



CM FUND



ANNUAL REPORT 2020

BLA & ASSOCIATES
CHARTERED ACCOUNTANTS



CM Fund Limited

2020 ANNUAL REPORT



**CM FUND LIMITED
NOTICE OF TENTH ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of CM Fund Limited will be held at Teachers' Hall on Friday, 2nd July, 2021 at 10a.m.

AGENDA

1. To receive the Report of Directors together with the Statements of Financial Position, Comprehensive Income, Changes in Equity and Cash Flows for the year ended 31 December, 2020.
2. To report on the Performance of the Fund
3. To approve the remuneration of the auditors.
4. To approve Directors' remuneration.
5. Any other business appropriate to be dealt with at an Annual General Meeting

BY ORDER OF THE BOARD

(Sgd)
BOARD SECRETARY

Note: A shareholder is entitled to attend and vote at the meeting or appoint a proxy to attend and vote instead of himself or herself. A proxy need not also be a shareholder of the Fund. Copies of the proxy forms are annexed to the audited accounts and reports.

Completed proxy forms should be lodged with the Board Secretary, SDC Capital Limited, Box GP 14198 Accra not later than two days before the meeting.

A shareholder who has not received the audited accounts and reports may contact the Fund Manager, SDC Capital Limited, F155/6, Orphans Crescent, North Labone, Accra.

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CORPORATE INFORMATION

FUND MANAGER

SDC CAPITAL LIMITED

REGISTERED OFFICE



Hse No. F155/6, Orphans' Crescent,
North Labone, Accra – Ghana



P.O. Box GP 14198
Accra – Ghana



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Kumasi - +233 (0) 322 397 41 4



www.sdccapital.com.gh



capital@sdcgh.com

GhanaPost GPS – GL-02777298

DIRECTORS

Emile Yartey

Dr. Reginald Hansen – Thompson (Nii Hansen V)

Mathias Dorfe

CUSTODIAN

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

AUDITORS

BLA & Associates
Chartered Accountants
P.O. Box AB 295
Abeka – Accra

BANKERS

Guaranty Trust Bank Limited
GCB Bank
Standard Chartered Limited

PROFILE OF DIRECTORS



**EMILE YARTEY
(CHAIRMAN)**

Mr. Emile Yartey brings to the CM Fund a wealth of experience in Banking as the Board Chairman. He holds a Bachelor of Arts, General from the University of Ghana (Legon) and a Master of Business Administration in Finance from the Illinois State University.

He worked with Wells Fargo Bank USA and rose through the ranks to the position of Assistant Vice President in charge of Business Banking in 1996. He afterwards joined GCB Limited till 2007 when he left as General Manager, Treasury.

He has held several positions on numerous boards. He was the Board Chairman for CDH Ghana while working with the GCB Limited and a member of the Board of the Accra Markets Limited.



**Dr. Reginald Hansen-
Thompson
(Nii Hansen V)
Director**

Dr. Reginald Hansen Kpakpo Hansen – Thompson (Nii Hansen V) is a Management Specialist as well as an Auditing professional. He is the Chief Executive Officer of James Quagraine Associates, a leading accounting firm in Ghana and the Executive Chairman of the Royal Ghanaian Airlines (RGA).

He served in various Executive membership positions with the ECOWAS Business Council, the West African Enterprise Network, the African Enterprise Network, Southern Enterprise Network and the Maghreb Region. Additionally, he has consulted for the Organization for Economic Development.

He was an Executive Member of the Ga State Paramount Stool Gyaase. Nii Hansen V is currently a Member / Treasurer of the James Town Traditional and Elders Council and Warrior King of the Ga State as well as the Head of the Royal Hansen family of Jamestown (British Accra). He doubles as the overlord of Afienaa and Katapor.

He is a Fellow of the Chartered Institute of Management Specialists (California, Trinidad and Tobago) and the Institute of Business Analysts and Consultants (FIBAC). He holds an Honorary Doctorate Degree from the Technological University of the Americas.

He was the First Vice President of the Ghana Boxing Association but resigned to become its Patron.



MATHIAS DORFE
DIRECTOR

Mathias has extensive experience in the financial services industry having worked as Country Manager, Grofin Ghana Limited; a pioneer to the establishment of the Asset Management Unit within the Corporate Banking Department of Barclays Bank Ghana and the Managing Director of Leasafic. He is currently the Chief Executive Officer of SDC Finance Limited.

Mr. Dorfe has over the years developed core competencies in General Management, Financial Analysis and Business Development which he brings to bear on the work of the team.

Mr. Dorfe brings to the team a result driven attitude which is key in ensuring that the client derives the maximum professional services from the Fund Manager (SDCC). He is a product of University of Ghana, Legon with B.Sc. Administration (Accounting Option).

CHAIRMAN'S STATEMENT TO SHAREHOLDERS

We welcome you all to the 10th Annual General Meeting of CM Fund Ltd and appreciate your commitment to CM Fund as your preferred investment destination. The main business of the day is to present to you the annual report and the financial statement for the year ended December 31, 2020.

