

REPUBLIC
UNIT TRUST
2018
ANNUAL
REPORT



Republic Investments

Republic Asset Management

Pension & Provident Fund Management



Republic Investments



**REPUBLIC
UNIT TRUST**

2018
ANNUAL
REPORT



Republic Investments

The Manager

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



Content

6	Notice of Annual General Meeting
7	Statement of Trustees Responsibilities
8	Report of the Trustees
9	Fund Manager's Report
23	Auditor's Report
16	Financial Statements
25	Admission Form
26	Proxy Form

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 25th Annual General Meeting of Unit Holders will be held at Osu Presby Church Hall, Accra at Twelve noon (12:00) on Wednesday, July 10, 2019 to transact the following businesses:

AGENDA

ORDINARY BUSINESS

1. To receive the Report of the Manager for the Year 2018.
2. To receive and adopt the Audited Statement of Income and Expenditure of Republic Unit Trust for the Financial year ended December 31, 2018 together with the Trustees report and Auditors report thereon.
3. To authorize the Manager to fix the remuneration of the Auditors for the Financial year 2019.

NOTE:

A Unit holder who is unable to attend a General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not also be a Unit holder.

A proxy form is attached herewith to enable you exercise your vote if you cannot attend. A completed may be deposited at the registered office at No. 48A, Sixth Avenue, North Ridge, Accra or via email to investments@republicghana.com at any time prior to the commencement of the meeting in accordance with the Unit Trusts and Mutual Funds Regulations, 2001 (LI 1695).

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

Dated this 7th day of June, 2019.

COMPANY SECRETARY
BY ORDER OF THE MANAGER

DRAFT RESOLUTIONS

AS ORDINARY RESOLUTIONS

1. That the Fund Manager's Report for the year ended December 31, 2018 be received and adopted.
2. That the Audited Financial Statement of Income and Expenditure of Republic Unit Trust for the financial year ended December 31, 2018 together with the Trustee's Report and the Auditor's Report be received and adopted.
3. That the Manager be and is hereby authorized to fix the remuneration of the Company's Auditors for the Financial Year 2019.

STATEMENT OF TRUSTEES RESPONSIBILITIES

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

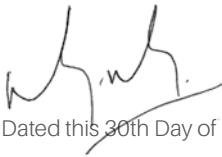
1. Select suitable accounting policies and apply them consistently
2. Make judgements and estimates that are responsible and prudent
3. State whether applicable accounting standards have been followed, subject to any material departures, disclosed and explain them in the financial statements and
4. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the investment Trust will continue in business.

The Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Republic Unit Trust, which will ensure that the financial statements comply with the Trust Deed and Securities Industry Act, 2016 (Act 929). They are also responsible for safeguarding the assets of the Investment Trust and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The statements should be read in conjunction with the statement of the Auditors' responsibilities as set out on page 13, the respective responsibilities of the Trustees and the Auditors in relation to the financial statements.

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

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

A handwritten signature in black ink, consisting of stylized, overlapping loops and a long horizontal stroke at the bottom.

Dated this 30th Day of March, 2019

For: UNIVERSAL MERCHANT BANK (GHANA) LIMITED

FUND MANAGER'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

Ghanaian Economic Review

The Ghanaian economy generally contracted over the period under review. Whereas the economy grew by 7.9% in 2017, GDP growth recorded for the period under review was 5.6%. Particularly notable for the year was the significant impact of the financial sector reforms on business and consumer confidence. The resulting banking sector cleanup and the recapitalization left 23 resilient and well capitalized banks to provide the necessary financial intermediation for economic growth.

Highlight of Key Economic Indicators

Exchange rate

The Ghana cedi was very volatile in the year under review as a result of increased domestic demand pressures and the strengthening of the US dollar. The cedi lost ground to all major trading currencies in 2018. Cumulatively, the Cedi depreciated by 8.4 percent in 2018, compared to the 4.9 percent depreciation in 2017. Depreciation against the Pound and the Euro were 3.3 percent and 3.9 percent respectively. The depreciation was however moderate relative to the 12.9 percent and 16.2 percent depreciation in 2017 for the Pound and Euro respectively.

