



Republic Investments (Ghana) Limited

**ANNUAL
REPORT '17**



UNIT TRUST



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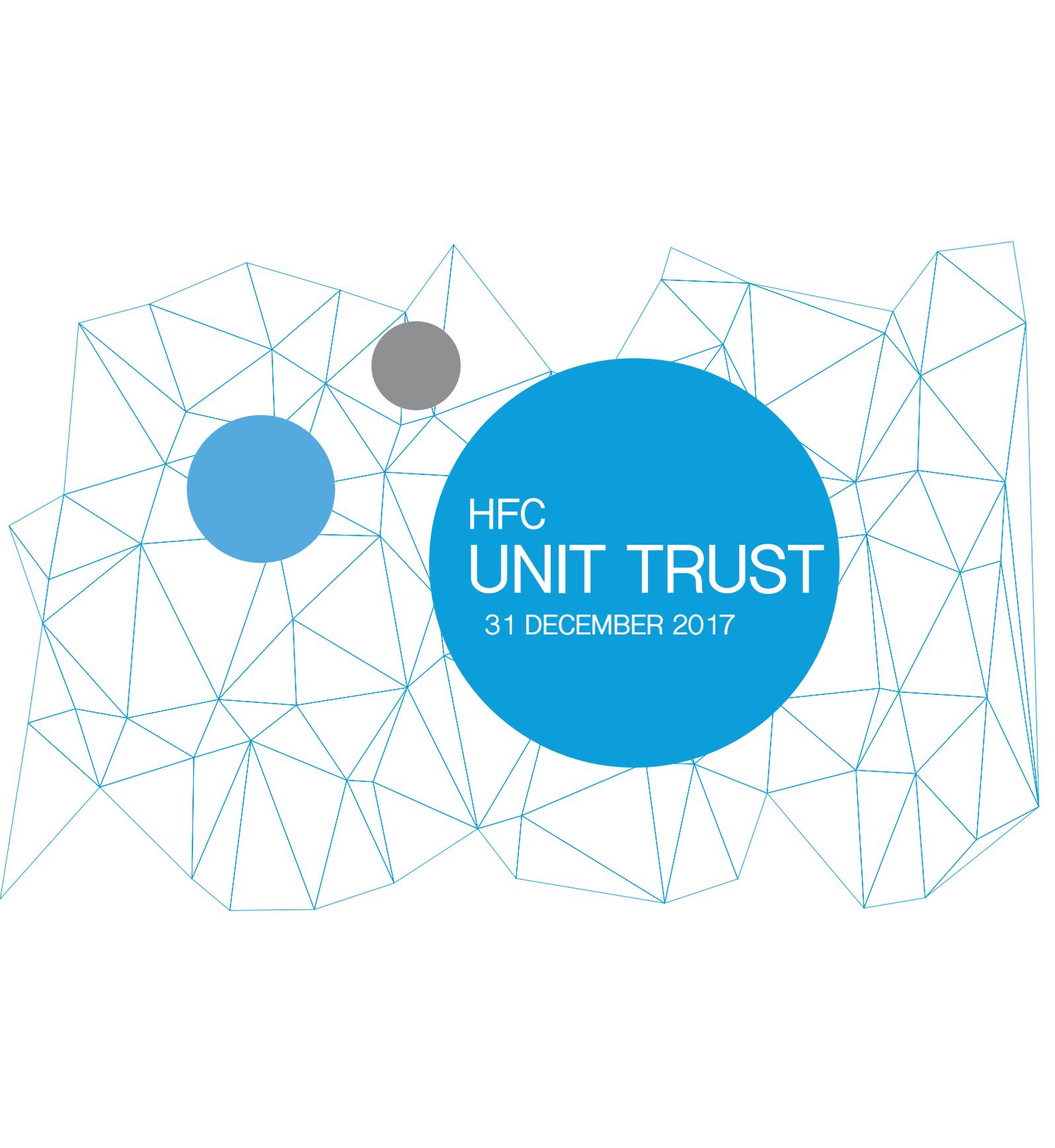
 Republic Bank



