

FIXED INCOME
**ALPHA
PLUS**
FUND PLC



**ANNUAL
REPORT
2019**

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Arnold Elton Kavaarpuo
Isobel Bertilla Acquah
Joseph Anka
Kobina Yankey
Nana Aba Seguah Derby
Salihu Ibrahim Salihu

THE MANAGER

Black Star Advisors Ltd.
4th Floor, The Rhombus
Plot No. 24 Tumu Avenue, Kanda Estates
P.O. Box PMB 59, Accra Ghana

THE CUSTODIAN

Guaranty Trust Bank (Ghana) Limited
25A, Castle Road
Ambassadorial Area, Ridge
PMB CT 416, Cantonments, Accra, Ghana

AUDITORS

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

SECRETARY

Lawfields Consulting
#799/3, 5th Crescent
Asylum Down, Accra (off Ring Road)
PMB CT 244, Accra, Ghana

NOTICE OF VIRTUAL ANNUAL GENERAL MEETING (AGM)

Notice is hereby given that the 1st Annual General Meeting of the Members of the Fixed Income Alpha Plus Fund PLC, which will be held virtually via 'Zoom Video Communications' on Friday, 20th November 2020 at 1:00pm to transact the following business:

Ordinary Business:

1. To receive and consider the Reports of the Directors, Auditors and the Audited Financial Statements for the year ended December 31, 2019;
2. To ratify the appointment of the following as Directors of the Company:
 - a. MR. ARNOLD KAVAARPUO
 - b. MS. ISOBEL BERTILLA ACQUAH
 - c. MR. KOBINA YANKEY
 - d. MR. SALIHU IBRAHIM SALIHU
 - e. MS. NANA ABA SEGUAH DERBY
3. To re-elect MR. JOSEPH ANKAH as Director of the Company;
4. To authorize the Directors to fix the remuneration of the Auditors for the year ending December 31, 2020.

Special Business:

5. To authorize the amendment of the Company's Constitution to provide for the holding of all meetings, including Annual General Meetings by virtual means where the Directors deem it necessary so to do.

Dated this 20th day of October, 2020

BY ORDER OF THE BOARD
Lawfields Consulting
Secretary

NOTES

General:

1. In compliance with imposition of Restriction Act 2020 (Act 1012), the Registrar General's Department and Securities and Exchange Commission directives and guidelines on holding virtual Annual General Meeting (AGM) and as part of measures to contain COVID-19, attendance and participation by members or their proxies in this year's AGM of the company, shall be strictly virtual (by online participation).
2. A member is entitled to attend and vote or may appoint a proxy to attend (via online participation) and vote on his or her behalf either online or by post. Such proxy need not be a member of the company. For a proxy to be valid for the purposes of the meeting, it must be completed and submitted via email to admin@lawfieldsconsulting.com or deposited at The Rhombus, Plot No. 24, Tumu Avenue, Kanda Estates, Accra or posted to PMB 59 Osu not less than 48 hours before the meeting.
3. A copy of the Proxy Form can be downloaded from www.blackstaradvisors.com and may be filled and sent via email to admin@lawfieldsconsulting.com not less than forty-eight (48) hours before the commencement of the meeting.
4. The appointment of the proxy will not prevent a member from subsequently attending and voting at the meeting (via online participation). Where a member attends the meeting in person (participates online), the proxy appointment shall be deemed to be revoked.
5. An electronic version of the Company's Annual Report consisting the Financial Statement, Directors', Fund Managers and Auditors Reports for the year ended 31st December 2019 may be accessed at the Company's dedicated AGM website at www.blackstaradvisors.com.
6. Members are encouraged to send in questions in advance of the AGM via email to info@blackstaradvisors.com or admin@lawfieldsconsulting.com. Alternatively, a member may hand deliver questions to The Rhombus, Plot No. 24, Tumu Avenue, Kanda Estates, Accra or send by post to PMB 59 Osu. Answers to questions sent in advance will be provided at the AGM.

Access, Registration and Voting at the Virtual AGM:



Access and Registration for the AGM:

To enable members register for the AGM, the Company shall forward the registration link to the email addresses and contact numbers of members to assist those who wish to participate in the AGM register accordingly. Members shall be required to provide relevant information to complete the registration process.

After registration, Members will receive a confirmation email containing information about joining the Virtual AGM.

