

2016 Annual Report



EDC GHANA BALANCED FUND LIMITED

www.ecobank.com

NOTICE OF ANNUAL GENERAL MEETING

16th August, 2017

Notice is hereby given of the **8th Annual General Meeting** of the Shareholders of **EDC Ghana Balanced Fund Limited** to be held at the **Osu Presbyterian Church Hall, Accra** on **Wednesday 16th August, 2017 at 12:00 pm** for the following purposes:

1. To consider the reports of the Directors of the Fund and Auditors for the year ended 31st December 2016.
2. To consider and adopt the accounts for the year ended 31st December 2016.
3. To authorize the Directors to fix the remuneration for the Auditors.
4. To transact any other business appropriate to be dealt with at an Annual General Meeting.

Shareholder of the Fund is entitled to attend and vote or may appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Fund. A copy of the completed proxy forms should be deposited at the office of the Secretary not less than forty-eight (48) hours prior to the commencement of the meeting.

#799/3 5th Crescent
Asylum Down
Accra

Dated this 24th Day of July, 2017.

BY ORDER OF THE BOARD



Lawfields Consulting
Secretary

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BOARD OF DIRECTORS

Mr. Richard Adu-Poku - Chairman
Mr. David Ofosu-Dorte
Mr. William Mensah
Mr. Kisseih Antonio
Mr. Paul Mante

REGISTERED OFFICE

Valco Trust House, Third Floor
No. 22 Ambassador Re-Development Area,
Ridge
P. O. Box AN 16746
Accra
Ghana

FUND MANAGER

EDC Investments Limited
Valco Trust House, Third Floor
No. 22 Ambassador Re-Development Area,
Ridge
P. O. Box AN 16746
Accra
Ghana

CUSTODIANS

HFC Bank Ghana Limited
No, 35, Sixth Avenue
North Ridge
P.O. Box CT 4603
Cantonment, Accra

AUDITORS

John Kay and Co.
Chartered Accountants
P.O. Box 16088
Accra

BANKERS

Ecobank Ghana Limited
Ring Road Central
Accra



Richard Adu - Poku
Director and Chairman



David Ofosu-Dorte
Director



Nene Kisseih Antonio
Director



William Mensah
Director



Paul Mante
Director

The Board of Directors presents the report and audited financial statements of EDC Ghana Balanced Fund Limited for the year ended 31 December, 2016.

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 dividend. 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.

i. Investment Distribution:

Total investment as at 31 December 2016 is made up as follows:

	2016 GH¢	2015 GH¢
Equities/Stocks	6,932,953	8,484,347
Ghana Government Securities	7,113,954	6,010,191
Fixed Deposits	9,660,033	9,875,220
Treasury Bills	725,843	546,358
Cash	1,150,550	245,361
	-----	-----
Total Investment	25,583,333	25,161,477
	=====	=====

EDC GHANA BALANCED FUND LIMITED

REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS OF EDC GHANA BALANCED FUND LIMITED - continues

ii .Below are the asset allocation percentages for the year ended:

	2016 (%)	2015 (%)
Equity/Stocks	27	33
Ghana Government Securities	28	24
Fixed Deposits	37	39
Treasury Bills	3	2
Cash	5	2
	----	----
	100	100
	====	====

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the company were approved by the Board of Directors on 28th of April, 2017 and signed on its behalf by:



.....
DIRECTOR



.....
DIRECTOR



Richard Adu - Poku
Director and Chairman

INTRODUCTION

I warmly welcome all shareholders to the 8th Annual General Meeting of the EDC Ghana Balanced Fund. 2016 proved to be a difficult year for your Fund. The Fund however remained resilient in a tough macroeconomic environment by posting a return of 10.35%, markedly outperforming its benchmark return of 3.81%. Despite the negative performance of the stock market in the last 2 years, your Fund by virtue of its tactical asset allocation in its two mandated asset classes – fixed income and equities – has always posted positive returns. Over a 3 year period, your Fund has returned 51.01% versus a benchmark of 30.78%. We look forward to a more fruitful 2017 and appreciate your continuous support.

THE ECONOMIC ENVIRONMENT IN 2016

Ghana's economic growth rate slowed in 2016 to 3.5% below the targeted rate of 4.5% and less than the 3.8% growth rate recorded in 2015. The relatively lower growth rate was as a result of the spillover effect of the energy crisis of the previous years which had grossly reduced productivity of the various sectors of the Ghanaian economy. Oil production challenges at the Jubilee field coupled with the relatively low oil prices on the international market adversely affected government revenues. The high debt to GDP ratio of 73% and the interest payment on debt servicing reduced capital expenditure. Despite inflation trending downwards to 15.4% from 17.1% in 2015, it had actually remained high for most parts of the year even reaching 19.2% in March. As a result, the Central Bank kept the policy rate at 26% for 10 months, only reviewing downwards by 50 basis points in November after foreign reserves had improved on the back of a USD 750 Million Eurobond issuance, a USD 1.8 Billion Cocobod syndicated loan and a USD 116.2 Million inflows from the International Monetary Fund under its 3 year Extended Credit Facility that began in April 2015.

2017 OUTLOOK

GDP growth is projected to rise to 6% in 2017 as economic activity is expected to improve. Crude oil production is forecasted to hit 170,000 barrels mark per day as the Sankofa oil fields come on stream. This is expected to boost revenues and reserves. Our full year forecast for Inflation is 10 +/- 2% as inflationary pressures are expected to be curtailed owing to the Government's fiscal consolidation efforts as well as improved forex liquidity which will support the GHS.

