



INVESTCORP TREASURY SECURITIES FUND PLC.

ANNUAL REPORT 2020



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to provide safety and competitive returns

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You Enjoy:

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- A Flexible Investment Plan: Investors can make regular contributions to meet their personal needs

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TABLE OF CONTENTS

SUBJECT #	SUBJECT	PAGE
1	Notice Of Virtual Annual General Meeting	1
2	Chairman's Statement To Shareholders	2
3	Fund Manager's Report	5
4	Portfolio Summary	6
5	Report of The Directors	8
6	Independent Auditor's Report	10
7	Statement of Financial Position	13
8	Statement of Comprehensive Income	14
9	Statement of Changes in Net Assets	15
10	Statement of Cash Flows	16
11	Notes To The Financial Statements	17
12	Corporate Information	34
13	Directors' Profile	35
14	Custodian's Report	37
15	Proxy Form	39

NOTICE OF VIRTUAL ANNUAL GENERAL MEETING OF INVESTCORP TREASURY SECURITIES FUND PLC

NOTICE IS HEREBY GIVEN THAT the 1st Annual General Meeting of InvestCorp Treasury Securities Fund PLC (the “Company”) will be held virtually and **streamed live via Zoom on Thursday July 29, 2021 at 11:00 am**, to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive and adopt the Financial Statements of the Company for the year ended 31st December, 2020, together with the reports of the Directors and the external Auditors thereon
2. To re-elect Directors
3. To fix and approve the remuneration of the Directors
4. To authorise the Directors to fix the remuneration of the external Auditors

SPECIAL BUSINESS

1. That a registered Constitution be adopted by the Company in substitution for its Regulations to bring same into conformity with the provisions of the Companies Act, 2019 (Act 992) and the Unit Trust and Mutual Fund Regulations 2001 (L.I. 1695)
2. To amend the Company’s Constitution to accommodate the holding of Annual General Meetings by electronic or virtual means where the Directors deem it necessary to do so

Dated this 28th June, 2021.

BY ORDER OF THE BOARD



JLD & MB LEGAL CONSULTANCY
 15 BAYVIEW AVENUE
 ACCRA

JLD & MB LEGAL CONSULTANCY
 (COMPANY SECRETARY)

NOTE

A member of the Company is entitled to attend and vote at the meeting or to appoint a proxy to attend and vote in his or her stead. A proxy need not be a member of the Company. A proxy form is enclosed with the accounts. Completed proxy forms should be lodged with the Company Secretary, JLD & MB Legal Consultancy, No. 1B Quartey Papafo Avenue, Airport Residential Area, Accra or sent via email to info@jldmblaw.net not less than 48 hours before the appointed time for the meeting (that is, no later than 11:00 am on 27th July, 2021).

This serves as notice to all shareholders to attend.

INSTRUCTIONS TO PARTICIPATE IN THE ANNUAL GENERAL MEETING (“AGM”) VIA ZOOM

Accessing the AGM

- A private Zoom link and password to the meeting will be sent to Directors and Shareholders by 28th July, 2021 via email and/or SMS together with other details of participation.
- Shareholders who do not receive the access details should contact Christine Sika Osei at c.osei@investcorpgh.com or call 0302 50 90 45 or 0501 55 68 70 any time before the date of the AGM
- Shareholders will be granted access once they are verified

Participating in the AGM

- Access to the meeting will be granted from 10:30am and the AGM will officially begin at 11:00am
- Participants should use the ‘raise hand’ functionality in Zoom to either second a motion or ask a question during the meeting.
- At the time of voting, the relevant resolution will appear on your screen. Select your preferred option (For/ Against) to vote on a motion.

CHAIRMAN'S STATEMENT TO SHAREHOLDERS OF THE INVESTCORP TREASURY SECURITIES FUND

Dear Shareholder,

I warmly welcome you to the maiden Annual General Meeting (AGM) of the InvestCorp Treasury Securities Fund. On behalf of the Board, I want to thank you immensely for your trust in the premier Treasury Securities-only Fund in Ghana. The Fund provides a strategic way to get a well-diversified exposure to Government of Ghana securities or Treasury-backed securities to meet your long-term life objectives.

The InvestCorp Treasury Securities Fund is an open-ended risk free (sovereign-only exposure) Fund designed for investors who seek exposure to Treasury bills, notes and bonds or Treasury-backed securities. It presents a more active approach to investment that is well suited for conservative investors who want to invest in safe assets over the medium to long term and is suited for retirement planning, education, church and school endowments, among others.



In this address, I will give a brief review of the global economic environment and spend some time on the Ghanaian economy in the last year. I will then talk about the performance of the InvestCorp Treasury Securities Fund and conclude with our outlook for 2021 and expectations of the Fund in the coming year.

ECONOMIC REVIEW

Global

All around the world, 2020 will be remembered by the impact of the coronavirus (COVID-19) which started as an epidemic in China in December 2019. The World Health Organisation (WHO) declared COVID-19 a pandemic in March 2020. By the end of the year, global confirmed COVID-19 cases stood at 82.7 million with 1.9 million deaths. Confirmed cases in Africa were ~1.9 million, with 42,000 deaths. Ghana recorded its first case on March 12, 2020 but closed the year with about 55,000 confirmed cases and 335 deaths.

Virus-containment measures including lockdowns and closure of borders across continents led to a global economic meltdown. The global economy contracted by an estimated 3.3%, according to the IMF, the highest level of recession since the second world war. Governments around the world responded quickly to the dire effects of the pandemic on global demand, production and the general livelihoods of people by introducing monetary and fiscal policies to bolster their economies.

Ghana

Domestically, 2020 started out as a year with much promise. The Ghanaian economy was named the fastest growing economy in the world for the year 2019, by the IMF, as it grew at an average rate of 7.0% from 2017–2019. The economy was projected to grow by 6.8% in 2020 on the back of significant macroeconomic gains from the previous years, coupled with a robust financial sector. Ghana, like other economies, was hard hit by the devastating effects of the pandemic, leading to the subsequent contraction of the real sector in the second and third quarters of 2020. The gradual reopening of the economy in addition to fiscal and monetary policies introduced by the Government and the Bank of Ghana supported real sector growth. By the end of the year, GDP growth stood

CHAIRMAN'S STATEMENT TO SHAREHOLDERS OF THE INVESTCORP TREASURY SECURITIES FUND (CONT'D)

at a marginal 0.4% (6.5% in 2019). Prior to the COVID-19 outbreak in Ghana, the country was on the path of fiscal consolidation with a fiscal deficit target of 4.7% of GDP by the end of 2020. The fiscal implication of the pandemic, however, imposed an extra financing gap of GHS 11.8 billion, representing a fiscal deficit of 11.7%. Public debt shot up to 76.1% of GDP at the end of 2020, leaving investors wary of Government's debt sustainability strategy in the coming years.

Uncertainty around the impact of COVID-19 on the earnings of listed companies resulted in selling pressures on stocks across the manufacturing, financial and distribution sectors and drove the Ghana Stock Exchange down to a -13.98% year-to-date (YTD) return by the end of the year.

To ensure business continuity and service delivery to our clients, amidst government's restrictions on movement, remote working systems for all staff were introduced. The usage of e-platforms was highly recommended and provided convenience and accessibility for our clients.

HIGHLIGHTS OF SOME KEY ECONOMIC INDICATORS

Exchange Rate

Compared to previous years, the local currency was fairly stable in 2020 against its anchor trading currency - the United States Dollar (USD). The stability of the Ghana cedi (GHS) was supported by a strong reserve position and a slowdown in imports. Cumulatively, the Ghana cedi ended 2020 exchanging at GHS5.76 to a dollar - representing a YTD depreciation of 3.9% compared to the 12.9% recorded in 2019.