Participation and Voting at the AGM:

1. Attendees can raise a hand to ask a question or second a motion.

- a. On PC:
 - Click “Participants”
 - Click “Raise Hand” at the bottom of the participants dialogue box
- b. On Mobile:
 - Tap the three dots labelled “More” on the right end of the control bar
 - Tap “Raise Hand”

You will be unmuted and allowed to speak after your hand has been raised.

2. Members can vote via the polls feature on Zoom.

- a. On PC and mobile
 - When voting is due, the poll will appear on your screen.
 - Click/Tap on your preferred option (Yes/No) to cast your vote.

Results will be shared immediately after voting ends.

CHAIRMAN'S STATEMENT TO SHAREHOLDERS

Dear Valued Shareholders,

A warm welcome to everyone to the maiden Annual General Meeting of the Fixed Income Alpha Plus Fund Plc.

I will kindly take you through this report, starting with the performance of the Global Economy and Ghana's Economy, inform you on the Fund's performance, and then finish with our outlook for 2020.

Global Economic Performance

According to the International Monetary Fund WEO June 2020, the global economy grew at 2.9% in 2019, just short of the target of 3.0%, with an average annual growth rate of 3.4% in the past five years. Escalating trade tension between the United States and China, and geopolitical tensions weighed on global economic activity in 2019.

Growth in the advanced economies declined from 2.20% in 2018 to 1.70% in 2019. In the United States, real gross domestic product (GDP) declined from 2.90% in 2018 to 2.30% in 2019, reflecting a slowdown in business investment. This was mirrored in Germany, where the GDP growth rate slowed from 1.5% in 2018 to 0.6% in 2019. The United Kingdom, however, grew marginally from 1.3% in 2018 to 1.4% in 2019.

In emerging market and developing economies, growth was weaker than anticipated, following softened global activity on account of intensified US-China trade and technology tensions, as well as prolonged

uncertainty surrounding the Brexit.

In Sub-Saharan Africa (SSA), growth performance was mixed, with strong growth in some non-resource-intensive countries. The IMF WEO April 2020 showed that SSA grew at 3.10% in 2019 from 3.20% in 2018.

Ghana's Economic Performance

Economic growth in 2019 was robust, even though the revised target of 7.10% for economic growth was missed. Provisional GDP estimates from the Ghana Statistical Service (GSS) showed that the economy grew by 6.50% in 2019 in real terms compared to 6.30% in 2018. Non-Oil annual GDP however declined from 6.50% in 2018 to 5.80% in 2019. The GSS further stated that the slowdown in growth rate was attributed to contractions in the Forestry & Logging, Water & Sewerage and Construction sub-sectors. According to the GSS, the Services sector recorded the highest growth rate of 7.60%, followed by Industry of 6.40% then Agriculture of 4.60%.

Inflation remained within its target of $8 \pm 2\%$ in 2019 and ended the year with a Consumer Price Index (CPI) inflation of 7.90%. This is 10bps lower than the targeted end-period inflation rate for 2019, mainly as a result of the slowdown in non-food inflation.

Outlook for 2020 and Closing Remarks

The Covid-19 pandemic has had severe impact on economic activity; as such, the IMF has projected a sharp decline of -4.90% in 2020 for the global economy, much worse than the global decline of -0.60% in 2009 during the financial crisis.

A decline of -8.00% in 2020 is projected for the

advanced economies, and emerging markets and developing economies are projected to decline by -3.00% in 2020, as severe external demand shock and a plunge in commodity prices, negatively affect economic activity in commodity exporters.

The IMF WEO June 2020 further stated that the lower global oil prices will support a subdued outlook for oil-exporting countries this year, as such they have projected a decline of -3.20% for Sub-Saharan Africa in 2020.

Ghana's dependence on commodity exports leaves it vulnerable to external pressures, and the recent drop in commodity prices, such as oil and cocoa have significantly affected economic growth. According to the Ministry of Finance, the negative impact of the pandemic on exports, imports, taxes, and foreign exchange receipts, will in turn, affect the growth outlook for 2020, as such, the 2020 real GDP growth rate has been revised downwards from the projected 6.8% to 0.90%. The IMF has also revised downwards Ghana's 2020 growth from a projected 5.60% to 1.50% due to the weighing down of economic activities by the COVID-19.

Valued shareholders be rest assured that despite low expectations in the economy due to the Covid-19 pandemic that affects us all, we will work hard to ensure a profitable performance of PIF.

