



**CDH Balance Fund Plc**

Wisdom!

# 2023 ANNUAL REPORT

**AUDITED FULL YEAR  
FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED DECEMBER 31, 2023**





**CDH Balance Fund Plc**

Wisdom!

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**AUDITED FULL YEAR  
FINANCIAL STATEMENTS**  
FOR THE PERIOD ENDED DECEMBER 31,2023





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## NOTICE OF ANNUAL GENERAL

**NOTICE IS HEREBY GIVEN** that the 9th Annual General Meeting (AGM) of CDH Balanced Fund Plc (the Company) will be held virtually and streamed live from Accra City Hotel, Barnes Road, Accra on Wednesday, **November 26, 2024 at 11:00 a.m.** for the transaction of the ordinary business of the Company.

### AGENDA

1. To receive and consider the Financial Statements for the year ended December 31, 2023, together with the reports of the Directors and the Auditor.
2. To re-elect the following Directors retiring by rotation: Mr. Emmanuel A. Amissah, Mr. Michael Opoku and Ms. Senya Seyena-Susu.
3. To approve the appointment of Beta & Associates as Auditor for the Fund
4. To authorize the Directors to fix the remuneration of the Auditor.

Thank you.

Dated this 6th day of June, 2024

**BY ORDER OF THE BOARD**

**K-ARCHY & COMPANY**  
**(Company Secretary)**



# CHAIRMAN'S STATEMENT TO SHAREHOLDERS

## Introduction

Dear Distinguished Shareholders,

I have the honour and greatest pleasure to welcome you to the 9th Annual General Meeting of the CDH Balanced Fund Plc ("the Fund"). On behalf of the Board of Directors and Management of the Fund, I wish to express my sincere appreciation to you, our Distinguished Shareholders, for joining us virtually around the globe this morning. Indeed, we are extremely grateful that you have entrusted to us your investments and placed your confidence in us to manage them in these rather difficult economic times. We are committed to helping you achieve your various medium to long-term financial goals.

I am privileged, Cherished Shareholders, to present to you the Annual Report and Financial Statements for the year ended December 31, 2023 in which I will be highlighting the performance of the Fund and its future prospects. I will review the performance of the Ghanaian economy in the year 2023 and its impact on the Fund's performance; and give you an assessment of our expectation of the economy climate in the year 2024. Most importantly, Valued Shareholders, I will highlight the key performance indicators of the CDH Balanced Fund in the year 2023 and our strategy for growth in 2024 and beyond.

## Ghana's Economic Overview – 2023

Ghana experienced one of its worst macroeconomic and financial crises in recent memory in the year 2022. Triggered by elevated fiscal deficits and unsustainable public debt levels, together with the combined effects of the COVID-19 pandemic, Russia's war in Ukraine, and global monetary policy tightening, there was a decline in international investor interest in the country's bonds, resulting in a loss of access to the international debt market in the fourth quarter of 2021. This generated increasing pressures on domestic financing, forcing the government to turn to monetary financing by the central bank (GH¢44.5 billion in 2022), which led to declining international reserves (US\$6.3 billion equivalent to 2.7 months of import cover in 2022 compared to US\$9.7 billion/4.4 months in 2021), sharp currency depreciation (30% to the US dollar in 2022 compared to 4.1% in 2021), and accelerating inflation (54.1% at the end of 2022).

## Government Response in 2023

In response, the Government embarked on a comprehensive debt restructuring, a significant fiscal consolidation programme, and the implementation of reforms to promote macroeconomic stability and which was supported by the Extended Credit Facility (ECF) programme of the International Monetary Fund (IMF) for approximately \$3 billion.

## Domestic Debt Exchange

As part of the debt restructuring, government embarked on a Domestic Debt Exchange Programme (DDEP) and external debt restructuring in 2023 with the aim of bringing its debts to sustainable levels. On the DDEP, government announced the voluntary exchange of GH¢137 billion of cedi-denominated local bonds and concluded the deal in February, 2023 with 85% participation of eligible bonds after lengthy negotiations with the stakeholders including the Ghana Association of Bankers and the Ghana Insurers Association, among others. In August, 2023 government successfully exchanged US\$742 million of its US\$809 million US dollar-denominated local bonds with 4-year and 5-year new bonds at interest rates of 2.75% and 3.25% p.a. respectively representing a participation rate of 92%. In the same month, Ghana Cocoa Board successfully exchanged GH¢7.7 billion of its GH¢7.9 billion debt with 5 new securities at a coupon rate of 13% p.a. And finally, after earlier negotiations with the Trades Union Congress (TUC), government announced in September, 2023 the reopening of debt exchange programme of GH¢31 billion of domestic bonds mostly held by pension funds and which could not be tendered in during the February window. This last exercise included the



amounts held by pension funds in the Daakye Trust Plc bonds, ESLA Plc bonds and other Republic of Ghana bonds. In the end, government secured GH¢3.99 billion from the pension funds who participated in the exercise. Overall, the Ministry of Finance reports that some GH¢203 billion have been successfully exchanged over the year 2023, which has resulted in debt service savings of GH¢61 billion.

### **External Debt Restructuring**

On the external debt front, the government in January, 2023 requested a debt restructuring under the G20's Common Framework process, set up in response to the COVID-19 pandemic to include China, India and other creditor country not in the traditional Paris Club of wealthy lending nations. In March 2023, the government and a group of holders of about US\$13 billion of Ghana's international debt started debt restructuring talks through their respective advisors; and in May 2023 Ghana's Official bilateral creditors formed a committee co-chaired by China and France who were committed to restructuring their loans to the country. Although Ghana sent a restructuring proposal to the official creditors with the aim of cutting about US\$10.5 billion in interest payments over the following three years, no agreement was reached before the end of the year 2023.

### **IMF's ECF Programme**

Regarding the IMF's ECF programme, Ghana received the first disbursement of US\$600 million in May, 2023 following the IMF Executive Board approval and an earlier Staff Level Agreement (SLA) reached in December, 2022. According to the Bank of Ghana, the amount was used to reduce interest payment on loans, debt levels and budget deficit as government sought to restore macroeconomic stability and to bring debts to sustainable levels.

### **Policy and Reforms Implementation**

In terms of monetary policy tightening, the Bank of Ghana increased the policy rate gradually throughout the year by a total of 300 basis points from 27% at the beginning of the year to 30% at the end of 2023, citing risks to inflation. According to an IMF report dated January 29, 2024, the Government of Ghana took bold steps to restore macroeconomic stability through the budgets for 2023 and 2024 to emphasize fiscal consolidation and sound public finances and made compelling progress under the approved IMF programme towards securing debt sustainability and laying the foundations for higher and more inclusive growth. The government also made efforts towards structural reforms aimed at enhancing domestic resource mobilization (with the introduction of new taxes) and most importantly eliminated monetary financing of the budget by the Bank of Ghana.

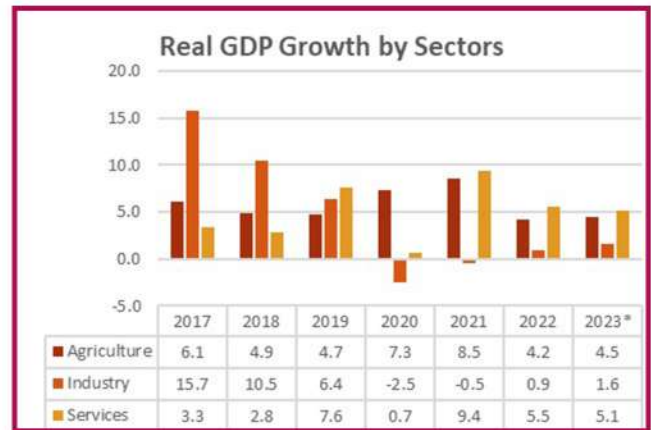
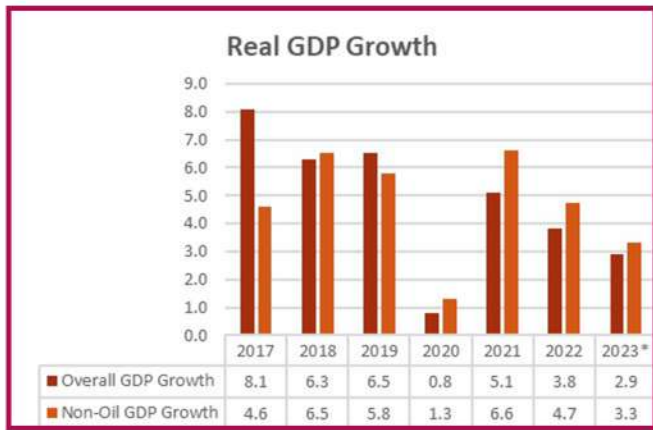
The immediate implications of these macroeconomic crises and debt distress in the country are worsening poverty levels and living standards of the population. According to the World Bank, the "international poverty" rate is estimated at 31.4% in 2023, a worsening of 4 percentage points since 2022.

The above and other efforts by government have brought about improvements in the macroeconomic indicators recorded in 2023 which are summarized in the sections below.

### **GDP Growth**

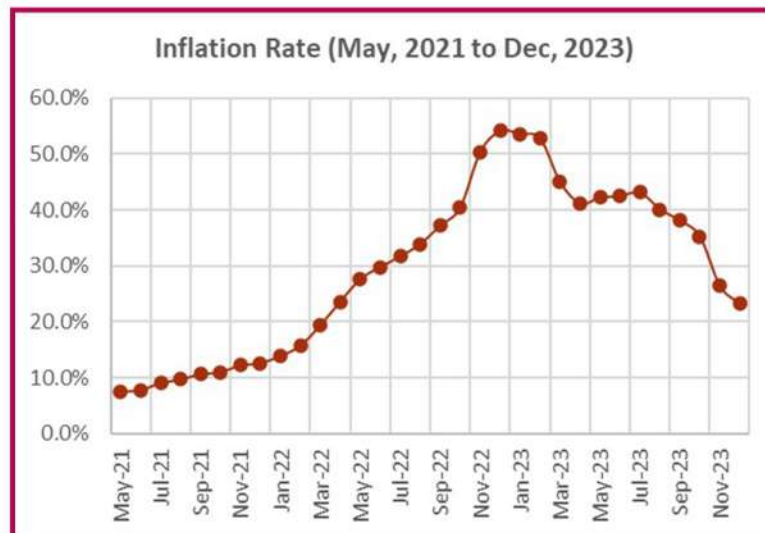
Economic growth in 2023 was above expectation but below the year 2022. Provisional GDP data for 2023 recently released by the Ghana Statistical Service (GSS) shows a real GDP growth rate of 2.9%, compared with the revised target of 2.3% and the growth of 3.8% recorded in 2022. Growth was driven mainly by the services and agriculture sectors as shown in the chart below.