Inflation

Headline inflation was generally well anchored in 2020. With the COVID-induced spike from 7.8% in March 2020 to 10.6% in April 2020 (above the Central Bank's target band of 8±2%), headline inflation was generally high. The surge in the rate of inflation in April 2020 was attributed to high food inflation prior to the enforcement of the government-imposed lockdowns in the two largest cities (Accra and the Kumasi Metropolitan Areas). Inflation continued to inch up and peaked at 11.4% in July 2020 after which it moderated steadily to 9.8% in November 2020. Headline inflation inched up again to end the year at 10.4%, due to a rise in the average prices of some items within the food basket.

Interest Rates

There was a significant downward shift in the yield curve during the year (particularly in the second quarter). Yields on short-term Government of Ghana (GoG) Treasury Securities witnessed a downward trend, ending the year lower compared to yields for the same period in 2019. The yields on the 91-Day, 182-Day and 364-Day Treasury bills dipped by 61, 103 and 90 basis points respectively, from the year-open yields, and averaged 14.19% (14.71% in 2019), 14.38% (15.17% in 2019) and 17.13% (17.88% in 2019). The decline resulted from the increase in liquidity following the monetary policies introduced by the BoG in the wake of the COVID-19 pandemic, increasing the demand for short-term bills.

Fund Performance

Your Fund ended 2020 (6-months of existence) with an annualized yield of 19.81%, outperforming the Government of Ghana 364-Day Treasury bill of 17.00% by 281 basis points. The Fund's Assets Under Management (AUM) closed the year at approximately GHS 14.50 million, driven by its competitive returns, and the interest of some pension trustees and pension fund managers in the Fund (i.e. a strategic collective investment scheme for diversification). We remain confident that the InvestCorp Treasury Securities Fund will continue to outperform its benchmark by significant margins in 2021.

Economic Outlook

The massive rollout of the COVID-19 vaccination programme around the globe has increased optimism and has significantly improved global growth prospects for 2021. The Ghanaian economy

CHAIRMAN'S STATEMENT TO SHAREHOLDERS OF THE INVESTCORP TREASURY SECURITIES FUND (CONT'D)

is expected to rebound in 2021 as it has shown signs of recovery, supported by the accommodative monetary policy stance of the Central Bank, Government's fiscal policy measures and the gradual reopening of the economy. The implementation of Phase 2 (Transformation and Revitalization phase) of the Ghana CARES (Obaaatanpa) programme which seeks to provide support to businesses in targeted sectors is expected to support growth. The IMF in its April 2021 World Economic Outlook revised Ghana's projected growth rate for 2021 to 4.6% from 4.2% (projected in October 2020), as the lender expects the economy to pick up faster than initially expected.

USD inflows from the Eurobond issuance in Q1 2021, in addition to foreign investors' increasing demand for local currency debt is expected to support the cedi in 2021. However, the gradual reopening of the country's borders pose a downside risk as import activities are expected to pick up.

With the current excess liquidity available to commercial banks and the growing foreign-investor appetite for GoG Treasury securities, we expect Treasury yields to remain low in the first half of the year and gradually pick up during the second half as we expect liquidity to tighten.

Closing Remarks

We see "green shoots" and a rebound in economic activities for Ghana in 2021. Your Fund is well positioned and our proactive approach to managing the Treasury Securities Fund will continue to provide an opportunity for shareholders to benefit from highly attractive returns, while promoting medium to long term conservative investment. We will continue to work with you to preserve your wealth and help you achieve financial independence.

Thank you once again.



Anthony Ebow Spio
Board Chairman

FUND MANAGER'S REPORT

Portfolio Review

The InvestCorp Treasury Securities Fund (ITSF) was launched in May 2020 closing the Initial Public Offering (IPO) with Assets under Management (AUM) of GHS 200,047.92 at an initial price of GHS 1.00. At the end of the reporting period, the Fund size had grown to GHS 14,499,150.00 representing a growth of more than 72x. The Fund achieved an annualized yield of 19.81%, against its benchmark of 17.00% (364-Day T-bill).

The extraordinary feat achieved by the Fund in the midst of the COVID-19 pandemic was as a result of the opportunity the Fund presented to investors seeking safety in treasury securities as outlook remained uncertain.

At the end of the reporting period, the Fund was exposed to Government of Ghana (GoG) bonds (84.2%) and Local Government and Statutory Agency bonds (15.8%).



Outlook / Strategy

The impact of the COVID-19 painted a grim picture of what to expect in 2021 on the economic front, as global prospects were highly uncertain. Ghana's economy contracted in two consecutive quarters, the first time in 37 years, recording growth rates of -5.7% and -3.2% respectively. Debt to GDP ratio, by the end of 2020 had crossed the distress level of 70% to 76.1%. Similarly, Government's fiscal operations resulted in a deficit of GHS 44.898bn (cash basis), equivalent to 11.7% of GDP.

The various policy measures put in place by the fiscal and monetary authorities to mitigate the effect of the pandemic, together with the rollout of the COVID-19 vaccine, have pushed recovery in economic activities and set the economy on course to positive growth in 2021. Economic recovery in 2021 is apparent, as the Central Bank's Composite Index of Economic Activity (CIEA) saw a strong annual growth of 26.8% in the first quarter, compared to a contraction by 1.9% for the same period in 2020. Real sector growth is projected at 5.0% by year-end.

The Treasury bond market experienced various cycles in 2020. Yields in the first quarter climbed as offshore investors exited the market as a result of the weakening cedi. These sell-offs quickly evaporated as the BoG's forex interventions and the receipts of flows from the issuance of the Eurobond shored up the cedi. By the end of the first quarter, the bond market began to rally, as the COVID-19 pandemic intensified, in contrast to our expectations. Liquidity on the market had increased, influenced by expansionary monetary and fiscal policies. At the end of the fourth quarter, we observed a marginal increase in yields although it was short-lived. Global investors' inflow to the market increased post a successful general election, a stable currency and attractive interest rate environment compared to other emerging markets.

We expect yields to remain relatively low or decline marginally this year. We are however wary of the implications of the elevated risk to public debt accumulation on the bond market. We will position at the mid-section of the yield curve as the additional premia at the long-end of the curve are not enough for us to increase our target duration. Our active trading strategy will enable us make adjustments to this strategy when the need arises. We have real time pricing data via a Bloomberg terminal and we will take advantage of price movements.

To our shareholders, we thank you for your continuous show of confidence and support by investing in the Fund and as managers of the Fund we are committed to ensuring that the Fund continues to meet its expectations.

