



EDC GHANA BALANCED FUND LIMITED

ANNUAL REPORT 2012

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GENERAL INFORMATION**BOARD OF DIRECTORS**

Mr. Richard Adu-Poku - Chairman
Mr. David Ofusu-Dorte
Mrs. Sarah Brainoo Arhin
Mr. William Mensah
Mr. Nana Amoto Mensah

REGISTERED OFFICE

No. 5, Second Ridge Link
North Ridge
P.M.B G.P.O
Accra
Ghana

INVESTMENT MANAGER

EDC Investments Limited
No. 5, Second Ridge Link
North Ridge
P.M.B G.P.O
Accra
Ghana

CUSTODIANS

Standard Chartered Bank
Head Office
High Street
Accra

AUDITORS

John Kay and Co.
Chartered Accountants
7th Floor, Trust Towers
P.O. Box 16088
Accra

BANKERS

Ecobank Ghana Limited
Ring Road Central
Accra

EDC Ghana Balanced Fund Limited
5, Second Ridge Link, North Ridge
P.O. Box AN 16746
Accra, Ghana
Tel.: (233) 0302 251720/4/7/9
Fax.: (233) 0302 251734
Email: edcbalancedfund@ecobank.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 4th Annual General Meeting of shareholders of EDC Ghana Balanced Fund Limited will be held at the Teachers Hall Conference Room, Accra on the 18th of July 2013 at 10am for the following purposes:

1. To consider the Report of Directors and Auditors for the year ended 31 December 2012
2. Receive and adopt the accounts
3. Authorize the Directors to fix remuneration of the Auditors
4. To approve Directors' fees
5. To transact any other business appropriate to be dealt with at any Annual General Meeting

A shareholder has the right to appoint a proxy to attend and vote on his/her behalf at the meeting. Such a proxy need not be a shareholder. A copy of the instrument appointing the proxy may be deposited at not later than forty-eight (48) hours prior to the commencement of the meeting at the principal place of business of the Secretary.

#799/3,5th Crescent
Asylum Down
Accra

Dated June 13, 2013
By Order of the Board



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For: Lawfields Consulting

CHAIRMAN'S STATEMENT TO SHAREHOLDERS

Introduction

Ladies and Gentlemen, on behalf of my fellow board members, I welcome you all to the 4th Annual General Meeting of the EDC Ghana Balanced Fund for the year ended December 31, 2012. There was an improvement in global financial conditions that impacted positively on African markets including Ghana. The benchmark index measuring the performance of the Ghanaian stock market strengthened by 23.8%y-o-y compared with a 3.1%y-o-y slowdown registered in the previous year. The EDC Ghana Balanced fund also posted a strong performance in 2012 with a return of 18.0% compared with 5.3% in 2011.

Global Economy: 2012 Review and 2013 Outlook

Global financial conditions improved further in the fourth quarter of 2012. However, a broad set of indicators for global industrial production and trade suggests that global growth did not strengthen further. Indeed, the third-quarter increment in global growth was partly due to temporary factors, including increased inventory accumulation (mainly in the United States). It also masked old and new areas of weakness. Activity in the euro area periphery was even softer than expected, with some signs of stronger spillovers of that weakness to the core euro area. In Japan, output contracted further in the third quarter.

Global growth is projected to increase during 2013 by around 3%, as the factors underlying soft global activity are expected to subside. The main sources of acceleration are likely to come from emerging market economies and the United States. However, this upturn is projected to be more gradual than earlier thought. Policy actions have lowered acute crisis risks in the euro area and the United States. But in the euro area, the return to recovery after a protracted contraction is delayed. While Japan has slid into recession, recent fiscal and monetary stimuli are expected to boost growth in the near term. At the same time, policies have supported a modest growth pickup in some emerging market economies, although others continue to struggle with weak external demand and domestic bottlenecks. If crisis risks do not materialize and financial conditions continue to improve, global growth could be stronger than projected. However, downside risks remain significant, including renewed setbacks in the euro area and risks of excessive near-term fiscal consolidation in the United States.

Sub-Saharan Africa: 2012 Review and 2013 Outlook

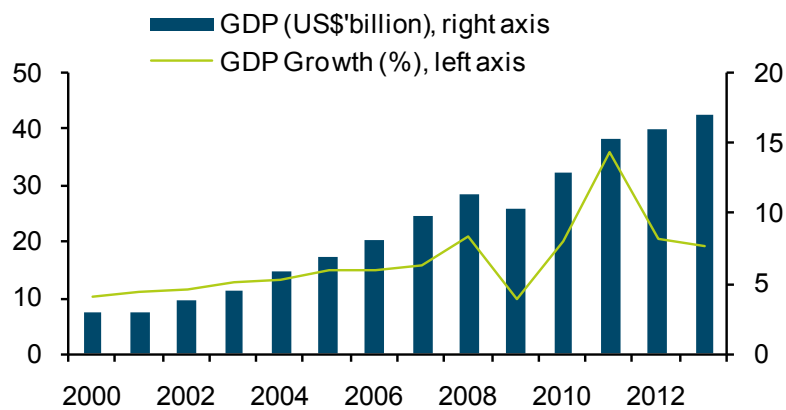
Economic conditions in sub-Saharan Africa have remained generally robust in 2012 despite a weak global economic growth. The near-term outlook for the region remains broadly positive, and growth is projected at around 5% in 2013. Most low-income countries are projected to continue to grow strongly, supported by domestic demand, including from investment. The outlook is less favorable for many of the middle-income countries, especially South Africa, that are more closely linked to European markets and thus experience a more noticeable drag from the external environment. The main risks to the outlook are an intensification of financial stresses in the euro zone and a sharp fiscal adjustment in the US (the fiscal cliff).

Ghana Economy: 2012 Review

The economy expanded over 8% in 2012 largely due to robust performance in the non-oil sector, particularly agriculture, forestry, gold, and services sectors. Oil sector activity also picked up, but from a small base as oil

production failed to reach projected output. Inflation was largely unchanged at 9.1% in 2012 from 8.7% the year before, helped by judicious implementation of the inflation targeting monetary policy and the impact of good crop yields on food prices.

