



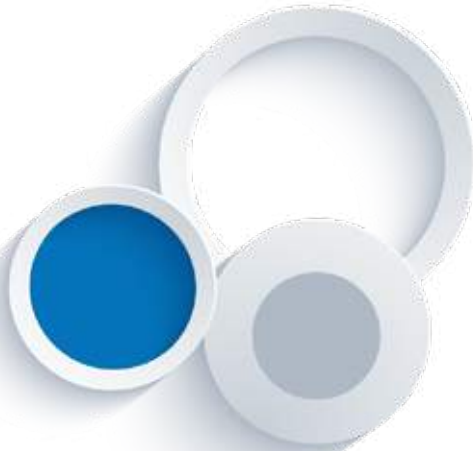
annual report

2013

**EQUITY
TRUST**

HFC Investment Services Limited

A Subsidiary of HFC Bank (Ghana) limited



HFC EQUITY TRUST

2013 ANNUAL REPORT &
FINANCIAL STATEMENTS

The Manager

Name:	HFC Investment Services Limited (HFC Investments)
Country of Incorporation:	Ghana
Registration Number:	50,533
Nature of Corporate Form:	Limited liability, wholly-owned subsidiary of the HFC Bank (Ghana) Ltd.
Registered Office:	Ebankese No. 35 Sixth Avenue, North Ridge P. O. Box CT. 4603 Cantonments, Accra
Principal Place of Business:	No. 48 A, Sixth Avenue North Ridge, Accra
Date of Incorporation:	7TH JULY 1993 (Name changed from Home Finance Investment Fund Limited to HFC Investment Services Limited on 1ST OCT. 2001).
Capitalization (as at December 31 2013)	
Authorized:	10,000,000 (Ten million) Ordinary shares of no Par value
Issued:	2,346,400 shares
Auditors:	Ernst and Young G 15 White Avenue Airport Residential Area P.O. Box 16009 Accra



Contents

Notice of Annual General Meeting	6
Statement of Trustees' Responsibilities	7
Trustees' Report	8
Manager's Report	9 - 11
Auditor's Report	12 - 14
Financial Statements	15 - 20
Notes to the Financial Statement	21 - 22
Admission Form	23
Proxy Form	24

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of Unitholders will be held at the British Council, Accra at 9:45am on Wednesday 28th May, 2014 to transact the following businesses:

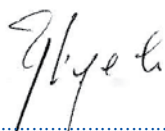
AGENDA

- To receive the report of the Manager for the Year 2013.
- To receive the Audited Statement of Income and Expenditure of HFC Equity Trust for the financial year ended December 31, 2013 together with the Trustees and Auditors report thereon.
- To authorize the Manager to fix the remuneration of the Auditors for Year 2014.

A Unitholder 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 Unitholder. A copy of the instrument appointing the proxy may be deposited at any time prior to the commencement of the Meeting at the principal place of business of the Manager.

HFC Investments
No. 48 A, Sixth Avenue
North Ridge, Accra

Dated 30th April 2014
By Order of the Manager.



.....
PETER LARBI-YEBOAH
For: HFC Investments

Statement of Trustees Responsibilities

The Trust Deed requires the Trustees to prepare financial statements for each financial period, which gives a true and fair view of the state of affairs of the Unit Trust. In preparing the financial statements, the Trustees are required to:

- Select suitable accounting policies and apply them consistently,
- Make judgments and estimates that are responsible and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures, disclosed and explain them in the financial statements, and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Investment Trust will continue in business.

The Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Unit Trust, which will ensure that the financial statements comply with the Trust Deed and Securities Industry Law, 1993 (PNDCL 333). They are also responsible for safeguarding the assets of the Investment Trust and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The statements should be read in conjunction with the statement of the Auditors' responsibilities as set out on page 12, the respective responsibilities of the Trustees and the Auditors in relation to the financial statement.