We however are of the view that the Bank of Ghana's target band of 6-10% is unlikely to be reached until possibly 2018. We thus expect a further drop in the Monetary Policy Rate in 2017 although we do not expect aggressive policy loosening. With the large fiscal deficit financing requirement, tight monetary conditions will continue to be required. Despite the economic situation improving, there are various pressure points ranging from electricity problems and energy debt arrears as well as any fall in prices of the country's main export commodities may undermine stabilization efforts.

With the expected economic improvement due to the return of business confidence after the 2016 elections we believe that equities will perform better and we expect to see yields on fixed income securities declining. We believe that we will continue to outperform our benchmark return and all things being equal, we expect your Fund to post significantly better returns than in recent years. We look forward to your continued support.



Richard Adu-Poku - Chairman.

EDC GHANA BALANCED FUND LIMITED FUND MANAGER'S STATEMENT TO EDC GHANA BALANCED FUND SHAREHOLDERS

Emmanuel Owusu
Portfolio Manager



ECONOMIC ENVIRONMENT IN 2016

2016 proved to be a challenging year for the Ghanaian economy. Low commodity prices, oil production challenges from the Jubilee field as well as slow recovery from energy crisis all culminated in a lower GDP growth rate of 3.5% which was below the 3.8% recorded in 2015 and short of Government growth target of 4.5%. Inflation which peaked at 19.2% in March, trended downwards in the last quarter to close the year at 15.4%. The uncertainty surrounding growth, fiscal slippages and inflationary pressures influenced the high monetary policy rate of 25.5%. The eventual easing of inflation for the last quarter of 2016 was primarily as a result of the GHS stabilizing as a result of improved forex inflows through the issuance of a USD 750 million Eurobond, a USD 1.8 Billion Cocobod Syndicated loan and a further disbursement of USD 116.2 Million under the Extended Credit Facility from the International Monetary Fund (IMF).

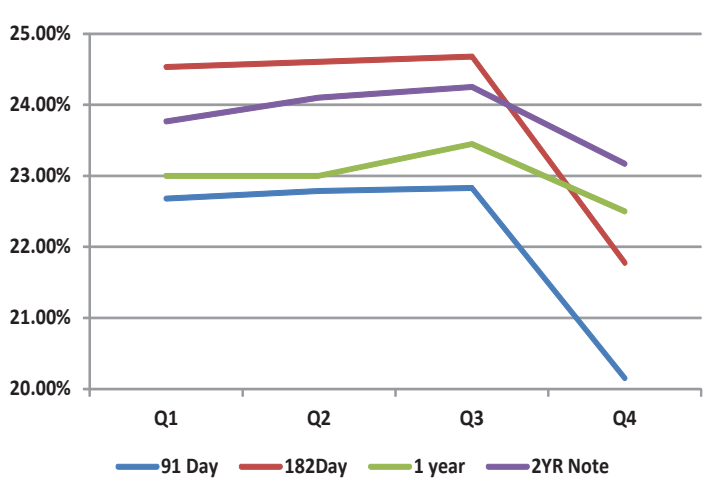
THE FIXED INCOME MARKET IN 2016

Overall, yields on government securities remained elevated throughout the year albeit easing in the fourth quarter. 91 and 182 day Treasury securities dominated government issuances accounting for close to 90% of issuances. The Government also issued four 3-year bonds and three 5-year bonds within the year under review. Activity on the secondary bonds market improved as institutional investors especially pension funds got involved with the view of improving yields on their portfolios.

Ghana Home Loans Ltd (GHL) launched a GHS 380 million note programme out of which it issued 2 tranches of 5 year fixed rate corporate notes with a value of GHS 10.55 million. PBC Ltd also issued 2 tranches of 1 year fixed rate corporate notes valued at GHS 154.4 million. Bayport Financial Services Ltd, Izwe Loans Ltd, AFB Ghana Ltd and Edendale Properties Ltd all issued corporate notes with maturities ranging from 3 years to 7 years.

