



REPUBLIC
EQUITY TRUST

2022
ANNUAL
REPORT



Republic Investments

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**REPUBLIC
EQUITY
TRUST**



FUND INFORMATION

FUND MANAGER

NAME

Republic Investments (Ghana) LTD

COUNTRY OF INCORPORATION

Ghana

REGISTRATION NUMBER

CS058092017

NATURE OF CORPORATE FORM

Limited liability; wholly owned subsidiary of Republic Bank (Ghana) PLC

REGISTERED OFFICE

No. 48A Sixth Avenue North Ridge, Accra
P.O. BOX CT 4603 Cantonments, Accra

PRINCIPAL PLACE OF BUSINESS

No. 48A Sixth Avenue North Ridge, Accra

DATE OF INCORPORATION

7th July, 1993

CAPITALISATION (as at December 31, 2022)**AUTHORISED**

10,000,000 (Ten million)

Ordinary shares of no-Par value

ISSUED

4,609,601

AUDITOR

John Kay and Co. Chartered Accountants
7th Floor, Trust Towers Farrar Avenue,
Adabraka
P.O. Box KA 16088 Airport, Accra

TRUSTEE

Universal Merchant Bank Limited.
SSNIT Emporium Emporium Building
Liberation Road, Airport City
P.O. Box GP 401
Accra, Ghana

CONTENT

Notice of Meeting	6
Statement of Trustee's Responsibilities	10
Report of the Trustee	11
Fund Manager's Report	12
Auditor's Report	15
Financial Statements	18
Amendment to Scheme Particulars	30
Proxy Form	32

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the 18th Annual General Meeting (AGM) of Unit Holders of the Republic Equity Trust will **be held virtually** and streamed live **via Zoom** to all Unit Holders from Republic Bank (Ghana) PLC, Ebankese, Accra **at 10:30am on Tuesday, the 25th day of July 2023** to transact the following business:

AGENDA

A. NOTIFICATIONS

To notify Unit Holders of the following:

2022 Annual Report and Audited Financial Statements

- i. That the full electronic version of the 2022 Annual Report and Audited Financial Statements of the Republic Equity Trust for the year ended 31st December 2022 is accessible to all Unit Holders on the website of the Fund Manager as follows (www.republicinvestmentsgh.com). A limited number of hard copies of the 2022 Annual Report of the Republic Equity Trust will be made available to Unit Holders at the registered office of the Fund Manager at No. 48A, Sixth Avenue, North Ridge, Accra.

SEC Directive to Implement Mark-to-Market Valuation

- ii. That per the Securities & Exchange Commission's (SEC) Directive Number: SEC/DIR/002/10/2022 and dated the 20th of October 2022, the Fund Manager complied with the directive to immediately implement the Fair Value through Other Comprehensive Income (FVOCI) ("Mark-to-Market") in valuing all clients' investment assets/securities and portfolios held with the Fund Manager. Also, the Trustee was directed to regularize or amend the Scheme Particulars governing the Republic Equity Trust at the next AGM. The amendment to the Scheme Particulars has been duly effected.

Participation in the Domestic Debt Exchange Programme (DDEP)

- iii. That following Government's announcement on the DDEP, the Fund Manager, in consultation with the Trustee, participated in the DDEP as a Category A Holder of Eligible Bonds and tendered its eligible bonds for new Category A Bonds due 2027 (50%) and 2028 (50%) with a coupon rate of 10%.

B. ORDINARY BUSINESS

1. To receive the Report of the Fund Manager for the Year ended 31 December 2022.
2. To consider and adopt the Annual Report and the Audited Statement of Income and Expenditure of Republic Equity Trust for the financial year ended 31 December 2022, together with the Trustee's Report and Auditor's Report thereon.
3. To authorize the Trustee, in consultation with the Fund Manager, to appoint an auditor of the Fund for a period of 6 years to audit the accounts of the Republic Equity Trust, pursuant to Section 197 of the Securities Industry Act, 2016 (Act 929) and Regulation 48 of the Unit Trusts and Mutual Funds Regulations, 2001 (L. I. 1695).

C. SPECIAL BUSINESS

1. To consider and approve a request to amend the Scheme Particulars of the Republic Equity Trust by way of rebalancing the asset allocation limits, as is consistent with Section 86 of the Securities Industry Act, 2016 (Act 929).

NOTE:

Online Participation

Attendance and participation by all Unit Holders and/or their proxies at the 2022 Annual General Meeting of the Republic Equity Trust shall be strictly virtual or by electronic means (online participation).

Dated this 21st day of June 2023.

**COMPANY SECRETARY
BY ORDER OF THE MANAGER**

DRAFT RESOLUTIONS

A. ORDINARY RESOLUTIONS

1. That the Audited Statement of Income and Expenditure of Republic Equity Trust for the financial year ended 31 December 2022 together with the Trustee's Report and the Auditor's Report be received and adopted.
2. That the Trustee, in consultation with the Fund Manager, be authorised to appoint an auditor of the Fund for a period of 6 years to audit the accounts of the Republic Equity Trust, pursuant to Section 197 of the Securities Industry Act, 2016 (Act 929) and Regulation 48 of the Unit Trusts and Mutual Funds Regulations, 2001 (L. I. 1695).

