



**SAS FORTUNE FUND LIMITED**

# 2016 ANNUAL REPORT

**AND FINANCIAL  
STATEMENTS**

The image features a background of several small green seedlings with two leaves each, growing out of stacks of coins. The coins are stacked in a way that suggests growth and investment. The background is a soft-focus, warm-toned image. The SAS logo is prominently displayed in the upper left, with the words 'Investment Management' to its right. The bottom half of the image is a solid blue gradient, which contains the text 'Wealth Management | Mutual Funds | Treasury Bills | Shares | Pensions' in white.

**SAS** | Investment  
Management

Wealth Management | Mutual Funds  
| Treasury Bills | Shares | Pensions

**SAS FORTUNE FUND LIMITED**

2016  
ANNUAL  
REPORT  
AND FINANCIAL  
STATEMENTS

# SAS FORTUNE FUND LIMITED

## CORPORATE INFORMATION

### **The Manager:**

SAS Investment Management Ltd. (SAS-IM)  
14th Floor WTCA Building,  
Indep. Avenue, Accra

Tel: +233-302-661770/2/008/880

+233-302-661900

Fax: +233-302-663999

E-mail: [sasim@sasghana.com](mailto:sasim@sasghana.com)

Website: [www.sasghana.com](http://www.sasghana.com)

### **Directors of the Fund:**

Maxwell Logan (Chairman)  
Togbe Afede XIV  
Apiigy Afenu  
Nana Soglo Alloh  
Paul Hammond

### **The Custodian:**

Standard Chartered Securities Services  
Head Office  
P. O. Box 768  
Accra

### **Independent Auditors:**

Nexia Debrah & Co.  
(Chartered Accountants)  
BCB Legacy House  
# 1 Nii Amugi Avenue  
East Adabraka, Accra  
P. O. Box CT 1552  
Cantonments, Accra

### **Solicitors**

R. S. Agbenoto and Associates  
4th Floor Total House  
25 Liberia Road

### **Secretary:**

Accra Nominees  
Cedar House  
No. 13 Samora Machel Road  
Asylum Down, Accra

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# SAS FORTUNE FUND LIMITED

## NOTICE OF MEETING

NOTICE is hereby given that the 12th Annual General Meeting of the Members of The SAS Fortune Fund will be held on Thursday July 6, 2017 at the College of Physicians & Surgeons, Accra at 10.30 a.m. to transact the following ordinary business:-

1. To receive and adopt the Audited Financial Statements for the year ended December 31, 2016 together with the Reports of the Directors and Auditors thereon.
2. To remove Directors
3. To re-elect Directors.
4. To fix Directors' Remuneration for the ensuing year
5. To authorise the Directors to negotiate and determine the remuneration of the Auditors for the ensuing year.

BY ORDER OF THE BOARD  
ACCRA NOMINEES LIMITED  
COMPANY SECRETARIES  
Registered Office,  
Accra.

Dated this 5th day of June, 2017

NOTE: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her and such proxy need not be a member of the Fund.

A proxy form is attached. Executed forms of proxy should be deposited at the Registered Office of the Fund Manager, 14th Floor Accra World Trade Centre, Independence Avenue, Accra, not less than 48 hours prior to the time of the meeting.

# SAS FORTUNE FUND LIMITED

## ADMISSION CARD

To the Annual General Meeting of Members to be held on

Thursday July 6, 2017 at the College of Physicians & Surgeons, Accra, at 10.30 a.m.

NOTE:

- a) This admission card must be produced by the shareholder or his proxy in order to obtain entrance to the Annual General Meeting.
- b) Shareholders or their proxies are requested to sign the admission card before attending this meeting.

.....

Name of Shareholder

.....

Signature

.....

Date

# SAS FORTUNE FUND LIMITED

## CHAIRMAN'S REPORT

### Dear Esteemed Shareholders,

Indeed, it is my pleasure once again to welcome you to the 12th Annual General Meeting of our Fund. During the year 2016, our performance mirrored the economic challenges stemming from the political and economic uncertainty and tightening of fiscal space we experienced over the past three years. Despite the harsh economic and investment climate, the SAS Fortune Fund has still been able to keep a leading role over its benchmark Ghana Stock Exchange Composite Index with a positive return of 6.30% against a -15.33% by the GSE.

### Operating Environment

Economic growth globally again fell short of its projected 3.4% to 3.1% growth in 2016 but performed better against 2.4% growth witnessed in 2015. The slowdown in growth was mainly due to sluggish growth in advanced economies resulting from the impact of Brexit, US Presidential Election and Italian referendum among others; and a longer than expected period of low commodity prices that also affected emerging and developing economies. Invariably, the growth rates of gross fixed capital formation and aggregate demand continued to remain subdued. Nonetheless, the world economy is however, projected to pick up in 2017 with a growth rate of 3.4%.

Ghana's GDP growth for 2016 also dipped by 10% to 3.5% against its performance in 2015 (Ghana Statistical Service). This performance still remains the slowest growth rate in twenty (20) years. The main contributors to growth were the service and industry sectors of the economy while lower oil and gas production caused by shutdowns, coupled with low oil prices were attributable to the slide in growth.

Being an election year, Ghana's economic performance was mixed. The 3.3% GDP projection for 2016 was marginally exceeded by attaining 3.5% growth. Significant strides on fiscal consolidation to bring fiscal deficit from 6.3% in 2015 to 5.3% in 2016 was missed by a wide margin with the deficit widening to 9% of GDP. Inflation for the period dropped from 17% to end the year at 15.4% against Central Banks target of 6%-10%. The drop was largely attributable to a stable currency and slower cost of housing, utilities and transport.

Ghana was also confronted with low commodity prices. The impact of these low prices was mitigated by a fall in imports and increase in exports translating to an improved external balance. The country's current account deficit also reduced to 6.4% of GDP from 7.6% of 2015 GDP.

