Stanbic
Investment
Management
Services

STANBIC INCOME FUND TRUST

ANNUAL REPORT 2022

Stanbic Investment Management Services

AMC SUB-CLASS FUNDS

LET US MANAGE YOUR FUNDS

We've found new ways of doing things. The AMC sub-class under the existing **Stanbic Cash Trust (SCT)** and **Stanbic Income Fund Trust (SIFT)** will not be impacted by the mark-to-market valuation. The investments are in **short term instruments** including **fixed deposits.**

STANBIC CASH TRUST (AMC) & STANBIC INCOME FUND TRUST (AMC)

Minimum Investment Amount **GHS 20**	Horizon **Short term**
Risk Profile **Low risk**	Withdrawal Period **Within 48 hours via digital platforms**
Withdrawal Fee **None**	Interest **Interest accrues daily**

Disclosure

Past performance is not a guarantee for future performance. The returns may vary with the underlying securities. The fund may be exposed to some level of risk including but not limited to credit risk and interest rate risk.

WHO SHOULD INVEST?

- Individuals
- Schools & Institutions
- Companies
- Religious Organisations
- Endowment Funds
- Clubs & Associations
- Community Cooperatives

TRANSACT WITH US

Web Portal
Invest.sims.com.gh

Make deposits via Bank card/Mobile Money, view your balance, generate statements and request for withdrawals

USSD
Dial ***715*77#**

Make deposits via Mobile Money, view your balance, generate mini statements and request for withdrawals

Multiple Banks

Make deposits at Stanbic Bank, Zenith Bank or Universal Merchant Bank (UMB) branches nationwide

Contact us
Tel: **+233 302 815789**
Email address: **simscustomerservice@stanbic.com.gh**
Website: **https://www.sims.com.gh**

Ts&Cs apply

IT CAN BE™

THE MANAGER

NAME	Stanbic Investment Management Services (SIMS) LTD
COUNTRY OF INCORPORATION	Ghana
REGISTRATION NUMBER	CS68127015
NATURE OF CORPORATE FORM	Limited liability, wholly-owned subsidiary of Stanbic Holdings Ghana Ltd.
REGISTERED OFFICE	Stanbic Heights, 215 South Liberation Link, Airport City, Accra
PRINCIPAL PLACE OF BUSINESS	Stanbic Heights, 215 South Liberation Link, Airport City, Accra
DATE OF INCORPORATION	12 April 2007
CAPITALISATION AS AT (31 DECEMBER 2019)	
AUTHORISED:	500,000,000 Shares
ISSUED:	2,167,843 Shares
AUDITOR	Baker Tilly Andah + Andah 18 Nyanyo Lane, Asylum Down P. O. Box CT 5443 Cantonments, Accra5

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CORPORATE INFORMATION

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STANBIC INCOME FUND TRUST CORPORATE INFORMATION

TRUSTEES

Universal Merchant Bank (Ghana) LTD
SSNIT Emporium, Liberation Road
Airport City - Accra

LEGAL ADVISOR

Doreen Iliasu
Stanbic Bank Ghana Limited
Stanbic Heights
215 South Liberation Link
Airport City, Accra

AUDITORS

Baker Tilly Andah + Andah
18 Nyanyo Lane, Asylum Down
P. O. Box CT 5443
Cantonments, Accra5

MANAGER

Stanbic Investment Management Services (SIMS) LTD
Stanbic Heights
215 South Liberation Link
Airport City, Accra

BANKER(S)

Stanbic Bank Ghana Limited
Stanbic Heights
215 South Liberation Link
Airport City, Accra

Zenith Bank
House No. F166-6, Adjacent Jet Link
North Labone - Accra

Universal Merchant Bank (Ghana) LTD
SSNIT Emporium, Liberation Road
Airport City - Accra

REPORT OF THE MANAGER

02

REPORT OF THE MANAGER TO THE UNITHOLDERS OF STANBIC INCOME FUND TRUST

KWABENA BOAMAH
MANAGING DIRECTOR

The Manager presents the audited financial statements of the Stanbic Income Fund Trust for the year ended 31st December 2022.

Nature of the Fund

The Stanbic Income Fund Trust is an authorised unit trust as defined in the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695). The Fund offers and redeems units to subscribers and from unit holders respectively on an ongoing basis. Units are sold and redeemed at a price computed in accordance with the terms of the scheme particulars.

Investment Policy and Objectives

The Stanbic Income Fund Trust ("SIFT" or "the Fund") is an open-ended unit trust fund. The primary objectives the fund is to maximize medium to long-term sustainable income and capital appreciation of its assets. It does this by investing in a portfolio of fixed income securities including government treasury securities, fixed deposits and other corporate debt securities.

SIFT seeks to achieve this through investing in a portfolio of fixed income securities including government treasury bills and notes, fixed deposits and other corporate debt securities. Up to 85% of assets under management are invested in medium to long-term corporate and government debt securities while retaining a maximum of 40% in money market securities and a minimum of 3% in cash.

The Manager's Responsibility for the Financial Statements

The Manager is responsible for the preparation and fair presentation of the financial statements, comprising the statement of assets and liabilities as at 31 December 2022, income and distribution account and statement of movement in net assets for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with the International Financial Reporting Standards and in the manner required by the Securities Industry Act, 2016 (Act 929), the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695) and the Trust Deed dated, 18th July 2016 (as amended).

These responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, making accounting estimates that are reasonable in the circumstances.

The Manager is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any

REPORT OF THE MANAGER TO THE UNITHOLDERS OF STANBIC INCOME FUND TRUST

time the financial position of the Fund, and ensure that the financial statements comply with the Securities Industry Act, 2016 (Act 929), the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695) and the Trust Deed dated, 18th July 2016 (as amended). The Manager is responsible for safeguarding the assets of the Fund and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Manager have made an assessment of the Fund's ability to continue as a going concern and have no reason to believe the Fund will not operate into the foreseeable future. The results for the year are as set out on page 22 of this report.

