



REPUBLIC
UNIT TRUST
2022 ANNUAL REPORT



Republic Investments

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REPUBLIC
UNIT TRUST
2022
ANNUAL
REPORT

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
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



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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the 29th Annual General Meeting (AGM) of Unit Holders of the Republic Unit Trust will be **held virtually** and streamed live **via Zoom** to all Unit Holders from Republic Bank (Ghana) PLC, Ebankese, Accra at **1:30pm 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 Unit 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 Unit Trust will be available to Unit Holders at the registered office of the Fund Manager at No. 48 A, 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 Unit Trust at the next AGM. The amendment has been duly done.

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%.

Implementation of Sub-Class

- IV. That the Fund Manager, in consultation with the Trustee and with the approval of the SEC, has implemented the Sub-Class Fund (SCF) to address the current price fluctuations the Republic Unit Trust is faced with and to safeguard new deposits and investments from the impact of the current volatile bond prices. New deposits will be managed separately from the existing fund and will invest in short-term money market instruments, fixed deposit securities and other listed/unlisted (but secured) debt, equity and equity-linked securities. This is to ensure that unit holders receive stable returns on their additional investments into the Republic Unit Trust.

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 Unit 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 Unit 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 Unit 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 Unit 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 Unit 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 Unit 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 Unit 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 all Unit Holders 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 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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to know more**

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 Unit 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 Unit Trust, which will ensure that the financial statements comply with the Trust Deed and Securities Industry Act, 2016 (Act 929). They are 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 **16**, the respective responsibilities of the Trustees and the Auditor in relation to the financial statements

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS OF REPUBLIC UNIT 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 left.

For: UNIVERSAL MERCHANT BANK LIMITED

FUND MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

A. Economic Overview

Over the past three years, the world economy has experienced some major shocks in its macroeconomic indicators. Russia's invasion of Ukraine since February 2022 slowed down the growth of world economies leading to upward revision of inflation rates and interest rate hikes, particularly in developed economies without sparing developing nations, like Ghana. As a result, global growth closed at 3.4% in 2022, according to the International Monetary Fund (World Economic Outlook).

The adverse developments in the global economy exposed Ghana to a surge in inflation, a large exchange rate depreciation and increased stress on the financing of the budget. 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 government expects inflation to plummet to within the bandwidth of 8% +/-2% within a 4-year period. 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. Growing sentiments on the conclusions of the IMF deal and positive discussions with external debtors are expected to contribute to the stability of the currency.

The demand for liquidity to support budget expenditure contributed to hikes in interest rates. The 91-day, 182-day and 364-day rates recorded upward trends and pegged at 35.48%, 36.3% and 36.06% respectively as against 12.49%, 13.19% and 16.46% for the same comparable period of 2021. The monetary policy rate inched up from 14.50% in December 2021 to 27% as at the end of December 2022.

Domestic Debt Exchange Programme (DDEP)

Ghana's Debt to GDP recorded an increase from 76.6% in 2021 to 93.5% as at the end of 2022. In December 2022, the Government of Ghana through the Ministry of Finance announced the DDEP as part of its measures to address the rising and unsustainable debt levels accrued in recent years. The DDEP was an invitation to GoG bondholders to tender in their old bonds for new bonds with pricing adjustments. In the last few months, challenges in the Global economy, the introduction of mark-to-market (MTM) valuation by the Securities and Exchange Commission (SEC), and market uncertainties has had an impact on the investor community. Engagements with the International Monetary Fund (IMF) and external creditors/ investors are expected to yield positive results thereby boosting confidence in the investment space.

FUND MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

B. Fund Performance

The Republic Unit Trust closed the year 2022 with a net fund value of GHS360.32 million from a position of GHS373.15million in December 2021. This change was largely due to the mark-to-market valuation method adopted with authorization from SEC Ghana. The fund recorded an annualized yield of 6.58% as against 15.0% in the prior year. To provide convenience and sustain the ease of investing into the fund, the short code *737*80# and the RepublicMobile were continuously at unitholders disposal, and this was well patronized. New subscriptions totaling 2,533 unitholders were on-boarded, to increase the number of unitholders from 48,656 in 2021 to 51,189 in 2022.

C. Portfolio Review and Asset Mix

In line with the fund's portfolio strategy, high yielding assets were acquired to consolidate the prior year gains and create value for our cherished unitholders. Liquidity for the fund was carefully managed with the view to achieving the dual objective of short-term income and capital preservation.