The cedi depreciated against the dollar by 11.01% but was relatively stable against other currencies and recording approximately 6.63% gains over the British pound. Both the 91 and 182 days Treasury bill rates also dropped by 28% from 22.90% and 24.45% in 2015 to 16.43 and 17.64% in 2016 respectively.

The Ghana Stock Exchange Market also posted another disappointing performance during the year 2016. The Composite Index, which is the benchmark performance index of the Ghana stock exchange, recorded -15.33% at the end of 2016 compared to -11.77% recorded in 2015. Coupled with the poor performance of the Ghana Stock Exchange Market, the investors were also weary of the capital gain tax that was introduced in the previous year. The effect of the 15% capital gain tax; 8% withholding tax on dividend from investment into the Ghana stock exchange and the thriving fixed income market reflected in the performance of the composite index during the year under review.

### **The Fund**

At the end of 2016, the total net asset under our management (AUM) for SAS Fortune Fund Ltd stood at GH¢3,396,934 and representing 14.3% increase over the previous year's total net asset value of GH¢ 2,971,909. The increase in AUM is partly attributable to the performance of the fund, which stood at 6.30% at the end of the year as compared to -15.33 return on the GSE CI. Shareholders also made fewer redemptions during the year as compared to the previous year.

We remain positive about the future prospect of the economy and the market in which the Fund operates. We have started seeing those prospects reflecting in the performance of the fund already. During the 2017 first quarter, SAS Fortune Fund was the best performing equity fund in the country making a year-to-date return of 12%. We anticipate Treasury bill rates to be sustained at low levels as we are witnessing currently. We also anticipate the Ghana Stock Market to continue to respond positively as it started at the beginning of 2017. I therefore recommend to you to buy more shares of SAS Fortune Fund to reap the full benefits of your investment.

On behalf of the Board of Directors, Management and staff, I would like to thank you for your trust and confidence you have in the Fund and in us over the past years. We believe that SAS Fortune Fund would not only give you a competitive return but also remain one of the best equity mutual funds in Ghana.

**Thank you.**  
**Maxwell Logan**  
**Chairman**

# SAS FORTUNE FUND LIMITED

## FUND MANAGER'S REPORT

### Dear Shareholders,

It is our pleasure to once again welcome you to the 12th Annual General meeting of the SAS Fortune Fund Limited. The fund manager's report will touch on the general economic conditions and environment within which the fund operated and the outlook for 2017.

### Economic Outlook

The World Bank generally described global economic activities for 2016 as stagnant global trade, subdued investment and heightened policy uncertainty to make the year 2016 a difficult one. Ghana's economy was no exception to the passive performance witnessed globally. The domestic economy in the final quarter of 2016 witnessed a decrease in GDP growth rate year-on-year of 3.9% as compared to 4.9% the previous year despite a significant fall in interest rate, inflation rates and a relatively stable exchange rate. The government's economic policy resulted in a significant decrease in inflation to 15.40% in 2016 as compared to 17.70% in 2015. The central bank as part of its efforts to maintain stable currency and investor confidence in cedi denominated assets reduced the policy rate marginally by 50 basis points to close the year with 25.50% as compared to 26.00% the previous year. Government in furtherance to reduce its cost of borrowing, encouraging long dated securities and to correct and maintain the yield curve decreased interest rates significantly. This resulted in the benchmark 91-days and 182-days Treasury bill rates declining by 28.25% and 27.85% from 22.90% and 24.45% in 2015 to 16.43% and 17.64% in 2016 respectively. The 1 Year-Note and 2 Year Note rates equally decreased marginally by 8.7% and 3.40% from 23.00% and 23.30% in 2015 to 21.00% and 22.50% in 2016 respectively.

### Stock Market Review

The stock market witnessed a marginal increase of 2.28% in terms of volume and a marginal decrease of 2.25% in terms of value in its trading activities for the year 2016. A total of 252,075,434 shares valued at GH¢242,080,145.63 were traded as compared to 246,450,981 shares valued at GH¢247,649,862.21 in 2015. The increase in volume but decrease in value traded can be mostly attributed to the bearish performance of the market. At the end of the period, the total number of listed equities increased from 42 in 2015 to 44 in 2016. In all, six (6) equities recorded price gains whilst twenty four (24) equities recorded losses. The top five (5) gainers for the year 2016 were Fan Milk (51.56%), Agricultural Development Bank (44.53%), Hords Ltd (25.00%), Standard Chartered Bank Preference Shares (5.63%) and Access Bank Ltd (2.50%). Among the top five (5) losers, were UT Bank Ltd (70.00%), Ecobank Transnational Incorporation (62.96%), Total Petroleum Ghana Ltd (61.18%), African Champion Ltd (50%) and PBC Ltd (40.0%).

At the end of the period under review, Market Capitalization declined by 8.37% to GH¢52.69 billion in 2016 from GH¢57.1 billion in 2015.

The period witnessed the listing of Agricultural Development Bank and Access Bank on the exchange, as well as rights issues by Ghana Oil Company Ltd, Guinness Ghana Breweries Ltd, and Societe Generale Ghana Ltd.

### Investment Objective and Policy

The investment objective of the Fund is to achieve long-term capital growth for its shareholders, by investing a greater portion of its assets in companies with strong fundamentals, strong growth trends and strong income generation potential. The fund meets its liquidity obligations by investing in short term fixed income securities.

### Fund Performance

The fund's performance in 2016 as compared to the benchmark GSE Composite Index was laudable. The unit price of the fortune fund increased by GH¢0.0319 to close the year at GH¢0.5383. The fund made a total return of 6.30% as compared to the GSE Composite index of negative 15.33%. Once again as promised, the fund outperformed all the major indices including the GSE Composite Index -15.33%, GSE Financial Stock Index -19.93%, SAS Financial Index 6.29%, and the SAS Index 6.15% with an exception to SAS Manufacturing Index 22.70%.

