



REPUBLIC
WEALTH
TRUST

ANNUAL REPORT 2022



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REPUBLIC WEALTH TRUST

ANNUAL REPORT 2022

FUND INFORMATION

FUND MANAGER

NAME

Republic Investments (Ghana) LTD

COUNTRY OF INCORPORATION

Ghana

REGISTRATION NUMBER

CS058092017

NATURE OF CORPORATE FORM

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

No. 48A Sixth Avenue North Ridge, Accra

DATE OF INCORPORATION

7th July, 1993

CAPITALISATION (as at December 31, 2022)

AUTHORISED

10,000,000 (Ten million)

Ordinary shares of no-Par value

ISSUED

4,609,601

AUDITOR

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

TRUSTEE

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

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the 1st Annual General Meeting (AGM) of Unit Holders of the Republic Wealth Trust will **be held virtually** and streamed live **via Zoom** to all Unit Holders from Republic Bank (Ghana) PLC, Ebankese, Accra **at 3:30pm 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 Wealth 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 Wealth 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 Wealth 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 Wealth 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 Wealth 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 Wealth Trust for the financial year ended 31 December 2022, together with the Trustee's Report and Auditor's Report thereon.
3. To authorize the Fund Manager to fix the remuneration of the Auditor of the Fund for the year 2023.

C. SPECIAL BUSINESS

1. To consider and approve a request to amend the Scheme Particulars of the Republic Wealth 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 Wealth 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

ORDINARY RESOLUTIONS

1. That the Audited Statement of Income and Expenditure of Republic Wealth 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 Fund Manager be authorised to fix the remuneration of the Auditor of the Fund for the year 2023.

B. SPECIAL RESOLUTION

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

PROCEDURE FOR PARTICIPATION

To Register for the AGM

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

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

To Participate in the AGM

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

On PC

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

On Mobile

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

3. Type your question

On PC

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

On Mobile

- Tap the three dots labeled "More" on the far right of the control bar.
- Click "Q&A" to type your question. Then submit.

4. Use the polling feature to vote for or against a motion.

On PC or Mobile

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

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

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

Proxy

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

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



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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 Wealth 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 Wealth 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 **15**, the respective responsibilities of the Trustees and the Auditor in relation to the financial statements

REPORT OF THE TRUSTEE’S TO THE UNIT HOLDERS OF REPUBLIC WEALTH 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 20th May, 2021 and all regulations for the time being in force under the Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695).

Dated 24th May 2023

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

For: GUARANTY TRUST BANK (GHANA) LIMITED

FUND MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

REPUBLIC WEALTH TRUST

A. Economic Overview

The year 2022 saw the size of the global economy surpass US\$100 trillion for the first time, reaching US\$101.6 trillion according to the World Bank. This followed two (2) major setbacks suffered by the world economy. The first was the Covid-19, disrupting the world's supply chain system and the Russia invasion of Ukraine in February 2022, causing high inflation across the globe also due to supply restrictions. These developments increased inflationary pressures, further augmenting debt portfolios of most emerging economies like Ghana. As a result global growth closed at 3.4% in 2022, according to the International Monetary Fund (World Economic Outlook).

The domestic economy recorded a hike in inflation from 12.60% in 2021 to 54.1% in 2022. This was largely driven by cost-push pressures. The growing uncertainties with how the government would be able to settle its increasing debt portfolio, culminated in a situation where foreign investors commenced a portfolio flight to inflict an enhanced pressure on the cedi. 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. Despite these rates recorded, growing sentiments on the conclusions on 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 and the general demand pressures saw hikes in interest rates. The 91-day, 182-day and 364-day rates recorded upward trends peaking at a position of 35.48%, 36.3% and 36.06% respectively as against the prior year positions of 12.49%, 13.19% and 16.46%. The secondary market saw upward adjustments in yields. The 2-year, 3-year, 5-year and 6-year GOG securities saw the yields trading within a range of 43.87% to 59.49%. The monetary policy rate inched up from 14.50% in December 2021 to 27% as at the end of December 2022.

