



STANLIB Income Fund Trust

Annual Report 2017



STANLIB

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Annual Report 2017

STANLIB

The Manager

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

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Proxy Form

STANLIB Income Fund Trust Trustees and Officials, Etc

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

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 2017.

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 2017, 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 and in the manner required by the Securities Industry Act, 2016 (Act 929), the Unit Trust and Mutual Funds Regulations, 2001 (L.I. 1695) and the Companies Act, 1963 (Act 179).

This responsibility include: 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 Act, 2016 (Act 929). 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 9 to 21 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 8, 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 2017

Historical Performance

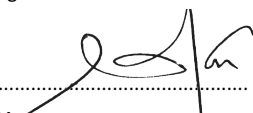
Year/Period	2013	2014	2015	2016	2017	CAGR	Since Inception
Return	22.5%	23.1%	24.7%	25.7%	21.7%	22.0%	302%
Benchmark	21.3%	21.7%	22.8%	23.4%	17.3%	19.6%	249.5%

Share Price Information

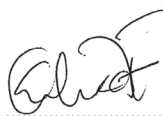
Description	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17
Share price (GHS)	1.71	2.10	2.63	3.30	4.02
No. of Shares	3,495,307	4,448,484	5,746,403	6,556,524	19,843,253
Value (GHS)	5,964,969	9,352,552	15,108,518	21,560,824	79,766,021

Description	2013	2014	2015	2016	2017
Net Assets	5,964,969	9,352,552	15,108,518	21,560,824	79,766,021
Interest	3,495,307	4,448,484	5,746,403	6,556,524	19,843,253
Net Asset/Interest	1.71	2.10	2.63	3.30	4.02

Signed on behalf of STANLIB Ghana Ltd by:



Director



Director

25.04.2018

Date

25.04.2018

Date

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

Introduction

Dear Fellow Unit Holders,

I am delighted to welcome our to the 7th Annual General meeting. The STANLIB Income Fund Trust (SIFT) churned out solid returns in 2017 making a yield of 22% against a benchmark of 17% with assets growing by 260% to GHS80 million.

Economic outturn

Ghana's economic narrative in 2017 was encouraging with estimated GDP growth of 8.5%. Favourable external factors, positive investor and business sentiments, improved power supply, a rejuvenated oil and gas sector and policy initiatives undertaken by the new administration were essential to the growth story.

The equities market rallied with returns of 54% in 2017 reflecting the positive economic fortunes and improved investor confidence. Moreover, the issuance of the GHS4.4 billion ESLA bond to retire energy related debt improved sentiments especially in banking stocks on the bourse. Directives such as that on the new minimum capital requirements sent the right signals about the Central Bank's determination to strengthen the Banking sector. These are expected to sanitize the banking sector by improving asset quality and providing liquidity for more robust balance sheets. An improved trade balance spurred by the additional oil and gas forex inflows and a relatively weaker Dollar saw

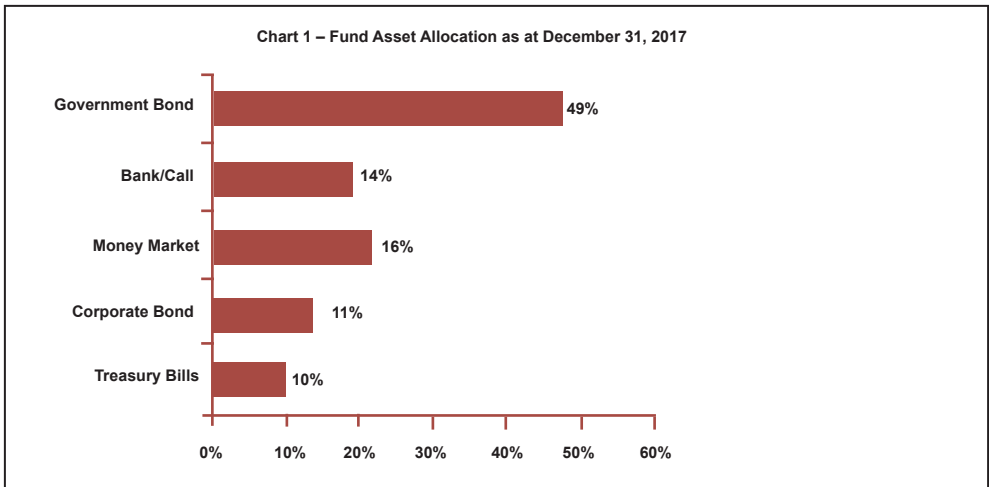
the Cedi dip marginally by 5% in 2017, still better than the 9.6% in 2016. The relative currency stability and low prices of goods and services provided the impetus for the disinflationary process to continue. The change in Consumer Price Index (CPI) as at the end of 2017 was 11.8% compared to 15.4% in 2016. Overall, business confidence inched up to 102 points from 91 points in 2016. The relatively benign conditions drove interest rates downwards as policy rate declined to 20% from 25.5% in 2016. Short term interest rates followed continued their downward trajectory averaging between 14%- 15% in 2017 as government continued its policy to realign the yield curve.

