



Premier Investment Banking

INVESTCORP ACTIVE EQUITY FUND PLC.

ANNUAL REPORT

2020



InvestCorp Active Equity Fund

Take the Leap!

A dynamic and consistent approach towards long-term capital appreciation

The Fund is suitable for:

- Retirement/Pension Planning
- Long Term Capital Appreciation
- Inheritance/Estate Planning
- Diversification

*Minimum monthly investment of GHS 100

Licensed by:



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NOTICE OF VIRTUAL ANNUAL GENERAL MEETING OF INVESTCORP ACTIVE EQUITY FUND PLC

NOTICE IS HEREBY GIVEN THAT the 1st Annual General Meeting of InvestCorp Active Equity Fund PLC (the “Company”) will be held virtually and **streamed live via Zoom on Thursday, July 29, 2021 at 3:00 pm**, 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 fix and approve the remuneration of the Directors
3. To appoint John Kay Associates Ltd as the Auditors of the Company
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
 17 CO. ROAD 410
 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 Papafio 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 3:00 pm 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 2:30pm and the AGM will officially begin at 3:00pm.
- 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.

CHAIRPERSON'S STATEMENT TO SHAREHOLDERS OF THE INVESTCORP ACTIVE EQUITY FUND

Dear Shareholder,

It is my pleasure to welcome you to the maiden Annual General Meeting (AGM) of the InvestCorp Active Equity Fund. On behalf of the Board, I would like to say thank you for your belief in the Fund as a strategic way to gain a well-diversified exposure to Ghana's stock market.

The InvestCorp Active Equity Fund is an open-ended collective investment scheme which invests mainly in equities and equity-linked securities listed on the Ghana Stock Exchange (GSE). It presents a superior and more active approach to equity investments, in line with an optimal portfolio constructed based on value, liquidity and identified short-term advances.

In this address, I will provide a brief review of the global and Ghanaian economies in the last year (a year unlike many in recent history). I will then talk about the performance of the InvestCorp Active Equity 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 and 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 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.

CHAIRPERSON'S STATEMENT TO SHAREHOLDERS OF THE INVESTCORP ACTIVE EQUITY FUND (CONT'D)

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 $8 \pm 2\%$), 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.

Stock Market Performance

The Ghana Stock Exchange (GSE) closed the year bearish for the third consecutive year. This was largely driven by selling pressures on companies across the manufacturing, financial distribution and telecommunication sectors, from uncertainty of the impact of COVID-19 on the earnings of listed companies. The market recorded an all-year low performance of -19.95% (in November 2020) but started to rebound towards the end of the year, supported by improved investor sentiment following the news of a successful covid-19 vaccine. The GSE Composite Index (GSE-CI) posted a return of -13.98% to close the year 2020 (-12.25% in 2019).

Fund Performance

The Active Equity Fund ended 2020 with a year-to-date (YTD) return of -5.67%, outperforming the GSE-Composite Index which ended the year at -13.98% by 8.31 percentage points. Assets Under Management (AUM) stood at approximately GHS 182,601 by the end of the year. The growth in the

CHAIRPERSON'S STATEMENT TO SHAREHOLDERS OF THE INVESTCORP ACTIVE EQUITY FUND (CONT'D)

Fund's size was driven by its competitive returns, relative to the market. We remain confident that the Fund's performance will recover in 2021, supported by the low interest rate environment and renewed investor confidence on the market.

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 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 (Obaatanpa) 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.

The equity market has rallied this year (in line with global trends), supported by the sustained policy support and improved sentiments on growth prospects and increased portfolio inflows. The equity market is expected to close the year bullish which supports the general positive economic outlook.

Closing Remarks

We see "green shoots" and a rebound in economic activities for Ghana in 2021. The Active Equity Fund is well positioned to benefit significantly from the strengthening equity market and our proactive approach to managing the Fund will continue to provide an opportunity for shareholders to enjoy highly attractive total return. As a medium to long term aggressive investment product, the equity Fund is positioned for capital appreciation and we will continue to work with you to achieve your investment goals.

Thank you once again.



Matilda Asante-Asiedu
Board Chairperson

FUND MANAGER'S REPORT

Portfolio Review

The InvestCorp Active Equity Fund posted a return of -5.67% in 2020, outperforming its benchmark (GSE Composite Index) which stood at -13.98%. For three consecutive years, the performance of the Ghana Stock Exchange has been on a decline - recording returns of -0.29%, -12.25% and -13.98% for 2018, 2019 and 2020 respectively. One of the many factors that accounted for this trend was the financial sector clean-up which started in 2017. The clean-up exercise saw the revocation of the licenses of 9 banks, one of which was listed. The revocation of the licenses of 23 savings & loans and finance houses, 39 microcredit institutions, 347 microfinance institutions and 53 fund management firms led to some uncertainty in the financial market. Selling pressures therefore drove the market down.