Thrive

Outperform your expectations
We'll provide the expertise

 Republic Bank



HFC
UNIT TRUST

31 DECEMBER 2017

THE MANAGER

NAME	Republic Investments (Ghana) Limited
COUNTRY OF INCORPORATION	Ghana
REGISTRATION NUMBER	CS058092017
NATURE OF CORPORATE FORM	Limited liability, wholly owned subsidiary of Republic Bank (Ghana) Limited
REGISTERED OFFICE	Ebankese No. 35 Sixth Avenue, North Ridge P.O.Box CT 4603 Cantonments, Accra
PRINCIPAL PLACE OF BUSINESS	No. 48A Sixth Avenue North Ridge, Accra
DATE OF INCORPORATION	7th July, 1993 (Name changed from HFC Investment Services Limited to Republic Investments (Ghana) Limited on 27th February, 2018)
CAPITALIZATION (as at December 31, 2017)	
AUTHORIZED	10,000,000 (Ten million) Ordinary shares of no Par value
ISSUED:	2,609,601
AUDITORS	John Kay and Co. Chartered Accountants 7th Floor, Trust Towers Farrar Avenue, Adabraka P.O. Box 16088 Airport, Accra

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Fourth Annual General Meeting of Unitholders will be held at the Osu Presby Church Hall, Accra at 12:00noon on Wednesday, May 30, 2018 to transact the following businesses:

AGENDA

1. To notify Unitholders of the change of company name of the Fund Manager
2. To notify Unitholders of Amendments to Trust Deed
3. To notify Unitholders of the appointment of new Auditors
4. To receive the report of the Manager for the Year 2017
5. To receive the Audited Statement of Income and Expenditure of HFC Unit Trust for the financial year ended December 31, 2017 together with the Trustees and Auditors report thereon.
6. To authorize the Manager to fix the remuneration of the Auditors for the year 2018.

A Unit holder has the right to appoint a proxy to attend and vote on his/her behalf at the Meeting. Such a proxy need not be a Unitholder. A copy of the instrument appointing the proxy may be deposited at any time prior to the commencement of the Meeting at the principal place of business of the Fund Manager.

Republic Investments (Ghana) Limited
No. 48A, Sixth Avenue
North Ridge, Accra.

Dated Monday, May 7th, 2018..

By Order of the Manager.

Republic Investments.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The Trust Deed requires the Trustees to prepare financial statements for each financial period, which gives a true and fair view of the state of affairs of the HFC Unit Trust. In Preparing the financial statements, the Trustees are required to:

1. Select suitable accounting policies and apply them consistently
2. Make judgments 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 Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the HFC Unit Trust, which will ensure that the financial statements comply with the Trust Deed and Securities Industry Act, 2016 (Act 929). They are also responsible for safeguarding the assets of the Investment Trust and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The statements should be read in conjunction with the statement of the Auditors' responsibilities as set out on page 11, the respective responsibilities of the Trustees and the Auditors in relation to the financial statements.

REPORT OF THE TRUSTEES TO THE UNIT HOLDERS OF HFC UNIT TRUST

In our opinion, according to the information made available to us and the explanations provided, we confirm that in all material respects, the manager has managed the scheme during the year covered by these financial statements in accordance with the Trust Deed dated 14th May, 1991 and all regulations for the time being in force under the Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695).

A handwritten signature in black ink, appearing to be 'M. A. S.', written over a light blue horizontal line.

Dated this 29th Day of March, 2018

For: UNIVERSAL MERCHANT BANK (GHANA) LIMITED

HFC UNIT TRUST FUND MANAGER'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2017

Ghanaian Economic Overview

The Ghanaian economy grew to 7.90% in 2017 from 3.6% in 2016. In the year under review, prices of Ghana's export commodities on the international market recorded mixed performance. For instance, crude oil prices increased the most as a result of geopolitical tensions, supply constraints and strong demand. Gold prices rose higher than anticipated, however, cocoa prices were low due to excess supply across the West African sub-region. Economic activity has been robust and investor confidence remained high throughout 2017, on the back of positive sentiments on growth prospects, realization of business expectations and general improvements in the economy.