Ghana GDP Growth Trend: 2000-2013

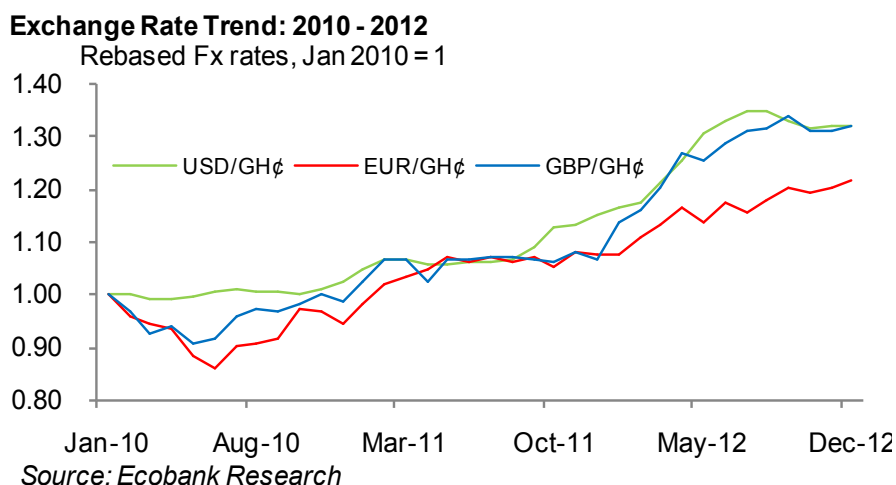


To reduce inflationary expectations and slow GHS depreciation, the BoG made several policy changes in 2012: (i) the BoG raised its policy rate three times to 15.0% (where it remains as of April 2013); (ii) reduced banks' maximum net open FX position (from 15 to 10% on single currency and from 30 to 20% on aggregate exposures); (iii) shifted the currency at which banks hold mandatory reserves on FX deposits from foreign currency to GHS, to raise the supply of foreign exchange in the market; (iv) reintroduced in May 2012 30-, 60-, and 270-day T-bills to facilitate the mopping up of excess liquidity; and (v) regulated for 100% cover by commercial banks for all vostro accounts, to be held with the BoG in line with operational guidelines that preclude foreign investors from participating in the short end of the money market. These measures helped raise market rates and slow GHS depreciation.

However, fiscal policy weakened significantly in the run up to the December 2012 elections. Despite solid revenue collection and further arrears clearance, the fiscal deficit widened to 12.1% of GDP partly due to fuel subsidies and a public sector wage increase. Despite impressive export growth from oil, cocoa, and gold, the current account deficit remained large at around 9% of GDP, reflecting a rebound in imports driven by strong domestic demand and high global commodity prices. One major adverse development in 2012 was a further depreciation of the exchange rate that increased the cost of imports, exposed the economy to inflationary pressures, and added to concerns about economic stability. By end-2012, the GHS had weakened 16.2% from the start of the year, following 10.3% depreciation the year before.

The Ghana Cedi depreciated by 16.2% against the USD in 2012. The downward trend was evident from January to early July, which was driven by a scarcity of local USD supply in an environment of investor flight to the USD, and insufficient BoG intervention to mop up GHS liquidity (M2 increased strongly). GHS weakness fed into imported inflation. The balance of payments swung into a small deficit in 2012, which led to foreign reserves falling to less than the equivalent of 3 months of imports. This partly explains sustained GHS depreciation, and underscores the

primacy of monetary policy over exchange rate policy. However, a weak GHS supported traditional export sector competitiveness, a sector facing a fall in demand in Europe.



EDC Ghana Balanced Fund Operating Performance

Investors sustained their confidence in the fund in 2012, evidenced by 18.6%y-o-y rise in the total number of shareholders. Shareholder base increased from 8,164 in 2011 to 9,686 in 2012, indicating that 1,522 new investors joined the fund in 2012. The aggregate funds under management also moved up by 3.3%y-o-y to GHC11.23 million in 2012 despite unprecedented withdrawals experienced during the year. The value of funds under management was bolstered by the excellent performance posted by the fund in 2012.

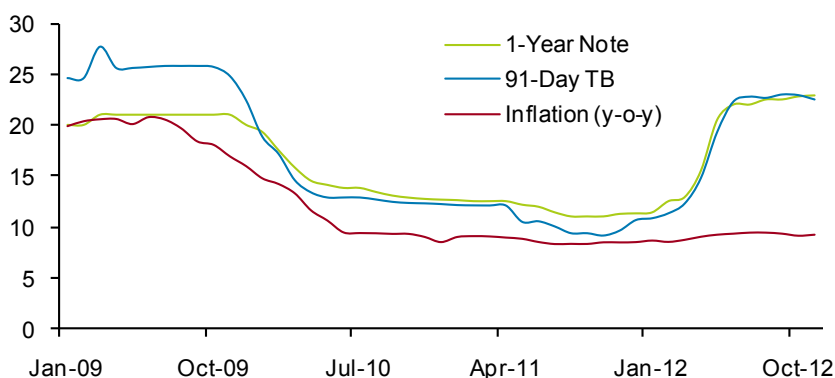
Ghana Economy: 2013 Outlook

The outlook for 2013 is good: growth of around 8% is expected, driven by strong oil and non-oil sector performance. However, high global commodity prices, sustained strong growth in domestic activity, and the possibility of further currency depreciation could jeopardise macroeconomic stability. While the external sector is likely to benefit from increased oil revenues from higher oil production and prices, along with solid non-oil export receipts, this will be countered to a large extent by continued strong growth in import demand. Assuming monetary policy tightens, high interest rates will draw in capital, which would help underpin the GHS and support efforts to increase foreign reserves to over \$5.5 billion (equivalent to 3 months of imports).