Upon completion of the clean-up, confidence in the financial sector gradually picked up. However, this was short lived as the COVID-19 pandemic struck a devastating blow to global economy, eroding the gains made by the GSE. The depression in the stock market in 2020 was driven by selling pressures from investors amid uncertainties of the impact of the pandemic on the earnings of the listed companies, coupled with uncertainty regarding the political landscape during and after the general election in December 2020.

The InvestCorp Active Equity fund recorded an increase in Assets under management (AUM) from GHS 81,098.00 (in 2019) to GHS 182,601.00 (in 2020), representing a growth of 125.2%. At the end of the reporting period, the portfolio was exposed to listed equities (74.8%), money market securities and collective investment schemes (6.3%) and cocoa bills (18.9%). The Investment Committee of the Fund Manager will continue to review the asset allocation mix and investment strategy, supported by detailed analysis of the economic environment to ensure a healthy risk-total return profile.

Outlook / Strategy

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.

We also expect the currency to be fairly stable as the Bank of Ghana continues its intervention through the forex forward market. The issuance of the Eurobond is also expected to shore up the cedi. We are however wary of public debt accumulation as official data puts our debt to GDP ratio at 76.1% for 2020. We see elevated risk to the country's debt sustainability strategy.

Given that the stock market had been on a decline for the past 3 years, stocks were highly undervalued during the period. This provided us with the opportunity to pick up bargain stocks across the financial, petroleum and telecom sectors as they posted stronger earnings and valuation multiples. We expect a speedy correlation in the prices of stocks as we see the bull run through 2021. Additionally, we will maintain our fixed-income holdings for liquidity management and as a hedge against shocks and volatility on the bourse.

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

Leticia Opoku
Fund Manager

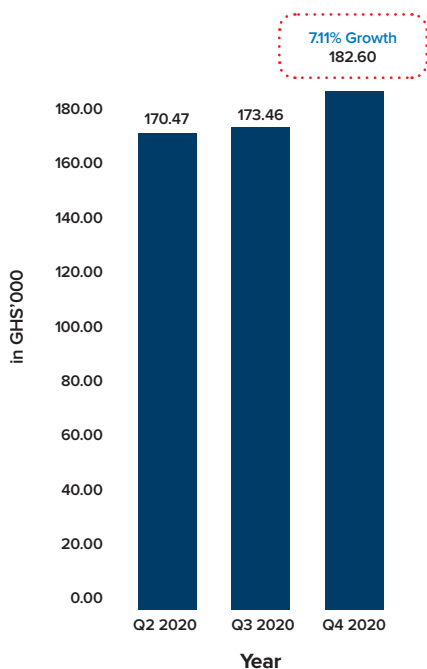
PORTFOLIO SUMMARY AS AT DECEMBER 2020

Year	Assets under Management (AUM)	YTD	GSE-CI	Spread
Q2 2020	170,474.43	-11.19%	-15.83%	4.64%
Q3 2020	173,458.15	-9.63%	-17.75%	8.12%
Q4 2020	182,601.00	-5.67%	-13.98%	8.31%

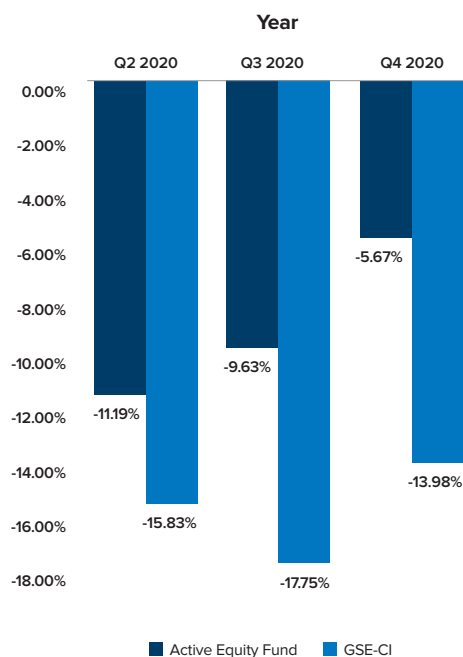
Fund Information

Price to Earnings	(51.78)
Price to Book Ratio	0.99

ASSETS UNDER MANAGEMENT AUM (GHS'000)