The upward sloping yield curve witnessed in the latter part of 2022 triggered a hike in redemption requests by unitholders in a bid to take direct exposures in other investments such as treasury bills and other short-term securities. With highly discounted bond prices coupled with increased redemptions, it was necessary to adopt the mark-to-market valuation

method (as directed by SEC Ghana) in a bid to tame further losses on investment balances of existing unitholders (those who opted to retain their investments in the fund). The mark-to-market or fair value method of valuation is a function of the performance of the economy and therefore as the macroeconomic indicators improve with resulting correction of the yield curve, the fluctuations in bond prices is expected to stabilize.

The fund's portfolio allocation comprised GOG Bonds, Fixed Deposits, Collective Investment Schemes and Cash and Cash Equivalents. At the end of the year 2022, the composition was as follows: GOG Bonds pegged at 72.18%; with 21.12% in Fixed Deposit; 6.35% in Collective Investment Schemes and 0.35% in Cash and Cash Equivalents.

D. Fund Strategy and Outlook for 2023

There are inherent opportunities in the area of portfolio construction to shield returns of unitholders despite the anticipated decline in overall investment appetite due to both the Mark-to-Market and DDEP implementations. Your Fund Manager will seek to provide the required solution to moderate the impact of bond price volatilities on the fund. Acquisition of asset classes that are less volatile and expected to impact positively on unit prices, would be key in sustaining growth of your investments. In terms of asset mix, bond concentration will be lessened in favour of short-term money market

instruments and other securities less susceptible to price volatilities. Risk management strategies will continue to remain key in our strategy formulation. As the industry and the entire market increasingly settle down towards economic recovery, the fund's portfolio will equally be rebalanced to reflect any emerging opportunities for optimal returns. Given that boom and bust cycles will remain a component of economic cycles, it's always not about the highest yields but capital preservation over the long-term.

Your Fund has stood strong in the midst of various turbulences witnessed in prior years, and we are poised to cement the gains to provide greater comfort to you our cherished unitholders. In line with managing the assets of the fund, your fund manager will seek to introduce a product innovation to shield new deposits from the adverse effects of bond price volatilities. The Republic Unit Trust SC would provide an insulation aimed at churning out consistent growth of your investments. We therefore encourage you to have your standing orders and direct debits actively running for a sustained deposit build-up to realize your investment goals.

Your custom is deeply appreciated. Best wishes for year 2023.

Signed

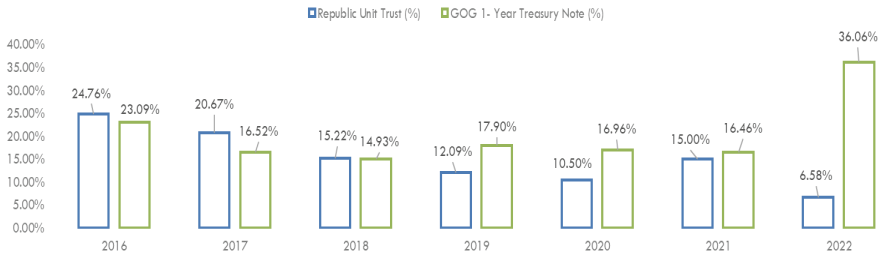
A handwritten signature in black ink, appearing to be the initials 'Jm' or similar, written in a cursive style.

CHIEF EXECUTIVE OFFICER

Republic Unit Trust Returns Vs Benchmark Indicator

	2018	2019	2020	2021	2022	5 year Avg
Republic Unit Trust (%)	15.22%	12.09%	10.50%	15.00%	6.58%	11.88%
GOG 364-day Treasury Bill (%)	14.93%	17.90%	16.96%	16.46%	36.06%	20.46%