B. SPECIAL RESOLUTION

1. That the request to amend the Scheme Particulars of the Republic Equity Trust by way of rebalancing the asset allocation limits be approved.

PROCEDURE FOR PARTICIPATION

To Register for the AGM

The registration link shall be forwarded to the email addresses and contact numbers of Unit Holders to enable those who wish to participate in the AGM to register accordingly. Unit Holders shall be required to provide relevant information to complete the registration process.

After registering, Unit Holders will receive a confirmation email containing information about joining the AGM.

To Participate in the AGM

1. Ensure you have downloaded the Zoom Application unto your device.
2. Raise your hand to either second a motion or ask a question.

On PC

- Click "Participants".
- Click "Raise Hand" at the bottom of the participants' dialogue box.

On Mobile

- Tap the three dots labeled "More" on the far right of the control bar.
 - Tap "Raise Hand" to raise your hand.
3. Type your question

On PC

- Click "Q&A" at the bottom of the participants' dialogue box.
- Type your question and submit.

On Mobile

- Tap the three dots labeled "More" on the far right of the control bar.
 - Click "Q&A" to type your question. Then submit.
4. Use the polling feature to vote for or against a motion.

On PC or Mobile

- When it is time to vote, the poll will appear on your screen.
- Tap/Click your preferred option (FOR or AGAINST) to cast your vote.

When voting ends, the results will be shared on your screen.

For more information on participating in the meeting, kindly visit our website at (www.republicinvestmentsgh.com).

PROXY

A unit holder who is entitled to attend and vote may appoint a proxy to attend and vote on his/her behalf. A proxy need not be a unit holder. A completed proxy form shall be deposited at the registered office of the Fund Manager at No. 48A, Sixth Avenue, North Ridge, Accra or sent via email to (investments@republicghana.com) not later than 48 hours before the appointed time of the meeting. A proxy form is provided in the Annual Report of the Fund and same is also available on the Fund Manager's website (www.republicinvestmentsgh.com).

All relevant documents in connection with the meeting are available to all Unit Holders from the date of this Notice on the Company's website (www.republicinvestmentsgh.com) and at the Company's registered office aforesaid.

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Notification

Deduction of Ghsxxx
has been made into your
Investment Account.

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Experience stress-free investing by setting up a **direct debit** from your bank account to your Republic Investments account.

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to know more



www.republicinvestmentsgh.com



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Republic Investments

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trust Deed requires the Trustee to prepare financial statements for each financial period, which gives a true and fair view of the state of affairs of the Republic Equity Trust. In preparing the financial statements, the Trustee is required to:

1. Select suitable accounting policies and apply them consistently;
2. Make judgements and estimates that are responsible and prudent;
3. State whether applicable accounting standards have been followed, subject to any material departures, disclosed and explain them in the financial statements; and
4. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the investment Trust will continue in business.

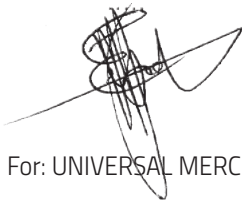
The Trustee is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Republic Equity Trust, which will ensure that the financial statements comply with the Trust Deed and Securities Industry Act, 2016 (Act 929). The Trustee is also responsible for safeguarding the assets of the Investment Trust and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The statements should be read in conjunction with the statement of the Auditor's responsibilities as set out on page **15**, the respective responsibilities of the Trustee and the Auditor in relation to the financial statements

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS OF REPUBLIC EQUITY TRUST

In our opinion, according to the information made available to us and the explanations provided, we confirm that in all material respects, the Fund Manager has managed the Scheme during the year covered by these financial statements in accordance with the Trust Deed dated 1st August, 2018 and all regulations for the time being in force under the Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695).

Dated 29 May 2023

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

For: UNIVERSAL MERCHANT BANK LIMITED

FUND MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

A. Economic Overview

In 2022, the global economy witnessed a moderate expansion, marked by a gradual recovery from the unprecedented challenges emerged out of Covid-19 and Russia's invasion of Ukraine. Economic growth rates varied across regions, with advanced economies exhibiting a stronger rebound compared to emerging markets. As a result, global growth closed at 3.4% in 2022, according to the International Monetary Fund (World Economic Outlook). Emerging markets and developing economies, experienced varying levels of growth with some countries benefiting from robust domestic demand and others facing impediments due to external factors and structural challenges. Ghana's Real GDP growth for the year 2022 was estimated at 3.1 percent, compared with an average of 7 percent recorded in the same period of 2021.

Headline inflation rose sharply year-on-year from a position of 12.60% in 2021 to 54.10% by year-end 2022. The Ghanaian cedi saw depressing fluctuations across other trading currencies. The cedi cumulatively depreciated against the US Dollar, Pound and Euro by 30.0%, 21.2% and 25.3% respectively as at end of 2022. The demand for liquidity to support budget expenditure as well as general demand pressures resulted in interest rate hikes. The 91-day, 182-day and 364-day rates recorded upward trends to peg at 35.48%, 36.3% and 36.06% respectively

as against 12.49%, 13.19% and 16.46% for the same comparable period for 2021. The monetary policy rate inched up from 14.50% in December 2021 to 27% as at the end of December 2022.