I am grateful for your audience, and I wish us all good health in these trying times. Please adhere to all social distancing rules, wash your hands and wear your face masks.

Regards,



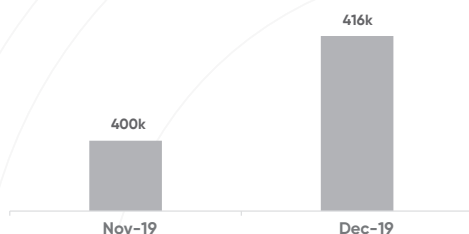
.....
Arnold Elton Kavaarpuo
Chairman

FUND MANAGER'S REPORT

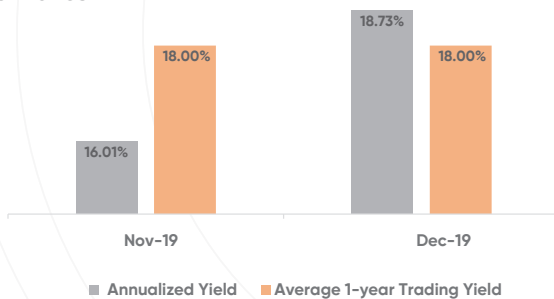
The Fixed Income Alpha Plus Fund was launched in October 2019 with a total size of GHS 397,098 with one shareholder. At the end of the year, the Fund had grown by 4.74% . Even though the Fund did not beat its benchmark at the first month, it has outperformed both benchmark and the entire mutual fund industry since December 2019 to date.

Fund Size and Performance

Size

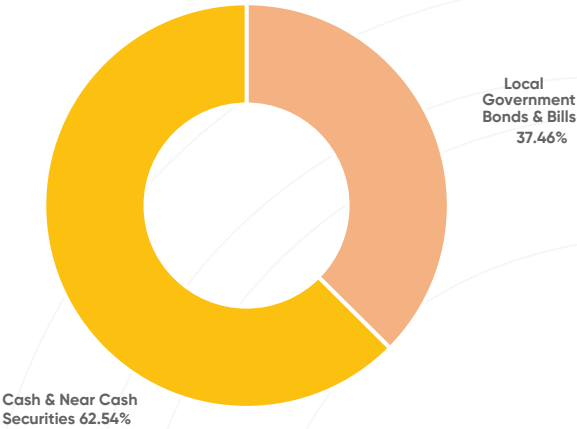


Performance

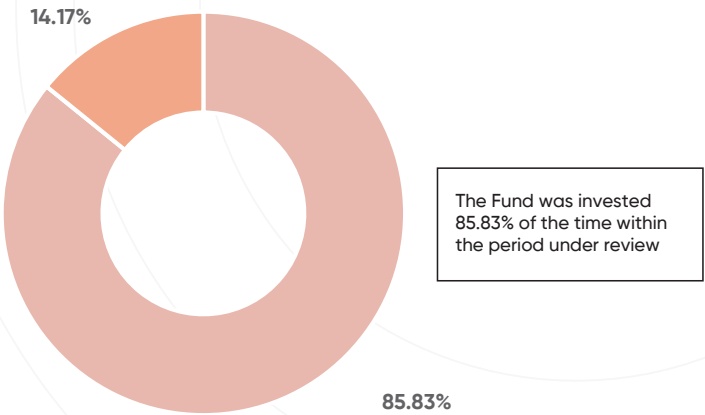


Period	Total Asset Value	Annualized Yield	Average 1-year Trading Yield
November 2019	400,409.00	16.01%	18.00%
December 2019	415,910.18	18.73%	18.20%

Asset Allocation



Investment Penetration



REPORT OF THE DIRECTORS TO THE MEMBERS OF FIXED INCOME ALPHA PLUS FUND LIMITED

In accordance with section 136 of the Companies Act, 2019 (Act 992), the directors have the pleasure in presenting their report and the financial statements of the company for three months ended 31 December 2019.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at 31 December 2019, the statement of profit or loss, statement of movement in net assets and statement of changes in equity for the period then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992) of Ghana and Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695).

The directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

FINANCIAL STATEMENT AND DIVIDEND

The results for the year are set out in the financial statements from pages 9-13. The fund does not distribute dividend. All income earned are reinvested.