EDC GHANA BALANCED FUND LIMITED

FUND MANAGER'S STATEMENT TO EDC GHANA BALANCED FUND SHAREHOLDERS

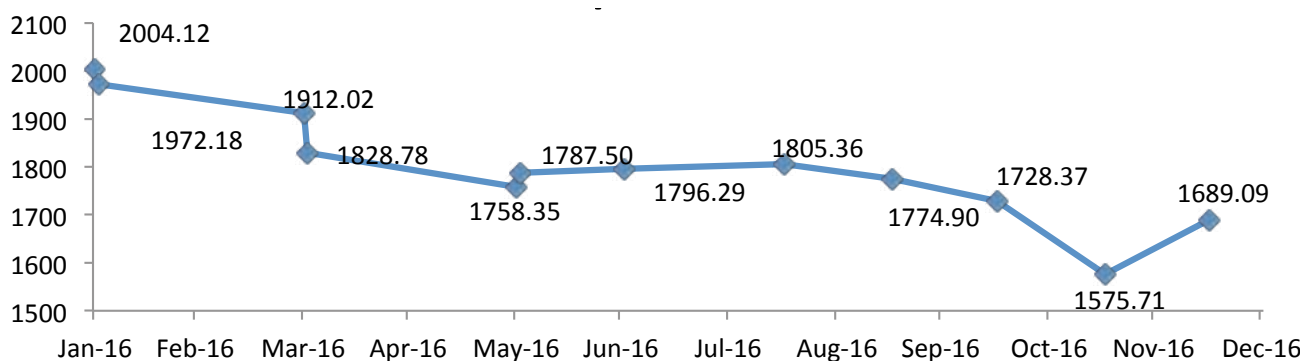


THE EQUITIES MARKET IN 2016

Performance of Stocks was disappointing during the year under review with the Ghana Stock Exchange Composite Index (GSE-CI) closing with a negative return of -15.33%. The impact of a 3 year energy crisis was fully felt by listed counters. The banking industry experienced unhealthy levels of Non-performing loans (NPL's) as a result of their huge exposure to Bulk Distribution Companies (BDC's) and parastatals such as the Volta River Authority (VRA) and the Electricity Company of Ghana (ECG) who defaulted on their repayment obligations. Investors recognizing the increased risk in banking stocks exited their positions. Consequently, the Ghana Stock Exchange Financial Index (GSE-FI) which measures the aggregate performance of financial stocks plunged to -19.93% in return for the year under review. Again, the generally high yields on fixed income securities (above 21% p.a.) for most part of the year coupled with "the wait and see" attitude of investors in an election year meant that the stock market was an unattractive proposition for investors.

There were two successful Initial Public Offerings (IPO's) in the fourth quarter of 2016 as Access Bank Ltd and ADB Bank were duly listed.

GSE Composite Index



EDC GHANA BALANCED FUND LIMITED

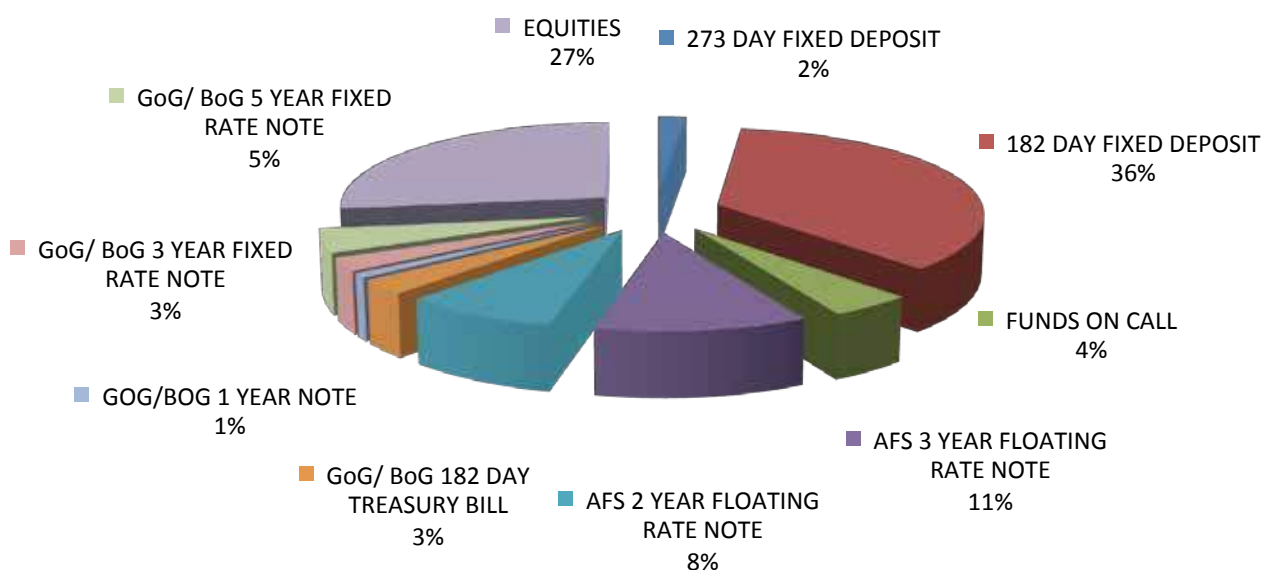
FUND MANAGER'S STATEMENT TO EDC GHANA BALANCED FUND SHAREHOLDERS

Portfolio Structure

The objective of the EDC Ghana Balanced Fund remains the preservation and enhancement of shareholders' wealth to meet medium to long term financial goals. The Fund remained heavily skewed towards fixed income securities which accounted for 73% of the fund. Exposure to equities fell to 27% in 2016, 43% of the Fund's assets were invested in fixed income instruments with maturities up to 1 year with 182 day fixed deposits accounting for 36% of total Fund's assets.

The Fund posted a return of 10.35% in 2016 as against the benchmark return of 3.81%. Despite the negative return of -15.33% recorded by the GSE-CI, high yields on government and other fixed income securities ensured moderate returns for the Fund. Since the Fund's inception in April 2009 till end of 2016, the fund has recorded a cumulative return of 307.42% comparing favorably with the benchmark return of 162.95%.

Portfolio Mix as at 31st December, 2016



Fund Performance

Performance Summary %	1 Month	3 Month	6 Month	YTD	1 Year	3 Year	5 Year	Since Inception
EDC Ghana Balanced Fund	2.29	2.04	7.04	10.35	10.35	51.01	158.92	307.42
Benchmark*	4.49	0.40	-2.98	3.81	3.81	30.78	119.39	162.95

ASSETS UNDER MANAGEMENT

The Net Asset Value of the Fund stood at GHS 25,448,456 as against GHS 24,997,119 in 2015. This represents a growth rate of 2%. Total inflows was GHS 4,334,179 as against an outflow of GHS 6,563,860 indicating a net outflow position of GHS 2,229,681.

A total number of 503 new shareholders joined the Fund bringing the total shareholders base to 12,653 at the end of 2016. This represents a growth of 4% in the shareholder base.