The Stock Market remained bearish in 2022 despite the bullish rally in the first three quarters of 2021. The uncertainties of the global meltdown following Russia's invasion of Ukraine, the emergence of the Omicron variant and the upward trajectory of yields in the fixed income space contributed to the bearishness of the stock market. This resulted in the GSE-CI recording a regressed position from 43.7% in 2021 to negative 12.4% as at the end of the reporting period. The GSE-FSI also saw some dips within the period and closed the year at negative 4.6% from a prior year return of 20.7%.

B. Fund Performance

The end of year 2022 return of 3.99% on your Fund the Republic Equity Trust, (compared to 22.74% posted in 2021) was favorable relative to its benchmark, the GSE-CI of negative 12.4%.

The Republic Equity Trust recorded a decline of 4.79% in its net asset value from GHS13.98 million in 2021 to GHS13.31 million in 2022. This was as a result of a bearish stock market coupled with increased redemptions from unit holders.

FUND MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

C. Portfolio Review and Asset Mix

Due to the bearish nature of the stock market in the year 2022, portfolio rebalancing by your Fund Manager was necessary. Equity holdings decreased from 42.13% in 2021 to 38.78% at the end of 2022. The Fund's holdings in other asset classes were as follows; short-term securities were pegged at 24.27%; GOG bonds at 36.31%, Collective Investment Schemes at 0.11% and the remaining 0.53% in Cash Equivalents. It is imperative to note that the Mark-to-Market valuation method, required by the Securities and Exchange Commission (SEC), impacted the total fund value as a result of the discounted bond market prices.

D. Fund Strategy and Outlook for 2023

A positive economic outlook is expected to directly impact stock market performance through strong earnings of most listed companies relative to the prior year. The combined effects of higher earnings and declining rates on both money market and fixed income securities are expected to see the stock market return positively to investors. The bullish expectation in 2023 will drive market activity to propel demand and price movements northward. Your Fund Manager recognises the inherent risk in the stock market but equally imperative are unearthed opportunities for significant price appreciations. Re-alignment strategies will therefore be

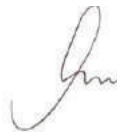
deployed to position the Fund to reap from the anticipated stock market rebound.

Furthermore, the projected decline in interest rates, disruptions in the bond market, investor sentiments in treasury bills and the post-DDEP implementation developments are expected to revive investor interest in the stock market. Notwithstanding the caution on financial stocks following concerns over banks' exposure to GOG Bonds, and a keen anticipation of the release of full year financials, the upside potential cannot be overemphasized. Your Fund Manager will seek to create the needed balance in the portfolio to ensure the fund is hedged against selling pressures on the stock market.

Our expertise as Fund Manager shall continue to be leveraged to grow your Fund and generate for you a return that compares favourably to the set benchmark. As you have always done, we urge you to continue investing in the Fund in anticipation of a positive outlook for the Ghana Stock Exchange.

Thank you for the confidence reposed in us. We wish you the best of year 2023.

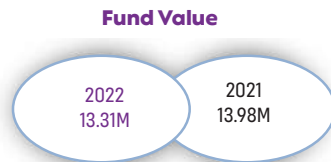
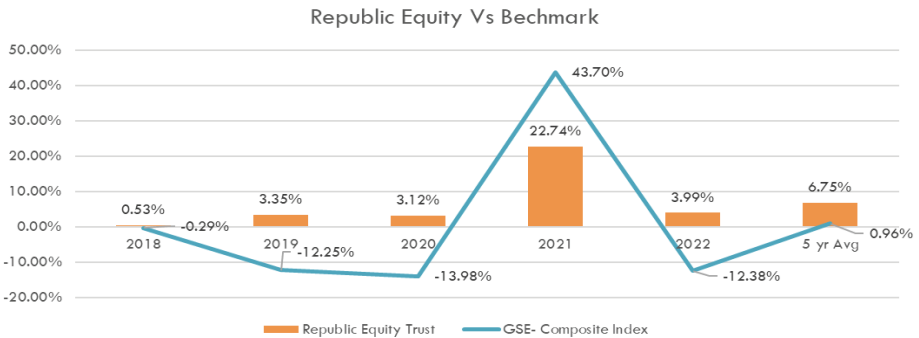
Signed



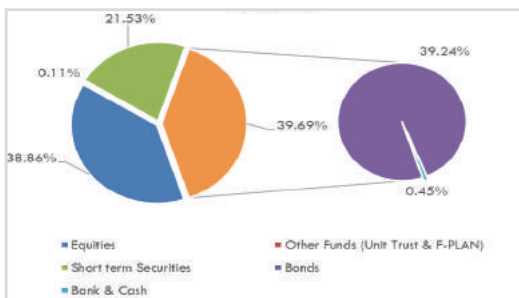
CHIEF EXECUTIVE OFFICER

HIGHLIGHTS OF FUND STATISTICS

Republic Equity Returns Vs Benchmark Indicator						
	2018	2019	2020	2021	2022	5 year Avg.
Republic Equity Trust	0.53%	3.35%	3.12%	22.74%	3.99%	6.75%
GSE- Composite Index	-0.29%	-12.25%	-13.98%	43.70%	-12.38%	0.96%



Portfolio Mix



Top five (5) Equity Holdings:



INDEPENDENT AUDITOR'S REPORT

TO THE UNIT HOLDERS OF REPUBLIC EQUITY TRUST

Opinion

We have audited the financial statements of the Republic Equity Trust which comprise the statement of financial position as at December 31, 2022, the income and distribution account, the statement of movement in net assets and issued units for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies and explanatory notes as set out on pages **18 to 29**.