Republic Unit Trust Returns vrs Benchmark Indicator



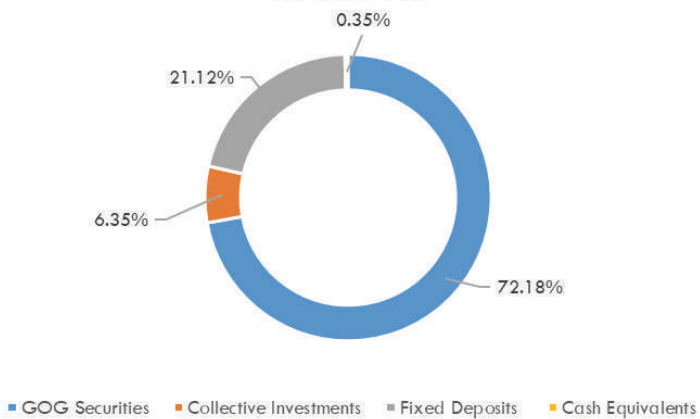
Return



Fund Value



Portfolio Mix



INDEPENDENT AUDITOR'S REPORT

TO THE UNIT HOLDERS OF REPUBLIC UNIT TRUST

Opinion

We have audited the financial statements of Republic Unit Trust which comprise the statement of financial position as at December 31, 2022, the income and distribution account, the statement of movements in net assets and issued units for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory notes as set out on pages 20 to 31.

In our opinion, the financial statements give a true and fair view of the financial position of Republic Unit 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 the 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 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) and the Unit Trusts and Mutual Funds Regulations, 2001, (L.I. 1695) and the Companies Act, 2019 (Act 992) and 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 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the

INDEPENDENT AUDITOR'S REPORT

TO THE UNIT HOLDERS OF REPUBLIC UNIT TRUST

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 control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- 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 control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The 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:

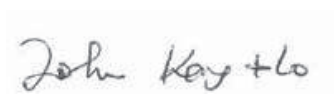
- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

INDEPENDENT AUDITOR'S REPORT

TO THE UNIT HOLDERS OF REPUBLIC UNIT TRUST

- 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)



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

Chartered Accountants

Accra.

29 May 2023



REPUBLIC UNIT TRUST
**FINANCIAL
STATEMENTS**



FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

STATEMENT OF ASSETS AND LIABILITIES

	Note	2022 Market Value	% Net Assets GH¢	2021 Market Value	% Net Assets GH¢
Short Term Funds					
Cash and Cash Equivalents	3	6,070,102	1.65	2,680,823	0.72
Investments at Amortised cost	4	76,906,762	21.72	346,685,016	93.31
Investment at FVOCI	5	260,594,338	70.17	-	-
Republic Future Plan	10	4,855,031	1.32	4,619,383	1.24
Republic Equity Trust	10	3,939,841	1.07	3,788,835	1.02
Other Collective Investments		6,647,463	1.81	5,987,760	1.61
Republic REIT	10	8,828,002	2.40	8,180,458	2.20
Republic Wealth trust	10	220,080	0.06	-	-
		361,991,517	98.55	369,261,452	99.38
Total Financial Assets		<u>368,061,619</u>	<u>100.21</u>	<u>371,942,275</u>	<u>100.10</u>
Other Assets in Excess of Liabilities		(762,158)	(0.21)	(419,878)	(0.10)
Net Financial Assets		<u>367,299,461</u>	<u>100</u>	<u>371,522,397</u>	<u>100</u>

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

STATEMENT OF FINANCIAL POSITION

	Note	2022 GH¢	2021 GH¢
Assets			
Total Financial Assets		368,061,619	371,942,275
Other Assets:			
Republic ISL Current Account		651,688	620,943
Accounts Receivable		168,016	595,202
Total Assets		<u>368,881,323</u>	<u>373,158,420</u>
Liabilities:			
Amount Due to Managers		274,418	199,427
Management Fees Payable		510,314	629,707
Auditor's Remuneration Payable		-	67,126
Trustee Fees Payable		433,573	418,411
Other Payables		363,557	321,352
Total Liabilities		1,581,862	1,636,023
Net Financial Assets		<u>367,299,461</u>	<u>371,522,397</u>
Represented by:			
Accumulated Income		289,935,714	236,920,099
Capital Account		98,975,861	134,602,298
Investment Revaluation Reserve	6	(21,612,114)	
Members' Fund		<u>367,299,461</u>	<u>371,522,397</u>

