



**STANLIB**  
**Income Fund**  
**Trust**

Annual Report 2016



**STANLIB**



# The Manager

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<b>Name:</b>	STANLIB Ghana Limited
<b>Country of Incorporation:</b>	Ghana
<b>Registration Number:</b>	CS681272015
<b>Nature of Corporate Form:</b>	Limited liability, wholly-owned Subsidiary of Liberty Holdings Ltd (South Africa)
<b>Registered Office:</b>	Stanbic Heights, Plot 215 South Liberation Link, Airport City, Accra
<b>Principal Place of Business:</b>	Stanbic Heights, Plot 215 South Liberation Link, Airport City, Accra
<b>Date of Incorporation:</b>	12 APRIL, 2007
<b>Capitalisation (as at 31 December 2015)</b>	
<b>Authorised:</b>	500,000,000 Shares
<b>Issued:</b>	2,167,843 Shares
<b>Auditor:</b>	KPMG (Chartered Accountant) 13 Yiyiwa Drive P. O. Box GP 242 Abelenkpe, Accra

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# STANLIB Income Fund Trust Trustees and Officials, Etc

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**TRUSTEES:**

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

**LEGAL ADVISORS:**

Doreen Iliasu  
Stanbic Bank Ghana Limited  
Stanbic Heights  
Plot 215 South Liberation Link  
Airport City, Accra

**INDEPENDENT AUDITORS:**

KWGH  
(Chartered Accountants)  
2nd Floor, The Glorious Majesty House  
Okpoi Gonno, Spintex –Road  
P. O. Box SK1016  
Tema –Ghana

**MANAGER:**

STANLIB Ghana Ltd  
Stanbic Heights  
Plot 215 South Liberation Link  
Airport City, Accra

**BANKERS:**

Stanbic Bank Ghana Limited  
Stanbic Heights  
Plot 215 South Liberation Link  
Airport City, Accra

# Report of the Manager to the Unitholders of STANLIB Income Fund Trust

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The Manager and the Trustees present the audited financial statements and report on the performance of the STANLIB Income Fund Trust for the year ended 31 December 2016.

## Nature of Fund

The STANLIB Income Fund Trust is an authorised unit trust as defined in the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695). The Fund offers and redeems units to subscribers and from unit holders respectively on an ongoing basis. Units are sold and redeemed at a price computed in accordance with the terms of the scheme particulars.

## Investment Policy and Objectives

The STANLIB income Fund Trust (“SIFT” or “the Fund”) is an open-ended unit trust fund. The primary objectives the fund is to maximize short-term income as well as long-term sustainable income and capital appreciation of its assets, through investing in a portfolio of fixed income securities including government treasury bills and notes, fixed deposits and other corporate debt securities. Up to 70% of assets under management are invested in medium to long-term corporate and government debt securities while retaining a maximum of 40% in money market securities and a minimum of 5% in cash.

## The Manager’s Responsibility for the Financial Statements

The Manager is responsible for the preparation and fair presentation of the financial statements, comprising the statement of assets and liabilities at 31 December 2016, income and distribution accounts and statement of movement in net assets 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 the International Financial Reporting Standards (IFRSs) and in the manner required by the Securities Industry Law, 1993 (PNDCL 333) as amended, the Unit Trust and Mutual Funds Regulations, 2001 (L.I. 1695) and the Companies Act, 1963 (Act 179). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, making accounting estimates that are reasonable in the circumstances.

The Manager is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Trust, and ensure that the financial statements comply with the Trust Deed and Securities Industry law, 1993 (PNDCL 333). The Manager is responsible for safeguarding the assets of the Trust and taking reasonable steps for the prevention and detection of fraud and other irregularities. 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. The results for the year are as set out in pages 11 to 29 of this report. The Manager and the Trustees consider the state of affairs of the Fund to be satisfactory.

The statement should be read in conjunction with the statement of the Auditor’s responsibilities as set out on page 12, the respective responsibilities of the Manager and the Auditor in relation to the financial statements.

# Report of the Manager to the Unitholders of STANLIB Income Fund Trust (Cont'd)

## PERFORMANCE SUMMARY AS AT 31 DECEMBER, 2016

### Historical Performance

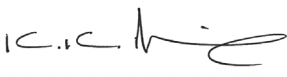
Year/Period	2012	2013	2014	2015	2016	CAGR	Since Inception
Return	16.1%	22.5%	23.1%	24.7%	25.7%	22.1%	230.4%
Benchmark	19.0%	21.3%	21.7%	22.8%	23.4%	20.0%	197.9%

### Share Price Information

Description	31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16
Share price (GHS)	1.40	1.71	2.10	2.63	3.30
No. of Shares	3,401,161	3,495,307	4,448,484	5,746,403	6,556,524
Value (GHS)	4,746,575	5,964,969	9,352,552	15,108,518	21,560,824

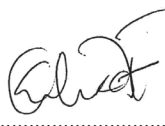
Description	2012	2013	2014	2015	2016
Net Assets	4,746,575	5,964,969	9,352,552	15,108,518	21,560,824
Interest	3,401,161	3,495,307	4,448,484	5,746,403	6,556,524
Net Asset/ Interest	1.40	1.71	2.10	2.63	3.30

Signed on behalf of STANLIB Ghana Ltd by:



Director

28 - 04 , 2017



Director

28 - 04 , 2017

# Report of the Fund Manager to the Unitholders of STANLIB Income Fund Trust

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## Introduction

Dear Fellow Unit Holders,

I am delighted to welcome you to the 6th Annual General meeting of the STANLIB Income Fund Trust (SIFT). SIFT churned out strong returns in 2016 earning a net return of 26% against a benchmark of 23% with assets growing by 43% to GHS21.7 million.

