local Government Securities and Foreign Fixed Income Securities; however, in the last half of 2022, the investments in Local Government Securities significantly exceeded Foreign Fixed Income Securities. It is noted that in the year 2022, there were no investments in Other Securities (*Figure 15*).

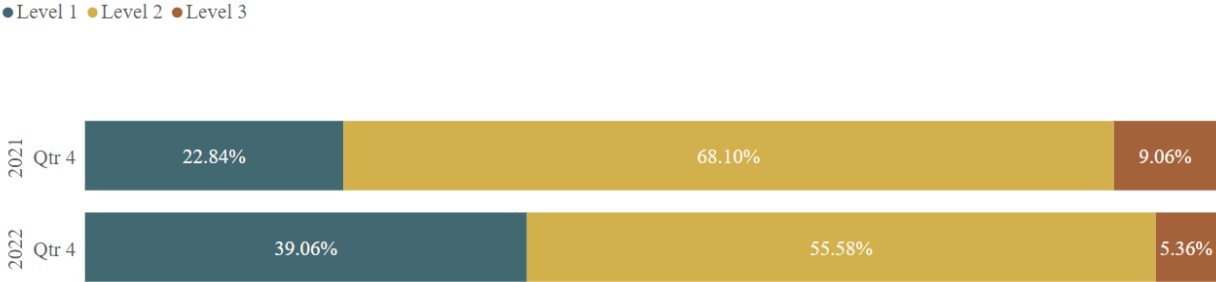
Figure 15: Repo Portfolio Composition (TT\$)⁴



⁴ The definitions for the asset categories are the same as defined for *Figure 10: CIS Portfolio Composition* of this report except for the Other Securities category which excludes Repurchase Agreements.

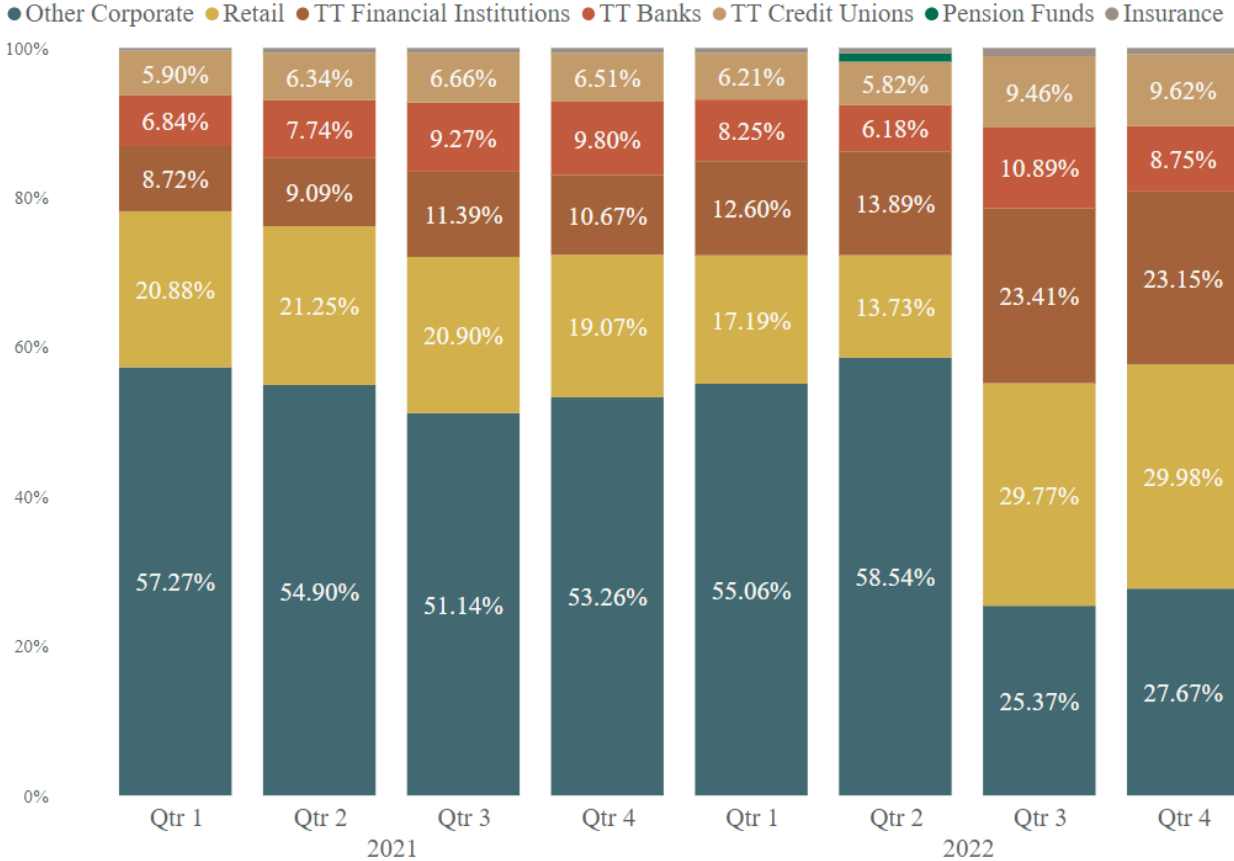
At the end of Qtr 4 2022, it was observed that the majority, **94.64 percent**, of the collateral securities in the Repo Portfolios were classified as either Level 1 or Level 2 (*Figure 16*), meaning that they are valued using inputs directly observable in the market.