The Manager considers the state of affairs of the Fund to be satisfactory.

The statement should be read in conjunction with the statement of the auditor's responsibilities as set out on page 17 to 19, the respective responsibilities of the Manager and the auditor in relation to the financial statements.

Approval of the Financial Statements

The financial statements set out on pages 20 to 39, which have been prepared on the going concern basis, were approved by the Manager on 28th April, 2023 and were signed on its behalf by:

....
DIRECTOR
28th April, 2023

....
DIRECTOR
28th April, 2023

PERFORMANCE SUMMARY AS AT 31 DECEMBER 2022

Historical Performance

Year/Period	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	CAGR (5 year)	Since Inception
Return	22.5%	23.1%	24.7%	25.7%	22.0%	17.5%	17.4%	18.1%	17.8%	17.8%	17.7%	20.2%
Benchmark	21.3%	21.7%	22.8%	23.4%	17.0%	15.6%	18.2%	17.4%	16.9%	25.4%	18.7%	18.9%

Share Price Information

Description	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22
Nav price (GHS)	2.1	2.63	3.3	4.02	4.73	5.55	6.56	7.72	9.09
No. of Units	4,448,484	5,746,403	6,556,524	19,843,253	30,954,224	30,256,623	55,631,463	74,509,641	57,043,899
Value (GHS)	9,352,552	15,108,518	21,560,824	79,766,021	146,302,794	167,924,255	364,749,442	574,945,748	495,206,732

Share Price Information - AMC

Description	31-Dec-22
Nav price (GHS)	8.99
No. of Units	170,963
Value (GHS)	1,536,703

REPORT OF THE FUND MANAGER

03

REPORT OF THE FUND MANAGER TO THE UNITHOLDERS OF STANBIC INCOME FUND TRUST

PAA KWESI BLEBOO
PORTFOLIO MANAGER

2022 RETURNS
17.8%

2022 AUM
GH₵ 503M

Introduction

Dear Unit Holders and Partners,
I welcome you to the 2022 Annual General Meeting of the Stanbic Income Fund Trust (SIFT or Fund). SIFT ended 2022 with a return of 17.8% and Assets under Management (AuM) of GHS503m.

Economic Outturn

The global economy worsened in 2022, plagued by a lingering Russia-Ukraine conflict, elevated inflation, supply-chain tensions, and a severe energy crisis. A sharp rise in energy and food prices sparked a cost-of-living crisis in several countries waning demand for households and businesses. China's economic activity stalled as prolonged COVID lockdowns took a toll on the supply chain and global growth. Most central banks undertook rapid policy hikes to rein in inflation, further tightening financial conditions and resulting in an economic slowdown. A sharp rise in the United States dollar fuelled sudden portfolio flight from emerging and developing markets which tanked currencies and increased imported inflation globally. Financial markets panicked over the global economic unrest, with fixed-income and equity assets witnessing deep losses.

Ghana saw a series of shocks, including tighter global financial conditions and a spill over of global inflation amidst heavy indebtedness, which pushed the economy into crisis. Inflation rose sharply to end the year at 54.1%, while the Bank of Ghana tightened the monetary policy rate cumulatively by 12.5% to 29.5% to quell inflation. The country lost access to the international market, precipitating several credit downgrades, finally to junk status by S&P, Moody's, and Fitch Solutions. The weak investor sentiments triggered capital flight, draining Ghana's forex reserves to 2.9 months cover. The Cedi fell drastically throughout the year, underscored by persistent demand from market players and speculative activities amid a scarcity of forex inflows. However, news on Ghana's conclusion of a Staff Level Agreement with the International Monetary Fund (IMF) temporarily revived confidence in the Cedi, receding end-year depreciation to 29.97% from 54.20% in November.

REPORT OF THE FUND MANAGER TO THE UNITHOLDERS OF STANBIC INCOME FUND TRUST

Fiscal position deteriorated due to persistent revenue shortfalls and an excessive external debt that triggered the risk of a potential sovereign default. Market confidence fell precipitously as households and businesses struggled with challenging economic conditions. Ghana's debt distress culminated in the launching of a debt exchange program for domestic debtholders while freezing interest payments on foreign debt to create fiscal space to successfully receive a US$3 billion facility from the IMF. A domestic debt exchange programme valued at GHS132.39 billion was launched in December to restore debt and financial sustainability for all domestic bonds, ESLA. Plc, and Daakye Trust Plc. The Government has also initiated restructuring engagement with foreign debt holders. Ghana's policy framework, under IMF leadership, should restore fiscal creditability and revive market confidence in the medium term.

The Ghanaian stock market trended downwards, undermined by negative investor sentiment due to a deteriorated economic environment. The Ghana Stock Exchange Composite Index (GSE CI) declined by 12.38% y/y to 2443.91 points, while the financial stock index (FSI.) lost 4.61% to 2,052.59 points. However, market capitalization increased by 0.02% y/y to GHS64.51 billion, underpinned by the listing of ~377 million shares of Asante Gold Corporation PLC. Market activity was vibrant as volume traded surged by 174.41% y/y to 1.34 billion shares valued at GHS1.64 billion (+207.50%). Trade in MTNGH and NewGold dominated market activity.