Although a bearish market performance or periods especially in our part of the world is usually characterized with investors with medium to low risk appetite cashing out on their investments, the funds asset value grew by 14.3% to close the year with GH¢3,396,934 in 2016 from GH¢2,971,909 in 2015.

The strategy used in managing the fund for the period included active rebalancing, a well-diversified portfolio and close attention to risk management to reflect the economic environment in which the fund operates. This resulted in the positive performance posted by the fund in 2016. We will continue to adapt strategies which will enable us take advantage of investment opportunities to generate value for shareholders.

### 2016 Outlook

With the economy experiencing a further reduction in interest rates, monetary policy rate, stable exchange rate and government policies geared at economic growth, the stock market has already started recovery and we anticipate a greater performance for the fund this year.

With your support, we will continue to make the fund the most attractive equity mutual fund on the market in terms of both growth in asset values and returns.

**Thank you**  
**Anthony A. Degbato**  
**Head of Asset Management**

# REPORT OF THE DIRECTORS TO THE MEMBERS OF **SAS FORTUNE FUND LIMITED**

We have the pleasure in submitting the annual reports and audited Financial Statements of SAS Fortune Fund Limited for the year ended December 31, 2016 and report thereon as follows:

As directors, we are responsible for the preparation of Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Fund and of the statement of operations for the year. In preparing these Financial Statements, we have selected suitable accounting policies and applied them consistently, made adjustments and estimates that are reasonable and prudent and followed Accounting Standards acceptable in Ghana.

As directors, we are also responsible for ensuring that the Fund keeps proper accounting records that disclose with reasonable accuracy at any time its financial position and performance. We are also responsible for safeguarding the assets of the Fund and taking reasonable steps for the prevention and detection of fraud and

other irregularities.

#### Nature of Business

The Company is licensed by the Securities and Exchange Commission to operate as an authorized mutual fund and is regulated by the Unit Trusts and Mutual Funds Regulations L.I 1695.

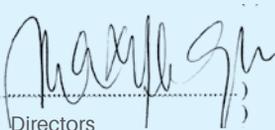
There was no change in the nature of business of the company during the year under review.

#### Financial Results & Income Distribution

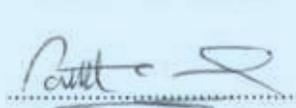
The results for the year are as set out in the attached Financial Statements. The Fund does not distribute income and thus all income earned is reinvested.

#### Auditors

Messrs Nexia Debrah & Co have indicated their willingness to continue in office as auditors in accordance with Section 134(5) of the Companies Act 1963 Act 179.



Directors



ACCRA  
April 18, 2017

# SAS FORTUNE FUND LIMITED

## STATEMENT OF DIRECTORS' RESPONSIBILITY

Under the Companies Act 1963 (Act 179), the directors of the company are responsible for preparing in respect of each financial year, Financial Statements which give a true and fair view of the state of affairs of the company, and of its Profit or Loss and Cash Flows for that year in accordance with Accounting Standards acceptable in Ghana. In preparing these Financial Statements the directors are required to select suitable accounting policies and then apply them consistently, make judgments and estimates that they are reasonable and prudent.

The directors are responsible for keeping proper books of accounts, which disclose with reasonable accuracy at any time the financial position of the company. The directors are also responsible for safeguarding the assets of the company and taking reasonable steps for the prevention

and detection of fraud and other irregularities through the design and implementation of appropriate internal control structure.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the company's policies and procedures.

The Financial Statements are prepared in accordance with the International Financial Report Standards (IFRS) and incorporate disclosures in line with the accounting philosophy of the company. The Financial Statements are also based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

# REPORT OF THE AUDITORS TO THE MEMBERS OF **SAS FORTUNE FUND LIMITED**



We have audited the Financial Statements of SAS Fortune Fund Limited for the year ended 31st December 2016 which are presented herein from pages 6 to 21. The principal accounting policies used in preparing these financial statements are set out on pages 13 to 21.

Our report is made solely to the company's members, as a body, in accordance with section 133 of the Companies Act 1963 (Act 179). The purpose of our audit is to enable us to make a statement to the members of the company on those matters specifically required by law to be mentioned in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its members as a body for our audit work, our report, or the opinions we have expressed herein.

## **RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS**

The Company's Directors acknowledge on page 4 their responsibility for the preparation and fair presentation of these Financial Statements in accordance with accounting standards applicable in Ghana and for the detection and prevention of fraud or other irregularity. Our responsibility as Auditors is to express an independent opinion on the Financial Statements based on our audit.

## **BASIS OF OPINION**

We conducted our audit in accordance with auditing standards. An audit includes examination on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgement made by the Directors in preparing these Financial Statements, and of whether the accounting policies are appropriate to the company, consistently applied and adequately disclosed.

We planned and performed the audit so as to obtain all the information and explanation, which we considered necessary in order to provide us with sufficient evidence and reasonable assurance that the Financial Statements are free from material misstatements. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the Financial Statements and also had regard to the matter referred to below.

#### OPINION

In our opinion, proper books have been kept and the Financial Statements which are in agreement therewith present fairly, the financial position of the company as at December 31, 2016 and of the results of operations for the year then ended and comply in all material respects with the International Financial Reporting Standards (IFRS), the Unit Trusts and Mutual Funds Regulations L.I 1695 and the Companies Act, 1963 (Act 179).