GLOBAL ECONOMIC REVIEW

The global economy is projected to grow by 0.3 percent above the previously forecasted rate of 5.2 percent to 5.5 percent in 2021. This follows a severe collapse in 2020 that has had acute adverse impacts on the global economy. Vaccine approvals have raised hopes of a turnaround of the pandemic later this year, although renewed waves and new variants of the virus pose concerns for the outlook. The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support and exposure to cross-country spillovers.

Government Policy actions are expected to ensure effective support until the recovery is firmly underway, with emphasis on advancing key imperatives of raising potential output, ensuring participatory growth that benefits all people. Strong multilateral cooperation is required to bring the pandemic under control everywhere. Such efforts include bolstering funding for the COVAX facility to accelerate access to vaccines for all countries, ensuring universal distribution of vaccines.

Many countries, particularly low-income developing economies, entered the crisis with high debt that is set to rise further as a result of the pandemic. The global community will need to continue working closely to ensure adequate access to international liquidity for these countries. Where sovereign debt is unsustainable, eligible countries should work with creditors to restructure their debt under the Common Framework agreed by the G20.

THE GHANAIAN ECONOMY

The first quarter of 2020 saw a growth of 4.9% in the Ghanaian economy. This however contracted by 3.2 and 1.% in the second and third quarters of 2020, respectively, leading to the country's first recession in 38 years. The year however closed with a modest growth of 1.1% due to the strong 4.9% growth in the first quarter of 2020, at the onset of the COVID-19 crisis. The 1.1% GDP growth in 2020 is a steep fall from the pre-COVID-19 levels of 6.5%.

The Ghana Cedi depreciated by 4.09% to the US dollar, 13.73% to the Euro and 7.62% to the Pound Sterling; this compares favourably with the depreciation rates of 12.9%, 15.7% and 11.2% for the Dollar, Pound and Euro respectively in the year 2019. Inflation as at December 2020 was 10.40%.

MARKET REVIEW

At the end of 2020, the Ghana Stock Exchange Composite Index (GSE-CI) made a negative return of 13.98% compared to the negative 12.25 in 2019. Market Capitalization at the end of 2020 was GH¢54,374.88 compared to the previous year's position of GH¢56,791.28m representing a decline of 4.25 percent. The CM Fund made a return of 14.97 percent outperforming its benchmark (i.e. Weighted Average Return of GSE-CI & 91 Day T Bill) with a return of 12.78 percent.

We implore you to continue to make the CM Fund your preferred investment destination. We assure you of our firm commitment to identifying and seizing the best opportunities to further the growth of the Fund.

We are grateful for the confidence reposed in the Board and assure you of our commitment to safeguarding the interest of shareholders in particular and the CM Fund in general.

REPORT OF THE DIRECTORS TO SHAREHOLDERS

Report of the Directors

The Directors present herewith, their report together with the audited financial statements of the Fund for the year ended 31st December, 2020.

Statement of Directors Responsibilities

The Directors are responsible for the preparation of financial statements for each financial year, which gives a true and fair view of the state of affairs of the Fund in accordance with International Financial Reporting Standards and in a manner required by the Companies Act, 2019 (Act 992) and the Securities and Exchange Regulations 2003, (LI 1728) and the Unit Trust and Mutual Funds Regulations 2001, (LI 1695). In preparing these financial statements, the Directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards (IFRS) and complied with the requirements of the Companies Act, 2019 (Act 992).

The Directors are also responsible for ensuring that the Fund keeps proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Fund. The Directors are also responsible for safeguarding the assets of the Fund and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Nature of business

The principal activity of the Fund is to invest the monies of its members for their mutual benefit and to hold and arrange for the management of CM Fund investment securities acquired with such monies.

The Fund is licensed by the Securities and Exchange Commission to operate as an authorized Mutual Fund.

Report on the Financial Statements

Financial Results

The results for the year are shown in the Statement of Comprehensive Income in the financial statements. The Fund recorded a total comprehensive income of **GHC1,129,317** in 2020 as against **GHC889,940** in 2019. The increase in net income is attributed to higher volume of Fixed Income investments.

Distribution policy

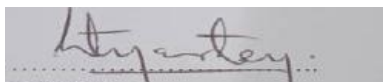
The Fund does not distribute income. All income earned is reinvested. Shareholders should be aware that, the prime objective of the Fund is to achieve capital growth and as such income is reinvested to take advantage of the effects of compounding.

Auditors

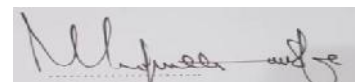
The Auditors; BLA & Associates, will continue in office in accordance with Section 139 (5) of the Ghana Companies Act, 2019 (Act 992).