Solomon Adatsi
Fund Manager

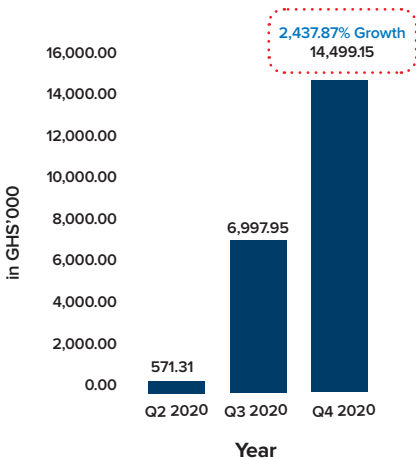
PORTFOLIO SUMMARY AS AT DECEMBER 2020

Year	Assets under Management (AUM)	Annualized Yield	364-Day T-Bill Rate	Spread
Q2 2020	571,312.28	19.05%	16.89%	2.16%
Q3 2020	6,997,949.41	20.26%	16.99%	3.27%
Q4 2020	14,499,150.00	19.81%	17.00%	2.81%

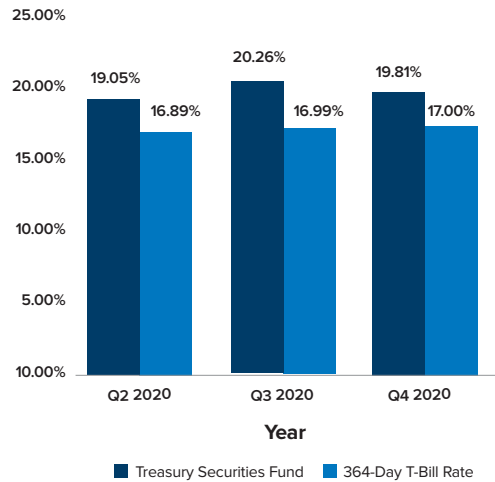
Fund Information

Price to Earnings	65.88
Price to Book Ratio	3.02
Weighted Average Maturity (Yrs.)	3.2

ASSETS UNDER MANAGEMENT AUM (GHS'000)

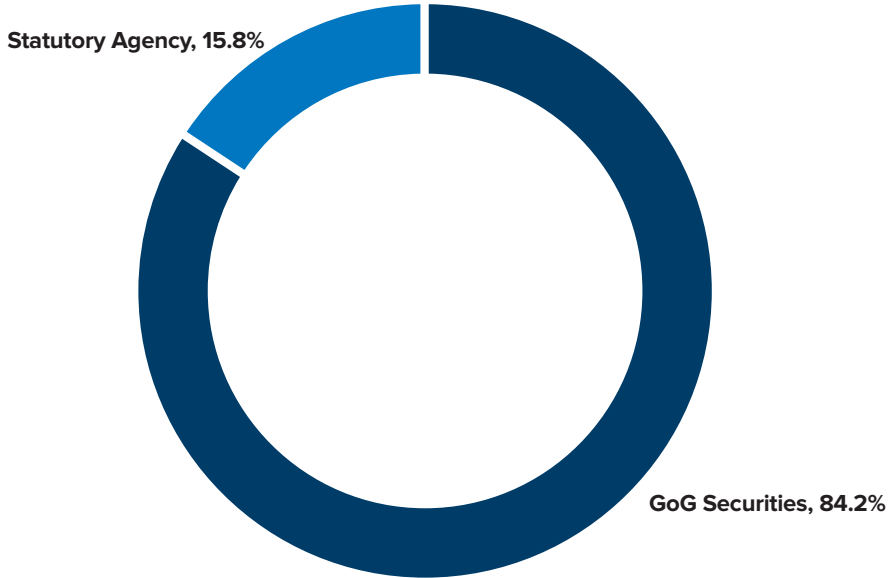


FUND PERFORMANCE (%)

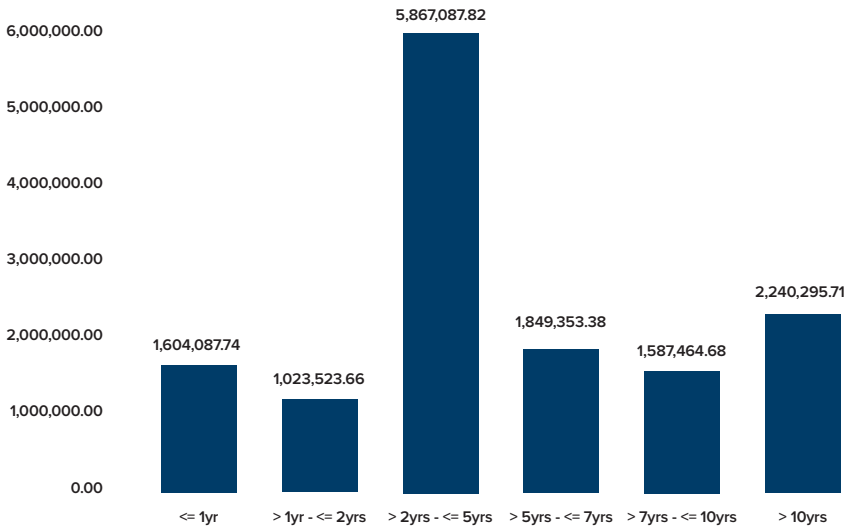


PORTFOLIO SUMMARY AS AT DECEMBER 2020 (CONT'D)

ASSET ALLOCATION (%)



MATURITY PROFILE



REPORT OF THE DIRECTORS TO MEMBERS OF INVESTCORP TREASURY SECURITIES FUND PLC

The Directors present their report and the financial statements of InvestCorp Treasury Securities Fund PLC (“the Fund”) for the year ended 31 December 2020.

DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of financial statements that give a true and fair view of **InvestCorp Treasury Securities Fund Plc**, comprising the statement of financial position at 31 December 2020, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable shares and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Securities Industry Act, 2016 (Act 929). In addition, the Directors are responsible for the preparation of the report of the directors.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the Fund to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Nature of business/ Principal activities

The Fund is registered to carry on the business of mobilising funds for investment in government bills and bonds, or treasury backed securities. The Fund is designed for conservative investors; organisations and high net worth individuals who want to invest in risk-free assets with competitive returns. There was no change in the nature of business of the Fund during the year.

Incorporation

The Fund was incorporated on 18 January 2019. It received a licence to operate from the Securities and Exchange Commission of Ghana on 17 March 2020 and started operations in June 2020. Hence, this is the first set of financial statements of the Fund. The Registrar of Companies has been notified that there was no financial activity in 2019 and therefore no financial statements were prepared for that year.

Financial statements/ Business review

The financial results of the Fund for the year ended 31 December 2020 are set out in the financial statements, highlights of which are as follows:

	Fund GH¢
Increase in net assets attributable to holders of redeemable shares from operations	665,443
Total Assets	14,514,523
Total Liabilities	15,373
Total Equity	14,499,150

The Directors consider the state of the Fund’s affairs to be satisfactory.

REPORT OF THE DIRECTORS TO MEMBERS OF INVESTCORP TREASURY SECURITIES FUND PLC (CONT'D)

Particulars of entries in the Interests Register during the financial year

No Director had any interest in contracts and proposed contracts with the Fund during the year under review, hence there were no entries recorded in the Interests Register as required by 194(6),195(1)(a) and 196 of the Companies Act, 2019 (Act 992).

Corporate social responsibility

The Fund did not undertake any corporate social responsibility (CSR) programmes during the year.

Capacity building of directors to discharge their duties

On appointment to the Board, Directors are provided with full, formal and tailored programmes of induction, to enable them gain in-depth knowledge about the Fund's business, the risks and challenges faced, the economic knowledge and the legal and regulatory environment in which the Fund operates. Programmes of strategic and other reviews, together with the other training programmes provided during the year, ensure that Directors continually update their skills, knowledge and familiarity with the Fund's businesses. This further provides insights about the industry and other developments to enable them effectively fulfil their role on the Board and committees of the Board.

Audit fees

The audit fee for the year is GH¢ 20,000.