On the external sector, a steady increase in commodity prices as well as increased oil production in 2017 from the additional oil fields - TEN and Sankofa enhanced the trade position. A surplus of 2.3% was recorded in 2017 compared to a deficit of 4.2% in 2016. However, revenue shortfalls of about USD 1.6 billion resulted in a fiscal deficit of 5.9% as at December 2017, an improvement on the recorded 8.7% in 2016.

Investments and Performance Portfolio Asset Mix

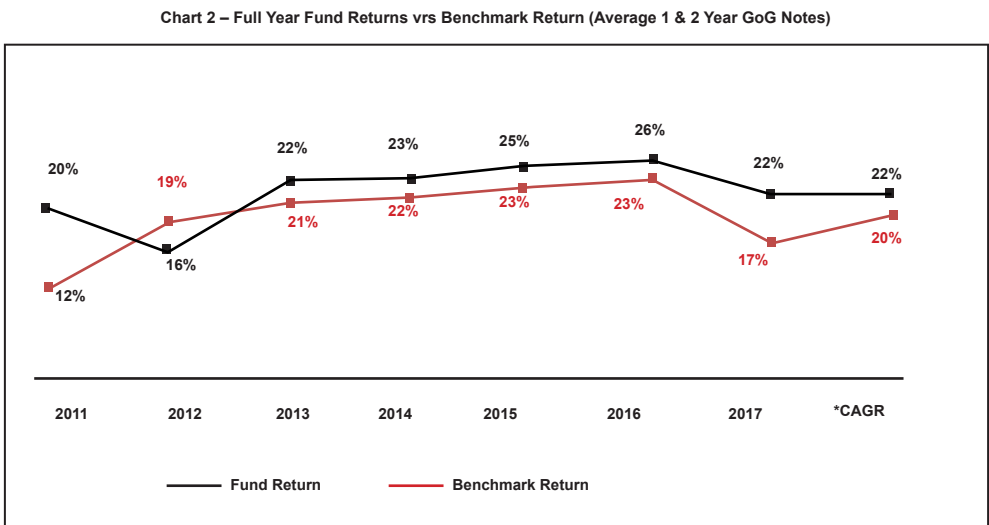
SIFT's Assets grew by 260% to GHS 80 million in 2017. Investments in long-term instruments were increased ahead of expected interest rate declines. Bonds made up 60% of the Fund's assets, with 26% in money market instruments and 14% in Cash and near cash securities as at the end of 2017.

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



Returns

Since inception, SIFT has consistently outperformed its benchmark posting full year returns of 22% compared to a benchmark of 17%. SIFT's full year distributable earnings grew by 170% to GHS8 million. The Fund's performance is attributed to comparatively higher rates in corporate bonds and the tactical allocations into papers with maturities of more than two years.



*CAGR – Cumulative Average Growth Rate – annualised average return over the period from 2011 to 2017

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

Outlook

From our analysis, an expected GDP growth of 6.8% as projected by the government for 2018 is well within range. The industrial sector is expected to drive this growth on the back of an improving power supply and oil production. Also, the services sector which contributes ~60% to GDP is expected to slowly recover in 2018 driven by the government's digitization initiatives and improvement in the ease of doing business. A fiscal deficit of 4.5% projected for 2018 is highly dependent on the government's ability to rake in revenues from the informal sector and block revenue leakages in the economy.

The extension of the IMF program to December 2018 is expected to provide the necessary investor confidence at least in the short term. A stable currency and positive inflation outlook should see

policy rates decline further in 2018. The equities market is anticipated to continue its surge in 2018 amid low interest rates and improving balance sheets of banking stocks.

