

2016 Annual Report



**EDC GHANA
FIXED INCOME
UNIT TRUST**



2016
ANNUAL REPORT
EDC GHANA FIXED INCOME UNIT TRUST

MEMORANDUM NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given for the **4th Annual General Meeting** of the Unit holders of **EDC Ghana Fixed Income Unit Trust** to be held at the **Osu Presbyterian Church Hall, Accra** on **Wednesday 16th August, 2017** at **9:00 am** for the following purposes:

1. To consider the reports of the Directors of the Fund Manager 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.

A Unit holder 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 not less than forty-eight (48) hours prior to the commencement of the meeting, at the offices of the Secretary.

#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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EDC GHANA FIXED INCOME UNIT TRUST PARTICULARS OF SERVICE PROVIDERS

DIRECTORS OF FUND MANAGER

Mr. Paul-Harry O. S Aithnard
Mr. Latyr Diop
Mrs. Rosemary Yeboah
Mr. Kisseih Antonio

FUND MANAGER

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

TRUSTEE

Universal Merchant Bank (Ghana) Limited
57 Examination Loop
North Ridge
Accra

AUDITORS

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

BANKERS

Ecobank Ghana Limited
Ring Road Central
Accra

REPORT OF DIRECTORS OF THE FUND MANAGER TO THE MEMBERS OF EDC GHANA FIXED INCOME UNIT TRUST

The Board of Directors of EDC Investment Limited presents the report and audited financial statements of EDC Ghana Fixed Income Unit Trust for the year ended 31 December, 2016.

FINANCIAL STATEMENTS

The results for the year ended 31 December 2016 are set out in the attached financial statements.

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

NATURE OF BUSINESS

EDC Ghana Fixed Income Unit Trust is a unit trust registered in Ghana. It is licensed by the Securities and Exchange Commission of Ghana and authorized to operate as Unit Trust, in line with the Unit Trust and Mutual Fund Regulation, 2001 (L.I. 1695).

EDC Ghana Fixed Income Unit Trust is an open-ended unit trust offered to investors who are seeking current income on a steady basis while preserving capital. The Unit Trust's objective is to outperform short term interest rates being offered on Government securities. The Unit Trust is to be wholly invested in fixed income securities.

DIVIDEND DISTRIBUTION POLICY

The Unit Trust does not distribute income. All income earned are reinvested.

Unit holders should be aware that the unit trust aims to achieve capital growth and as such income is reinvested to take advantage of the effects of compounding.

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

	2016 GH¢	2015 GH¢
Government Notes and Bonds	23,461,646	2,487,341
Corporate Bonds	30,570,746	10,444,070
Fixed Deposits	129,960,291	21,339,333
Treasury Bills	7,202,800	2,891,837
Others	3,559,009	-
Cash	4,299,688	1,159,224
	-----	-----
Total Investment	199,054,180	48,321,805
	=====	=====

REPORT OF DIRECTORS OF THE FUND MANAGER TO THE MEMBERS OF EDC GHANA FIXED INCOME UNIT TRUST

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

	2016 (%)	2015 (%)
Government Notes and Bonds	12	6
Corporate Bonds	15	27
Fixed Deposits	65	56
Treasury Bills	4	8
Others	2	-
Cash	2	3
	----	----
	100	100
	====	====

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the unit trust, were approved by the Board of Directors of EDC Investment Limited on 30th April, 2016 and signed on its behalf by:

.....
DIRECTOR

.....
DIRECTOR
LARRY DICK





John Kay & Co.

7th Floor, Trust Towers
Farrar Avenue, Adabraka
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Airport, Accra

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDC GHANA FIXED INCOME UNIT TRUST

OPINION

We have audited the accompanying financial statements of EDC Ghana Fixed Income Unit Trust, which comprise the statement of financial position as 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 13 to 18.

In our opinion, the financial statements give a true and fair view of the financial position of EDC Ghana Fixed Income Unit Trust 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), and Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695)

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 Unit Trust 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 TRUSTEES' FOR THE FINANCIAL STATEMENTS

The Board of Trustees is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act 1963, (Act 179) of Ghana, Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695) and for such internal control as Board of Trustees 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 Trustees is also responsible for overseeing the Unit Trust's financial reporting process.

In preparing the financial statements, the Board of Trustees is responsible for assessing the Unit Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Trustees either intends to liquidate the Unit Trust or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective 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



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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.