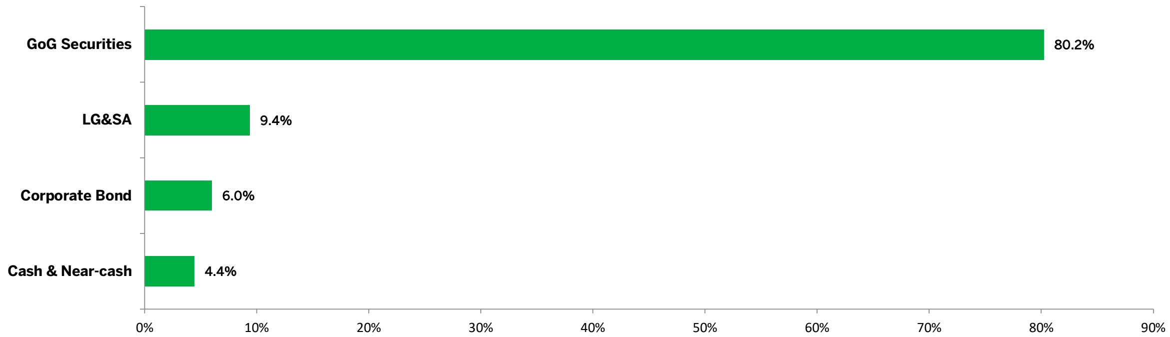
Increased government borrowing and a hawkish monetary stance to curb inflation pushed up short-term yields as investors sought actual adjusted returns amid economic uncertainties. The 91-day and 182-day Treasury bill rates ended the year at 35.36% and 35.98% from year-open yields of 12.5% and 13.2%, respectively. Additionally, the rate on the 364-day instrument ended at 35.89%. The sharp increase in short-term yields exerted downward pressure on bond prices resulting in bond portfolio losses. Speculation of a possible debt restructuring and a subsequent launch of a domestic debt exchange program waned investor confidence in the last quarter.

Collective Investment schemes (CIS) witnessed negative net cashflows due to increased outflows by investors amid low inflows. A sharp rise in market yields caused most portfolios to record losses as they sold bonds at steep discounts to make liquidity available to clients. The Securities and Exchange Commission in October 2022 directed all CIS managers to apply a mark-to-mark valuation methodology in valuing the schemes/funds. The new valuation methodology led to a decline in portfolio values due to depressed bond prices. The uncertainty in market values and losses and prevailing higher treasury bill rates resulted in heightened investor redemptions.

Investments and Performance
Portfolio Asset Mix

SIFT's assets as of end-December 2022 were GHS503m. Bonds comprised 93.3% of the Fund's assets, with 2.3% invested in money market instruments and about 4.4% in cash and near-cash securities as of the end of 2022.

Chart 1 – Fund Asset Allocation as of December 31, 2022

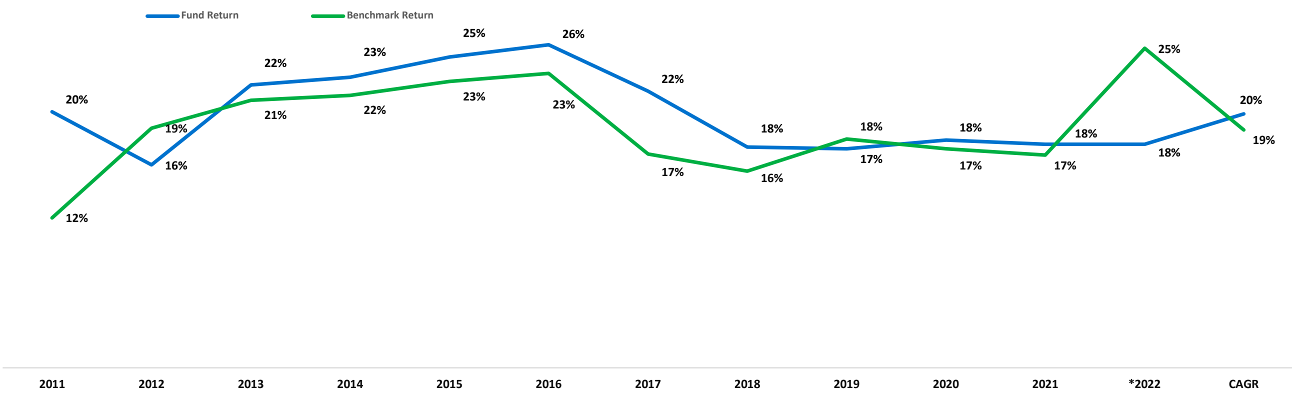


REPORT OF THE FUND MANAGER TO THE UNITHOLDERS OF STANBIC INCOME FUND TRUST

Returns

The full-year return for 2022 was 17.8%, below its benchmark of 25.4%. SIFT's full-year distributable earnings declined to GHS71.5m in 2022 from GHS83.9m reported in 2021. The under-performance is attributed to substantial cash outflows (~GHS593m) on the Fund and the challenging macroeconomic conditions in 2022.

Chart 2 – Full Year Fund Returns vs. Benchmark Return to 2021(Average 1 & 2 Year GoG Notes)



CAGR – Compound Annual Growth Rate
*2022 Fund Returns vs. Benchmark Return (Average 1 & 5 Year GoG Notes)

Summary of Fund Activities

In 2022, the Fund Manager, with approval from the Fund Trustee and after notifying the Securities and Exchange Commission (SEC), made amendments to the Fund's Scheme particulars. The amendment sought to bolster the Fund's returns, with an increase in the Fund's exposure to long-term fixed-interest securities from 70% of AuM to 85%. The changes were made in line with Clause 13B(V) and Appendix B of the Fund's Trust Deed.

Additionally, in response to a directive from the SEC dated October 20, 2022, the Manager adopted a mark-to-market valuation methodology for the Fund. To mitigate the impact of this valuation methodology on investors, a Sub-Class, Stanbic Income Fund Trust AMC (SIFT AMC), was introduced after a "no objection" was received from the SEC in December 2022 to ring-fence new fund subscriptions from market volatility. The mandate of Stanbic Income Fund Trust AMC is to invest all new deposits in money market securities.

The Trust Deed has been updated to reflect all the changes initiated within the year; investors can access a copy of the amendment from Manager's website, www.sims.com.gh.