Approval of the report of the directors

The report of the Directors of InvestCorp Treasury Securities Fund PLC, was approved by the Board of directors on 26th April, 2021 and signed on their behalf by


.....
Signature

Anthony Ebow Spio
Name of Director


.....
Signature

Henry Sunkwa-Mills
Name of Director



INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF INVESTCORP TREASURY SECURITIES FUND PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of InvestCorp Treasury Securities Fund Plc (“the Fund”), which comprise the statement of financial position at 31 December 2020, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable shares and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 17 to 33.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Securities Industry Act, 2016 (Act 929).

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 Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Ghana and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA 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 judgment, were of most significance in our audit of the financial statements of the current year. These matters were 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 these matters.

Interest Income GH¢ 708,161

Refer to Note 7 to the financial statements

<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Interest income consists of interest on fixed deposits and government bills and bonds.</p> <p>The accuracy of the computation of interest income earned is dependent on the completeness and accuracy of the investment details, such as the investment amount, interest rates and the maturity dates, captured on the investment schedule.</p> <p>The Company maintains a manual investment schedule and computes its investment income manually. There is a risk that revenue may not be appropriately recognized, given the manual nature of interest income computation from the varied investments.</p> <p>We therefore consider interest income on investments to be a key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Evaluating the design and implementation and testing the operating effectiveness of key controls over interest income. • Agreeing the underlying data used in the computation of investment income to supporting documents. • Re-computing interest income amounts to ensure their accuracy as well as the appropriateness of accounting treatment. • Evaluating the adequacy of the disclosure in line with the requirements of the applicable standard.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTCORP TREASURY SECURITIES FUND PLC (CON'TD)

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Companies Act, 2019 (Act 992) and Corporate Information 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 we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Securities Industry Act, 2016 (Act 929), and for such internal controls as the Directors determine 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 Directors are 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 Directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives 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 scepticism throughout 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTCORP TREASURY SECURITIES FUND PLC (CON'TD)

- Conclude on the appropriateness of the Directors' 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 in a manner that achieves fair presentation.

We communicate with the Directors 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.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992)

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, so far as appears from our examination of those books.

The statements of financial position and comprehensive income are in agreement with the accounting records and returns.

We are independent of the Fund under audit pursuant to Section 143 of the Companies Act, 2019 (Act 992).

The engagement partner on the audit resulting in this independent auditor's report is Frederick Nyan Dennis (ICAG/P/1426).



.....
 For and on behalf of:
 KPMG: (ICAG/F/2021/038)
 CHARTERED ACCOUNTANTS
 13 YIYIWA DRIVE, ABELENKPE
 P O BOX GP 242
 ACCRA

26th April, 2021

INVESTCORP TREASURY SECURITIES FUND PLC STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER 2020

	Note	2020 GH¢
Assets		
Investments	10	14,171,813
Cash and cash equivalents	9	342,710
Total assets		14,514,523
Liabilities		
Accrued expenses	14	15,373
Total liabilities		15,373
Net assets attributable to holders of redeemable shares		14,499,150
Equity		
Shareholder's fund	11	13,833,707
Retained earnings	13	665,443
Total equity		14,499,150

The financial statements of InvestCorp Treasury Securities Fund PLC were approved by the Board of Directors on 26th April, 2021 and signed on their behalf by:

Anthony Ebow Spio
Name of Director



.....
Signature

Henry Sunkwa-Mills
Name of Director



.....
Signature

The notes on pages 17 to 33 form an integral part of these financial statements.

**INVESTCORP TREASURY SECURITIES FUND PLC
STATEMENT OF COMPREHENSIVE INCOME FOR THE
YEAR ENDED 31ST DECEMBER 2020**

	Note	2020 GH¢
Interest income calculated using the effective interest method	7	708,161
Expenses	8	(42,718)
Increase in net assets attributable to holders of redeemable shares from operations		665,443
Basic & Diluted earnings per share (Ghana Cedi per share)	19	0.05

The notes on pages 17 to 33 form an integral part of these financial statements.

**INVESTCORP TREASURY SECURITIES FUND PLC
 STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE
 TO HOLDERS OF REDEEMABLE SHARES FOR THE YEAR ENDED
 31ST DECEMBER 2020**

	Note	2020 GH¢
Balance at 1 January		-
Increase in net assets attributable to holders of redeemable shares		665,443
<i>Contributions and redemptions by holders of redeemable shares:</i>		
Issue of redeemable shares during the year	11	14,343,359
Redemption of redeemable shares during the year	11	(509,652)
Total contributions and redemptions by holders of redeemable shares		13,833,707
Balance at 31 December		14,499,150

The notes on pages 17 to 33 form an integral part of these financial statements.

INVESTCORP TREASURY SECURITIES FUND PLC
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31ST DECEMBER 2020

	Note	2020 GH¢
Cash flows from operating activities		
Increase in net assets attributable to holders of redeemable shares		665,443
<i>Adjustments for:</i>		
Interest income	7	(708,161)
		(42,718)
<i>Changes in:</i>		
Accrued expenses	14	15,373
		(27,345)
Interest received	7	221,393
Net cash generated from operating activities		194,048
Cash flows from investing activities		
Purchase of investments	10	(13,685,045)
Net cash used in investing activities		(13,685,045)
Cash flows from financing activities		
Proceeds from issue of redeemable shares	11	14,343,359
Payments on redemption of redeemable shares	11	(509,652)
Net cash from financing activities		13,833,707
Net increase/(decrease) in cash and cash equivalents		342,710
Cash and cash equivalents at 1 January	9	-
Cash and cash equivalents at 31 December	9	342,710

The notes on pages 17 to 33 form an integral part of these financial statements.

INVESTCORP TREASURY SECURITIES FUND PLC

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

InvestCorp Treasury Securities Fund PLC is a public limited liability Company incorporated and domiciled in Ghana. The principal activity of the Fund is to create a pool of funds and invest these funds in a range of securities.

The Fund is an open-ended mutual fund which is aimed at mobilising funds from investors who are interested in risk-free investments. The fund is designed for investors who seek exposure to government bills and bonds, or treasury backed securities which presents a more active approach to investment that is well suited for conservative investors who want to invest in safe assets over the medium to long term.

The investment activities of the Fund are managed and administered by InvestCorp Asset Management Limited, the Fund Manager with Standard Chartered Ghana PLC as the custodian of the Fund.

These financial statements comprise the individual financial statements of the Fund as at and for the year ended 31 December 2020.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in a manner required by the Companies Act, 2019 (Act 992) and the Securities Industry Act 2016 (Act 929).

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

The financial statements are presented in Ghana Cedis, which is the Fund's functional currency. All amounts have been rounded to the nearest Ghana cedi, unless otherwise indicated.

2.4 Use of judgements and estimates

In preparing these financial statements, management has made judgements and estimates that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

i. Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL. See Note 3.6.

INVESTCORP TREASURY SECURITIES FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

ii. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ended 31 December 2020 is included in the following notes.

Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information. See Note 3.6.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Interest income/expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation

Interest income calculated using the effective interest method, presented in the statement of comprehensive income, consist of interest on financial assets measured at amortised cost.

3.2 Fees

Fees are recognised in profit or loss as the related services are performed.

3.3 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, balances held with banks and highly liquid financial assets with original maturities of three (3) months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Fund in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost.

3.4 Income tax

Under the current system of taxation in Ghana, the Fund is exempt from paying income taxes.