Approval of Financial Statements

The financial statements of the Fund were approved by the Board of Directors on **27th April, 2021** and were signed on their behalf by:



Director



Director

INDEPENDENT AUDITOR'S REPORT TO SHAREHOLDERS

BLA & ASSOCIATES

Chartered Accountants & Business Advisors

Office: GPS: GA-260-0309

219/10, Boi Street, Kaneshie

Postal: P. O. Box ABK-295, Accra, Ghana

Phone: 233 (0)24 464 3895; 233 (0)20 877 6929

Email: blaassociates.ghana@gmail.com

Opinion

We have audited the financial statements of CM Fund Limited, which comprise the statement of financial position as at December 31, 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of CM Fund Limited as of December 31, 2020 and of its financial performance and its cash flows for the year then ended and are in accordance with International Financial Reporting Standards and comply with 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 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 Board of Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as the Board of Directors determine 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 Board of Directors are responsible for assessing the 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 the Board of Directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Fund'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 International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- J 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.
- J 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.
- J Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- J Conclude on the appropriateness of the Board of Directors' 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 Fund to cease to continue as a going concern.
- J 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 Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Compliance with the requirement of section 137 of the Companies Act, 2019, (Act 992) and the Securities and Exchange Regulations 2003, (LI 1728) and the Unit Trust and Mutual Funds Regulations 2001, (LI 1695),

We confirm that:

- I. 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.
- II. In our opinion proper books of accounts have been kept by the Fund, so far as appears from our examination of those books, and
- III. The statement of financial position and the statement of comprehensive income of the Fund agree with the books of accounts.

The engagement partner on the audit resulting in the independent auditor's report is **Bossman Nii Laryea Laryea (ICAG/P/1025)**

BLA & Associates

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For and on behalf of
BLA & ASSOCIATES (ICAG/F/2021/085)
Chartered Accountants
P. O. BOX ABK 295
Abeka Accra

DATED 27th April, 2021

PORTFOLIO MANAGER'S REPORT

We wish to renew our appreciation for your continued confidence in the CM Fund as your preferred investment choice among the many options available to you.

Economic Review

Despite the challenges that faced the Ghanaian economy in 2020 as a result of the upsurge in the Covid 19 pandemic, the economy grew by a marginal 1.1% after the economy's first recession in thirty-eight (38) years. The low growth in 2020, coupled with high population growth, pushed real per capita incomes of the Ghanaian economy 1% lower to USD 2,188 from the 2019 figure of USD 2,202.



The Ghana Cedi depreciated by 4.09% to the US dollar, 13.73% to the Euro and 7.62% to the Pound Sterling; this compares favourably with the depreciation rates of 12.9%, 15.7% and 11.2% for the Dollar, Pound and Euro respectively in the year 2019. Inflation as at December 2020 was 10.40%.

The Ghana Stock Exchange recorded a negative return of 13.98 percent during the period under review. The performance of the equity market was largely as a result of the cyclical impact of COVID 19 on incomes as most economic units had to rationalize their operations in light of the reduced demand.

During the period under review, the 91-day treasury bill dropped from 14.67% to 14.09% while the 182-day bill dropped from 15.17% to 14.12%. The 364-day Bill dropped from 17.83% to 16.10%. The three long dated Bonds all dropped as well; the five, six- and seven-year Bonds closed the year at 19.85, 19.50% and 20.50% respectively. This was expected to influence lending by financial institutions to economic units to sustain production during the height of COVID in the country. In an emergency meeting held on 18 March, the Monetary Policy Committee (MPC) of the Bank of Ghana (BoG)

slashed its key policy rate by 150 basis points from 16% to 14.50%, the reserve requirements for banks were also lowered from 10% to 8.50% to improve liquidity.

Portfolio Performance

The CM Fund made a return of 14.97% during the period under review compared with its Benchmark (i.e. Weighted Average Return of GSE-CI & 91 Day T Bill), which returned 12.78% (see Table 1 & Fig 2). This performance was driven principally by returns from fixed income instruments. During the period under review, the Portfolio Manager diversified the portfolio on the back of the stock market's bearish performance by seeking for other high yielding fixed income investments to drive returns.

At the end of the 2020, the Fund increased in price from GHS1.1890, on 1st January, 2020 to GHS 1.3670, on 31st December, 2020 as shown in the graph below;