The Domestic Debt Exchange Programme and Impact on Fund

The Domestic Debt Exchange Programme (DDEP) was launched by Government of Ghana in December 2022, as part of the conditions required to receive support from the IMF. It was an invitation to eligible bondholders (holders of ESLA, Daakye and Government of Ghana Bonds) to exchange their bonds for a set of New Bonds with varied terms. Collective Investment Schemes, which formed part of "Category A" Bond holders were offered bonds with maturity dates in 2027 and 2028 at a coupon rate of 10%. Relief measures offered to eligible bond holders included potential access to a liquidity support fund. In consultation with the Trustee, the Fund participated in the program to gain access to the Ghana Financial Stability Fund (GFSF)

REPORT OF THE FUND MANAGER TO THE UNITHOLDERS OF STANBIC INCOME FUND TRUST

when fully established and access to liquidity on the secondary market. The DDEP was concluded on February 21, 2023, and SIFT received a total of GHS463.3M in New Bonds at a coupon rate of 10%.

SIFT's participation in the DDEP has limited the Fund's cashflows, impacted the ability to meet unitholders' liquidity needs and has decreased the Fund's return from ~21.8% prior to the DDEP to ~10%. However, the operationalisation of the GFSF and an active secondary market for the New Bonds is expected to improve the Fund's liquidity and returns in the short to medium term.

Outlook and Strategy

The World Bank predicts another challenging year, scaling back global growth estimate to 1.7%, weakened by the US, Europe, and China's slowdown. Global trade tensions should improve as China continues its push to end zero-covid policies in the face of a massive infection wave. Elevated inflation could remain a major concern for policymakers in the first half of 2023 while policymakers find a balance between price stability and a fragile economic recovery. Looking ahead, IMF predicts a rocky recovery as the emerging risk in the financial sector calls for prudent policy response despite lingering inflation. Higher crude oil prices following OPEC+ one million daily volume cuts and a rebound in China demand could elevate inflation risk. A sustained recovery in China's economy should unwind trade tensions and provide a tailwind for global growth.

Ghana's economy remained perilous, with macroeconomic imbalances, limited fiscal space, tighter financial conditions, and fragile market sentiment. The approval of Ghana's US$3 billion facility from the IMF and the subsequent release of the first tranche of US$600 million is expected to positively impact the country's economic recovery. This approval is anticipated to unlock additional concessional funding from international donors (circa US$6 billion), supporting Ghana's ongoing efforts. The partnership with the IMF is poised to play a crucial role in strengthening Ghana's financial and fiscal management, which will ultimately help revive market confidence in the medium term. However, it is essential to remain mindful of potential headwinds that may arise. The recent global banking crisis has introduced caution in developed markets, which could impact the portfolio inflows to Ghana and slowdown activities on the secondary market, negatively impacting liquidity. Additionally, inflationary pressures and the high cost of funds pose ongoing concerns that could further erode real incomes for businesses and individuals. In summary, while the approval of Ghana's IMF facility brings optimism and potential benefits, navigating the hurdles that may arise from global market dynamics is essential. Ghana's continued focus on implementing sound economic policies, managing risks effectively, and addressing inflationary pressures will be crucial in ensuring sustained progress and economic stability in the future.

SIFT's strategy will focus on generating liquidity through new inflows, selling portions of the Exchanged bonds, and assessing the GFSF established by the Government in the absence of an active secondary market.

The sub-class will ring-fence all new deposits and invest in money market securities. We will closely monitor market conditions as they improve; the sub-class may be closed with new deposits being invested in medium-term and long-term investment opportunities.

Thank you

Paa Kwesi Bleboo
Portfolio Manager

FINANCIAL STATEMENTS

04

REPORT OF THE TRUSTEES TO THE UNITHOLDERS OF STANBIC INCOME FUND TRUST

In response to changes in the investment environment and in line with Appendix A and Clause 13B (v) of the Trust Deed and no objection by the Securities and Exchange Commission, amendments were made to the Trust Deed in 2022 as follows for the Fund to remain competitive by maximizing returns on unitholders investments and seeking capital appreciation.

a. Clause 3 Investment Objectives was amended with effect from February 2022 and it is now;
The principal objective of the Trust is to optimize investors' total returns comprising interest income and capital appreciation of assets held by investing in fixed-income securities.

b. Clause 16 Issuance of Units was amended with effect from December 2022 by the inclusion of sub-clause G as follows;
The Fund may create a Sub-class where all new investment deposits will be invested in money market securities. The sub-class may be closed, and balances transferred into the main fund class when market conditions improve.

c. Clause 19 Constituents of Property was amended with effect from February 2022 and it is now;
Under normal market conditions, substantially, all but not less than 85% of the Trust's Assets will be invested in medium to long-term corporate and government debt securities and a maximum of 40% in money market securities"

d. Appendix 'A' Statement of Investment Policy was amended with effect from February 2022 and it is now;
"The Trust's investment objective is to seek medium to long-term sustainable income. Under normal market conditions, the Stanbic Income Fund Trust will invest at least 100% of the Fund's total assets in fixed-income market instruments. A minimum of 85% of the fund's assets under management will be invested in medium to long-term corporate and government debt securities as maximum of 405 in money market securities. The manager may employ short-term tactical deviation from the policy asset of up to 10% of the asset under management."

In our opinion, according to the information made available to us and the explanations provided, we confirm that in all material respects, the Fund Manager has managed the Scheme during the year covered by these financial statements in accordance with the Trust Deed dated 6th November 2011 as amended and all regulations for the time being in force under the Unit Trust and Mutual Funds Regulations, 2001, (L.I 1695).

Signed on behalf of Universal Merchant Bank Ltd:

....

28th April, 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE UNITHOLDERS OF STANBIC INCOME FUND TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Stanbic Income Fund Trust, which comprise the statement of assets and liabilities as at 31 December 2022, income and distribution account, portfolio statement and capital account for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 27 to 39.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31st December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Securities Industry Act, 2016 (Act 929), the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695) and the Trust Deed dated, 18th July 2016 (as amended).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants (IESBA) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. They are matters to be addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

There were no material key audit matters to report.

