

2013 Report



EDC GHANA FIXED INCOME UNIT TRUST

Investing
Profits
Stocks

2013
Report

EDC GHANA FIXED INCOME UNIT TRUST

EDC GHANA FIXED INCOME UNIT TRUST

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the maiden Annual General Meeting of unit holders of EDC Ghana Fixed Income Unit Trust will be convened at the GNAT Hall, new conference room, Accra on Friday 18th July, 2014 at 3: 00 pm for the following purposes:

1. To consider the Report of Directors and Auditors for the year ended 31st
2. To Receive and adopt the accounts for 2013
3. Authorize the Directors to fix remuneration of the Auditors
4. To transact any other business appropriate to be dealt with at any Annual General Meeting

A unit holder has the right to appoint a proxy to attend and vote on his / her behalf at the meeting. Such a proxy need not be a unit holder. A copy of the instrument appointing the proxy may be deposited not later than forty – eight (48) hours prior to the commencement of the meeting at the principal place of business of the fund manager.

**# 22 Ambassador Re-development Area, Ridge
Valco Trust House
Opposite Ridge Hospital, Third Floor**

EDC GHANA FIXED INCOME UNIT TRUST

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EDC GHANA FIXED INCOME UNIT TRUST

DIRECTORS OF FUND MANAGER

Mr. Paul-Harry O. S Aithnard
 Mr. Michael N. A Cobblah
 Mrs. Rosemary Yeboah
 Mr. Francis Apanka
 Mr. Kisseih Antonio

INVESTMENT MANAGER

EDC Investments Limited
 Valco Trust House
 No. 22 Ambassadorial Enclave
 P. O. Box AN 16746
 Accra
 Ghana

TRUSTEE

Merchant Bank (Ghana) Limited
 57 Examination Loop
 North Ridge
 Accra

AUDITORS

John Kay and Co.
 Chartered Accountants
 7th Floor, Trust Towers
 Farrar Avenue, Adabraka
 P.O. Box 16088
 Airport, Accra

BANKERS

Ecobank Ghana Limited
 Ring Road Central
 Accra

EDC GHANA FIXED INCOME UNIT TRUST**REPORT OF DIRECTORS OF THE FUND MANAGER TO THE MEMBERS
OF EDC GHANA FIXED INCOME UNIT TRUST**

The Board of Directors presents the report and audited financial statements of EDC Ghana Fixed Income Unit Trust for the year ended 31 December, 2013.

FINANCIAL STATEMENTS

The results for the year ended 31 December 2013 are set out in the attached financial statements.

The Board of Directors considers the state of the affairs of the company to be satisfactory.

NATURE OF BUSINESS

EDC Ghana Fixed Income Unit Trust is a unit trust registered in Ghana. It is licensed by the Securities and Exchange Commission of Ghana authorised to operate as Unit Trusts.

EDC Ghana Fixed Income Unit Trust is an open-end unit trust offered to investors who are seeking current income on a steady basis while preserving capital. The Fund's objective is to outperform short interest rates being offered on the Government security. The Fund shall be wholly invested in fixed income securities.

DIVIDEND DISTRIBUTION POLICY

The fund does not distribute income. All income earned are reinvested.

Shareholders should be aware that the unit trusts aims to achieve capital growth and as such income is reinvested to take advantage of the effects of compounding.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the company were approved by the Board of Directors on 30th April, 2014 and signed on its behalf by:

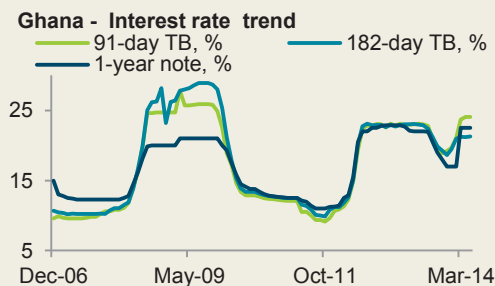

.....
DIRECTOR
.....
DIRECTOR

EDC GHANA FIXED INCOME UNIT TRUST

FUND MANAGER'S STATEMENT TO EDC GHANA FIXED INCOME UNIT TRUST UNITHOLDERS

Review of Investment Environment in 2013

Activity in Ghana's fixed income market is largely concentrated at the short end of the yield curve, with infrequent issuance of 3-year and 5-year bonds. The country's bond market is relatively limited both in terms of volume and trading activities, with sub-3-year bonds open to domestic residents only. However, at its Monetary Policy Committee (MPC) meeting held in November 2013, the BoG announced plans to introduce foreign participation in 1-year and 2-year government securities in order to ensure competitive pricing in the market. Partially opening the market up to non-residents is welcome given the expectation of increased capital inflows that would go some way to supporting the GHS and to indirectly help contain the country's fiscal deficit. Meanwhile, tenors of 3-years and above remain open to both domestic and foreign residents.