Brief Highlights of Key Macroeconomic Indicators

Exchange Rate: The cedi depreciated by 5.13% against the US dollar, 19.38% against the euro, and 14.83% against the pound sterling.

Interest Rates: Interest rates on GOG papers saw significant drop in 2017. The treasury yields on the 91-day, 182-day and 1-Year note dropped from 16.43%, 17.64% and 21.0% in 2016 to 13.35%, 13.88% and 15.0% in 2017 respectively. The monetary Policy rate also trended downwards from 25.50% in 2016 to 20.00% at the end of 2017.

Inflation: Consumer Price Index declined from 15.4 percent in December 2016 to 11.8 percent in December 2017 on the back of dampening inflation pressures which was mainly attributed to non-food components of the consumer basket. This notable decline was however above the government's 2017 inflation target of 11.2%.

Stock Market Performance: The benchmark GSE CI returned 52.7% in 2017 after recording losses for two consecutive years. The solid performance/recovery of the market was fueled by investor confidence and expectations that ongoing economic recovery would positively shape the performance of listed companies. With regards to trading activities, a total volume of 321.34 billion shares worth GH¢515.12 million were traded in 2017 as against 237.08 million shares valued at GH¢241 million in 2016.

FUND PERFORMANCE

HFC Unit Trust's fund value grew substantially in the year 2017, increasing by 53.66% as against a growth of 55.7% recorded in the previous year. This growth recorded in a year where interest rates on money market instruments had taken a nosedive reveals our competence in selecting quality moderate risk assets into the fund's portfolio.

Your fund closed the year with an annual yield of 20.67%, slightly lower than the 24.76% recorded in 2016. This drop in fund yield was mainly attributable to expansionary monetary policy, subdued inflationary pressures and strong performance of the equities market.

Your fund's performance is significantly higher than the 12-month average of both the 91 and 1-Year GOG rates of 14.08% and 16.52% respectively. The number of Unitholders grew from 15.48% in 2016 to 16.23% due to new subscriptions (from 29,763 to 34,595).

PORTFOLIO REVIEW AND ASSET MIX

The falling interest rates on money market investments in a bid to correct the yield curve resulted in such instruments being unattractive. As fund managers we adopted a moderate posture in our asset allocation strategy by skewing the portfolio to higher yielding but lower risk assets with a longer maturity profile to generate a performance that is significantly higher than the average 91-Day Bill and the one year notes.

At the reporting date, allocations to Fixed Deposits was pegged at 70.33%, Bonds at 21.32%, Collective Investment Schemes at 6.77% and 1.58% in bank balance.

OUTLOOK FOR 2018

Ghana is hinted to lead Africa as the fastest growing economy in 2018 with a projected growth rate of 8.30% according to the World Bank. Key macroeconomic indicators have taken shape creating the right climate for investments. HFC Unit Trust is better positioned to benefit from the ongoing economic recovery as gains from last year are consolidated. We shall be trading actively on the fixed income secondary market to create additional income lines for the fund.

We are confident that the fund's underlying assets and their inherent quality are unmatched and this should create attractive returns above our benchmark to your benefit as unitholders. We shall continue to provide sterling fund management services to you to further deepen our existing mutually beneficial relationship.

Enjoy the best of the year 2018.

Thank you.