## Inflation

Headline inflation was on a downward trend to 23.2% in December 2023, from 54.1% at the end of December 2022, driven by easing food and non-food prices. The Bank of Ghana's (BoG) response by increasing the monetary policy rate from 14.5% in January, 2022 to 27% in December, 2022 and then to 30% in December 2023 also contributed in containing the inflationary pressures. The following chart shows the trend of the inflation rate from May, 2021 to December, 2023.



## Currency Market

The performance of the local currency in the year 2023 was mixed. At the beginning of the year, the current experienced high volatilities, thus depreciating by about 20.6% in January, 2023 against the US dollar. The Ghana cedi however remained relatively stable throughout the rest of the year depreciating cumulatively by 7.2% between February to December, 2023. The relative stability of the cedi in the foreign exchange market hinged on improved inflows from the IMF ECF first tranche, remittances, the monetary policy tightening and the release of COCOBOD loan facility in December 2023. Invariably, negative sentiments around the delayed disbursement of the second tranche of the IMF ECF programme funds weighed on the Ghana cedi-US dollar exchange rate resulting in the overall depreciation of 27.8% against the US dollar for the year 2023.

At the end of December 2023, the stock of Gross International Reserves ended the year at US\$5.9 billion, enough to cover 2.7 months of imports of goods and services, from the stock position of US\$6.3 billion (2.7 months of import cover) at the end of December 2022.

## Fiscal Developments

Fiscal policy implementation was mainly aligned with requirements under the IMF ECF-supported programme and points to some degree of consolidation as the 2023 targets



were broadly met. Fiscal performance based on provisional data on budget execution for January – December 2023 indicated a fiscal deficit of 3.3% of GDP, against a 2023 target of 5.8% of GDP. The primary balance for the period was a deficit of GH¢2.6 billion (0.4% of GDP), against a primary deficit target of GH¢4.1 billion (0.5% of GDP).

### Money Market Developments

Money market interest rates in 2023 broadly trended downward at the short end of the yield curve. The 91-day and 182-day Treasury bill rates ended the year 2023 at 29.49% and 31.70% respectively, from 35.48% and 36.23% respectively at the beginning of the year. In fact, the rates fell sharply in the first quarter to 19.38% and 21.86% respectively before rising gradually at the end of the year.

The interbank weighted average interest rate however increased to 30.19% in December 2023 from 25.51% in December 2022, in line with the monetary policy rate and supported by adjustments made in the cash reserve ratio. The average lending rates of banks eased marginally to 33.75% at the end of December 2023 from 35.58% a year earlier.

### Stock Market Developments

The Ghana Stock Exchange Composite Index (GSE-CI) closed the year 2023 with a full year growth rate of 28.08% and a market capitalization of about GH¢73.9 billion at the end of the year. The table below shows the trend from 2018.

Year-End	GSE Composite Index (GSE-CI)	Full-Year Change (Jan 01 – Dec 31)	Market Capitalization (GH¢ million)
2018	2,572.22	-0.29%	61,136.53
2019	2,257.15	-12.25%	56,791.28
2020	1,941.59	-13.98%	54,374.88
2021	2,789.34	43.66%	64,495.20
2022	2,443.91	-12.38%	64,507.32
2023	3,130.23	28.08%	73,893.17

### Economic Outlook

The World Bank projects Ghana's economic growth to remain weak in 2024 at 2.8 % as the ongoing fiscal consolidation, high inflation rates, elevated interest rates, and lingering macroeconomic uncertainties are all projected to dampen private consumption and investment, limiting non-extractive sector growth. The World Bank however, projects that growth will gradually rebound to its long-term potential of approximately 5% by 2026 as prevailing conditions stabilize. Growth in the extractives sector is expected to be robust in gold (especially in small-scale mining) and crude production.

Following the first review in October, 2023 Ghana and the IMF reached a Staff Level Agreement for the payment of the second tranche of US\$600 million of the US\$3 billion ECF programme pending Ghana reaching a deal with its official creditors. The release of this tranche early next year and government's continued steadfast implementation of the IMF programme will help lock in the gains made so far in 2023, despite challenges associated with potential external shocks and the political environment in the run-up to the 2024 Presidential and parliamentary elections.

The IMF team have indicated that the sustained implementation of the programme policies, reforms and promises with the commitment and drive demonstrated so far, will bring a brighter future to all Ghanaians. These programme policies are expected to foster the recovery, bring economic growth back to long-term potential, protect the vulnerable and bring inflation further down to levels consistent to the inflation targeting framework of the Bank of Ghana.



## Your Fund's Performance in 2023

Your Fund, the CDH Balanced Fund, generated a return of 24.30% for the year 2023 as compared to the return of 8.06% recorded for the year 2022. Funds Under Management (FUM) increased by about 20.3% over the year.

	2022	Mar-23	Jun-23	Sep-23	Dec-23
<b>Funds Under Management (GH¢)</b>	7,451,046	8,070,260	8,319,249	8,796,206	<b>8,961,232</b>
<b>Total Shares Held</b>	20,701,429	20,328,156	20,210,253	20,076,912	<b>19,826,428</b>
<b>Price Per Share (GH¢)</b>	0.3605	0.3781	0.3925	0.4343	<b>0.4481</b>
<b>Fund YTD Returns (%)</b>	8.06%	4.88%	8.88%	20.47%	<b>24.30%</b>
<b>Fund Returns (Annualized) (%)</b>	8.06%	19.53%	17.75%	27.30%	<b>24.30%</b>
<b>Treasury Bill Rates (%)</b>	35.48%	19.39%	23.95%	28.80%	<b>29.24%</b>
<b>Inflation Rates (%)</b>	54.10%	45.00%	42.50%	38.10%	<b>23.20%</b>

It is important to note that the Managers of the Fund were compelled to participate in the DDEP with the Fund's holdings in Cocobod bills and Government of Ghana Bonds which were exchanged at rates below the prevailing Treasury Bill rates.

## Outlook for Your Fund in 2024

The year 2024 being an election year in Ghana, which is normally characterized with heightened political and economic uncertainties, coupled with the underlying macroeconomic crises, though easing, we expect a relatively unpredictable year. However, the Board of Directors of the Fund will be consistent with its strategies to maximize shareholders' wealth, through an investment portfolio that is structured to ensure financial stability and growth for the medium to the long term.

The Fund Manager, Linx Capital Limited, is up to the task and committed to prudent investments that deliver superior returns in the long term with minimal risks to the portfolio.

Cherished Shareholders, we thank you very much once again for your continued confidence in the CDH Balanced Fund Plc. We therefore encourage you to increase your holdings in the Fund as we continue to partner with you to build the desired financial future together.

Finally, Valued Shareholders, may I take this opportunity to thank you all present virtually and around the globe for your continued commitment to the Fund.

Thank you very much.

**Emmanuel A. Amissah**  
**Chairman, Board of Directors**  
**CDH Balanced Fund Plc**



# FUND MANAGER'S REPORT

## Introduction

Mr. Chairman, Distinguished Shareholders, we are pleased to present our report as the Fund Manager of CDH Balanced Fund Plc at this 9th Annual General Meeting of Shareholders.

Distinguished Shareholders, the macroeconomic environment in 2023, though an improvement over that of 2022, points to harsh and uncertain economic conditions as indicated by elevated (though declining) inflation, sharp depreciation of the cedi, depleting net reserves, wide fiscal deficits and overall weak economic growth.

As explained in the Chairman's statement, rates on money market instruments, where majority of your Fund's funds are invested, declined marginally over the year 2023 compared to 2022 and were dominated by government securities.

The year 2023 saw the implementation of the infamous Domestic Debt Exchange Programme by government and this affected the Fund's investments in excess of GH¢5 million in Government of Ghana bonds and Ghana Cocobod bills. We as Fund Managers and in consultation with the Board of the Fund, were compelled to participate in the programme to ensure the financial integrity and liquidity of the Fund.

Even though the overall impact of the DDEP on Fund's returns was negative, it does not affect the liquidity of the Fund as shown in these Financial Statements. The Cocobills (about GH¢2.1 million) were exchanged at an effective rate of 13% p.a. while about GH¢3.2 million of Government of Ghana Bonds (as part of tranche negotiated by the pension funds) were exchanged at an effective rate of over 19% p.a. Coupon payments on the new bonds have been regular and consistent so far.

The Equity Market, the Ghana Stock Exchange (GSE), closed the year 2023 with a market capitalization of GH¢72.9 billion compared to a capitalization of GH¢64.5 billion at the end of 2022. The GSE Composite Index (GSE-CI) recorded a gain of 28.08% while its counterpart for financial institutions, the GSE Financial Stocks Index (GSE-FSI) recorded loss of -7.36%.

Top price gainers for the year include BOPP (187.58%), TOTAL (125.00%), UNIL (109.02%), GGBL (65.85%), MTNGH (59.09%), SOGEGH (57%) and it is instructive to mention that your Fund has holdings in all these top gainers except GGBL. Unfortunately, the Fund is heavily invested in the financial stocks which were the majority of top losers for the year, including CAL (-26.15%), EGL (-25.31%), SIC (-22.58%), EGH (-17.17%), ACCESS (-15.21%), GCB (-13.71%), SCB (-12.95%), GOIL (-12.79%) and RBGH (-11.11%).

## Fund Objectives and Strategy

The Fund Manager, Linx Capital Limited, continued to focus and implement the strategies, objectives and policies approved by the Board of the Fund; to provide medium to long term growth in income for Shareholders by investing in the right combination of fixed income instruments and listed equities on the Ghana Stock Exchange (GSE) without exposing the Fund to excessive risks.

This strategy enables the Fund Manager to minimize risk and at the same time maximize returns to the Fund. It also allows us to take advantage of the prevailing economic situation at any time, and to align the portfolio to achieve the targeted asset mix and projected returns, with tactical deviations where necessary.

## Fund Composition

The Fund ended the year 2023 with a net asset value of GH¢8.5 million from a value of GH¢7.2 million at the end of 2022, representing a growth of 18.06% in net assets. The increment is



mainly as a result of the increases in net investment incomes.

The CDH Balanced Fund, in line with the strategy of growing, preserving and protecting shareholders wealth, held fixed income instruments consisting of 81.93%, an increment from the previous year's composition of 77.64%. The fixed income portfolio is made up of money market instruments valued at GH¢1.95 million (21.82% of portfolio) and new Government of Ghana Bonds with a value of GH¢5.4 million (60.11% of portfolio).

Investments in equities accounted for 15.63% of the portfolio size, a marginal increment from the previous position of 15.39% from year 2022. The increment in the market value of equities is attributable to the performance of the non-financial stocks listed on the GSE in 2023 which outweighed the decline of the financial stocks over the year.