Source: Ecobank Research, BoG

In August 2013 the government decided to deepen the bond market by issuing its first-ever 7-year local currency bond, worth GHS100mn, with a 17.5% coupon. Overall, the auction was 2.7 times oversubscribed, reflecting investors' strong interest in government securities despite the government's weak budget position and a weakening short-term outlook for the GHS. Another 7-year local currency bond (worth GHS100mn) was issued in late November 2013 and was priced slightly higher than the previous 7-year bond issued (yielding 18.0%), reflecting increased concerns over the outlook for inflation and the GHS. Nonetheless, the successful issuances of the 7-year bonds have signaled growing interest from portfolio investors with a long-term investment outlook and this is likely to change the dynamics of Ghana's fixed income market space.

Against this background, we expect the government to issue more long-tenured bonds in the foreseeable future, especially given its high financing needs and the country's weak levels of reserves. This is in addition to other short-term instruments. The authorities have maintained a steady, weekly supply of T-bills and 2-year bond issuances and, in September, the government issued a rare 5-year bond with the yield falling to 19.04%, down from 26.00% in January 2013, driven by bids accepted by the BoG worth USD300mn (97% of bids accepted were non-resident). While money market instruments such as 91-day and 182-day T-bills have been used to support government liquidity needs, the issuance of long-tenured bonds should also help to stimulate secondary market trading, which should undoubtedly provide liquidity and ensure price discovery. Additionally, the bond proceeds will help to support the government's debt-restructuring programme, while promoting infrastructure projects.

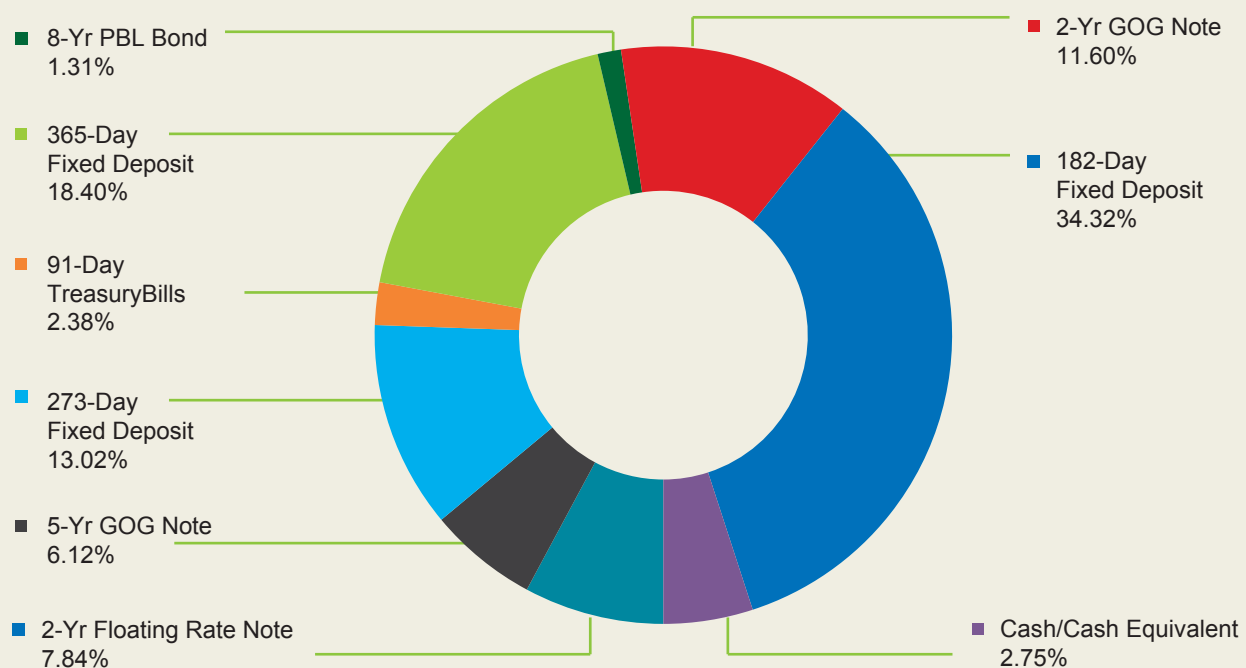
EDC GHANA FIXED INCOME UNIT TRUST

FUND MANAGER'S STATEMENT TO EDC GHANA FIXED INCOME UNIT TRUST UNITHOLDERS

In July 2013 Ghana decided to tap the international capital market for a second time since 2007 when it issued its first 10-year Eurobond, maturing in 2017. The authorities raised USD750mn with a 7.875% coupon (a further USD250mn was raised concurrently and has been used to partly settle existing arrears to government contractors). Of the Eurobond proceeds, the government has allocated 25% towards amortising part of the USD750mn Eurobond issued in 2007, with the remainder allocated to financing infrastructure projects.