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 Unit Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board of Trustees.
- Conclude on the appropriateness of Board of Trustees' 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 Unit Trust's 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 Unit Trust 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 mutual fund 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/2017/128)
Chartered Accountants
Accra.

28th April 2017

PORTFOLIO MANAGER'S REPORT

THE ECONOMIC ENVIRONMENT IN 2016

The Ghanaian economy experienced a contraction in 2016 recording a growth rate of 3.5%, well below the government's revised target of 4.1% and also less than 2015 growth rate of 3.8%. The growth experienced in 2016 is the lowest since 1994 and the fifth consecutive year of declining growth. The poor showing of the economy was largely due to the slump in commodity prices, less than expected production of crude from the Jubilee Oil Field as well as the never-ending power crisis, which significantly hindered economic activities.

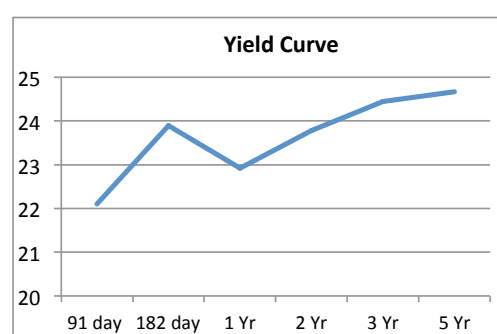
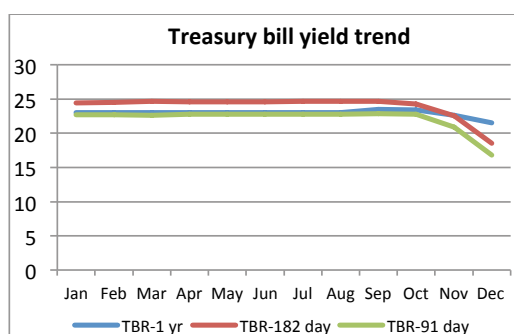
Inflation trended downwards in the second half of the period under review. As of the end of 2016, the rate of inflation was 15.4%, 170bps below the previous year rate of 17.1%. This triggered the Central bank's decision to reduce the policy rate by 50bps to 25.5%. The Central Bank also cited the relative stability in the foreign exchange market as a justification for the policy rate reduction. This move by the Bank of Ghana together with the debt restructuring efforts by the government aided in pushing yields especially on short term securities downwards.

The Ghana Cedi enjoyed some level of stability during the year on the back of increased inflows propelled by the International Monetary Fund (IMF's) disbursement of about \$230.8m as part of its ECF programme, the \$1.8bn Cocobod syndicated loan and the government's \$750m Eurobond both of which were recorded in September. These inflows cushioned the GHS, slowing down the rate of depreciation from 15% in 2015 to 10.67%.

THE FIXED INCOME MARKET IN 2016

Government securities issued in 2016 were skewed towards short term securities. The Government raised a total of GHS61.28bn in 2016 with 88% of all issues having a maximum tenor of 365days. Four 3 year bonds and three 5 year bonds were issued by the government during the period under review. The last quarter of 2016 saw a drastic decline in yields on the 91 day and 182 day treasury bills partly due to the debt restructuring efforts of the government whereby longer dated instruments were issued to refinance maturing shorter-dated ones.

The Ghana Fixed Income Market (GFIM) which was introduced on the Ghanaian capital market in June 2015 increased trading activities of fixed income securities on the secondary market in 2016. Total value traded on the GFIM during the year was GHS 14,44billion.