OUTLOOK AND STRATEGY 2017

We expect a generally improved macroeconomic environment in 2017. However, we expect headline inflation to be above the Bank of Ghana's medium-term target of 8% (+/-2%) due to the risk of depreciation of the GHS and volatility in world commodity prices especially crude oil. We also expect the coming on stream of the Sankofa fields to boost oil production and foreign reserves.

Yields are expected to fall as the government restructures its debt profile with the view of creating the fiscal space to embark on its policies. We anticipate a cautious easing in the Monetary Policy Rate as inflationary expectations become anchored.

Potential risks to this outlook will emanate from falls in cocoa and gold prices which would add pressure to foreign reserves, and a weakening of the GHS. Again, poor progress in carrying out reforms under the IMF programme could undermine stabilization efforts and raise inflation and exchange rate concerns. Further hikes in US interest rates could lead to a flight to quality and lead to a further depreciation of the GHS.

In the fixed income market we expect to participate at the longer end of the yield curve to lock in higher yields and minimize interest rate risk. In the equities market, we will cautiously seek stocks that we believe are priced below their intrinsic value and thus offer high upside potential.



Emmanuel Owusu
Portfolio Manager



John Kay & Co.

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Opinion

We have audited the accompanying financial statements of EDC Ghana Balanced Fund Limited, which comprise the statement of financial position at 31 December 2016, the statement of profit or loss and other comprehensive income and the 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, as set out on pages 14 to 23.

In our opinion, the financial statements give a true and fair view of the financial position of EDC Ghana Balanced Fund Limited as at December 31, 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), Unit Trust and Mutual Fund Regulations, 2001, (L.I. 1695) and in the manner required by 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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) Unit Trust and Mutual Fund Regulations, 2001, (L.I. 1695) and in the manner required by 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. The Board of Directors is also responsible for overseeing the Association's financial reporting process.

In preparing the financial statements, the Board of Directors is responsible for assessing the Association'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 management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives is 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Funds ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

We communicate with those charged with governance 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

Compliance with the requirements of Section 133 of the Companies Act, 1963 (Act 179) of Ghana
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 accounts have been kept by the Company so far as it appears from our examination of those books



JOHN ARMSTRONG YAO KLINOGO (ICAG/P/1116)

For and on behalf of John Kay & Co. (ICAG/F/2016/128)

Chartered Accountants

Accra.

28th April, 2017

EDC GHANA BALANCED FUND LIMITED

STATEMENT OF FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS AS AT 31 DECEMBER 2016

EQUITY INVESTMENTS	SHARES	PRICE PER SHARE GH¢	MARKET VALUE GH¢	PERCENT OF NET ASSETS %
Banking				
Ecobank Ghana Limited	199,728	6.4	1,278,259	5.02
Ecobank Transnational Incorporated	3,314,506	0.10	331,450	1.30
Ghana Commercial Bank	394,500	3.56	1,404,420	5.52
Standard Chartered Bank	55,704	12.18	678,475	2.67
CAL Bank	783,900	0.75	587,925	2.31
Financial Services				
State Insurance Company	119,900	0.12	14,388	0.06
Enterprise Insurance	374,500	2.4	898,800	3.53
Food, Beverages & Household Products				
Guinness Ghana Breweries Ltd	78,320	1.63	127,662	0.50
Fan Milk Ltd	57,656	11.14	642,288	2.25
Patterson Zochonis Comp. Ltd	377,400	0.22	83,028	0.33
Unilever Ghana Ltd	9,995	8.51	85,057	0.33
Agro-Processing				
Benso Oil Palm Plantation	111,600	2.08	232,128	0.19
Oil & Gas				
Ghana Oil Company	231,960	1.1	255,156	1.00
Total Petroleum	158,544	1.98	313,917	1.23
			6,932,953	27.24
FIXED INCOME INSTRUMENTS				
Treasury Bills				
182 Days Treasury Bill			725,843.25	2.19
			725,843.25	2.85
Treasury Notes & Bonds				
1-Year Fixed Rate Notes			227,506	0.89
3-Year Fixed Rate Notes			643,062	2.53
5-Year Fixed Rate Notes			1,159,330	4.56
			2,029,898	7.08
Corporate Bond				
AFS 2-Floating Rate Note			2,150,915	8.45
AFS 3-Floating Rate Note			2,933,141	11.53
			5,084,056	19.98
Certificates of Deposit				
182-Day Fixed Deposit			9,172,318	36.04
273-Day Fixed Deposit			487,715	1.92
			9,660,033	37.96
Funds on Call				
Funds on Call			1,150,550	4.52
			1,150,550	4.52
Total Fixed Income Instruments			18,650,381	73.29

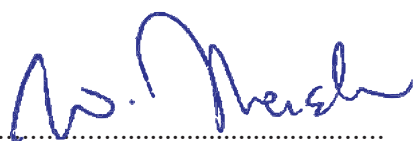
EDC GHANA BALANCED FUND LIMITED

**STATEMENT OF FINANCIAL ASSETS DESIGNATED AT FAIR VALUE
THROUGH PROFIT OR LOSS AS AT 31 DECEMBER 2016 - continues**

	18,650,381	73.29
TOTAL ASSETS	25,583,334	100.53
	25,583,334	100.53
NET CURRENT LIABILITIES	(134,878)	(0.53)
TOTAL NET ASSETS	25,448,456	100

**STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 DECEMBER 2016**

ASSETS	Note(s)	2016 GH¢	2015 GH¢
Cash and Cash Equivalents	11	1,150,550	3,729,525
Non-pledged Financial Assets at fair value Through Profit and Loss	10	24,432,784	21,431,954
Accounts Receivables		22,000	22,000
Total Assets		25,605,334	25,183,479
Represented by:			
Owners Fund	19	25,448,456	24,997,119
Liabilities			
Accounts payables	12	156,878	186,360
Total Owners' Fund and Liabilities		25,605,334	25,183,479



Director
28th April, 2017



Director
28th April, 2017

EDC GHANA BALANCED FUND LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 GH¢	2015 GH¢
Revenue			
Interest Income	8	4,704,358	4,658,645
Dividend Income		424,327	271,891
Net gains from financial instrument at fair value through Profit or Loss		(1,675,282)	(630,066)
Total Revenue		3,453,403	4,300,470
Expenses			
Fund Management Fees		647,937	622,947
Custodian Fees		48,836	38,117
Directors Emolument		22,000	22,000
General Administrative Expenses	20	39,812	32,705
Audit Fees		13,800	12,000
IFRS Conversion Fess		-	6,000
Total Operating Expenses		(772,385)	(733,769)
Operating Profit before Tax		2,681,018	3,566,701
Taxation	16	-	-
Increase in Net Assets available		2,681,018	3,566,701

ACCUMULATED NET INVESTMENT INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 GH¢	2015 GH¢
Balance as at 1 January	16,145,712	12,579,011
Transfer from Statement of Comprehensive Income	2,681,018	3,566,701
Balance at 31 December	18,826,730	16,145,712

EDC GHANA BALANCED FUND LIMITED
STATEMENT OF MOVEMENTS IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 GH¢	2015 GH¢
Change in net assets from operations		
Change in:		
Net Investment Income	4,356,300	4,196,767
Unrealized Gains/ (Loss)	(1,675,282)	(630,066)
Net change in Net Assets from Operations	2,681,018	3,566,701
Change in Net Assets from Capital Transactions		
Proceeds from Issue of Shares	4,334,179	5,868,793
Share Redemption	(6,563,860)	(7,396,814)
Net change in Net Assets from Capital Transactions	(2,229,681)	(1,528,021)
Net additions in Net Assets from Capital Transactions	451,337	2,038,680
Analysis of changes in Cash and Cash Equivalents for the Year		
At 1 January	24,997,119	22,958,439
Net additions to Net Assets	451,337	2,038,680
At 31 December	25,448,456	24,997,119

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	CAPITAL TRANSACTIONS GH¢	INVESTMENTS GH¢	TOTAL GH¢
December 2016			
At 1 January 2016	8,851,407	16,145,712	24,997,119
Net Income from Operations	-	2,681,018	2,681,018
Share Issue	4,334,179	-	4,334,179
Shares Redemption	(6,563,860)	-	(6,563,860)
	6,621,726	18,826,730	25,448,456

EDC GHANA BALANCED FUND LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

December 2015	CAPITAL TRANSACTIONS GH¢	INVESTMENTS GH¢	TOTAL GH¢
At 1 January 2015	10,379,428	12,579,011	22,958,439
Net Income from Operations	-	3,566,701	3,566,701
Share Issue	5,868,793	-	5,868,793
Shares Redemption	(7,396,814)	-	(7,396,814)
	8,851,407	16,145,712	24,997,119

MOVEMENTS IN ISSUED SHARES
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 No. of Shares	2015 No. of Shares
Balance as at 1 January	67,891,107	72,356,850
Net Shares Issued/(Redeemed) During the Year	16 (5,670,801)	(4,465,834)
Balance at 31 December	62,220,306	67,891,107

EDC GHANA BALANCED FUND LIMITED
PORTOFOLIO SUMMARY AT 31 DECEMBER 2016

DESCRIPTION	POSITION	VALUE	POSITION	VALUE	PURCHASES	SALES
	AS AT 31.12.2015	AS AT 31.12.2015 GH¢	AS AT 31.12.16	AS AT 31.12.2016 GH¢	AS AT 31.12.2016 GH¢	AS AT 31.12.2016 GH¢
Banking						
Ecobank Ghana Limited	199,728	1,400,093	199,728	1,278,259	-	-
Ecobank Transnational Incorporated	3,314,506	894,917	3,314,506	331,450	-	-
Ghana Commercial Bank	394,500	1,495,155	394,500	1,404,420	-	-
Standard Chartered Bank	55,704	907,975	55,704	678,475	-	-
CAL Bank	665,400	665,400	783900	587,925	123,889	-
Financial Services						
State Insurance Company	119,900	16,786	119900	14,388	-	-
Enterprise Insurance	374,500	898,800	374500	898,800	-	-
Food, Beverages & Household Products						
Guinness Ghana Breweries Ltd	78,320	155,857	78,320	127,662	-	-
Fan Milk Ltd	57,656	423,772	57,656	642,288	-	-
Patterson Zochonis Comp. Ltd	377,400	128,316	377,400	83,028	-	-
Unilever Ghana Ltd	9,995	84,958	9,995	85,057	-	-
Agro-Processing						
Benso Oil Palm Plantation	111,600	279,000	111,600	232,128	-	-
Oil & Gas						
Ghana Oil Company	231,960	324,744	231,960	255,156	-	-
Total Petroleum	158,544	808,574	158,544	313,917	-	-
	6,149,713	8,484,347	6,268,213	6,932,953	123,889	-

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 benefit. 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 ACCOUNTING

The financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) and the Unit Trust and Mutual Fund Regulations, 2001, (L.I. 1695)

3 FUNCTIONAL AND PRESENTATION CURRENCY

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

4 USE OF ESTIMATES AND JUDGMENT

The preparation of financial statements in conformity with International Financial Reporting Standard (IFRS) 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 on-going 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.