In our opinion, the financial statements give a true and fair view of the financial position of the Republic Equity Trust as at December 31, 2022 and of its financial performance and its cash flows for the year then ended and are in accordance with the International Financial Reporting Standards and in the manner required by the Securities Industry Act, 2016 (Act 929) and the Unit Trusts and Mutual Funds Regulations, 2001 (L. I. 1695) and the Companies Act, 2019 (Act 992).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with the International Ethics Standards Board for Accountants' Code

of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements for the year ended 31 December 2022. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following matters as key audit matters:

1. Income Recognition

Income is an important measure of performance and represents a material item in the Trust's income and distribution account. The Trust generates income from investment of members' funds. Given that some of the Trust's investments will mature beyond 31 December 2022, the cut-off date of 31 December 2022 is significant to ensure that amounts that will accrue after this date are not recognized as income in the current financial statements. In this regard, we consider income recognition as a key audit matter.

How the matter was addressed in our audit

Our audit procedures included the following;

- a) We reviewed the design and implementation of controls over the Trust's investment valuation procedures and income recognition.
- b) For a sample of significant investments, we obtained evidence of their existence, their particulars and recomputed the income recognized on these investments to verify their accuracy.
- c) Evaluated the adequacy of the accounting policies and the disclosures on income recognized in the Trust's income and distribution account.

Responsibilities of the Fund Manager for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Securities Industry Act, 2016 (Act 929), the Unit Trusts and Mutual Funds Regulations, 2001, (L.I. 1695) and the Companies Act, 2019 (Act 992), for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Fund Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using

the going concern basis of accounting unless the Fund Manager either intends to liquidate the trust or to cease operations, or has no realistic alternative but to do so. The Fund Manager is responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, 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 Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Companies Act, 2019 (Act 992) requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion proper books of accounts have been kept by the Trust, so far as appears from our examination of those books, and
- The Trust's Statement of Assets and Liabilities and Income and Distribution Account are in agreement with the books of accounts.

The engagement partner on the audit resulting in this Independent Auditor's Report is Gilbert Adjetey Lomofio (ICAG/P/1417)

John Kay + Co

For and on behalf of John Kay & Co.
(ICAG/F/2023/128)

Chartered Accountants

Accra.

29th May 2023

REF



REPUBLIC EQUITY TRUST
**FINANCIAL
STATEMENTS**

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

STATEMENT OF ASSETS AND LIABILITIES

	Note	2022 Market Value GH¢	% Net Assets GH¢	% Net Value	2021 Market Assets GH¢
Equity Investments at FVOCI	3	<u>5,183,084</u>	<u>38.56</u>	<u>5,900,427</u>	<u>42.03</u>
<i>Short Term Funds</i>					
Cash and Cash Equivalents	4	147,989	1.10	1,147,735	8.18
Investments at Amortized Cost	5	2,879,005	21.42	7,019,786	50.00
Investment at FVOCI	6	5,236,057	38.96	-	-
Republic Unit Trust	13	2,925	0.02	2,745	0.02
Republic Future Plan	13	<u>12,223</u>	<u>0.09</u>	<u>11,630</u>	<u>0.08</u>
Total Short-Term Funds		<u>8,278,199</u>	<u>61.59</u>	<u>8,181,896</u>	<u>58.28</u>
Total Financial Assets		13,461,283	100.15	14,082,323	100.32
Other Assets in Excess of Liabilities		<u>(20,184)</u>	<u>(0.15)</u>	<u>(44,328)</u>	<u>(0.32)</u>
Net Financial Assets		<u>13,441,099</u>	<u>100.00</u>	<u>14,037,995</u>	<u>100.00</u>

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

STATEMENT OF FINANCIAL POSITION

	Note	2022 GH¢	2021 GH¢
Assets			
Total Financial Assets		13,461,283	14,082,323
Other Assets:			
Republic ISL Current Account		94,635	119,589
Total Assets		13,555,918	14,201,912
Liabilities:			
Amount Due to Managers		76,860	63,606
Account Payable		1,011	14,372
Auditor's Remuneration		-	46,074
Management Fees Payable		23,314	26,123
Management Fund	10	-	-
Trustee Fees Payable		13,634	13,742
Total Liabilities		114,819	163,917
Net Financial Assets		13,441,099	14,037,995
Represented by:			
Accumulated Income		11,402,693	10,095,390
Capital Account		3,826,109	4,991,377
Investment Revaluation Reserve	9	(1,787,703)	(1,048,772)
Members' Fund		13,441,099	14,037,995

SIGNED FOR REPUBLIC INVESTMENTS (GHANA) LTD ON 24 May 2023


CHIEF EXECUTIVE OFFICER



DIRECTOR

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

STATEMENT OF INCOME AND DISTRIBUTION

	Note	2022 GH¢	2021 GH¢
Investment Income:			
Fixed Deposit		152,132	227,851
Bonds		1,007,796	833,732
Dividends		506,536	260,755
Call Account		4,188	3,892
Other Income	1	28,681	34,044
Total Investment Income		1,699,333	1,360,274
Expenses:			
Management Fees		264,709	249,568
Trustee Fees		26,799	24,974
Auditor's Remuneration		47,457	46,074
Other Expenses	2	53,065	62,636
Total Expenses		392,030	383,252
Net Investment Income		1,307,303	977,022
Other Comprehensive Income:			
Gain/(loss) on fair value changes -Equities	7	(576,428)	-
Gain/(loss) on fair value changes -Bonds	8	(162,503)	-
Total Other Comprehensive Income		(738,931)	-
Total Comprehensive Income		568,372	977,022

