

Stanbic Income Fund

Annual Report 2011



Stanbic

Investment Management Services

A subsidiary of Stanbic Bank Ghana Ltd

Table of contents

	P a g e
Trustees, Officials, Etc.	2
Report of the Manager	3
Portfolio Manager's Report	4-5
Report of the Trustees	6
Report of the Independent Auditors	7 - 8
Statement of Net Assets	9
Statement of Assets and Liabilities	10
Income and Distribution Account	11
Statement of Movement in Net Assets	12
Statement of Movement in Issued Units	13
Capital Account	14
Portfolio Summary	15
Notes Forming Part of the Financial Statements	16-17

Stanbic Income Fund

Trustees and Officials, etc.

TRUSTEES:

Merchant Bank (Ghana) Ltd
57 Examination Loop
North Ridge, P. O. Box 401,
Accra –Ghana.

COMPANY SECRETARY:

Doreen Illiasu
Stanbic Bank Ghana Limited
3rd Floor, Valco Trust House
Castle Road, Ridge –Accra
P. O. Box CT2344
Cantonments,
Accra –Ghana.

INDEPENDENT AUDITORS:

KnowledgeWarehouse
(Chartered Accountants)
2nd Floor, RND Plaza
53 Baatsona – Spintex Road
P. O. Box SK1016,
Tema –Ghana.

MANAGER:

Stanbic Investment Management Services Ltd
3rd Floor, Valco Trust House
Castle Road, Ridge –Accra
P. O. Box CT2344
Cantonments,
Accra –Ghana.

Report Of the Manager to the unitholders of Stanbic Income Fund

The Manager and the Trustees present the audited financial statements and report on the performance of the Stanbic Income Fund for the year ended 31st December 2011.

Manager's Responsibility for the Financial Statement

The Manager is responsible for the preparation and fair presentation of the financial statements, comprising the statement of assets and liabilities at 31 December 2011, income and distribution account, portfolio statement and capital account for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with Ghana National Accounting Standards and in the manner required by the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695).


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

The Manager and the Trustees have made an assessment of the Fund's ability to continue as a going concern and have no reason to believe the Fund will not operate into the foreseeable future.

Financial Statements

The results for the year are as set out in the attached financial statements. The Manager and the Trustees consider the state of affairs of the Fund to be satisfactory.

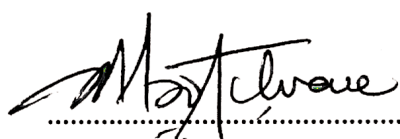
Signed on behalf of **Stanbic Investment Management Services** Ltd by:



Director

17-04-

....., 2012



Director

17-04-

....., 2012

Portfolio Manager's Report

Introduction

I welcome you once again to our maiden annual general meeting of the Stanbic Income Fund. Your fund began trading on the 6th of January 2011 at a price of GHS1.000. The initial public offering raised a total GHS542,180.00 from 252 unit holders.

Economy and Market Review

The macroeconomic environment within which the Fund operated was stable. The economy benefitted from the production of oil and higher prices of cocoa and gold. The real GDP growth for the year 2011 is estimated to 13.6%. Industry alone grew by 37% fuelled by the oil and mining sector.

Government securities which were priced in January between 12.3% for 91 days and 12.7% for the 2 year note closed the year between 10.7% for 91 days and 12.4% for the 2 year note. The average 91-day treasury bill rate for 2011 was 11.5%, and that for the 182-day bill was 12.3%; the 1-year and 2-year notes averaged 12.7% for the year. Year on year headline inflation dropped from 9.1% in January to 8.6% in December with an annual average of 8.7% for the year. The cedi depreciated by 4.9% against the US dollar. The MPC responded to the stability of the economy by revising the policy rate from 13.5% at the beginning of the year to 12.5% as at December. The banking industry also saw base rates revised downwards and an improvement in credit to the private sector.