In our opinion, interest rates will remain high as long as inflation remains above the 9.0% target for 2013. High interest rates will be required to offset fiscal expenditure pressures and likely Ghana cedi weakening (GHS forward quotes in early June show depreciation to GHS2.17 by year-end). In addition, public expenditure projections for 2013 indicate that a large portion of the fiscal gap will be financed by domestic debt. The anticipated increased borrowing from the domestic market through the issuance of treasury bills could also exert an upward pressure on interest rates throughout 2013. Consequently, it may be challenging for the Bank of Ghana's Monetary Policy Committee to sustain its inflation targeting monetary policy. However, the Bank of Ghana's (BoG) inflation

targeting policy currently continues to dampen inflation expectations successfully despite the ongoing depreciation of the Ghana cedi. The BoG aims to keep inflation broadly stable, with the centre point of the target band reduced slightly to 8.5% for 2013. The policy interest rate will continue to be adjusted to support this target should inflationary

Inflation and Interest Rate Trend: 2009 - 2012
percent



However, the cost to the BoG of sterilising the liquidity that resulted from a large increase in private sector credit last year has been significant. More recently, lower than expected oil revenues and the unwinding of some domestic bond holdings by foreign investors has led the BoG to intervene to contain exchange rate volatility, implying a lower level of reserve accumulation than earlier anticipated.

Looking forward, gradual GHS weakening is likely to be the new policy stance, despite a gradual strengthening of the balance of payments arising from increased external reserves oil, gold and cocoa export receipts rise. The BoG is implementing the following structural improvements to the functioning of the FX market to reduce volatility and ensure convergence of official and parallel exchange rates: (i) enforcement of repatriation requirements and establishment of sunset clauses for concessions, to increase supply of foreign exchange; (ii) strengthening monitoring and intervention practices in the market by improving cash-flow budgeting and facilitating timely and effective intervention at market rates; and (iii) enhancing transparency and providing regular and frequent information on reserve levels and reserve management policies.

Your fund will take advantage of the macroeconomic environment and the relevant expectations to grow the fund and enhance value for shareholders

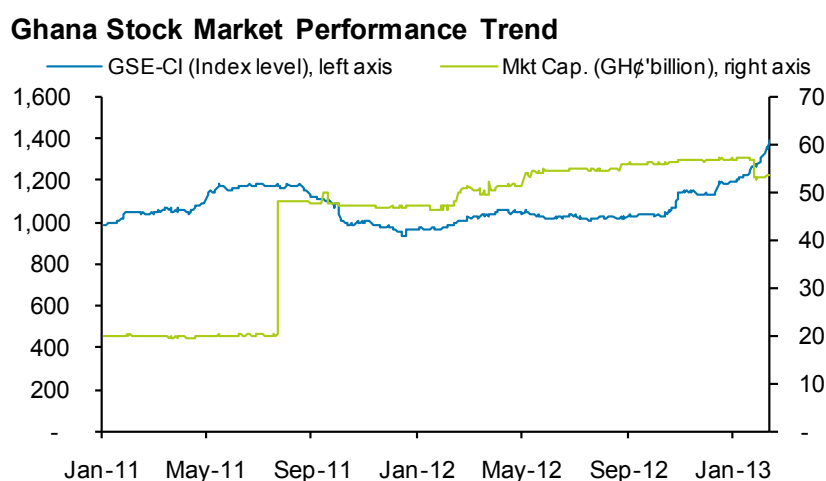
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Richard Adu-Poku

Chairman

FUND MANAGER'S STATEMENT TO EDC GHANA BALANCED FUND SHAREHOLDERS

Review of Investment Environment in 2012

The Ghanaian market closed 2012 on a positive note following a challenging 2011. The benchmark index measuring the performance of the market strengthened by 23.8%y-o-y compared with a -3.1%y-o-y registered in the previous year. The recovery was broadly in line with our expectations and was driven by value investors hunting for bargain stocks in sectors with good prospects in 2012 as well as impressive quarterly earnings momentum in the banking, consumer goods and agro-processing sectors. The stock market remained resilient despite global investor uncertainties driven by the eurozone crisis and US fiscal problems. This was partly due to some foreign investors who remained interested in the Ghanaian market in addition to local retail investor activity. However, despite Ghana's attractive market returns, some Africa-focused institutional investors and fund managers withdrew. Additionally, some local investors shifted their attention from the stock market to the money and fixed income markets where Government of Ghana instruments were offering attractive yields.



The local investor asset reallocation from equities to fixed income was driven by a significant jump in yields on government securities. The yields on the 91-Day and 1-Year securities surged from 10.8% and 11.3% respectively at the beginning of 2012 to 23.1% and 22.9% at the end of 2012. The jump in the yields was due to the central bank's reaction to inflationary pressures via monetary policy tightening. In addition, there were investor expectations that the inflationary pressures could continue on the back of increased spending in an election year, higher food prices and rapid depreciation of the GHS (-16.2%), which resulted in increased prices for imported goods and services. Inflation accelerated from 8.6% at the start of 2012, and peaked at 9.5% in July before easing to 8.8% in December 2012 – continued implementation of the inflation targeting monetary policy was instrumental in maintaining relatively stable inflation throughout last year. The asset reallocation dampened stock market activity in favor of increased activity in the fixed income market. The value of listed bonds rose by 47.4% y-o-y to GH¢5.88 billion in December 2012 mainly due to the issuance of medium-term government securities (3-year bonds) that attracted funds from both local and foreign portfolio investors.

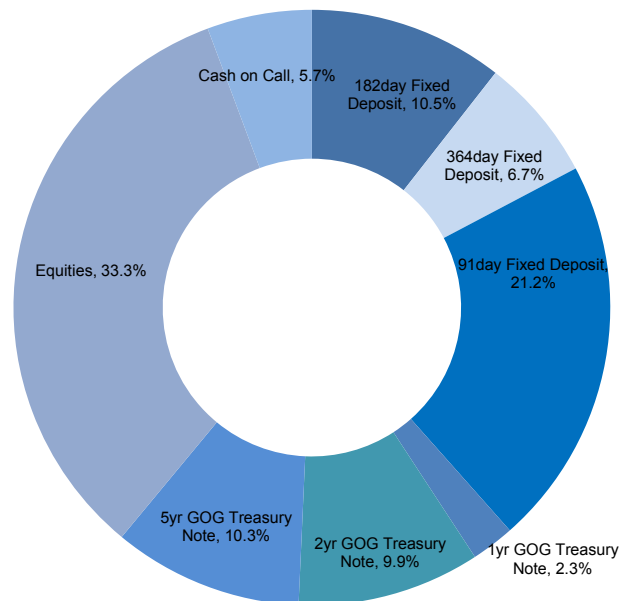
Portfolio Structure

EDC Ghana Balanced Fund has the objective of preserving and enhancing shareholder wealth to meet medium to long term financial goals while creating liquidity to meet short term needs. As a balanced fund the fund is supposed to invest in a combination of listed equities, bonds, as well as other suitable fixed income securities to achieve its investment objective.