INVESTCORP TREASURY SECURITIES FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3.5 Financial assets and liabilities

All financial assets and financial liabilities have been recognised in the statement of financial position and measured in accordance with their classification.

i. Recognition and initial measurement

The Fund initially recognises debt securities issued on the date on which they are originated. All other financial assets and financial liabilities are initially recognised when the Fund becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial asset

On initial recognition, a financial asset is classified and measured at: amortised cost, fair value through other comprehensive income (FVOCI) 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:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

Business model assessment

In making the assessment of the objective of the business model of a financial asset that is held, the Fund considers all the relevant information about how the business is managed, including;

- the documented investment strategy and the execution of this strategy in practise. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of financial assets to the duration of any related financial liabilities or expect 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 risk that affect the performance of the business model (and the financial assets held within the 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 asset managed or contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectation about future sales activity.

Transfer 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 one business model.

- *Held-to-collect business model:* this includes cash and cash equivalent and investment in treasury securities such as government bills and bonds. These financial assets are held to collect contractual cash flow.

INVESTCORP TREASURY SECURITIES FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Assessment whether contractual cash flow is SPPI

For the purpose 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 other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

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

- contingent events that could change the amount or the timing of cash flow;
- leverage features;
- prepayment and extension features;
- terms that limits the Fund’s claims to cash flow from specialised assets (e.g. non-recourse features); and
- features that modify considerations of time value of money (e.g. periodical reset of interest rates).

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

Subsequent measurement of financial assets

Financial assets at amortised costs

These assets are subsequently measured at amortised cost using the effective method. Interest income is recognized in ‘interest income calculated using the effective interest method’ and impairment is recognised in ‘impairment losses on financial instruments’ in the statement of comprehensive income. Any gain or loss derecognition is recognised in profit or loss.

Financial assets at amortised cost comprises cash and cash equivalents, investments in government securities and fixed deposits.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

A financial liability is initially recognised at fair value and 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 measured at amortised cost include accrued expenses and other payables.

iii. Derecognition

Financial assets

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 it neither

INVESTCORP TREASURY SECURITIES FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

transfers nor retains substantially all of the risk and rewards of ownership and does not retain control over the transferred asset.

Any interest in such derecognized financial asset that is created or retained by the Fund is recognized as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognized in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Fund is recognized as a separate asset or liability.

Financial liabilities

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

iv. Shareholder's Fund

Redeemable shares

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Fund issues redeemable shares that are the most subordinate classes of financial instruments issued by the Fund, they entitle the holders to the residual net assets, after repayment of the nominal amount of equity shares. The redeemable shares provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund net assets at each redemption date and also in the event of the Fund's liquidation.

A puttable financial instrument that includes a contractual obligation for the Fund to repurchase or redeem that instrument for cash or another financial asset is classified as equity if it meets all of the following conditions:

- It entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- It is in the class of instruments that is subordinate to all other classes of instruments;
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- Apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- The total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

The Fund's redeemable shares meet these conditions and are classified as equity.

Incremental costs directly attributable to the issue or redemption of redeemable shares are recognised directly in equity as a deduction from the proceeds or part of the acquisition cost.

Repurchase of redeemable shares

When redeemable shares recognised as equity are redeemed, the value of the shares is presented as a deduction from shareholder fund, if shareholder fund is insufficient, as an adjustment to retained earnings.

INVESTCORP TREASURY SECURITIES FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3.6 Impairment of financial assets

The Fund recognises loss allowance for ECLs on financial assets measured at amortised cost. The Fund measures loss allowance at 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 asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and 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 realising 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'.

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 the credit risk.

Measurement of ECL

ECLs are probability-weighted estimates 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 assets.

Credit-impaired financial assets

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired (referred to as 'Stage 3 financial assets'). 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.

INVESTCORP TREASURY SECURITIES FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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 past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

Presentation of allowance for ECL 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

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Fund determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of comprehensive income. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Fund's procedures for recovery of amounts due.

3.7 Changes in significant accounting policies

A number of new standards are effective from 1 January 2020, but they do not have a material effect on the Fund's financial statements.

The Fund has consistently applied the accounting policies to all periods presented in these financial statements.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

At the date of authorisation of financial statements of InvestCorp Treasury Securities Fund Plc for the year ended 31 December 2020, the following Standards and Interpretations were in issue but not yet effective:

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Annual Improvements to IFRS Standards (2018 – 2020)
- Classification of liabilities as current or non-current (Amendments to IAS 1)

The Fund has not early adopted the new or amended standards in preparing these financial statements. The amended standards and interpretations are not expected to have a significant impact on the Fund's financial statements.

a. Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendment has:

- updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- added to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination and
- added to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination

INVESTCORP TREASURY SECURITIES FUND PLC

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

The amendment is effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

b. Annual Improvements to IFRS Standards (2018 – 2020)

IFRS 1 First-time Adoption of International Financial Reporting Standards	The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that applies IFRS 1.D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
IFRS 9 Financial Instruments	The amendment clarifies that for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
IFRS 16 Leases	The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.
IAS 41 Agriculture	The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

c. Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

The amendments are to be applied retrospectively from the effective date.

INVESTCORP TREASURY SECURITIES FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. FINANCIAL RISK MANAGEMENT

The Fund maintains positions in a variety of non-derivative financial instruments in accordance with its investment management strategy. The primary investment strategy of the Fund includes:

- Offering a well-diversified blend of securities to the Fund in such a way that the Fund's portfolio will be well cushioned to withstand any market volatility;
- Investing in high earning and carefully selected financial instruments; and
- Periodically reviewing and modifying investments and investment strategies as market conditions change.

The Fund's investment portfolio comprises investment in Government securities, commercial paper and fixed deposits.

The Fund's investment manager has been given discretionary authority to manage the assets in line with the Fund's investment objectives. In instances where the portfolio has diverged from target asset allocations, the Fund's investment manager is obliged to take immediate actions to rebalance the portfolio in line with the established targets.

The COVID-19 pandemic did not have a significant impact on the Fund and its financial risk management.

The risks arising from financial instruments to which the Fund is invested include credit risk, market risk and liquidity risk.

5.1. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from non-derivative financial instruments held by the Fund and cash and cash equivalents. For risk management reporting purposes, the Fund considers and aggregates all elements of credit risk exposure such as individual obligor default risk, country risk and sector risk.

The Fund's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the credit standards set out in the Fund's prospectus.

Credit risk is monitored on a daily basis by the fund administrator in accordance with policies and procedures in place.

5.1.1 Concentration of credit risk

The investment manager reviews the credit concentration of investments held based on the tenor and duration of each investment. The carrying amount of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

2020
GH¢

<i>Financial institutions:</i>	
Investments	14,171,813
Cash at bank	342,710
	14,514,523

INVESTCORP TREASURY SECURITIES FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5.1.2 Amounts arising from ECL

Impairment of cash and cash equivalents, and investment in fixed deposits and government securities have been measured on a 12-month expected credit loss basis and reflects the maturities of the exposures. The Fund considers that these exposures have low credit risk based on the external credit rating of the Government of Ghana and external credit information of the other counterparties.

The Fund monitors changes in credit risk on these exposures by tracking published external credit ratings of the Government of Ghana. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in the published ratings, the Fund supplements it by reviewing changes in bond yields, where available together with available press and regulatory information about counterparties.

12-month and lifetime probabilities of default are based on historical data supplied by rating agency for each credit rating. Loss given default parameters generally reflect an assumed recovery rate of 60%. However, if the asset were credit-impaired, then the estimate of loss would base on a specific assessment of expected cash shortfalls and on the original effective interest rate.