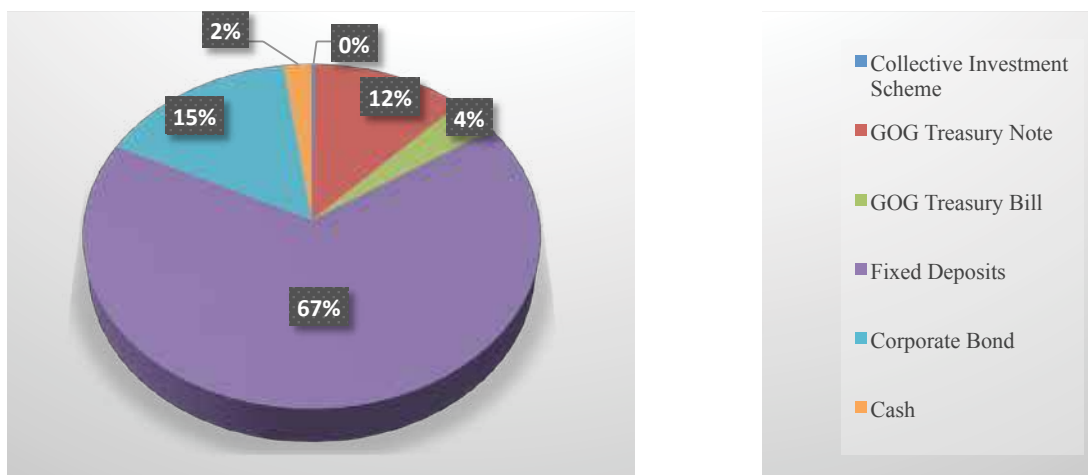
PORTFOLIO MANAGER'S REPORT

PORTFOLIO STRUCTURE

The objective of the EDC Ghana Fixed Income Unit Trust ("The Trust") is to achieve current income on a steady basis while preserving capital. The aim is to outperform short term interest rates being offered on Government Securities (Government of Ghana 1-year Treasury note) net of fees. The Trust invests 100% of its assets in a well-diversified portfolio of fixed income securities.

The Trust remained well within its mandate to invest 100% of its assets in fixed income securities. Majority of the fund's assets (82%) were however invested in short-term fixed income securities with a maturity period of 1 year or less.

Asset Allocation as of 31st December, 2016



PORTFOLIO PERFORMANCE

The Trust outperformed its benchmark in 2016 by returning 27.30% against a benchmark return of 22.96%. The fund also outperformed the monthly average return on all short term Government of Ghana securities in 2016 (22.9% - 1 year GoG Note; 23.9% - 182day Treasury bill; 22.1% - 91day Treasury bill). Since its inception in July 2012, the Trust has recorded a cumulative return of 169.74% compared to a benchmark cumulative return of 143.39%.

Performance %	1 Month	3 Month	6 Month	YTD	1 Year	2 Year	3 Year	Since Inception
EDC Ghana Fixed Income Unit Trust	1.83	6.17	12.47	27.30	27.30	62.03	102.41	169.74
Benchmark	1.79	5.63	11.46	22.96	22.96	50.62	82.82	143.39

ASSETS UNDER MANAGEMENT

The assets of the Trust in 2016 grew by an impressive 428% from GHS38.3 billion to close the year with an AUM of GHS 197.10million. The Trust received total inflows of GHS 190.50million and there were outflows of GHS 55.45million resulting in a net inflow of GHS 135.05million. The client base of the fund grew by 53% in 2016 bringing the total client size to 12,228.

PORTFOLIO MANAGER'S REPORT

OUTLOOK AND STRATEGY

With the new Government's pro-business agenda and the on-going implementation of the IMF reforms, the outlook of the Ghanaian economy seems to be improving. Real GDP growth is expected to recover to about 5.8% in 2017 after slowing down in 2016 to 3.5%. However, ongoing delays in the resolution of debt incurred by the state-owned energy entities, high cost of power and the uncertainty associated with the recovery of commodity prices are all potential downside risks that can weaken the projected growth.

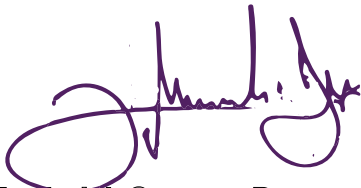
Inflation is likely to remain well above the Bank of Ghana's medium-term target of 8% (+/-2%) due to the risk of depreciation of the GHS and volatility in world commodity prices especially crude oil. After a three month consistent decline in inflation figures in 2017, inflation has started rising, recording 13% in April 2017, representing a 20bps increase over March's inflation figure of 12.8%. This new development is likely to cause the Bank of Ghana to leave policy rate unchanged for a while after cutting it by 200bps and 100bps in March and May to 23.5% and 22.5% respectively.

Treasury bill yields are also likely to fall further on the back of further policy cuts and the ongoing fiscal reforms under the new administration and expect short-term yields to be in the range of 11.0-13.0%. Bond yields are also likely to remain high around 18-20%, but could also start to fall steadily given there is already early progress with the reform programme.