The Fund Manager has the discretion to select specific investments within these asset classes:

ASSET CLASS	Percentage of Fund's Assets Invested	Rebalancing range
Fixed Income	50%	+/-20
Equity	50%	+/-20
TOTAL	100%	

ASSET CLASS	Percentage of Fund's Assets Invested
Fixed Income	66.77%
Equity	33.23%
TOTAL	100.00%



Portfolio Performance

The EDC Ghana Balanced Fund recorded a strong performance in 2012, posting a return of 18.0% compared with 5.3% in 2011. This was largely due to high yields on fixed income securities, which accounted for majority

of the portfolio. The fund closed 2012 with 66.7% exposure to the fixed income market. Cumulatively, the fund recorded a return of 85.7% since inception in April 2009 to the close of 2012.

Our exposure to the equity market continued to reduce marginally in 2012 to 33.2% from 34.7% in the previous year. This was largely due to a strategic decision to lock in high yielding long-term government securities, which will enable the fund to continue to enjoy high yields even when yields on treasury securities trend downward in the future. However, the fund maintained its holdings in some stocks which posted outstanding returns in 2012 such as GOIL (+93.7%), GGBL (+71.2%), SCB (+51.7%), FML (+49.8%) and CAL (+35.7%).

The net asset value of the fund rose to GH¢11.23 million in 2012 from GH¢10.86 million in 2011 despite a net withdrawal of GH¢1.37 million. This was largely due to the strong performance posted by the fund in 2012 on the back of strategic investment decisions taken by the fund manager.

Outlook and Strategy

The Monetary Policy Committee (MPC) in May 2013 decided to raise its benchmark yield by 100bps to 16.0%. By raising the MPR, the MPC highlighted ongoing pressures on the GHS and risks to inflation. We expect interest rates to remain high in 2013 due to fiscal pressures arising from high level of government borrowing and inflationary pressures emanating from GHS weakening high global commodity prices. Based on our expectations of the trend of rates in the fixed income market, our fixed income strategy will focus on short-to-medium term fixed income securities.

Although we expect the equity market to end the year on positive note, we anticipate that profit booking could erode some gains in the Q3 2013. In view of this, we plan to book some of the profits in our equity portfolio especially in the banking sector and subsequently reinvest the funds in the oil and gas and manufacturing sectors, which we expect to end the year strongly.

We will continue with investor education in 2013 to minimize withdrawals and induce inflows. We will also embark on an aggressive media campaign aimed at raising deposits to prevent a repetition of the net outflow experienced in 2012.

Conclusion

We urge you our treasured shareholders to commit to regular investing to ensure growth in the value of the fund and increased returns to you. We appreciate you for entrusting your assets to our management and look forward to a better year.

God bless us all.



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Frederick S. Duvor
Portfolio Manager

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents the report and audited financial statements of EDC Ghana Balanced Fund Limited for the year ended 31 December, 2012.

FINANCIAL STATEMENTS

The results for the year are set out in the attached financial statements.

The Board of Directors considers the state of the affairs of the company to be satisfactory.

NATURE OF BUSINESS

EDC Ghana Balanced Fund Limited is a company registered and domiciled in Ghana. It is licensed by the Securities and Exchange Commission of Ghana to operate as an authorized mutual fund.

The object of EDC Ghana Balanced Fund Limited is to invest contributions, in the form of money, made by its members for their mutual benefits, and to hold and arrange for the management of securities and other properties acquired with such contributions.

DIVIDEND DISTRIBUTION POLICY

The fund does not distribute income. All income earned are reinvested.

Shareholders should be aware that the mutual fund aims to achieve capital growth and as such income is reinvested to take advantage of the effects of compounding.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the company were approved by the Board of Directors on date 29th April, 2013 and signed on its behalf by:



.....
DIRECTOR



.....
DIRECTOR

**John Kay & Co.**

7th Floor, Trust Towers
Farrar Avenue, Adabraka
P. O. Box 16088
Airport, Accra

Tel: +233-21-235406
+233-21-238370
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDC GHANA BALANCED FUND LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of EDC Ghana Balanced Fund Limited which comprise of a statement of net assets, statement of assets and liabilities and a statement of movements in net assets at 31 December 2012, a statement of income and distribution and accumulated net investment income, as well as statement of changes in equity and portfolio summary for the year then ended and notes to the financial statements, which include a summary of significant accounting policies, as set out on pages 5 to 14.

Board of Directors' Responsibilities for the Financial Statement

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with the Ghana Accounting Standards and in the manner required by the Companies Act, 1963 (Act 179) and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the statement of assets and liabilities and the statement of movements in net assets of EDC Ghana Balanced Fund Limited at 31 December 2012 and its statement of income and distribution and statement of changes in equity for the year then ended in accordance with the Ghana Accounting Standards and in the manner required by the Companies Act, 1963 (Act 179).z

**John Kay & Co.**

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
EDC GHANA BALANCED FUND LIMITED (CONT'D)**

Responsibility for the Prior Year Summarized Comparative Information

The prior year summarized comparative information has been derived from the company's financial statements for the year ended 31 December 2011, which were audited by other auditors and whose report dated 03 May 2012 expressed an unqualified opinion on those statements.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Act, 1963 (Act 179)

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

In our opinion, proper books of account have been kept, and the statement of assets and liabilities, statement of movements in net assets, statement of income and distribution and statement of changes in equity are in agreement with the books of account.