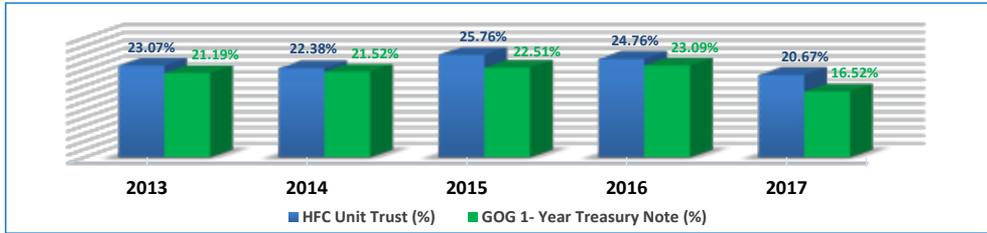


PETER LARBI-YEBOAH
CHIEF EXECUTIVE OFFICER

HIGHLIGHTS OF FUND STATISTICS

HFC Unit Trust Returns vrs Benchmark Indicator

	2013	2014	2015	2016	2017	5 yr Avg
HFC Unit Trust (%)	23.07%	22.38%	25.76%	24.76%	20.67	23.33%
GOG - 1 - Year Treasury Note (%)	21.19%	21.52%	22.51%	23.09%	16.52%	20.97%



Number of Unit holders



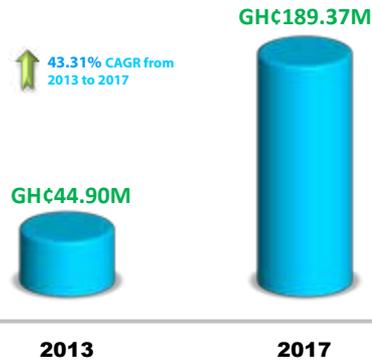
Fund Value



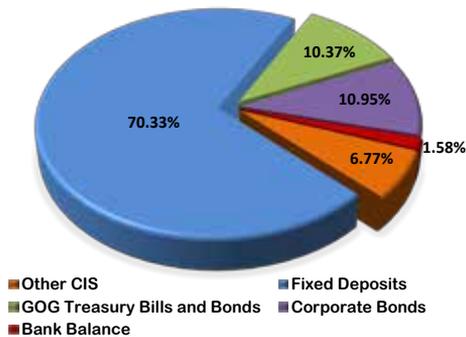
2017 Return (YTD)

20.67%

Growth in Fund Value: amount in GH¢ million



Portfolio Mix - Gross Fund Value 2017



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF HFC UNIT TRUST



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

Tel: +233 302 235406
+233 302 238370
Fax: +233 302 238371
Email: jkayal@yahoo.com

Opinion

We have audited the financial statements of HFC Unit Trust which comprise the statement of assets and liabilities as at December 31, 2017, and the income and distribution account and statement of movement in net assets and issued units for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory notes as set out on pages 12 to 28.

In our opinion, the financial statements give a true and fair view of the financial position of HFC Unit Trust as at December 31, 2017 and of its financial performance and its statement of movement in net assets for the year then ended and are in accordance with International Financial Reporting Standards and in the manner required by Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695) and the Companies Act, 1963 (Act 179).

Basis for Opinion

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

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

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF HFC UNIT TRUST

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 International Financial Reporting Standards and for such internal controls as the Trustees determines are 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 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF HFC UNIT TRUST (CONT'D)

- 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 Trustees' 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

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.

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF HFC UNIT TRUST CONT'D

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies Act, 1963, (Act 179) 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



JOHN ARMSTRONG YAO KLINOGO
(P/No-ICAG/P/1116)

For and on behalf of John Kay & Co. (ICAG/F/2018/128)