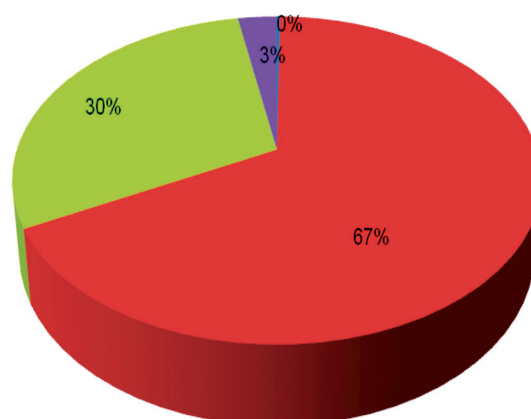
The stock market declined by 3.1% in full year 2011 affirming new trends on the global investment landscape of declining returns across all asset classes at the same time. Although as at half year the stock market recorded a positive gain of 18.9%, it shed the entire gain between July and December as contagion from the Euro crisis spilt over onto the local bourse.

Investments and Performance

Asset Mix

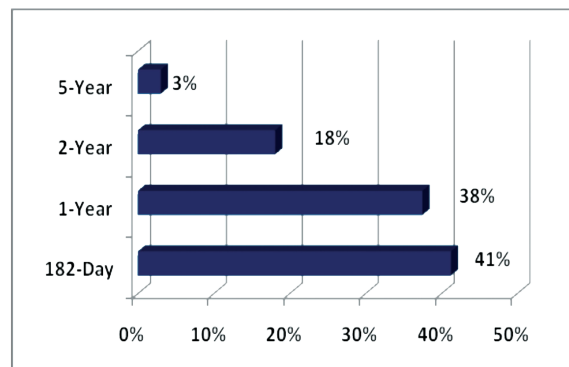
The Stanbic Income Fund grew in assets by 609% from GHS542,180.00 to GHS3.8 million end of year. The asset mix as at December 2011 was 67% in fixed deposits, 30% in bonds and 3% in equity.

The number of unit holders grew by 119% to 552.



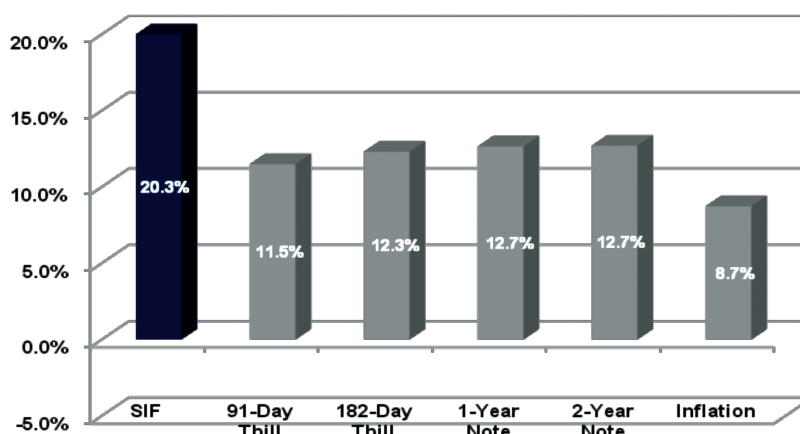
Portfolio Manager's Report cont.

The fixed income portfolio was diversified along the yield curve with 41% held in short-term paper, 38% in 1-year notes, and 18% in 2-year notes and 3% in the 5-year bond.



Returns

The Fund's maiden return of 20.2% outperformed its benchmark indices. The price rose from GHS1.000 on the first day of trading to GHS1.2026 as at year end. We outperformed our benchmarks mainly due to prudent buying of longer dated government paper before yields began their decline.



Outlook

We expect 2012 to play out much like other election years. In the light of this, the fiscal discipline seen in 2011 may be eroded with reverse trends in interest rates and inflation as government expenditure rises compared to that of previous years. With Europe's fiscal crises not fully resolved the cedi and the stock market could also be adversely affected if foreign investors decide to buy into safer assets like US Treasury Bonds. Financial stocks with favourable growth prospects might however provide positive surprises given their low price multiples and high dividend yields. We will maintain our alpha generating strategy in the year ahead of playing along the yield curve, identifying appropriately priced fixed income, and diversifying the fund's investment base all with the view to creating more long term value for you, our valued clients.

Thank you

Kwabena Boamah
Portfolio Manager

Report of the Trustees to the unitholders of Stanbic Income Fund

In our opinion, according to the information made available to us and the explanations provided, we confirm that in all material respects, the Manager has managed the scheme during the period covered by these financial statements in accordance with the Trust Deed dated 31st December, 2009 and all regulations for the time being in force under the Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695).