**CHARTERED ACCOUNTANTS
ACCRA**

29th April, 2013

EDC GHANA BALANCED FUND LIMITED
STATEMENT OF NET ASSETS AT 31 DECEMBER 2012

EQUITY INVESTMENTS	SHARES	PRICE PER SHARE GH¢	MARKET VALUE GH¢	PERCENT OF NET ASSETS %
<i>Banking</i>				
Ecobank Ghana Limited	186,728	3.000	560,184	4.99
Ecobank Transnational Incorporated	588,300	0.120	70,596	0.63
Ghana Commercial Bank	157,900	2.100	331,590	2.95
Standard Chartered Bank	55,704	11.50	640,596	5.71
CAL Bank	665,500	0.380	252,890	2.25
<i>Financial Services</i>				
State Insurance Company	349,900	0.340	118,966	1.06
Enterprise Insurance	134,000	0.480	64,320	0.57
<i>Food, Beverages & Household Products</i>				
Guinness Ghana Breweries Ltd	54,100	2.620	141,742	1.26
Fan Milk Ltd	156,056	3.550	553,999	4.93
Patterson Zochonis Comp. Ltd	377,400	0.180	67,932	0.61
Unilever Ghana Ltd	28,995	8.520	247,037	2.20
<i>Agro-Processing</i>				
Benso Oil Palm Plantation	75,500	1.400	105,700	0.94
<i>Oil & Gas</i>				
Ghana Oil Company	193,300	0.620	119,846	1.07
Total Petroleum	19,818	23.49	465,525	4.15
			3,740,923	33.32
FIXED INCOME INSTRUMENTS				
<i>Treasury Notes & Bonds</i>				
1-Year Fixed Rate Notes			262,799	2.34
2-Year Fixed Rate Notes			1,113,282	9.92
5-Year Fixed Rate Notes			1,155,255	10.29
			2,531,336	22.55
<i>Certificates of Deposit</i>				
91-Day Fixed Deposit			2,379,437	21.19
182-Day Fixed Deposit			1,184,436	10.55
364-Day Fixed Deposit			753,712	6.71
Funds on Call			716,214	6.38
			5,033,799	44.83
TOTAL INVESTMENTS			11,306,058	100.70
NET CURRENT ASSETS			(78,706)	(0.70)
TOTAL NET ASSETS			11,227,352	100

EDC GHANA BALANCED FUND LIMITED
STATEMENT OF NET ASSETS AND LIABILITY AT 31 DECEMBER 2012

	2012	2011
	GH¢	GH¢
ASSETS		
Total Investments	11,306,058	10,930,684
	-----	-----
CURRENT LIABILITIES		
Directors' Fees	-	13,000
Audit Fees	6,000	18,870
Management and Custody Fees	69,406	27,474
EDC Investments	3,300	7,000
	-----	-----
	(78,706)	(66,344)
	-----	-----
NET ASSETS (FUND BALANCE)	11,227,352	10,864,340
	=====	=====

.....
DIRECTOR

.....
DIRECTOR

EDC GHANA BALANCED FUND LIMITED
INCOME AND DISTRIBUTION STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 GH¢	2011 GH¢
INVESTMENT INCOME			
Gross Dividend Income		176,661	117,726
Withholding Taxes		(14,133)	(9,418)
		-----	-----
Net Dividend Income		162,528	108,308
Interest Income	4	1,165,137	866,931
		-----	-----
TOTAL INCOME		1,327,665	975,239
		-----	-----
EXPENDITURE			
Investment Management Fees		272,911	251,845
Other Expenses	12	112,800	181,212
		-----	-----
TOTAL EXPENDITURE		(385,711)	(433,057)
		-----	-----
Net realized Gain on Investment	5	941,955	542,182
		69,752	-
Change in Unrealized Gain (Loss)	6	721,234	(143,855)
		-----	-----
NET INVESTMENT INCOME		1,732,941	398,327
		=====	=====

ACCUMULATED NET INVESTMENT INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 GH¢	2011 GH¢
Balance as at 1 January	2,209,557	1,811,230
Transfer from Income and Distribution Statement	1,732,941	398,327
	-----	-----
Balance at 31 December	3,942,498	2,209,557
	=====	=====

EDC GHANA BALANCED FUND LIMITED**STATEMENT OF MOVEMENT IN NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 GH¢	2011 GH¢
Change in net assets from operations		
Change in:		
Net Investment Income	941,955	542,182
Net Realized Gains	69,752	-
Unrealized Gains	721,234	(143,855)
	-----	-----
Net change in net assets from operations	1,732,941	398,327
	-----	-----
Change in net assets from capital transactions		
Proceeds from Issue of Shares	2,449,854	5,210,057
Share Redemption	(3,819,783)	(2,222,700)
	-----	-----
Net change in net assets from capital transactions	(1,369,929)	2,987,357
	-----	-----
Net additions to net assets	363,012	3,385,684
	=====	=====
Analysis of changes in cash and cash equivalents for the year		
At 1 January	10,864,340	7,478,656
Net additions to net assets	363,012	3,385,684
	-----	-----
At 31 December	11,227,352	10,864,340
	=====	=====

EDC GHANA BALANCED FUND LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	CAPITAL TRANSACTIONS GH¢	INVESTMENTS GH¢	TOTAL GH¢
At 1 January 2012	8,654,783	2,209,557	10,864,340
Net Income from Operations	-	1,732,941	1,732,941
Share Issue	2,449,854	-	2,449,854
Shares Redemption	(3,819,783)	-	(3,819,783)
	-----	-----	-----
At 31 December 2012	<u>7,284,854</u>	<u>3,942,498</u>	<u>11,227,352</u>
At 1 January 2011	5,667,426	1,811,230	7,478,656
Net Income from Operations	-	398,327	398,327
Share Issue	5,210,057	-	5,210,057
Shares Redemption	(2,222,700)	-	(2,222,700)
	-----	-----	-----
At 31 December 2011	<u>8,654,783</u>	<u>2,209,557</u>	<u>10,864,340</u>