Government's efforts to restructure its debt portfolio by replacing short term debt with relatively longer dated instruments and consequently correcting the yield curve, is gradually yielding results. We have seen a drastic decline in yields on short-term government securities and a gradual correction of the yield curve in the last quarter of 2016. We will gradually increase the duration of the portfolio as yields on longer dated securities become more attractive.

Conclusion

We continue to urge you our valued clients to continue to invest regularly in the Fund. We remain committed to growing your fund and enhance the value of your investments.

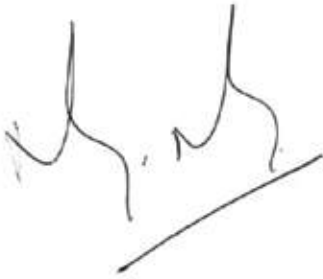


Frederick Semenu Duvor
Portfolio Manager

REPORT OF THE TRUSTEES TO THE UNIT HOLDERS OF THE EDC GHANA FIXED INCOME UNIT TRUST FOR THE YEAR ENDED 31ST DECEMBER 2016

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

Dated this 30th Day of April, 2017



For: **UNIVERSAL MERCHANT BANK LIMITED**



**EDC GHANA FIXED INCOME UNIT TRUST STATEMENT OF
FINANCIAL ASSETS DESIGNATED THROUGH PROFIT OR LOSS
AS AT 31 DECEMBER 2016**

FIXED INTEREST SECURITIES

Treasury Bills

182 Days Treasury Bills

Market Value GH¢	Percentage of Net Asset (%)
7,202,800	3.64
7,202,800	3.64

Treasury Notes & Bonds

1-Year Fixed Rate Notes

2-Year Fixed Rate Notes

3 Year Fixed Rate Notes

5-Year Fixed Rate Notes

10-Year Fixed Rate Notes

192,952	0.10
8,986,598	4.54
3,715,583	1.88
7,496,046	3.78
3,070,467	1.55
23,461,646	11.85

Corporates Bonds

1 - Year Fixed Rate Notes

1 - Year Floating Rate Notes

2 - Year Floating Rate Notes

3 - Year Floating Rate Notes

3 - Year Fixed Rate Notes

4 - Year Floating Rate Notes

5 - Year Fixed Rate Notes

6,162,411	3.11
5,143,143	2.60
1,085,438	0.55
9,490,431	4.79
4,528,059	2.29
1,066,579	0.54
3,094,685	1.56
30,570,746	15.44

Certificates of Deposit

182 - Day Fixed Deposits

365 – Day Fixed Deposits

80,438,717	40.61
49,521,574	25.00
129,960,291	65.61

Others

Other Collective Investment Schemes

Call Deposits

548,160	0.28
3,010,849	1.52
3,559,009	1.80

Funds on Call

Funds on Call	4,299,688	2.17
	-----	-----
	4,299,688	2.17
	-----	-----
TOTAL INVESTMENTS	199,054,180	100.51
TOTAL LIABILITY	(1,003,708)	(0.51)
	-----	-----
TOTAL INVESTMENT SECURITIES	198,050,472	100
	=====	=====

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

ASSETS	Note(s)	2016 GH¢	2015 GH¢
Cash and cash equivalents	11	4,299,688	3,870,141
Non-pledged financial assets at fair value through Profit and loss	10	194,754,492	34,451,664
		-----	-----
Total Assets		199,054,180	38,321,805
		=====	=====
Represented by:			
Members' Fund		198,050,472	37,964,083
		-----	-----
		198,050,472	37,964,083
		-----	-----
LIABILITIES			
Accounts payables	9	1,003,708	357,722
		-----	-----
		1,003,708	357,722
		-----	-----
TOTAL MEMBERS' FUND AND LIABILITIES		199,054,180	38,321,805
		=====	=====


.....
TRUSTEE
28th April, 2017

.....
TRUSTEE
.....2017

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note(s)	2016 GH¢	2015 GH¢
REVENUE			
Interest income	7	28,550,093	4,814,583
Total Revenue		28,550,093	4,814,583
EXPENSES			
Investment Management Fees		2,209,239	370,996
Trustee Fees		441,848	74,199
General Administrative Expenses	13	31,975	30,427
Audit Fees		25,000	7,000
IFRS Conversion Fees		-	3,500
Total Operating Expenses		2,708,062	486,122
Operating Profit before Tax		25,842,031	4,328,461
	14	-	-
Increase in Net Assets available for redemptions		25,842,031	4,328,461