Shareholders should be aware that the mutual fund aims to achieve capital growth and as such income is reinvested to take advantage of the effects of compounding.

i. Investment distribution:

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

	2019 GH¢
Government Notes and Bonds	64
182 Day Cocoa bill	155,849
Cash	260,115
	=====
Total Investments	416,028
	=====

REPORT OF THE DIRECTORS TO THE MEMBERS OF FIXED INCOME ALPHA PLUS FUND LIMITED (CONT'D)

ii. Below are the asset allocation percentages as at the period ended:

	2019
	(%)
Government Notes and Bonds	0
182 Day Cocoa bill	37
Cash	63

	100
	=====

NATURE OF BUSINESS

Fixed Income Alpha Plus Fund Limited is a company registered and domiciled in Ghana. It is licensed by the Securities and Exchange Commission of Ghana to operate as an authorized mutual fund.

Fixed Income Alpha Plus Fund Limited ("The Fund") is an open-end mutual fund which shall invest across Government bonds, Quasi government bonds, money market securities, corporate bonds, cash and cash equivalents and REITS in Ghana. The Fund is a fund that seeks to provide steady long-term capital appreciation through investments in a diversified portfolio of fixed income instruments and REITS for its shareholders.

INTEREST REGISTER

During the year under review, no interest was registered.

AUDITOR'S REMUNERATION

In accordance with Section 140 of the Companies Act, 2019 (Act 992), Messrs John Kay & Co. agreed with the directors to charge a fee of GH¢5,906 inclusive of VAT, NHIL, and GET Fund.

CORPORATE SOCIAL RESPONSIBILITY

The company did not contribute to corporate social responsibility during the year under review.

BUILDING THE CAPACITY OF DIRECTORS

The directors did not engage in any training on corporate governance.

Approval of financial statements

The financial statements of the company as indicated above were approved by the board of directors on19th October, 2020.... and are signed on its behalf by:



.....
Arnold Elton Kavaarpuo
Chairman



.....
Nana Aba Segua Derby
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIXED INCOME ALPHA PLUS FUND LIMITED



John Kay & Co.

7th Floor, Trust Towers
Farrar Avenue, Adabraka
P. O. Box KA 16088
Airport, Accra

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Opinion

We have audited the accompanying financial statements of Fixed Income Alpha Plus Fund Limited, which comprises of the statement of financial position as at 31 December 2019, the statement of profit or loss, statement of movement in net assets and statement of changes in equity for the period then ended, and notes to the financial statements, as set out in pages 9-21.

In our opinion, the accompanying financial statements give a true and fair view of the financial transactions of the Fund as at 31 December, 2019, and of its financial performance and its movement in net assets for the period then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act 2019, (Act 992) and Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695).

Basis for Opinion

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

Responsibilities of the Board of Directors for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2019, (Act 992) and Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695), and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Directors are also responsible for overseeing the Mutual Fund's financial reporting process.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



John Kay & Co.

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Email: jkayal@yahoo.com

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund'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 Mutual Fund 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Key Audit Matters

In accordance with ISAs, this part of our report is intended to describe the matters communicated with those charged with governance that we have determined, in our professional judgement, were most significant in the audit of the financial statements. We have determined that, there are no matters to report under key audit matters.



John Kay & Co.

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Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992) of Ghana.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, proper books of accounts have been kept by the Company so far as it appears from our examination of those books.

The engagement partner on the audit resulting in this Independent Auditor's Report is **John Armstrong Yao Klinogo (P/No-ICAG/P/1116)**

For and on behalf of John Kay & Co. (ICAG/F/2020/128)

Chartered Accountants

Accra

16/11/2020

STATEMENT OF FINANCIAL ASSETS DESIGNATED THROUGH PROFIT OR LOSS AS AT 31 DECEMBER 2019

FIXED INTEREST SECURITIES

DEBT SECURITIES

2 Year GOG Note
182 Day Cocoa Bill

MARKET VALUE GH¢	PERCENT OF NET ASSETS %
64	0
155,849	100
<u>155,913</u>	<u>100</u>


STATEMENT OF PROFIT OR LOSS FOR THREE MONTHS ENDED 31 DECEMBER 2019

	Note (s)	2019 GH¢
Revenue		
Interest Income	7	19,625
Net gains (Loss) on FI at FVTPL		545
Total Revenue		20,170
Expenses		
Management fees		521
Custody fees		86
Trade Cost		9,623
Audit fees		5,000
Other Expenses	8	2,352
Total operating expenses		(17,582)
Operating Loss		2,588
Taxation	13	-
Increase in net assets available for benefits		2,588