MOVEMENTS IN ISSUED SHARES
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 No. of Shares	2011 No. of Shares
Balance as at 1 January	68,809,617	50,187,335
Net Shares Redeemed / Issued During the Year	(8,627,478)	18,622,282
	-----	-----
Balance at 31 December	<u>60,182,139</u>	<u>68,809,617</u>

EDC GHANA BALANCED FUND LIMITED
PORTOFOLIO SUMMARY AT 31 DECEMBER 2012

DESCRIPTION	POSITION	VALUE	POSITION	VALUE	PURCHASES	SALES
	AS AT 31.12.2011	AS AT 31.12.2011	AS AT 31.12.12	AS AT 31.12.2012	AS AT 31.12.2012	AS AT 31.12.2012
		GH¢		GH¢	GH¢	GH¢
Banking						
Ecobank Ghana Limited	186,728	595,662	186,728	560,184	-	-
Ecobank Transnational Incorporated	588,300	58,830	588,300	70,596	-	-
Ghana Commercial Bank	157,900	292,115	157,900	331,590	-	-
Standard Chartered Bank	15,473	703,712	55,704	640,596	-	278,496
CAL Bank	665,500	186,340	665,500	252,890	-	-
Financial Services						
State Insurance Company	349,900	139,960	349,900	118,966	-	-
Enterprise Insurance	134,000	50,920	134,000	64,320	-	-
Food, Beverages & Household Products						
Guinness Ghana Breweries Ltd	54,100	82,773	54,100	141,742	-	-
Fan Milk Ltd	351,500	833,055	156,056	553,999	-	535,935
Patterson Zochonis Comp. Ltd	377,400	90,576	377,400	67,932	-	-
Unilever Ghana Ltd	28,995	192,527	28,955	247,037	-	-
Agro-Processing						
Benso Oil Palm Plantation	75,500	83,050	75,500	105,700	-	-
Oil & Gas						
Ghana Oil Company	193,300	61,856	193,300	119,846	-	-
Total Petroleum	19,818	392,991	19,818	465,525	-	-
		----- 3,764,367 =====		----- 3,740,923 =====	----- - =====	----- 814,431 =====

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. REPORTING ENTITY

EDC Ghana Balanced Fund Limited is a mutual fund investment company whose primary object is to obtain contributions from members and invest same for their benefits. EDC Ghana Balanced Fund Limited is a limited liability company and is incorporated and domiciled in the Republic of Ghana. The address and registered office of the company can be found on page 1 of the annual report.

2. BASIS OF PREPARATION

a. Basis of measurement

The financial statements of the have been prepared in accordance with Ghana Accounting Standards and the Unit Trust and Mutual Fund Regulations.

b. Functional and presentation currency

The financial statements are presented in Ghana Cedi (GH¢) which is the organisation's functional and presentation currency.

c. Use of estimates and judgment

The preparation of financial statements in conformity with Ghana Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditures. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Investments

Securities listed on a stock exchange or traded on any other organized market are valued at the last available market price on the relevant valuation day. Securities that are actively traded an over-the-counter market are valued at the mean between the most recently quoted bid and offer prices provided by the principal brokers. Securities for which, market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Board of Directors. Debt securities are valued at amortized cost.

3.2 Dividend

Income of the company includes all dividend received or receivable. Dividends are recognized in the income statement when the entity's right to receive payment is established.

3.3 Interest Income

Interest Income is recorded on accrual basis.

3.4 Investment transactions and related investment income

Security transactions are recorded by the fund as of the date the trades are executed with brokers. Realized gains and losses from security transactions are determined based on the specific identified cost of the securities. Dividend income is recognized on the ex-dividend date and interest income is recognized on an accrual basis. Market discounts, premiums and original issue discounts on fixed-income securities are amortized daily over the expected life of the security.

3.5 Cash allocations

Income, fees and expenses (other than class-specific fees and expenses) and realized and unrealized gains and losses are allocated daily among the various share classes based on their relative net assets. Class-specific fees and expenses, such as distribution, administrative and shareholder services, are charged directly to the respective share class.

3.6 Bonus shares

Bonus shares are recognised when the right to holding is established.

4. INTEREST INCOME

	2012	2011
	GH¢	GH¢
Interest on Treasury Bills	179,629	27,763
Interest on Call Deposit	18,129	30,756
Treasury Notes	271,119	277,627
Interest – Certificates of Deposits	696,260	506,365
Others	-	24,420
	-----	-----
	1,165,137	866,931
	=====	=====

5. REALIZED GAINS/LOSSES ON INVESTMENT

	2012	2011
	GH¢	GH¢
Fan Milk Ltd	72,733	-
Standard Chartered Bank	(2,980)	-
	-----	-----
	69,753	-
	=====	=====

6. UNREALIZED GAINS/LOSSES ON INVESTMENT

	2012	2011
	GH¢	GH¢
Market Value of Investments	3,740,923	3,764,367
Cost of Investments	(3,019,689)	(3,908,222)
	-----	-----
	721,234	(143,855)
	=====	=====

7. CAPITAL TRANSACTIONS

	2012	2011
	No. of Shares	No. of Shares
New Issues	14,784,656	32,913,202
Redemptions	(23,412,135)	(14,290,920)
	-----	-----
Shares withdrawn (issued)	(8,627,479)	18,622,282
	=====	=====

8. TAXATION

Under Ghanaian tax laws, the interest, dividend, or any other income of mutual fund is exempt from income tax. Capital gains on the sale of securities listed on the Ghana Stock Exchange are exempt from tax until 2016. However capital gains on the sale of unlisted securities attracts a 5% tax.

In the year under review, the company's investments are only in listed securities and hence interest and capital gains derived from these investments are exempt from income tax and capital gains tax.

9. PURCHASE AND SALE OF LONG TERM SECURITIES

	2012	2011	2012	2011
	PURCHASE	PURCHASE	SALES	SALE
	GH¢	GH¢	GH¢	GH¢
Fan Milk Ltd	-	-	535,935	-
Standard Chartered Bank	-	-	278,496	-
	-----	-----	-----	-----
	-	-	814,431	-
	=====	=====	=====	=====

10. TRANSACTIONS THROUGH STOCK BROKERS

The fund's transactions were through EDC Stockbrokers Limited.