B. Fund Performance

The year 2022, undoubtedly was impacted globally, on the domestic financial system and the fund. Disruptions in the macro-economic indicators as well as the introduction of the mark-to-market valuation method by the Securities and Exchange Commission (SEC - Regulator of the Capital Market) further eroded gains on investment portfolios. Despite the turbulence, the fund closed the year 2022 with a net fund value of GHS7.03million, a growth of 72.66%, having completed an IPO with an AUM position of GHS4.07 million as at 11 April 2022. The Fund also recorded a return of 10.04% at the end of the period. This was on the back of careful asset acquisitions while ensuring risk is minimized. The number of unitholders at the close of the year was 877.

FUND MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

C. Portfolio Review and Asset Mix

The twin effects of the mark-to-market valuation and the implementation of the Domestic Debt Exchange Programme (DDEP) warranted changes in fund management strategy to properly diagnose and proffer risk-adjusted solutions to asset allocation. Your Fund Manager proactively managed the fund to lessen risk exposure while ensuring sustainable investment growth. Investments made in GOG securities accounted for 50.76% of the fund's portfolio. Allocations to fixed deposits and local government bills were 27.53% and 20.53% respectively. Cash & Cash Equivalents represented 1.18% of the portfolio.

D. Fund Strategy and Outlook for 2023

The year 2023 holds a lot of prospects for your fund as the government adopts and implements measures to contain the macroeconomic indicators and propel a more stable investment environment. To achieve full diversification and reduce risks in the Republic Wealth Trust, the inclusion of well-scrutinized and fully covered alternative investments would be harnessed to achieve fund growth while working towards above-market returns. The key expectation arising from these actions would be to help position the portfolio in shielding new deposits from the impact of bond price volatilities. As a strategy, the fund would sustain its rebalancing efforts in the GOG securities

space while consolidating positions in money market instruments after a thorough due diligence is conducted.

Market confidence is expected to be revived once the market stabilizes following the anticipated completion of the domestic debt exchange programme, which is expected to set in motion an IMF deal. We shall continue to keenly monitor the market and take advantage of opportunities while sustaining our efforts to moderate risk factors that can adversely affect your investments following the global disruptions.

We are extremely grateful to you for the unflinching support and patronage of the Republic Wealth Trust during the IPO process through to the completion of the year. You are also encouraged to set up standing orders and direct debits to ensure that your investment goals are consistently supported by your contributions. Your referral, especially from contacts within your network will be appreciated. We assure you of our commitment to growing your funds to the best of our abilities for our mutual benefit. Our cherished unit holders, as always, it is possible together! We thank you for your custom.

Signed



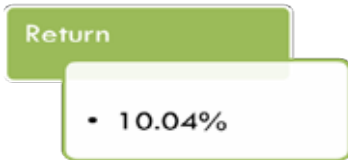
CHIEF EXECUTIVE OFFICER

HIGHLIGHTS OF FUND STATISTICS

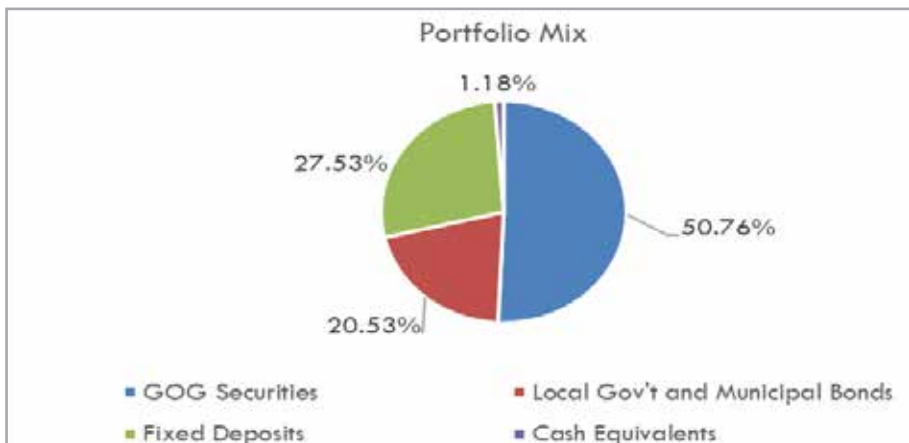
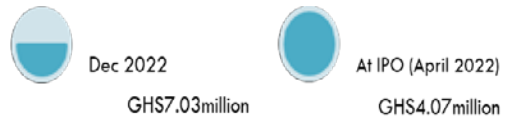
	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Republic Wealth Trust (%) (YTD)	0.98%	2.56%	4.18%	6.06%	7.74%	7.90%	5.76%	10.04%
Republic Wealth Trust (%) (Annualized)	9.37%	11.12%	11.62%	12.38%	12.58%	10.61%	6.62%	10.04%
5 Year Average of the 3 year GOG (%)	18.94%	18.94%	18.94%	18.94%	18.94%	18.94%	18.94%	18.94%