ACCUMULATED NET INVESTMENT INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 GH¢	2015 GH¢
Balance as at 1 January	6,927,264	2,598,803
Transfer from Income and Distribution Statement	25,842,031	4,328,461
Balance at 31 December	32,769,295	6,927,264

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	25,842,031	4,328,461
	-----	-----
Net change in Net Assets from Operations	25,842,031	4,328,461
	-----	-----
Change in Net Assets from Capital Transactions		
Proceeds from Issue of Shares	190,496,836	33,819,152
Share Redemption	(56,252,478)	(10,094,382)
	-----	-----
Net Change in Net Assets from Capital Transactions	134,244,358	23,724,770
	-----	-----
Net additions to Net Assets	160,086,389	28,053,231
	=====	=====
Analysis of Changes in Cash and Cash Equivalents for the Year		
At 1 January	37,964,083	9,910,852
Net additions to Net Assets	160,086,389	28,053,231
	-----	-----
At 31 December	198,050,472	37,964,083
	=====	=====



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

2016	Capital Transactions GH¢	Investment Income GH¢	Total GH¢
Balance at 1 January	31,036,819	6,927,264	37,964,083
Net Income from Operations	-	25,842,031	25,842,031
Share Issue	190,496,836	-	190,496,836
Shares Redemption	(56,252,478)	-	(56,252,478)
At 31 December	165,281,177	32,769,295	198,050,472
2015	Capital Transactions GH¢	Investment Income GH¢	Total GH¢
Balance at 1 Jan	7,312,049	2,598,803	9,910,852
Net Income from Operations	-	4,328,461	4,328,461
Share Issue	33,819,152	-	33,819,152
Shares Redemption	(10,094,382)	-	(10,094,382)
At 31 December	31,036,819	6,927,264	37,964,083

MOVEMENTS IN ISSUED SHARES FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 No. of Shares	2015 No. of Shares
Balance at 1 January	17,916,543	5,982,125
Issued during the year	78,655,333	17,287,880
Redemption during the year	(25,855,444)	(5,353,462)
Balance at 31 December	70,716,432	17,916,543

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES TO FINANCIAL STATEMENTS

1. REPORTING ENTITY

EDC Ghana Fixed Income Unit Trust is a unit trust investment whose primary objective is to obtain contributions from members and invest same for their benefit. EDC Ghana Fixed Income Unit Trust is a Unit Trust registered and operating in the Republic of Ghana. The address and registered office of the promoters can be found on page 1 of the financial statements.

The Unit Trust is an open ended investment Unit Trust primarily involved in investing members' contribution in investment-grade debt securities and derivatives, with the objective of providing members with above-average returns over medium to long term.

The investment activities of the Unit Trust are managed by EDC Investments Limited, and the trustee services of the Unit Trust are delegated to Universal Merchant Bank (Ghana) Limited.

2. BASIS OF ACCOUNTING

a. *Basis of Preparation*

These financial statements have been prepared in accordance with the Unit Trust and Mutual Funds Regulations, 2001 (L.I. 1695) and comply with the International Financial Reporting Standards (IFRS).

b. *Functional and Presentation Currency*

These financial statements are presented in Ghana cedi, which is the Fund's functional currency. All amounts have been stated in full.

c. *Use of Judgements and Estimates*

In preparing these financial statements, the Unit Trust's management has made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

3. ACCOUNTING POLICIES

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

i. *Purchase of Share Units*

Applicants complete standard application forms which are sent to the office of the Manager. Telephone or electronic requests must be confirmed in writing. Application for units is at the discretion of the Board of Directors of the Fund Manager. Cheques are cleared first before the processing of applications by the Manager. Payments for units shall be made in Ghana Cedis; however, applicants can settle their payments with easily convertible currencies but bear the foreign exchange transaction 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 and interest paid or payable are recognised in the profit or loss as interest income or interest expense, respectively.

iii. Financial Instruments

a. Non-derivative Financial Instruments

Non-derivative financial instruments comprise loans and receivables, held-to-maturity and available-for-sale. The Fund Manager determines 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 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 Unit Trust has transferred substantially all risks and rewards of ownership.

(a) 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 Unit Trust on initial recognition designates at fair value through profit and loss; (b) those that the Unit Trust 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 Unit Trust'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 intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates, or equity prices. Investment securities and treasury bills with a maturity of 182 days or less are classified as available-for-sale.