STATEMENT OF PROFIT OR LOSS FOR THREE MONTHS ENDED 31 DECEMBER 2019

	Note (c)	2019 GH¢
Assets		
Cash and cash equivalent		260,115
Investments at FVTPL	9	155,913
Total Assets		416,028
Represented By:		
Members' fund	10	400,413
Liabilities		
Account payables	11	15,615
Total Members' Fund and Liabilities		416,028


 Arnold Elton Kavaarpoo
 Chairman


 Nana Aba Seguah Derby
 Director

STATEMENT OF MOVEMENTS IN NET ASSETS FOR THREE MONTHS ENDED 31 DECEMBER 2019

	Note (s)	2019 GHC
Changes in net assets from operations		
Change in:		
Net Investment Income		2,043
Unrealised Gain/Loss		545
Net change in net assets from operations		2,588
Change in net assets from capital transactions		
Proceeds from Issue of Shares		397,825
Share Redemption		-
Net change in net assets from capital transactions	12	397,825
Net additions to net assets		400,413
Analysis of changes in cash and cash equivalents		
At 1 January		-
Net additions to net assets		400,413
At 31 December		400,413

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

31 December 2019	Capital Transactions GH¢	Investments GH¢	Total GH¢
At 1 January	-	-	-
Net Income from operations	-	2,588	2,588
Share Issue	397,825	-	397,825
Shares Redemption	-	-	-
At 31 December	<u>397,825</u>	<u>2,588</u>	<u>400,413</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Reporting Entity

Fixed Income Alpha Plus Fund Limited (The Fund) is a mutual fund investment company registered and operating in the Republic of Ghana. The address and registered office can be found on page 2 of the financial report.

The objective of the fund is to provide steady long-term capital appreciation through investments in a diversified portfolio of fixed income instruments and REITs for its shareholders.

2. Basis of Accounting

These financial statements have been prepared in accordance with the Unit Trust and Mutual Funds Regulations, 2001 (L.I. 1675) and comply with the International Financial Reporting Standards (IFRS).

3. Functional and Presentation Currency

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

4. Use of Judgements and Estimates

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

5. Accounting Policies

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

i. Investment Income Recognition

a) Interest Income

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

Interest received or receivable and interest paid or payable are recognized in the profit or loss as interest income or interest expense, respectively.

b) Pooled Investment Income

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

ii. Financial Instruments

i. Financial Assets

The fund classifies its investments into the following categories: financial assets at fair value through profit or loss, and assets at amortized cost. The classification depends on the purpose for which the investments were acquired. The Fund determine the classification of the investments at the initial recognition and re-evaluates this at every reporting date.

ii. Financial Assets at Fair Value Through Profit or Loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified into this category at inception and is acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so, designated by Fund.

iii. Investment Held at Amortized Cost

Investments held at amortised cost are non-derivative financial assets with fixed or determinable payments and fixed maturity. In determining the classification of financial assets to the above class, two test criteria are applied;

Business Model Test:

The objective of the entity's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).

Cash Flow Characteristics Test:

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The Fund have assessed the business model of the Pension Scheme and cash flow characteristics of its fixed income investments and elected to classify all fixed income instruments under amortised cost.

iv. Initial Recognition of Financial Asset

Purchase and sales of financial assets held at fair value through profit or loss and liabilities are recognized on the date the Fund commit to purchase or sell the asset. Financial assets are initially recognized at fair value plus directly attributable transaction costs, except for financial assets at fair value through profit or loss.

v. Subsequent Measurement of Financial Asset

Financial Assets classified as fair value through profit or loss are subsequently measured at fair value with the resulting changes recognized in the Statement of Changes in Net Assets.

vi. De-Recognition

Financial assets are derecognized when the right to receive cash flows from the financial assets has expired or where the Scheme has transferred substantially all risks and rewards of ownership. Any interest in the transferred financial assets that is created or retained by the Scheme is recognized as a separate asset or liability.

Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expired.

vii. Amortized Cost Measurement

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

viii. Identification and Measurement of Impairment

A financial asset or a group of financial assets are impaired using the "expected credit loss" model, where the Fund calculate the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes.

viii. Identification and Measurement of Impairment (Cont'd)

The Expected Credit Loss Model (ECL) is used in the recognition of impairment losses. The ECL means that on the day an entity recognizes (enters into an investment contract) a financial asset, it has to provide from day 1 credit losses up to 12 months expected credit loss even if the financial assets are not credit impaired. When the issuer's credit risk worsens due to some observed conditions, then a lifetime ECL must be booked.