Report of the Trustees to the Unit Holders of HFC Equity Trust

FOR THE YEAR ENDED 31 DECEMBER 2013

In our opinion, according to the information made available to us and the explanations provided, we confirm that in all material respects, the manager has managed the scheme during the period covered by these financial statements in accordance with the Trust Deed dated 1st December, 2005 and all regulations for the time being in force under the Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695).

Dated this 20th Day of March 2014



For: MERCHANT BANK (GHANA) LIMITED

HFC Equity Trust Fund Manager's Report

FOR THE YEAR ENDED 31 DECEMBER 2013

The global economy's slow recovery continued to inch forward in 2013, with the hitherto fast growing economies losing pace, while the developed nations gained strength. The US economy picked up momentum, growing at a rate of 3.7% for 2013, a pace unseen since 2003. The Eurozone on the other hand limped out of recession, recording three straight quarters of positive growth as at the end of 2013.

The strong signs of recovery in the developed economies, coupled with a relative weakening of emerging markets led to the broad reversal of capital flows from the emerging markets and volatility in their currency and equity markets.

GHANAIAN ECONOMY

On the domestic front the bearish commodity prices on the world market also impacted the country's foreign exchange earnings and did not aid an already weak position on account of fiscal pressures.

Headline inflation which was significantly impacted upon by higher petroleum and utility prices ended the year 2013 at 13.5%. This was above the inflation target of 9%.

Interest rates on money market Instruments declined between January and December 2013. The 91-Day Treasury Bill opened at 23.02% but ended the year at 19.22%. Similarly the 182 Day and 1-Year government paper opened the year at 22.99% and 23%, but closed the year at 18.65% and 17% respectively. Notably in the course of the year, the yield curve was extended with the introduction of the 7-Year bond, issued at 17.5%

The Ghana Stock Exchange enjoyed a bull market, leading to investors recording significant capital appreciation gains. The GSE composite index and the financial stock index closed at 78.81% and 71.81% respectively. The year also witnessed Ghana Stock Exchange's launch of the Ghana Alternative Investment Market (GAX), aimed at firms with a high growth potential and a minimum capital base of GHs250,000.00 The stock market closed the year with a capitalization of GHs61.15billion as compared to GHs57.26 for 2012.

Fund Performance

For the period ended December 2013, your Fund recorded a return of 70.43%, an excellent performance arising out of the careful selection of assets for the fund. In comparison, the GSE Composite Index and GSE Financial Stock Index both returned 78.81% and 71.81% respectively. The performance is a good one, and for the third year running the activities of the fund has earned it THE EQUITY FUND OF THE YEAR from the Ghana Investment Awards.

Investor confidence in the fund by existing Unit Holders and new investors reached new heights over the period under review, with the assets under management growing from GHs2.4million to close the year at GHs5.5million, an increase of 129.26%. The total pool of investors in the fund as at the end of the period under review was 2,835, having grown from 2,603 as at the end of the year 2012.

Portfolio Mix

The asset mix of the fund at the end of the period under review was predominantly characterized by blue chip equities at 65%, and fixed income instruments comprising 18% of the assets under management. Throughout the year your fund manger continued with the broad strategy of actively trading off stocks that capital appreciation gains had been made, in favour of undervalued stocks with growth potential. The fixed income instruments on the other hand, were managed to achieve a satisfactory liquidity spectrum to serve the dual purpose of providing liquidity while locking in higher yields as the rates dipped.

Going forward, your fund manager will continue to seek opportunities in underpriced stocks, trade on fundamentals and engage in profit taking when deemed appropriate to do so.

Outlook for 2014

The economic direction going into 2014 is an uncertain one, considering the weak economic indicators and their wide reaching effects on both the capital and money markets. We however believe opportunities will arise as the year progresses and our well regarded experience will come to bear once again to ensure that the long term objective of creating value for you our cherished Unit holders continues to be realized.

I encourage you to remain resolute and continue to invest in the HFC Equity Trust Fund. I thank you for your custom and end by emphasizing that together we can achieve more in 2014.