Figure 16: Repo Asset Level Classification



As a result of the exit of a major Repo Seller in Qtr3 2022, Retail investors replaced Other Corporate investors as having the largest investments in Repos (*Figure 17*).

Figure 17: Investors in Repos as at Qtr4 2022



Structuring and Distributing: OTC and Private Placements

OTC

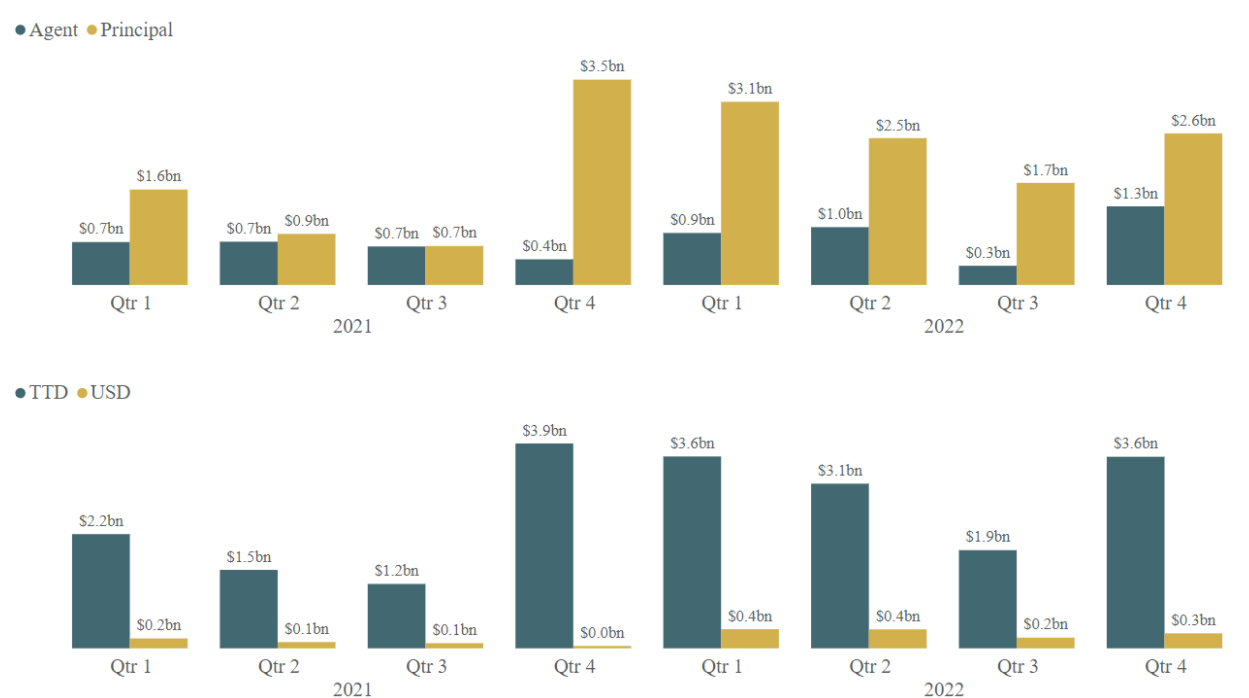
There was no distinct pattern for OTC activities. Between 2021 and 2022, at most, there were **12** Registrants conducting OTC activities with most of the transactions being investments in Fixed Income Securities. The largest amount raised was **TT\$3.98Bn** (*Table 5*).