Signed on behalf of Merchant Bank (Ghana) Ltd by:

Oe Qu-pafo

Director

24-04-12

Date

Report of the independent auditors to the unitholders of Stanbic Income Fund

Report on the Financial Statements

We have audited the financial statements of Stanbic Income Fund, which comprise the statement of assets and liabilities at 31 December 2011, income and distribution account, portfolio statement and capital account for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 16 to 17.

Manager's Responsibility for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with Ghana National Accounting Standards and in the manner required by the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

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

Report of the independent auditors to the unitholders of Stanbic Income Fund (cont.)

Opinion

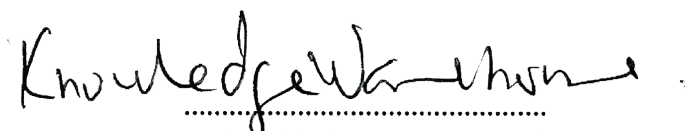
In our opinion, the financial statements give a true and fair view of the financial position of Stanbic Income Fund at 31st December 2011, and of its financial position and performance for the period ended in accordance with Ghana National Accounting Standards and in the manner required by the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695).

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Part 9 of schedule 8 of the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695).

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

In our opinion, proper books of account have been kept, and the statement of assets and liabilities at 31 December 2011, income and distribution account, portfolio statement and capital account for the year then ended are in agreement with the books of account.



.....
CHARTERED ACCOUNTANTS
53 BAATSONA –SPINTEX ROAD
P. O. BOX SK1016,
TEMA.

Signed by: Prosper Asamoah (100526)

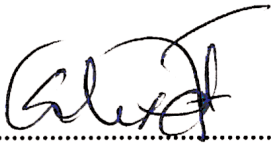
26th April

, 2012

Statement of Net Assets as at 31st December 2011

Description	Note	No. Of Shares	Price at 31-Dec-11 (GHS)	Market Value at 31-Dec-11 (GHS)	% of Net Assets (%)
Shares					
Banking					
Standard Chartered Bank Limited		1,800	45.48	81,864	2.14
CAL Bank Ltd		15,000	0.28	4,200	0.11
Food & Household Products					
Fan Milk Ltd		10,077	22.37	23,882	0.62
Total Shares				109,946	2.87
Medium Term Funds					
Bonds				1,081,144	28.21
Short Term Funds					
Cash at Bank				11,250	0.29
Debentures				350,000	9.13
Fixed Deposits				2,171,624	56.66
Total				2,532,874	66.08
Total Investments				3,723,964	97.16
Other Assets in Excess of Liabilities				108,839	2.84
Total Net Assets				3,832,803	100.00
				=====	=====

The financial statement on pages 9 to 15 were approved by **Stanbic investment Management Services Ltd.** and signed on it's behalf by:


.....
Director

17-04-
....., 2012


.....
Director

17-04-
....., 2012

The notes on pages 16 and 17 are an integral part of these financial statements.

Statement of Net Assets as at 31st December 2011 (cont.)

	Notes	2011 GHS
ASSETS		
Total Investments		3,723,964
Receivables:		
Interest Receivable – Fixed Deposits		54,952
Interest Receivable – Debentures		7,662
Interest Receivable – Bonds		61,388

Total Receivables		124,002


LIABILITIES		
Payables:		
Accrued Fund Management Fee		5,939
Accrued Trustee Fees		4,724
Accrued Audit Fees		4,500

Total Payables		15,163

NET CURRENT ASSETS		108,839

NET ASSETS		3,832,803
		=====

The financial statement on pages 9 to 15 were approved by Stanbic investment Management Services Ltd. and signed on it's behalf by:


.....
Director

17-04-
....., 2012


.....
Director

17-04-
....., 2012

The notes on pages 16 and 17 are an integral part of these financial statements.

Statement of Assets and Liabilities as at 31st December 2011

		2011 GHS
INCOME		
Gross Dividend Income		400
Less: Withholding Tax		32

Net Dividend Income		368
Interest Income	3	304,952
Other Income	4	5,284

Total Income		310,604

EXPENSES		
Fund Management Fees		36,442
Trustees Fees		4,724
Audit Fees		4,500
Other Expenses	5	7,285

Total Expenses		52,951

NET INVESTMENT INCOME		257,653
Net Realised Gain on Investments		2,550
Unrealised Loss on Investments		(14,767)

NET INVESTMENT GAINS		245,436
		=====

The notes on pages 16 and 17 are an integral part of these financial statements.