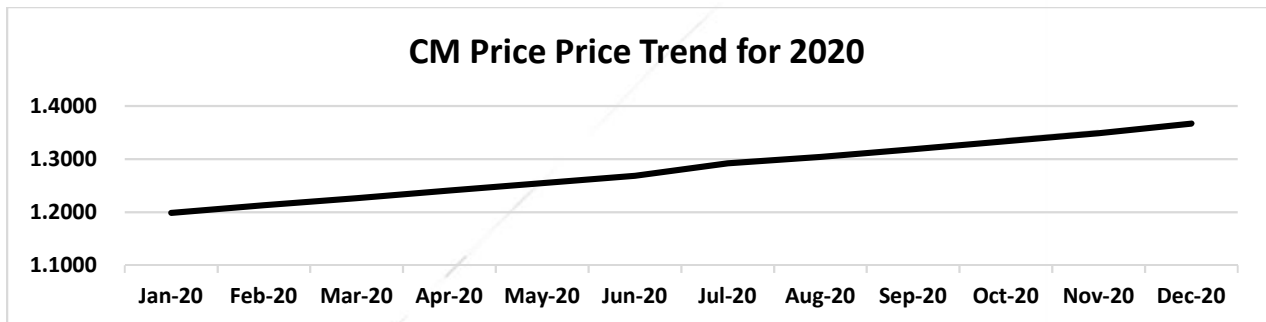
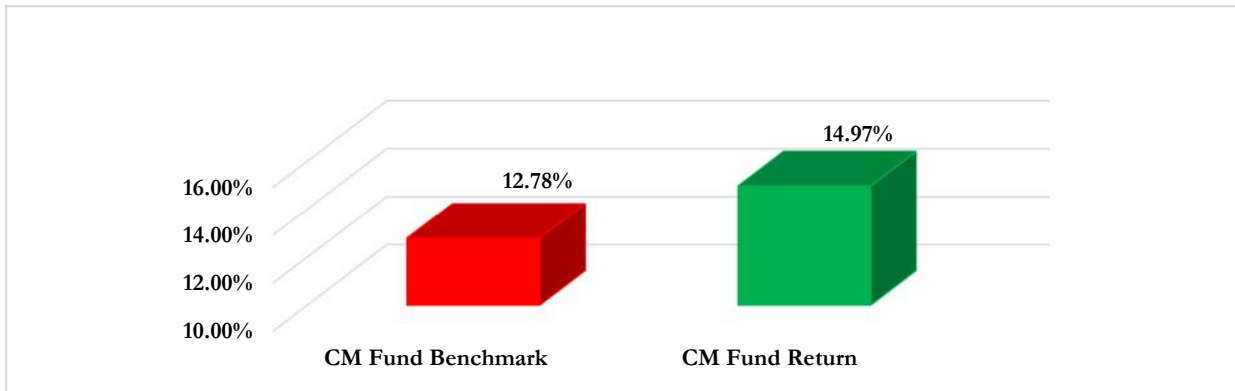


Fig. 1. Price movement during the year

Fig 2. Graphical Representation of the Comparative return of the CM Fund against its Benchmark

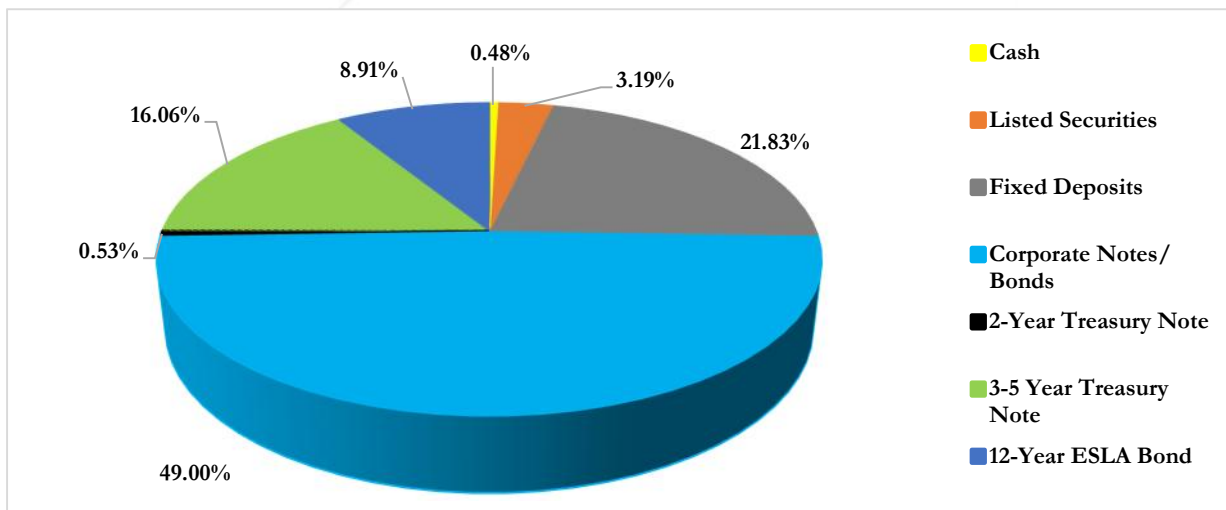


Portfolio Composition

Table 2. Portfolio Composition

Asset	Value (GHS)
Cash	83,374.00
Listed Securities	560,430.00
Fixed Deposits	3,831,045.00
Corporate Notes/ Bonds	8,599,604.00
2-Year Treasury Note	93,308.00
3-5 Year Gov't Bond	2,817,688.00
12-Year ESLA Bond	1,563,634.00
Total	17,549,083.00

Fig. 3. Graphical Presentation of Assets



Portfolio Summary

Table 3. Summary of the CM Fund Performance

Parameter	31 st Dec., '19	31 st Dec., '20	(%) Change
Price	1.1890	1.3670	14.97%
AUM (GHS)	8,275,585.00	17,549,083.00	112.06%
Shareholders	2,630	2,744	4.33%
Units Outstanding	6,886,681.26	12,716,090.28	84.65%

Outlook & Strategy

The year started sluggishly on account of the 2020 Election Petition. Generally, this coupled with the spike in COVID 19 arising from the spread of the highly infectious South African and UK variants, increased uncertainty. Investors continued to maintain a bias towards long dated money market instruments as yields were higher. The stock market showed some growth in the first three months of 2021. The 91, 182- and 365-day treasury bills all declined within the same period.