Table 5: Over-the-Counter Transactions

Year	Quarter	Registrants	No. of Transactions	Value TT\$
2021	Qtr 1	10	869	\$2.34bn
	Qtr 2	12	839	\$1.60bn
	Qtr 3	9	703	\$1.31bn
	Qtr 4	10	725	\$3.91bn
2022	Qtr 1	10	727	\$3.98bn
	Qtr 2	9	1073	\$3.46bn
	Qtr 3	10	1079	\$2.05bn
	Qtr 4	10	979	\$3.89bn

In 2022, Broker-Dealers acted as Principals for most transactions which were mainly denominated in TTD (*Figure 18*).

Figure 18: Over-the-Counter Transactions (TT\$)



Private Placements

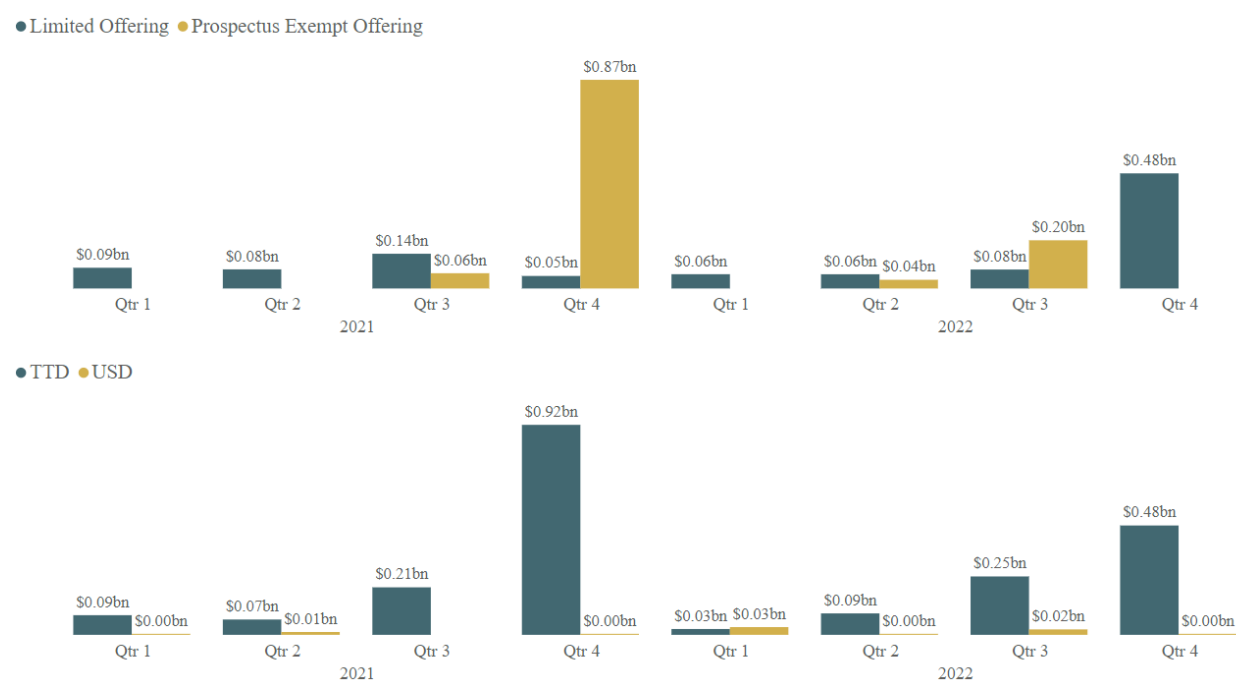
Like OTC activities, there was no distinct pattern with Private Placement activities. Between 2021 and 2022, at most, there were **three** Registrants conducting Private Placements activities with most transactions being investments in Fixed Income Securities. The largest amount raised was **TT\$0.92Bn** (*Table 6*).