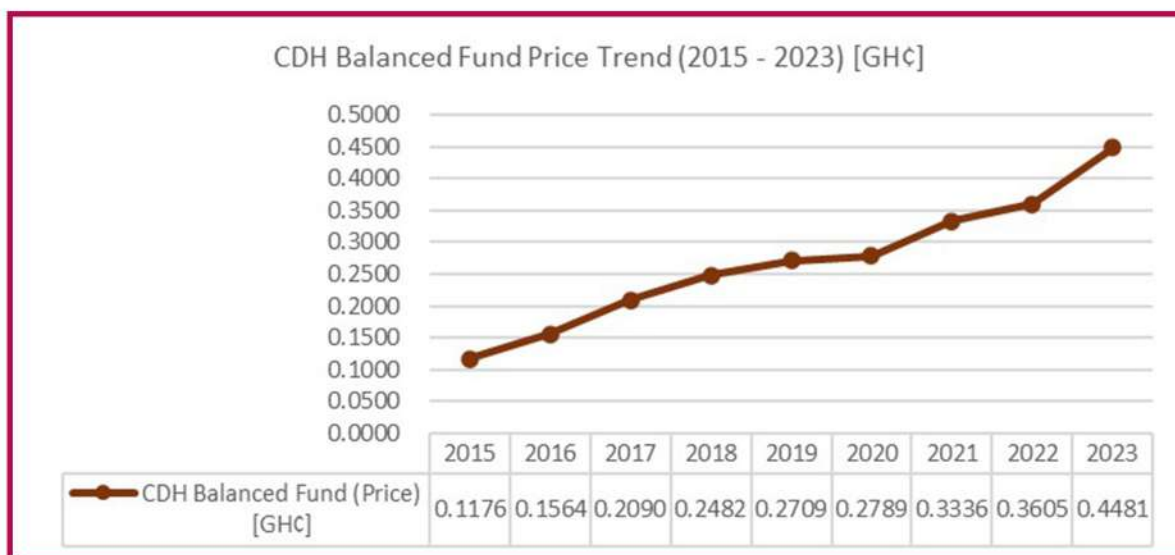
Listed equities held by the Fund, as at close of 2022 included Fan Milk Ghana Ltd, Unilever Ghana Ltd, Republic Bank (Ghana) Ltd, Standard Chartered Bank Ghana Ltd, Total Petroleum Ghana Ltd, Benso Oil Palm Plantation Ltd, Cal Bank Ltd, Ecobank Ghana Ltd, Enterprise Group Ltd, Scancom Plc (MTN Ghana) and GCB Bank Ltd.

### Fund Returns

The CDH Balanced Fund, during the year under review registered an annual return of 24.30% compared to 8.06% in the previous year. This performance, compared with previous years' performances, was largely driven by the appreciation of the listed stocks held over the year 2023 and comes against the backdrop of about GH¢5 million of the portfolio forced to take a lower return as a result of the DDEP. The Fund has recorded a Compounded Annual Growth Rate (CAGR) of about 18.20% from inception in May, 2015 to the end of 2023.

Price per share increased to GH¢0.4481 at the end of 2023 from GH¢0.3605 at the end 2022. This can be attributed to the prudent investment decisions made by the Fund Manager.

The trend of the year-end share prices from 2015 to 2023 is shown in the chart below.

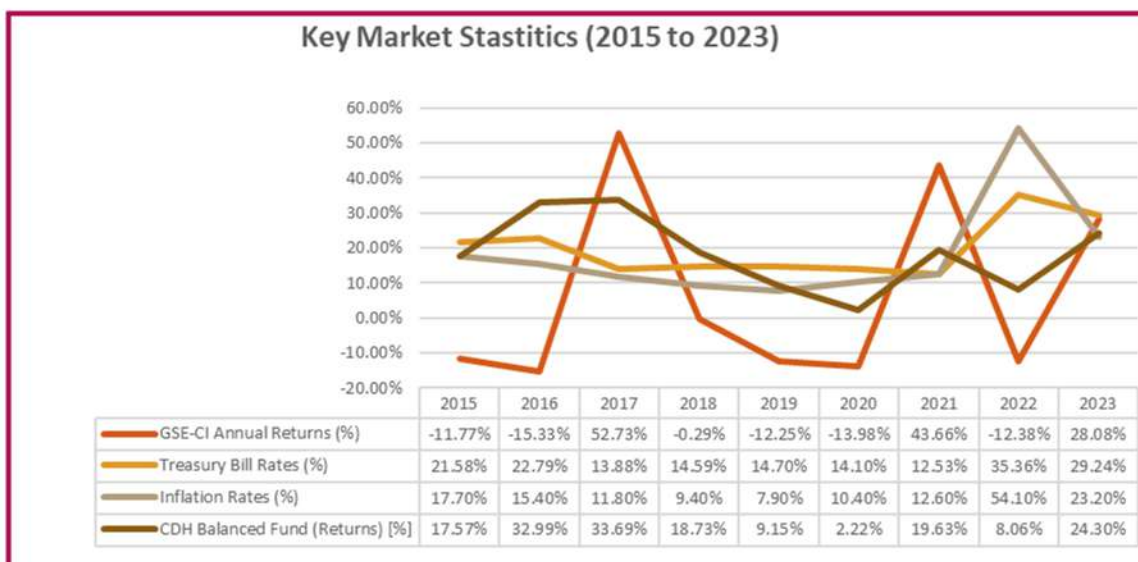


### Fund Performance

Consistent with the long-term objectives of the Fund, the annual returns to Shareholders from inception have outperformed both the inflation rate and the returns on the Government of Ghana Treasury Bills (with the exception of the years 2019, 2020 and 2022).

It is important to note, however, that the CDH Balanced Fund has recorded positive returns each year even in spite of the fact that the GSE has recorded negative annual returns in six out of the nine years' records presented below.





### Strategic Direction for 2024 and Beyond

The Fund Manager will continue to undertake prudent investments in our efforts to deliver superior and competitive returns to you, our Cherished Shareholders in 2024 and beyond. In line with our continuous growth strategy, the Fund Manager will endeavor to maximize exposures in the right combination of fixed income instruments that offer the best yield on investments.

In spite of the unfavourable and uncertain macroeconomic environment, the Fund Manager's strategy will continue to be focused on a higher percentage of fixed-income securities during the year 2024. We shall commit 75% - 80% of the Fund assets to Fixed Income, 20% - 25% to Equities and keep rebalancing at  $\pm 5\%$ . This will afford the flexibility to grow shareholders' value at relatively minimal risk exposure levels. It is expected that the relatively large profits reported by the listed banks in the 2023 financial year would translate into price appreciations in their shares on the GSE in the year 2024.

The Fund is in the process of finalizing an agreement with Universal Merchant Bank Limited (UMB) provide direct debit services through the Automated Clearing House (ACH) service on the Ghana Interbank Payments and Settlement Systems Ltd (GHIPSS) platform. When fully operational, new and existing Shareholders in the Fund will be able to sign up for regular or periodic deductions directly from their bank accounts into the Fund for investments. Other digital solutions including mobile money payments are being explored and would soon be operational to provide ease and convenience to Shareholders and investors

The Fund Manager will continue to use all resources at its disposal to increase the number of new shareholders in the Fund. We therefore encourage you, our Cherished Shareholders, to deepen your investment in the Fund by participating in regular investments through the ACH Direct Debit service when it becomes fully functional.

We are committed and together, we shall build the sound financial future we all aspire to. Thank you.

**Fund Manager**  
**For: Linx Capital Limited**





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## **CORPORATE INFORMATION**

### **CDH BALANCED FUND PLC**

#### **BOARD OF DIRECTORS**

Emmanuel Amissah (Chairman)  
Richard Badger  
Senya Seyena-Susu  
Michael Opoku  
Victor Easmon

#### **SECRETARY**

K-Archy & Company (New)  
Attaefah House, Kanda Club 10  
Kanda, Accra  
PMB 14

#### **INVESTMENT MANAGER/ADVISOR**

Linx Capital Limited  
1ST Floor, E-Plaza 2 Building  
Dzorwulu, Accra

#### **CUSTODIAN**

Republic Bank Ghana Limited  
No. 35 Independence Avenue, Ebankese  
North Ridge. Accra.

#### **AUDITOR**

MGI O.A.K Chartered Accountants (Retiring)  
18 Airways Avenue, Airport Residential Area  
P.O. Box AN.5712  
Accra.

BETA & Associates (New)  
(Chartered Accountants & Management  
Consultants)  
P.O. Box Md 396  
Madina-Accra, Ghana

#### **BANKERS**

Agric Development Bank  
Republic Bank Ghana Ltd

#### **REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS**

CDH House, No. 36 Independence Avenue  
North Ridge, Accra.



# REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER, 2023

The Directors present their report together with the audited Financial Statements for the year ended 31st December, 2023 which disclose the state of the affairs of CDH Balanced Fund Plc ("The Company")

The Directors are responsible for the preparation of the Company's Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss and cash flows for that period. 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 the International Financial Reporting Standards and complied with the requirements of the Companies Act, 2019 (Act 992), Securities Industry Act, 2016 (Act 929), Unit Trust and Mutual Funds Regulations 2001, (L.1.1695).

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

## 1 PRINCIPAL ACTIVITIES

The nature of business of the Fund is to invest the monies of its members for their mutual benefit. The Fund is licensed by the Securities and Exchange Commission of Ghana to operate as an authorized Mutual Fund in Ghana.

## 2 FINANCIAL AND OPERATIONAL ACTIVITIES

The financial and operational results for the year ended 31 December 2023 are as set out below:

	2023 GH¢	2022 GH¢
Increase in Net Assets from operation for the year is	686,955	1,080,013
From which is deducted Income Tax Expense of	-	-
<b>Giving Increase in Net Assets after tax of</b>	<b>686,955</b>	<b>1,080,013</b>
To which is added balance on Accumulated Net Investment Income brought forward of	3,538,110	2,458,097
<b>Leaving a balance on Accumulated Net Investment Income of</b>	<b>4,225,065</b>	<b>3,538,110</b>

## 3 CORPORATE SOCIAL RESPONSIBILITIES

The Fund did not undertake any Corporate Social Responsibility programme during the year.

## 4 AUDITORS AND AUDIT FEES

In accordance with Section 139(5) of the Companies Act 2019, (Act 992), MGI O.A.K Chartered Accountants will remain in office as auditors of the Fund. As at 31 December, 2023, the amount payable as in respect of audit fees was GH¢12,190 including Value Added Tax (VAT).

## 5 DIRECTORS

There were no changes in the Directorship during the year.

## 6 GOING CONCERN

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

## 7 FINANCIAL REPORTING FRAMEWORK

In line with the financial reporting framework recommended by the Institute of Chartered Accountants (Ghana) and in consultation with other regulatory institutions, the Directors used the International Financial Reporting Standards (IFRS) as the financial reporting framework. As a result, the attached Financial Statements have been prepared in accordance with the IFRS.