Impairment loss recognised for financial assets at the end of the year was GH¢ Nil

5.1.3 Credit quality of investments and cash and cash equivalents

The Fund's exposure to credit risk in respect of investments and cash and cash equivalents is minimal. The Fund's bank balances are held with banks which are reputable and highly regulated. In addition, the fund's investments are only held in Government of Ghana treasury securities.

5.1.4 Accounting classification and fair values of financial assets and liabilities

The table below shows the carrying amounts and fair values of financial assets and liabilities in the statement of financial position and their categories. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying value
	2020
	GH¢
<i>Financial assets not measured at fair value</i>	
Fixed deposits	-
Government securities	14,171,813
Bank balances	342,710
<i>Financial liabilities not measured at fair value</i>	
Accrued expenses	15,373

5.2 Market risk

Market risk is the risk that changes in market prices such as interest rates will affect the Fund's income or the value of its holding of financial instruments. The Fund's strategy for the management of market risk is driven by the Fund's investment objective. The primary investment objective of the Fund is

INVESTCORP TREASURY SECURITIES FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

to seek growth and create value for shareholders by investing in government bills and bonds, or treasury backed securities. The Fund's market risk is managed on a daily basis by the Fund Manager in accordance with the policies and procedures in place. The Fund diversifies its portfolio with the approval of its Board of Directors. However, borrowing may be done for the purpose of ensuring liquidity, if the need arises. This may not be more than 15% of the total assets of the Fund at the time of borrowing.

5.2.1 Interest rate risk

Interest rate risk is the exposure of current and future earnings and capital to adverse changes in the level of interest rates. Exposure to interest rate risk can result from a variety of factors, including:

- differences between the timing of market interest rate changes and the timing of cash flows (repricing risk);
- changes in the shape of market interest rate curves producing different effects on yields on similar instruments with different maturities (yield curve risk); and
- changes in the level of market interest rates producing different effects on rates received or paid on instruments with similar repricing characteristics (basis risk).

Exposure to interest rate risk

The Fund does not account for any fixed rate financial instruments at fair value through profit or loss therefore a change in interest rates at the reporting date would not affect profit or loss. No interest rate sensitivity analysis has thus been disclosed.

The Fund did not have variable-rate financial instruments in 2020. The Fund also did not have any interest-bearing liabilities in both 2020.

The table below summarises the repricing profiles of the Fund's financial instruments as at 31 December 2020. Items are allocated to time periods by reference to the earlier of the next contractual interest rate repricing and maturity dates.

At 31 December 2020	Up to 1 month	1-3 months	3-12 months	Above 1 Year	Total
	GH¢	GH¢	GH¢	GH¢	GH¢
Investments	-	117,752	1,504,892	12,549,169	14,171,813
Total financial assets	-	117,752	1,504,892	12,549,169	14,171,813

5.2.2 Currency risk

The Fund's currency risk is managed on a daily basis by the investment manager in accordance with the policies and procedures in place. At 31 December 2020, all assets and liabilities of the Fund were denominated in the presentation and functional currency therefore there is no currency mismatch.

5.2.3 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities with financial instruments, either internally within the Fund or externally at the Fund's service providers, and from external factors

INVESTCORP TREASURY SECURITIES FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour.

Substantially all of the assets of the Fund are held by Standard Chartered Bank Ghana PLC. The bankruptcy or insolvency of the Fund's Custodian may cause the Fund's rights with respect to the securities held by the Custodian to be limited. The Investment Manager monitors the credit ratings and capital adequacy of its Custodian on a regular basis.

5.4 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations that are settled by delivering cash or another financial asset. The Fund's policy and the investment manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, including estimated redemptions of shares, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund holds investments in government securities. The Fund's liquidity risk is managed on a daily basis by the Fund Manager in accordance with the policies and procedures in place. The Manager of the Fund will at all times maintain prudent levels of liquidity. The Fund may keep up to 5% of its NAV in cash and cash equivalents or treasury debt to meet possible redemptions. In the unusual event that the Fund suffers withdrawals in excess of liquid funds for such purpose, the Fund may borrow on its assets to meet such withdrawals with interest charged to the Fund. In such event, the Fund Manager shall use all reasonable efforts to reverse this trend within the shortest possible time.

5.3.1 Non-derivative financial assets held for managing liquidity risk

The table below presents the assets held for managing liquidity risk by remaining contractual maturities at the balance sheet date.

2020	Up to 1mth GH¢	1-3mths GH¢	3-12mths GH¢	1-5years GH¢	Total GH¢
Liabilities					
Accrued expenses	15,373	-	-	-	15,373
	15,373	-	-	-	15,373
Assets					
Investments	-	117,752	1,504,892	12,549,169	14,171,813
Cash and cash equivalents	342,710	-	-	-	342,710
Assets held for managing liquidity risk	342,710	117,752	1,504,892	12,549,169	14,514,523
Liquidity gap	327,336	117,752	1,504,892	12,549,169	14,499,150

6. CAPITAL MANAGEMENT

At 31 December 2020, the Fund had GH¢ 13,833,707 of redeemable share capital classified as equity.

i. Fund objectives

The Fund's objectives when managing capital, which is a broader concept than 'equity' on the face of

INVESTCORP TREASURY SECURITIES FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

statement of financial position are:

- To safeguard the Fund's ability to continue as a going concern so that it can continue to operate;
- To achieve consistent returns while safeguarding capital of shareholders by investing in diversified portfolio, by participating in money market and other capital market.
- To maintain a strong capital base to support development of its business.
- To maintain sufficient liquidity to meet the expenses of the Fund as well as redemption requests from shareholders.

There were no changes in the policies and procedures during the year ended 31 December 2020 with respect to the Fund's approach to its redeemable share capital management. The Fund is not subjected to externally imposed capital requirements and has no legal restriction on the issue, repurchase or resale of redeemable shares beyond those included in the scheme particulars of the Fund.

The Fund's adjusted net debt to equity ratio at 31 December was as follows:

	2020
	GH¢
Total liabilities	15,373
Less: Cash and bank balances	342,710
Net debt	(327,337)
Equity	14,499,150
Net debt to equity ratio	-2.26%

7. INTEREST INCOME CALCULATED USING THE EFFECTIVE INCOME METHOD

	2020
	GH¢
Interest on matured fixed deposits	221,393
Interest on fixed deposits yet to mature	486,768
	<u>708,161</u>

8. EXPENSES

	2020
	GH¢
Management fee	21,359
Administrative fee	21,359
	<u>42,718</u>

The Fund appointed InvestCorp Asset Management Limited, an investment management company, incorporated in Ghana, to implement the investment strategy as specified in its prospectus. Under the investment management agreement, the Investment Manager receives a management fee at an annual rate of 0.5% of the net asset value attributable to holders of redeemable shares as defined in the prospectus. The Fund Manager is also entitled to an additional charge of 0.5% per annum of net asset value attributable to holders of redeemable shares as administrative fees to enable it meet general

INVESTCORP TREASURY SECURITIES FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

expenses and make payments to service providers. The investment management and administrative fees incurred during the year amounted to GH¢ 42,718.

Included in administrative fee is vat exclusive audit fee of GH¢ 20,000.