## Economic outturn

2016 provided better economic outcomes than 2015. Economic and consumer sentiments improved as better fiscal stability and the marginally improving energy dynamic boosted consumer and investor sentiments. IMF supported reforms can be partly credited with the uptick in fortunes. The emphasis on fiscal discipline created a virtuous cycle of relative budgetary stability, a lower rate of cedi depreciation as well as declining inflation and interest rates.

The cedi may have shaved off another 9.6% of its value in the year 2016 but half of this drop only occurred in the month of December, triggered by a mix of election related speculation and Trumpian inspired dollar strengthening. This currency decline was still less than the 15.7% drop recorded in 2015. Inflationary pressures accordingly also eased down with the consumer price index (CPI) closing the year at 15.4%, down from 17.7% in 2015.

It was not all (relatively) good news. Shortfalls in oil production due to technical glitches on Tullow Oil's offshore production facility offset the inflows from the commencement of production from the Atuabo plant. Global cocoa prices also declined, contributing overall to a drop in GDP growth from 4.8% in Q1 2016 to 2.5% in Q2 2016. The stock market also continued its downward trajectory, dragged down by the poor quality of banking assets and reflecting the broader malaise still afflicting the economy. It lost another 15.3% in 2016 adding to the 11.8% decline in 2015.

On balance, though, a corner may have been turned. The Central Bank seemed to signal this when it reduced its monetary policy rate in November 2016 by 50 basis points, the first rate cut in 5 years. Short-term rates also fell to the 22-24% band on the average, a sign of increasing investor confidence and a more benign macroeconomic environment.

## Investments and Performance

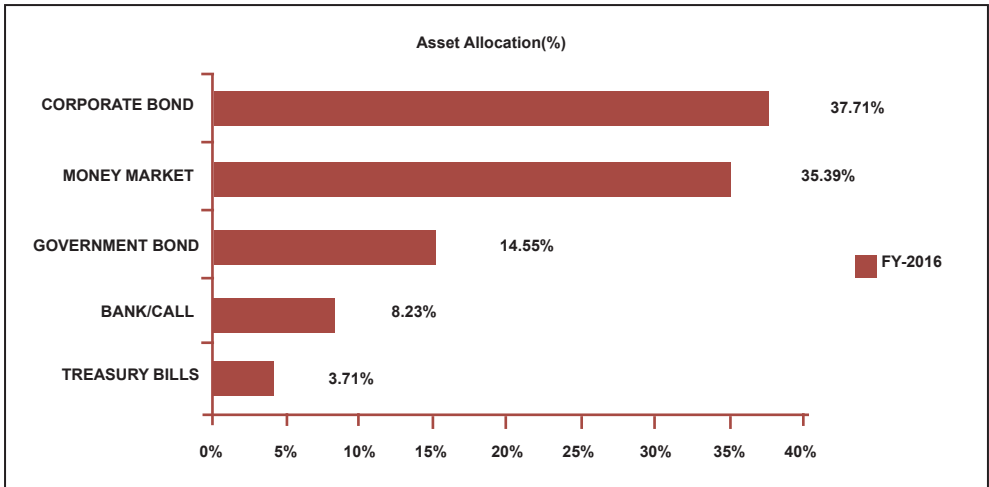
### Portfolio Asset Mix

SIFT's Assets grew by 43% to GHS 21.7 million in 2016. Investments in long-term instruments were increased in anticipation of interest rate declines. Bonds made up 53% of Fund assets, with 39% in money market instruments and 8% in cash and near-cash securities as at the end of 2016. The Fund revised its mandate in order to reflect its long-term, predominantly fixed income nature. As a result it sold off its investments in equities.

The Fund will rebalance its exposures from money market into corporate bonds as new issues are offered on the market. This repositioning is expected to bolster returns.

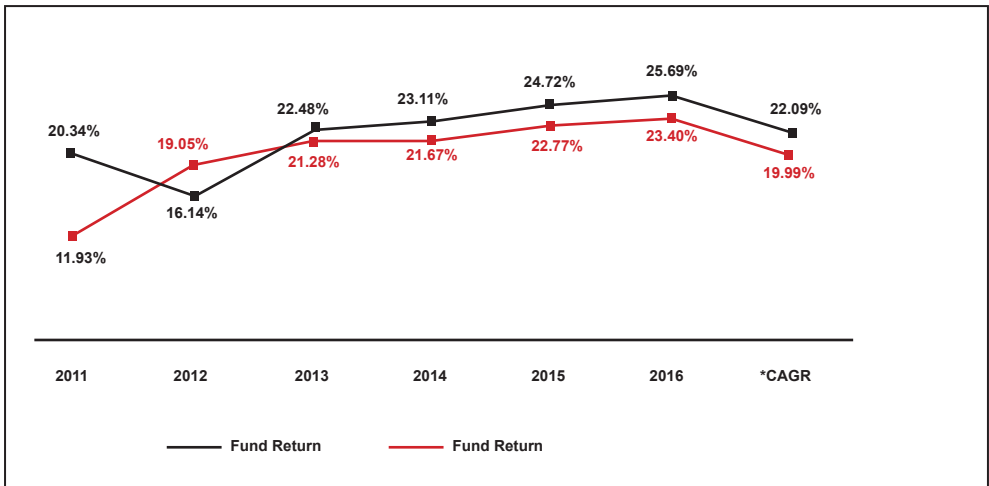


# Report of the Fund Manager to the Unitholders of STANLIB Income Fund Trust (Cont'd)



## Returns

SIFT for the fourth year running outperformed its benchmark with full year returns of 26% compared to a benchmark return of 23%. This translated to full year distributable earnings growth of 54% to GHS3.9 million. The higher yields on corporate bonds and the sell-off in equities boosted the Fund's performance.