Return



Fund Value



INDEPENDENT AUDITOR'S REPORT

TO THE UNIT HOLDERS OF REPUBLIC WEALTH TRUST

Opinion

We have audited the financial statements of Republic Wealth Trust which comprise the statement of assets and liabilities as at December 31, 2022, the income and distribution account, statement of movement in net assets and issued units for the period 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 30**.

In our opinion, the financial statements give a true and fair view of the financial position of Republic Wealth Trust as at December 31, 2022, and of its financial performance and its cash flows for the period then ended and are in accordance with the International Financial Reporting Standards and in the manner required by Unit Trust 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.

Responsibilities of the Trustees for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and for such internal control as the Trustees 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 Trustees are 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 Trustees either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so. The Trustees are responsible for overseeing the Trusts 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 the International Standards on Auditing will

INDEPENDENT AUDITOR'S REPORT

TO THE UNIT HOLDERS OF REPUBLIC WEALTH TRUST

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 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 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 Trustees 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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for the period ended 31 December 2022. These matters were

INDEPENDENT AUDITOR'S REPORT

TO THE UNIT HOLDERS OF REPUBLIC WEALTH TRUST

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. Existence and Valuation of Investment Assets

The asset of the trust is invested in treasury bills, government bonds, and local government securities. In many respects, the custody of these investments is by third-party entities specifically authorized or nominated for such holding purposes. Based on the business model of the trust, these investments can either be valued at amortized cost or at fair value and the returns on these investments depend on the face value/cost, interest rates, and the tenor.

How the matter was addressed in our audit

- We obtained a list of investments in the name of the trust from the Central Securities Depository to confirm their existence and agreed the total to the fund manager's accounting records.
- We reviewed the Securities and Exchange Commission's directive on the use of the fair value method in the valuation of investment assets.
- We reviewed the fund manager's valuations of the investment assets to ensure that they were done using the fair value method as directed by the Securities and Exchange Commission (SEC).
- We also reviewed whether the quarterly valuation of the investment portfolio by the fund manager as the basis for determining management fees was reasonably made and accurate.
- We evaluated the adequacy of disclosures of investment assets recognized in the trust's statement of financial position and the statement of assets and liabilities.

2. Income Recognition

The investment asset of the trust yields interest income based on the rates of interest, face value/cost, and the tenor related to each investment type of asset. Interest income is recognized in the financial statements on an accrual basis on the basis that it is probable that economic benefits associated with the assets will flow to the trust.

How the matter was addressed in our audit

- We reviewed the design and implementation of controls over the trust's income recognition.
- We recomputed the interest income based on the agreed interest rates, face value/cost, and the duration for which the interest income relates to.
- We reviewed the cut-off period for investment assets of the trust to ensure that interest income accruing to the trust after 31 December 2022 are not recognized as interest income for the current period.

INDEPENDENT AUDITOR'S REPORT

TO THE UNIT HOLDERS OF REPUBLIC WEALTH TRUST


- We evaluated the adequacy of disclosures of interest income recognized in the trust's income and distribution account.

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

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.
- 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.



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

Chartered Accountants

Accra.