Portfolio Structure

EDC Ghana Fixed Income Unit Trust seeks to achieve current income on a steady basis while preserving capital. The Fund aims at outperforming short term interest rates being offered on Government Securities (Government of Ghana 1-year Treasury Note) net of fees and deliver an inflation protected income stream to investors. 100% of the Fund's net assets shall be invested in a well-diversified mix of fixed income securities. The Fund Manager has the discretion to select specific investments within the fixed income securities:

**Portfolio Performance**

Ghana experienced a high interest rate environment that created an enabling environment for the optimum management of the EDC Ghana Fixed Income Fund, which posted an impressive return of 23.4%. The cumulative return on the fund since its inception in July 2012 was 38.1% at the close of December 2013.

The entire assets of the fund were invested in fixed income securities in line with the objectives and strategy of the fund as well as the mandate of the fund manager. Majority of the funds under management (about 65.7%) was invested in short-term fixed income securities with a maximum maturity period of 1 year. This positioned the fund to benefit from higher yields at the short-end of the yield curve.

EDC GHANA FIXED INCOME UNIT TRUST

FUND MANAGER'S STATEMENT TO EDC GHANA FIXED INCOME UNIT TRUST UNITHOLDERS

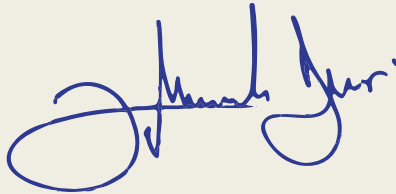
The funds under management stood at GHS5.57 million an 86% increase over the GHS 3million as at the end of 2012. The number of unit holders at the end of 2013 was 2,878, an increase of 75% over the 1,642 recorded at the end of 2012. The fund recorded total inflows of GHS6.86 million and outflows of GHS2.18 million, reflecting a net inflow of GHS4.68 million.

Outlook and Strategy

Based on our expectation of a continued trend in the current macroeconomic conditions ie. Increased inflation, depreciation of the GHS etc, we expect yields on fixed income securities to continue the upward trend. Thus, we will maintain an overweight position in the shorter end of the yield curve to take advantage of rising yields. We will however continue to monitor economic conditions and take long term positions when yields plateau and begin to trend downward.

Conclusion

We urge you our treasured unitholders to commit to regular investing to ensure growth in the value of the fund and increased returns to you. We appreciate you for entrusting your assets to our management and look forward to a better year.



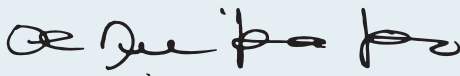
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Frederick S. Duvor
Portfolio Manager

EDC GHANA FIXED INCOME UNIT TRUST

REPORT OF THE TRUSTEES TO THE UNIT HOLDERS OF THE
EDC GHANA FIXED INCOME FUND FOR THE YEAR ENDED
31ST DECEMBER 2013

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

Dated this 30th Day of April, 2014



For: **UNIVERSAL MERCHANT BANK LIMITED**

EDC GHANA FIXED INCOME UNIT TRUST

REPORT OF DIRECTORS OF THE FUND MANAGER TO THE MEMBERS
OF EDC GHANA FIXED INCOME UNIT TRUST**John Kay & Co.**7th Floor, Trust Towers
Farrar Avenue, Adabraka
P. O. Box 16088
Airport, AccraTel: +233-21-235406
+233-21-238370
Fax: +233-21-238371
E-mail: jkayal@4u.com.gh
jkayal@yahoo.com**Report on the Financial Statements**

We have audited the accompanying financial statements of EDC Ghana Fixed Income Unit Trust which comprise of a statement of net assets, statement of assets and liabilities and a statement of movements in net assets at 31 December 2013, a statement of income and distribution and accumulated net investment income, as well as statement of changes in equity and portfolio summary for the year then ended and notes to the financial statements, which include a summary of significant accounting policies, as set out on pages 5 to 13.