Chartered Accountants

Accra

29th Day of March, 2018



HFC UNIT TRUST
**FINANCIAL
STATEMENTS**
31 DECEMBER 2017

HFC UNIT TRUST
STATEMENT OF ASSETS AND LIABILITIES
AS AT 31ST DECEMBER 2017

	Note	2017 Market Value GH¢	% Net Assets	2016 Market Value GH¢	% Net Assets
Short Term Funds					
Cash at Bank and on Call	7	<u>8,381,489</u>	<u>4.62</u>	<u>1,717,468</u>	<u>1.47</u>
Held to Maturity Investments	8	161,720,446	89.06	112,864,960	96.61
Held for Trading Investment		5,716,919	3.15	-	-
HFC Future Plan		1,480,000	0.81	1,180,000	1.01
HFC Equity Trust		1,236,900	0.68	736,900	0.63
Stanbic Income Fund Trust		2,200,000	1.21	200,000	0.17
HFC REIT		646,160	0.36	546,160	0.47
		<u>173,000,425</u>	<u>95.27</u>	<u>115,528,020</u>	<u>98.89</u>
Total Short Terms Funds		<u>181,381,914</u>	<u>99.89</u>	<u>117,245,488</u>	<u>100.36</u>
Total Investments		<u>181,381,914</u>	<u>99.89</u>	<u>117,245,488</u>	<u>100.36</u>
Other Assets in Excess of Liabilities		<u>206,633</u>	<u>0.11</u>	<u>(420,481)</u>	<u>-0.36</u>
Total Net Assets		<u>181,588,547</u>	<u>100</u>	<u>116,825,007</u>	<u>100</u>

HFC UNIT TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2017

	Note	2017 GH¢	2016 GH¢
Assets			
Total Investments		181,381,914	117,245,488
Receivables:			
HFC ISL Current Account		231,328	138,078
Account Receivable		665,398	8,065
Total Assets		182,278,640	117,391,631
Liabilities:			
Amount Due to Managers		52,628	47,000
Management Fund	9	612,846	480,868
Accrued charges		24,619	38,756
Total Liabilities		690,093	566,624
Net Assets		181,588,547	116,825,007
Represented by:			
Accumulated Income		96,439,498	68,893,788
Capital Account		85,149,049	47,931,219
Members' Fund		181,588,547	116,825,007

SIGNED FOR REPUBLIC INVESTMENT GHANA LIMITED 29/03/2018

CHIEF EXECUTIVE OFFICER



DIRECTOR



HFC UNIT TRUST
INCOME AND DISTRIBUTION ACCOUNT
 FOR THE YEAR ENDED 31ST DECEMBER 2017

	Note	2017 GH¢	2016 GH¢
Investment Income:			
Fixed Deposit		23,899,666	15,982,497
Treasury Bills		1,754,052	1,502,034
Call Account		586,321	234,302
Bonds		3,836,043	4,754,584
Held for Trading		1,022,617	-
Dividend		33	-
Other Income		96,616	28,260
Total Income		31,195,348	22,501,677
Expenses:			
Management Fees		3,094,288	1,959,562
Auditors Remuneration		42,621	32,000
Other Expenses	6	234,490	340,824
Total expenses		3,371,399	2,332,386
		27,823,949	20,169,291
Transfer to Management Fund	9	(278,239)	(201,693)
Net Investment Income		27,545,710	19,967,598

ACCUMULATED NET INVESTMENT INCOME

	2017 GH¢	2016 GH¢
Balance at 1 January	68,893,788	48,926,190
Net Investment Income	27,545,710	19,967,598
Balance at 31 December	96,439,498	68,893,788

HFC UNIT TRUST
STATEMENT OF MOVEMENT IN NET ASSETS
 FOR THE YEAR ENDED 31ST DECEMBER 2017

	Note	2017 GH¢	2016 GH¢
Net Investment Income		27,545,710	19,967,598
Increase in Net Assets from Operations		27,545,710	19,967,598
Capital Transactions:			
Value of Units Sold and Converted		124,737,531	66,239,245
Value of Units Disinvested		(87,519,701)	(43,874,560)
Net proceeds from capital transactions		37,217,830	22,364,685
Total Increase in Net Assets		64,763,540	42,332,283
Balance at 1 January		116,825,007	74,492,724
Balance at 31 December		181,588,547	116,825,007

STATEMENT OF MOVEMENT IN ISSUED UNITS

	2017	2016
Number of units at 1 January	429,385,256	372,619,868
Number of units issued during the year	268,091,439	172,695,541
	697,476,695	545,315,409
Number of units disinvested during the year	(189,804,006)	(115,930,153)
Number of units at 31 December	507,672,689	429,385,256