\*CAGR – cumulative average growth rate

# Report of the Fund Manager to the Unitholders of STANLIB Income Fund Trust (Cont'd)

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## Outlook

The peaceful election and power transfer should send positive signals to investors. It is expected that the new administration (NPP) will continue with the IMF reform programme that ends in 2018. Economic prospects are favourable with GDP growth projected at 7.0% and 6.5% in 2017 and 2018 respectively. This will be driven by, amongst others, the onset of new oil and gas production. The first oil from the Tweneboa, Enyenra and Ntomme (TEN) project came on-stream in August 2016 with the main impact being felt in 2017 as production reaches full capacity. Gas production from the Sankofa fields will also commence in 2018. Furthermore, production from Ghana's first oilfield, Jubilee, is expected to recover after a series of technical problems in 2016. Revenues from cocoa and gold production will however be subdued by declining global prices. The balance of risks will however be on the downside and though there may be early upward pressure on utility prices the CPI is expected to decline and flatline in the early double digits during the year. Consequently, treasury yields and broader interest rates should remain a few basis points above inflation should the cedi's recent volatility subside.

Going forward, our strategy in the year ahead will be to keenly monitor the yield curve to achieve competitive returns.

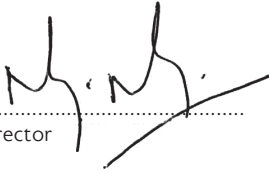
Thank you  
George David Allotey  
Fund Manager

# Report of the Trustees to the Unitholders of STANLIB Income Fund Trust

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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 31 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 **Universal Merchant Bank (Ghana) Ltd** by:

  
.....  
Director

28 - 04 , 2017 .....  
Date

# Report of the Independent Auditors to the Unitholders of STANLIB Income Fund Trust

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## Opinion

We have audited the financial statements of STANLIB Income Fund Trust, which comprise the statement of assets and liabilities as of 31 December 2016, 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 24 to 37.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 31 December, 2016, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and in the manner required by the Unit Trust and Mutual Funds Regulations, 2001 (L.I. 1695) and the Companies Act, 1963 (Act 179).

## 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 Trust in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards (IFRSs) and in the manner required by the Securities Industry Law, 1993 (PNDC 333) as amended, the Unit Trust and Mutual Funds Regulations, 2001 (L.I. 1695) and the Companies Act, 1963 (Act 179), and for such internal control as management determines 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 Manager is responsible for assessing the Trust'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 trustees either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The Manager and the Trustees' are responsible for overseeing the Trust's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# Report of the Independent Auditors to the Unitholders of STANLIB Income Fund Trust (Cont'd)

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As part of an audit in accordance with ISAs, we exercise professional judgement 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Manager.
- Conclude on the appropriateness of Manager's 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 Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Trust 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 Manager and the Trustees 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.

## Report on Other Legal and Regulatory Requirements

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

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 by the Trust, so far as appears from our examination of those books; and the Trust's Statement of Assets and Liabilities and Income and Distribution Account are in agreement with the books of accounts.



**Patrick K. Dzakpasu**  
**Practising Certificate Licence No: ICAG/P/1176**  
**For and on behalf of KWGH**  
**Firm Licence Number: ICAG/F/2016/093**  
**Chartered Accountants**  
**Accra, Ghana.**

28th April, 2017

# STANLIB Income Fund Trust Statement of Net Assets As of 31 December 2016

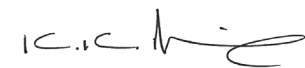
Note	2016		2015		1 Jan. 2015	
	Market Value (GH¢)	% of Net Assets	Market Value (GH¢)	% of Net Assets	Market Value (GH¢)	% of Net Assets
Financial Investments	11,757,563	54.53	6,892,014	45.62	5,083,052	54.35
	-----	-----	-----	-----	-----	-----
	11,757,563	54.53	6,892,014	45.62	5,083,052	54.35
	-----	-----	-----	-----	-----	-----
<b>Short Term Funds</b>						
Cash at Bank	13,760	0.06	20,508	0.14	11,039	0.12
Loans and Receivables						
Investments	8,728,772	40.49	7,103,166	47.01	3,674,722	39.29
	-----	-----	-----	-----	-----	-----
	8,742,532	40.55	7,123,674	47.15	3,685,761	39.41
	-----	-----	-----	-----	-----	-----
<b>Total Investments</b>	20,500,095	95.08	14,015,688	92.77	8,768,813	93.76
Other Assets in Excess of Liabilities	1,060,729	4.92	1,092,832	7.23	583,739	6.24
	-----	-----	-----	-----	-----	-----
<b>Total Net Assets</b>	21,560,824	100.00	15,108,520	100.00	9,352,552	100.00
	=====	=====	=====	=====	=====	=====

The notes on pages 22 to 35 are an integral part of these financial statements.