We look forward to a bullish stock market as it begins to show signs of recovery. However, we will maintain some bias towards fixed income investments as we are not too certain about the stock market yet so as to preserve value for our investors.

COVID 19 continues to pose a great risk to all of us in general as it tends to lead to a slowdown in our activities. We are however glad the deployment of vaccines is ongoing. We will continue to encourage investors to use our electronic collections channels and partner banks to top up their investments. Investors who maintain accounts with our partner banks (i.e. GCB, StanChart and GT Bank) can set up standing instructions. Investors who hold accounts with other Banks can as well sign on to the Direct Debit for deductions from their bank accounts. The *737*70# USSD platform also provides a convenient and secure means of increasing your investments from your MTN Mobile Money Wallet.

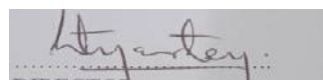
Although 2021 may be a particularly difficult year as it serves as a watershed year, where we are transitioning from the helpless COVID situation into one where the disease has been comparatively understood, we encourage shareholders to continue to investing in the CM Fund as it may serve as an intervening relief in their times of need.

SDC Capital remains committed to delivering impressive returns to clients in the ensuing year as we continue making strides in dealing with the pandemic. Your unwavering support in the ensuing year is immensely anticipated.

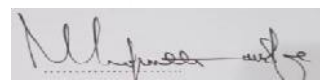
Clarkson Duku Acheampong – (CA. Gh; MBA Finance)
Portfolio Manager

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		2020 GH¢	2019 GH¢
ASSETS	NOTES		
Bank and Cash Balance	5	83,374	145,862
Receivables	6	-	1,772
Listed Equity Securities	8	560,430	637,938
Held-To-Maturity Securities	7	16,905,279	7,497,169
		-----	-----
TOTAL ASSETS		17,549,083	8,282,741
		=====	=====
Shareholders' Contribution	17(i)	13,016,728	4,951,893
Retained Earnings	17(iii)	4,587,739	3,276,775
Fair Value Reserve	17(ii)	(222,087)	(40,440)
		-----	-----
SHAREHOLDERS' FUND		17,382,380	8,188,228
		=====	=====
LIABILITY			
Payables	19	166,703	94,513
		-----	-----
TOTAL LIABILITY		166,703	94,513
		-----	-----
TOTAL SHAREHOLDERS' FUND AND LIABILITY		17,549,083	8,282,741
		=====	=====



Director



Director

The notes on pages 23 to 31 are an integral part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR
ENDED 31 DECEMBER 2020**

		2020 GH¢	2019 GH¢
	NOTES		
Interest Income	9	2,080,867	1,735,942
Dividend Income	10	11,980	12,246
Other Income	11	120	161
TOTAL OPERATING INCOME		2,092,967	1,748,349
Administrative Expenses	12	(359,961)	(256,750)
Selling and Promotion Expenses	13	(550)	(1,647)
Finance Charges	14	(1,802)	(1,622)
Other Expenses	15	(419,690)	(540,910)
TOTAL OPERATING EXPENSE		(782,003)	(800,929)
Net Investment Income		1,310,964	947,420
Loss from Disposal of equities	16 (i)	-	(1,480)
PROFIT FOR THE YEAR		1,310,964	945,940
OTHER COMPREHENSIVE INCOME			
<i>Items that are or may be reclassified subsequently to Profit or loss</i>			
Fair Value Loss on FVOCI	20	(181,647)	(56,000)
TOTAL COMPREHENSIVE INCOME		1,129,317	889,940

The notes on pages 23 to 31 are an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31
DECEMBER 2020**

	Shareholders' Fund GH¢	Fair Value Reserve GH¢	Retained Earnings GH¢	Total GH¢
Balance at 1 January 2020	4,951,893	(40,440)	3,276,775	8,188,228
Profit for the year	-	-	1,310,964	1,310,961
Transactions with Equity Holders				
Proceeds from Shares Issued	10,709,424	-	-	10,709,424
Value of Shares Redeemed	(2,644,589)	-	-	(2,644,589)
Fair Values Loss on FVOCI Financial Instruments		(181,647)	-	(181,646)
Balance at 31 December 2020	<u>13,016,728</u>	<u>(222,087)</u>	<u>4,587,739</u>	<u>17,382,380</u>
Balance at 1 January 2019	4,999,481	15,560	2,332,638	7,347,679
Profit for the year	-	-	945,940	945,940
Prior year adjustment	-	-	(1,803)	(1,803)
Transactions with Equity Holders				
Proceeds from Shares Issued	1,927,587	-	-	1,927,587
Value of Shares Redeemed	(1,975,175)	-	-	(1,975,175)
Fair Values Loss on FVOCI Financial Instruments		(56,000)	-	(56,000)
Balance at 31 December 2019	<u>4,951,893</u>	<u>(40,440)</u>	<u>3,276,775</u>	<u>8,188,228</u>

The notes on pages 23 to 31 are an integral part of these financial statements.