Objective evidence that financial assets are impaired can include default or delinquency by a debt issuer and other observable data that suggests adverse changes in the payment status of the debt issuer.

The Fund first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Fund determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized, are not included in a collective assessment of impairment.

Future cash flows in a group of financial assets that are collectively valued for impairment are estimated on the basis of the historical loss experience for assets with credit risk characteristics similar to those in the Scheme. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based, and to remove the effects of conditions in the historical period that do not exist currently. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the Statement of Changes in Net Assets.

iii. Cash and Cash Equivalents

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

iv. Redemption Payable

Redemption payables are included in the financial statements on an accrual basis where members become entitled to such benefits.

6. Transactions with Related Parties and Key Contractors

a) Fund Manager

The Fund's investment activities are managed by Blackstar Advisors Limited. The fund manager receives a fee based on the asset under management of 1.5% accrued daily and paid quarterly. Total management fee charged during the period amounted to GH¢518. There were no payables amount at the end of the year.

b) Custodian

Custodian of the Fund is Guaranty Trust Bank Ghana Limited. The Custodian receives a fee based on the asset under management of 0.24% accrued daily and paid quarterly. The total custodian fee charged during the period amounted to GH¢86. The amount included in payables as at 31st December, 2019 amounted to GH¢86.

7. Interest Income

	2019 GH¢
Interest income on financial instruments	
At fair value through profit or loss	
Local Government Bills	3,763
Government of Ghana Bonds	15,862
	<u>19,625</u>

8. Other Expenses

	2019 GH¢
VAT	906
Bank Charges	384
CSD Fees	1,062
	<u>2,352</u>

9. Financial Instruments

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

2019	Balance 1/1/2019 GH¢	Purchases/ Sales at cost GH¢	Accrued interest GH¢	Changes in fair value GH¢	Value 31/12/2019 GH¢
Ghana Government Sec	-	61	3	-	64
182 Day cocoa bill	-	151,980	3,324	545	155,849
	<u>-</u>	<u>152,041</u>	<u>3,327</u>	<u>545</u>	<u>155,913</u>

15. FINANCIAL RISK MANAGEMENT (CONT'D)

(b). Liquidity risk

Liquidity risk is the risk that the fund either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due. The Scheme's approach to managing liquidity is to ensure that it will maintain adequate liquidity in the form of cash and very liquid instruments to meet its liabilities (including benefits) when due.

The following are contractual maturities of financial asset

31 December 2019

Financial Assets	3 Months or less (GH¢)	4-6 Months or less (GH¢)
Government Securities	-	61
Local Government Securities	1,979	150,000
Total	1,979	150,061

The following are contractual maturities of financial Liabilities

31 December 2019

Financial Liabilities	3 Months or less (GH¢)
Administrative Expenses Payable	15,615
Total	15,615

(c). Fair value of financial assets and liabilities

Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that the Directors expect would be available to the Company at the balance sheet date. The fair values of the Company's financial assets and liabilities approximate the respective carrying amounts.

The fair value hierarchy is as follows:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly and
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair values of the Company's investments at FVTPL and FVTOCI approximates its carrying amounts.

(d) Market risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. This systematic risk cannot be mitigated through diversification.

15. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Equity Price risk

Listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Scheme's policy over equity price risk is to minimise its exposure to equities and only deal with equities that meets the standards set out in the SEC guidelines and the Scheme's investment policy statement. Keen attention is paid to the equity market to realize capital gains on equity securities.

(f) Interest Rate risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The investment managers advise the Trustees on the appropriate balance of the portfolio between equity, fixed rate interest, and variable rate interest investments. The scheme uses duration targeting as a means of mitigating the effects of the risk. The target duration is regularly reviewed by the Trust Board. For some of the bonds with issuers other than the Government of Ghana, investments are placed with a floating rate to hedge against this risk.

(g) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Fund's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of Fund behaviour. Operational risks arise from all of the Fund's operations and are faced by all pension schemes.

The Scheme's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Scheme's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the administrator. This responsibility is supported by the development of following policies and standards;

- governing rules and trust deed;
- investment policy statement;
- requirements for the reporting of non-compliance with regulatory and other legal requirements;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

Compliance with the Fund governing rules is supported by a programme of annual reviews undertaken by the external auditor. The results of these reviews are discussed with Trustees.