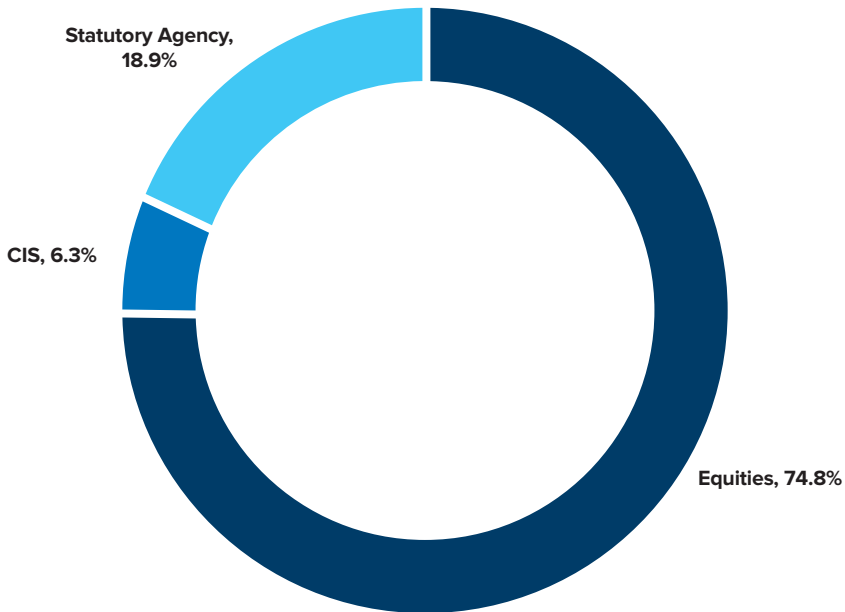


FUND PERFORMANCE (%)

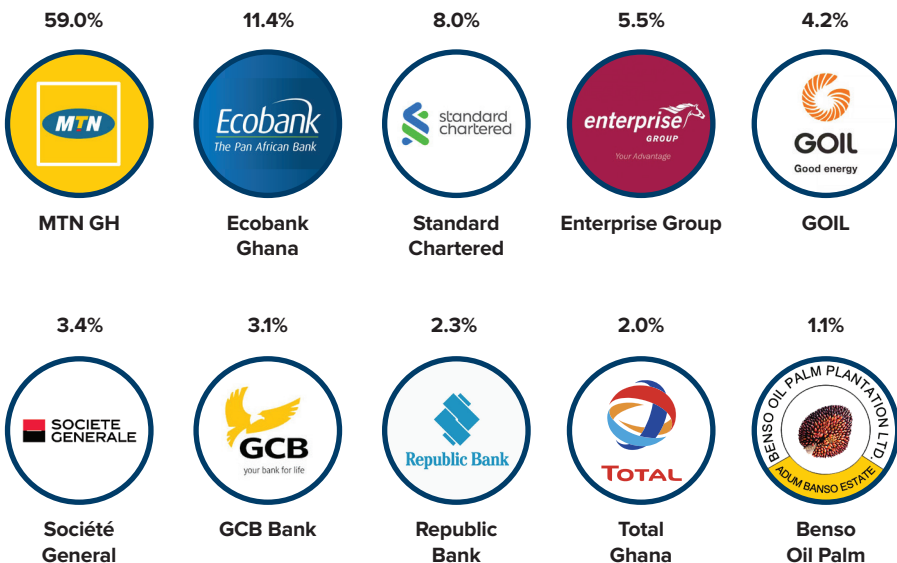


PORTFOLIO SUMMARY AS AT DECEMBER 2020 (CONT'D)

ASSET ALLOCATION (%)



EQUITY ALLOCATIONS



REPORT OF THE DIRECTORS TO MEMBERS OF INVESTCORP ACTIVE EQUITY FUND PLC

The Directors present their report and the financial statements of 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 Active Equity 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 Directors' report.

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.

Financial results

The financial results of the Fund for the year ended 31 December, 2020 is set out in the accompanying financial statements.

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

Principal Activities

The principal activity of the Fund is to carry on the business of mobilizing funds for investment in equities and equity-linked securities listed on the Ghana Stock Exchange as well as fixed income/money market instruments (for liquidity purposes), with the aim of achieving highly attractive risk-adjusted total return for its investors over the long-term. There was no change in the nature of business of the Fund during the year.


APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of InvestCorp Active Equity Fund Plc, as identified in the first paragraph, were approved by the Board of Directors on 30th March, 2021 and signed on their behalf by:



Signature

Matilda Asante-Asiedu
Name of Director



Signature

Henry Sunkwa-Mills
Name of Director

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF INVESTCORP ACTIVE EQUITY FUND PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of InvestCorp Active Equity Fund Plc ("the Fund"), which comprise the statement of financial position at 31 December 2020, and the statement 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 16 to 32.

In our opinion, these financial statements give a true and fair view of the financial position of InvestCorp Active Fund Plc at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (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.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and the Directors' Report as required by the Companies Act, 2019 (Act 992) 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 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.