## 8 SUBSEQUENT EVENTS

The Directors confirm that no issues have arisen since 31 December, 2023, which materially affect the Financial Statements of the Fund for the year ended.

## 9 PARTICULARS OF ENTRIES IN THE INTEREST REGISTER

No Director had any interest in contracts and proposed contracts with the Fund during the year under review, hence there were no entries recorded in the Interest Register as required by 194(6), 195(1)(a) and 196 of the Companies Act 2019, (Act 992).

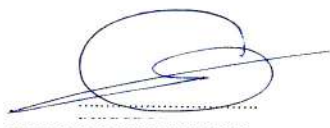
## 10 CAPACITY BUILDING FOR DIRECTORS

On appointment to the Board, Directors are provided with full, formal and tailored training programme of induction, to enable them gain in-depth knowledge about the Funds business, the risks and challenges faced, the economic knowledge and the legal and regulatory environment in which the Fund operates.

11 The Government of Ghana in December, 2022 launched a Domestic Debt Exchange Programme which was closed on 14 February, 2023 for domestic bondholders to exchange their securities for a longer dated bond with lower returns on maturity. The Fund had signed on to the programme which makes the Government of Ghana Bond in the books of the Fund of GH¢4,297,602 which will mature in 2028.

## 12 DOMESTIC DEBT EXCHANGE PROGRAMME

The Financial Statements for the year set out from page 11 to 32 which have been prepared on the going concern basis, were approved by the Board of Directors on 2024 and are signed on their behalf by:



.....  
DIRECTOR

3rd June, 2023



.....  
DIRECTOR

3rd June, 2023



# **INDEPENDENT AUDITOR'S REPORT YEAR ENDED 31ST DECEMBER, 2023 TO THE UNITHOLDERS' OF CDH BALANCED FUND PLC**

## **CORPORATE GOVERNANCE**

### **Introduction**

CDH Balanced Fund Plc recognises the valuable contribution that corporate governance makes to long-term business prosperity and to ensuring accountability to its shareholders. The Fund is therefore fully committed to the principles and practices of good corporate governance. The Fund is managed in a way that maximises long-term shareholder value and takes into account the interest of all its stakeholders.

CDH Balanced Fund Plc believes that full disclosure and transparency in its operations are in the interest of good governance. As indicated in the Statement of Responsibilities of Directors and in the notes to the Financial Statements, CDH Balanced Fund Plc adopts standard accounting practices and ensures sound internal controls to facilitate reliability of the financial statements.

### **The Board of Directors**

The Board of Directors (the "Board") is responsible for setting the Fund's strategic direction, for leading and controlling the Fund and for monitoring activities of the Fund Manager. The Board presents a balanced and understandable assessment of the Fund's progress and prospects. The Directors have experience and knowledge of the industry, markets and financial and/or other business information to make valuable contributions for the Fund's progress. The Fund Manager is a separate person from the Board. The Fund Manager implements the management strategies and policies adopted by the Board.

### **System of Internal Control**

CDH Balanced Fund Plc has a well-established internal control system for identifying, managing and monitoring risks. These are designed to provide reasonable assurance that the risks facing the organisation are being controlled.

### **Opinion**

We have audited the Financial Statements of CDH Balanced Fund Plc set out on pages 11 to 31, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, the 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 and other explanatory disclosures.

In our opinion, the Financial Statements present fairly, in all material respects, the financial position of CDH Balance Fund Plc as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards with the IAS 29 directive issued by the Institute of Chartered Accountants Ghana (ICAG) and in the manner required by of the Companies Act, 2019 (Act 992), The Securities Industry Act, 2016 (Act 929) and Unit Trust and Mutual Funds Regulations 2001, (L.I. 1695).

### **Basis of 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 requirements of the International Ethics Standards Board for



# **INDEPENDENT AUDITOR'S REPORT YEAR ENDED 31ST DECEMBER, 2023 TO THE UNITHOLDERS' OF CDH BALANCED FUND PLC**

Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of CDH Balanced Fund Plc. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing the audits of CDH Balanced Fund Plc in Ghana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Going Concern**

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the Financial Statements. Based on our audit of the Financial Statements, we also have not identified such a material uncertainty. However, neither management nor the auditors can guarantee the Fund's ability to continue as a going concern.

## **Key Audit Matter Revenue Recognition**

CDH Balanced Fund Plc generate its revenue from interest on investment in Financial Assets through Comprehensive Income, dividends, fair value changes in Financial Assets Held at Amortised Cost and Financial Assets through Other Comprehensive Income by investing funds of the unit capital holder (i.e. shareholders). Management maintains a number of Effective Interest Rate ("EIR") modules to determine revenue recognition in accordance with the requirement of IFRS 15, Revenue from Contract with Customers. The EIR method spreads directly attributable revenue over the maturity of the security. Interest revenue recognized in the year amounted to GH¢1,607,717 (2022:GH¢950,133).

We have identified revenue recognition as a key audit matter as there is a risk of inaccurately recognized revenue due to integrity errors in the underlying data. The amount of revenue recognised in any period is dependent on the occurrence of the underlying security transaction, accuracy of the investment portfolio and the appropriateness of the significant assumptions applied in relation to the expected maturity of each security and the timing of expected future cash flows.

## **How our audit addressed the key audit matter.**

Our substantive testing of the revenue transactions included, among other things, the following;

- We tested the arithmetical accuracy of the EIR computations to assess whether they were yielding the intended results, and in compliance with the requirement of IFRS 15
- We tested a sample of interest computation and fair value measurement of securities to validate whether a transaction had occurred by matching outgoing cash to recorded receivables and securities.
- We performed analytical audit procedures to assess whether the recognized revenue was in line with the expected level.
- We questioned the assumptions used in recognition of revenue, including the impact of early redemptions of securities by assessing whether the revenue recognition policies adopted were in compliance with IFRS 15. We considered the assumptions applied to determine the future expected cash flows by reference to the Fund's historical experience.



# INDEPENDENT AUDITOR'S REPORT YEAR ENDED 31ST DECEMBER, 2023 TO THE UNITHOLDERS' OF CDH BALANCED FUND PLC

## Fair Value of Financial Assets.

The Fund's financial assets measured at fair value include Financial Assets Held at Amortised Cost, Financial Assets Through Comprehensive Income and Financial Assets through Other Comprehensive Income designated at fair value through profit or loss (FVTPL). Valuation of the instruments often involves the exercise of judgement and the use of assumptions and estimates. The risk is that these valuations may be misstated.

Of the financial instrument that are held at fair value 19% (2022: 16.16%) of fair value measurement were categorized as Level 1 in the fair value hierarchy as at 31 December, 2022. The remaining 81%% amounting to GH¢5,954,229 (2022: GH¢5,253,559) were classified as Level 2 valuations because significant pricing inputs are observable.

Valuation risk on Level 1 instruments is low. However, judgment is involved in determining whether certain markets are liquid enough to conclude that Level 1 categorization is appropriate. The valuation risk for Level 2 instrument is higher because, although it is based on observable inputs arriving at an appropriate amount require judgment. Valuation of Level 3 instruments are in inherently more subjective.

## How our audit addressed the key audit matter

- Assessing and testing the design and operating effectiveness of the controls in respect of the Fund's valuation process for example;
- Controls over the identification, measurement and management of valuation including independent price verification measurement and management of valuation risk including independent price verification controls, governance over valuation models, model validation and management reporting; and
- For the principal underlying system generating valuation data, IT controls such as access, data management, and change management;
- For a selection of models assessing of the valuation methodology was appropriate;
- For a selection of pricing inputs verifying those inputs to source data including external data where appropriate;
- Valuing a selection of financial instrument independently using our valuation specialist;
- For a selection of instrument categorized with Level 3 assessing key input assumptions and models
- For a selection of financial instruments, assessing the appropriateness of the categorisation within the fair value hierarch.

## Other information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, which we obtained prior to the date of this auditor's report. The other information does not include the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the



# **INDEPENDENT AUDITOR'S REPORT YEAR ENDED 31ST DECEMBER, 2023 TO THE UNITHOLDERS' OF CDH BALANCED FUND PLC**

Financial Statements, our responsibility is to read the other information identified above, and in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed on other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Directors Responsibilities for the Financial Statement**

The Fund's Directors are responsible for the preparation and fair presentation of these annual Financial Statements in accordance with the International Financial Reporting Standards, the Securities Industry Act, 2016 (Act 929), Unit Trust and Mutual Fund Regulation 2001 (L.I 1695) and in the manner required by the Companies Act, 2019 (Act 992) and the Securities and Exchange Commission's Regulations 2003 (L.I. 1728).

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **Auditor's Responsibility for the audit of the Financial Statements**

Our audit objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatements, 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 it is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs,) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements

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

- Identify and assess the risk of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertain exists



# **INDEPENDENT AUDITOR'S REPORT YEAR ENDED 31ST DECEMBER, 2023 TO THE UNITHOLDERS' OF CDH BALANCED FUND PLC**

related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertain exists, we are required to draw attention in our auditors report to the related disclosures in the Financial Statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors report. However future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal controls that we identify during our audit.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the Fund's Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors report unless laws or regulations preclude public disclosures about the matter or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on other Legal and Regulatory Requirements**

The Companies Act, 2019 (Act 992) requires that in carrying out our audit we consider and report on the following matters. 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 account have been kept by the Fund, so far as appears from our examination of those books; and
- iii. the Fund's Balance Sheet (included in as the Statement of Financial Position) and profit and loss account (included in as the Statement of Comprehensive Income) are in agreement with the books of account.

We also confirm that, the Fund's transactions were within its power and the Fund has complied with relevant provisions of the Securities Industry Act, 2016 (Act 929) and the Unit Trust and Mutual Fund Regulation, 2001 (L.I. 1695).