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 ACCOUNT

	Note	2022 GH¢	2021 GH¢
Investment Income:			
Fixed Deposit		2,168,778	2,031,311
Treasury Bills		1,329,269	239,000
Call Account		243,310	140,641
Bonds		55,810,870	45,697,469
Other Income	1	<u>2,001,182</u>	<u>3,203,978</u>
Total Investment Income		<u>61,553,409</u>	<u>51,312,399</u>
Expenses:			
Management Fees		7,527,367	6,255,454
Trustee Fees		761,551	682,022
Auditor's Remuneration		60,371	56,655
Other Expenses	2	<u>188,505</u>	<u>927,081</u>
Total Expenses		<u>8,537,794</u>	<u>7,921,212</u>
Net Investment Income		<u>53,015,615</u>	<u>43,391,187</u>
Other Comprehensive Income			
Unrealised Gain /loss on investment	6	<u>(21,612,114)</u>	<u>-</u>
Total Other Comprehensive Income		<u>(21,612,114)</u>	<u>-</u>
Total Comprehensive Income		<u>31,403,501</u>	<u>43,391,187</u>

ACCUMULATED NET INVESTMENT INCOME

	Note	2022 GH¢	2021 GH¢
Balance at 1/1		236,920,099	193,528,912
Net Investment Income		<u>53,015,615</u>	<u>43,391,187</u>
Balance at 31/12		<u>289,935,714</u>	<u>236,920,099</u>

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

STATEMENT OF MOVEMENTS IN NET ASSETS

	Note	2022 GH¢	2021 GH¢
Net Investment Income		53,015,615	43,391,187
Net gain/loss on investment		(21,612,114)	-
Increase in Net Assets from Operations		31,403,501	43,391,187
Capital Transactions:			
Value of Units Sold and Converted		159,370,798	164,425,542
Value of Units Disinvested		(194,997,235)	(140,667,385)
Net Proceeds from Capital Transactions		(35,626,437)	23,758,157
Total Increase/decrease in Net Assets		(4,222,936)	67,149,344
Balance at 1/1		371,522,397	304,373,053
Balance at 31/12		367,299,461	371,522,397

STATEMENT OF MOVEMENTS IN ISSUED UNITS

	2022	2021
Number of units at 1 January	448,590,003	417,722,380
Number of units issued during the year	191,852,358	218,340,252
	640,442,361	636,062,632
Number of units disinvested during the year	(233,993,039)	(187,473,408)
Number of units at 31 December	406,449,322	448,589,224

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

CAPITAL ACCOUNT

		2022		2021	
	Units	GH¢	Units	GH¢	
Balance at 1 January	448,590,003	134,602,298	417,722,380	110,844,141	
Value of units sold and Converted	191,852,358	159,370,798	218,340,252	164,425,542	
	640,442,361	293,973,096	636,062,632	275,269,683	
Value of Units Disinvested	(233,993,039)	(194,997,235)	(187,473,408)	(140,667,385)	
Value of the trust Fund at 31 Dec	<u>406,449,322</u>	<u>98,975,861</u>	<u>448,589,224</u>	<u>134,602,298</u>	

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS**1. OTHER INCOME** comprise the following

	2022 GH¢	2021 GH¢
Other Investment Income	1,713,981	2,592,047
Transfer from Management Fund	-	611,931
Trading Income	272,118	-
Adjustment of Overprovision	15,083	-
	<u>2,001,182</u>	<u>3,203,978</u>

2. OTHER EXPENSES comprise the following

	2022 GH¢	2021 GH¢
Bank Charges	58,398	31,716
Managers Reimbursable Expense	130,107	169,885
Trading expense	-	725,480
	<u>188,505</u>	<u>927,081</u>

3. CASH AND CASH EQUIVALENTS

	2022 GH¢	2021 GH¢
Cash at Bank	(969,980)	1,080,673
Cash on Call	7,040,082	1,600,150
	<u>6,070,102</u>	<u>2,680,823</u>

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS**4. INVESTMENTS AT AMORTISED COST**

	2022 GH¢	2021 GH¢
Treasury bills	-	4,384,022
Fixed Deposits	76,906,762	63,021,242
Bonds	-	279,279,752
	<u>76,906,762</u>	<u>346,685,016</u>

5. INVESTMENTS AT FVOCI

	2022 GH¢	2021 GH¢
Bonds	260,143,137	-
Cocoa Bills	451,201	-
	<u>260,594,338</u>	<u>-</u>

6. INVESTMENT REVALUATION RESERVE

	2022 GH¢	2021 GH¢
Opening balance	-	-
Gains/(Loss) during the year	(21,612,114)	-
Closing Balance	<u>(21,612,114)</u>	<u>-</u>

7. MANAGEMENT FUND

	2022 GH¢	2021 GH¢
Balance at 1 January	-	611,931
Payments made during the year	-	-
Transfer to other income	-	(611,931)
Balance at 31 December	-	-

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

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

14. 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 2023 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 to 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 includes 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.