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.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF INVESTCORP ACTIVE EQUITY FUND PLC (CONT'D)

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 management.
- 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.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF INVESTCORP ACTIVE EQUITY FUND PLC (CONT'D)

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 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 and the statement of financial position and the statement of comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is **Eddie Nikoi (ICAG/P/1040)**.



DATE: 30th March, 2021

INVESTCORP ACTIVE EQUITY FUND PLC

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2020

	Note	2020 GH¢	2019 GH¢
Assets			
Cash and cash equivalents	14	10,105	5,825
Investment	9	173,192	75,598
Total Asset		183,297	81,423
Liabilities			
Accrued Expenses	17	696	326
Total Net Asset		182,601	81,098
Equity			
Shareholder's Fund	16	210,963	105,963
Accumulated income	15	2,315	1,166
Capital Gain/ (Loss)	12	(30,677)	(26,031)
Total Equity		182,601	81,098

Matilda Asante-Asiedu
Name of Director



Signature

Henry Sunkwa-Mills
Name of Director



Signature

The notes on pages 16 to 32 form an integral part of these financial statements.

INVESTCORP ACTIVE EQUITY FUND PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2020

	Note	2020 GH¢	2019 GH¢
Revenue			
Interest Income	7	2,068	1,446
Dividend Income	7	3,202	1,886
		5,270	3,332
Expenses			
Management fee	8	(2,747)	(1,725)
Administrative Expense	8	(1,374)	(863)
		(4,121)	(2,588)
Net Investment Income		1,149	744
Other Comprehensive Income/Loss:			
Fair Value Loss	13	(4,646)	(11,733)
Increase/ (Decrease) in Net Asset		(3,497)	(10,989)

The notes on pages 16 to 32 form an integral part of these financial statements.

INVESTCORP ACTIVE EQUITY FUND PLC

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FOR THE YEAR ENDED 31ST DECEMBER, 2020

	Note	2020 GH¢	2019 GH¢
Balance at 1 January		81,098	91,537
Changes in net assets attributable to holders of redeemable shares		(3,497)	(10,989)
Contributions and redemptions by holders of redeemable shares:			
Issue of redeemable shares during the year	16	105,000	1,500
Redemption of redeemable shares during the year	16	-	(950)
Balance as at 31 December		182,601	81,098

The notes on pages 16 to 32 form an integral part of these financial statements.

INVESTCORP ACTIVE EQUITY FUND PLC STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST DECEMBER, 2020

	Note	2020 GH¢	2019 GH¢
CASH FLOWS FROM OPERATING ACTIVITIES			
Increase/Decrease in net assets		(3,497)	(10,989)
Fair Value Loss	13	4,646	11,733
Adjustment for:			
Expense Payable		(326)	(425)
Accrued expense	17	696	326
Net cash from operating activities		1,519	645
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		(102,239)	-
Proceeds from redemption of investments		-	3,290
Net cash used in investing activities		(102,239)	3,290
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of redeemable shares	16	105,000	1,500
Payments on redemption of redeemable shares	16	-	(950)
Net cash from financing activities		105,000	550
Net Increase/ (Decrease) in cash and cash equivalents		4,280	4,485
Cash and cash equivalents at 1 January		5,825	1,340
Cash and cash equivalent at 31 December	14	10,105	5,825

The notes on pages 16 to 32 form an integral part of these financial statements.

INVESTCORP ACTIVE EQUITY FUND PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020

1. GENERAL INFORMATION

InvestCorp Active Equity Fund Plc is a limited liability Company incorporated and domiciled in Ghana.

1.1 Description of the Fund

The Fund is an open-ended mutual fund which is aimed at mobilizing funds for investment in equities and equity-linked securities listed on the Ghana Stock Exchange as well as fixed income/money market instruments (for liquidity purposes), with the aim of achieving highly attractive risk-adjusted total return for its investors over the long-term.

The investment activities of the Fund are managed and administered by InvestCorp Asset Management Limited, the Fund Manager.

1.2 Stock Broker

The transactions of the Fund are made through EDC Stock brokers limited, a member of the Ecobank Group.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Additional information required under the Companies Act, 2019 (Act 992), the Securities and Exchange Commission Regulations, 2003 (LI 1728), the Securities Industry Act 2016 (Act 929) and the Unit Trust and Mutual Fund Regulations, 2001 (L.I. 1695), have been included, where appropriate.

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 and presentation currency.

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 Fair Value Measurement

The International Financial Reporting Standard (IFRS) 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, excluding transaction cost other than that relating to transportation. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

INVESTCORP ACTIVE EQUITY FUND PLC

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3.2 Interest income

Policy applicable before 1 January 2018

Interest income is recognised in profit or loss, using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts, without consideration of future credit losses, over the expected life of the financial instrument or through to the next market based repricing date to the net carrying amount of the financial instrument on initial recognition. Interest received or receivable, and interest paid or payable, are recognised in profit or loss as interest income and interest expense, respectively.