The Engagement Partner on the audit resulting in this independent auditor's report is Mr. Timothy A. Osei (ICAG/P/1015)

## **MGI O.A.K CHARTERED ACCOUNTANTS (No. ICAG/F/2024/132)**

**Alfred Ayer - ICAG/P/1592**  
**18 Airways Avenue**  
**Airport Residential Area**  
**P.O. Box AN. 5712**  
**Accra North**

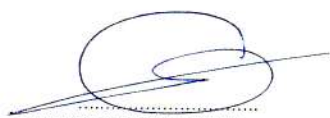
## STATEMENT OF COMPREHENSIVE INCOME AS AT 31ST DECEMBER, 2023

		2023	2022
	Notes	GH¢	GH¢
<b>Investment Income</b>			
Interest Income	4	1,691,493	1,077,195
Commission	4a		1,859
<b>Total Revenue</b>		<u><b>1,691,493</b></u>	<u><b>1,079,055</b></u>
<b>Expenses</b>			
Management Fees		203,718	181,792
Custodian Fees		20,464	17,883
General Administration Expenses	5	90,076	14,716
<b>Total Expenses</b>		<u><b>314,257</b></u>	<u><b>214,391</b></u>
<b>Net Investment Income for the year</b>		<b>1,377,235</b>	864,665
Other Comprehensive Income (Gross)			
Fair Value Gains/(Loss) on Financial Assets through Other Comprehensive Income			
Fair Value Gains/(Loss) on Financial Assets through Other Comprehensive Income		278,718	(177,709)
<b>Total Comprehensive Income for the year</b>		<u><b>1,655,953</b></u>	<u><b>686,955</b></u>
<b>ACCUMULATED NET INVESTMENT INCOME</b>			
Balance at 1 January		4,225,065	3,538,110
Net Investment Income		1,655,953	686,955
<b>Balance at 31 December</b>		<u><b>5,881,018</b></u>	<u><b>4,225,065</b></u>



# STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2023

	Notes	2023 GH¢	2022 GH¢
<b>ASSETS</b>			
Cash and Cash Equivalent	6	88,455	347,200
Financial Assets Through Profit or Loss	7	-	-
Financial Assets Through Other Comprehensive	8	1,397,486	1,118,768
Financial Assets at Amortised	8d	5,954,229	5,253,559
Trade and Other Receivables	9	<u>1,180,455</u>	<u>552,648</u>
<b>Total Assets</b>		<b><u>8,620,626</u></b>	<b><u>7,272,176</u></b>
<b>EQUITY</b>			
Unitholder's Capital	11	2,636,310	2,985,091
Retained Earnings		5,417,170	4,039,035
Reserves		444,771	166,053
<b>Total Equity</b>		<b><u>8,498,251</u></b>	<b><u>7,190,179</u></b>
<b>LIABILITIES</b>			
Trade and Other Payables	10	122,375	81,097
<b>Total Liabilities</b>		<b><u>122,375</u></b>	<b><u>81,097</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>8,620,626</u></b>	<b><u>7,271,276</u></b>



DIRECTOR

3rd June, 2023



DIRECTOR

3rd June, 2023

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2023

2023	Unitholder's Capital GH¢	Retained Earnings GH¢	Reserves GH¢	Total GH¢
Balance at 1st January	2,985,091	4,039,935	166,053	7,191,080
Proceeds from Units Issued	21,503	-	-	21,503
Total Comprehensive Income	-	1,377,235	-	1,377,235
Fair Value Changes on Financial Assets Through Other Comprehensive Income	-	-	278,718	278,718
Units Redeemed	(370,284)	-	-	(370,284)
Amortised Gains on Investments	-	-	-	-
<b>Balance at 31st December</b>	<b>2,636,310</b>	<b>5,417,170</b>	<b>444,771</b>	<b>8,498,252</b>
<b>2022</b>				
Balance at 1st January	3,276,419	3,175,270	343,762	6,795,451
Proceeds from Units Issued	367,279	-	-	367,279
Total Comprehensive Income	-	864,665	-	864,665
Fair Value Changes on Financial Assets Through Other Comprehensive Income	-	-	(177,709)	(177,709)
Units Redeemed	(658,607)	-	-	(658,607)
Amortised Gains on Investments	-	-	-	-
<b>Balance at 31st December</b>	<b>2,985,091</b>	<b>4,039,935</b>	<b>166,053</b>	<b>7,191,080</b>



## STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2023

	2023 GH¢	2022 GH¢
Net Investment Income for the year	1,377,235	864,664
<b>Adjusted for:</b>		
Fair Value Changes in Financial Assets Through Other Comprehensive Income		(177,709)
Amortized Gains and (Loss)		
<b>Changes In Working Capital:</b>		
Increase in Account Receivables	(627,807)	(194,434)
Financial Value Changes in Financial Instruments	(700,670)	177,709
Increase in Account Payable	41,276	8,240
<b>Net Cash Flow from Operations</b>	<b>90,035</b>	<b>678,470</b>
<b>Investing Activities</b>		
Acquisition of Financial Assets Through Profit or Loss	-	(176,180)
Acquisition of Financial Assets Through OCI	-	-
Disposal of Financial Assets through Comprehensive Income	-	-
Disposal of Financial Assets Through Profit or Loss	-	-
Acquisition of Financial Assets at Amortized Cost	-	-
<b>Net Cash Flow from Investing Activities</b>	<b>-</b>	<b>(176,180)</b>
<b>Financing Activities</b>		
Proceeds from Shares Issued	21,503	367,279
Shares Redeemed	(370,284)	(658,607)
<b>Net Cash Flow from Financing Activities</b>	<b>(348,781)</b>	<b>(291,328)</b>
Net Decrease in Cash and Cash Equivalent	(258,746)	210,962
Cash and Bank Balance at 1st January	347,201	136,239
<b>Cash and Bank Balance at 31st Dec.</b>	<b>88,455</b>	<b>347,201</b>
Reconciliation of Cash and Bank Balance		
Bank Balances	88,455	347,201
Cash on Hand	-	-
	<b>88,455</b>	<b>347,201</b>

Note 6

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023 *(Continued)*

## 1.0 **Reporting entity**

CDH Balanced Fund Plc is a Plc liability company, incorporated and domiciled in Ghana. The address of its registered office is No. 36 Independence Avenue, North Ridge Accra.

## 1.1 **Description of the Fund**

CDH Balanced Fund Plc was incorporated on 14 February 2000 to operate as a Mutual Fund with an authorized capital of 1,000,000,000 common shares of no-par value. The objective of the Fund is to invest the funds of its members for the mutual benefit and to hold and arrange for the management of securities and other assets acquired with such funds and provide high current income with the maintenance of liquidity and preservation of capital. All securities purchased by the Fund present minimal credit risk in the opinion of the Fund Manager (Linx Capital Plc) acting under the supervision of the Directors. In the interest of prudence and efficient management of the Fund, the Fund Manager shall maintain prudent levels of liquidity. The Manger is responsible for the actual management of the Fund's portfolio and constantly reviews the holdings of the Fund in the light of its research analysis and research for other relevant service. The Funds' investments are listed and traded on the Ghana Stock Exchange, although the Fund may also invest in unquoted securities. The Fund's shares are redeemable at the holder's option. The shares are not listed on the Ghana Stock Exchange. The Fund's custodian is Republic Bank Plc.

## 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### 2.1 **Statement of Compliance**

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

### 2.2 **Basis of Preparation**

The Financial Statements have been prepared on the historical cost basis except for 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.

### 2.3 **Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most alternative or advantageous market for the asset or liability.

The principal or advantageous market must be accessible by the Fund.

The fair value of an asset or liability is measured using the assumption that market participants would use when pricing the asset or liability, assuming the market participant act in their economic best interest.

A fair value measurement of a non-financial assets takes into account market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023 *(Continued)*

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable input and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1- Quoted (unadjusted) market price in active markets for identifiable assets or liabilities.
- Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting report.

## 2.3 Recurring Fair Value Measurement of Assets and Liabilities

	Level 1 GH¢	Level 2 GH¢
Financial Assets		
Financial Assets Through Other Comprehensive Income	1,397,486	5,253,559
Financial Assets through Profit or Loss	-	-

## 2.4 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, as and when the Fund satisfies a performance obligation. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Under IFRS 15, the revenue recognition process involves:

1. Identification of the contract with the customer,
2. Identification of performance obligation in the contract,
3. Determination of the transaction price,
4. Allocation of the transaction price to the performance obligation in the contract,
5. Recognition of the revenue when ( or as) the entity satisfies a performance obligation.

### 2.4.1 Interest Revenue and Expenses

Interest revenue and expenses are recognised in the Statement of Comprehensive Income for all interest bearing financial instruments using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023 *(Continued)*

## 2.4.2 **Dividend Revenue and Expenses**

Dividend revenue is recognised on the date on which the investments are quoted ex-dividend or, where no ex-dividend is quoted, when the Funds' right to receive the payment is established.

Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the Statement of Comprehensive Income. Dividend expense relating to equity investments sold short is recognised when the shareholders' right to receive the payment is established.

## 2.4.3 **Fees and Commission**

Fees and Commission are recognised on an accrual basis. Fees and commission expenses are included in the general administration expenses without regards to receipt or payment of cash.

Fees and Commission income represent penalty charges to client for early redemption of investment.

## 2.4.4 **Net Gains or Loss on Financial Assets and Liabilities at fair value through profit or loss**

This items include changes in the fair value of financial assets and liabilities held for trading or designated upon recognitions at fair value through profit or loss and excludes interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting periods.

Realised gains and losses on disposal of financial instruments classified as at fair value through profit or loss are calculated using the first-in, first-out (FIFO) method. They represent the difference between an instrument's initial carrying amount and disposal amount.

## 2.5 **Taxation**

Under the current legislation, mutual funds are not subject to taxes on income or capital gains, nor to any taxes on income distribution.

## 2.6 **Foreign Currencies**

Fund's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the exchange at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange difference on foreign currency borrowing relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST DECEMBER, 2023 *(Continued)*

- Exchange difference on monetary items receivable from or payable to a foreign operations for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operations), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

### 2.7 **Financial Instruments -Initial Recognition and Subsequent Measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of other entity.

#### 2.7.1 **Financial Assets**

##### 2.7.1.1 **Initial Recognition and Measurement**

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transactions costs that are attributable to the acquisition of the financial asset.

Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

##### 2.7.1.2 **Subsequent Measurement**

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial Assets at fair value through profit or loss
- Loans and receivables
- Financial Assets at fair value through profit or loss
- Financial Assets at fair value through Other Comprehensive Income

##### 2.7.1.2 **Financial Assets at Fair Value through Profit or Loss**

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IFRS 9. The Fund has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

##### 2.7.1.3 **Loans and Receivables**

The Fund has not designated any financial assets as loans and receivables.

##### 2.7.1.4 **Financial Assets Through Profit or Loss**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Fund has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the Effective Interest Rate (EIR),



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST DECEMBER, 2023 *(Continued)*

less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or cost that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of comprehensive income as finance cost.

### 2.7.1.5 **Financial Assets Through Other Comprehensive Income**

These financial investments include equity investments and debt securities. Equity investments classified as Financial Assets Through Other Comprehensive Income are those that are classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, these financial investments are subsequently measured at fair value with unrealised gains and losses recognised in Other Comprehensive Income (OCI) and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gains or losses is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from AFS reserve to the statement of profit or loss in finance cost. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

The Fund evaluates whether the ability and intention to sell its equity financial assets in the near term is still appropriate. When, in rare circumstances, the Fund is unable to trade these financial assets due to inactive markets, the Fund may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from Financial Assets Through Other Comprehensive Income category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss and other comprehensive income.