5 SIGNIFICANT ACCOUNTING POLICIES

The following principal accounting policies have been consistently applied during the year in the preparation of the Fund's financial statements.

i. Contributions

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 on 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.

ii. Investment Income Recognition

(a) Interest Income

Interest income, including interest income from non-derivative financial assets at Fair value through profit or

loss (FVTPL), are recognised in profit or loss, using effective interest method. The effective interest is the rate that exactly discounts the estimated future cash payments or receipts, without consideration of future credit losses, over the expected life of the financial instrument or through to the next market based re-pricing date to the net carrying amount of the financial instrument on initial recognition.

Interest received or receivable are recognized in the profit or loss as interest

(b) Dividend Income

Dividend income is recognised in profit or loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date that shareholders approve the payment of dividend.

(c) Pooled Investment Income

Income arising from the underlying investment of the pooled investment that is reinvested within the pooled investment is reflected in the unit price. Such income is reported within the change in market value.

iii. Financial Instruments

(a) Non-derivative financial instruments

Non-derivative financial instruments comprise loans and receivables, held-to-maturity and available-for-sale. Trustees determine the appropriate classification of its financial assets and liabilities at initial recognition.

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

Non-derivative financial instruments are derecognised when the rights to receive cash flows from the financial assets have expired or where the Scheme has transferred substantially all risks and rewards of ownership.

Non-derivative financial instruments are categorised as follows:

- Loans, advances and receivables – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than (a) those classified as held for trading and those that the Scheme on initial recognition designates at fair value through profit or loss; (b) those that the Scheme upon initial recognition designates as available-for-sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are carried at amortised cost using effective interest rate method less appropriate allowances for doubtful receivables. Allowances for doubtful receivables represents the Scheme's estimate of incurred losses arising from the failure or inability of customers to make payments when due. These estimates are based on aging of customer's balances, specific credit circumstances, and the company's receivables historical experience. Regular way purchases and sales of loans and receivables are recognised on contractual settlement.

- Available-for-sale – These are any non-derivative financial assets designated on initial recognition as available for sale or any other instruments that are not classified as (a) loans and receivables, (b) held to maturity, (c) financial assets at fair value through profit or loss.

Available-for-sale financial assets are carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity until the financial asset is

derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the profit or loss account. However, interest calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the Scheme's right to receive payment is established.

Regular way of purchases and sales of available-for-sale financial assets are recognised on trade-date, i.e. the date on which the Scheme commits to purchase or sell the asset.

Held-to-maturity – Held-to-maturity assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Were the scheme to sell more than an insignificant amount of held-to-maturity assets, the entire category would have to be reclassified as available-for-sale. Treasury bills with an original maturity of more than 182 days, treasury notes and other government bonds are classified as held-to-maturity.

Held-to-maturity assets are carried at amortised cost using effective interest rate method. Regular way purchases and sales of financial assets held-to-maturity are recognised on trade-date, i.e. the date on which the Scheme commits to purchase or sell the asset.

(b) Financial Liabilities

Financial liabilities, other than trading liabilities and financial liabilities designated at fair value, are carried at amortised cost using the effective interest method. Financial liabilities are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost. Financial liabilities are derecognised when they are redeemed or otherwise extinguished.

(c) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the scheme has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(d) Amortised Cost Measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method, of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(e) Hedge Accounting

Hedge accounting is the method that recognises the proportionate offsetting effects of a hedging instrument on the changes in value of the hedged item. Hedge accounting applies only when a hedging relationship can be demonstrated between a hedged item and a hedging instrument. Such method generally applies for transactions that are carried out to eliminate or mitigate risks. The effectiveness of such hedges is demonstrated at inception and verified at regular intervals and at least on a quarterly basis, using prospective and retrospective testing. Recognition of hedged transactions depends on the hedged categories.

Fair Value Hedges

Fair value hedges are used to mitigate foreign currency and interest rate risks of recognised assets and liabilities. The changes in fair values of hedging instruments are recognised in the income statement. Hedged

items are also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

The fair values of financial instruments are determined using market prices for quoted instruments and widely accepted valuation techniques for other instruments. Valuation techniques include discounted cash flows, standard valuation models based on market parameters and dealer quotes for similar instruments. When fair values of unquoted instruments cannot be measured with sufficient reliability, such instruments are carried at cost less impairments, if applicable.

Cash Flow Hedges

Cash flow hedges are used to mitigate foreign currency risks of highly probable forecast transactions as well as the variability of expected interest payments and receipts. The effective part of the changes in fair value of hedging instruments is recognised against equity, while any ineffective part is recognised immediately in the income statement. When the hedged item results in the recognition of a non-financial asset or liability, the gains or losses previously recognised against equity are included in the measurement cost of the asset or the liability. Otherwise the gains or losses previously recognised against equity are removed from equity and recognised in the income statement at the same time as the hedged transaction.

(f) Effective Interest Rate

The effective interest method is a method of calculating the amortised cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition

(g) Determining fair value

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted bid price or asking price (as appropriate) in an active market wherever possible. Where no such active market exists for the particular asset, the trustees use a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms' length transactions, discounted cash flow analysis, option pricing models or other valuation techniques commonly used by market participants.