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.

3.3 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

INVESTCORP ACTIVE EQUITY FUND PLC

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3.3.1 Interest Revenue and Expense

Interest revenue and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest rate method.

3.3.2 Dividend Revenue and Expense

Dividend revenue is recognised on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the right of the Fund to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income. Dividend expense relating to equity securities sold short is recognised when the right of the shareholders to receive the payment is established.

3.3.3 Dividend Policy

The Fund does not pay dividend.

3.4 Fees

Fees are recognised on an accrual basis. Fees are recognised in profit or loss as the related services are performed.

3.5 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.

3.6 Income tax

The dividend income and capital gains are subject to withholding tax deducted at the source of the income. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income and is not significant for the Fund. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

Under the current legislation, mutual funds are not subject to taxes on income or capital gains, nor to any taxes on income distributions.

3.7 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 short term investments 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 FVTPL, transaction costs that are directly attributable to its acquisition or issue.

INVESTCORP ACTIVE EQUITY FUND PLC

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

ii. Classification

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified and measured at: amortised cost, Fair Value through Other Comprehensive Income (FVOCI) or fair value through profit and loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit and loss (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 solely payments of principal and interest (SPPI).

Business model assessment

In making an assessment of the objective of the business model a financial asset 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 practice. 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 affects 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 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 fixed deposits. These financial assets are held to collect contractual cash flow.

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:

INVESTCORP ACTIVE EQUITY FUND PLC

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 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).

Financial assets- Policy applicable before 1 January 2018

The Fund classifies its financial assets in the following categories: held to maturity, and loans and receivables.

Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables comprise cash and bank balance, accounts receivable and other assets.

Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market, and that the Fund did not intend to sell immediately or in the near term.

Loans and receivables were initially recognized at fair value plus incremental direct transaction costs, and subsequently measured at amortized cost using the effective interest method less any impairment losses.

(b) Held-to-maturity investments

'Held-to-maturity investments' are non-derivative assets with fixed or determinable payments and fixed maturity that the Fund has the positive intent and ability to hold to maturity, and which are not designated as at FVTPL or as available-for-sale.

Held-to-maturity investments are carried at amortised cost using the effective interest method, less any impairment losses. A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and would prevent the Fund from classifying investment securities as held-to-maturity for the current and the following two financial years.

Financial liabilities

Financial liabilities that are not classified at fair value through profit or loss fall into this category. They are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised costs. Financial liabilities measured at amortised cost include other liabilities.

INVESTCORP ACTIVE EQUITY FUND PLC

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

i. 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 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.

3.8 Impairment of financial assets

Policy applicable from 1 January 2018

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

INVESTCORP ACTIVE EQUITY FUND PLC

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Expected Credit Loss (ECLs) are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive).

Expected Credit Loss (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.

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 ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

Policy applicable before 1 January 2018 – objective evidence of impairment

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Fund on terms that the Fund would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers, economic conditions that correlate with defaults.

The Fund is still in the process of assessing the full impact of requirement. However, it anticipates that the new impairment requirements will have an impact on the Fund.

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

INVESTCORP ACTIVE EQUITY FUND PLC

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3.9 Changes in significant accounting policies

The fund has initially applied IFRS 9 and IFRS 15 from 1 January 2018. A number of other standards are also effective from 1 January 2018 but they do not have a material effect on the Fund's financial statements.

As permitted by the transition provision of IFRS 9, comparative information throughout these financial statements has not generally been restated to reflect the requirements of the standard.

IFRS 15 did not have a significant impact of the financial statements.

Except for the changes below, the Fund has consistently applied the accounting policies as set out in Notes 3.1 to 3.6 to all periods presented in these financial statements.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Fund has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require:

1. Impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. Under IAS 39, impairment was recognized when losses were incurred. The Fund did not previously report any incurred losses; and
2. Separate presentation in the statement of comprehensive income of interest revenue calculated using the effective interest method. Previously, the Fund disclosed this amount in the notes to the financial statements.

Additionally, the Fund has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures which are applied to disclosures about 2020.

(a) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Fund's accounting policies related to financial liabilities.

(b) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model also applies to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier

INVESTCORP ACTIVE EQUITY FUND PLC

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

than under IAS 39. The Fund has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an impairment allowance of Nil on investments.

(c) *Transition*

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- Comparative periods generally have not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in statement of changes in net assets attributable to holders of redeemable shares as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9, but rather those of IAS 39.
- The Fund has used the exemption not to restate comparative periods.
- The determination of the business model within which a financial asset is held have been based on the facts and circumstances that existed at the date of initial application.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The standards stated below do not have any impact on the Fund.