### 2.7.1.6 **Derecognition of Financial Assets**

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e. removed from the Fund's statement of financial position) when;

- The right to receive cash flow from the asset have expired, or
- The Fund has transferred its right to receive cash flow from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either
  - i. the fund has transferred substantially all the risk and rewards of the asset, or
  - ii. the Fund has either transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023 *(Continued)*

asset, the Fund continues to recognise the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

### 2.7.1.7 Impairment of Financial Assets

IFRS 9 introduces a new impairment model that requires the recognition of expected credit losses on all financial assets at amortised cost or at fair value through other comprehensive income (other than equity investments), lease receivable and certain loan commitments and financial guarantee contracts.

The Expected Credit Losses (ECL) is the present value measure of the credit losses expected to result from default events that may occur during a specified period of time. ECL must reflect the present value cash flow shortfalls. ECL's must reflect the unbiased and probability weighted assessment of a range of outcomes. The ECL must also consider forward looking information to recognise impairment allowance earlier in the lifecycle of the product. IFRS 9 consequently is likely to increase the volatility of impairment allowances as the economic outlook changes, although cashflows are cash losses are expected to remain unchanged.

The Standard introduces a three-stage approach to impairment as follows:

- Stage 1- The recognition of 12 months expected credit losses (ECL) , that is the lifetime expected credit losses from default events that are expected within 12 months of the reporting date if credit risk has not increased significantly since initial recognition.
- Stage 2- lifetime expected credit losses for financial instruments for which credit risk has increased significantly since initial recognition: and
- Stage 3- lifetime expected credit losses for financial instruments which are credit impaired.

In contrast, the IAS 39 impairment allowance assessment was based on incurred loss model, and measured on assets where there was objective evidence that loss has been incurred, using information as at the balance sheet date. The Fund currently assess impairment for its financial assets based on the three-stage approach by IFRS 9 and undertakes impairment provision.

Financial Assets	IAS39: Financial Instruments Recognition and Measurement		IFRS 9: Financial Instruments	
	Measurement Category	Carrying Amount GH¢	Measurement Category	Carrying Amount GH¢
Cash and Cash Equivalent	Amortised Cost	5,954,229	Amortised Cost	5,954,229
Instrument	Amortised Cost (Held to Maturity)	-	Amortised Cost (Financial Assets of Amortised Cost)	-
	FVOCI (Available for sale)	1,397,486	FVOCI (Available for sale)	1,397,486
Trade and other Receivable	Amortised Cost (Receivable)	1,180,455	Amortised Cost (Receivable)	1,180,455

There were no changes to the reclassification or remeasurement of financial assets. They remained classified as financial assets and measured at amortised cost.



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023 *(Continued)*

## 2.8 **Financial Liabilities**

### 2.8.1 **Initial Recognition and Measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowing and payables, net of directly attributable transaction costs.

The Fund's financial liabilities include trade and other payables, loans and borrowing including Fund's overdraft, financial guarantee contracts, derivatives financial instruments.

### 2.8.2 **Subsequent Measurement**

The measurement of financial liabilities depends on their classification, as described below;

#### 2.8.2.1 **Financial Liabilities at Fair Value through Profit or Loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Fund that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separately embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains and losses on liabilities held for trading are recognised in the statement of profit or loss.

#### 2.8.2.2 **Loans and Borrowing**

The Fund has not designated any financial liability as loans and borrowing. After initial recognition, interest-bearing loans and borrowing are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance cost in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Fund has not designated any financial liability at fair value through profit or loss.

#### 2.8.2.3 **Derecognition of Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023 *(Continued)*

## 2.8.3 **2.8.3 Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## 2.9 **2.9 Unit Holders' Capital**

Shares in the Fund are owned by members of the Fund.

- The value of the shares (owned by members of the Fund) is represented by the share or Unit Holders Capital. Shares entitle the holder to a pro rata share of the Fund's net assets in the event of the shareholder liquidating his or her investment.
- The shares of the Fund are not listed on the Ghana Stock Exchange. Applicants may set up new account with the Fund to buy shares of the Fund. When applicants buy Fund shares, the shares are purchased at the last published price.
- A Shareholder wishing to redeem his or her shares (investment) with the Fund can do so by submitting a request for redemption to the Fund. Redemptions shall be priced at the last published price.

## 2.9.1 **Dividend Distribution**

The Fund passes substantially its net investment income along to its investors as distribution. This distribution policy adopted by the Directors of the Fund from is reviewed time to time such that the distribution will not jeopardise the Funds' ability to operate effectively.

## 2.9.2 **Cash and Cash Equivalent**

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short term deposits with a maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding Fund overdrafts.

## 2.9.3 **Critical Accounting Judgement, Estimates and Assumptions**

The preparation of The Fund's Financial Statements requires management to make judgments, estimates and assumptions that effect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

## 2.9.4 **Judgements**

In the process of applying the Fund's accounting policies, management has made the following judgments, which have the most significant effect on the amount recognised in the Financial Statement:

## 2.9.5 **Assessment as Investment Entity**

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their investments at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are, as follows:

1. An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services.
2. An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both.
3. An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST DECEMBER, 2023 *(Continued)*

The Fund's prospectus details its objectives of providing investment management services to investors which includes investing in equity, fixed income securities and private equity for the purpose of returns in the form of investment income and capital appreciation.

### 2.9.6 **Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

### 2.9.7 **Fair Value of Financial Instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from an active market, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable market where possible, but where this is not feasible, estimation is required in establishing fair value. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's) correlation and volatility.

Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. The model is tested for validity by calibrating to prices from any observable current market transactions in the same instrument (without modification or repackaging) when available. To assess the significance of any particular input to the entire measurement, the fund performs sensitivity analysis or stress testing techniques.

### 2.9.8 **Fair Value Measurement of Financial Instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active market, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable market where possible, but where this not feasible, a degree of judgment is required in establishing fair value.

Judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Contingent consideration, resulting from business combination, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023 *(Continued)*

## 3.0 CAPITAL MANAGEMENT

As a result of the ability to issue, purchase and resell shares, the capital of the Fund can vary depending on the demand for redemptions and subscription to the Fund. The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable shares beyond those included in the Fund's regulations.

The Fund's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in its prospectus.
- To achieve consistent returns while safeguarding capital by investing in diversified portfolio, by participating in derivatives and other capital markets and by using various investment strategies and hedging techniques.
- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise.
- To maintain sufficient size to make the operation of the Fund cost-efficient.

The financial risk management framework provides the objectives and policies and procedures applied by the Fund in managing its capital and its obligation to repurchase the shares.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023 *(Continued)*

	2023 GH¢	2022 GH¢
<b>4 Income</b>		
Interest on call accounts	263,608	8,951
Interest on fixed deposit	-	841,617
Dividend Income	79,365	127,063
Interest on Bond	1,348,519	99,565
	<b><u>1,691,493</u></b>	<b><u>1,077,196</u></b>
<b>4a Commission</b>	<b><u>-</u></b>	<b><u>1,859</u></b>
<b>5 General Administration Expenses</b>	<b>GH¢</b>	<b>GH¢</b>
AGM Expenses	49,920	4,200
Bank charges	1,609	585
Trade Charges	170	181
Office and Other Expenses	23,687	-
Audit Fees	12,190	9,750
Professional Fees	2,500	2,000
	<b><u>90,076</u></b>	<b><u>16,717</u></b>
<b>6 Cash and Cash Equivalent</b>	<b>GH¢</b>	<b>GH¢</b>
Cash on Hand	-	-
Cash at Bank	88,455	347,201
	<b><u>88,455</u></b>	<b><u>347,201</u></b>
<b>7 Financial Assets Through Profit and Loss</b>	<b>GH¢</b>	<b>GH¢</b>
Fixed Deposit 91 days	-	-
Fixed Deposit 182 days	-	-
	<b><u>-</u></b>	<b><u>-</u></b>
<b>8a Financial Assets Through Other Comprehensive Income</b>	<b>GH¢</b>	<b>GH¢</b>
Listed Equities	<b><u>1,397,486</u></b>	<b><u>1,118,768</u></b>
<b>8b Fair Value of Financial Assets Through OCI</b>	<b>GH¢</b>	<b>GH¢</b>
Market Value of Available-for-Sale Securities	1,397,486	1,118,768
Cost of Investment	<u>(1,118,768)</u>	<u>(1,293,905)</u>
	278,718	(175,137)
Prior Period (Gain)/Loss	<u>168,624</u>	<u>343,762</u>
Fair Value Gains	<b><u>447,342</u></b>	<b><u>168,625</u></b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023 *(Continued)*

Portfolio Analysis Description Shares	Shares in Units 31/12/2023	Market Value 31/12/2023 GH¢	Shares in Units 31/12/2022	Market Value 31/12/2022 GH¢
<b>Banking and Financials</b>				
Cal Bank	26,686	12,809	26,686	17,346
GCB Bank	28,400	96,560	28,400	111,896
Ecobank	33,620	184,910	33,620	223,237
Standard Chartered Bank	7,533	132,204	7,533	151,865
Societe Generale	50,824	79,794	50,824	50,824
Republic Bank (HFC Bank)	292,769	140,529	292,769	158,095
Enterprise Group Ltd	25,000	59,750	25,000	80,000
<b>Food and Household Products</b>				
Benso Oil Palm Plantation	2,100	46,200	2,100	16,065
Fanmilk Ghana Limited	5,900	19,175	5,900	17,700
Unilever Ghana Limited	3,000	24,330	3,000	11,640
<b>Energy</b>				
Total Petroluem	59,025	531,225	59,025	236,100
<b>Telecommunication</b>				
Scancom Ltd (MTN)	50,000	70,000	50,000	44,000
		<u>1,397,486</u>		<u>1,118,768</u>
<b>Financial Assets at Amortised Cost</b>				
Government Bonds		4,297,602		2,522,188
Corporate Bonds-Cocoa Bills		1,656,627		2,731,371
		<u>5,954,229</u>		<u>5,253,559</u>
<b>Trade and Other Receivables</b>		GH¢		GH¢
Interest Receivable - Fixed deposit		144,375		144,375
Interest Receivable- GoG Bonds		586,427		75,498
Interest Receivable -Corporate Bonds		449,804		332,777
		<u>1,180,455</u>		<u>552,650</u>
<b>Trade and Other Payables</b>		GH¢		GH¢
Accruals		45,828		70,653
Audit Fees		12,790		9,750
Sundry Creditors		430		430
Management Fees		52,268		0
Withholding tax payable		264		264
Custodian fees		10,795		0
		<u>122,375</u>		<u>81,097</u>
<b>Statement of Movement in issued number of units</b>		GH¢		GH¢
Units in issue at 1 January		6,957,183		6,749,955
Units in issue during the period		24,949		1,018,804
Units redeemed during the period		(957,998)		(1,811,576)
		<u>5,024,134</u>		<u>5,957,183</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST DECEMBER, 2023 *(Continued)*

11	Statement of Movement in issued value of units	GH¢	GH¢
	Units in issue at 1 January	3,276,419	3,845,906
	Units in issue during the period	21503	40,873
	Units Redeemed during the period	(370,284)	(610,360)
		<b>2,927,638</b>	<b>3,276,419</b>

### 12 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICY

The Fund's objective in managing risk is the creation and protection of the shareholders' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing 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 include currency risk, interest rate risk, and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

#### 12.1 Risk Management Structure

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

#### 12.2 Risk Management 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 model makes use of the probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks are 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 and the market environment of the Fund. In addition, the Fund monitors and measures the overall risk in relation to the aggregate risk exposure across all risks type and activities.