11. OWNERS' FUNDS

	2012	2011
	GH¢	GH¢
Accumulated net investment income	3,942,498	2,209,557
Stated capital registered	100,000	100,000
Movement on shares issued	7,184,854	8,554,783
	-----	-----
	11,227,352	10,864,340
	=====	=====

12. OTHER EXPENSES

	2012	2011
	GH¢	GH¢
Audit Fees	6,000	16,409
Directors Emoluments	19,000	22,800
Custody Fees	24,316	31,687
Legal Fees	6,655	6,450
Stationery/Printing	5,776	42,523
Postage	23,628	40,836
Marketing and Promotion	6,466	4,560
Board Expense	1,902	3,565
AGM Expenses	18,566	9,861
Other	490	2,521
	-----	-----
	112,800	181,212
	=====	=====

13. DIRECTORS' SHAREHOLDING

	SHARES	PERCENT OF FUNDS
David Ofosu-Dorte	44,801	0.0744
Richard Adu-Poku	6,687	0.0111
Sarah Brainoo Arhin	14,370	0.0239
William Mensah	7,609	0.0126
Nana Amoto Mensah	41,022	0.0681



June 10, 2013

The Manager
EDC Ghana Balanced Fund
No. 5, 2nd Ridge Link
North Ridge
PMB, GPO
Accra

Our ref. EDCBFundReport2012

REPORT OF THE CUSTODIAN TO THE INVESTORS OF EDC GHANA BALANCED FUND

We refer to the Unit Trust and Mutual Funds Regulations, 2001 L.I 1695 and attached a statement of holding of securities in custody with Barclays Bank of Ghana Limited for the above fund as at December 31, 2012.

Respective Investment Restrictions imposed on the fund and the responsibility of custodians

Page 12 of the scheme particulars specifies the Funds investment restrictions. Our responsibility is to express an independent opinion on the statement of holding based on our audit.

Opinion

In our opinion, the statement of holdings is in agreement therewith and give a true and fair view of the state of affairs of the fund as at December 31, 2012 and the manager, EDC Investment Management Limited has managed the fund for the year ended December 3, 2012 in accordance with:

- a) The limitations imposed on the investment and borrowing powers of the manager: and
- b) Provisions pursuant to the above mentioned regulations

Yours Faithfully

Horace Tetteh
Head of sales, Investors and Intermediaries
Standard Chartered Bank Ghana

Standard Chartered Bank Ghana Ltd.
Head Office
P.O. Box 768, Accra, Ghana

Tel (233-21) 664591-8, 769210-221
Fax (233-21) 667751, 663560
Telex 2671 (SCBACCGH)
Cable STANCHART



STANDARD CHARTERED SECURITIES SERVICES

Portfolio Valuation Report as at - 31/12/2012

For Safekeeping Account - 1265681A - EDC GHANA BLCED FUND

Date : 04/04/2013 18:50.58

Safekeeping Account 1265681A - EDC GHANA BLCED FUND

FDEP - FIXED DEPOSITS

Security Name	Security Code
FIXED DEPOSIT 182 DAY AT 24,25% DUE 06.01.2013	GH00034023
1 YEAR AFS FIXED DEPOSIT @ 28.5% DUE ON 24 SEPTEMBER 2013	GH00036182
91 DAY ADB FIXED DEPOSIT @25.36% DUE ON 11 JAN 2013	GH00038901
91 DAY FIXED DEPOSIT @23.85% DUE ON 01.03.2013	
182 DAY FIXED DEPOSIT @25% DUE ON 13.06.2013	
91 DAY FIRST CAITAL PLUS FD@26% DUE ON 21.02.2013	GH00042662
91 DAY CAL BANK FIXED AT 24.09% DUE ON 5 APRIL 2013	GH00038504
91DAYS CAL BANK FD@23.50% DUE ON 12 MARCH 2013	GH00044426
182 DAY FIXED DEPOSIT FIDELITY BANK AT 24.50% DUE DATE ON 12.01.2013	GH00034622
TOTAL	

GDF - GOVERNMENT DEBT - FIXED

Security Name	Security Code
2 YEAR GOG T NOTE @23% DUE ON 1 SEPT 2014	GH00035706
2 YEAR GOG T.NOTE @23% DUE DATE ON 17.07.2014	GH0003740
1 YEAR GOG T NOTE @22.5% DUE ON 2 SEPTEMBER 2013	GH00035663
2 YEARS GOV DEBT FRN AT 23% DUE DATE ON 07.07.2014	GH00034302
TOTAL	

GOVTBON - GOVT BOND

Security Name	Security Code
1 YR GOG BOND @ 22.95% DUE ON 09 DEC 2013	GH00046746
5 YEAR GOG BOND-5005 DUE ON 21 AUG 2017	GH000035545

E.O. & E

Market Price	Nominal	Cumulative Cost	Value LCY	PCT of Total
0.000000	200,000.00	200,000.00	223,784.93	5.18
0.000000	700,000.00	0.00	754,110.96	17.46
0.000000	400,000.00	0.00	422,511.34	9.79
0.000000	800,000.00	0.00	816,204.93	18.90
0.000000	400,000.00	0.00	404,931.51	9.38
0.000000	100,000.00	0.00	102,849.32	2.38
0.000000	500,000.00	0.00	529,040.00	12.25
0.000000	500,000.00	500,000.00	506,760.27	11.74
0.000000	500,000.00	500,000.00	557,726.03	12.92
		1,200,000.00	4,317,919.29	

Market Price	Nominal	Cumulative Cost	Value LCY	PCT of Total
0.000000	300,000.00	300,000.00	322,747.25	37.02
0.000000	200,000.00	200,000.00	220,978.02	25.35
0.000000	150,000.00	150,000.00	161,126.37	18.48
0.000000	150,000.00	150,000.00	166,866.67	19.14
		800,000.00	871,718.32	

Market Price	Nominal	Cumulative Cost	Value LCY	PCT of Total
0.000000	100,000.00	0.00	101,765.39	6.12
0.000000	600,000.00	600,000.00	648,148.35	39.01