ACCUMULATED NET INVESTMENT INCOME

	Note	2022 GH¢	2021 GH¢
Balance At 1 January		10,095,390	9,118,368
Net Investment Income		1,307,303	977,022
Balance at 31 December		11,402,693	10,095,390

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

STATEMENT OF MOVEMENT IN NET ASSETS

	Note	2022 GH¢	2021 GH¢
Net Investment Income		1,307,303	977,022
Change in Unrealised gain/(loss)	7	(576,428)	1,608,036
Change in Unrealised gain/(loss)	8	(162,503)	-
Increase in Net Assets from Operations		568,372	2,585,058
Capital Transactions:			
Value of Units Sold and Converted		479,639	960,309
Value of Units Disinvested		(1,644,907)	(878,461)
Net Proceeds from Capital Transactions		(1,165,268)	81,848
Total Increase in Net Assets		(596,896)	2,666,906
Balance at 1 st January		14,037,995	11,371,089
Balance at 31st December		13,441,099	14,037,995

STATEMENT OF MOVEMENT IN ISSUED UNITS

	2022	2021
Number of Units at 1 January	15,306,692	15,216,822
Number of Units Issued during the year	527,128	1,203,970
	15,833,820	16,420,792
Number of Units disinvested during the year	(1,789,051)	(1,114,100)
Number of units at 31 December	14,044,769	15,306,692

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

PORTFOLIO SUMMARY

	Units at 1/1/22	Value at 1/1/22 GH¢	Purchases in the year units	Sales in the year units	Units at 31/12/22	Value at 31/12/22 GH¢
CAL	312,732	272,077	-	-	312,732	203,276
EGH	87,789	667,196	-	-	87,789	582,919
GCB	140,100	734,124	-	10,050	130,050	512,397
SCB	42,399	860,700	-	9,500	32,899	663,244
SOGEGH	435,164	522,197	-	-	435,164	435,164
EGL	198,468	553,776	-	-	198,486	635,155
FML	25,833	103,332	-	-	25,833	77,499
GOIL	403,384	734,159	-	5,854	397,530	683,752
SIC	170,500	13,640	-	-	170,500	52,855
BOPP	45,879	305,095	-	-	45,879	350,974
TOTAL	178,609	896,617	5,000	-	183,609	734,436
RBGH	116,522	69,913	-	-	116,522	62,922
ACCESS	8,506	26,794	-	8,506	-	-
MTNGH	111,131	123,355	90,000	-	201,131	176,995
UNIL	2,963	17,452	-	-	2,963	11,496
Total		5,900,427				5,183,084

CAPITAL ACCOUNT

	Units	2022 GH¢	Units	2021 GH¢
Balance at 1st January	15,306,692	4,991,377	15,216,822	4,909,529
Value of Units Sold and Converted	<u>527,128</u>	<u>479,639</u>	<u>1,203,970</u>	<u>960,309</u>
	15,833,820	5,471,016	16,420,792	5,869,838
Value of Units Disinvested	<u>(1,789,051)</u>	<u>(1,644,907)</u>	<u>(1,114,100)</u>	<u>(878,461)</u>
Value at 31 December	14,044,769	3,826,109	15,306,692	4,991,377

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS**1. OTHER INCOME**

	2022 GH¢	2021 GH¢
Other Investment Income	787	2,128
Sundry Income	25	10,257
Transfer from Management Fund	-	21,659
Gain on Disposal of Shares	22,706	-
Adjustment of Overprovisions	5,163	-
	<u>28,681</u>	<u>34,044</u>

2. OTHER EXPENSES comprise the following

	2022 GH¢	2021 GH¢
Bank Charges	325	311
Manager's Reimbursable Expenses	21,532	44,007
Trading Expenses	31,208	9,499
Loss on Disposal of Shares	-	8,819
	<u>53,065</u>	<u>62,636</u>

3. EQUITY INVESTMENTS AT FVOCI

	2022 GH¢	2021 GH¢
CAL	203,276	272,077
EGH	582,919	667,196
GCB	512,397	734,124
SCB	663,244	860,700
SOGEH	435,164	522,197
EGL	635,155	553,776
FML	77,499	103,332
GOIL	683,752	734,159
SIC	52,855	13,640
BOPP	350,974	305,095
TOTAL	734,436	896,617