PETER LARBI-YEBOA
General Manager

Equity Trust Highlights / Fund Statistics

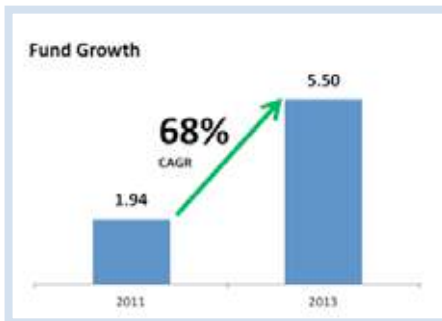
	2011	2012	2013	3 yr Avg
Equity Trust (%)	2.85	29.62	70.43	34.30
GSE All-Share Index (%)	(3.10)	23.81	78.81	33.17

FUND VALUE

GHS 2.40m  **GHS5.50m**
2012 129.26% 2013

2013 RETURN (YTD)

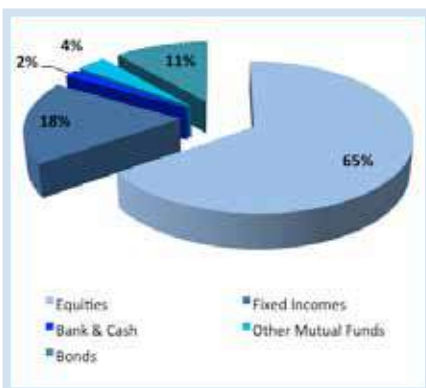
70.43% 



NO. OF UNIT HOLDERS

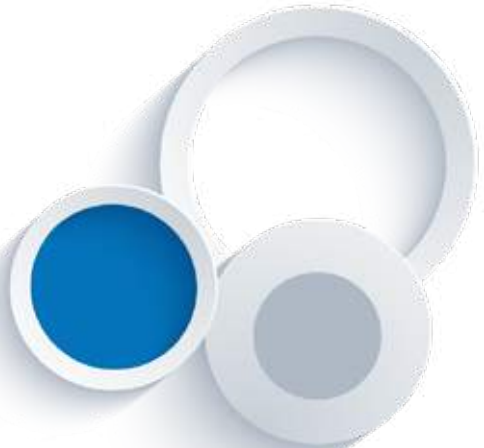
2,835 (Dec 2013)
 **9%** Growth (y/y)

PORTFOLIO MIX - GROSS FUND VALUE (2013)



TOP FIVE EQUITIES (2013)

Stock	Value (GH¢)	Proportion of NFV
GGBL	527,347.20	9.58%
FML	450,822.00	8.19%
HFC	326,208.00	5.93%
GCB	272,977.40	4.96%
EGL	268,163.20	4.87%
Total	1,845,517.80	33.53%



HFC EQUITY TRUST

FINANCIAL STATEMENTS

DECEMBER 31, 2013

Independent Auditor's Report to the Members of HFC Equity Trust



FOR THE YEAR ENDED 31 DECEMBER 2013

Report on the Financial Statements

We have audited the accompanying financial statements of HFC Equity Trust which comprise the statement of assets and liabilities as of December 31, 2013, the income and distribution accounts, statement of movement in net assets and issued units for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Trustee's Responsibility for the Financial Statements

The Trustee is responsible for the preparation and fair presentation of these financial statements in accordance with Ghana Accounting Standards and in the manner required by the Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695) and the Companies Code, 1963 (Act 179).

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Trustee, 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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of HFC Equity Trust as of December 31, 2013 and of its financial performance for the year then ended in accordance with Ghana Accounting Standards and comply with the Companies Code, 1963 (Act 179) and have been properly prepared in accordance with the Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695).

Report on Other Legal and Regulatory Requirements

The Companies Code, 1963, (Act 179) requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i. 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.
- ii. In our opinion proper books of accounts have been kept by the Trust, so far as appears from our examination of those books, and
- iii. The Trust's Statement of Assets and Liabilities and Income and Distribution Account are in agreement with the books of accounts.