#### 12.3 Market Risk

Market risk is the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market variable such as interest rates, foreign exchange rates and equity prices.

The investment committee of the Fund employs both qualitative and quantitative measures in the management of market risk faced by the Fund.

#### 12.4 Foreign Currency Risk Management

The Fund does not undertake transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations may not arise. Exchange rate exposures are managed by keeping a limited amount of forex balances when necessary.

### 13 Price Risk

The Fund is exposed to equity securities price risk because of investment in quoted and unquoted shares classified as available-for-sale. To manage its price risk arising from investments in equity and debt securities, the Fund diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Fund. All quoted shares held by the Fund are traded on the Ghana Stock Exchange (GSE).



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023 *(Continued)*

The following table demonstrates the sensitivity of the Fund's profit or loss for the year to a reasonably possible change in equity price, with all other variables held constant. The sensitivity of other comprehensive income for the year is the effect of the assumed changes in equity price.

The sensitivity analysis impact on equity is the same as the impact on profit or loss. In practice, the actual trading results may differ from the below analysis and the difference could be insignificant.

Sensitivity Analysis	Changes in Basis Points	Sensitivity of Changes in Fair Value of Investments Increase/(Decrease) GH¢
Other Comprehensive	10/ (10)	-

### 12.6 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rate will affect future cash flow or that fair value of financial instruments. The Board of Directors has established limits on the interest gaps for stipulated periods. The following table demonstrates the sensitivity of the Fund's profit or loss for the year to a reasonably possible change in interest rates, with all other variables held constant.

The sensitivity of the profit or loss for the year is the effect of the assumed changes in interest rates on:

- The net interest income for one year, based on the floating rate financial assets held at the end of the reporting period.
- Changes in fair value of investments for the year, based on revaluing fixed rate financial assets and liabilities at the end of the reporting period.

Sensitivity Analysis	Changes in Basis Points	Sensitivity of Changes in Fair Value of Investments Increase/(Decrease) GH¢
Net Interest Income for the year Income	10/ (10)	169,149

### Maturity Analysis of Financial Assets and Liabilities

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facility.

The table below analysis the financial assets and liabilities into the relevant maturity grouping based on the remaining period at the reporting date to the contractual maturity date.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023 *(Continued)*

	Due less than a year 2023 GH¢	Due more than a year 2023 GH¢	Due less than a year 2022 GH¢	Due more than a year 2022 GH¢
Cash and Cash Equivalent	88,455		347,200	
Financial Assets Investment		1,397,486	-	1,118,768
Financial Assets at Amortised		5,954,229	-	5,253,559
Trade and Other Receivables	1,180,455		552,6497	-
	<u>1,268,910</u>	<u>7,351,716</u>	<u>899,849</u>	<u>6,372,327</u>
Trade and Other Payables	122,375	-	81,097	-
	<u>1,146,535</u>	<u>7,351,716</u>	<u>818,750</u>	<u>6,372,327</u>

### 13 Liquidity Risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the fund could be required to pay its liabilities or redeem its shares earlier than expected. The Fund is exposed to cash redemptions of its shares on a regular basis. Shares are redeemable at the holder's option based on the Fund's NAV per share at the time of redemption, calculated in accordance with the Fund's scheme particulars.

The Fund manages its obligation to repurchase the shares when required to do so and its overall liquidity risk by:

- Requiring a 3- days' notice period before redemptions.

The Fund's policy is to satisfy redemption requests by the following means (in decreasing order of priority)

Searching for new investors

Withdrawal of cash deposits

Disposal of highly liquid assets

Either disposal of other assets or increase of leverage.

The Fund invests primarily in marketable securities and other financial instruments which, under normal market conditions, are readily convertible to cash. In addition, the Fund's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption request.

The Investment manager's policy is to closely monitor the creditworthiness of the Fund's counterparties (e.g. third-party borrowers, brokers, custodian and bank) by reviewing their credit ratings, Financial Statements and press releases on a regular basis.

The Carrying value of interest-bearing investments, money market funds and similar securities, loans to related party, trade and other receivables and cash and cash equivalents, as disclosed in the statement of financial position represent the maximum credit exposure, hence no separate disclosure is provided.



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023 *(Continued)*

## 12.9 Fair Value of Financial Instruments

### Fair Value of Financial instruments carried at amortised cost.

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the Financial Statements approximate their fair values.

Financial Assets	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	2023 GH¢	2023 GH¢	2022 GH¢	2022 GH¢
Cash and Bank Balances		88,455	347,201	-
Held-To-Maturity Securities	1,397,486		-	5,253,559
Available -for -Sale Equities	5,954,229		-	1,238,189
Trade and Other Receivables		1,180,455	408,275	-
<b>Total Financial Asset</b>	<b>7,351,716</b>	<b>1,268,910</b>	<b>755,476</b>	<b>6,491,748</b>
Financial Liabilities				
Trade and Other Payables	122,375	122,375	81,097	81,097

## 14 CONTINGENCIES AND COMMITMENTS

### Legal Proceedings and Regulations

The Fund operates in the financial service industry and is subject to legal and regulatory 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.

The Fund has no capital commitments at the reporting date.

## 16.0 RELATED PARTY TRANSACTIONS

The following parties are considered related parties of the Fund:

### 16.1 Investment Manager

Linx Capital Limited is entitled to receive a management and advisory fee for its services. These fees amount to an aggregate of 2.5% (2021: 2.5%) per annum calculated on the daily net assets of the Fund. Management fees are payable quarterly in arrears. Total management fees for the year 2023 amounted to GH¢203,718 (2022: GH¢181,792).

### 16.2 Custodian-Republic Bank Plc

Republic Bank Plc is the custodian of the Fund. 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 dividends, interest and proceeds of matured securities, the exercise of options and, in general, for any other operation concerning the day-to-day administration of the securities and other assets and liabilities of the Fund.

The Custodian is entitled to receive from the Fund fees, payable monthly, equal to 0.025% per annum calculated on the daily net assets of the Fund and transaction fee of GH¢1.50. The total Custodian and administration fee for the year 2023 amounted to GH¢20,464 (2022: GH¢17,883).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023 *(Continued)*

### 16.3 **Stockbroker**

The Fund's equity transactions were made through CDH Securities Limited.

### 16.4 **Transactions with Related Parties**

A number of related party transactions take place with related parties in the normal course of business. These include transactions and balances among related parties.

The outstanding

balances on such related party transactions are as follows:

<b>Amount due to/From Related parties</b>	<b>2023</b>	<b>2022</b>
	<b>GH¢</b>	<b>GH¢</b>
CDH Asset Management	510	510
	-	510

The operating licenses of the above related companies have been revoked

### 16.5 **Transactions with Directors and Key Management**

Directors and key management personnel refer to those personnel with authority and responsibility for planning, directing and controlling the business activities of the Fund. These personnel are the Executive and non-Executive Directors of the Fund.

During the year, there were no significant related party transactions with companies or customers of the Fund where a director or any connected person is also a Director or key management members of the Fund. The Fund did not make provision in respect of loan to Directors or any key management member during the period under review.

### 16.6 **Directors Remuneration**

The Directors waived their right to receive remuneration during the year (2022: Nil).

### **Subsequent events**

Events subsequent to the balance sheet date are reflected only to the extent that they are related directly to the financial statements and their effect is material.



## APPOINTMENT OF NEW AUDITOR

Dear Cherished Shareholders, the Board of Directors of the Fund, having reviewed proposals from different prospective audit firms, listening to their oral presentations and conducting individual interviews, has recommended for the appointment of BETA & ASSOCIATES (CHARTERED ACCOUNTANTS & MANAGEMENT CONSULTANTS) as the new Auditor for the Fund, subject to the approval or ratification by Shareholders.

They satisfy all regulatory compliance with respect to the Securities and Exchange Commission (SEC) and the Institute of Chartered Accountants, Ghana (ICAG).

We find them the most technically suitable and financially competitive among the lot and therefore recommend your approval to appoint them as the substantive Auditor of the CDH Balanced Fund Plc.

We wish to express our sincere and most profound appreciation to the existing Auditor (MGI O. A. K. Chartered Accountants) who is due to retire, after having successfully audited the Fund for the maximum statutory period of 6 years. We thank them for their good work over these years and wish them well in their future endeavours.

Below is a brief profile of BETA & ASSOCIATES for your consideration and approval.

### PROFILE

BETA & Associates is a firm registered by the Institute of Chartered Accountants, Ghana (ICAG) with its associate firms John Nipah and Associates and TRC Chartered Accountants.

They are committed to providing close, personal attention to their clients and take pride in giving the assurance that, the personal assistance you receive comes from years of advanced training, technical experience and financial acumen.

They are located at Agbogba Akatsi Abor near Elegant Hotel. And can be contacted on [info@beta-associates.com](mailto:info@beta-associates.com) or on the website [www.beta-associates.com](http://www.beta-associates.com)

### LEAD PARTNERS

The following are the names and qualifications of the Lead Partners. There are nine other well-qualified and experienced employees in the organization as Auditors and Assistant Auditors.

Name	Position	Years of Experience	Qualifications
Emmanuel Banu	Engagement Reporting Partner	26	Fellow ICAG, Post-Charter Diploma in Forensic Audit, Post-Charter Diploma in Oil & Gas
John Oliver Nipah	Associate Partner: Quality Control /Review Partner	21	Fellow ICAG, CIT, MBA, RSA
Amos Ayertey Teye	Partner: Team Leader	16	Member ICAG, MBA (Accounting & Finance), HND
Michael Ayesu-Appiah	Key Team Member: Audit Manager	21	Member ICAG, MBA, Diploma (ABE-UK)

# APPOINTMENT OF NEW AUDITOR

## MISSION

BETA (Chartered Accountants) is an assurance and business advisory firm established to provide its clients and community with high-quality and professional services. Their main goal is finding new ways to serve you through training and development, and recruiting competent specialists with required skills and experience in new areas so as to provide you with high quality service that you expect.