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 Unit Trust's right to receive payment is established.

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

(b) Derivative Financial Instruments

A derivative is a financial instrument that changes its values in response to changes in the underlying variable, requires no or little net initial investment and is settled at a future date. Derivatives are mainly used to manage exposures to foreign exchange, interest rate and commodity price risk. The classification of derivatives is determined upon initial recognition and is monitored on a regular basis.

Derivatives are initially recognised at fair value plus directly attributable transaction costs. These are subsequently measured at fair value on a regular basis and at each reporting date as a minimum. The fair values of exchange-traded derivatives are based on respective market prices, while the fair value of the over-the-counter derivatives are determined using accepted mathematical models based on market data and assumptions. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in fair values of derivatives that do not qualify for hedge accounting are recognised directly in the income statement.

(c) 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.

(d) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Unit Trust 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.

(e) 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.

(f) 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, such as anticipated future export sales, purchases of equipment and raw materials, 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.

(g) Effective Interest Rate

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points 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.

(h) 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 Group uses 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.

(i) Impairment of Financial Assets

The Unit Trust assesses 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 Unit Trust 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 Unit Trust granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that The Unit Trust 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:
 - Adverse changes in the payment status of borrowers; or
 - National or local economic conditions that correlate with defaults on the assets of The Unit Trust.

The estimated period between a loss occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between three months and twelve months. In exceptional cases, longer periods are warranted.

iv. 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.

v. Transfer Values

Transfer values represent the capital sums paid to and from the Unit Trusts on the basis of when the member's liability is accepted or discharged.

vi. Cash and Cash Equivalents

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

vii. Fees and Commission

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

4. RELATED PARTIES AND KEY CONTRACTORS

a. Transaction with Trustees

The Trustee of the Unit Trust is Universal Merchant Bank Limited, a Bank incorporated in Ghana and duly licensed by the Security and Exchange Commission of Ghana as a unit trust fund trustee. Under the investment management agreement, the investment managers receive a management fee at an annual rate of 0.40% of the net asset value attributable to members of the Unit Trust. The total Trustees fees charged during the year amounted to GH¢441,847.87. Included in the payables were Trustees fee of GH¢ 441,847.87.

b. Fund Managers

EDC Investments Limited, an investment management company incorporated in Ghana and duly licensed by the Security and Exchange Commission of Ghana is the fund manager of the Unit Trust. It has the responsibility of implementing the investment strategy and objectives as stated in the Unit Trusts' investment management policy manual. Under the unit trust management agreement, the fund managers receive a management fee at an annual rate of 2% of the net asset value attributable to members of the Unit Trust. The management fees incurred during the year amounted to GH¢ 2,209,239.33. Included in the payables as at 31 December 2016 were fund management fees payable of GH¢ 518,625.24.

5. CONTRIBUTION

	2016 GH¢	2015 GH¢
Balance as at 1 January	31,036,819	7,312,049
Contribution during the year	190,496,836	33,819,152
	-----	-----
Redemptions paid	221,533,655 (56,252,478)	41,131,201 (10,094,382)
	-----	-----
	165,281,177	31,036,819
	=====	=====

6. REDEMPTIONS

	2016 GH¢	2015 GH¢
Redemptions paid	56,252,478	10,094,382
	-----	-----
	56,252,478	10,094,382
	=====	=====

7. INTEREST INCOME

	2016 GH¢	2015 GH¢
Interest income from financial assets carried at amortised cost:		
Cash and cash equivalent	74,758	676,633
Interest income on financial instruments designated as fair value through profit or loss:		
Held to maturity	24,913,946 3,561,389	2,221,902 1,916,048
	-----	-----
	28,550,093	4,814,583
	=====	=====

8. FINANCIAL INSTRUMENTS

Analysis of changes in fair value of financial instrument through profit or loss.