# STANLIB Income Fund Trust Statement of Assets and Liabilities As of 31 December 2016

	Note	2016 GH¢	2015 GH¢	1 JAN. 2015 GH¢
<b>ASSETS</b>				
Total Investments		20,500,095	14,015,686	8,768,813
<b>Interest Receivable:</b>				
Fixed Deposits		736,801	811,415	306,382
Corporate Bonds		399,349	352,941	333,043
GOG Bonds		80,001	33,965	51,920
Treasury Bills & Notes		10,568	10,556	1,470
<b>Total Receivables</b>		1,226,719	1,208,877	692,815
<b>Total Assets</b>		21,726,814	15,224,563	9,461,628
<b>LIABILITIES</b>				
Accrued Fund Management Fees		93,534	63,263	80,115
Accrued Trustee Fees		44,083	28,801	20,143
Accrued Audit Fees		14,400	12,000	8,500
Others		13,973	11,981	317
<b>Total Liabilities</b>		165,990	116,045	109,075
<b>NET ASSETS</b>		21,560,824	15,108,518	9,352,553

The financial statements on pages 11 to 17 were approved by **STANLIB Ghana Ltd** and signed on its behalf by:



.....  
Director

28 - 04 , 2017  
.....



.....  
Director

28 - 04 , 2017  
.....

The notes on pages 22 to 35 are an integral part of these financial statements.

# STANLIB Income Fund Trust Income and Distribution Account for the Year Ended 31 December 2016

	NOTE	2016 GH¢	2015 GH¢
<b>INCOME</b>			
Gross Dividend Income		39,163	33,250
Less: Withholding Tax		(2,901)	(2,463)
		-----	-----
Net Dividend Income		36,262	30,787
Interest Income	6	4,364,305	2,870,327
Other Income	7	11,686	10,032
		-----	-----
<b>Total Income</b>		4,412,253	2,911,146
		-----	-----
<b>EXPENSES</b>			
Fund Management Fees		353,487	230,410
Trustees Fees		44,186	28,801
Audit Fees		14,400	12,000
Other Expenses	8	15,142	23,405
		-----	-----
<b>Total Expenses</b>		427,215	294,616
		-----	-----
<b>NET INVESTMENT INCOME</b>		3,985,038	2,616,530
		=====	=====
 <b>ACCUMULATED NET INVESTMENT INCOME FOR THE YEAR ENDED 31 DECEMBER 2016</b>			
		2016 GH¢	2015 GH¢
Beginning of period		5,981,990	3,365,460
Net Investment Income for the period		3,985,038	2,616,530
		-----	-----
End of period		9,967,028	5,981,990
		=====	=====
 <b>ACCUMULATED NET REALISED GAIN</b>			
Beginning of period		156,505	196,049
Net realised gain for the period		(60,437)	(39,544)
		-----	-----
End of period		96,068	156,505
		=====	=====

The notes on pages 22 to 35 are an integral part of these financial statements.



# STANLIB Income Fund Trust Statement of Movement in Net Assets for the Year Ended 31 December 2016

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	2016 GH¢	2015 GH¢
<b>Operations:</b>		
Net Investment Income	3,985,038	2,616,530
Net Realised Gain on Investments	(60,437)	(39,544)
Unrealised Gain/ (Loss) on Investments	-	17,152
	-----	-----
Net increase in net assets from operations	3,924,601	2,594,138
	-----	-----
<b>Capital Transactions:</b>		
Proceeds from units issued	7,306,105	6,539,321
Value of units redeemed	(4,778,401)	(3,377,492)
	-----	-----
Net proceeds from capital transactions	2,527,704	3,161,829
	-----	-----
Total Increase in Net Assets	6,452,305	5,755,967
	-----	-----
<b>Net Assets:</b>		
Balance as of 1 January	15,108,519	9,352,552
Total Increase in Net Assets	6,452,305	5,755,967
	-----	-----
Balance as of 31 December	21,560,824	15,108,519
	=====	=====

The notes on pages 22 to 35 are an integral part of these financial statements.

# STANLIB Income Fund Trust Statement of Cash Flow for the Year Ended of 31 December 2016

	Note	2016 GH¢	2015 GH¢
<b>Cash flows from operating activities</b>			
Net investment income		3,985,038	2,616,530
		-----	-----
		3,985,038	2,616,530
<b>Change in:</b>			
Interest receivable		(17,842)	(516,062)
Account payables		49,945	6,970
		-----	-----
<b>Net Cash flow from operating activities</b>		4,017,141	2,107,438
 <b>Cash flows from investing activities</b>			
Purchase of Available for Sale		(21,704,438)	(14,899,660)
Redemption of Available for Sale		643,661	151,634
Proceeds from Disposal of Investments		15,377,664	9,215,131
		-----	-----
<b>Net cash flow from investing activities</b>		(5,683,113)	(5,532,895)
 <b>Cash flows used in financing activities</b>			
Proceeds from sale of units		7,306,105	6,539,321
Redemption of clients' investments		(4,778,401)	(3,377,492)
		-----	-----
<b>Net cash flow from financing activities</b>		2,527,704	3,161,829
 <b>Net increase in cash and cash equivalents</b>		861,732	(263,628)
Balance at 1 January		925,173	1,188,801
		-----	-----
Balance at 31 December		1,786,905	925,173
		=====	=====
 <b>CASH AND CASH EQUIVALENTS</b>	13	1,786,905	925,173
		=====	=====

The notes on pages 22 to 35 are an integral part of these financial statements.