Table 6: Private Placement Transactions

Year	Quarter	Registrants	No. of Issues	Amount Raised TT\$
2021	Qtr 1	2	42	\$0.09bn
	Qtr 2	2	37	\$0.08bn
	Qtr 3	3	36	\$0.21bn
	Qtr 4	2	31	\$0.92bn
2022	Qtr 1	2	23	\$0.06bn
	Qtr 2	3	35	\$0.09bn
	Qtr 3	3	36	\$0.28bn
	Qtr 4	3	28	\$0.48bn

Private Placements via Limited Offerings were arranged throughout all quarters of 2021 and 2022, with the largest amount raised in Qtr4 2022 of **TT\$0.48Bn**. Despite this, Prospectus Exempt Offerings raised the most money through Private Placements in Qtr4 2021, totalling **TT\$0.87Bn**. Private placements were mainly comprised of TTD (*Figure 19*).

Figure 19: Private Placement Transactions



Financial Interconnectedness

The financial system comprises of a network of institutions, such as banks, insurance companies, investment firms, and stock exchanges that facilitate and enable the transfer of funds and assets between borrowers, lenders and investors. These institutions have different structures and are required to comply with several regulatory regimes. Past crises have shown that inefficient institutions and lack of regulation and supervision can lead to financial instability. Hence, it is important that regulators monitor the risks posed by these institutions and take the necessary measures to mitigate systemic risk.

As the regulator of the securities industry, the TTSEC assesses the risks inherent in registered entities' business activities. For the purposes of this Issue, the interconnectedness within significant activities of registered entities under Section 51(1) of the Act is evaluated by way of the investments in their portfolios. These portfolios share similar instruments which are impacted by stresses or shocks in the economy.

The data showed that most portfolios invest in Fixed Income securities. Government Securities accounted for the majority of securities (**34.02 percent**) registered and outstanding. Most securities (**43.90 percent**) had more than five years to maturity (*Figure 20*).