(h) Impairment of financial assets

The directors assess at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Scheme about the following loss events:

- I. Significant financial difficulty of the borrower;
- II. A breach of contract, such as default or delinquency in interest or principal repayments;
- III. The Scheme granting to the borrower, for economic or legal reasons relating to the borrower's financial

- difficulty, a concession that The Scheme would not otherwise consider;
- IV. It becoming probable that the borrower will enter bankruptcy or other financial reorganization;
 - V. The disappearance of an active market for that financial asset because of financial difficulties; or
 - VI. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets including:
 - VII. Adverse changes in the payment status of borrowers; or
 - VIII. National or local economic conditions that correlate with defaults on the assets of The Scheme.

The estimated period between losses occurring and its identification is determined by Directors for each identified portfolio.

v. Foreign Currency

Transactions in foreign currencies during the period are converted into Cedis at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Cedis at exchange rates ruling at the financial year-end.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into Cedis at the exchange rates at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss as net foreign exchange losses, except for those arising on financial instruments at FVTPL, which are recognised as a component of net gains from financial instruments at FVTPL.

vi. Transfer Values

Transfer values represent the capital sums paid to and from the pension schemes on the basis of when the member liability is accepted or discharged.

vii. Cash and Cash Equivalents

Cash and cash equivalents comprises deposits with banks and highly liquid financial assets with maturity of three months or less from the date of acquisition that are subject so an insignificant risk of changes in their value and are used by the Fund in the management of short term commitment, other than cash collateral provided in respect of security borrowing transactions.

viii. Fees and Commission

Fees and commissions expenses are recognize in profit or loss as the related services are performed.

1. Related parties and Key contractors

(a.) Fund Managers

The Directors of the Fund appointed EDC Investments Limited, an investment management company incorporated in Ghana and duly licensed by the security and exchange Commission of Ghana as a Mutual Fund Manager, to implement the investment strategy and objectives as stated in the Funds investment management policy manual. Under the investment management agreements, the investment managers receive a management fee not exceeding 2.5% per annum of the Fund's average daily net assets value on a monthly basis and paid at the end of each month based on the number of days within the period.

The Board and the Manager by mutual agreement can authorize the Management fee to be calculated and paid at periods other than monthly intervals provided the interest of the shareholders is not jeopardized. The management fees incurred during the year amounted to GH¢ 647,937 Included in the payables as at 31 December 2016 were fund management fees of GH¢ 107,119.

EDC GHANA BALANCED FUND LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

b. Fund Custodians

The Directors of the Fund appointed HFC Bank Limited, a Limited liability company incorporated in Ghana and duly licensed by the security and exchange Commission of Ghana to provide custody services to the Fund managers. Under the custody agreement, the Custodian shall be entitled to a transaction charge of GH¢ 5 per transaction and a safekeeping fee of thirteen (13) basis points (0.13%) per annum. The custodian shall also be entitled to GH¢50 per month per securities account. The fees are inclusive of communication charges relating to the conduct of normal business of the net asset value in accordance with guidelines on fees and charges issued by the Security and Exchange Commission of Ghana. The Custodian fees Charged during the year amounted to GH¢ 48,836. Included in the payables as at 31 December 2015 were custodian fees of GH¢28,502

6 Share Purchases

	2016 GH¢	2015 GH¢
Balance at 1 Jan	8,851,407	10,379,428
Members Contribution during the Year	4,334,179	5,868,793
	-----	-----
Redemptions	13,185,586 (6,563,860)	16,248,221 (7,396,814)
	-----	-----
	6,621,726	8,851,407
	=====	=====

7 Redemptions

Redemptions

	2016 GH¢	2015 GH¢
	6,563,860	7,396,814
	-----	-----
	6,563,860	7,396,814
	=====	=====

8. Interest Income

	2016 GH¢	2015 GH¢
Interest income from Financial Assets carried at amortised cost: Cash and Cash Equivalents	2,948,307	1,788,385
Interest Income on Financial Instruments designated as at fair value through Profit or Loss:		
Debt Securities	523,275	1,321,836
Held-to-maturity	1,232,778	1,548,424
	-----	-----
	4,704,358	4,658,645
	=====	=====

EDC GHANA BALANCED FUND LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

9. Financial instruments

a. Analysis of changes in fair value of Financial Instrument through Profit or Loss.

31 December 2016	Balance 1/1/15 GH¢	Purchase/ (Sales) GH¢	Accrued interest GH¢	Change in fair value GH¢	Value at 31/12/15 GH¢
Quoted Shares	8,484,347	123,889	-	(1,675,282)	6,932,954
Ghana Government Securities	6,010,191	630,509	473,254	-	7,113,954
Treasury Bills	546,358	133,133	46,352	-	725,843
Fixed and Time Deposits	6,391,058	2,552,517	716,458	-	9,660,033
	21,431,954	3,440,048	1,236,064	(1,675,282)	24,432,784

31 December 2015	Balance 1/1/14 GH¢	Purchase/ (Sales) GH¢	Accrued interest GH¢	Change in fair value GH¢	Value at 31/12/14 GH¢
Quoted Shares	7,407,149	1,707,264	-	(630,066)	8,484,347
Ghana Government Securities	4,467,236	1,103,459	439,496	-	6,010,191
Treasury Bills	-	486,975	59,383	-	546,358
Fixed and Time Deposits	5,339,967	590,003	461,088	-	6,391,058
	17,214,352	3,887,701	959,967	(630,066)	21,431,954

10. Financial Assets designated as at fair value through Profit or Loss

	2016 GH¢	2015 GH¢
Debt Securities	7,839,798	6,556,549
Quoted Equity Investments	6,932,953	8,484,347
Held-to-maturity Securities	9,660,033	6,391,058
	24,432,784	21,431,954