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 includes a single model for lessees which will result in almost all leases being included in the Statement of Financial Position. No significant changes have been included for lessors. IFRS 16 also includes extensive new disclosure requirements for both lessees and lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgments made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

The amendments clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive

INVESTCORP ACTIVE EQUITY FUND PLC

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

income (FVOCI) if they meet the other relevant requirements of IFRS 9.

The amendments apply for annual periods beginning on or after 1 January 2019 with retrospective application, early adoption is permitted.

Long-term Interests in Associates and Joint Ventures (Amendment to IAS 28)

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate and joint venture that form part of the net investment in the associate or joint venture but to which the amendments apply for annual periods beginning on or after 1 January 2019. Early adoption is permitted.

Plan Amendment, Curtailment or Settlement (Amendment to IAS 19)

The IASB's amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period.

The amendments clarify that:

- On amendment, curtailment or settlement of a defined benefit plan, it is now mandatory for entities to use the updated actuarial assumptions to determine the current service cost and net interest for the period; and
- The effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).

The amendments should be applied prospectively to plan amendments, curtailments or settlements that occur on or after 1 January 2019, with earlier application permitted

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:

- Offer 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;
- Invest in high earning and carefully selected financial instruments; and
- Periodically review and modify investments and investment strategies as market conditions change.

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

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 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

INVESTCORP ACTIVE EQUITY FUND PLC

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

principally from non-derivative financial instruments held by the Fund and cash and cash equivalents.

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 principal activity of the Fund is to carry on the business of mobilizing funds for investment in equities and equity-linked securities listed on the Ghana Stock Exchange as well as fixed income/money market instruments (for liquidity purposes), with the aim of achieving highly attractive risk-adjusted total return for its investors over the long-term. There was no change in the nature of business of the Fund during the year. 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.

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)

The Fund uses gap analysis to measure its exposure to interest rate risk. Through this analysis, it compares the values of interest rate sensitive assets and liabilities that mature or reprice at various time periods in the future. The Fund may make judgemental assumptions about the behaviour of assets and liabilities which do not have specific contractual maturity or repricing date.

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

The Fund's objective is to manage operational risk so as to balance the limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to investors. The primary responsibility for the development and implementation of controls over operational risk rests with the board of Directors. The Directors' assessment of the adequacy of the controls and processes in place at the service providers with respect to operational risk is carried out via regular discussions with the service providers and a review of the service providers' operational reports on internal controls

5.3 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

INVESTCORP ACTIVE EQUITY FUND PLC

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

its liabilities when due, under both normal and stress conditions, including estimated redemptions of shares, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund holds investments in government security and fixed deposits from financial institutions. 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, for liquidity purposes, will invest a maximum of 10% of its Net Assets in short term securities or near cash investments. Borrowing which are approved by the Board of Directors of the Fund may be done for the purpose of ensuring liquidity, if the need arises. This may not be more than 15% of the total net assets of the Fund.

6. CAPITAL MANAGEMENT

At 31 December 2020, the Fund had GH¢ 210,963 (2019: GH¢ 105,963) of redeemable share capital classified as equity.

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

- To comply with the capital requirements set by the regulator;
- To safeguard the Fund's ability to continue as a going concern so that it can continue to operate;
- To provide returns to shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support development of its business.

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

	2020 GH¢	2019 GH¢
Total liabilities	696	326
Less: Cash and bank balances	10,105	5,825
Net debt	(9,409)	(5,500)
Equity	182,600	81,098
Net debt to equity ratio	-5.15%	-6.78%

INVESTCORP ACTIVE EQUITY FUND PLC

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INTEREST INCOME/ DIVIDEND

	2020	2019
	GH¢	GH¢
Interest Income:		
Money Market	1,512	1,446
Cocoa Bill	556	-
Dividend Income	3,202	1,886
	5,270	3,332

8. EXPENSES

	2020	2019
	GH¢	GH¢
Management fee	(2,747)	(1,725)
Administration fee	(1,374)	(863)
	(4,121)	(2,588)

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 2% of the net asset value attributable to holders of redeemable shares as defined in the prospectus. The investment management fee and expense costs incurred during the year amounted to GH¢ 4,121 (2019: GH¢ 2,588)

9. INVESTMENTS AT FAIR VLAUE/ AMORTIZED COST

	2020	2019
	GH¢	GH¢
Investments at FVTPL	135,978	70,678
Short Term Funds:		
Money Market Fund (Fixed Deposits)	4,920	4,920
Cocoa bill	32,294	-
	173,192	75,598