STANDARD CHARTERED SECURITIES SERVICES

Portfolio Valuation Report as at - 31/12/2012

For Safekeeping Account - 1265681A - EDC GHANA BLCED FUND

Date : 04/04/2013 18:50.58

GOG 5YEAR BOND 05/06/17/-2751-5004 26% DUE ON 05 JUNE 2017	GH00032504
2 YR GOG TREASURY NOTE DUE ON 16 JUNE 2014	GH000032586
TOTAL	

EQ1B - EQUITIES - 1ST BOARD

Security Name	Security Code
ENTERPRISE GROUP COMPANY	EIC
ECOBANK TRANSNATIONAL INCORPORATED	ETI
UNILEVER GHANA LIMITED	UNIL
GUINNESS GHANA BREWERY LIMITED	GGL
STANDARD CHARTERED BANK GHANA LIMITED	SCB
ECOBANK GHANA LIMITED	ECOBANK GH.
SIC INSURANCE COMPANY LIMITED	SIC
GHANA OIL COMPANY LIMITED	GOIL
CAL BANK LIMITED	CAL
TOTAL PETROLEUM GHANA LIMITED	MOGL
PATTERSON ZOCHONIS (GHANA) LIMITED	PZ
FAN MILK GHANA LIMITED	FML
BENSO OIL PALM PLANTATION LIMITED	BOPP
GHANA COMMERCIAL BANK	GCB
TOTAL	

0.000000	500,000.00	500,679.00	507,857.14	30.57
0.000000	400,000.00	400,000.00	403,791.21	24.30
		1,500,679.00	1,661,562.09	

Market Price	Nominal	Cumulative Cost	Value LCY	PCT of Total
0.480000	134,000.00	0.00	64,320.00	1.72
0.120000	588,300.00	0.00	70,596.00	1.89
8.520000	28,995.00	0.00	247,037.40	6.60
2.620000	54,100.00	0.00	141,742.00	3.79
11.500000	55,704.00	0.00	640,596.00	17.12
3.000000	186,728.00	0.00	560,184.00	14.97
0.340000	349,900.00	0.00	118,966.00	3.18
0.620000	193,300.00	0.00	119,846.00	3.20
0.380000	665,500.00	0.00	252,890.00	6.76
23.490000	19,818.00	0.00	465,524.82	12.44
0.180000	377,400.00	0.00	67,932.00	1.82
3.550000	156,056.00	0.00	553,998.80	14.81
1.400000	75,500.00	0.00	105,700.00	2.83
2.100000	157,900.00	0.00	331,590.00	8.86
		0.00	3,740,923.02	

Summary

Description	Nominal	Cummulative Cost	Value LCY	PCT of Total
	0.00	1,500,679.00	1,661,562.09	15.69
CASH DEPOSITS	0.00	1,200,000.00	4,317,919.29	40.77
EQUITIES	0.00	0.00	3,740,923.02	35.32
GOVT DEBT	0.00	800,000.00	871,718.32	8.23
Total	43,201.00	0.00	10,592,122.71	100.00

**STANDARD CHARTERED SECURITIES SERVICES**

Portfolio Valuation Report as at - 31/12/2012






For Safekeeping Account - 1265681A - EDC GHANA BLCED FUND

Date : 04/04/2013 18:50.58

Summary

Description	Nominal	Cummulative Cost	Value LCY	PCT of Total
	0.00	1,500,679.00	1,661,562.09	15.69
CASH DEPOSITS	0.00	1,200,000.00	4,317,919.29	40.77
EQUITIES	0.00	0.00	3,740,923.02	35.32
GOVT DEBT	0.00	800,000.00	871,718.32	8.23
Total		0.00	10,592,122.71	100.00

DIRECTORS INFORMATION

	Name/Position	Other Affiliation	Occupation	Nationality	Age (Yrs.)
	Richard Adu-Poku Chairman	Director, Tema Lube Oil Company. Director, Donewell Life Company. Director, Chairman of Ayrton Drugs Ltd.	Managing Consultant	Ghanaian	54
	David Oforu-Dorte Director	Director, ADB & David Law. Director, Allure Ghana Ltd. Director, United Way Ghana Ltd.	Lawyer	Ghanaian	51
	Nana Amoto Mensah Director		Investment Banker	Ghanaian	39
	Sarah Brainoo Arhin Director	Kiddifund Mutual Fund Ltd. EDC Investment Ltd.	Investment Banker	Ghanaian	35
	William Mensah Director	Director, Lifespring Investment. Kiddifund Mutual Fund Ltd.	Investment Banker / Stock Broker	Ghanaian	37

PROXY FORM EDC GHANA BALANCED FUND LTD

I/ We
of
 being a member /members of the iFund Mutual Fund Ltd hereby appoint.

.....
or failing him the duly appointed chairman of the meeting as my/our proxy to vote for me/ us on my/ our behalf at the Annual General Meeting of the Company to be held at the of Ghana, Accra on the at prompt and any adjournment thereof.

I/We direct that my/ our votes(s) be cast on the specified resolution as indicated by an X in the appropriate space.

RESOLUTIONS	FOR	AGAINST
To consider the Report of Directors and Auditors for the year ended 31 December 2012		
Receive and adopt the accounts for the year ended 31st December, 2012		
Authorize the Directors to fix remuneration of the Auditors for the ensuing year		
To approve Directors' fees		
To transact any other business appropriate to be dealt with at any Annual General Meeting		

Shareholder's Signature

Date2013

NOTES

A proxy need not be a member of the company.

Unless otherwise instructed, the proxy will vote as he thinks fit.

To be valid, this form must be signed and deposited at the registered Office not less than 48 hours before the appointed time of the meeting. Failure to do so will result in the Proxy not being admitted to, or allowed to participate in, the meeting.

In the case of a body corporate the form must be under seal or under the hand of a duly authorized officer.

In the case of joint holders the signature of only one of the joint holders is required.

The completion and return of a form of proxy does not prevent a shareholder from attending the meeting and voting thereat.



EDC Investment Limited
#5, 2nd Ridge Link, North Ridge Accra
P.M.B. Accra-Ghana