26th May 2023



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to know more



REPUBLIC UNIT TRUST **FINANCIAL STATEMENTS**



FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

STATEMENT OF ASSETS AND LIABILITIES

	Note	2022 Market Value GH¢	% Net Assets
Short Term Funds			
Cash and Cash Equivalents	2	1,191,716	17.02
Investments at Amortised Cost	3	1,140,484	16.29
Investments at FVOCI	4	4,706,515	67.21
		5,846,999	83.50
Total Financial Assets		7,038,715	100.51
Other Assets in Excess of Liabilities		(35,929)	(0.51)
Net Financial Assets		7,002,786	100

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

STATEMENT OF FINANCIAL POSITION

	Note	2022 GH¢
Assets		
Total Financial Assets		7,038,715
Other Assets:		
Account Receivable		391
Total Assets		<u>7,039,106</u>
Liabilities:		
Management Fees Payable		10,834
Audit Fees Payable		12,190
Trustee Fees Payable		813
Other Payables		12,483
Total Liabilities		<u>36,320</u>
Net Financial Assets		<u>7,002,786</u>
Represented by:		
Accumulated Income		724,804
Capital Account		6,474,978
Investment Revaluation Reserve	5	(196,996)
Members' Fund		<u>7,002,786</u>

SIGNED FOR REPUBLIC INVESTMENTS (GHANA) LIMITED ON 28 APRIL, 2023



CHIEF EXECUTIVE OFFICER



DIRECTOR

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

STATEMENT OF INCOME AND DISTRIBUTION

	Note	2022 GH¢
Investment Income:		
Fixed Deposit		58,216
Treasury Bills		9,147
Call Account		2,851
Bonds		445,768
Local Government Securities		289,918
Other Income		9,146
Total Investment Income		815,046
Expenses:		
Management Fees		72,114
Trustee Fees		5,409
Audit Fees		12,190
Other Expenses	1	529
Total Expenses		90,242
Net Investment Income		724,804
Other Comprehensive Income:		
Unrealised Gain/(Loss) on investment	4	(196,996)
Total Other Comprehensive Income		(196,996)
Total Comprehensive Income		<u>527,808</u>

ACCUMULATED NET INVESTMENT INCOME

	Note	2022 GH¢
Balance at 1/1		-
Net Investment Income		724,804
Balance at 31/12		<u>724,804</u>
	Note	2022 GH¢
Net Investment Income		724,804
Gains/(Loss) on fair value changes		<u>(196,996)</u>

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

Increase in Net Assets from Operations	<u>527,808</u>
Capital Transactions:	
Value of Units Sold and Converted	6,559,650
Value of Units Disinvested	<u>(84,672)</u>
Net Proceeds from Capital Transactions	<u>6,474,978</u>
Total Increase in Net Assets	7,002,786
Balance at 1/1	-
Balance at 31/12	<u>7,002,786</u>

STATEMENT OF MOVEMENT IN ISSUED UNITS

	2022 GH¢
Number of units at 1 January	-
Number of units issued during the period	<u>13,062,497</u>
	13,062,497
Number of units disinvested during the period	(315,123)
Number of units at 31 December	<u>12,747,374</u>

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

CAPITAL ACCOUNT

	Units	2022 GH¢
Balance at 1 January	-	-
Value of units sold and Converted	<u>13,062,497</u>	<u>6,559,650</u>
	13,062,497	6,559,650
Value of Units Disinvested	<u>(315,123)</u>	<u>(84,672)</u>
Value of the trust Fund at 31 Dec	<u>12,747,374</u>	<u>6,474,978</u>

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

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

	2022
	GH¢
Bank Charges	<u>529</u>

2. CASH AND CASH EQUIVALENTS

	2022
	GH¢
Cash at Bank	<u>1,191,716</u>

3. INVESTMENTS AT AMORTISED COST

	2022
	GH¢
Treasury Bills	305,385
Fixed Deposits	<u>835,099</u>
	<u>1,140,484</u>

4. INVESTMENTS AT FVOCI

	2022
	GH¢
Bonds	3,262,915
Cocoa Bills	<u>1,443,600</u>
	<u>4,706,515</u>

5. INVESTMENT REVALUATION RESERVE

	2022
	GH¢
Opening Balance	-
Gains/(Loss) during the period	<u>(196,996)</u>
Closing Balance	<u>(196,996)</u>

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

6. 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 rating agencies several times in 2022. During the last quarter of 2022, negotiations took place between the Government of Ghana and the International Monetary Fund (IMF) to establish a support programme. According to the IMF's press release No. 22/427, a staff level agreement was reached in mid-December of 2022. However, the execution of this support programme is contingent on the implementation of a debt restructuring plan, which is intended to restore Ghana's macroeconomic stability. In response, the Government of Ghana on 5 December 2022 launched the Ghana Domestic Debt Exchange Programme (GDDEP).

