

# Caricris reaffirms ‘high creditworthiness’ ratings for UTC

Caribbean Information and Credit Rating Services Ltd (Caricris) has reaffirmed ‘high creditworthiness’ ratings for the Trinidad and Tobago Unit Trust Corporation (UTC).

In a statement yesterday, Caricris said these ratings indicate that the level of creditworthiness of this obligor is high when adjudged by other obligors in T&T and the wider Caribbean.

Caricris also maintained a stable outlook on the ratings.

The stable outlook, it said, is based on the high likelihood that over the next 12 to 15 months, UTC will experience a turnaround in profitability underpinned by increased management charge income from growth in Funds Under Management (FUM).

Additionally, the continued focus on regional and product expansion is expected to impact the corporation’s income positively.

Profitability is, however, expected to be tempered by an increase in expenses as UTC intends to implement new technological projects.

Moreover, Caricris said the corporation is expected to remain well-capitalised and have a strong liquidity position.

“The ratings of UTC continue to reflect the importance of the mutual funds industry to the T&T economy, as well as the corporation’s market position as the largest mutual funds provider in T&T.

UTC’s investment portfolio continues to be well managed with good asset quality and healthy investment returns, which continues to support the corporation’s profitability,” the release highlighted.

Furthermore, Caricris said UTC’s strong risk management practices support an overall improvement in operating efficiency and underpin the ratings.

It noted that these rating strengths were tempered by the existing legislation which could limit the corporation’s growth.

Also constraining the rating is UTC’s ageing unitholder base which could impact long-term growth.

The rating firm said rating sensitivity factors that can individually or collectively improve the rating and outlook include improving market and economic conditions over the next 12 to 15 months; leading to sustained net investment income growth; diversification of funds under management to include a greater share of young investors; and the successful expansion and implementation of operations into the Caribbean leading to positive impacts on revenue.