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

RBGH	62,922	69,913
ACCESS	-	26,794
MTNGH	176,995	123,355
UNIL	11,496	17,452
	5,183,084	5,900,427

4. CASH AND CASH EQUIVALENTS

	2022 GH¢	2021 GH¢
Cash at Bank	147,989	1,147,735

5. INVESTMENTS AT AMORTIZED COST

	2022 GH¢	2021 GH¢
Fixed Deposits	2,879,005	2,765,625
Bonds	-	4,254,161
	2,879,005	7,019,786

6. INVESTMENT AT FVOCI

	2022 GH¢	2021 GH¢
Bonds	4,863,996	-
Cocoa Bills	372,061	-
	5,236,057	-

7. UNREALIZED GAINS / (LOSSES) ON EQUITIES

	2022 GH¢	2021 GH¢
Market Value of Investments	5,183,084	5,900,428
Cost of Investments	(5,782,218)	(4,283,573)
Gain/(loss) on shares sold during the year	(22,706)	(8,819)
Change in Unrealised gains/(loss)	(576,928)	(1,608,036)
Add Unrealised gains/(loss) from previous years	(1,048,772)	(2,656,808)
Unrealised gains/(loss) as at 31 December	(1,625,200)	(1,048,772)

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS**8. UNREALIZED GAINS / (LOSSES) ON BONDS**

	2022 GH¢	2021 GH¢
Market Value of Investments	5,236,057	-
Cost of Investments	(5,398,560)	-
Gain/(loss) on shares sold during the year	-	-
Change in Unrealised gain /(loss)	(162,503)	-
Add Unrealised gains from previous years	-	-
Unrealised gains as at 31 December	<u>(162,503)</u>	<u>-</u>

9. INVESTMENT REVALUATION RESERVE

	2022 GH¢	2021 GH¢
Balance at 1 January	(1,048,772)	(2,656,808)
Net Gain/(Loss) on investment	(738,931)	1,608,036
Balance at 31 December	<u>(1,787,703)</u>	<u>(1,048,772)</u>

10. MANAGEMENT FUND

	2022 GH¢	2021 GH¢
Balance at 1 January	-	21,659
Payments made during the year	-	-
Transfer to sundry income	-	(21,659)
Balance at 31 December	<u>-</u>	<u>-</u>

The Trustee was paid out of transfers to the Management Fund in prior years. However, effective January 1, 2019, no transfers were made to the Management Fund. The Trustee is paid 0.2% of the Net Fund Value as required by the Trust Deed dated August 1, 2018. The balance was transferred to other income in the year.

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

11. THE GHANA DOMESTIC DEBT EXCHANGE PROGRAMME

Ghana is facing a very challenging economic situation amid an increasingly difficult global economic environment. These adverse developments have exposed Ghana to a surge in inflation, a significant exchange rate depreciation and increased stress on the financing of the Government's budget. The latest debt sustainability analysis demonstrated that Ghana is faced with a significant financing gap over the coming years and that the country's public debt is unsustainable. The country was downgraded by ratings agencies several times in 2022. During the last quarter of 2022, negotiations took place between the Government of Ghana and the International Monetary Fund (IMF) to establish a support programme. According to the IMF's press release No. 22/427, a staff level agreement was reached in mid-December of 2022. However, the execution of this support programme is contingent on the implementation of a debt restructuring plan, which is intended to restore Ghana's macroeconomic stability. In response, the Government of Ghana on 5 December 2022 launched the Ghana Domestic Debt Exchange Programme (GDDEP).

The GDDEP is an arrangement through which registered bondholders in Ghana exchanged their eligible domestic bonds (all locally issued bonds and notes of the Government and E.S.L.A. Plc and Daakye Trust Plc bonds excluding Treasury bills(T-bills)) for new benchmark bonds with the same aggregate principal amount (plus applicable capitalized accrued and unpaid interest).

The terms of the exchange are set out in the GDDEP memorandum issued on 5 December 2022 which was updated several times with changes to the number of bonds, maturity, and coupon rates of the new "replacement" bonds. The final exchange memorandum was issued on 3 February 2023 with an offer expiration date set to 10 February 2023 and the Settlement Date to 14 February, 2023. However settlement was eventually extended and happened on 21 February, 2023.

Only Eligible Bonds listed under "Eligible Bonds" in the Exchange Memorandum were eligible for exchange for New Bonds in the Invitation to Exchange. This included bonds issued by the Republic of Ghana and bonds issued by E.S.L.A. Plc ('ESLA') and Daakye Trust Plc ('Daakye'), which are both special purpose entities set up by the Government of Ghana.

Eligible Holders were split into three different categories as follows: Collective Investment Schemes (CIS) Holders or Individual Holders below the age of 59 years eligible as of 31st January 2023 (Category A), Individual Holders aged 59 years or older as of 31st January 2023 (Category B), and other Eligible Holders (General Category). The Republic Equity Trust falls within the Category A Holders.

In exchange for Eligible bonds maturing in 2023, Category A Holders received two (2) New Category A Bonds, allocated equally and maturing in 2027 and 2028. The amount eligible for the exchange was the principal amount of the eligible bonds outstanding after 31 January 2023 and accrued interest up to the Settlement Date which was due for payment after 31 January 2023.

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

Interest on the New Bonds will be paid in cash ("Cash Interest") semi-annually and the principal will be a single payment at maturity. Interest on the New Bonds is 10%. Coupon rates for all eligible bonds were substantially changed, and the maturity of the new bonds (replacing the respective old bonds) were significantly extended compared to the old bonds for some of the Categories.

Bonds eligible for exchange

The Fund participated in the exchange programme on February 7, 2023, and received the new bonds on 21 February 2023. The Fund tendered an offer for exchange of GHS4,892,958 worth of eligible bonds and received the equivalent amount (GHS2,446,479) each of two new bonds on the settlement date.