Other Information

The Manager is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work that we have performed, we conclude that there is a material misstatement of this other information, then we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS),

REPORT OF THE INDEPENDENT AUDITORS TO THE UNITHOLDERS OF STANBIC INCOME FUND TRUST (CONTINUED)

and in the manner required by the Securities Industry Act, 2016 (Act 929), the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695) and the Trust Deed dated 18th July 2016 (as amended) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Manager is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events

REPORT OF THE INDEPENDENT AUDITORS TO THE UNITHOLDERS OF STANBIC INCOME FUND TRUST (CONTINUED)

in a manner that achieves fair presentation

We are required to communicate with the Manager and the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Compliance with the requirements of Part 9 of Schedule 8 of the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695), we confirm that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit;
- in our opinion, proper books of account have been kept by the Fund, so far as appears from the examination of those books;
- the Fund's financial statements are in agreement with the books of account.

In our opinion, the Fund generally complied with the relevant provisions of the Securities Industry Act, 2016 (Act 929).

The engagement partner on the audit resulting in this independent auditor's report is **Samuel Abiaw (ICAG/P/1454)**

Baker Tilly Andah + Andah
....
28th April, 2023

Baker Tilly Andah + Andah (ICAG/F/2023/122)
Chartered Accountants
18 Nyanyo Lane, Asylum Down
Accra

STANBIC INCOME FUND TRUST STATEMENT OF NET ASSETS AS AT 31ST DECEMBER 2022

		2022		2021	
	Note	Market Assets	% of Net Value (GH¢)	Market Assets	% of Net Value (GH¢)
Assets					
Financial Assets at FVTPL	9	450,129,220	90.62	474,396,626	82.22
		450,129,220	90.62	474,396,626	82.22
Short Term Funds					
Cash and Cash Equivalents	10	1,143,861	0.23	2,495,629	0.44
Financial Assets at Amortized Cost	11	17,261,660	3.47	66,668,750	11.62
		18,405,521	3.71	69,164,379	12.6
Total Investments		468,534,741	94.32	543,561,005	94.27
Other Assets in Excess of Liabilities		28,208,694	5.68	32,834,285	5.73
Total Net Assets		**496,743,435**	**100**	**576,395,290**	**100**

The notes on pages 27 to 39 are an integral part of the financial statements.

STANBIC INCOME FUND TRUST
STATEMENT OF ASSETS AND LIABILITIES
AS AT 31ST DECEMBER 2022

	2022	2021
	GH¢	GH¢
ASSETS		
Total Investments	468,534,741	543,561,005
Interest Receivable		
Fixed Deposits	2,802,506	2,011,748
Corporate Bonds	1,680,919	490,322
Government of Ghana Securities	26,080,955	21,928,036
Local Government & Statutory Agencies Securities	2,447,479	9,414,864
Other Receivables	1,523,408	2,365,380
Total Receivables	**34,535,267**	**36,210,350**
Total Assets	**503,070,008**	**579,771,355**
LIABILITIES		
Accrued Fund Management fees	5,657,956	2,801,349
Accrued Trustee fees	230,292	260,104
Accrued Audit	67,485	47,998
Other Payables	370,840	266,614
Total Liabilities	**6,326,573**	**3,376,065**
NET ASSETS	**496,743,435**	**576,395,290**

The financial statement on pages 20 to 39 were approved by Stanbic Investment Management Services (SIMS) LTD and signed on its behalf by:

.... DIRECTOR
28th April, 2023

.... DIRECTOR
28th April, 2023

The notes on pages 27 to 39 are an integral part of the financial statements.

STANBIC INCOME FUND TRUST
INCOME AND DISTRIBUTION ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2022

	Note	2022	2021
		GH¢	GH¢
Income			
Investment Income	6	83,747,901	94,586,209
Other Income	7	1,489,038	464,267
Total Income		85,236,939	95,050,476
Expenses			
Fund Management Fees		11,927,476	9,663,585
Trustees Fees		1,482,850	1,207,948
Audit Fees		67,485	47,998
Other expenses	8	217,338	184,302
Total Expenses		13,695,149	11,103,833
Net Investment Gains		**71,541,790**	**83,946,643**

ACCUMULATED NET INVESTMENT INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022	2021
	GH¢	GH¢
Beginning of Period	199,239,347	115,292,704
Net Investment Income for the Period	71,541,790	83,946,643
End of period	270,781,137	199,239,347

The notes on pages 27 to 39 are an integral part of the financial statements.

STANBIC INCOME FUND TRUST
STATEMENT OF MOVEMENT IN NET ASSETS
FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022 GH¢	2021 GH¢
Operations:		
Net Investment Income	71,541,790	83,946,643
Increase in Net Assets from Operations	71,541,790	83,946,643
Capital Transactions:		
Proceeds from Units Issued	441,703,779	303,199,269
Value of Units Redeemed	(592,897,423)	(175,500,064)
Net Proceeds from Capital Transactions	(151,193,644)	127,699,205
Total (Decrease)/Increase in Net Assets	**(79,651,854)**	**211,645,848**
Net Assets:		
Balance at 1st January	576,395,290	364,749,442
Total (Decrease)/Increase in Net Assets	(79,651,854)	211,645,848
Balance at 31st December	**496,743,436**	**576,395,290**

The notes on pages 27 to 39 are an integral part of the financial statements.