Signed on behalf of  
Nlexia Debrah & Co. (ICAG/F/069)  
Chartered Accountants  
BCB Legacy House  
# 1 Nii Amugi Avenue  
East Adabraka, Accra

By K. Manu-Debrah (ICAP/P/1264)  
April 18, 2017

# SAS FORTUNE FUND LIMITED

## STATEMENT OF INVESTMENT ASSETS AS AT DECEMBER 31, 2016

QUOTED EQUITY	%Net Assets	Number of Shares	2016 Market Value GH¢	2015 Market Value GH¢
<b>Other Manufacturing</b>	<b>0.26</b>			
Aluworks (ALW)	0.29	61,745	<b>8,644</b>	<b>8,644</b>
<b>Dairy Products</b>	<b>14.43</b>			
Fan Milk Ltd (FML)	14.43	43,470	<b>484,256</b>	<b>319,505</b>
<b>Banking</b>	<b>34.69</b>			
CAL Bank (CAL)	1.34	60,094	45,071	60,094
Ecobank (EBG)	11.55	60,549	387,514	424,449
Ecobank Transnational (ETI)	0.35	116,320	11,632	31,406
Ghana Commercial Bank (GCB)	14.79	139,422	496,342	528,409
Standard Chartered Bank (SCB)	5.48	15,096	183,869	246,065
SG-SSB Bank (SG-SSB)	1.18	63,958	39,654	51,166
			<b>1,164,082</b>	<b>1,341,589</b>
<b>Consumer Products</b>	<b>0.51</b>			
Patterson Zochonis (PZ)	0.41	61,812	13,599	21,016
Unilever (UNIL)	0.10	400	3,404	3,404
			<b>17,003</b>	<b>24,416</b>
<b>Petroleum</b>	<b>7.33</b>			
Ghana Oil (Goil)	6.10	186,000	204,600	260,400
Total Ghana Limited (Total)	1.23	20,800	41,184	106,080
			<b>245,784</b>	<b>366,480</b>
<b>Insurance</b>	<b>5.20</b>			
Enterprise Insurance (EIC)	4.80	67,055	160,932	160,932
State Insurance Company (SIC)	0.40	113,500	13,620	15,890
			<b>174,552</b>	<b>176,822</b>
<b>TOTAL QUOTED EQUITY</b>	<b>62.42</b>	<b>1,010,221</b>	<b>2,094,321</b>	<b>2,237,456</b>

# SAS FORTUNE FUND LIMITED

## STATEMENT OF INVESTMENT ASSETS AS AT DECEMBER 31, 2016

FIXED INCOME/ SHORT TERM	%Net Assets	Number of Shares	2016 Market Value GH¢	2015 Market Value GH¢
91 Day Treasury Bills	8.16		277,833	284,228
182 Day Treasury Bills	26.27		944,007	438,731
365 Day Treasury Bills	1.19		40,253	-
	<b>35.62</b>		<b>1,262,093</b>	<b>722,959</b>
Cash at Bank and on Call	1.96		65,781	9,286
<b>TOTAL FIXED INCOME/SHORT-TERM</b>	<b>37.58</b>		<b>1,327,874</b>	<b>732,245</b>
<b>TOTAL INVESTMENTS</b>	<b>100.00</b>		<b>3,422,195</b>	<b>2,969,701</b>

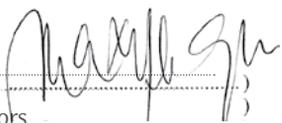
# SAS FORTUNE FUND LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2016

	Notes	2016 GH¢	2015 GH¢
<b>Income</b>			
Investment Income	3	423,919	294,820
Other Income	4	8,784	19,214
<b>Total Investment Income</b>		<b>432,703</b>	<b>314,034</b>
<b>Expenses</b>			
Management Fees		69,067	61,428
Other Operating Expenses	5	47,748	36,979
<b>Total Expenses</b>		<b>116,815</b>	<b>98,407</b>
Net Investment Income before Capital Gains/ (Losses)		315,888	215,627
Net Realized Capital Gain	6	-	8,764
Net Investment Income		315,888	224,391
Net Unrealized Capital Gain/(Loss)	10	(143,135)	(152,026)
Net Income/ (Loss) Transferred to			
<b>Accumulated Income Account</b>		<b>172,753</b>	<b>72,365</b>

**SAS FORTUNE FUND LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2016**

ASSETS	Notes	2016 GH¢	2015 GH¢
Accounts Receivable	8	19,496	19,497
Investment Assets		3,422,195	2,969,701
<b>Total Assets</b>		<b>3,441,691</b>	<b>2,989,198</b>
<b>LIABILITIES</b>			
Accounts Payable	9	44,757	17,289
<b>Total Liabilities</b>		<b>44,757</b>	<b>17,289</b>
<b>NET ASSETS</b>		<b>3,396,934</b>	<b>2,971,909</b>
<b>SHAREHOLDERS' FUND</b>			
Capital Accounts	11	1,860,858	1,401,031
Accumulated Income Account	12	1,536,076	1,570,878
<b>Balance at December 31st</b>		<b>3,396,934</b>	<b>2,971,909</b>

  
 \_\_\_\_\_  
 Directors

  
 \_\_\_\_\_

ACCRA  
 April 18, 2017

# SAS FORTUNE FUND LIMITED

## STATEMENT OF CASHFLOWS

### FOR THE YEAR ENDED DECEMBER 31, 2016

INCREASE IN NET ASSETS	2016 GH¢	2015 GH¢
From Operations:		
Net Investment Gains Before Capital Gains	315,888	215,627
Net Realised Capital Gain	-	8,764
Net Unrealised Capital (Loss)/Gain	(143,135)	(152,026)
(Loss)/Gains on Redemptions	(207,555)	(198,109)
<b>Net Increase From Operations</b>	<b>(34,802)</b>	<b>(125,744)</b>
<b>From Capital Transactions:</b>		
Proceeds From Issue of Shares	561,582	367,712
Cash outflow for Shares Redeemed	(101,755)	(396,847)
<b>Net cash inflow/ (outflow) for Capital Transactions</b>	<b>459,827</b>	<b>(29,135)</b>
<b>Net Increase/ (Decrease) in Assets</b>	<b>425,025</b>	<b>(154,879)</b>
Net Assets at January 1st	2,971,909	3,126,788
<b>Net Assets at December 31st</b>	<b>3,396,934</b>	<b>2,971,909</b>