2016	Balance 1/1/2016 GH¢	Purchase at Cost GH¢	Accrued interest GH¢	Change in fair value GH¢	Value at 31/12/16 GH¢
Ghana Government Securities	2,487,341	19,605,133	1,369,172	-	23,461,646
Treasury Bills	2,891,837	4,064,281	246,682	-	7,202,800
Fixed and time deposits	18,628,416	107,406,231	7,484,653	-	133,519,300
Corporate Bond	10,444,070	18,503,203	1,623,473	-	30,570,746
	-----	-----	-----	-----	-----

	34,451,664	149,578,848	10,723,980	-	194,754,492
	=====	=====	=====	=====	=====
2015	Balance 1/1/2015 GH¢	Purchase at Cost GH¢	Accrued interest GH¢	Change in fair value GH¢	Value at 31/12/15 GH¢
Ghana Government Securities	1,734,777	621,267	131,297	-	2,487,341
Treasury Bills	380,786	2,381,713	129,338	-	2,891,837
Fixed and time deposits	3,295,437	14,528,419	804,560	-	18,628,416
Corporate Bond	2,485,233	7,386,767	572,070	-	10,444,070
	-----	-----	-----	-----	-----
	7,896,233	24,918,166	1,637,265	-	34,451,664
	=====	=====	=====	=====	=====

9. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

31 December 2016						
	Notes	Held for Trading GH¢	Designated as at Fair Value GH¢	Loan and Receivable GH¢	Other Liabilities GH¢	Total GH¢
Cash and Cash Equivalents	11	-	-	4,299,688	-	4,299,688
Non-pledged Financial Assets at Fair Value through Profit or Loss	10	-	194,754,492	-	-	194,754,492
		---	-----	-----	---	-----
		-	194,754,492	4,299,688	-	199,054,180
		==	=====	=====	==	=====
Payables under Service Level Agreements	12	-	-	-	989,848	989,848
Other payables (Due to EDC)		-	-	-	13,860	13,860
		---	---	---	-----	-----
		-	-	-	1,003,708	1,003,708
		==	===	=====	=====	=====

31 December 2015		Held for Trading	Designated as at Fair Value	Loan and Receivable	Other Liabilities	Total
Notes	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Cash and Cash Equivalents	11	-	-	3,870,141	-	3,870,141
Non-pledged Financial Assets at Fair Value through Profit or Loss	10	-	34,451,664	-	-	34,451,664
		-	34,451,664	3,870,141	-	38,321,805
Payables under Service Level Agreements	12	-	-	-	346,177	346,177
Other payables (Due to EDC)		-	-	-	11,545	11,545
		-	-	-	357,722	357,722

10. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 GH¢	2015 GH¢
Debt Securities	30,664,446	15,823,248
Held to Maturity Securities	164,090,046	18,628,416
	194,754,492	34,451,664

11. CASH AND CASH EQUIVALENTS

	2016 GH¢	2015 GH¢
Cash and Bank Balances	4,299,688	1,159,224
91 Day Fixed Deposit	-	2,710,917
	4,299,688	3,870,141

12. PAYABLE UNDER SERVICE LEVEL AGREEMENTS

	2016 GH¢	2015 GH¢
Investment Management Fees	518,625	225,016
Trustee Fees	441,848	108,823
Audit Fees	25,000	7,000
IFRS Conversion Fees	-	3,500
VAT on audit and IFRS Conversion Fees	4,375	1,838
	-----	-----
	989,848	346,177
	=====	=====

13. GENERAL ADMINISTRATIVE EXPENSES

	2016 GH¢	2015 GH¢
AGM Expenses	9,505	2,488
Charges on Transfers to Customers	18	402
Commissions on Investments		-
Legal Assistance Cost	4,500	6,921
Marketing and Promotion Cost	-	7,753
Office Stationery	12,377	5,340
Telephone Expenses	1,200	1,300
VAT on audit and IFRS conversion fees	4,375	1,838
Other allocated cost	-	4,368
	-----	-----
	31,975	30,427
	=====	=====

14. TAXATION

In accordance with section 134, the Sixth Schedule and the First Schedule of the Income tax Act, 2015 (Act 896), unit trust have a tax concession of 10years 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.

15. 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 Unit Trust is IFRS 9 Financial Instruments, which is discussed below. The Unit Trust does not plan to adopt IFRS 9 early.

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.

PROXY FORM

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

Being a unit holder(s) of EDC Ghana Fixed Income Unit Trust 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**, Accra 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 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.		

Unitholder'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 Unitholder from attending the meeting and voting thereat.

2016 Annual Report

The background of the page is composed of several overlapping, curved geometric shapes. The top half is a solid dark blue. Below this, there are large, curved shapes in shades of orange and yellow, creating a dynamic, abstract composition. The bottom right corner features a white, curved shape that contrasts with the darker colors.