Figure 20: Time to Maturity of Fixed Income securities registered with TTSEC

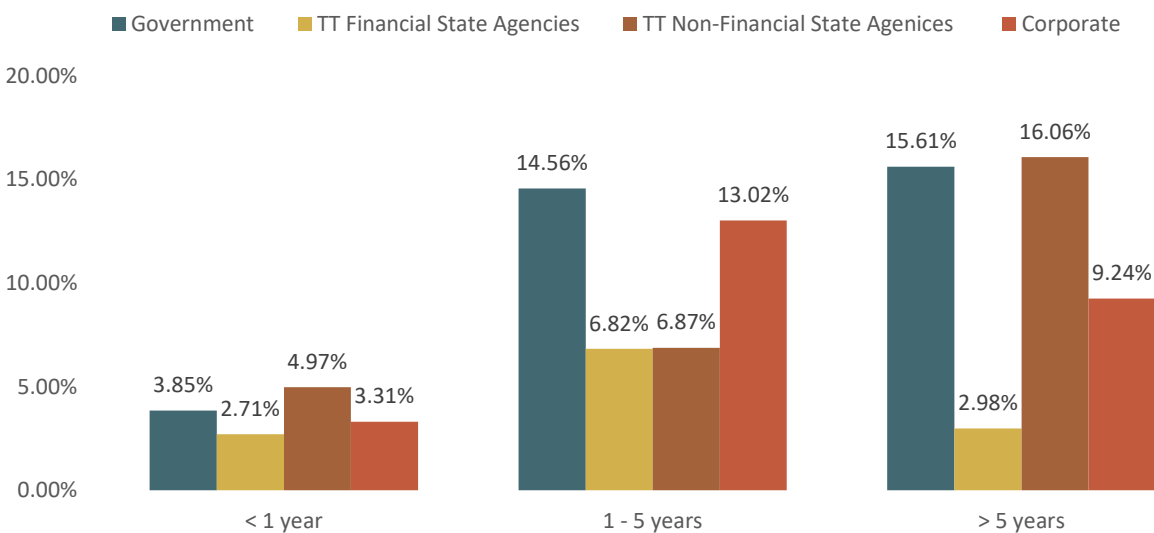
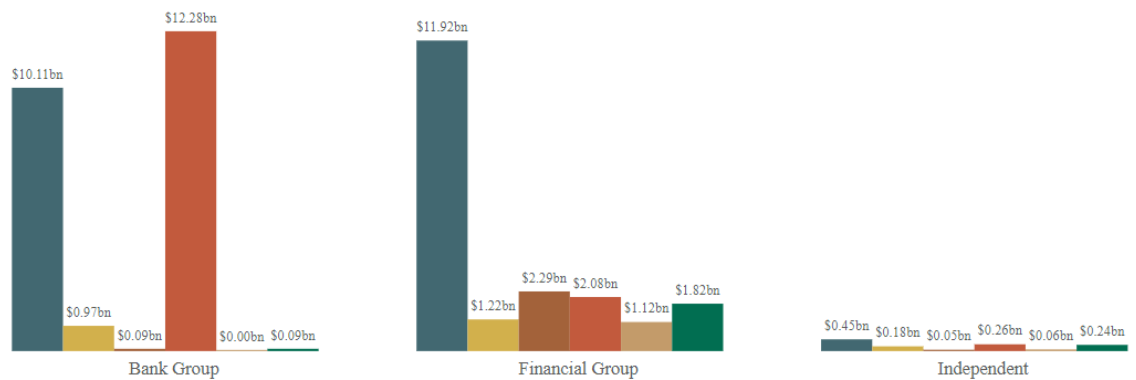


Figure 21: Portfolio Compositions by Group Affiliation as at Qtr4 2022

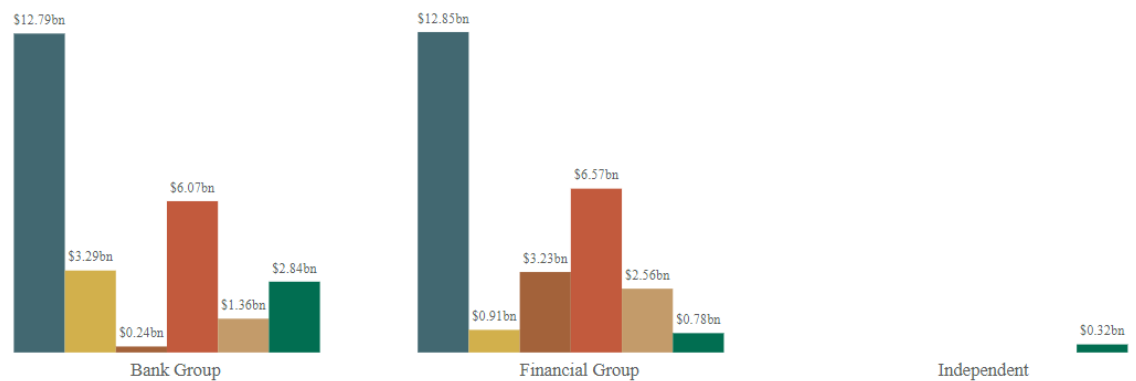
Securities Portfolio

● Local Gov't Securities ● Local Fixed Income Securities ● Local Equity ● Foreign Fixed Income Securities ● Foreign Equity ● Other Securities