## STATEMENT OF MOVEMENT IN ISSUED SHARES

### FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 No. of Shares	2015 No. of Shares
Balance at January 1st	5,833,891	6,249,518
Issue of Shares	1,069,442	724,580
	6,903,333	6,974,098
Redemption of Shares	(598,019)	(1,140,207)
Net Assets at December 31st	<b>6,305,313</b>	<b>5,833,891</b>

# SAS FORTUNE FUND LIMITED

## PORTFOLIO SUMMARY

### AS AT DECEMBER 31, 2016

Equity	Position 31/12/15 No. of Sh.	Mkt Value Position 31/12/15 GH¢	Position 31/12/16 No. of Sh.	Mkt Value Position 31/12/16 GH¢	(Sales)/ Purchases During Yr GH¢	Capital Gain (Loss) GH¢
ALW	61,745	8,644	61,745	8,644	-	0.30
CAL	60,094	60,094	60,094	45,071	-	(15,024)
EBG	60,549	424,449	60,549	387,514	-	(36,935)
EGL	67,055	160,932	67,055	160,932	-	-
ETI	116,320	31,406	116,320	11,632	-	(19,774)
FML	43,470	319,504	43,470	484,256	-	164,752
GCB	139,422	528,409	139,422	496,342	-	(32,067)
GOIL	186,000	260,400	186,000	260,400	-	(55,800)
PZ	61,812	21,016	61,812	13,599	-	(7,417)
SCB	15,096	246,064	15,096	183,869	-	(62,195)
SG-SSB	63,958	51,167	63,958	39,654	-	(11,513)
SIC	113,500	15,890	113,500	13,620	-	(2,270)
TOTAL	20,800	106,080	20,800	41,184	-	(64,896)
UNIL	400	3,400	400	3,404	-	4.00
At Market	<b>1,010,221</b>	<b>2,237,455</b>	<b>1,010,221</b>	<b>2,094,320</b>	-	<b>(143,135)</b>

Balance on Unrealized

Gain/(Loss) Reserve

(1,463,812)

(1,320,677)

At Cost

773,643

773,643

# SAS FORTUNE FUND LIMITED

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

### 1. The Reporting Entity

#### 1.1 The Company

SAS Fortune Fund Limited is a limited liability company registered under Ghanaian Legislation. The Company is licensed by the Securities and Exchange Commission to operate as an authorized mutual fund and is regulated under the Unit Trusts and Mutual Funds Regulations L.I 1695.

### 2. Summary Of Significant Accounting Policies

The financial statements of the company for the year ended 31<sup>st</sup> December, 2016 incorporate the principal accounting policies set out below, including changes introduced by the International Financial Reporting Standards (IFRS).

All the material information required by legislation, particularly the Companies Act 1963 (Act 179) and the Securities and Exchange Commission Regulations 2003 (L.I.1728) have also been disclosed or presented in the appropriate context.

#### 2.1 Basis of Presentation

The company prepares its Financial Statements under the historical cost basis as modified by the revaluation of certain assets and liabilities through the assessment of impairment and measurement of fair value.

#### 2.2 Income Recognition

Income is recognized and recorded in the financial statements on the accrual basis, and to the extent that it is probable that economic benefits will flow to the Company and the related revenue can be reliably measured.

##### Interest Income

The effective interest method is used as basis to recognize interest income in the Statement of Comprehensive Income for all interest - bearing financial instruments.

The effective interest method is a method of calculating the amortised cost of a financial asset and allocating the interest income.

The applicable effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts available over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the related financial asset.

The effective interest rate is calculated within the context of all estimated cashflows, and due consideration to all contractual terms of the financial instrument including any early payment options but not future credit losses.

# SAS FORTUNE FUND LIMITED

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

### Dividend Income

Dividend Income is recognized and recorded in the Financial Statements when the company's right to receive it has been established beyond all reasonable doubt.

### Other Operating Income

This relates to income accruing from the consequential dimension of the company's operations and is recognised and recorded on the accrual basis

## **2.3 Interest Expense**

Interest expense is recognized in the profit or loss for all interest bearing Financial Instruments measured at amortised cost, as interest accrues using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expenses.

The effective interest rate is the rate that exactly discounts the estimated future cash payments over the expected life of the instrument or, when appropriate, a shorter period to the net carrying amount of the financial liability.

The effective interest rate is calculated on initial recognition of the financial liability, estimating the future cash flows after considering all the contractual terms of the instrument.

## **2.4 Financial Assets and Liabilities**

Financial Assets and Liabilities are recognized in the balance sheet in accordance with measurement criteria explained below:

### **2.4.1 Financial Assets**

A financial asset is an asset that is either cash, a contractual right to receive cash, the right to exchange a financial instrument with another accounting entity under potentially favorable terms or an equity instrument of another entity. The financial assets of the company are in two categories namely Investment Held to Maturity, and Available for sale Financial Assets.

#### a. Held to Maturity Financial Assets

Held to Maturity assets are non-derivative financial assets with a fixed or determinable payments and tenor in which the company has a positive interest and ability to hold to maturity. Such financial assets are not measured at fair value through profit or loss, but are rather carried at amortised cost using the effective interest method less any impairment losses.

# SAS FORTUNE FUND LIMITED

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

For instance, bills discounted and securities with a fixed redemption date which are purchased with the intention of being held to maturity are initially recognized at cost and subsequently adjusted to give effect to amortization of premiums and discounts on purchase over the period to redemption

### b. Available for Sale Financial Assets

Available for Sale financial assets are those intended to be held for indeterminate period of time, and which may be sold in response to challenges arising from liquidity, changes in interest rates or other such financial market indices and which have not been classified as assets held to maturity or at fair value through profit and loss.