Interest rates

On the interest rate front, the 91-Day Treasury bill opened the year at 13.3 percent but closed the year at 14.6 percent. Similarly, the 182-Day treasury instrument started the year at a rate of 13.8 percent but closed the year higher at 15 percent. The 1- year note also saw a marginal rise from 15 percent to 15.5 percent by close of year.

Inflation

Largely as a result of the monetary policies being pursued, headline inflation took a nosedive from 11.8 percent in December 2017 to 9.4 percent in December 2018.

Stock Market Performance

Having ended 2017 with a notable yield of 52.73%, the stock market began 2018 quite well until the middle of May 2018 when it began a downward spiral. MTN Ghana successfully undertook an initial public offering (IPO) raising GHS1.14 billion. Overall, the composite index returned a negative 0.29% over the period under review. Uncertainties surrounding the banking sector reforms and the non-declaration of dividend by all financial stocks—except GCB Bank—in their quest to meet the minimum capital requirement did not help the trajectory of the market. Market capitalization increased by 4% primarily due to the MTN Ghana IPO. In the year under review, African Champion Industry was compulsorily delisted from the GSE in October 2018. The bourse also witnessed a number of corporate actions by listed companies in the form of Rights Issues. These included ADB, Republic Bank and Societe-General Ghana.

Fund Performance

The Republic Unit Trust proved to be a resilient fund throughout the year 2018, against the backdrop of events that occurred throughout the reporting period. The fund met all its obligations timeously in an unprecedented industry setting that was characterized by illiquidity. It is pleasing to note that the fund witnessed growth over the period, and it is a clear testament to the confidence reposed in the fund by unitholders. The fund grew by 28.20% from GH¢181.59million as at the end of 2017 to GH¢232.93 million as at the end of the reporting period. It is again pleasing to note that despite the acute challenges posed by the happenings within the financial sector your fund closed the year with a return of 15.22%, a yield that compares favourably with the average 1-Year GoG note of 14.93%. The number of unit holders grew by 13.26% from 34,595 in 2017 to 39,185 in 2018 as a result of new subscriptions.

Portfolio Review and Asset Mix

The fund's portfolio allocation comprised government bonds, fixed deposits, other collective investment schemes and cash and cash equivalents. As at the reporting date the composition was as follows: Fixed deposit had the largest allocations of 55.26%; followed by 22.13% in Government of Ghana bonds; 13.68% in corporate bonds; 6.7% in collective investment schemes; and 0.98% were in cash at bank respectively.

Fund strategy

Given the background of events in 2018, risk weighting remains the dominant element in our strategy formulation. As the industry and the entire market increasingly settle down to a 'new normal' following the reforms by policy makers, so will the fund's portfolio be increasingly rebalanced to reflect the new solid financial underpinnings of the financial sector and the expected economic trends, for optimal returns. The immediate outlook shall be to continue trading actively on the secondary market to make the most of returns attributable to secondary market trading.

Outlook for 2019

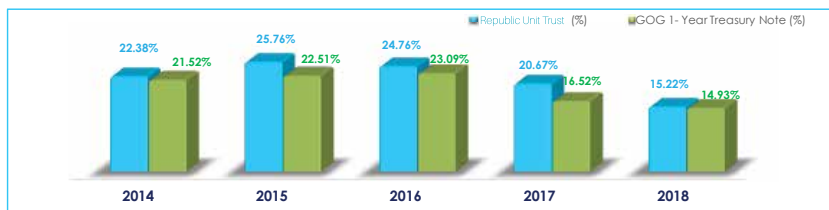
With a projected growth of 6.7% for Ghana by the World Bank, the highest projected growth in sub-Saharan African region, we are excited about the associated growth prospects of your fund. We are pleased to have stood strong and successfully negotiated the fund through the very turbulent 2018. The future remains a bright one and we expect that the completion of the financial sector reforms will yield a robust business environment that will provide greater comfort to investors. Diversified savings and investments remains the bedrock of everyone, and so it is imperative that we all continue to imbibe the culture of savings, understand that boom and bust cycles will always be part and parcel of economic cycles, and understand that it's not about the highest yields but it's about sustenance over the long term.