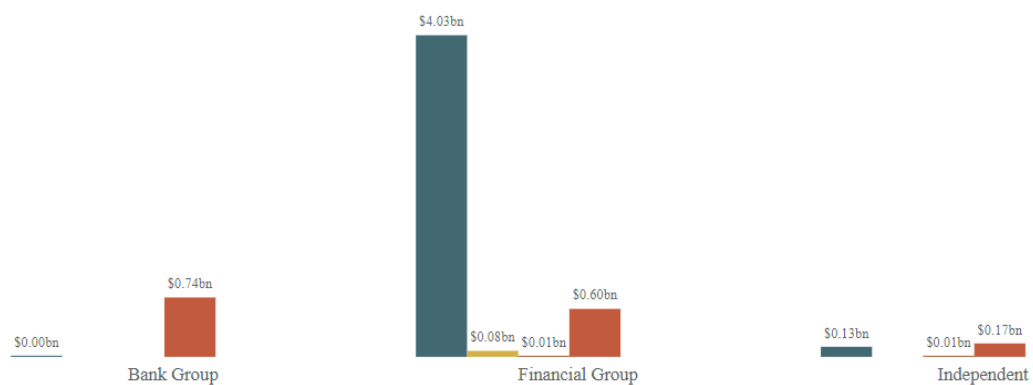
CIS Portfolio

● Local Gov't Securities ● Local Fixed Income Securities ● Local Equity ● Foreign Fixed Income Securities ● Foreign Equity ● Other Securities



Repo Portfolio

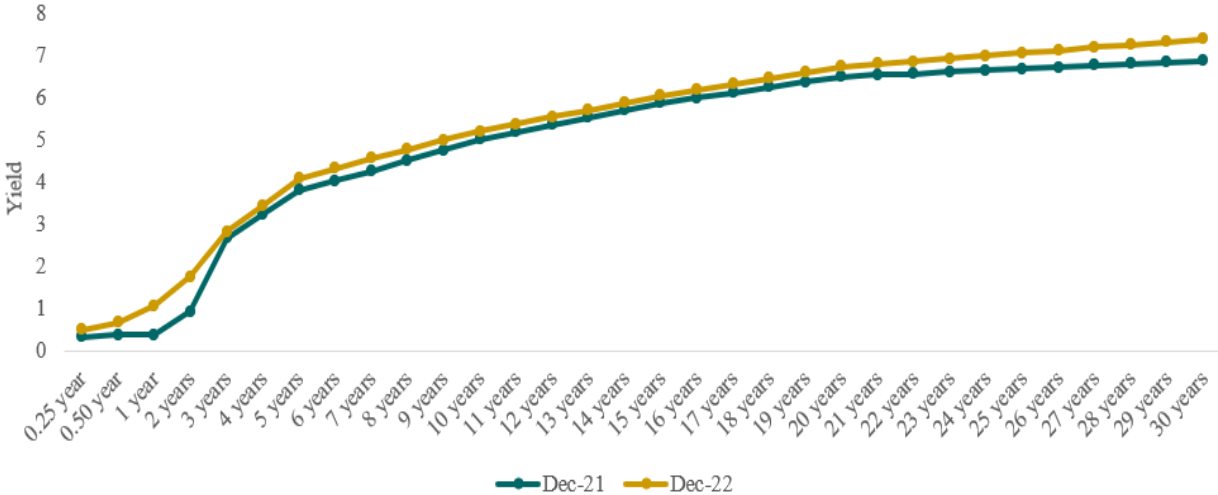
● Local Gov't Securities ● Local Fixed Income Securities ● Local Equity ● Foreign Fixed Income Securities ● Foreign Equity ● Other Securities