### **2.4.2 Financial Liabilities**

Financial liabilities are contractual obligations to either deliver cash or another financial asset to another accounting entity, or to exchange financial instrument with another entity on potentially unfavourable terms. These may be measured either at fair value through profit or loss, or at amortised cost depending on their sub-categorization.

#### a. Financial liabilities at fair value

These are liabilities which are measured at the current market value through the profit or loss subsequent to their initial recognition.

#### b. Financial liabilities measured at amortised cost

Liabilities which are not measured at current market value fall under this category. These are essentially non-trading liabilities which are not quoted in any active market and are therefore measured at amortised cost.

### **2.4.3 Determination of Fair Value**

The International Financial Reporting Standard (IFRS) 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, excluding transaction cost other than that relating to transportation. In practical terms issues usually considered in such a determination would include highest and best use, physical possibility, legal permissiveness and financial feasibility.

Quoted market prices, inter - bank interest rates as well as regulatory discount rates are examples of the practical measurement standards applicable to SAS Fortune Fund Limited.

## **2.5 Impairment of Financial Asset**

A financial asset or a group of financial assets is considered impaired only if there is an

# SAS FORTUNE FUND LIMITED

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

objective evidence of impairment as a result of one or more event(s) that have occurred after initial recognition of the asset and the event or events have adverse impact on the estimated future cash flow of such financial asset, or group of financial assets.

The amount of impairment is measured as the difference between the carrying value of the financial asset or group of financial assets and the estimated future cash flows discounted at the original effective interest rate used to originate the financial asset or group of financial assets in question.

Evidence of impairment may include indications that the issuers of Corporate Bonds and Notes as well as Certificates of Deposits in the company's Investments Portfolio are experiencing significant financial difficulty, default or delinquencies in the payment of interest and /or principal. It may also include the fact that those debts maybe restructured to reduce the burden on the issuers.

### **2.6 Impairment of Non-Financial Asset**

Non-financial assets are assets that have indefinite useful life and are not subject to amortization and are tested annually for impairment. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount.

The recoverable amount is the Assets Fair Value (Market Value) less cost to sell.

It is the policy of the company to review all non - financial assets that suffer impairment for possible reversal of the impairment at least once within each financial year.

### **2.7 Cash and Cash Equivalents**

Cash and Cash Equivalents identified in the statement of cash flows comprise physical cash balances on hand and with other banks as well as highly liquid investments with up to three (3) months maturity from the date of acquisition by the company.

### **2.8 Equity Investment**

Equity Investments are held for the purposes of both trading and investments.

#### Unquoted Equity Investments

Unquoted Equity investments are held at cost or the recorded book valuation of the investee company. Any gains or losses unrealised are transferred to the Capital Surplus Account until fully realised through sale.

### Quoted Equity Investments

Equity investments that are traded on any active market or exchange are regarded as quoted and are marked in value to those markets at the end of the period. Unrealised gains or losses during the period are transferred to the profit and loss account.

### Impairment Test

The above valuation criteria are implemented subject to any provision for the diminution in the value of any equity investment.

## 2.9 Provisions

A provision is recognized in the statement of financial position when a legal or constructive obligation as a result of a past transaction or event exist at the reporting date and the amount of the obligation can be reliably estimated and also probable that an outflow of economic resource will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

## 2.10 Stated Capital and Reserves

### a. Stated Capital

Stated Capital comprises Ghana Cedi amount arising from the issue of shares for cash and any transfers from retained earnings and other surpluses as defined under the Companies Act 1963 (Act 179). These shares are redeemable by holders in the normal course of business subject only to the Company's regulations and the scheme particulars. The process of redemption involves an exchange between the entity and the respective shareholders.

### b. Capital Surplus/Reserves

The capital surplus account is a creation of law under sections 69 and 70 of the Companies Act 1963 (Act 179) and records gains or losses arising from the revaluation of assets of the company including its property, plant and equipment. The International Financial Reporting Standards (IFRS) require the evaluation at regular intervals of these property, plant and equipment.

### c. Income Surplus (Retained Earnings or Accumulated Income Account)

The Income Surplus account records the cumulative annual profits (after appropriations) available for distribution to shareholders.

## 2.11 Post Balance Sheet Events

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

### 3. Investment Income

	2016 GH¢	2015 GH¢
Interest on Bank Deposit	849	-
Dividend Income	122,279	123,471
Interest on Fixed Deposit	300,791	171,349
	<b>423,919</b>	<b>294,820</b>

### 4. Other Operating Income

Exit Charges	2,726	7,856
Sundry Income	6,058	11,358
	<b>8,784</b>	<b>19,214</b>

### 5. Other Operating Expenses

Directors Fees	12,050	-
Advertising	1,059	1,337
Custodian Fees	7,812	6,981
Audit Fee	10,600	9,000
Secretarial Fees	2,961	2,585
AGM Expenses	12,192	17,076
Licenses & Permits	650	-
Bank Charges	289	-
Sundry Expenses	136	-
	<b>47,748</b>	<b>36,979</b>

### 6. Realized Gain on Investments

Proceeds from Sale of Quoted Investment (Shares)	-	136,360
Average Costs of Investment (Shares) Sold	-	(33,255)
Transfer from Unrealized Gain/ (Loss)	-	(94,341)
	-	8,764

## 7. Redemptions/Withdrawals

	Consideration Paid	Gain/(Loss) to Reserves	Cost to Capital
2015	596,956	(198,109)	396,846
2014	696,212	(217,333)	478,879

## 8. Accounts Receivable

	2016 GH¢	2015 GH¢
Accounts Receivable - SASIM	3,639	3,639
8% Investment Tax Withheld	7,006	7,006
Others	8,851	8,852
	19,496	19,497