Board of Directors' Responsibilities for the Financial Statement

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with the Ghana Accounting Standards and in the manner required by the Companies Act, 1963 (Act 179) and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

EDC GHANA FIXED INCOME UNIT TRUST

Opinion

In our opinion, the financial statements present fairly, in all material respects, the statement of assets and liabilities and the statement of movements in net assets of EDC Ghana Fixed Income Unit Trust at 31 December 2013 and its statement of income and distribution and statement of changes in equity for the year then ended in accordance with the Ghana Accounting Standards and in the manner required by the Companies Act, 1963 (Act 179).

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Act, 1963 (Act 179)

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept, and the statement of assets and liabilities, statement of movements in net assets, statement of income and distribution and statement of changes in equity are in agreement with the books of account.



JOHN ARMSTRONG YAO KLINOGO
PRACTICE NO. ICAG/P/1116

JOHN KAY AND CO.
CHARTERED ACCOUNTANTS
ACCRA
PRACTICE NO. ICAG/F/2014/128

30th April, 2014

EDC GHANA FIXED INCOME UNIT TRUST

STATEMENT OF NET ASSETS AT 31 DECEMBER 2013

FIXED INCOME INSTRUMENTS		
91 Days Treasury Bills	132,664	2.38
	-----	-----
	132,664	2.38
	-----	-----
Treasury Notes & Bonds		
2-Year Fixed Rate Notes	646,705	11.60
5-Year Fixed Rate Notes	341,171	6.12
	-----	-----
	987,876	17.72
	-----	-----
AFS 2-Year Floating Rate Notes	426,058	7.84
8- Year PBL Bond	73,088	1.31
	-----	-----
	499,146	8.95
	-----	-----
Certificates of Deposit		
182-Day Fixed Deposit	1,913,166	34.32
273-Day Fixed Deposit	725,932	13.02
365-Day Fixed Deposit	1,026,016	18.40
	-----	-----
	3,665,114	65.74
	-----	-----
Funds on Call		
Funds on Call	153,082	2.75
	-----	-----
	153,082	2.75
	-----	-----
TOTAL INVESTMENTS	5,437,882	97.54
NET CURRENT ASSETS	137,281	2.46
	-----	-----
TOTAL NET ASSETS	5,575,163	100.00
	=====	=====

EDC GHANA FIXED INCOME UNIT TRUST

STATEMENT OF ASSETS AND LIABILITIES AT 31 DECEMBER 2013

	2013 GH¢
ASSETS	
Total Investments	5,437,882

CURRENT ASSETS	
Interest receivable	186,688

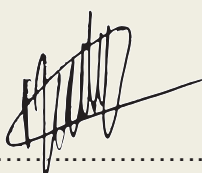
	186,688

CURRENT LIABILITIES	
Due to EDC Investments Limited	(13,285)
Audit Fees	(5,000)
Management and Custody Fees	(34,122)

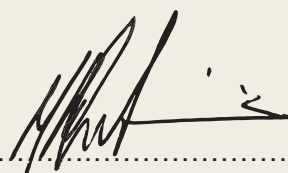
	(52,407)

NET CURRENT ASSETS	137,281

NET ASSETS (FUND BALANCE)	5,575,163
	=====



.....
DIRECTOR



.....
DIRECTOR

EDC GHANA FIXED INCOME UNIT TRUST

INCOME AND DISTRIBUTION STATEMENT FOR
THE YEAR ENDED 31 DECEMBER

	Note	2013 GH¢
INVESTMENT INCOME		
Interest Income	4	1,031,261
TOTAL INCOME		1,031,261
EXPENDITURE		
Investment Management Fees		(99,458)
Other Expenses	5	(38,773)
TOTAL EXPENDITURE		(138,231)
		893,030
NET INVESTMENT INCOME		893,030
ACCUMULATED NET INVESTMENT INCOME FOR THE YEAR ENDED 31 DECEMBER 2013		
		2013 GH¢
Balance as at 1 January		-
Transfer from Income and Distribution Statement		893,030
Balance at 31 December		893,030

EDC GHANA FIXED INCOME UNIT TRUST

STATEMENT OF MOVEMENTS IN NET ASSETS FOR
THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 GH¢
Change in net assets from operations		
Change in:		
Net Investment Income		893,030

Net change in net assets from operations		893,030

Change in net assets from capital transactions		
Proceeds from Issue of Shares		6,860,380
Share Redemption		(2,178,247)

Net change in net assets from capital transactions		4,682,133

Net additions to net assets		5,575,163
		=====
Analysis of changes in cash and cash equivalents for the year		
At 1 January		-
Net additions to net assets		5,575,163