Apart from the two main activities conducted by Broker-Dealers (CIS Management and Repo Selling), some registered entities maintain firm-specific securities portfolios. Instruments in the entities' securities portfolios are similar to the assets held in the CIS and Repo portfolios. The data

shows that Local Government Securities and Foreign Fixed Income Securities accounted for the two largest investments in all portfolios (*Figure 21*). While investment in Government Securities is safe, it is noted that the current increases in interest rates would have contributed to the upturn of bond yields; causing government bond prices to fall (*Figure 22*).

Figure 22: Government Bond Yield



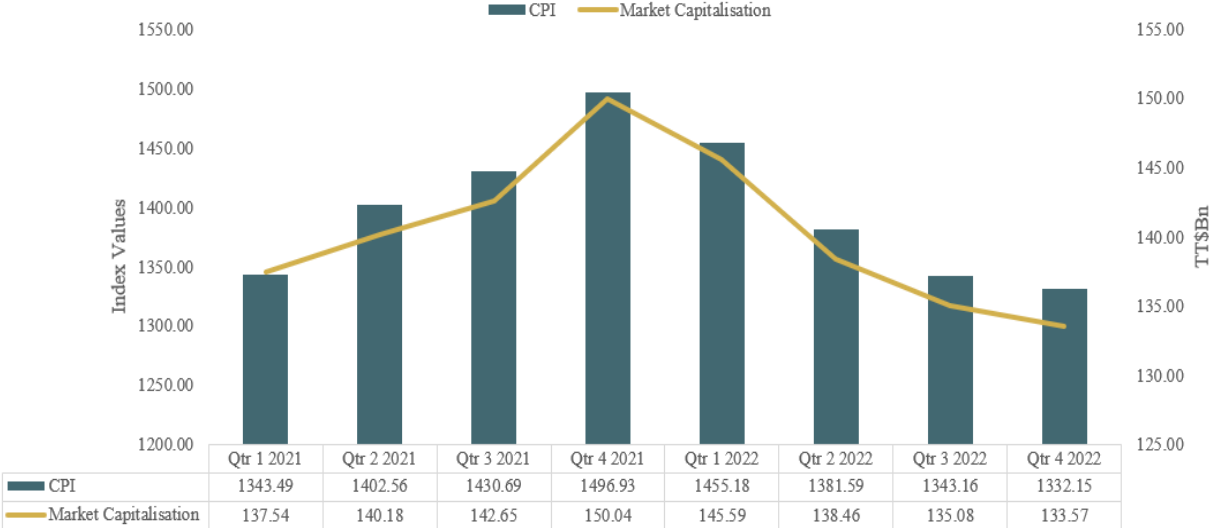
Source: Central Bank of Trinidad and Tobago

In addition, increases in interest rates may have also impacted Foreign Fixed Income Securities as central banks of developed markets would have increased policy rates in the latter half of 2022 to contain inflation, resulting in the value of fixed income securities of developed markets to decline. Foreign Fixed Income Securities are also susceptible to foreign exchange fluctuations and as seen previously, the portfolios are mainly comprised of TTD and USD investments. While the CIS portfolio was mainly denominated in TTD, its USD composition fell by **10.53 percent** from Qtr4 2021 to Qtr4 2022. Moreover, prior to the exit of the major Repo Seller in Qtr3 2022, Repo portfolios were mainly denominated in USD. However, following this withdrawal, the portfolio is now denominated more in TTD. In Qtr4 2022, the portfolio was approximately **55.46 percent** in TTD. While investments in USD are more prone to fluctuations in this currency, this component was significantly reduced in both CIS and Repo portfolios.