.....
Signed by: F. Bruce-Tagoe (ICAG/P/1087)
For and on behalf of
PKF: (ICAG/F/039)
Chartered Accountants
Farrar Avenue
P. O. Box GP 1219,
Accra.
20th March 2014

HFC Equity Trust

Statement of Assets and Liabilities

As at 31 December 2013

DESCRIPTION	Notes	Shares No.	Market Value GH ¢	% Net Assets
Shares				
HFC		339,800	326,208	5.93
CAL		220,000	213,400	3.88
EBG		28,581	160,339	2.91
GCB		56,284	272,977	4.96
SCB		14,832	221,590	4.03
SG-SSB		221,058	165,794	3.01
UTB		60,000	27,000	0.49
ALW			-	-
EGL		141,640	266,283	4.84
ETI		518,696	98,552	1.79
FML		68,100	450,822	8.19
GOIL		156,082	138,913	2.52
GWEB		364,000	14,560	0.26
SPL		600,000	24,000	0.44
UNIL		11,915	218,164	3.96
GSR		2,000	5,500	0.10
SIC		100,000	39,000	0.71
BOPP		8,173	26,235	0.48
MLC		204,005	77,522	1.41
TOTAL		55,916	282,935	5.14
GGBL		85,456	529,827	9.63
PZ		87,400	69,046	1.25
TOTAL SHARES			3,628,667	64.67
SHORT TERM FUNDS				
Cash at Bank and on Call	4		104,428	1.90
HFC Unit Trust			3,186	0.06
HFC Future Plan			170,000	3.09
Treasury Bills			287,194	5.22
Bonds			300,000	5.45
Fixed Deposit			956,480	17.38
			1,716,860	31.19
Total Short Term Funds			1,821,288	33.09
Total Investments			5,449,955	99.01
Other Assets in Excess of Liabilities			54,647	0.99
Total Net Assets			5,504,602	100.00

HFC Equity Trust

Statement of Assets and Liabilities cont.


As at 31 December 2013

	Notes	2013 GH ₵	2012 GH ₵
Assets:			
Total Investments		5,449,955	2,363,449
Receivables:			
Interest	7	83,573	19,729
HFC ISL Current Account		31,625	0
Other Receivables		0	6,589
Total Assets		5,565,153	2,389,767
Liabilities:			
Amount Due to Managers		18,677	10,890
Management Fund	8	10,968	2,300
Management Fees Payable		7,749	3,898
HFC ISL Current Account		0	1,193
HFC UT Current Account		4,037	1,584
Accrued Charges		19,120	14,303
Total Liabilities		60,551	34,168
Net Assets		5,504,602	2,355,599

Signed For HFC Investment Services Limited 20th March, 2014.



 General Manager



 Director

HFC Equity Trust

Income And Distribution

Accounts

For the year ended 31 December 2013

	Notes	2013 GH ¢	2012 GH ¢
Investment Income			
Fixed Deposit		156,160	43,340
Bonds		54,250	0
Treasury Bills		64,191	33,831
Dividends		90,115	46,661
Call Account		9,361	989
Profit on Disposal of Shares		908,699	318,521
Total Income		1,282,776	443,342
Expenses			
Management Fees		85,676	41,133
Auditors Remuneration		16,582	14,300
Interest Paid on Disinvestments		0	33,052
Other Expenses	3	25,498	16,684
		127,756	105,169
		1,155,020	338,173
Transfer to Management Fund	5	(11,550)	(3,382)
Net Investment Income		1,143,470	334,791

Accumulated Net Investment Income

BALANCE AT 1 JANUARY	16,927	(317,864)
Net Investment Income	1,143,470	334,791
BALANCE AT 31 DECEMBER	1,160,397	16,927