INVESTCORP ACTIVE EQUITY FUND PLC

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. INVESTMENTS AT FAIR VALUE

	2020 GH¢	2019 GH¢
BOPP	1,500	2,145
EGH	15,444	17,353
EGL	7,440	8,768
GCB	4,204	5,294
GOIL	5,727	6,491
HFC	2,870	3,920
SCB	10,922	12,322
SOGEGH	4,570	5,141
TOTAL	3,141	3,330
MTNGH	80,160	5,915
	135,978	70,678

11. INVESTMENTS AT COST

	2020 GH¢	2019 GH¢
BOPP	4,689	4,689
EGH	15,634	15,634
EGL	21,151	21,151
GCB	4,926	4,926
GOIL	10,769	10,769
HFC	9,936	9,936
SCB	14,120	14,120
SOGEGH	4,893	4,893
TOTAL	4,441	4,441
MTNGH	76,095	6,149
	166,655	96,710

INVESTCORP ACTIVE EQUITY FUND PLC

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. FAIR VALUE GAIN / (LOSS)

	2020	2019
	GH¢	GH¢
BOPP	(3,189)	(2,544)
EGH	(190)	1,719
EGL	(13,712)	(12,383)
GCB	(722)	368
GOIL	(5,042)	(4,279)
HFC	(7,066)	(6,016)
SCB	(3,198)	(1,799)
SOGEGH	(323)	248
TOTAL	(1,300)	(1,111)
MTNGH	4,065	(234)
	(30,677)	(26,031)

13. UNREALIZED GAINS / (LOSSES) ON INVESTMENTS AT FVTPL

	2020	2019
	GH¢	GH¢
Fair Value of Financial Assets	135,978	70,678
Cost of Financial Assets	(166,655)	(96,710)
Unrealised gains/ (loss) as at 31 December	(30,677)	(26,031)
Change in Unrealised gains/ (loss)	(4,646)	(11,733)

INVESTCORP ACTIVE EQUITY FUND PLC

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. CASH AND CASH EQUIVALENTS

	2020 GH¢	2019 GH¢
Barclays Bank Ghana	10,105	5,825
	10,105	5,825

15. ACCUMULATED NET INVESTMENT INCOME

	2020 GH¢	2019 GH¢
Balance at 1st January	(24,865)	(13,876)
Net Investment Income	1,149	744
Fair Value Loss	(4,646)	(11,733)
Balance at 31st December	(28,362)	(24,865)

16. SHAREHOLDER'S FUND

	2020 GH¢	2019 GH¢
Shares in issue at 1 January	105,963	105,413
Shares issued during the year	105,000	1,500
Shares redeemed	-	(950)
Shares in issue at 31 December	210,963	105,963

INVESTCORP ACTIVE EQUITY FUND PLC

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. ACCRUED EXPENSE

	2020	2019
	GH¢	GH¢
Accrued Expenses	696	326

18. CONTINGENT LIABILITIES

There are no claims from legal actions brought by various persons against the Fund in the current year. (2019: Nil).

19. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2020 (2019: Nil).

CORPORATE INFORMATION

INVESTCORP ACTIVE EQUITY FUND PLC

BOARD OF DIRECTORS	<p>Matilda Asante-Asiedu (Chairperson) Adelaide Benneh Prempeh (Director) Mark Kofi Amoako (Director) Henry Sunkwa-Mills (Director) Kwabena Ofori Apeagyei (Director)</p>
FUND MANAGER	<p>InvestCorp Asset Management Ltd. No.15, Wawa Drive North Dzorwulu Accra</p>
REGISTERED OFFICE	<p>No.15, Wawa Drive North Dzorwulu Accra</p>
CUSTODIAN	<p>Standard Chartered Bank Ghana Ltd. Head Office 87 Independence Avenue Accra</p>
COMPANY SECRETARY	<p>JLD & MB Legal Consultancy No. 18 Quarthey Papafio Avenue Airport Residential Area P.O. Box 410 Accra</p>
AUDITOR	<p>Eddie Nikoi Accounting Consulting P.O Box os 51 Osu - Accra</p>
BANKERS	<p>Absa Bank Ghana Ltd. Independence Avenue Accra</p>

DIRECTORS' PROFILE

NAME

MATILDA ASANTE-ASIEDU

OCCUPATION

BANKER

POSITION

BOARD CHAIRPERSON



Matilda Asante-Asiedu is the Head of Private & Women Banking of Access Bank Ghana Limited, a subsidiary of Access Bank PLC., Nigeria. She previously headed the Corporate Communications Unit at Access Bank (Ghana) Limited. She managed the entire corporate communications functions of the Bank, promoting effective client and public relations. Her job function included: the design and implementation of strategies for Stakeholder Management, Advertising and Marketing, Events Management, Brand Management and Corporate Social Responsibility.