# STANLIB Income Fund Trust Statement of Movement in Issued Units For The Year Ended 31 December 2016

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	2016	2015
Number of Units in issue at 1 January	5,746,403	4,448,484
Number of Units issued during the year	2,452,112	2,766,855
	-----	-----
Number of Units redeemed during the year	8,198,515 (1,641,991)	7,215,339 (1,468,936)
	-----	-----
Number of Units in issue at 31 December	6,556,524 =====	5,746,403 =====

# STANLIB Income Fund Trust Capital Account for the Year Ended 31 December 2016

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	<b>2016 GH¢</b>	<b>2015 GH¢</b>
Value of Units in issue at 1 January	8,840,644	5,678,815
Value of Units issued during the year	7,306,105	6,539,321
	-----	-----
Value of Units redeemed during the year	16,146,749 (4,778,401)	12,218,136 (3,377,492)
	-----	-----
Value of Units in issue at 31 December	11,368,348 =====	8,840,644 =====

The notes on pages 22 to 35 are an integral part of these financial statements.

# STANLIB Income Fund Trust Portfolio

## Summary as at 31 December 2016

Description	No. of Shares at 31-Dec-15	Value at 31-Dec-15 (GH¢)	No. of Share at 31-Dec-16 (GH¢)	Value at 31-Dec-16 (GH¢)	Purchases During the Year (GH¢)	Sales During the Year (GH¢)
<b>Banking:</b>						
Standard Chartered Bank	7,200	117,360	0.00	0.00	0.00	100,706
SOGEGH	24,000	19,200	0.00	0.00	0.00	17,966
Ghana Commercial Bank	36,100	136,819	0.00	0.00	0.00	108,098
Ecobank Ghana	17,600	123,376	0.00	0.00	0.00	109,217
CAL Bank	70,000	70,000	0.00	0.00	0.00	68,950
ETI	53,333	14,400	0.00	0.00	0.00	9,450
<b>Food &amp; Household Products:</b>						
Fan Milk Ltd	6,177	45,401	0.00	0.00	0.00	38,877
UNIL	10,981	93,339	0.00	0.00	0.00	100,957
<b>Consumer Goods:</b>						
PZC	4,300	1,462	0.00	0.00	0.00	1,164
<b>Distribution:</b>						
Ghana Oil Company	59,100	82,741	0.00	0.00	0.00	88,276
<b>Total</b>	----- 288,791 =====	----- 704,097 =====	----- 0.00 =====	----- 0.00 =====	----- 0.00 =====	----- 643,661 =====

The notes on pages 22 to 35 are an integral part of these financial statements.

# STANLIB Income Fund Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2016

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## 1. TRUST INFORMATION

STANLIB Income Fund Trust (SIFT) is authorised to operate a Unit Trust under the Securities Industry Act, 1993, PNDC 333, and duly licensed by the Securities and Exchange Commission (SEC) with Licence No. SEC.CIS/UT.12/13. The address and scheme particulars of SIFT can be found on page 6 of the annual report.

## 2. BASIS OF PREPARATION

### a. Statement of compliance

The financial statements of STANLIB Income Fund Trust have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements by the Trust other than the changes as stated below.

### b. New Standards, amendments and interpretations not yet adopted

A number of new standards, amendments, and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements except for IFRS 9 Financial Instruments which becomes mandatory from 1 January 2018.

The Trust is yet to assess IFRS 9's full impact. Given the nature of the operations, this standard is not expected to have a pervasive impact on the Trust's financial statements.

### c. Use of estimates and judgment

The preparation of financial statements in conformity with IFRSs requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. There are no areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in these financial statements by the Trust.

### (a) Financial Instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investment in shares, treasury bills, bonds, and fixed deposits.

# STANLIB Income Fund Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2016

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Non-derivative financial instruments are recognised initially at fair value plus, for instrument not at fair value through profit or loss, any directly attributable transaction cost. Subsequent to initial recognition, non-derivative financial instruments are measured at fair value or amortised cost using the effective interest rate method, less any impairment losses, if any depending on the categorisation.

Non-derivative financial instruments are categorised as follows:

- Financial asset/liabilities at fair value through profit or loss – these are non-derivative financial assets or liabilities, which are held for trading and are quoted in an active market. These assets/liabilities are subsequently measured at fair value, and any gain or loss is recognised in the statement of comprehensive income.
- Loans and receivables – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost using the effective interest rate method, less any impairment losses. The Trust's investments in fixed deposits are classified under this category.
- Available-for-sale financial assets - The Trust's investments in shares, treasury bills, and bonds are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and any gain or loss is recognised directly in statement of movement in net assets. When an investment is derecognised, the gain or loss is recognised in the income and distribution account.
- Held to maturity – these are non-derivative financial assets with fixed or determinable payments that are quoted in an active market. These assets are measured at amortised cost using the effective interest rate method, less any impairment losses.
- Financial liabilities measured at amortised cost - this relates to all other liabilities that are not designated at fair value through profit or loss.

## **(c) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of Assets and Liabilities

## **(d) Income Recognition**

Income comprises interest income, dividends income, and other income. Interest income is recognised using the effective interest method, while dividend income is recognised when cash is received or receivable. Effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense evenly over the relevant period.

## **(e) Investment Income**

The Trust designates its investments in equity securities as financial assets at fair value through profit or loss at inception as they are managed and their performance is evaluated on a fair value basis in accordance with the Trust's documented investment strategy.

# STANLIB Income Fund Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2016

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The Trust's policy requires the Manager and the Trustees to evaluate information about financial assets on fair value basis together with other related information.

Regular purchase and sale of investments are recognised at the trade date, the date on which the Trust commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the income statement. Financial assets are de-recognised when rights to receive cash flows from the investments have expired or the Trust has transferred substantially all the risk and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from the changes in fair value of financial assets at fair value through profit or loss category are presented in the income statement.

The fair values of financial assets that are traded in an active market are based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Trust is the current bid price. The Trust classifies all debt instruments initially as loans and receivables. These assets are measured at amortised cost using the effective interest rate method.