The GDDEP is an arrangement through which registered bondholders in Ghana exchanged their eligible domestic bonds (all locally issued bonds and notes of the Government and E.S.L.A. Plc and Daakye

Trust Plc bonds excluding Treasury bills(T-bills)) for new benchmark bonds with the same aggregate principal amount (plus applicable capitalized accrued and unpaid interest).

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

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.

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NOTES TO THE FINANCIAL STATEMENTS

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 GHS3,043,764 worth of eligible bonds and received the equivalent amount (GHS1,521,882) 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.

Bond Type	Value of Bonds Exchanged at 21 Feb 2022 GHS	Carrying Amount at 31 Dec 2022 GHS	Fair Value at 31 Dec 2022 GHS
GOG Bond	3,043,764	3,008,069	2,841,109
	3,043,764	3,008,069	2,841,109

Impairment of eligible bonds measured at amortised cost

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.

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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 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 which were unilaterally rolled over by the Bank of Ghana at maturity. The table excludes Cocoa Bills with market value of GHS386,924 as at 31 December 2022, which was fully paid by the Government upon maturity in January 2023. This table includes the carrying amounts held as at 31 December 2022 and the mark-to-market values as at the year ended 31 December 2022

FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

	Carrying Amount at 31 Dec 2022	Fair Value 31 Dec 22
	GHS	GHS
Cocoa Bills	1,097,785	1,061,020

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).

7. CONTINGENT LIABILITIES

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

8. RELATED PARTY TRANSACTIONS

There was no related party transaction during the period.

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 Wealth 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 recognition of specific provisions in the Unit Trusts and Mutual Funds Regulations, 2001 (LI 1695) has initiated a rebalancing of the allocation limits for 'cash & cash equivalents' and 'fixed deposits'. Existing allocation limits for the other asset classes, namely, GOG Bills and Bonds, Corporate Bonds, Local Government and Municipal Bonds and Collective Investment Scheme, remain same.

The Proposed Rebalancing of Existing Asset Allocation

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

ASSET CLASS	ASSET ALLOCATION PER SCHEME PARTICULARS ("OLD/EXISTING")	ASSET ALLOCATION PER SCHEME PARTICULARS (PROPOSED AMENDMENT)
GOG BILLS AND BONDS	≤70.0%	≤70.0%
CORPORATE BONDS	≤30.0%	≤30.0%
LOCAL GOVERNMENT AND MUNICIPAL BONDS	≤40.0%	≤40.0%
FIXED DEPOSITS	≤40.0%	≤60.0%
COLLECTIVE INVESTMENT SCHEME	≤5.0%	≤5.0%
CASH & CASH EQUIVALENTS	≤5.0%	≥5.0%

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

Narrative to Asset Rebalancing

Underpinning the changes are the following narratives:

o **Fixed Deposits:** It is recommended that the allocation to this asset class is amended from "less than or equal to 40.0%" to "less than or equal to 60.0%" of the assets of the scheme. This is to enable the Fund Manager better achieve the fixed income objective of the fund through active portfolio rebalancing.

o Cash & Cash Equivalents: An amendment of the exposure from “less than or equal to 5.0%” to “at least 5.0%” is recommended. This is 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....).

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 1st Annual General Meeting (AGM) of Unit Holders of Republic Wealth Trust will be held virtually and streamed live via Zoom to all Unit Holders from Republic Bank (Ghana) PLC, Ebankese, Accra at 3:30pm on Tuesday, 25 July, 2023 to transact the following business:

ORDINARY RESOLUTION	FOR	AGAINST
That the Audited Statement of Income and Expenditure of Republic Wealth 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 Fund Manager be authorised to fix the remuneration of the Auditor of the Fund for the year 2023.		
SPECIAL RESOLUTION	FOR	AGAINST
That the request to amend the Scheme Particulars of the Republic Wealth 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 1st Annual General Meeting of the Fund to be held on Tuesday 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)**



Notification

Deduction of Ghsxxx has been made into your Investment Account.

Use our Direct Debit Service, stress not

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

Visit Republic Investments Office or
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