STANBIC INCOME FUND TRUST STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022 GH¢	2021 GH¢
Cash Flows operating activities		
Net Investment Gains	71,541,790	83,946,643
Increase in Net Assets from Operations	71,541,790	83,946,643
Changes In:		
Increase/(Decrease) in Total Receivables	1,675,083	(16,253,946)
Increase in Total Liabilities/(Decrease)	2,950,508	1,241,226
Increase in Financial Assets at FVTPL	24,267,406	(159,799,508)
Increase /(Decrease) in Financial Assets at Amortised Cost	49,407,090	(36,493,750)
Net Cash Generated from / (Used in) Operating Activities	**149,841,877**	**(127,359,335)**
Cash Flows from Financing Activities		
Proceeds from Sale of Units	441,703,779	303,199,269
Redemption of Clients' Investment	(592,897,423)	(175,500,064)
Net Cash Generated from/(Used In) Financing Activities	**(151,193,644)**	**127,699,205**
Net (Decrease)/Increase in Cash and Cash Equivalents	(1,351,767)	339,870
Balance at 1st January	2,495,630	2,155,759
Cash and Cash Equivalents at 31st December	**1,143,862**	**2,495,629**

The notes on pages 27 to 39 are an integral part of the financial statements.

STANBIC INCOME FUND TRUST STATEMENT OF MOVEMENT IN ISSUED UNITS FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022 GH¢	2021 GH¢
Number of Units in issue at 1st January	74,509,641	55,631,463
Number of Units in issue during the year	38,618,328	43,500,515
	113,127,969	99,131,978
Number of Units redeemed during the year	(55,922,554)	(24,622,337)
Number of Units in issue at 31st December	57,205,415	74,509,641

The notes on pages 27 to 39 are an integral part of the financial statements.

STANBIC INCOME FUND TRUST CAPITAL ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022 GH¢	2021 GH¢
Value of Units in issue at 1st January	576,395,289	364,749,442
Value of Units in issue during the year	441,703,779	303,199,269
Net Gains from operations	71,541,790	83,946,643
	1,089,640,858	751,895,353
Value of Units redeemed during the year	(592,897,423)	(175,500,064)
Value of Units in issue at 31st December	496,743,435	576,395,289

The notes on pages 27 to 39 are an integral part of the financial statements.

STANBIC INCOME FUND TRUST NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

1. SIFT INFORMATION

Stanbic Income Fund Trust is authorized to operate a Unit Trust under the Securities Industry Act, 2016 (Act 929) and duly licensed by the Securities and Exchange Commission with Licence No. SEC/CIS/UTL.12/21. The address of Stanbic Income Fund Trust can be found on page 4 of the annual report.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of Stanbic Income Fund Trust have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) except that Impairment of Financial Assets under IFRS 9 financial instruments has not been fully observed.

2.2 Basis of Measurement

The financial statements have been prepared on historical cost basis except for financial instruments that are measured at fair values. The financial statements have been prepared and presented in Ghana Cedis (GHS) which is the reporting currency of the Fund rounded to the nearest Cedis.

2.3 Use of estimates and judgement

The preparation of financial statements in conformity with IFRSs requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. There are no areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in these financial statements by the Fund.

(a) Financial Instruments

i. Classification and measurement of financials assets and liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss.

The Fund may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income.

ii. Recognition and initial measurement

The Fund initially recognises financial assets and financial

STANBIC INCOME FUND TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

liabilities at FVTPL on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated. A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

On initial recognition, the Fund classifies financial assets as measured at amortised cost or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI. All other financial assets of the Fund are measured at FVTPL.

Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund has determined that it has two business models:

- Held-to-collect business model: this includes cash and cash equivalents. These financial assets are held to collect contractual cash flow.
- Other business model: this includes debt securities and derivatives. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse); and

STANBIC INCOME FUND TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

iii. Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Fund were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

The Fund classified financial assets into the following categories Financial assets at FVTPL:

- Held for trading: derivative financial instruments.
- Designated as at FVTPL: debt securities. Financial assets at amortised cost:
- Loans and receivables: cash and cash equivalents

A financial asset was classified as held-for-trading if:

- it was acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it was part of a portfolio that was managed together and for which there was evidence of a recent pattern of short-term profit taking; or
- it was a derivative, other than a designated and effective hedging instrument.

The Fund designated all debt investments as at FVTPL on initial recognition because it managed these securities on a fair value basis in accordance with its documented investment strategy. Internal reporting and performance measurement of these securities were on a fair value basis.

A non-derivative financial asset with fixed or determinable payments could be classified as a loan and receivable unless it was quoted in an active market or was an asset for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Financial liabilities – Classification, subsequent measurement and gains and losses Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities at FVTPL:

- Held for trading: securities sold short and derivative financial instruments. Financial liabilities at amortised cost:
- This relates to all other liabilities that are not designated at fair value through profit or loss.

iv. Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments.

The Fund recognises loss allowances for ECLs on financial assets measured at amortised cost. The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial

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asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due. The Fund considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'. The Fund considers this to be "B" with a stable outlook [Standard & Poor]. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets at each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Financial assets not classified at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment. A financial asset or a group of financial assets was 'impaired' if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s) and that loss event(s) had an impact on the estimated future cash flows of that asset(s) that could be estimated reliably.

Objective evidence that financial assets were impaired included significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of the amount due on terms that the Fund would not

STANBIC INCOME FUND TRUST
NOTES TO THE FINANCIAL STATEMENTS
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otherwise consider, indications that a borrower or issuer would enter bankruptcy, disappearance of an active market for a security or adverse changes in the payment status of the borrower.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continued to be recognised. If an event occurring after the impairment was recognised caused the amount of impairment loss to decrease, then the decrease in impairment loss was reversed through profit or loss.

v. Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability. The Fund enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risks and rewards are retained, then the transferred assets are not derecognized.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, if any, are shown within borrowings in current liabilities on the Statement of Assets and Liabilities.

(c) Income Recognition

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss includes interest from debt securities.

(d) Distribution

All income arising from receipts of investment income is distributed to unit holders after provision for expenses. The unit holders have an option of redeeming their investments after giving appropriate notice to the Manager. Unredeemed distributions are re-invested to form part of the unit holder's capital balance.

(e) Accounts Payable

Liabilities are recognised for amounts to be paid in the future for services rendered, whether billed by the supplier or not.