## **(f) Distribution**

All income arising from receipts of investment income is distributed to unit holders after provision for expenses. The unit holders have an option of redeeming their investments after giving appropriate notice to the Manager. Unredeemed distributions are re-invested to form part of the unit holder's capital balance.

## **(g) Accounts Payable**

Liabilities are recognised for amounts to be paid in the future for services rendered, whether billed by the supplier or not.

## **(h) Events after the Reporting Period**

Events subsequent to the reporting period date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

## **(i) Comparatives**

Where necessary the comparative information has been restated to agree to the current year presentation.

## **4. DETERMINATION OF FAIR VALUES**

A number of the Trust's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The following sets out the Trust's basis of determining fair values of financial instruments.



# STANLIB Income Fund Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2016

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## **(i) Quoted Investments**

The financial assets at fair value through profit or loss are determined by reference to their quoted bid price at the reporting date. Changes in market values are recognised in the statement of comprehensive income.

## **(ii) Cash and cash equivalents**

The fair value of cash and cash equivalents approximates their carrying values.

## **(iii) Non-derivative financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Instruments with maturity period of 6 months are not discounted as their carrying values approximate their fair values.

## **5. RISK MANAGEMENT OBJECTIVES AND POLICIES**

### **5.1 Financial Risk Management**

The Trust generates revenues for unit holders by investing in various income-generating activities which involve trading in the stock exchange and trading in government securities. These activities expose the Trust to a variety of financial risks, including credit, liquidity risk and the effects of changes in debt and equity market prices and interest rates. The Trust's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the investment Manager under direction of the STANLIB Ghana Board. The Board works within policies approved by the Trustee and registered with the Securities & Exchange Commission (SEC). The Manager reviews the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate these risks. The Board provides the Manager with guidelines for appropriate investments. These guidelines are reviewed on a regular basis and are within the Collective Investment Scheme regulations issued by the SEC.

Unit holder balances are redeemable on demand at an amount equal to a proportionate share of the unit portfolio's net asset value. The balances are carried at the redemption amount that is payable at the balance sheet date if the holder exercised their right to redeem the balances.

### **5.2 Liquidity Risk**

The Trust is exposed to daily cash redemptions of Units. It therefore invests a portion of its assets in investments that are traded at the Ghana Stock Exchange. The Trust also invests a majority of its assets in investments that are not actively traded; mainly local corporate bonds. The Trust's listed securities are considered readily realizable, as they are listed on the Ghana Stock Exchange.

# STANLIB Income Fund Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2016

In accordance with the Trust's policy, the Manager monitors the Trust's liquidity position on a daily basis and has developed a comprehensive history of the Trust's daily and/or periodic liquidity requirements. Guided by this history, the Manager maintains sufficient cash and near cash investments to meet the day-to-day redemption requirements.

The table below illustrates the Trust's investments in cash and cash equivalents at 31 December:

	<b>2016</b>	<b>2015</b>
	<b>GH¢</b>	<b>GH¢</b>
<b>Cash and Cash Equivalent</b>		
Cash and Bank	13,760	20,508
Short Term Investment (3 Months)	1,773,145	904,665
	-----	-----
	1,786,905	925,173
	=====	=====

The Trust's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when due. In certain circumstances its related party STANLIB Ghana has provided some funds.

	<b>2016</b>	<b>2015</b>
	<b>GH¢</b>	<b>GH¢</b>
Fees payable	165,990	116,045
	-----	-----
	165,990	116,045
	=====	=====

## 5.3 Market risk

### Price risk

The Trust is exposed to equity securities price risk because of investments in quoted classified at fair value through profit or loss. The Trust is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Trust diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Trust Deed. All quoted shares held by the Trust are traded on the Ghana Stock Exchange (GSE).

### Interest rate risk

The Trust is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. No limits are placed on the ratio of variable rate financial instruments to fixed rate financial instruments. Fixed interest rate financial instruments expose the Trust to fair value interest rate risk. Variable interest rate financial instruments expose the Trust to cash flow interest rate risk. The Trust's fixed interest rate financial instruments are government securities, fixed deposits with financial institutions.

# STANLIB Income Fund Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2016

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## 5.4 Credit risk

The Trust takes on exposure to credit risk, which is the risk that counterparty will be unable to pay amounts in full when due. Credit risk arises from cash equivalents and fixed deposits held in banks, interest bearing investments with Government of Ghana (GoG) and commercial paper and corporate bonds with various entities.

The Government of Ghana (GoG) has a long term rating of B- (Stable) by Standard and Poors (S&P). GoG has not defaulted on debt obligation in the past. The Trust also undertakes further financial analysis and measures to ensure that the institutions issuing the securities are of sound financial health.

With regard to fixed deposit, investments are restricted to banking and non-banking financial institutions that meet set financial strength conditions.