HFC UNIT TRUST
CAPITAL ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2017

CAPITAL ACCOUNT	2017		2016	
	Units	GH¢	Units	GH¢
Balance at 1 January	429,385,256	47,931,219	372,619,868	25,566,531
Value of units sold and Converted	268,091,439	124,737,532	172,695,541	66,239,245
	697,476,695	172,668,751	545,315,409	91,805,776
Value of Units Disinvested	(189,804,006)	(87,519,702)	(115,930,153)	(43,874,557)
Value of the trust Fund at 31 Dec	507,672,689	85,149,049	429,385,256	47,931,219

HFC UNIT TRUST
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31ST DECEMBER 2017

6. OTHER EXPENSES comprise the following

	2017	2016
	GH¢	GH¢
Bank Charges	115,249	192,700
Managers Reimbursable Expense	107,411	148,124
Trading expense	11,830	-
	<u>234,490</u>	<u>340,824</u>

7. CASH AT BANK AND ON CALL

	2017	2016
	GH¢	GH¢
Cash at Bank	1,851,756	693,047
Cash on Call	6,529,733	1,024,421
	<u>8,381,489</u>	<u>1,717,468</u>

8. HELD TO MATURITY INVESTMENTS

	2017	2016
	GH¢	GH¢
Treasury bills	7,721,589	11,163,046
Fixed Deposits	126,149,979	85,412,929
Bonds	27,848,878	16,288,985
	<u>161,720,446</u>	<u>112,864,960</u>

HFC UNIT TRUST
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31ST DECEMBER 2017

9. MANAGEMENT FUND

	2017	2016
	GH¢	GH¢
Balance at 1 January	480,868	381,595
Payments made during the year	(146,261)	(102,420)
Charge for the year	278,239	201,693
Balance at 31 December	<u>612,846</u>	<u>480,868</u>

Transfers to the Management fund are made in accordance with the trust Deed.

The trustees shall be paid out of this fund

10. CONTINGENT LIABILITIES

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

UNIT TRUST ADMISSION FORM

Annual General Meeting to be held at the Osu Presby Church Hall, Accra at 12:00 noon on Wednesday 30th May, 2018.

A Unitholder who is unable to attend an Annual General Meeting (AGM) is allowed to vote by proxy. The Proxy form on the next page has been prepared to enable you to exercise your right to vote in case you cannot personally attend the meeting.

Provision has been made on the form for the Chairman of the meeting to act as your proxy, but if you wish, you may insist in the blank space on the form (marked**) the name of any person whether a Unitholder or not, who will attend the meeting and vote on your behalf instead of the Chairman of the Meeting.

Please sign the proxy form on the next page and post it so as to reach the address in the front not later than 30th May 2018.

If executed by a Body Corporate, the proxy form should bear its common seal or be signed on behalf by a director.

IMPORTANT:

- a) The name of the Unitholder must be written in BLOCK LETTERS on the Proxy form where marked (**)
- b) This admission form must be produced by the Unitholder or his/her proxy in order to obtain admission to the Annual General Meeting.
- c) Unitholders or their Proxies are requested to sign the admission form before attending the meeting.
- d) In case of joint holders, each joint holder should sign.

UNIT TRUST / Proxy Form

Annual General Meeting to be held at the Osu Presby Church Hall, Accra at 12:00 noon on Wednesday 30th May, 2018.

I/We**.....being a Unitholder(s) hereby appoint

.....or failing him/her the Chairman of the Meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Fund to be held on 30th May, 2018 and at any adjournment thereof.

Dated this 15th May 2018.

.....
Unit Holder(s) Signature

Resolution	FOR	AGAINST
To adopt the 2017 Manager's Report		
To approve the accounts and distribution statement for the financial year ended 31st December, 2017.		
To authorize the Manager to Fix the Auditor's Remuneration		

Please indicate with an "X" in the appropriate square how you wish your votes to be cast on the resolution set out above.

Unless otherwise instructed the proxy will vote for or abstain from voting at his/her discretion.

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



Do

Let's go beyond desire together.



Believe

You can make it happen
with our expertise.



Expand

Take your business
to new frontiers.



Start an
INVESTMENT PLAN

today @ Republic Investments



0302664430

0302664214

www.hfcinvestments.com