Matilda has over 15 years of professional experience in media practice, corporate communications, public relations and marketing. For more than 12 years (1997 to 2009) Matilda was the most influential political journalist in Ghana, shaping national discourse. She is a fellow of the One World Broadcast Trust U.K. and Les Aspin Centre for Governance USA, and the International Women's Media Forum USA. She acquired her Masters in Journalism Degree from the Cardiff University in the United Kingdom and holds several post-graduate diplomas in development and media studies.

NAME

ADELAIDE BENNEH PREMPEH

OCCUPATION

LAWYER

POSITION

DIRECTOR



Adelaide is the Founder and Managing Partner of B & P ASSOCIATES. Adelaide's expertise spans across a number of industries including energy and power, real estate, construction and infrastructure, corporate governance, investment advisory, and international family law. Adelaide was called to the English Bar with an award of Distinction in 2001. She began her legal career with the international law firm Lovells (now Hogan Lovells) in London where she assisted in the drafting of depositions and pleadings for high profile product liability cases, and various contentious matters regarding regulatory requirements.

With a background in litigation, she joined Renaissance Chambers in London as a practising Barrister, where she was regularly instructed to appear at all levels of Court in a variety of cases from 2003 until 2012. In 2012, Adelaide was called to the Ghana Bar as a Barrister and a Solicitor of the Supreme Court of Ghana. Prior to setting up the Firm, Adelaide worked with Bentsi- Enchill Letsa & Ankomah, a law firm in Accra, as a Dual Qualified Associate, with a wealth of experience.

DIRECTORS' PROFILE

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

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.

DIRECTORS' PROFILE

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


standard
 chartered

June 11, 2021

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

REPORT OF THE CUSTODIAN TO THE INVESTORS OF INVESTCORP ACTIVE EQUITY FUND – DECEMBER 31, 2020

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

COCOA BILLS				
Security Name		Nominal	Mkt Price	Valuation
CMB-BL-27/05/21-A5487-6125-0		35,184.00	0	32,865.65
Classification Total		35,184.00	0	32,865.65
EQUITIES				
Security Code	Security Name	Nominal	Mkt Price	Valuation
GOIL	Ghana Oil Company Limited	3,818.00	GHS 1.50	5,727.00
EGL	Enterprise Group Limited	5,314.00	GHS 1.40	7,439.60
BOPP	Benso Oil Palm Plantation Limited	750	GHS 2.00	1,500.00
GCB	Gcb Bank Limited	1,038.00	GHS 4.05	4,203.90
SOGEGH	Societe Generale Ghana Limited	7,140.00	GHS 0.64	4,569.60
MTNGH	MTN Ghana	125,250.00	GHS 0.64	80,160.00
TOTAL	Total Petroleum Ghana Limited	1,110.00	GHS 2.83	3,141.30
SCB	Standard Chartered Bk Ghana Ltd	670	GHS 16.31	10,927.70
HFC	Republic Bank (Ghana) Ltd	7,000.00	GHS 0.41	2,870.00
EGH	Ecobank Ghana Limited	2,145.00	GHS 7.20	15,444.00
Classification Total		154,235.00	0	135,983.10
MUTUAL FUNDS				
Security Name		Nominal	Mkt Price	Valuation
Investcorp Market Money Fund		3,473.97	GHS 3.311400	11,503.70
Classification Total		3,473.97		11,503.70
SUMMARY				
Description		Market Value		PCT of Total
COCOA BILLS		32,865.65		18.22

Standard Chartered Bank Ghana PLC
 Head Office,
 87 Independence Avenue,
 P O Box 768, Accra – Ghana
 SC.com/gh


 Tel 0302 610750 / 0302 633366

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

CUSTODIAN'S REPORT

INTERNAL



standard
 chartered

EQUITIES	135,983.10	75.38
MUTUAL FUNDS	11,503.70	6.37
CASH BALANCE	55.23	0.03
GRAND TOTAL (GHS)	180,407.68	100.00

Yours faithfully

Beverly Frimpong
 Head, Securities Services Ghana

Standard Chartered Bank Ghana PLC
 Head Office,
 87 Independence Avenue,
 P O Box 768, Accra – Ghana
 SC.com/gh

Tel 0302 610750 / 0302 633366

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

PROXY FORM

INVESTCORP ACTIVE EQUITY FUND PLC

I/Weof.....
being a member/members of InvestCorp Active
 Equity 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 3:00 pm 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 31 st December, 2020 together with the reports of the Directors and external Auditors thereon		
2.	To fix and approve remuneration of the Directors		
3.	To appoint John Kay Associates Ltd as the Auditors of the Company		
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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