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER
2020**

	NOTES	2020 GH¢	2019 GH¢
Cash Flow from Operating Activities			
Profit for the period		1,310,964	945,940
Adjustment for:			
Loss on equity disposal	16 (i)	-	1,480
		-----	-----
		1,310,964	947,420
Changes in:			
Receivables	6	1,772	(1,772)
Payables	19	72,190	45,956
		-----	-----
Net Cash Flow from Operating Activities		1,384,926	991,604
		-----	-----
Cash Flow from Investment Activities			
Changes in Listed Securities	16 (ii)	(104,139)	9,666
Changes in Held-To-Maturity Investment	7	(9,408,110)	(878,311)
		-----	-----
Net Cash Flow from Investing Activities		(9,512,249)	(868,645)
		-----	-----
--			
Cash Flow from Financing Activities			
Proceeds from Shares Issued		10,709,424	1,927,587
Value of Shares Redeemed		(2,644,589)	(1,975,175)
		-----	-----
Net Cash Flow from Financing Activities		8,064,835	(47,588)
		-----	-----
Net Increase/ (Decrease) in Cash and Cash Equivalent		(62,488)	75,371
Cash and Cash Equivalent at 1 January		145,862	70,491
		-----	-----
Cash and Cash Equivalent at 31 December	5	83,374	145,862
		=====	=====

The notes on pages 23 to 31 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

CM Fund Limited is a limited liability company incorporated and domiciled in Ghana. The address of its registered office is, Hse No F155/6, Orphans Crescent, Labone – Accra, P. O. BOX GP 14198 Accra.

2. DESCRIPTION OF THE FUND

It is an open-ended balanced mutual fund established in 2007 with an unlimited duration. The authorized business of the Fund is to achieve a long-term capital growth by investing in a diversified portfolio of equity securities listed on the Ghana Stock Exchange and other money market securities of acceptable credit quality.

3. BASIS OF MEASUREMENT

The financial statements have been prepared on a historical cost basis, except for the following material item:

Items	Measurement Basis
Financial assets at FVOCI (applicable from 1 January 2020) – Listed Equity Securities	Fair Value

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1. Statement of Compliance

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

4.2. Basis of Accounting

The financial statements have been prepared on a historical cost basis except for available-for-sale financial assets and other financial instruments that are measured at fair value as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are presented in Ghana Cedi (GH¢). The Fund presents its statement of financial position in order of liquidity.

4.3. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duty.

4.3.1. Interest Income

Interest revenue is recognized in the Statement of Comprehensive Income for all interest-bearing financial instruments using the accrual and amortization method. The Fund recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met.

4.3.2. Dividend Income

Dividend income is recognized through the Statement of Comprehensive Income if the qualifying date falls within the year under review.

4.4. Valuation of Investments

Securities listed on a stock exchange or traded on any other organized market are valued at the last available market price on the relevant valuation day.

Securities that are actively traded on the over-the-counter market are valued at the mean between the most recently quoted bid and offer prices provided by the principal brokers. Securities and assets for which market quotations are not readily available are valued at fair values as determined in good faith by or under the direction of the Board of Directors. Short-term debt securities having a maturity of ninety-one days or less are valued at amortized cost. Financial Assets with fixed interest purchased at a Premium/(Discount) are measured at amortized cost. The Premium/(Discount) is initially recognized as an asset or liability based on the number of days to maturity and amortized as an income/expense over the life of the instrument.

4.5. Foreign Currencies Transactions

In preparing the financial statements of the Fund, transactions in currencies other than the Fund's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Foreign currency differences arising on translation are recognised in profit or loss.

4.6. Distribution Policy

The Fund does not distribute income. All income earned is reinvested. Shareholders should be aware that the prime objective of the Fund is to achieve capital growth and as such income is reinvested to take advantage of the effects of compounding.

4.7. Cash and Cash Equivalents

Cash and cash equivalents include notes and coins on hand and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments

5. BANK BALANCE

	2020 GH¢	2019 GH¢
Standard Chartered Bank – Collection Account	14,730	11,930
GCB Bank – Collection Account	4,928	1,027
GT Bank – Custody Account	63,716	132,905
	-----	-----
	83,374	145,862
	=====	=====

6. RECEIVABLE

	2020 GH¢	2019 GH¢
Account Receivables	-	1,772
	-----	-----
	-	1,772
	=====	=====

7. HELD-TO-MATURITY SECURITIES

	2020 GH¢	2019 GH¢
Fixed Deposits	3,831,045	3,889,384
Corporate Notes/Bonds	8,599,604	1,638,925
2YR Treasury Note	93,308	-
3-5YR Treasury Bond	2,817,688	1,968,860
12YR ESLA P.L.C Bond	1,563,634	-
	-----	-----
	16,905,279	7,497,169
	=====	=====

8. LISTED EQUITY SECURITIES - 2020

	<u>No. of Shares</u>	<u>Price</u>	<u>Market Value GH¢</u>
CAL	5,771	0.69	3,982
TOTAL	42,500	2.83	120,275
FML	95,021	1.08	102,623
GCB	30,000	4.05	121,500
EGH	300	7.20	2,160
SCB	8	16.31	130
UNIL	16,012	8.29	132,739
GOIL	13,200	1.50	19,800
SOGEGH	33	0.64	21
BOPP	3,000	2.00	6,000
MTN	80,000	0.64	51,200