## 9. Accounts Payable

	2016 GH¢	2015 GH¢
Custody Fees	633	1,190
Secretarial/Management Fees	6,329	7,099
Audit Fees	10,600	9,000
Directors Fees	12,050	-
Withdrawal Payable	10,958	-
Other Payable	4,187	-
	<b>44,757</b>	<b>17,289</b>

## 10. Unrealized Gain/ (Loss) Reserve (Memorandum only)

Balance at January 1st	1,463,812	1,710,179
Unrealized Gain / (Loss) for the Year		
Charged to Income & Distribution A/c	(143,135)	(152,026)
Realized Gain on Sale of Investment		
Transferred to Realized Gain	-	(94,341)
Balance at December 31	<b>1,320,677</b>	<b>1,463,812</b>

## 11. Capital Accounts

	2016		2015	
	No. of Shares	GH¢	No. of Shares	GH¢
Balance at January 1st	5,833,891	1,401,031	6,249,518	1,430,166
Issue of Shares	1,069,442	561,582	724,580	367,712
Redemption of Shares	(598,019)	(101,755)	(1,140,207)	(396,847)
<b>Balance At December 31st</b>	<b>6,305,313</b>	<b>1,860,858</b>	<b>5,833,891</b>	<b>1,401,031</b>

## 12. Accumulated Income Account

	2016 GH¢	2015 GH¢
Balance at January 1st	1,570,878	1,696,622
Redemptions/Withdrawals	(207,555)	(198,109)
Balance before Transfers	1,363,323	1,498,513
Net Income Transferred From Income and Distribution Account	172,753	72,365
<b>Balance as at 31st December</b>	<b>1,536,076</b>	<b>1,570,878</b>

## 13. Taxation

Under current Ghanaian legislation, mutual funds are not subject to taxes on income or capital gains. However, the required taxes are paid for investments done in jurisdictions where taxes on income or gains on investments apply.

## 14. Investment Transactions

Total sale of investments in quoted equity was **NIL**. (2015: GH¢136,360)

## 15. Redemption/ Exit Fees

The Fund is a long-term growth fund and its objective is to encourage shareholders to remain in the fund for at least three (3) years. The following withdrawal charges apply when investors redeem all or part of their shares within the first three (3) years.

REDEMPTION WITHIN YEAR(S)	CHARGES
1	3%
2	2%
3	1%
3+	None

## 16. Transactions through Affiliates

The entire Fund's equity transactions were done through Strategic African Securities Limited, a company related to SAS Investment Management Limited, the Manager of the Mutual Fund.

## 17. Commissions and Levies

Total Commissions and Stock Exchange Levies was Nil (2015 Nil).

February 24, 2017

NEXIA DEBRAH & CO.  
BCB Legacy House  
# 1 Nii Amugi Avenue  
East Adabraka, Accra  
P.O. Box CT 1552  
Accra, Ghana.

Attn: K. Manu- Debrah

Dear Sir/Madam,

**Re: STRATEGIC AFRICAN SECURITIES LIMITED**

We write in response to the request for the end of period December 31, 2016 information for our client, SAS FORTUNE FUND.

1. The balance on all accounts (i.e. Deposits, Savings, Current, Loan Accounts and other accounts) which the above client had with you, whether in debit or credit, including Foreign Exchange Account(s).

SCB Response: Below are balances as at period end December 31, 2016.

ACCOUNT NAME	ACCOUNT NUMBER	CCY	BALANCE @ 31/12/2016
SCGN/SAS FORTUNE FUND	0105004289900	GHS	0.00
SCGN/SAS FORTUNE FUND A/C	0140004289901	GHS	56,973.52

2. Particulars of any charge held by you over the client's assets together with a list of any Title Deeds, Securities, Bills, etc. held by you subject to such a charge.

SCB Response: Not applicable

3. A list of any Title Deeds, Securities, Treasury Bills, Bonds Stocks etc. held by you for this client.

SCB Response: Below are the securities held on behalf of SAS Fortune Fund as at December 31, 2016.

EQUITIES-LIST BOARD				
Security Code	Name	Position	Market Price	Valuation
ALW	ALUWORKS LIMITED	61,745.00	0.14	8,644.30
CAL	CAL BANK LIMITED	60,094.00	0.75	45,070.50
EBG	ECOBANK GHANA LIMITED	60,545.00	6.4	387,513.60
ETI	ECOBANK TRANSNATIONAL INCORPORATED	116,320.00	0.1	11,632.00
EGL	ENTERPRISE GROUP LIMITED	67,053.00	2.4	160,932.00
FML	FAN MILK GHANA LIMITED	45,470.00	11.14	484,255.80
GCB	GCB BANK LIMITED	139,422.00	3.56	496,342.32
GOIL	GHANA OIL COMPANY LIMITED	186,000.00	1.1	204,600.00
PZC	PZ CUSSONS GHANA LIMITED	61,812.00	0.22	13,598.64
SIC	SIC INSURANCE COMPANY LIMITED	113,500.00	0.12	13,620.00
SOGEGH	SOCIÉTÉ GÉNÉRALE GHANA LIMITED	63,958.00	0.62	39,653.96

Standard Chartered Bank Ghana Ltd.  
Head Office

P.O. Box 788, Accra, Ghana

www.standardchartered.com.gh

Tel (233-302) 664591-8, 769210-221

Fax (233-302) 667751, 663560

Incorporated in England with limited liability by Royal Charter 1853

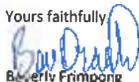
The Principal Office of the Company is situated in England at 1, Abchurch Lane, London EC4N 3DF, United Kingdom