The table below details the bonds held by the Fund Manager which were eligible for the exchange programme. This table does not include accrued interest amounting to GHS266,149 as at 31 December 2022 and was receivable in January 2023. The accrued interest was settled by the Government of Ghana at the due date in January 2023.

Bond Type	Value of Bonds Exchanged at 21 Feb 2023 GHS	Carrying Amount at 31 Dec 2022 GHS	Fair Value at 31 Dec 2022 GHS
GOG Bond	4,892,958	4,628,497	4,597,847
	4,892,958	4,628,497	4,597,847

Impairment of eligible bonds measured at amortised cost.

As at 31 December 2022, it was evident that Ghana was facing financial difficulties, with its sovereign debt trading at significant discounts. The announcement of the GDDEP and the downgrade of the country's rating to 'selective default' (Standard & Poors) by the rating agencies in 2022 further evidences the country's financial challenges. In this regard, exposures to Government of Ghana, that is T-Bills and Cocoa bills, Local US\$ Bonds and Eurobonds, ESLA and Daakye were considered credit-impaired at the reporting date and were downgraded to stage 3.

For bonds eligible for exchange and measured at amortised cost, impairment is assessed based on the fair value of the new bonds issued under the debt exchange programme at the settlement date discounted to the reporting date using the effective interest rate of the eligible bonds. However, these bonds were held as Investments at Fair Value Through Other Comprehensive Income (FVOCI) by the Fund. The Ghana Domestic Debt Exchange 2nd Amended and Restated Exchange Memorandum indicated that the bonds will be listed on the Ghana Fixed Income Market of the Ghana Stock Exchange for secondary market trading. Also, the Securities and Exchange Commission, SEC, in the course of the year issued a Directive to Fund Managers, Trustees and Custodians to use the Fair Value through Other Comprehensive Income (FVOCI) in valuing portfolios of Collective Investment Schemes (Unit Trusts and Mutual Funds). Such investments are not subjected to impairment assessment as such investments are valued at fair market value at reporting dates. No impairment provision was made on these bonds at the reporting date.

Other Government Exposures

The Fund also held other government exposures in the form of cocoa bills. The Government in a public statement (through an FAQ related to the GDDEP) intends to exchange domestic non-marketable debt and Cocoa bills, under comparable terms at a later stage. The Government also intends to exchange USD denominated local notes at a later stage. External debt restructuring parameters will be renegotiated in due course.

On 19 December 2022, the Ministry of Finance suspended debt service on external debt until renegotiations take place. External debts include Euro Bonds and other external foreign currency denominated debts. On 23 January 2023, the Bank of Ghana unilaterally rolled over cocoa bills that were due to mature.

These events, in addition to the announcement of the GDDEP and the downgrade of the country, provide evidence that other government exposures are credit impaired.

The table below details the Fund's holdings in Cocoa Bills at the end of the reporting period, indicating the carrying amounts and the fair values as at the year ended 31 December 2022.

	Carrying Amount at 31 Dec 2022 GHS	Fair Value 31 Dec 2022 GHS
Cocoa Bills	376,135	372,061

Again, no impairment assessment was done on these bills since these bills are tradable instruments and are held as investments at fair value through other comprehensive income (FVOCI).

12. CONTINGENT LIABILITIES

There was no contingent liability at the end of the year.

13. RELATED PARTY TRANSACTIONS

The Trust is related to Republic Unit Trust, Republic Real Estate Investment Trust and Republic Future Plan Trust through a common Trustee and Fund Manager. As at 31st December 2022, the Trust has investments of GH¢2,925 and GH¢12,223 in Republic Unit Trust and Republic Future Plan Trust respectively.

AMENDMENT TO SCHEME PARTICULARS

APPROVAL TO AMEND THE SCHEME PARTICULARS- REBALANCING OF ASSET ALLOCATIONS

The Fund Manager, Republic Investments (Ghana) LTD (RIGL) wishes to table for approval by Unit Holders "an amendment to the Scheme Particulars of Republic Equity Trust". This is consistent with Section 86 of the Securities Industry Act, 2016 (Act 929), which requires that "... proposal for change in scheme particulars, regulations and any other documents used to operate a unit trust or mutual fund is subject to approval by a special resolution of holders of interests in the unit trust or mutual fund".

Background

The Fund Manager, in actively managing the investment portfolio has identified based on adequate due diligence the need to rebalance existing allocation limits contained in the scheme particulars. Financial sector events in recent times including but not limited to the Domestic Debt Exchange Program (DDEP) implementation, the adoption of Mark-to-Market (MTM) method of valuation (per the Securities and Exchange Commission's directive) and emerging alternative investment opportunities have necessitated this revision. Recall the Fund Manager's proposal to you last year to "Expand Republic Equity Trust Asset Classes to Include Unlisted Equities and Unlisted Equities-Linked Securities". This was in anticipation of emerging opportunities in the investment space that could accrue significant gains in terms of optimizing the fund's performance. Consequently, the asset allocations have had to be re-adjusted to absorb the approved inclusion in addition to emerging market developments.