Additionally, the data also showed a link between CIS Managers and Repo Sellers. In Qtr4 2022, mutual funds’ investment in Repos accounted for **0.72 percent** of the total CIS portfolio while Repos’ collateralization of mutual funds was **0.31 percent** of Repo Assets. It should also be noted that CIS Managers also invested in other local mutual funds and equities, accounting for **1.13%** and **5.27%**, respectively, of the total CIS portfolio. While the concentrations in these securities are small, disruptions in these market segments can affect the valuation of the assets in the portfolios.

Instruments in these portfolios will also be affected by other economic variables. For instance, the global economy’s growth slowed from 2021 to 2022 due to the challenges of inflationary pressures, the Russia-Ukraine war, and lockdowns in China due to the persisting effects of COVID-19.⁵ Such pressures would have caused volatility in international and local markets. On an annualised basis, the Exchange recorded approximately **11 percent** decrease in both the Consumer Price Index and the Market Capitalisation of the TTD Market (*Figure 23*). The volatility in local and foreign stock markets can impact the valuation of equities in portfolios.

Figure 23: Consumer Price Index and Market Capitalisation



Source: The Trinidad and Tobago Stock Exchange

⁵ International Monetary Fund. 2023. World Economic Outlook: A Rocky Recovery. <https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023>

Conclusion and the Way Forward

This report is limited to data relating to business activities such as Investment Advising, Broker-Dealing, CIS Management, Repo Selling and Structuring and Distributing of securities: OTC and Private Placement. It should be noted though that through the TTSEC's enhanced RBS Framework, the TTSEC will be able to conduct a more in-depth assessment of other activities performed by registered entities under Section 51(1) of the Act. The TTSEC successfully completed the pilot of its enhanced RBS Framework in 2022 and will be executing the risk assessments for all entities registered under Section 51(1) of the Act in 2023. It is hoped that the TTSEC can inform the market of the specific risks faced within the securities industry so that together we can mitigate systemic risk.

Appendix

Table 7: Summary of Indicators

Description	2021				2022			
	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
CIS AUM (TT\$Bn)	60.94	62.30	62.96	64.13	63.61	62.33	61.42	62.53
% CIS AUM Fixed NAV	57.94	57.52	57.71	56.91	57.73	58.63	58.95	58.81
% CIS AUM Floating NAV	41.91	42.33	42.15	42.95	42.13	41.22	40.90	41.04
CIS Net Sales (TT\$Bn)	0.81	0.62	0.82	0.53	0.82	0.41	(0.06)	1.09
Number of CISs	68	69	69	72	74	78	78	78
Number of CIS Managers	15	16	16	17	17	17	17	17
Repo Assets (TT\$Bn)	7.15	7.02	7.41	7.75	8.65	8.94	5.65	5.77
Repo Liabilities (TT\$Bn)	6.61	6.49	6.91	7.22	8.03	8.65	5.23	5.34
No. of Repo Contracts in issue	1,794	1,844	1,836	1,874	1,915	1,899	1,801	1,862
No. of Repo Dealers	12	13	13	13	13	14	13	13
Average Repo Maturity (mths)	9	8	10	9	11	9	12	14
Average Repo Return (%)	2.71	2.64	4.16	2.43	2.51	2.68	6.17	6.31
Value of GORTT Bond Issues, (TT\$Bn)	29.44	28.44	28.43	27.95	27.41	27.40	26.64	25.63
Market Capitalisation (TTD market) (TT\$Bn)	137.54	140.18	142.65	150.04	145.59	138.46	135.08	133.57
Market Capitalisation (USD market) (US\$Bn)	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Value of OTC Transactions, (TT\$Bn)	2.34	1.58	1.31	3.90	3.98	3.46	2.05	3.89
Number of OTC Transactions	869	839	703	725	727	1073	1079	979