The Trust's maximum exposure to credit risk in each of the above categories of assets as at 31 December is illustrated below:

<b>Asset</b>	<b>2016 GH¢</b>	<b>2015 GH¢</b>
Total Investment	1 8,741,334	13,116,250
Cash and Cash Equivalent	1,786,905	925,173
Interest Receivable	1,198,575	1,183,142
	-----	-----
Total Financial Asset	21,726,814	15,224,565
	=====	=====

# STANLIB Income Fund Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2016

## 6. INTEREST INCOME

	2016 GH¢	2015 GH¢
Interest on Fixed Deposits	2,005,876	1,796,925
Interest on GOG Bonds	124,304	58,515
Interest Corporate Bonds	2,166,808	314,459
Treasury Bills & Notes	67,317	77,934
	-----	-----
	4,364,305	2,870,327
	=====	=====

## 7. OTHER INCOME

	2016 GH¢	2015 GH¢
Interest on Call Deposits	11,686	10,032
	=====	=====

## 8. OTHER EXPENSES

	2016 GH¢	2015 GH¢
Bank Charges	3,005	2,721
AGM Expenses	12,137	20,684
	-----	-----
	17,094	18,606
	=====	=====

## 9. AVAILABLE FOR SALE INVESTMENTS

	2016 GH¢	2015 GH¢
Standard Chartered Bank	-	117,360
Ghana Commercial Bank	-	136,819
Ecobank Ghana Limited	-	123,376
CAL Bank Limited	-	70,000
Ecobank Transnational Limited	-	14,400
Societe General Ghana	-	19,200
Fan Milk Limited	-	45,401
Unilever	-	93,339
PZ Cussons	-	1,462
Ghana Oil Company Limited	-	82,740
GOG Bonds	3,167,511	365,408
Corporate Bonds	7,793,171	5,653,183
Treasury Bills	796,881	169,325
	-----	-----
	11,757,563	6,187,916
	=====	=====

# STANLIB Income Fund Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2016

## 10. LOANS AND RECEIVABLES INVESTMENT

	2016 GH¢	2015 GH¢
Fixed Deposits	8,728,772	7,103,166
	-----	-----
	8,728,772	7,103,166
	=====	=====

## 11. UNREALISED GAIN ON QUOTED INVESTMENTS

	2016 GH¢	2015 GH¢
Net Opening Value	-	878,122
Cost of Purchases	-	980,312
	-----	-----
Less Redemption/Sale	-	1,858,434
	-	(1,171,490)
	-----	-----
Net Book Value at 31 December	-	686,944
Market Value at 31 December	-	704,096
	-----	-----
Increase in Market Value of quoted investments	-	17,152
	=====	=====

## 12. REALISED GAIN (LOSS) ON INVESTMENTS

	2016 GH¢	2015 GH¢
Sales proceeds	643,661	1,131,946
Less: Cost of shares sold	(704,098)	(1,171,490)
	-----	-----
Net Realised (Loss)/Gain on Investments	(60,437)	(39,544)
	=====	=====

## 13. CASH AND CASH EQUIVALENTS

	2016 GH¢	2015 GH¢
Cash and bank	13,760	20,508
Short term Investments (3 Months)	(1,773,145)	904,665
	-----	-----
	1,786,905	925,173
	=====	=====

# STANLIB Income Fund Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2016

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## 14. RELATED PARTIES

STANLIB Income Fund Trust is managed by STANLIB Ghana Limited. STANLIB Ghana Limited and Stanbic Bank Limited are Sister Companies, that is, they belong to the same group.

### (a) Purchases of units by related parties

The Securities and Exchange Commission (SEC) requires the Manager of the Trust to guarantee and hold the initial minimum subscription of 5% of the scheme. The related party investment in Units of the Trust amounted to GH¢ 438,726 (2015: GH¢ 349,066).

### (b) Investments in related parties

The Trust invested GH¢1,922,604 in securities issued by related parties at the end of the year (2015: GH¢1,711,121).

### (c) Service fees

Service fees to related parties were as follows:

	GH¢
Management fees	353,487
	=====

### (c) Balances due to related parties

Fees payable to STANLIB Ghana Limited	93,534
	=====

## 15. BID PRICE OF UNITS

The bid price of units on the accounting date ended 31 December 2016 was GH¢3.30 (2015: GH¢2.63).

## 16. NUMBER OF UNITHOLDERS

The number of unit-holders as of 31 December 2016 was 1,321 (2014: 1,002).

## 17. CONTINGENT LIABILITIES

There were no contingent liabilities as of the reporting date, and as of 31 December 2015

## 18. TRANSITION TO IFRS

(a) STANLIB Income Fund Trust has reported under Ghana GAAP in its previous financial statements for the year ended 31 December 2015. The analysis below shows a reconciliation of total income statement and equity as reported under Ghana GAAP as at 31 December 2015 to the revised total Comprehensive income and equity under IFRS in these financial Statements. In addition there is reconciliation of equity under Ghana GAAP to IFRS at the transition date 1 January 2015.

# STANLIB Income Fund Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2016

The Income statement for the reporting period ended 31 December 2015 can be reconciled to amounts reported under previous Ghana GAAP as follows

		<b>Ghana GAAP GH¢</b>	<b>Effects of transition to IFRS GH¢</b>	<b>IFRS 2015 GH¢</b>
<b>INCOME</b>				
Gross Dividend Income		33,250	-	33,250
Less: Withholding Tax		(2,463)	-	(2,463)
		-----	-----	-----
Net Dividend Income		30,787	-	30,787
Interest Income	6	2,870,327	-	2,870,327
Other Income		5 10,032	-	10,032
		-----	-----	-----
<b>Total Income</b>		<b>2,911,146</b>	<b>-</b>	<b>2,911,146</b>
		-----	-----	-----
<b>EXPENSES</b>				
Fund Management Fees		230,410	-	230,410
Trustees Fees		28,801	-	28,801
Audit Fees		12,000	-	12,000
Other Expenses	8	23,405	-	23,405
		-----	-----	-----
<b>Total Expenses</b>		<b>294,616</b>	<b>-</b>	<b>294,616</b>
		-----	-----	-----
<b>NET INVESTMENT INCOME</b>				
		2,616,530	-	2,616,530
		=====	=====	=====