9. CASH AND CASH EQUIVALENTS

	2020 GH¢
Absa Bank Ghana Limited	150,079
Standard Chartered Bank Ghana PLC	192,631
	<u>342,710</u>

10. INVESTMENTS

	2020 GH¢
At 1 January	-
Additions	13,685,045
Redeemed on maturity	-
Accrued income	486,768
Add/(Less): Impairment losses on financial instruments	-
At 31 December	<u>14,171,813</u>
1 year Government of Ghana bond	1,191,670
2 year Government of Ghana bond	990,000
3 year Government of Ghana bond	2,001,659
5 year ESLA bond	4,137,150
6 year Government of Ghana bond	1,030,000
10 year Government of Ghana bond	2,334,766
12 year ESLA bond	1,999,800
	<u>13,685,045</u>
Interest receivable	486,768
	<u>14,171,813</u>
Current	1,622,644
Non-current	12,549,169
Total	<u>14,171,813</u>

INVESTCORP TREASURY SECURITIES FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. SHAREHOLDER'S FUND

The Capital of the Fund represents the Shareholders' contribution towards the Fund. This can vary from time to time depending on the units subscribed and redeemed over the period.

	Number of Shares	2020 GH¢
Shares issued at 1 January	-	-
Shares issued during the year	13,209,566	14,343,359
Shares redeemed	(454,154)	(509,652)
Shares in issue at 31 December	12,755,412	13,833,707

Included in share amount redeemed during the year is exit fees of GH¢ 3,858. The Fund charges its clients exit fees when investments are liquidated any time before three years. Exit fees charged are paid to InvestCorp Asset Management Limited (Fund Manager). Exit fee ranges from 0% to 1% of the amount disinvested as detailed below:

Years invested	Percentage applied as exit fee	
0 – 1	-	1.00%
1 - 2	-	0.75%
2 - 3	-	0.50%
After 3	-	0.00%

12. RELATED PARTY TRANSACTIONS

InvestCorp Asset Management Limited is the Fund Manager of the Fund. The Fund's operations and payments are carried out by the Fund Manager on behalf of the Fund. The related party transactions, outstanding balances at the year end and related income and expense are as follows:

a) Transactions during the year

	2020 GH¢
Management fee	21,359
Administrative fee	21,359
	42,718
Exit fee	3,858

INVESTCORP TREASURY SECURITIES FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

b) Outstanding balances at year end

2020
GH¢

Accrued Expenses	
InvestCorp Asset Management Limited	15,373

For details of the significant terms of this related party relationship, refer to Note 14.

13. RETAINED EARNINGS

2020
GH¢

At 1 January	-
Increase in net assets	665,443
At 31 December	665,443

14. ACCRUED EXPENSE

Accrued management and administrative fee	15,373
---	--------

15. CONTINGENT LIABILITIES

There are no claims from legal actions brought by various persons against the Fund or any other claims in the current year.

16. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2020.

17. SUBSEQUENT EVENTS

No events have occurred since the end of the reporting period that would have had a material effect on the financial statements or require disclosure.

18. SEGMENT REPORTING

An operating segment is a component of the entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Fund does not have an operating segment.

INVESTCORP TREASURY SECURITIES FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. EARNINGS PER SHARE

The Fund presents basic and diluted EPS data for its shares. Basic EPS is calculated by dividing the profit or loss that is attributable to shareholders of the Fund by the weighted-average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to shareholders and the weighted-average number of shares outstanding for the effects of all dilutive potential shares.

The calculation of basic and diluted earnings per share has been based on the profit attributable to shareholders of and weighted-average number of shares outstanding. Diluted earnings per share was calculated after adjusting for all the effects of all dilutive potential shares.

	2020
Increase in net assets attributable to equity holders (GH¢)	665,443
Weighted average number of shares at 31 December	12,755,412
Basic earnings per share (Ghana Cedis per share)	0.05
Diluted earnings per share (Ghana Cedis per share)	0.05

20. COMPARATIVES

The Fund was incorporated on 18 January 2019. It received a licence to operate from the Securities and Exchange Commission of Ghana on 17 March 2020 and started operations in June 2020. Hence, this is the first set of financial statements of the Fund. The Registrar of Companies has been notified that there was no financial activity in 2019 and therefore no financial statements were prepared for that period.

CORPORATE INFORMATION

INVESTCORP TREASURY SECURITIES FUND PLC

BOARD OF DIRECTORS

Anthony Ebow Spio (Chairman)
Mark Amoako (Director)
Waltrude Aboagye (Director)
Henry Sunkwa-Mills (Director)
Kwabena Ofori Apeagyei (Director)

FUND MANAGER

InvestCorp Asset Management Ltd.
No.15, Wawa Drive
North Dzorwulu
Accra

REGISTERED OFFICE

No.15, Wawa Drive
North Dzorwulu
Accra

CUSTODIAN

Standard Chartered Bank Ghana Ltd.
Head Office
87 Independence Avenue
Accra

COMPANY SECRETARY

JLD & MB Legal Consultancy
No. 18 Quartey Papafio Avenue
Airport Residential Area
P.O. Box 410
Accra

AUDITOR

KPMG
Chartered Accountants
13 Yiyiwa Drive, Abelenkpe
P.O. Box 242
Accra

BANKERS

Absa Bank Ghana Ltd.
Independence Avenue
Accra

DIRECTORS' PROFILE

NAME

ANTHONY EBOW SPIO

OCCUPATION

CORPORATE EXECUTIVE



POSITION

BOARD CHAIRMAN

Mr. Anthony Ebow Spio is a Senior Lecturer and Head of the Business Administration Department of Ashesi University College where he is responsible for providing strategic and academic leadership. Before joining Ashesi University, Mr. Spio was the General Manager of DiscoveryTel Ghana Limited where he developed a business plan to raise USD 1million to launch new internet service/technology with the potential of generating USD 10million. He was also the President and Managing Director of Spio & Spio Consulting Limited. Mr. Spio also held various top-level positions at Unilever Ghana and Nigeria as a Brands and Marketing Manager. His professional skills center on strategy development, competitor analysis, enterprise development, marketing and brand development.

He earned a Diploma in Sustainable Local Economic Development from Erasmus University, Rotterdam, an MSc in International Marketing from the University of Strathclyde, Scotland and an Advanced Marketing Diploma from the Institute of Marketing Management, South Africa. Mr. Spio also possesses a B.A. (Hons) Economics from the University of Ghana. He is a fellow of the Chartered Institute of Marketing U.K. 2013.

NAME

MARK AMOAKO

OCCUPATION

ACCOUNTANT



POSITION

DIRECTOR

Mr. Mark Kofi Amoako is a Chartered Accountant with over 10 years experience in Financial Management, Taxation, Mergers & Acquisitions, Public Finance Management, Financial and Operational Audit. He has been a Regional Accountant at the National Health Insurance Authority since 2012 with the Core Responsibility of training, supervising, monitoring and evaluating of Accountants, examining financial transaction processes to help establish financial controls, supervise and prepare budgets.

He holds a first Degree in Banking and Finance with the University of Ghana; MSc. International Economics, Banking and Finance and a member of the Association of Chartered Certified Accountants – UK and Institute of Chartered Accountants – Ghana.

NAME

WALTRUDE ADZOAVI ABOAGYE

OCCUPATION

LAWYER



POSITION

DIRECTOR

Waltrude is a junior associate at Beyuo & Co. and is heavily involved in arbitration and mediation. She assists the managing partner of the firm in the conduct of all arbitration proceedings, as well as conducting research and writing opinions. Waltrude has attended a number of arbitration conferences including 17th Annual IBA international Arbitration Day, held in Paris, France and the LCIA MIAC International Arbitration Lunch Symposium, held in Accra, Ghana. She also took part in a One Day Sensitization Program on Court Connected Alternative Dispute Resolution (CCADR), held in Accra, Ghana. She is also involved civil litigation and manages the portfolios of clients for which the firm acts as company secretary, including attending board meetings on behalf of the firm.