## VISION

To be one of Ghana's leading Auditing and Consulting firms in terms of providing professional services, number of employees and partners, and representatives.

## VALUES

At BETA & Associates, they focus on the processes of their system and their goals are automatically achieved. They are dedicated to quality with Integrity. It is through offering their own expertise in various Assurance and Consulting services and maintaining an ongoing system of quality review that offer you professional services.

## EXPERIENCE

They provide a wide range of business services to the government, companies in various industries including the regulated companies under the Securities and Exchange Commission, Bank of Ghana and the National Insurance Commission; non-profit organizations, and other firms and individual (financial planning). These services include statutory audit or audit assurance, financial consulting, business succession planning, estate, financial & retirement planning (for individuals), tax preparation, payroll, financial analysis, regulatory compliance, and bookkeeping & accounting, among others.

They have a tall list of previous and existing clients, all of which cannot be listed in this summary profile. However, it is important to mention that they are the auditors of two mutual funds, namely: Crystal Wealth Fund and Crystal Entrepreneur Fund.

They believe in the value of relationships and truly believe that their success is a result of your success.

## CONTACT INFORMATION

BETA & Associates (Chartered Accountants & Management Consultants)  
P.O. Box Md 396  
Madina-Accra, Ghana  
Tel: 0543476192/0208240016  
Email: [info@beta-associates.com](mailto:info@beta-associates.com)  
Website: [www.beta-associates.com](http://www.beta-associates.com)

Attention: Emmanuel Banu ([emmanuel.banu@beta-associates.com](mailto:emmanuel.banu@beta-associates.com))



# CUSTODIAN'S REPORT



Thursday, June 06, 2024.

**The Board of Directors**  
**CDH Balanced Fund Limited**  
**CDH House**  
**No. 36 Independence Avenue**  
**North Ridge**  
**Accra.**

## REPORT OF THE CUSTODIAN TO THE INVESTORS OF CDH BALANCED FUND LIMITED

We refer to the Unit Trust and Mutual Funds Regulations, 2001 L.I 1695 and attaché a statement of holdings of securities in custody with Republic Bank Custody Services for the above fund as at December 31, 2023.

### **Respective Investment Restrictions imposed on the Fund and the Responsibility of Custodians**

Pages 12 of the funds regulations specify the fund's investment restrictions. Our responsibility is to express an independent opinion on the statement of holdings based on our audit.

### **Opinion**

In our opinion, the statement of holdings is in agreement therewith and gives a true and fair view of the state of affairs of the Fund as at December 31, 2023 and the manager has managed the fund for the year ended December 31, 2022 in accordance with,

- (a) The limitations imposed on the investment and borrowing powers of the managers, and
- (b) Provisions pursuant to the above mentioned regulations

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Audrey Smith Dadzie".

**Audrey Smith Dadzie**  
**Head, Republic Bank Custody Services**

A handwritten signature in blue ink, appearing to read "Gerald Quansah".

**Gerald Quansah**  
**Operations Manager**

Republic Bank (Ghana) Limited "Ebankese", 35 Sixth Avenue, North Ridge, Accra  
P.O.Box CT 4603, Cantonments, Accra, Ghana. Tel: 0302 242090-4, 429555 Email: email@republicghana.com Website: www.republicghana.com



NB: A member who wants a proxy to represent him/her should notify the Fund Manager not later than 48 hours before the AGM. The proxy should come along with the completed and signed form. Any breach of the above protocol will result in non-admission of the proxy, and the Fund Manager will NOT be held liable.

I/We..... of ..... being a member/members of CDH Balanced Fund Limited here by appoint

..... or failing, the duly appointed Chairman of the Annual General Meeting as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of CDH Balanced Fund Plc to be held VIRTUALLY on the **26th day of November, 2024 at eleven o'clock (11:00 a.m.)** and at any adjournment thereof.

I/We direct that my/our vote(s) be cast on the specified resolutions.

#	RESOLUTIONS	FOR	AGAINST
1	To receive and adopt the 2023 Financial Statements of CDH Balanced Fund Ltd		
2	To receive the Director's Report		
	To receive the Fund Manager's Report		
	To receive the Auditor's Report		
	To receive the Custodian's Report		
3	To re-elect the following Directors retiring by rotation:  Mr. Emmanuel A. Amissah, Mr. Michael Opoku, and Ms. Senya Seyena-Susu		
4	Approve the appointment of Beta & Associates as new Auditor for the Fund		
5	To authorise the Directors to fix the remuneration of the Auditors		

Signed this ..... day of ..... 2024.

Name of Member .....

Signature .....



## IMPORTANT:

1. This Proxy Form Should Not be completed and sent to the Company Secretary if the sender will be attending the meeting.
2. If the sender intends to appoint a Proxy, he/she should insert the name of the person, whether a Member of CDH Balanced Fund Plc or not, who will attend and vote at the AGM on the sender's behalf and sign the Proxy Form.
3. In the case of a company, the Proxy Form must be signed by a Director or the Common Seal of the company should be appended on the Proxy Form.
4. In the case of joint holders, each holder must sign the Proxy Form.
5. If the sender does not insert a name on the Proxy Form and returns the form to the company, the Chairperson of the Meeting will vote on the sender's behalf.
6. If the Proxy Form is returned to the Company without any indication as to how the person appointed Proxy should vote, the Proxy will exercise his/her discretion and vote as he/she thinks fit.
7. To be valid, the completed Proxy Form should be submitted or posted to reach the Company Secretary at K-Archy & Company, Attaefah House, near Kanda Club 10, Kanda, Accra or via email to [info@karchyconsults.com](mailto:info@karchyconsults.com) or office **not less than 48 hours before the time fixed for holding the Meeting** or any adjourned meeting in accordance with the Company's Constitution.

## NOTES TO ATTEND VIRTUAL AGM

1. The attendance and participation by all members or by their proxies at this year's Annual General Meeting of CDH Balanced Fund Plc shall be strictly virtual (i.e. by online participation).
2. A member entitled to attend and vote at the virtual Annual General Meeting may appoint a proxy to attend (via online participation) and vote on his/her behalf. Such a proxy need not be a member of CDH Balanced Fund Plc.
3. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting (via online participation). Where a member attends the meeting in person (i.e. participates online), the proxy appointment shall be deemed to be revoked.
4. A copy of the Form of Proxy can be downloaded from <https://www.linxcapitaltd.com/wp-content/uploads/2024/09/2023-ANNUAL-REPORT.pdf> and may be filled and sent via email to: [cdhbfund@linxcapitaltd.com](mailto:cdhbfund@linxcapitaltd.com) or deposited at the registered office of the Company at CDH Balanced Fund Plc, CDH House, No. 36 Independence Avenue North Ridge Accra or to the Postal Address: P. O. Box, 14911, Accra to arrive no later than 48 hours before the appointed time for the meeting.
5. An electronic version of the Audited Financial Statements, Directors', Fund Manager's and Auditor's Reports of CDH Balanced Fund Plc for the year ended December 31, 2023 can be viewed at <https://bfund.cdhgroup.co/cdh-bfund--downloads.html>

### ACCESSING AND VOTING AT THE VIRTUAL AGM

6. A zoom link will be sent to shareholders by email and/or SMS from **20th November, 2024** to give them access to the meeting. Shareholders who do not receive this zoom link can call 030 267 1050 any time before the date of the AGM to be sent the link.
7. To gain access to the virtual AGM, Shareholders must visit **google play store or Apple Store to download the ZOOM App to install** and click on the advertised/shared link on **Tuesday, 26th November, 2024**. Access to the meeting will start from 10:30 a.m. Shareholders are encouraged to submit their questions by email ahead of the virtual AGM to [cdhbfund@linxcapitaltd.com](mailto:cdhbfund@linxcapitaltd.com) For shareholders who do not submit Proxy Forms prior to the meeting, they may vote electronically during the virtual AGM.
8. Shareholders who are yet to furnish the Company with their current contact addresses and telephone numbers, should do so by contacting 0302 788 420 as soon as possible.

For further assistance on accessing the meeting and voting electronically, please contact

**Linx Capital Limited**  
**#42 Nii Nortei Nyanchi Street, 1st Floor,**  
**E-Plaza 2 Buidling, Dzorwulu**  
**P. O. Box AT 415, Achimota**  
**Tel: 0302 788 420; 0597 832 255**



# PROGRAM FOR THE 9TH ANNUAL GENERAL MEETING OF CDH BALANCED FUND PLC

Held virtually on Tuesday, November 26, 2024 at 11:00 a.m.  
(Streamed live from Accra City Hotel, Barnes Road, Accra)

## 1. Opening Prayer

## 2. Quorum for Meeting

## 3. Introductions

- i. Directors (5) - Mr. Emmanuel A. Amissah, Mr. Michael Opoku, Ms. Senya Seyena-Susu, Mr. Richard N. A. Badger and Mr. Victor Easmon)
- ii. Fund Manager (Linx Capital Ltd) represented by Manfred K. Bressey and Noel K. Johnson
- iii. Custodian – Republic Bank Ghana Ltd) represented by Audrey Smith Dadzie
- iv. Auditor - O.A.K. Chartered Accountants) represented by Alfred Aye
- v. Auditor - Beta & Associates represented by Amos Ayertey Teye

## 4. Consideration of the 2023 Audited Financial Statements

Consideration of Reports

- i. Chairman's Report
- ii. Director's Report
- iii. Fund Manager's Report
- iv. Auditor's Report
- v. Custodian's Report

## 5. Questions and Answers

## 6. Passage of Resolutions

### a) Ordinary Resolutions

- i. To accept the Report of the Directors
- ii. To accept the Report of the Auditor
- iii. To accept the Report of the Fund Manager
- iv. To accept the Report of the Custodian
- v. To accept the 2023 Audited Financial Statements
- vi. To re-elect a Director retiring by rotation: Mr. Emmanuel Augustus Amissah (appointed: 31 Mar-2014)
- vii. To re-elect a Director retiring by rotation: Mr. Michael Opoku (appointed: 20 Sep-2018)
- viii. To re-elect a Director retiring by rotation: Ms. Senya Seyena-Susu (appointed: 20 Sep-2018)

(These retiring Directors are all offering to stand for re-election)

- ix. To approve the appointment of the New Auditor - Beta & Associates
- x. To authorize the Directors to fix the remuneration of the Auditor

## 7. Closing Prayer







CDH SECURITIES LTD.

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CDH HOUSE  
36 Independence Avenue  
Accra, Ghana.

[cdhsecurities@cdhgroup.co](mailto:cdhsecurities@cdhgroup.co)

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