## 18. TRANSITION TO IFRS (CONT'D)

(b) The Statement of Assets and Liabilities reported at 31 December 2015 can be reconciled to the amounts reported under previous Ghana GAAP as follows:

# STANLIB Income Fund Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2016

	Note	Ghana GAAP GH¢	Effects of transition to IFRS GH¢	IFRS 2015 GH¢
<b>ASSETS</b>				
Available for sale investments		-	704,097	704,097
Shares		704,097	(704,097)	-
		-----	-----	-----
<b>Total Shares</b>		704,097	-	704,097
		-----	-----	-----
<b>Short Term Funds</b>				
Cash at Bank		20,508	-	20,508
Available for sale investments		-	6,187,916	6,187,916
Loans and receivables investments		-	7,103,166	7,103,166
GOG Bonds		365,408	(365,408)	-
Corporate Bonds		5,653,183	(5,653,183)	-
Treasury Bills & Notes		169,325	(169,325)	-
Fixed deposit		7,103,166	(7,103,166)	-
		-----	-----	-----
<b>Total Short Term Funds</b>		14,015,687	-	14,015,687
		-----	-----	-----
<b>Total Investments</b>		14,015,687	-	14,015,687
Other Assets in Excess of Liabilities		1,092,832	-	1,092,832
		-----	-----	-----
<b>NET ASSETS</b>		15,108,519	-	15,108,519
		=====	=====	=====
Total Investments		14,015,687	-	14,015,687
		-----	-----	-----
<b>Interest Receivable:</b>				
Fixed Deposits		811,415	-	811,415
Corporate Bonds		352,941	-	352,941
GOG Bonds		33,965	-	33,965
Treasury Bills & Notes		10,556	-	10,556
		-----	-----	-----
<b>Total Receivables</b>		1,208,877	-	1,208,877
		-----	-----	-----
<b>Total Assets</b>		15,224,564	-	15,224,564
		-----	-----	-----
<b>LIABILITIES</b>				
Accrued Fund Management Fees		63,263	-	63,263
Accrued Trustee Fees		28,801	-	28,801
Accrued Audit Fees		12,000	-	12,000
Others		11,981	-	11,981
		-----	-----	-----
<b>Total Liabilities</b>		116,045	-	116,045
		-----	-----	-----
<b>NET ASSETS</b>		15,108,519	-	15,108,519
		=====	=====	=====



# STANLIB Income Fund Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2016

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19(b)(i) Under the previous GAAP Investments in Shares, Treasury bills, and bonds were shown separately but under IFRS all such investments are classified under Available for sale Investments.

19(b)(ii) Under the previous GAAP Investments in fixed deposits was shown separately but under IFRS all such investments are classified under Loans and Receivables investments.

# STANLIB Income Fund Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2016

## 19. TRANSITION TO IFRS (CONT'D)

(c) Equity reported at the date of transition can be reconciled to the amounts reported under the previous Ghana GAAP as follows:

	Note	Ghana GAAP GH¢	Effects of transition to IFRS GH¢	IFRS 1 JAN. 2015 GH¢
<b>ASSETS</b>				
Available for sale investments		-	878,112	878,112
Shares		878,112	(878,112)	-
<b>Total Shares</b>		878,112	-	878,112
<b>Short Term Funds</b>				
Cash at Bank		11,039	-	11,039
Available for sale investments		-	4,204,940	4,204,940
Loans and receivables investments		-	3,674,722	3,674,722
Corporate Bonds		3,319,683	(3,319,683)	-
GOG Bonds		786,164	(786,164)	-
Treasury Bills & Notes		99,093	(99,093)	-
Fixed deposit		3,674,722	(3,674,722)	-
<b>Total Short Term Funds</b>		7,890,701	-	7,890,701
Total Investments		8,768,813	-	8,768,813
Other Assets in Excess of Liabilities		583,739	-	583,739
<b>NET ASSETS</b>		9,352,552	-	9,352,552
<b>Total Investments</b>		8,768,813	-	8,768,813
<b>Interest Receivable:</b>				
Fixed Deposits		306,382	-	306,382
Corporate Bonds		333,043	-	333,043
GOG Bonds		51,920	-	51,920
Treasury Bills & Notes		1,470	-	1,470
<b>Total Receivables</b>		692,814	-	692,814
<b>Total Assets</b>		9,461,627	-	9,461,627

# STANLIB Income Fund Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2016

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	Note	Ghana GAAP GH¢	Effects of transition to IFRS GH¢	IFRS 1 JAN. 2015 GH¢
<b>LIABILITIES</b>				
Accrued Fund Management Fees		80,115	-	80,115
Accrued Trustee Fees		20,143	-	20,143
Accrued Audit Fees		8,500	-	8,500
Others		317	-	317
		-----	-----	-----
<b>Total Liabilities</b>		109,075	-	109,075
		-----	-----	-----
<b>NET ASSETS</b>				
		9,352,552	-	9,352,552
		=====	=====	=====

# STANLIB Income Fund Trust

## Proxy Form

Annual General Meeting to be held at Holiday Inn Accra Airport, Airport City, on Friday, June 30th, 2017 at 10:00am

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 30th June 2017 and at any adjournment thereof

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017

### Unitholder(s) Signature

Resolution	For	Against
1. To receive the Report of the Manager of the Fund for the year ended December 31, 2016.		
2. To consider the Trustees Report and the Report of Auditors for the year ended December 31, 2016.		
3. To receive and adopt the Audited Financial Statements for the year ended December 31, 2016.		
4. To authorise the Manager to fix the remuneration of the Auditor		

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)*

Signature : \_\_\_\_\_

Date: \_\_\_\_\_