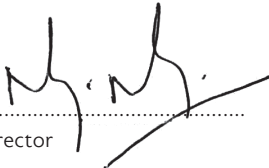
In the quarters ahead, the Fund will continue to reduce its exposures from money market into longer dated papers and keenly monitor the yield curve with the view to balancing returns and liquidity. This repositioning is expected to bolster the Fund's returns.

Thank you
George David Allotey
Fund Manager

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

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

26.04.2018
.....
Date

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

Opinion

We have audited the financial statements of STANLIB Income Fund Trust, which comprise the statement of assets and liabilities as of 31 December 2017, 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 15 to 21.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 31 December, 2017, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There were no material key audit matters to report.

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 Act, 2016 (Act 929), 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)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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. Dzakupasu
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, 2018

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Date

STANLIB Income Fund Trust Statement of Net Assets As of 31 December 2017

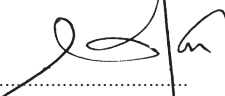
		2017		2016	
	Note	Market Value (GH¢)	% of Net Assets	Market Value (GH¢)	% of Net Assets
Available for Sale Investments	9	54,157,443	67.90	11,757,563	54.53
		-----	-----	-----	-----
		54,157,443	67.90	11,757,563	54.53
		-----	-----	-----	-----
Short Term Funds					
Cash at Bank	11	351,018	0.44	13,760	0.06
Loans and Receivables Investments	10	22,174,651	27.80	8,728,772	40.49
		-----	-----	-----	-----
		22,525,669	28.24	8,742,532	40.55
		-----	-----	-----	-----
Total Investments		76,683,112	96.14	20,500,095	95.08
Other Assets in Excess of Liabilities		3,082,909	3.86	1,060,729	4.92
		-----	-----	-----	-----
Total Net Assets		79,766,021	100.00	21,560,824	100.00
		=====	=====	=====	=====

The notes on pages 15 to 21 are an integral part of these financial statements.

STANLIB Income Fund Trust Statement of Assets and Liabilities As of 31 December 2017


	2017 GH¢	2016 GH¢
ASSETS		
Total Investments	76,683,112	20,500,095
	-----	-----
Interest Receivable:		
Fixed Deposits	1,013,260	736,801
Corporate Bonds	368,225	399,349
GOG Bonds	2,185,810	80,001
Treasury Bills & Notes	9,146	10,568
	-----	-----
Total Receivables	3,576,441	1,226,719
	-----	-----
Total Assets	80,259,553	21,726,814
	-----	-----
LIABILITIES		
Accrued Fund Management Fees	338,938	93,534
Accrued Trustee Fees	107,183	44,083
Accrued Audit Fees	24,900	14,400
Other Expenses	22,511	13,973
	-----	-----
Total Liabilities	493,532	165,990
	-----	-----
	-----	-----
NET ASSETS	79,766,021	21,560,824
	=====	=====

The financial statements on pages 9 to 14 were approved by **STANLIB Ghana Ltd** and signed on its behalf by:



 Director

25.04.2018



 Director

25.04.2018

The notes on pages 15 to 21 are an integral part of these financial statements.

STANLIB Income Fund Trust Income and Distribution Account for the Year Ended 31 December 2017

	NOTE	2017 GH¢	2016 GH¢
INCOME			
Gross Dividend Income		-	39,163
Less: Withholding Tax		-	(2,901)
		-----	-----
Net Dividend Income		-	36,262
Interest Income	6	9,106,351	4,364,305
Other Income	7	43,035	11,686
		-----	-----
Total Income		9,149,386	4,412,253
		-----	-----
EXPENSES			
Fund Management Fees		857,463	353,487
Trustees Fees		107,183	44,186
Audit Fees		24,900	14,400
Other Expenses	8	34,165	15,142
		-----	-----
Total Expenses		1,023,711	427,215
		-----	-----
NET INVESTMENT INCOME		8,125,675	3,985,038
		=====	=====
 ACCUMULATED NET INVESTMENT INCOME FOR THE YEAR ENDED 31 DECEMBER 2017			
		2017 GH¢	2016 GH¢
Beginning of period		9,967,028	5,981,990
Net Investment Income for the period		8,125,675	3,985,038
		-----	-----
End of period		18,092,703	9,967,028
		=====	=====
 ACCUMULATED NET REALISED GAIN			
Beginning of period		96,068	156,505
Net realised gain / loss for the period	12	-	(60,437)
		-----	-----
End of period		96,068	96,068
		=====	=====

The notes on pages 15 to 21 are an integral part of these financial statements.