			560,430
			=====

LISTED EQUITY SECURITIES - 2019

CAL	5,771	0.89	5,136
TOTAL	42,500	3.00	127,500
FML	21	4.12	87
GCB	30,000	5.10	153,000
EGH	300	8.09	2,427
SCB	8	18.40	147
UNIL	16,012	16.40	262,597
GOIL	13,200	1.70	22,440
SOEGEH	33	0.72	24
BOPP	3,000	2.86	8,580
MTN	80,000	0.70	56,000

637,938
=====

Listed Equity Securities represents stocks that are quoted on the Ghana Stock Exchange. These have been classified as financial instrument at fair value through profit and loss. Net changes in held for trading financial assets have been recognized in the Statement of Comprehensive Income.

9. INTEREST INCOME

	2020 GH¢	2019 GH¢
Interest on Held-to-maturity securities	2,073,201	1,733,576
Interest earned – Bank	7,666	2,366
	-----	-----
	2,080,867	1,735,942
	=====	=====

10. DIVIDEND INCOME

	2020 GH¢	2019 GH¢
Listed Equity Securities (Dividend)	11,980	12,246
	=====	=====

11. OTHER INCOME

	2020 GH¢	2019 GH¢
Redemption fees	84	161
Amortized Discount	36	-
	-----	-----
	120	161
	=====	=====

12. ADMINISTRATIVE EXPENSE

	2020 GH¢	2019 GH¢
Fund Management Fee	276,282	194,202
Custodian Expenses	44,205	31,073
Auditors Remuneration	7,087	7,110
Directors Remuneration	21,700	12,600
Subscription	500	500
Printing & Stationary	1,880	4,260
Telephone & Postage	1,549	1,570
Office Expenses	1,744	434
Software Maintenance fees	5,014	5,001
	-----	-----
	359,961	256,750
	=====	=====

13. SELLING & PROMOTION EXPENSE

	2020 GH¢	2019 GH¢
Marketing and Advertising	550	1,647
	=====	=====

14. FINANCE CHARGES

	2020 GH¢	2019 GH¢
Bank Charges	1,802	1,622
	=====	=====

15. OTHER EXPENSES

The Other Expenses represents any form of expenses other than Administrative, Selling and Promotion and Finance Cost, including redemption expenses. The Redemption expenses consist of the capital gains accumulated on Shareholders' investments which is not distributed based on the Income Distribution Policy of the Fund. These gains are recognized as part of the investment income to the Fund over the period. The Fund recognizes it as an expense when Shareholders redeem their investments.

	2020 GH¢	2019 GH¢
Redemption Expenses	410,874	538,254
Other Expenses	8,816	2,656
	-----	-----
	419,690	540,910
	=====	=====

16. LISTED EQUITY TRANSACTIONS

i. Loss from disposal of equities

	2020 GH¢	2019 GH¢
Proceeds from Sale of Equities	-	9,666
Cost of equities disposed	-	(11,146)
	-----	-----
Loss from disposal of equities	-	(1,480)
	=====	=====

ii. Changes in Listed Equities

	2020 GH¢	2019 GH¢
Proceeds from Sale of Equities	-	9,666
Equities purchased during the period	104,139	-
	-----	-----
Net Cash changes in Listed equities	104,139	9,666
	=====	=====

17. CAPITAL AND RESERVE

i. Shareholders' Contribution

The Capital of the Fund represents the Shareholders' contribution towards the Fund. This can vary from time to time depending on the shares subscribed and redeemed over the period. The Fund is not subjected to external capitalization and has no legal restriction on the issue, repurchase or resale of redeemable shares beyond those included in the scheme particulars of the Fund. The objectives for managing capital are:

-) To undertake investments that meets the description, risk exposure and expected return of the Fund as indicated in the scheme particulars
-) To achieve consistent returns while safeguarding capital by investing in diversified portfolio, by participating in money market and other capital market.
-) To maintain sufficient liquidity to meet the expenses of the Fund as well as redemption requests from Shareholders.

	2020 GH¢	2019 GH¢
Balance as at 1 January	4,951,893	4,999,481
Proceeds from Shares issued	10,709,424	1,927,587
Value of Shares redeemed	(2,644,589)	(1,975,175)
	-----	-----
Balance as at 31 December	13,016,728	4,951,893
	=====	=====
	Shares	Shares
Shares as at 1 January	6,886,681	7,436,945

Shares issued	7,819,327	1,777,030
Shares Redeemed	(1,989,918)	(2,327,294)
	-----	-----
Shares Outstanding as at 31 December	12,716,090	6,886,681
	=====	=====

ii. **Nature and Purpose of Reserves**
Fair Value Reserve

This includes the cumulative net-changes in the fair value of available for sale investments.

	2020	2019
	GH¢	GH¢
Market Value of equity securities	560,430	637,938
Cost of equity securities	(782,517)	(678,379)
	-----	-----
Fair Value reserve	(222,087)	(40,440)
	=====	=====

iii. **Retained Earnings**

This represents the residual of cumulative annual profit that are available for distribution to Shareholders.