Our very best wishes as we forge ahead with the common goal of sustaining growth over the long term. Thank you for your custom.

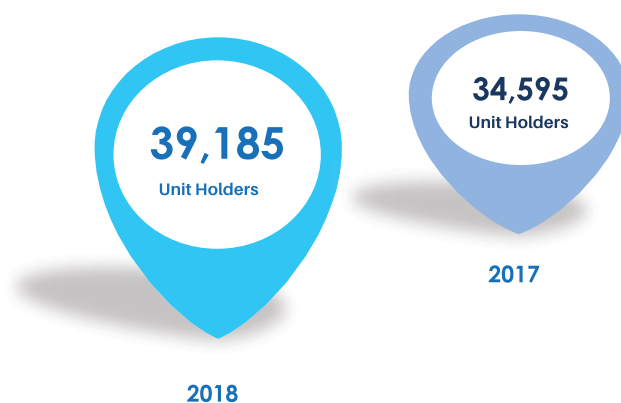


PETER LARBI-YEBOAH
CHIEF EXECUTIVE OFFICER

Republic Unit Trust Returns vrs Benchmark Indicator



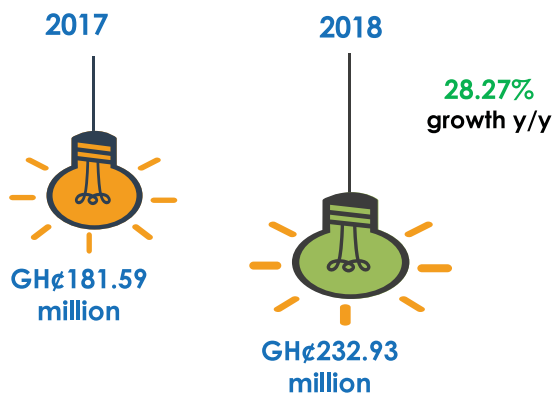
Number of Unit Holders



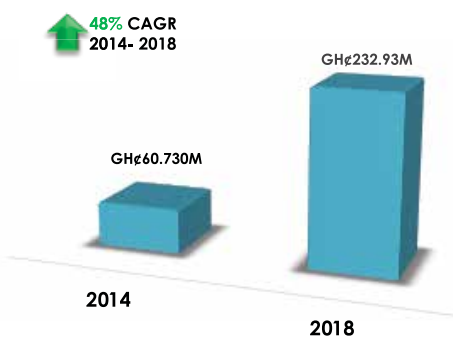
2018 Return (YTD)

15.22%

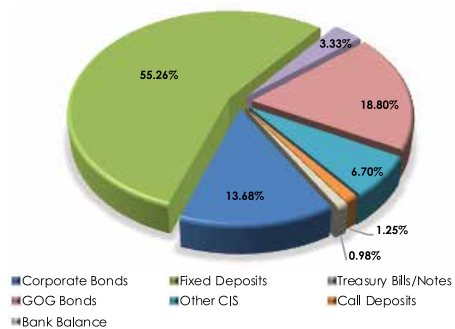
Fund Value



Growth in Fund Value: Amount in GH¢ million



Portfolio Mix- Gross Fund Value 2018



Independent Auditor's Report To the Unit Holders of Republic Unit Trust

Opinion

We have audited the financial statements of Republic Unit Trust which comprise the statement of assets and liabilities as at December 31, 2018, and the income and distribution account and statement of movement in net assets and issued units for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory notes as set out on pages 22 and 23.