STANLIB Income Fund Trust Statement of Movement in Net Assets for the Year Ended 31 December 2017

	Note	2017 GH¢	2016 GH¢
Operations:			
Net Investment Income		8,125,675	3,985,038
Net Realised Gain on Investments	7	-	(60,437)
		-----	-----
Net increase in net assets from operations		8,125,675	3,924,601
		-----	-----
Capital Transactions:			
Proceeds from units issued		62,091,139	7,306,105
Value of units redeemed		(12,011,617)	(4,778,401)
		-----	-----
Net proceeds from capital transactions		50,079,522	2,527,704
		-----	-----
Total Increase in Net Assets		58,205,197	6,452,305
		-----	-----
Net Assets:			
Balance as of 1 January		21,560,824	15,108,519
Total Increase in Net Assets		58,205,197	6,452,305
		-----	-----
Balance as of 31 December		79,766,021	21,560,824
		=====	=====

The notes on pages 15 to 21 are an integral part of these financial statements.

STANLIB Income Fund Trust Statement of Cash Flow for the Year Ended of 31 December 2017

	2017 GH¢	2016 GH¢
Cash flows from operating activities		
Net investment income	8,125,675	3,985,038
	-----	-----
	8,125,675	3,985,038
Change in:		
Increase in receivable	(2,349,722)	(17,842)
Increase in payables	327,542	49,945
	-----	-----
Net Cash flow generated from operating activities	6,103,495	4,017,141
Cash flows from investing activities		
Purchase of Investments	(359,855,490)	(21,704,438)
Redemption of Available for Sale Equities	-	643,661
Proceeds from Disposal of Investments	318,506,694	15,377,664
	-----	-----
Net cash flow used in investing activities	(41,348,796)	(5,683,113)
Cash flows used in financing activities		
Proceeds from sale of units	62,091,141	7,306,105
Redemption of clients' investments	(12,011,617)	(4,778,401)
	-----	-----
Net cash flow generated from financing activities	50,079,524	2,527,704
Net increase in cash and cash equivalents	14,834,223	861,732
Balance at 1 January	1,786,903	925,173
	-----	-----
Balance at 31 December	16,621,126	1,786,905
	=====	=====
CASH AND CASH EQUIVALENTS	16,621,126	1,786,905
	=====	=====

The notes on pages 15 to 21 are an integral part of these financial statements.

STANLIB Income Fund Trust Statement of Movement in Issued Units For The Year Ended 31 December 2017

	2017	2016
Number of Units in issue at 1 January	6,556,524	5,746,403
Number of Units issued during the year	16,475,820	2,452,112
	-----	-----
Number of Units redeemed during the year	23,032,344 (3,189,091)	8,198,515 (1,641,991)
	-----	-----
Number of Units in issue at 31 December	19,843,253	6,556,524
	=====	=====

STANLIB Income Fund Trust Capital Account for the Year Ended 31 December 2017

	2017	2016
	GHC	GHC
Value of Units in issue at 1 January	11,368,348	8,840,644
Value of Units issued during the year	62,091,139	7,306,105
	-----	-----
Value of Units redeemed during the year	73,459,487 (12,011,617)	16,146,749 (4,778,401)
	-----	-----
Value of Units in issue at 31 December	61,447,870	11,368,348
	=====	=====

The notes on pages 15 to 21 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 2017

1. TRUST INFORMATION

STANLIB Income Fund Trust is authorised to operate a Unit Trust under the Securities Industry Act, 2016 (Act 929), and duly licensed by the Securities and Exchange Commission with Licence No. SEC. CIS/UT.12/13. The address and scheme particulars of STANLIB Income Fund Trust can be found on page 2 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 as issued by the International Accounting Standards Board. 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.

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.

STANLIB Income Fund Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2017

- 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.

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.

STANLIB Income Fund Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2017

(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.

(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 government securities, fixed deposits and other corporate debt securities. These activities expose the Trust to a variety of financial risks, including credit, liquidity risk and the effects of changes in debt 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 Manager under direction of the STANLIB Ghana Board. The Board works within policies approved by the Trustee and registered with the Securities & Exchange Commission. 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 Securities & Exchange Commission.

STANLIB Income Fund Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2017

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.

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 in a portfolio of government securities, fixed deposits and other corporate debt securities.