(f) Events after the Reporting Period

Events subsequent to the reporting period date are reflected in the financial statements only to the extent that

STANBIC INCOME FUND TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

they relate to the year under consideration and the effect is material.

(g) Comparatives

Where necessary the comparative information has been restated to agree to the current year presentation.

(h) Determination of Fair Values

A number of the Fund's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

'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 or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non- performance risk. When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. 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, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

The following sets out the Fund's basis of determining fair values of financial instruments.

i. Cash and cash equivalents
The fair value of cash and cash equivalents approximates their carrying values.

ii. Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Instruments with maturity period of 6 months are not discounted as their carrying values approximate their fair values.

4. NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS YET TO BE ADOPTED BY THE FUND

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021, where applicable. The Fund has not adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Covid-19-related Rent Concessions – Amendments to IFRS 16

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. The amendment provides that:

- Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not,

STANBIC INCOME FUND TRUST
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information about the nature of the contracts to which it has been applied, as well as the amount recognized in profit or loss arising from the rent concessions.

- If a lessee already applied the original practical expedient, it is required to continue to apply it consistently, to all lease contracts with similar characteristics and in similar circumstances, using the subsequent amendment.
- If a lessee did not apply the original practical expedient to eligible lease concessions, it is prohibited from applying the expedient in the 2021 amendment. However, if a lessee has not yet established an accounting policy on applying (or not) the practical expedient to eligible lease concessions, it can still decide to do so.

These amendments had no impact on the financial statements of the Fund.

Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one.

The Phase 2 amendments provide the following reliefs:

- When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of Interbank offered rates (IBOR) reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement.
- The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by (IBOR) reform to continue. However, additional ineffectiveness might need to be recorded.

Affected entities need to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition. Given the pervasive nature of IBOR-based contracts, the reliefs could affect companies in all industries.

These amendments had no impact on the financial statements of the Fund.

Standards issued but not yet effective

Certain new accounting standards and amendments to standards are effective for annual periods beginning after 30 June 2021 and earlier application is permitted; however, except as stated, the company has not adopted the new and amended standards in preparing these financial statements. The following new and amended standards are not expected to have a significant impact on the company's financial statements.

- IFRS 17 Insurance Contracts
- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018–2020
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities

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arising from a Single Transaction – Amendments to IAS 12

- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28

5. RISK MANAGEMENT OBJECTIVES AND POLICIES

5.1 Financial Risk Management

The Fund generates revenues for unit holders by investing in various income-generating activities which involve trading in government securities, fixed deposits and other corporate debt securities.

These activities expose the Fund to a variety of financial risks, including credit, liquidity risk and the effects of changes in debt market prices and interest rates. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the Manager under direction of the Stanbic Investment Management Services' Board of Directors. The Board works within policies approved by the Trustee and registered with the Securities & Exchange Commission. The Manager reviews the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate these risks. The Board provides the Manager with guidelines for appropriate investments. These guidelines are reviewed on a regular basis and are within the Collective Investment Scheme regulations issued by the Securities & Exchange Commission.

Unit holder balances are redeemable on demand at an amount equal to a proportionate share of the unit portfolio's net asset value. The balances are carried at the redemption amount that is payable at the balance sheet date if the holder exercised their right to redeem the balances.

5.2 Liquidity Risk

The Fund is exposed to daily cash redemptions of units. It therefore invests in a portfolio of government securities, fixed deposits and other corporate debt securities.

In accordance with the Fund's policy, the Manager monitors the Fund's liquidity position on a daily basis and has developed a comprehensive history of the Fund's daily and/or periodic liquidity requirements. Guided by this history, the Manager maintains sufficient cash and near cash investments to meet the day-to-day redemption requirements.

The Fund's exposure to liquidity risk as at 31st December is presented below:

	2022 GH¢	2021 GH¢
Cash and Cash Equivalents	1,143,861	2,495,629
Short Term Investment	17,261,660	66,668,750
	18,405,521	69,164,379

The Fund's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when due.

	2022 GH¢	2021 GH¢
Fees Payable	5,888,248	3,376,065

5.3 Interest rate risk

The Fund is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. No limits are placed on the ratio of variable rate financial instruments to fixed rate financial instruments.

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Fixed interest rate financial instruments expose the Fund to fair value interest rate risk. Variable interest rate financial instruments expose the Fund to cash flow interest rate risk. The Fund's fixed interest rate financial instruments are government securities and fixed deposits with financial institutions.

5.4 Credit risk

The Fund takes on exposure to credit risk, which is the risk that counterparty will be unable to pay amounts in full when due. Credit risk arises from cash equivalents and fixed deposits held in banks, interest bearing investments with Government of Ghana, commercial paper and corporate bonds with various entities.

The Fund's maximum exposure to credit risk in each of the above categories of assets as at 31st December is illustrated below:

	2022	2021
	GH¢	GH¢
Assets		
Financial Assets at Fair Value Through Profit & Loss	450,129,220	472,947,084
Financial Assets at Amortised Cost	17,261,660	66,668,750
Cash and Cash Equivalents	1,143,861	2,495,629
Total Receivables	34,541,101	36,210,350
Total Financial Assets	503,075,842	578,321,813

The effect of the fair valuation on 2021 audited financial statements is as follows:

	MTM	Impact	Amortisation
Financial Asset at FVTPL	474,396,626	1,449,542	472,947,084
Total Assets	576,395,290	1,449,542	574,945,748
Total Investment	543,561,005	1,449,542	542,111,463
Investment Income	94,586,209	1,449,542	93,136,667
Total Income	95,050,476	1,449,542	93,600,934
Net Investment Income	83,946,643	1,449,542	82,497,101
Total Increase in Net Asset	211,645,848	1,449,542	210,196,306
Net Investment Gains	83,946,643	1,449,542	82,497,101
Increase in FVTPL	159,799,508	1,449,542	158,349,966