16. Events after reporting period

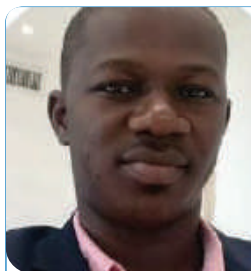
It is envisioned that the COVID 19 pandemic will most likely have an impact on the economy. Consequently, the Expected Credit Loss (ECL) provision relating to forward-looking information will be impacted. However, the scheme is not able to produce a reliable estimate of this impact at this point.

The trustees are not aware of any other material events that have occurred between the date of the financial statement and the date of approval by the Board of Trustees.

17. Approval of the financial statements

The financial statements were approved by the directors of the fund and Authorized for issue on.....19th October.....2020

PROFILE OF FUND MANAGER AND DIRECTORS



Arnold Elton Kavaarpuo - Chairman

- Arnold is the Country Director of Jumo Ghana Limited, a technology company servicing one of the biggest mobile loans platforms in Africa
- Prior to this he was Project Manager at Jumo Mauritius. He was also Head of Unsecured Lending AFB Ghana PLC where he pioneered SmartCash, an unsecured lending product
- He holds an MBA in Global Business from CASS Europe Institute of Management Studies



Isobel Acquah - Director

- Isobel is a multilingual strategy and legal consultant with 12 years experience
- She is a lawyer with director level investment banking experience at Bank of America Merrill Lynch with a mandate that covered Europe, the Middle East & Asia. Her deal portfolios ranged from USD 10 million to USD 1.2 billion with a focus on aviation, shipping and IT asset financing
- She holds a Masters in Intercultural Communication for Professions and Businesses from the University of London



Kobina Yankey - Director

- Kobina is a food entrepreneur with ownership in multiple food processing businesses and restaurants
- Prior to this he was an Associate at Constant Capital (Ltd) with experience in Equity and Debt Issuance, Restructuring Recapitalization and Structured Finance
- Kobina holds a Bachelor of Arts in Accounting, Economics and Management Information Systems from Luther College



Joseph Anka - Director

- Joseph is the Founder and Managing Director of Ghana FX (GFX Brokers)
- Prior to this he was Business Development Manager at Stage Consultancy, London
- He holds a Bachelor of Arts in Economics from South Gate College, London



Nana Aba Derby - Director

- Nana Aba Derby is an experienced real estate finance, investment and development professional with proven expertise across the private real estate value chain.
- She has consulted for Laurus Development Partners and on projects such as Switchback Developments, Petronia City. Prior to working with Eris Properties Ghana Limited, she was the Development Manager for Mobus Property Ghana Limited, a subsidiary of Jonah Capital which has circa USD250 million assets under management.
- Nana Aba holds a Postgraduate Degree in Real Estate Finance from the University of Cambridge, UK and BSc. Land Economy from Kwame Nkrumah University of Science and Technology (KNUST).



Salihu Ibrahim Salihu - Director

- Salihu Ibrahim Salihu is a Technician and Management Practitioner working with Primrose Properties Ghana Limited, a leading real estate development company which focuses on structuring, developing, and undertaking developments in the residential and commercial property realms.
- Prior to this, he was the Acting Executive Director and Project Coordinator at Myturn Ghana Limited. He was also the Project Coordinator at Fridoug Limited.
- He holds a Postgraduate Diploma in Management Practice from the Paris Graduate School of Management and a Higher National Diploma in Building Technology from the Takoradi Technical University.



Eric Appiah - Fund Manager

- Eric Appiah has extensive experience in the Investment Banking, Asset Management and Private Equity industry. He previously worked at Deutsche Bank in the Global Markets FX Margin trading business and as a Hedge Fund Research Analyst at Fortune Asset Management in London. He served as the Vice President on the credit derivatives trading desk and Fixed Income Research Team at Bear Stearns.
- Eric is also the former Senior Fixed Income Credit Research Analyst for Caim Capital in London, UK and the former Head of the Capital Markets department at IC Securities, Ghana.
- He holds a BSc. Mathematics and Statistics and MSc. in Corporate Risk and Security Management from the University of Southampton

PROXY FORM

I/We.....of.....
being a member of the Fixed Income Alpha Plus Fund hereby
 appoint.....of.....as my/our proxy to
 attend on my/our behalf, the 1st Annual General Meeting, to be held virtually at (....) on Friday
 November 20th, 2020 at 2:00 p.m. for the following purposes and to vote on my/our behalf on matters as
 directed below:

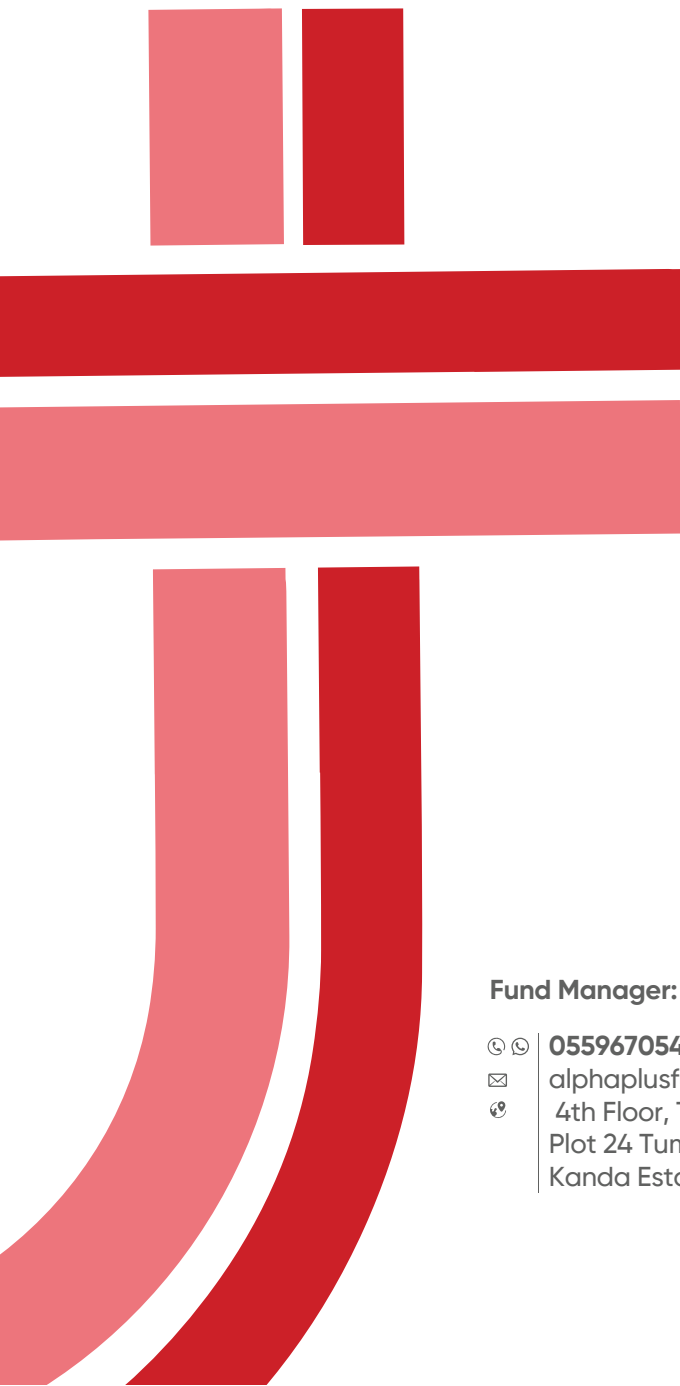
I/We direct that my/ our votes(s) be cast on the specified resolution as indicated by an 'X' in the
 appropriate space.

Resolutions	For	Against
1. That the Directors' Report, Profit and Loss Account and Balance Sheet ("the Annual Report and Financial Statements") for the twelve months ended 31st December 2019 be received and adopted		
2. That the appointment of the following as Directors be confirmed a. Mr. Arnold Kavaarpuo b. Ms. Isobel Bertilla Acquah c. Mr. Kobina Yankey d. Mr. Salihu Ibrahim Salihu e. Ms. Nana Aba Seguah Derby		
3. To re-elect Mr. Joseph Anka as Director of the Company		
4. That the Directors are authorized to determine the remuneration of Auditors		
5. To authorize the amendment of the Company's Constitution to provide for the holding of all meetings, including Annual General Meetings by virtual means where the Directors deem it necessary so to do.		

Unit Holder's Signature:Date:2020

NOTE

[illegible]



Fund Manager: Black Star Advisors Limited



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alphaplusfund@blackstaradvisors.com



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Kanda Estate