Income and Distribution Accounts for the year ended 31st December 2011

	2011 GHS
Operations:	
Net Investment Income	257,653
Net Realised Gain on Investments	2,550
Unrealised Loss on Investments	(14,767)

Change in net assets from operations	245,436

Capital Transactions:	
Proceeds from units issued	4,046,791
Units Redeemed	(459,424)

Net proceeds from capital transactions	3,587,367

Total Increase in Net Assets	3,832,803
Net Assets at 1st January	-
Net Assets at 31st December	3,832,803

The notes on pages 16 and 17 are an integral part of these financial statements.

Statement of Movement in Issued Units for the year ended 31st December 2011

	2011
Number of Units in issue at 1st January	-
Number of Units issued during the year	3,619,236

	3,619,236
Number of Units redeemed during the year	(431,130)

Number of Units in issue at 31st December	3,188,106
	=====

The notes on pages 16 and 17 are an integral part of these financial statements.

Capital Account for the year ended 31st December 2011

	2011 GHS
Value of Units in issue at 1st January	-
Value of Units issued during the year	4,046,791

Value of Units redeemed during the year	4,046,791 (459,424)

Value of Units in issue at 31st December	3,587,367 =====

The notes on pages 16 and 17 are an integral part of these financial statements.

Portfolio Summary as at 31st December 2011

Description	No. of Shares at 31-Dec-11(GHS)	Value at 31-Dec-11(GHS)	Purchases During 2011	Sales During 2011
Banking				
Standard Chartered Bank Limited	1,800	81,864	95,548	-
CAL Bank Ltd	15,000	4,200	4,004	-
Food & Household Products				
Fan Milk Ltd	10,077	23,882	49,938	27,327
Total		109,946	149,490	27,327
		=====	=====	=====

The notes on pages 16 and 17 are an integral part of these financial statements.

Notes forming part of the financial statements for the year ended 31st December 2011

1. BASIS OF ACCOUNTING

These financial statements have been prepared under the historical cost convention as modified by the revaluation of quoted investments and in accordance with Ghana National Accounting Standards.

2. ACCOUNTING POLICIES

The following accounting policies have been consistently applied in dealing with items that are considered material in relation to the financial statements of the fund:

(a) Investments

- Quoted investments are stated at market value based on quoted prices. Changes in market values are recognised in the income & distribution accounts.
- Medium and Short-term investments are stated at cost.

(b) Income

Dividends are recognised when received. Dividends are accrued if the qualifying dates fall within the year under review. Interest income is accounted for on the accrual basis.

(c) Comparative Figures

There are no comparative figures for the prior years since this is the first set of financial statements of the fund.

(d) Post Balance Sheet Events

Events after the reporting period are reflected only to the extent that they relate directly to the accounts and the effect is material.

3. INTEREST INCOME

	2011 GHS
Interest on Fixed Deposits	121,205
Interest on Bonds	176,085
Interest Debentures	7,662

	304,952
	=====

Notes forming part of the financial statements for the year ended 31st December 2011 cont.

4. OTHER INCOME

	2011 GHS
Interest on Bank Account	505
Redemption Fees	4,779

	5,284
	=====

5. OTHER EXPENSES

	2011 GHS
Bank Charges	173
Interest Paid on Redemption	7,112

	7,285
	=====

6. BID PRICE OF UNITS

The bid price of units on the accounting date ended 31 December, 2011 was GHS1.2026

7. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2011.

Stanbic Income Fund / Proxy Form

Annual General Meeting to be held at the Alisa Hotel, Ridge-Accra, Ghana on Tuesday, June 12th, 2012 at 10:00 a.m.

I/we** _____ being a Unitholder(s) hereby appoint

_____ or failing him/her the Chairman of the Meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Fund to be held on 12th June 2012 and at any adjournment thereof

Dated this _____ day of _____ 2012

Unitholder(s) Signature

Resolution	For	Against
1. To receive the Report of the Manager of the Fund for the year 2011.		
2. To consider the Trustees Report and the Report of Auditors for the year ended December 31, 2011.		
3. To receive and adopt the Audited Financial Statements for the year ended December 31, 2011.		
4. To authorise the Manager to fix the remuneration of the Auditor		
5. To obtain unitholders approval for the use of electronic media as a mode of publication and communication.		

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

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

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