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6. INVESTMENT INCOME

	2022 GH¢	2021 GH¢
Interest of Fixed Deposits	11,621,037	7,497,113
Interest on Government of Ghana Securities	77,701,652	65,762,426
Interest on Corporate Bonds	5,521,091	7,545,254
Local Government & Statutory Agencies Securities	10,079,186	12,331,874
Marked To Market Effect (9a)	(21,175,065)	1,449,542
	83,747,901	94,586,209

7. OTHER INCOME

	2022 GH¢	2021 GH¢
Interest on Call Deposits	304,186	371,508
Other Operating Income	57,196	11,672
Exit Fees Income	1,127,656	81,087
	1,489,038	464,267

8. OTHER EXPENSE

	2022 GH¢	2021 GH¢
Bank Charges	1,942	8,513
Other Charges	215,307	164,733
WHT on Interest Received	89	11,056
	217,338	184,302

9. FINANCIAL ASSETS AT FVTPL

	2022 GH¢	2021 GH¢
Government of Ghana Bonds	394,731,228	291,196,686
Corporate Bonds	30,017,162	34,282,605
Local Government and Statutory Agencies Securities	46,555,895	147,464,793
Marked To Market Effect (9a)	(21,175,065)	1,449,542
	450,129,220	474,396,626

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9(a). Market To Market Effect

	2022 GH¢	2021 GH¢
Bonds Value After Marked To Market Valuation	394,731,228	291,196,686
Bonds Value Prior To Marked To Market Valuation	(415,906,293)	(289,747,144)
(Decrease)/Increase In bond Value	(21,175,065)	1,449,542

The Ghana Fixed Income Market (GIFM) prices act as a reference for the valuation of the bonds as per Securities and Exchange Commission (SEC) directive.

10. CASH AND CASH EQUIVALENTS

	2022 GH¢	2021 GH¢
Cash at Bank	1,143,861	2,495,629

11. FINANCIAL ASSETS AT AMORTISED COST

	2022 GH¢	2021 GH¢
Investment in Money Market-Banks	-	46,140,044
Investment in Money Market-Savings and Loans	12,710,770	37,668,750
Investments in Money Market-Banks	800,000	4,259,956
Contracts For Redemption Of Money Market-Banks	3,750,890	(21,400,000)
	17,261,660	66,668,750

12. RELATED PARTY TRANSACTIONS

Stanbic Income Fund Trust is managed by Stanbic Investment Management Services LTD. Stanbic Investment Management Services LTD and Stanbic Bank Ghana Limited are related parties, that is, they belong to the same group.

(a) Purchases of units by related parties

The Securities and Exchange Commission requires the Manager of the Fund to guarantee and hold the initial minimum subscription of 5% of the scheme. The related party investment in units of the Fund amounted to GHS 9,424,677 (2021: GHS 6,122,299).

STANBIC INCOME FUND TRUST
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(b) Investments in related parties

The Fund invested GHS 801,118 in securities issued by related parties at the end of the year (2021: GHS 26,500,000).

(c) Service fees

Service fees to related parties were as follows:

	2022 GH¢	2021 GH¢
Fund Management fees	11,867,961	5,928,861

(d) Balances due to related parties

	2022 GH¢	2021 GH¢
Fees payable to Stanbic Investment Management Services	5,657,956	1,802,599

13. BID PRICE OF UNITS

The bid price of units on the accounting date ended 31st December 2022 was GHS 8.80 (2021: GHS 7.72).

14. NUMBER OF UNITHOLDERS

The number of unitholders as of 31st December 2022 was 11,453 (2021: 9,166)

15. CONTINGENT LIABILITIES

There were no contingent liabilities as of the reporting date and as of 31st December 2022 (2021: Nil).

STANBIC INCOME FUND TRUST
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16. SUBSEQUENT EVENTS

Domestic Debt Exchange Programme (DDEP)

Events subsequent to the balance sheet date are reflected in the Financial Statements only to the extent that they relate to the period under review and the effect is material.

In November 2022 the Government of Ghana announced Domestic Debt Exchange Programme (DDEP) where existing eligible bonds as of balance sheet date would be exchanged with new bonds. The DDEP became necessary because the government debt levels were unsustainable and servicing such debts in line with existing contractual terms imposed huge challenge to the Treasury. Various amendments were made to the initial exchange memorandum. The latest was issued on February 3, which stated ending date for the DDE offer period as 14th February and settlement date being 21st February 2023.

Stanbic Income Fund Trust participated in the DDEP by surrendering it's Government of Ghana Fixed Deposit and ESLA on 21st February 2023. A total of GHS 440,517,144 existing bonds maturing in 2023 to 2033 exchanged for GHS 463,306,272 new bonds of which GHS 231,653,136 will mature in 2027 and the remaining GHS 231,653,136 in 2028.

STANBIC INCOME FUND TRUST
PROXY FORM

Twelfth Annual General Meeting to be held virtually on Wednesday 2nd August, 2023 at 12pm and streamed live from Stanbic Heights, Plot 215, South Liberation Link, Airport City, Accra

I/we ________________________________ being a Unitholder(s) hereby appoint

______________________ or failing him/her the Chairman of the Meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Virtual Annual General Meeting of the Fund to be held on August 2, 2023 and at any adjournment thereof.

Dated this ____________ day of __________________ 2023

____

Unitholder(s) Signature

Resolutions	For	Against
1. To receive the Report of the Manager of the Fund for the year ended December 31, 2022.		
2. To consider the Trustees Report and the Report of Auditors for the year ended December 31, 2022.		
3. To receive and adopt the Audited Financial Statements for the year ended December 31, 2022.		
4. To authorise the Manager to fix the remuneration of the Auditors.		

Please indicate with an “X” in the appropriate square how you wish your votes to be cast on the Resolutions set out above.

Unless otherwise instructed, the proxy will vote for or abstain from voting at his/her discretion.

(Do not complete this form if you will attend the meeting via the online portal)

Stanbic
Investment
Management
Services