She is fluent in French and holds a B.A in French and Law from KNUST and a certificate d'étude française from the Université de Caen Basse -Normandie. She studied law at the University of Ghana from 2008- 2010 and obtained her professional certificate from the Ghana School of law in 2012. She is a member of the Chartered institute of Arbitrators and a member of the Ghana Bar Association.

DIRECTORS' PROFILE

NAME

HENRY SUNKWA-MILLS

OCCUPATION

INVESTMENT BANKER



POSITION

DIRECTOR

Henry is the Managing Director of InvestCorp. Prior to this role, he was the Deputy Managing Director of the Firm – responsible for planning, monitoring and evaluation of policy and strategy implementation. As Managing Director, he is responsible for the overall strategic management of the Firm, chairs the Investment Committee and serves as a board member of the Firm's managed mutual funds.

Henry worked with Merrill Lynch / Bank of America Merrill Lynch in New York within the Global Energy & Power Investment Banking Group. He possesses strong origination and corporate finance skills, including leveraged finance, deal origination and corporate restructuring. Henry has extensive and key relationships in Ghana and internationally, which are critical to the success of our firm.

He served on the Board of the Ghana Netherlands Business and Culture Council (GNBCC) between 2015 and 2019 and acted as the Treasurer of the Council. He is a member of the Rotary Club of Accra La-East and serves on the Public Image (PI) and Fundraising Committees.

NAME

KWABENA OFORI APEAGYEI

OCCUPATION

INVESTMENT BANKER



POSITION

DIRECTOR

Kwabena has oversight responsibility for the firm's operations and business development. He helps in overseeing the day-to-day business activities and in ensuring that the firm's client acquisition strategy, operational risk and technology functions are effective and well-coordinated. He is a member of the firm's Investment Committee (IC). Prior to InvestCorp, he worked with Access Bank, Republic Bank, Fidelity Bank, FBN Bank and Omni Bank in roles of client acquisition, branch operations, and team management. He has built immense experience in sales and marketing, organizational efficiency and strategy and has developed key relationships in the financial industry.

He holds Bachelor of Arts (BA) degree in Psychology with a minor in philosophy and an MBA in Finance from the University of Ghana. He also undertook the Securities Industry Course at the GSE as well as other professional courses from the Ghana Banking College.



CUSTODIAN'S REPORT

INTERNAL




June 11, 2021

The Board
InvestCorp Treasury Securities Fund
15 Wawa Drive, North Dzorwulu
P.O.BOX 22493
Accra

REPORT OF THE CUSTODIAN TO THE INVESTORS OF INVESTCORP TREASURY SECURITIES FUND – DECEMBER 31, 2020

Standard Chartered Bank Ghana PLC confirms the investment holding for InvestCorp Treasury Securities Fund as at December 31, 2020 as follows:

<i>GOVERNMENT BONDS</i>		
Security Name	Position	Valuation
REPUBLIC OF GHANA - 19 PCT BDS 18.09.2023	100,000.00	105,324.18
GOG-NT-03.10.2022-A5435-1714-18.50	250,000.00	261,181.32
GOG-BD-29.05.2023-A5330-1696-18.85	100,000.00	101,657.14
REPUBLIC OF GHANA - 16.5 PCT SNR BDS 22.03.2021	104,800.00	109,645.56
REPUBLIC OF GHANA - 19.5 PCT SNR BDS 08.07.2024	2,711,087.00	2,960,894.30
REPUBLIC OF GHANA - 18 PCT SNR BDS 26.07.2021	269,444.00	290,496.16
REPUBLIC OF GHANA - 16.5 PCT SNR BDS 06.02.2023	1,039,000.00	1,106,820.44
REPUBLIC OF GHANA - 19.5 PCT SNR BDS 13.07.2026	1,030,000.00	1,121,044.64
GOG-BD-27.11.2023-A5486-1722-19.25	1,410,000.00	1,433,861.54
REPUBLIC OF GHANA - 18.25 PCT NTS 29.08.2022	740,000.00	785,635.03
REPUBLIC OF GHANA - 19.8 PCT SNR BDS 11.06.2029	1,614,039.00	1,623,696.63
GOG-BD-02.11.2026-A4338-1511-19.00	749,698.00	770,438.27
REPUBLIC OF GHANA - 19.25 PCT SNR BDS 23.06.2025	291,505.00	292,121.65
Classification Total	10,409,573.00	10,962,816.86
<i>LOCAL GOV'T BONDS</i>		
Security Name	Position	Valuation
ESLA-BD-29.12.2031-A5200-1676-20.50	2,089,007.00	2,291,365.21
Classification Total	2,089,007.00	2,291,365.21
<i>TREASURY BILLS</i>		
Security Name	Position	Valuation
GOG-BL-01.11.2021-A5462-1718-0	584,850.00	513,986.26

Standard Chartered Bank Ghana PLC
Head Office,
87 Independence Avenue,
P O Box 768, Accra – Ghana
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Tel 0302 610750 / 0302 633366

Dr. Emmanuel Oteng Kumah (Chairman) - Mansa Netley (Managing Director) - Kwaku Nimfah-Essuman - Sheik Jobe
Prof. Akua Kuenyehia - Harriet-Ann O. Adesola - Ebenezer Twum Asante - Kwabena Nifa Aning - George Akello

CUSTODIAN'S REPORT

INTERNAL



standard
chartered

REPUBLIC OF GHANA - 0 PCT T-BILL 14.06.2021	720,571.00	674,025.04
REPUBLIC OF GHANA - 0 PCT T-BILL 20.09.2021	58,493.00	52,379.91
Classification Total	1,363,914.00	1,240,391.21

SUMMARY		
Description	Market Value	PCT of Total
GOVERNMENT BONDS	10,962,816.86	74.64
LOCAL GOV'T BONDS	2,291,365.21	15.60
TREASURY BILLS	1,240,391.21	8.45
CASH BALANCE	192,631.27	1.31
GRAND TOTAL (GHS)	14,687,204.55	100.00

Yours faithfully

Beverly Frimpong
Head, Securities Services Ghana

Standard Chartered Bank Ghana PLC
Head Office,
37 Independence Avenue,
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Prof. Akua Kuenyehia · Harriet-Ann O. Adesola · Ebenezer Twum Asante · Kwabena Nifa Aning · George Akello

PROXY FORM INVESTCORP TREASURY SECURITIES FUND PLC

I/We.....of.....
being a member/members of InvestCorp Treasury Securities Fund PLC hereby appoint or, failing him/her, the duly appointed Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held **virtually and streamed live via Zoom on Thursday, 29th July, 2021 at 11:00 am prompt** and any adjournment thereof.

Please indicate with an X in the spaces below how you wish your votes to be cast.

ORDINARY RESOLUTIONS	FOR	AGAINST
1. To receive and adopt the Financial Statements for the year ended 31st December, 2020 together with the reports of the Directors and external Auditors thereon		
2. To re-elect Directors		
3. To fix and approve remuneration of the Directors		
4. To authorise the Directors to fix the remuneration of the external Auditors		
SPECIAL RESOLUTIONS		
1. That a registered Constitution be adopted by the Company in substitution for its Regulations to bring same into conformity with the provisions of the Companies Act, 2019 (Act 992) and the Unit Trust and Mutual Fund Regulations 2001 (L.I. 1695)		
2. To amend the Company’s Constitution to accommodate the holding of Annual General Meetings by electronic or virtual means where the Directors deem it necessary to do so		

Signed this.....day.....2021

Shareholder’s Signature



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