SCB	STANDARD CHARTERED BANK GHANA LTD	15,086.00	12.18	183,869.30
TOTAL	TOTAL PETROLEUM GHANA LIMITED	20,800.00	1.98	41,184.00
UNIL	UNILEVER GHANA LIMITED	400	8.51	3,404.00
	Classification Total			2,094,320.42
<b>FIXED DEPOSITS</b>				
<b>Security Name</b>	<b>Position</b>	<b>Mid Price</b>	<b>Valuation</b>	
182 DAY BEIGE CAPITAL FD AT 33.50 PCT FM 07.09.2016 -08.03.2017	191,405.67	0	211,783.82	
182 DAY DALEX FINANCE INVESTMENT FD AT 31.50 PCT FM 31.10.2016 -01.05.2017	170,000.00	0	179,096.16	
182 DAY LIBERTY ASSET MANAGEMENT FD AT 30 PCT FM 04.09.2016 -05.03.2017	79,637.24	0	87,426.42	
182 DAY OMEGA CAPITAL FD AT 32 PCT FM 08.12.2016 -08.06.2017	120,492.12	0	123,027.41	
182 DAY BAYPORT FM 10.08.2016 - 08.02.2017 AT 32.00	120,000.00	0	135,044.39	
182 DAY IDEAL FD FM 22.12.2016-22.06.2017 AT 31.00	200,000.00	0	201,528.77	
91 DAY BEIGE CAPITAL FD FM 07.12.2016 -08.03.2017 AT 31.00	118,552.71	0	120,969.24	
182 DAY HDX FD FM 19.10.2016 - 19.04.2017 AT 33.00	114,958.90	0	122,086.55	
91 DAY OMEGA CAPITAL FD AT 30.00 PCT FM 08.11.2016 -07.02.2017	40,350.39	0	42,036.85	
	Classification Total		1,222,999.41	
<b>SUMMARY</b>				
<b>Description</b>	<b>Market Value</b>	<b>PCT of Total</b>		
EQUITIES- IST BOARD	2,094,320.42			63.00
FIXED DEPOSITS	1,222,999.41			37.00
<b>Grand Total</b>	<b>3,317,319.83</b>			<b>100.00</b>

- A list of any outstanding letters of credit opened by you for this client.  
SCB Response: Not applicable
- Names of authorized signatories to the various accounts, with drawing limits, if any.  
SCB Response: The names of the authorized signatories are as per below:  
Thomas Esso/ Angela Koomson/ Anthony A Degbato/ Eva Roselyn Ashly
- A list of outstanding bills for collection drawn on this client.  
SCB Response: Not applicable
- A list of bill receivable discounted with you.  
SCB Response: Not applicable
- A list of any contingent liabilities to you in respect of guarantees, endorsement, or otherwise (including Foreign Exchange Transaction).  
SCB Response: Not applicable
- Any interest and / or bank charges accrued but not included in the balance certified above.  
SCB Response: Interest earned on the call account is included in the balances.

Thank you.

Yours faithfully



Beverly Frimpong

Director and Head, Standard Chartered Securities Services  
Transaction Banking, Sales

# SAS FORTUNE FUND LIMITED

## DIRECTORS AND OFFICERS INFORMATION

The business and affairs of the Fund are managed by the Fund Manager (ie, SAS Investment Management Limited) under the direction of the Fund's Board of Directors and the Fund's officers. The table below lists the directors and officers of the Fund and their principal occupation, other directorships and their affiliations.

Name, Address	Position	Time with Fund	Occupation	Other Affiliates
<b>Independent Directors</b>				
<b>Maxwell Logan (48)</b> The Kingfisher House H/ No 741/1, 10th Avenue, Ringway Osu - Accra.	Director	Since Inception (June 2004)	Legal Practitioner	Logan and Associates Jescan Construction Limited New Beach Realtors Ltd.
<b>Nana Soglo Allo IV (59)</b> No. 44 Nii Bonnie St Dzorwulu	Director	August 2013	Legal Practitioner	Alloh & Partners P. O. Box NT 478 Accra
<b>Paul Hammond (66)</b> 4 Ficus Close Community 20, Tema	Director	August 2013	Banker	EPH Ventures P.O Box DS 864 Accra
<b>Apigy Afenu (59)</b> M7 Manet Cottage Spintex Road Baatsona	Director	November 2009	Chartered Accountant	Strategic African Securities
<b>Interested Directors</b>				
Togbe Afede XIV (57) P.O Box KA 16446 Accra	Director	Since Inception (June 2004)	Investment Banker	Strategic African Securities SASIM Strategic Initiatives Aluworks (Gh) Ltd Procredit National Theatre Bank of Ghana Accra Hearts of Oak SAPP

# SAS FORTUNE FUND LIMITED

## PROXY FORM

I/We.....of.....being a Shareholder of the above-named Company hereby appoint ..... of ..... or failing him..... of as my/our Proxy to vote for me/us and on my/our behalf at an Annual General Meeting of the Shareholders to be held on Thursday July 6, 2017 at the College of Physicians & Surgeons or at an adjournment thereof.

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

RESOLUTIONS                      FOR                      AGAINST

RESOLUTIONS	FOR	AGAINST
1. To receive and adopt the Financial Statements of the Fund for the year ended December 31, 2016 and the Reports of the Directors and Auditors thereon.		
2. To remove Directors:		
Nana Sogloh Alloh IV		
Mr. Apiigy Afenu		
3. To re-elect Directors retiring by rotation:		
Mr. Maxwell Logan		
4. To approve Directors' remuneration		
5. To authorise the Directors to fix the remuneration of the Auditors.		

.....

Shareholder's Signature



## #MutualMarketFundUpdate

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***SAS Fortune Fund** was the best performing equity investment fund in Q1, 2017, achieving more than 2x the average market return*

Wealth Management | Mutual Funds  
| Treasury Bills | Shares | Pensions

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[www.sasghana.com](http://www.sasghana.com)