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

Eligible Holders were split into three different categories depending on whether they are 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) or other Eligible Holders (General Category). The Fund 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.

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 GHS275,893,894 worth of eligible bonds and received the equivalent amount (GHS137,946,947) each of two new bonds on the settlement date.

The table below details the bonds held by the Company which were eligible for the exchange programme. This table does not include principal and accrued interest amounting to GHS12,481,370 as at 31 December, 2022 and was receivable in January 2023. The principal and accrued interest was settled by the Government of Ghana at the due date in January 2023.

Bond Type	Value of Bonds Exchanged at 31 Dec 2022 GHS	Carrying Amount at 21 Feb 2023 GHS	Fair Value at 31 Dec 2022 GHS
GOG Bond	275,893,894	269,269,683	247,661,767
	275,893,894	269,269,683	247,661,767

Impairment of eligible bonds measured at amortised cost.

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2022, it is evident that Ghana is 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 at 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.

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

	Carrying Amount at 31 Dec 2022	Fair Value 31 Dec 2022
	GHS	GHS
Cocoa Bills	455,434	451,201

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).

9. CONTINGENT LIABILITIES

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

10. RELATED PARTY TRANSACTIONS

The Trust is related to Republic Equity Trust, Republic Future Plan Trust, Republic Wealth Trust and Republic Real Estate Investment Trust through common Trustee and Fund Manager. As at 31st December 2022, the Trust has an investment of GH¢ 3,939,841 in Republic Equity Trust, GH¢ 4,855,031 in Republic Future Plan Trust, GH¢ 220,080 in Republic Wealth Trust and GH¢8,828,003 in Republic Real Estate Investment Trust.

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 Unit 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 Unit 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 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 Least 75.0% for Money Market Instruments and/or Fixed Income Securities</i>	<i>At Least 75.0% for Money Market Instruments and/or Fixed Income Securities</i>
<i>GOG BILLS AND BONDS</i>	NIL	≤75.0%
<i>CORPORATE BONDS</i>	NIL	≤15.0%
<i>LOCAL GOVERNMENT AND MUNICIPAL BONDS</i>	NIL	≤10.0%
<i>FIXED DEPOSITS</i>	NIL	≤75.0%
<i>COLLECTIVE INVESTMENT SCHEME</i>	NIL	≤5.0%
<i>CASH & CASH EQUIVALENTS</i>	NIL	≥5.0%
<i>EQUITIES AND EQUITIES-LINKED SECURITIES (LISTED AND UNLISTED)</i>	≤10.0%	≤10.0%
<i>LISTED EQUITIES & LISTED EQUITIES-LINKED SECURITIES</i>	NIL	≤5.0%
<i>UNLISTED EQUITIES & UNLISTED EQUITIES-LINKED SECURITIES</i>	NIL	≤5.0%

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:

- Money Market Instruments and Fixed Income Securities (MM &FI): The allocation to MM&FI remains unchanged. It is recommended that the Republic Unit Trust continues to invest at least 75.0% of its assets in Money Market and/or Fixed Income Securities but with specific allocations as follows:
 - GOG Bills and Bonds (less than or equal to 75.00%),
 - Corporate Bonds (less than or equal to 15.0%),
 - Local Government and Municipal Bonds (less than or equal to 10.0%),
 - Fixed Deposits (less than or equal to 75.00%),
 - 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...).
- Equities and Equities-Linked Securities (Listed and Unlisted): The allocation to this asset class remains unchanged per approval received from Unitholders. An exposure of less than or equal to 10.00% of the assets of the scheme shall be

maintained, 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 5.0%), and
- 'Unlisted Equities and Unlisted Equities-Linked Securities' (less than or equal to 5.0%).

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 29th Annual General Meeting (AGM) of Unit Holders of Republic Unit Trust will be held virtually and streamed live via Zoom to all Unit Holders from Republic Bank (Ghana) PLC, Ebankese, Accra at 1:30pm on Tuesday, 25 July, 2023 to transact the following business:

ORDINARY RESOLUTION	FOR	AGAINST
That the Audited Statement of Income and Expenditure of Republic Unit 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 Unit 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 Unit 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 appointas my/our Proxy to act and vote for me/us and on my/our behalf at the 29th 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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NOW**
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