HFC Equity Trust

Statement of Movement In Net Assets

For the year ended 31 December 2013

Notes	2013 GH ¢	2012 GH ¢
Net Investment Income	1,143,470	334,791
Change in Unrealised gains	820,795	127,047
Net Increase in Net Assets Resulting from Operations	1,964,265	461,838
Capital Transactions		
Value of Units Sold and Converted	1,814,551	170,656
Value of Units Disinvested	(629,813)	(228,671)
Net Proceeds from Capital Transactions	1,184,738	(58,015)
Total Increase in Net Assets	3,149,003	403,823
Net Assets:		
Balance at 1 January	2,355,599	1,951,776
Total Increase in Net Assets	3,149,003	403,823
Balance at 31 December	5,504,602	2,355,599

Statement of Movement In Issued Units

For the year ended 31 December 2013

Number of Units at 1 January	9,125,028	9,447,095
Number of Units Issued during the year	5,351,332	826,398
	14,476,360	10,273,493
Number of Units disinvested during the year	(1,807,578)	(1,148,465)
Number of Units at 31 December	12,668,782	9,125,028

HFC Equity Trust Portfolio Summary

For the year ended 31 December 2013

	No. Of Shares 31/12/12	Value 31/12/12 GH ¢	No. Of Shares 31/12/13	Value 31/12/13 GH ¢	Purchase During the Year GH ¢	Sales During the Year GH ¢
HFC	52,000	23,400	339,800	326,208	173,922	0
CAL	100,000	38,000	220,000	213,400	111,575	11,400
EBG	31,481	94,443	28,581	160,339	27,906	23,700
GCB	26,284	55,196	56,284	272,977	281,177	52,500
SCB	13,332	153,318	14,832	221,590	93,713	57,500
SGSSB	117,758	56,524	221,058	165,794	92,365	0
UT	80,000	30,400	60,000	27,000	0	7,600
ALW	27,075	1,354	0	0	0	1,354
EGL	226,640	67,992	141,640	266,283	0	25,500
ETI	498,696	59,844	518,696	98,552	3,672	0
FML	65,100	231,105	68,100	450,822	127,489	60,350
GOIL	68	42	156,082	138,913	126,225	13,714
GWEB	364,000	14,560	364,000	14,560	0	0
SPL	600,000	30,000	600,000	24,000	0	0
UNIL	25,115	213,980	11,915	218,164	66,392	150,804
GOLD STAR	2,000	5,500	2,000	5,500	0	0
SIC	100,000	34,000	100,000	39,000	0	0
BOPP	99,673	139,542	8,173	26,235	51,999	154,803
MECHANICAL LOYD	204,005	30,600	204,005	77,522	0	0
TOTAL	6,597	154,963	55,916	282,935	129,196	64,891
GGBL	75,456	197,694	85,456	529,827	86,109	26,200
PZ	0	0	87,400	69,046	77,362	0
		<u>1,632,457</u>		<u>3,628,667</u>	<u>1,449,102</u>	<u>650,316</u>

HFC Equity Trust Capital Account

For the year ended 31 December 2013

CAPITAL ACCOUNT

	2013 Units	GH ¢	2012 Units	GH ¢
Balance at 1st January	9,125,028	1,697,578	9,447,095	1,755,593
Value of Units Sold and Converted	5,351,332	1,814,551	826,398	170,656
	<u>14,476,360</u>	<u>3,512,129</u>	10,273,493	1,926,249
Value of Units Disinvested	<u>(1,807,578)</u>	<u>(629,813)</u>	(1,148,465)	(228,671)
Value of the Trust Fund at 31 December	<u><u>12,668,782</u></u>	<u><u>2,882,316</u></u>	<u>9,125,028</u>	<u>1,697,578</u>

Notes to the Financial Statements

For the year ended 31 December 2013

1. ACCOUNTING POLICIES

The principal accounting policies adopted by the Equity Trust and which have been used in preparing these financial statements are set out below and are in accordance with Ghana Accounting Standards.

a. Basis of Accounting

The Equity Trust prepares the financial statements under the historical cost convention as modified by the revaluation of listed investments.

b. Investments:

i. Government Securities

Government Securities comprise treasury bills and bonds which are debt securities issued by the Government of Ghana. These securities are stated at cost.

ii. Listed Securities

Listed Securities are initially recognized at cost and subsequently re-measured at fair value (market price).