The Proposed Rebalancing of Existing Asset Allocation

Presented below in the table are highlights of the proposed changes:

<i>COLUMN 1</i>	<i>COLUMN 2</i>	<i>COLUMN 3</i>
<i>ASSET CLASS</i>		
	<i>ASSET ALLOCATION PER SCHEME PARTICULARS ("OLD/EXISTING")</i>	<i>ASSET ALLOCATION PER SCHEME PARTICULARS (PROPOSED AMENDMENT)</i>
<i>MONEY MARKET INSTRUMENTS AND FIXED INCOME SECURITIES</i>	<i>At most 25.0% for Money Market Instruments and/or Fixed Income Securities</i>	<i>At most 25.0% for Money Market Instruments and/or Fixed Income Securities</i>
<i>GOG BILLS AND BONDS</i>	NIL	≤40.0%
<i>CORPORATE BONDS</i>	NIL	≤10.0%
<i>LOCAL GOVERNMENT AND MUNICIPAL BONDS</i>	NIL	≤5.0%
<i>FIXED DEPOSITS</i>	NIL	≤30.0%
<i>COLLECTIVE INVESTMENT SCHEME</i>	NIL	≤5.0%
<i>CASH & CASH EQUIVALENTS</i>	NIL	≥5.0%

EQUITIES AND EQUITIES-LINKED SECURITIES (LISTED AND UNLISTED)	<i>The Trust shall invest at least 75% of its total assets in equity and equity-linked securities of public companies traded on the Ghana Stock Exchange but such investments shall not exceed 10% of the Trust's Assets in a single company.</i>	≤75.0%
<i>LISTED EQUITIES & LISTED EQUITIES-LINKED SECURITIES</i>		≤65.0%
<i>UNLISTED EQUITIES & UNLISTED EQUITIES-LINKED SECURITIES</i>		≤15%

NB: The total portfolio allocations shall sum up to 100% at any given point in time.

Narratives to Asset Rebalancing

Underpinning the changes are the following narratives:

o Money Market Instruments and

Fixed Income Securities (MM&FI): The allocation to MM&FI remains unchanged. It is recommended that the Republic Equity Trust continues to invest at most 25.0% in Money Market Instruments and/or Fixed Income Securities but with specific allocations as follows;

- GOG Bills and Bonds (less than or equal to 40.0%),
- Corporate Bonds (less than or equal to 10.0%),
- Local Government and Municipal Bonds (less than or equal to 5.0%),
- Fixed Deposits (less than or equal to 30.0%),
- Collective Investment Scheme (less than or equal to 5.00%), and
- Cash & Cash Equivalents (at least 5.00%, in order to be consistent with regulation 26 (7) of LI 1695, which requires the manager of a scheme to ensure that a level of liquidity amounting to at least 5 percent of the assets of the scheme is maintained in cash or near cash....).

o Equities and Equities-Linked Securities (Listed and Unlisted): It is recommended that the allocation to this asset class is amended from "at least 75.0%" to "less than or equal to 75.0%" of the assets of the scheme, but

with specific allocations to its sub-categories. Consequently, there shall be a further split as follows:

- 'Listed Equities and Listed Equities-Linked Securities' (less than or equal to 65.0%), and
- 'Unlisted Equities and Unlisted Equities-Linked Securities' (less than or equal to 15%).

Recommendation

The Fund Manager with the consent of the Trustee, hereby presents for the kind consideration and approval from unitholders, the amendments to the scheme particulars, as detailed in the proposed limits/allocations contained under Column 3 of the above table.

Conclusion

A favourable response to the recommendation above will provide the Fund Manager sufficient space to vary the constituent assets in direct response to possible changes in market dynamics, while ensuring strict compliance, with the objective to actively manage the investment portfolio. Upon receipt of approval from Unitholders, your Fund Manager will proceed to secure approval from the Securities and Exchange Commission before adoption/implementation.

Thank you.

**Signed
Fund Manager**

PROXY FORM*

The 18th Annual General Meeting (AGM) of Unit Holders of Republic Equity Trust will be held virtually and streamed live via Zoom to all Unit Holders from Republic Bank (Ghana) PLC, Ebankese, Accra at 10:30am on Tuesday, 25 July, 2023 to transact the following business:

ORDINARY RESOLUTION	FOR	AGAINST
That the Audited Statement of Income and Expenditure of Republic Equity Trust for the financial year ended 31 December 2022 together with the Trustee’s Report and the Auditor’s Report be received and adopted.		
That the Trustee, in consultation with the Fund Manager, be authorised to appoint an auditor of the Fund for a period of 6 years to audit the accounts of the Republic Equity Trust, pursuant to Section 197 of the Securities Industry Act, 2016 (Act 929) and Regulation 48 of the Unit Trusts and Mutual Funds Regulations, 2001 (L. I. 1695).		
SPECIAL RESOLUTION	FOR	AGAINST
That the request to amend the Scheme Particulars of the Republic Equity Trust by way of rebalancing the asset allocation limits be approved.		

Please indicate with an “X” in the appropriate square above how you wish your vote to be cast on the resolutions set out above.

Unless otherwise instructed, the Proxy will vote FOR or AGAINST the above resolutions at his/her discretion.

I/We,..... being a Unit holder(s) hereby appoint
as my/our Proxy to act and vote for me/us and on my/our behalf at the 18th Annual General Meeting of the Fund to be held on 25th July 2023 and at any adjournment thereof.

Dated this 21st day of June, 2023.

.....
 Unit Holder(s) Signature

*** (Do not complete this form if you will attend the meeting)**



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