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:

	2017	2016
	GHC	GHC
Cash and Cash Equivalent		
Cash and Bank	351,018	13,760
Short Term Investment (3 Months)	16,270,108	1,773,145
	-----	-----
	16,621,126	1,786,905
	=====	=====

The Trust's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when due.

	2017	2016
	GHC	GHC
Fees payable	502,374	165,990
	-----	-----
	502,374	165,990
	=====	=====

STANLIB Income Fund Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2017

5.3 Market risk

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.

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 and commercial paper and corporate bonds with various entities. The Government of Ghana has a long term rating of B- (Stable) by Standard and Poors. The Government of Ghana 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:

	2017 GH¢	2016 GH¢
Asset		
Available for Sale Investments	54,157,443	11,757,563
Loans and Receivables Investments	22,174,651	8,728,772
Cash at Bank	351,018	13,760
Interest receivable	3,576,441	1,226,719
	-----	-----
Total financial asset	80,259,553	21,726,814
	=====	=====

6. INTEREST INCOME

	2017 GH¢	2016 GH¢
Interest on Fixed Deposits	3,227,901	2,005,876
Interest on GOG Bonds	3,382,161	124,304
Interest Corporate Bonds	1,966,130	2,166,808
Treasury Bills & Notes	530,159	67,317
	-----	-----
	9,106,351	4,364,305
	=====	=====

STANLIB Income Fund Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2017

7. OTHER INCOME		
	2017	2016
	GH¢	GH¢
Interest on Call Deposits	43,035	11,686
	=====	=====
8. OTHER EXPENSES		
	2017	2016
	GH¢	GH¢
Bank Charges	5,290	3,005
AGM Expenses	28,875	12,137
	-----	-----
	34,165	15,142
	=====	=====
9. AVAILABLE FOR SALE INVESTMENTS		
	2017	2016
	GH¢	GH¢
GOG Bonds	37,691,878	3,167,511
Corporate Bonds	8,763,381	7,793,171
Treasury Bills	7,702,184	796,881
	-----	-----
	54,157,443	11,757,563
	=====	=====
10. LOANS AND RECEIVABLES INVESTMENTS		
	2017	2016
	GH¢	GH¢
Fixed Deposits	22,174,651	8,728,772
	-----	-----
	22,174,651	8,728,772
	=====	=====
11. CASH AND CASH EQUIVALENTS		
	2017	2016
	GH¢	GH¢
Cash and bank	351,018	13,760
Short term Investments (3 Months)	16,270,108	1,773,145
	-----	-----
	16,621,126	1,786,905
	=====	=====

STANLIB Income Fund Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2017

12. REALISED GAIN (LOSS) ON INVESTMENTS

	2017 GH¢	2016 GH¢
Sales proceeds	-	643,661
Less: Cost of shares sold	-	(704,098)
	----	-----
Net Realised (Loss)/Gain on Investments	-	(60,437)
	====	=====

13. 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 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¢ 3,280,045 (2016: GH¢ 438,726).

(b) Investments in related parties

The Trust invested GH¢10,680,000 in securities issued by related parties at the end of the year (2016: GH¢1,711,121).

(c) Service fees

Service fees to related parties were as follows:

	2017 GH¢	2016 GH¢
Management fees	857,463	353,487
	=====	=====

(d) Balances due to related parties

	2017 GH¢	2016 GH¢
Fees payable to STANLIB Ghana Limited	338,938	93,534
	=====	=====

14. BID PRICE OF UNITS

The bid price of units on the accounting date ended 31 December 2017 was GH¢4.02 (2016: GH¢3.30).

15. NUMBER OF UNITHOLDERS

The number of unit-holders as of 31 December 2017 was 2,204 (2016: 1,321).

16. CONTINGENT LIABILITIES

There were no contingent liabilities as of the reporting date, and as of 31 December 2017.

STANLIB Income Fund Trust

STANBIC INCOME FUND TRUST/ Proxy Form

Annual General Meeting to be held at the Holiday Inn Accra Airport, Airport City, on Friday, July 6, 2018 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 6th July 2018 and at any adjournment thereof

Dated this _____ day of _____ 2018


Unitholder(s) Signature

Resolution	For	Against
1. To receive the Report of the Manager of the Fund for the year 2017.		
2. To consider the Trustees Report and the Report of Auditors for the year ended December 31, 2017.		
3. To receive and adopt the Audited Financial Statements for the year ended December 31, 2017.		
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)



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STANLIB