Unrealised gains or losses arising from the changes in the fair value are recognised in equity. Any losses which exceeds unrealised gains on the listed securities is transferred to the Income and Distribution Account.

On disposal the fair value adjustment recognised in the capital surplus accumulated in equity are recognised in the income statement.

Dividends from listed securities are recognised when the right to receive income is established.

2. MANAGEMENT FEES

This is based on 2% of the fair market value of the total assets owned by the Trust.

3. OTHER EXPENSES comprise of the following:

Bank Charges	1,639	1,306
Manager's Reimbursable Expenses	23,082	15,378
Stationary Expenses	777	0
	25,498	16,684

4. CASH AT BANK AND ON CALL

Cash at Bank	104,428	173,910
	104,428	173,910

HFC Equity Trust

Notes to the Financial Statements cont.

For the year ended 31 December 2013

	2013 GH ¢	2012 GH ¢
5. MANAGEMENT FUND		
Transfers to the Management fund are made in accordance with the Trust Deed.		
The Trustees shall be paid out of this fund.		
6. UNREALIZED GAINS / (LOSSES) ON INVESTMENTS		
Market Value of Investments	3,628,667	1,632,457
Cost of Investments	(2,807,872)	(1,505,410)
Change in Unrealised gains	820,795	127,047
Add Unrealised gains from previous years	641,094	514,047
Unrealised gains as at 31 December	1,461,889	641,094
7. ACCOUNT RECEIVABLE		
Call	0	101
Treasury Bills	23,830	11,946
Bonds	4,437	5,066
Fixed Deposits	55,306	2,616
	83,573	19,729
8. MANAGEMENT FUND		
Balance at 1 January	2,300	(316)
Payment during the Year	(2,882)	(766)
Charged for the year	11,550	3,382
Balance at 31 December	10,968	2,300
9. CONTINGENT LIABILITIES		
There was no contingent liability at the end of the year.		

Admission Form

Annual General Meeting to be held at the British Council, Accra at 9:45am on Wednesday, 28th May 2014.

A Unitholder who is unable to attend an Annual General Meeting (AGM) is allowed to vote by proxy. The Proxy form on the next page has been prepared to enable you to exercise your right to vote in case you cannot personally attend the meeting.

Provision has been made on the form for the Chairman of the meeting to act as your proxy, but if you wish, you may insist in the blank space on the form (marked**) the name of any person whether a Unitholder or not, who will attend the meeting and vote on your behalf instead of the Chairman of the Meeting.

Please sign the proxy form on the next page and post it so as to reach the address in the front not later than 28th May, 2014.

If executed by a Body Corporate, the proxy form should bear its common seal or be signed on behalf by a director.

IMPORTANT:

- a. The name of the Unitholder must be written in BLOCK LETTERS on the Proxy form where marked (**)
- b. This admission form must be produced by the Unitholder or his/her proxy in order to obtain admission to the Annual General Meeting.
- c. Unitholders or their Proxies are requested to sign the admission form before attending the meeting.
- d. In case of joint holders, each joint holder should sign.

HFC Equity Trust / Proxy Form

Annual General Meeting to be held at the British Council, Accra at 9:45am on Wednesday, 28th May 2014.

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 Annual General Meeting of the Fund to be held on 28th May 2014 and at
 any adjournment thereof.

Dated this 30th day of April 2014.

.....
 Unit Holder(s) Signature

Resolution	For	Against
To adopt the 2013 Manager's Report		
To approve the accounts for the financial year ended 31st December, 2013.		
To authorize the Manager to Fix the Auditor's Remuneration		

Please indicate with an "X" in the appropriate square how you wish your votes to be cast on the resolution 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)





HFC Investments
No. 48 A, Sixth Avenue
North Ridge, Accra