	2020	2019
	GH¢	GH¢
Balance at 1 January 2020	3,276,775	2,332,638
Profit for the period	1,310,964	945,940
Prior year adjustment	-	(1,803)
	-----	-----
Retained Earnings	4,587,739	3,276,775
	=====	=====

18. Contingencies and Commitments

The Fund operates in the financial service industry and is subject to legal proceedings in the normal course of business. As at the reporting date, there were no potential or threatened legal proceedings, for or against the Fund. There are no contingencies associated with the Fund's compliance or lack of compliance with regulations.

19. PAYABLES

	2020	2019
	GH¢	GH¢
Fund Management Fee	36,508	17,225
Custodian Fee	91,117	46,911
Auditors Remuneration	6,037	6,023
Account Payables	33,041	24,354
	-----	-----
	166,703	94,513
	=====	=====

The Accounts Payable represents any form of accrued expenses other than Fund management fee, Custody fee and Auditors remuneration. This include accrued software maintenance fee, accrued Directors' emoluments, other operating expenses accrued and outstanding clients' redemptions at the end of the period.

20. FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	2020 GH¢	2019 GH¢
Value of Equities at 31 December 2020	560,430	637,938
Value of Equities at 1 January 2020	(637,938)	(705,084)
	-----	-----
Net Changes for the period	(77,508)	(67,146)
Value of Equities purchased during the period	(104,139)	-
Value of Equities sold during the period	-	9,666
Loss on equity disposal during the period	-	1,480
	-----	-----
Fair Value Gains/ (Loss) for the period	(181,647)	(56,000)
	=====	=====

21. RELATED PARTIES TRANSACTION

Parties are considered related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one party controls both. The definition of related party includes the Fund Manager (SDC Capital Limited), Custodian (GT Bank Custody) and the Non-Executive Directors of the Fund.

i. Fund Manager (SDC Capital Limited)

The Fund Manager is entitled to receive a management fee of 2.5% per annum calculated on the Net Asset value of the Fund. Management fees are payable monthly in arrears. For the year ending 2020, total management fee is as follows:

	2020 GH¢	2019 GH¢
Fund Management Fee	276,282	194,202
	=====	=====

ii. Custodian (GT Bank Custody)

The Custodian carries out the usual duties regarding custody, cash and securities deposit without any restrictions. This means that the Custodian is, in particular, responsible for the collection of dividend, interest and proceeds of maturing securities, the exercise of options and, in general, for any other operation concerning the day-to-day administration of the Fund. The total Custodian and administration fee for the year 2020 is as follows:

	2020 GH¢	2019 GH¢
Custody Fees	44,206	31,073
	=====	=====

i. Non-Executive Directors

During the year 2020, the Directors' remuneration consisting of fees and sitting allowances amounted to GH¢21,700 (2019: GH¢12,600).

22. FINANCIAL RISK MANAGEMENT

i. Objective and Policy

The Fund's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing controls, identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

i. Risk Management Structure

The Fund's Investment Manager is responsible for identifying and controlling risks. The Board of Directors supervises the Investment Manager and is ultimately responsible for the overall risk management of the Fund.

i. Risk Measurement and Reporting System

The Fund's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on statistical models.

The models make use of the probabilities derived from historical experience, adjusted to reflect the economic environment. Monitoring and controlling risk is primarily set up to be performed based on limits established by the Board of Directors. These limits reflect the business strategy including the risk that the Fund is willing to accept in the market environment. In addition, the Fund monitors and measures the overall risk in relation to the aggregate risk exposure across all risk types and activities.

23. TAXATION

Under section 42 of Securities Industry Law, 1993 P.N.D.C.L. (333), mutual funds are not liable to pay income tax or any other tax including levy in respect of income on profits or gains derived by it from any source.

PROXY FORM

ANNUAL GENERAL MEETING to be held at **10.00 am on Friday, 2nd July, 2021 at Teachers Hall, Accra.**

I/We.....
..... being a member of the CM Fund Limited hereby appoint
.....
.....or failing him, the chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held at Teachers Hall on Friday, 2nd July, 2021 at 10.00am and at any adjournment thereof.

Dated this.....day
of.....2021

.....
Shareholder's Signature

Resolution	For	Against
To receive the 2020 Annual Reports		
To approve the remuneration of the auditors		
To approve the remuneration of the Directors		

Please indicate with 'X' in the appropriate box how you wish your votes to be cast on the resolution set out above. Unless otherwise



1. Dial *737*70# on your mobile phone (MTN & Vodafone).
2. Enter your full name and **SEND**
3. Enter your top up amount (minimum GHS 50.00) and **SEND**
4. Select your preferred payment wallet (MTN MoMo, Vodafone Cash or GT Bank Account) and **SEND**
5. Enter your PIN to confirm the transaction and **SEND**
6. Where applicable, approve the transaction and **SEND**

Always notify us through our legal representatives whenever you top up and/or send a screenshot of the successful transaction SMS containing the Transaction ID via WhatsApp to 0249590380 to confirm your top up.






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