At 31 December		5,575,163
		=====

EDC GHANA FIXED INCOME UNIT TRUST

STATEMENT OF CHANGES IN EQUITY FOR
THE YEAR ENDED 31 DECEMBER 2013

	CAPITAL TRANSACTIONS GH¢	INVESTMENTS GH¢	TOTAL GH¢
Net Income from Operations	-	893,030	893,030
Share Issue	6,860,380	-	6,860,380
Shares Redemption	(2,178,247)	-	(2,178,247)
	-----	-----	-----
At 31 December 2013	4,682,133	893,030	5,575,163
	=====	=====	=====

MOVEMENTS IN ISSUED SHARES
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 No. of Shares
Balance as at 1 January	-
Net Shares Redeemed / Issued During the Year	4,037,988

Balance at 31 December	4,037,988
	=====

EDC GHANA FIXED INCOME UNIT TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2013**1. REPORTING ENTITY**

EDC Ghana Fixed Income Unit Trust is a unit trusts investment whose primary object is to obtain contributions from members and invest same for their benefit. EDC Ghana Fixed Income Unit Trust is a Unit Trust registered and operating in the Republic of Ghana. The address and registered office of the promoters can be found on page 1 of the annual report.

2. BASIS OF PREPARATION**a. Basis of measurement**

The financial statements have been prepared in accordance with Ghana Accounting Standards and the Unit Trust and Mutual Funds Regulations, 2001.

b. Functional and presentation currency

The financial statements are presented in Ghana Cedi (GH¢) which is the organisation's functional and presentation currency.

c. Use of estimates and judgment

The preparation of financial statements in conformity with Ghana Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditures. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. SIGNIFICANT ACCOUNTING POLICIES**3.1 Investments**

Securities for which, market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Board of Directors. Debt securities are valued at amortized cost.

EDC GHANA FIXED INCOME UNIT TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2013**3.2 Interest Income**

Interest Income is recorded on accrual basis.

3.3 Investment transactions and related investment income

Security transactions are recorded by the fund as of the date the trades are executed with brokers. Realized gains and losses from security transactions are determined based on the specific identified cost of the securities. Market discounts, premiums and original issue discounts on fixed-income securities are amortized daily over the expected life of the security.

3.4 Cash allocations

Income, fees and expenses (other than class-specific fees and expenses) and realized and unrealized gains and losses are allocated daily among the various share classes based on their relative net assets. Class-specific fees and expenses, such as distribution, administrative and shareholder services, are charged directly to the respective share class.

4. INTEREST INCOME

	2013 GH¢
Interest on Treasury Bills	8,786
Interest on Call Deposit	8,385
Treasury Notes	247,004
Interest – Certificates of Deposits	719,222
Others	47,864

	1,031,261
	=====

5. CAPITAL TRANSACTIONS

	2013 No. of Shares
New Issues	6,090,016
Redemptions	(2,052,028)

Net Shares issued	4,037,988
	=====

EDC GHANA FIXED INCOME UNIT TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2013**6. TAXATION**

Under Ghanaian tax laws, the interest, dividend, or any other income of unit trusts is exempt from income tax.

7. OWNERS' FUNDS

**2013
GH¢**

Accumulated net investment income
Movement on shares issued

893,030
4,682,133

5,575,163
=====

12. OTHER EXPENSES

**2013
GH¢**

Audit Fees
Trustee Fees
Stationery/Printing
Other

5,000
24,842
4,085
4,846

38,773
=====

EDC GHANA FIXED INCOME UNIT TRUST

PROXY FORM

I/We.....of.....
 Being a unitholder(s) of EDC Ghana Fixed Income Unit Trust hereby appoint.....

.....of.....

As my/our proxy to attend on my/our behalf, the Annual General Meeting of the Fund, to be held at the GNAT Hall, new conference room, Accra on **Friday 18th July 2014 at 3pm** for the following purposes and to vote on my/our behalf on matters as directed below:

I/We direct that my/ our votes(s) be cast on the specified resolution as indicated by an X in the appropriate space

RESOLUTIONS	FOR	AGAINST
1. To consider the Report of Directors and Auditors for the year ended 31st December 2013		
2. To Receive and adopt the accounts for 2013		
3. To Authorize the Directors to fix remuneration of the Auditors		
4. To transact any other business appropriate to be dealt with at any Annual General Meeting.		

Unitholder's SignatureDate

.....2014

Notes

1. A proxy need not be a member of the fund.
2. Unless otherwise instructed, the proxy will vote as he sees fit.
3. To be valid, this form must be signed and deposited at the Registered Office of the Secretary not less than forty-eight (48) hours before the commencement of the meeting.
4. In the case of joint holders the signature of only one of the joint holders is required.
5. In the case of a body corporate the form must be under seal or under the hand of a duly authorized officer.
6. The completion of and return of a proxy form does not prevent a Unitholder from attending the meeting and voting thereat.