EDC GHANA BALANCED FUND LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

11. Cash and Cash Equivalents

	2016 GH¢	2015 GH¢
Cash and Bank Balances	1,150,550	245,361
91 day Fixed Deposit	-	3,484,164
	1,150,550	3,729,525
	=====	=====

12. Payable under Service Level Agreements

	2016 GH¢	2015 GH¢
Directors Allowance	-	1,300
Management Fees	107,117	151,205
Audit Fees	13,800	12,000
IFRS Conversion Fees	-	6,000
EDC Investment	7,459	-
VAT on Audit Fees	2,415	3,150
Custody Fees	28,502	12,705
	-	-
	156,878	186,360
	=====	=====

13. New Standards and Interpretations not yet adopted

A number of new standards and amendments are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. The only new standard relevant to the Fund is IFRS 9 Financial Instruments, which is discussed below. In respect of IFRS 9 the fund does not plan to make an early adoption.

IFRS 9, Financial Instruments

IFRS 9, published in July 2014, will replace the existing guidance in IAS 39. It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model of calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instrument from IAS 39.

IFRS 9 is effective for annual reporting periods beginning 1 January 2018, with early adoption permitted.

EDC GHANA BALANCED FUND LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

14. Unrealized Gains/(Losses) on Investment

	2016 GH¢	2015 GH¢
Market Value of Investments	6,932,953	8,484,347
Cost of Investments	(8,608,235)	(9,114,413)
	(1,675,282)	(630,066)

15. Capital Transactions

	2016 No. of Shares	2015 No. of Shares
New Issues	11,428,185	17,152,286
Redemptions	(17,098,986)	(21,618,120)
Shares Issued/(Redeemed)	(5,670,801)	(4,465,834)

16. Taxation

In accordance with section 134, the Sixth Schedule and the First Schedule of the Income Tax Act, 2015 (Act 896), units trust has a tax concession of 10 years from the date the operations of the unit trust commences. During the concessionary period, a unit trust is liable to a tax of 1% on its chargeable income at the end of the basis period. Tax liability is the provision made for 2016 financial year.

17. Purchase and Sale of Long Term Securities

	2016 PURCHASE GH¢	2015 PURCHASE GH¢	2016 SALES GH¢	2015 SALE GH¢
Ecobank Ghana limited	-	-	-	-
Ecobank Transnational Incorporate	-	380,381	-	-
Ghana Commercial Bank Ltd	-	903,646	-	-
CAL Bank	123,888	236,884	-	-
State Insurance Company	-	-	-	-
Enterprise Insurance Company	-	94,497	-	-
Guinness Ghana Breweries Ltd	-	-	-	-
Uniliver Ghana Ltd	-	-	-	-
Fan Milk Ltd	-	-	-	-
Benso Oil Palm Plantation	-	91,856	-	-
	123,888	1,707,264	-	-

EDC GHANA BALANCED FUND LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

18. Transactions Through Stock Brokers

The fund's transactions were through EDC Stockbrokers Limited.

19. Owners' Funds

Accumulated net investment income
 Stated Capital Registered
 Movement on Shares Issued

	2016	2015
	GH¢	GH¢
	18,802,113	16,145,712
	100,000	100,000
	6,546,343	8,928,806
	25,448,456	24,997,119

20. General Administrative Expenses

Legal Fees
 Stationery/Printing
 Telephone/Postage
 Marketing and Promotion
 Board Expense
 AGM Expenses
 VAT on Audit Fees
 Other

	2016	2015
	GH¢	GH¢
	7,200	9,600
	14,484	-
	1,200	2,500
	-	1,067
	6,400	7,600
	8,298	4,576
	2,415	3,150
	15	4,212
	40,012	32,705

21. DIRECTORS' SHAREHOLDING

David Ofosu-Dorte
 Richard Adu-Poku
 William Mensah
 Kisseih Nene Antonio
 Paul Kofi Mante

	SHARES	PERCENT OF FUNDS
	44,800.58	0.07
	6,687.14	0.01
	17,609.28	0.01
	0	0.00
	46,572.08	0.07

EDC GHANA BALANCED FUND LIMITED

PROXY FORM

I/We.....of.....

Being a member(s) of EDC Ghana Balanced Fund Limited (“the Company”) hereby

appoint.....of.....

As my/our proxy to attend on my/our behalf, the Annual General Meeting of the Fund, to be held at the **Osu Presbyterian Church Hall**, on **Wednesday 16th August, 2017** for the following purposes and to vote on my/our behalf on matters as directed below:

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
1. To receive and consider the Report of Directors and Auditors for the year ended 31st December 2016		
2. To consider and adopt the accounts for 2016		
3. To Authorize the Directors to fix remuneration of the Auditors		
4. To transact any other business appropriate to be dealt with at any Annual General Meeting.		

Shareholder’s SignatureDate2017

Notes

1. A proxy need not be a member of the fund.
2. Unless otherwise instructed, the proxy will vote as he sees fit.
3. To be valid, this form must be signed and deposited at the Registered Office of the Secretary not less than forty-eight (48) hours before the commencement of the meeting.
4. In the case of joint holders the signature of only one of the joint holders is required.
5. In the case of a body corporate the form must be under seal or under the hand of a duly authorized officer.
6. The completion of and return of a proxy form does not prevent a Shareholder from attending the meeting and voting thereat.

EDC GHANA BALANCED FUND LIMITED