In our opinion, the financial statements give a true and fair view of the financial position of Republic Unit Trust as at December 31, 2018 and of its financial performance and its cash flows for the year then ended and are in accordance with International Financial Reporting Standards and in the manner required by Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695) and the Companies Act, 1963 (Act 179).

Basis for Opinion

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

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

Responsibilities of the Trustees for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so. The Trustees are responsible for overseeing the Trusts financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Key Audit Matters

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

Report on Other Legal and Regulatory Requirements

The Companies Act, 1963, (Act 179) requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion proper books of accounts have been kept by the Trust, so far as appears from our examination of those books, and
- The Trust's Statement of Assets and Liabilities and Income and Distribution Account are in agreement with the books of accounts



JOHN ARMSTRONG YAO KLINOGO

(P/No-ICAG/P/1116)

For and on behalf of John Kay & Co. (ICAG/F/2019/128)

Chartered Accountants

Accra

30th April, 2019

FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2018

REPUBLIC UNIT TRUST

REPUBLIC UNIT TRUST

Statement Of Assets And Liabilities

	Note	2018 Market Value GH¢	% Net Assets	2017 Market Value GH¢	% Net Assets
Short Term Funds					
Cash at Bank and on Call	7	6,646,528	2.85	8,381,489	4.62
		-----	-----	-----	-----
Financial Assets at fair value through profit or loss	8	219,085,551	94.06	167,436,365	92.21
Republic Future Plan		1,780,000	0.76	1,480,000	0.81
Republic Equity Trust		1,236,900	0.53	1,236,900	0.68
Stanbic Income Fund Trust		4,200,000	1.80	2,200,000	1.21
Republic REIT		646,160	0.28	646,160	0.36
		-----	-----	-----	-----
		226,948,611	97.43	173,000,425	95.27
		-----	-----	-----	-----
Total Short Terms Financial assets		233,595,139	100.28	181,381,914	99.82
		-----	-----	-----	-----
Total Investments		233,595,139	100.22	181,381,914	99.89
Other Assets in Excess of Liabilities		(662,149)	-0.28	206,633	0.11
		-----	-----	-----	-----
Total Net Assets		232,932,990	100	181,588,547	100
		=====	=====	=====	=====

REPUBLIC UNIT TRUST

Statement Of Financial Position

	Note	2018 GH¢	2017 GH¢
Assets			
Total Financial assets at fair value through profit or loss		233,595,139	181,381,914
Receivables:			
Republic ISL Current Account		156,941	231,328
Prepaid (Account Receivable)		46,365	665,398
		-----	-----
Total Assets		233,798,445	182,278,640
		-----	-----
Liabilities:			
Amount Due to Managers		96,206	52,628
Management Fees Payable		39,482	-
Management Fund	9	636,310	612,846
Auditor's Remuneration		26,457	23,821
Other Payables		67,000	798
		-----	-----
Total Liabilities		865,455	690,093
		-----	-----
Net Assets		232,932,990	181,588,547
		=====	=====
Represented by:			
Accumulated Income		127,315,579	96,439,498
Capital Account		105,617,411	85,149,049
		-----	-----
Members' Fund		232,932,990	181,588,547
		=====	=====

SIGNED FOR REPUBLIC INVESTMENTS (GHANA) LIMITED 29 APRIL, 2019.


CHIEF EXECUTIVE


DIRECTOR

REPUBLIC UNIT TRUST

Income and Distribution Account

	Note	2018 GH¢	2017 GH¢
Investment Income:			
Fixed Deposit		24,560,430	23,899,666
Treasury Bills		1,429,285	1,754,052
Call Account		120,731	586,321
Bonds		5,928,470	3,836,043
Held for Trading		3,983,068	1,022,617
Dividend		569	33
Other Income		-	96,616
		-----	-----
Total Income		36,022,553	31,195,348
		-----	-----
Expenses:			
Management Fees		4,348,845	3,094,288
Auditor's Remuneration		39,288	42,621
Other Expenses	6	446,459	234,490
		-----	-----
Total expenses		4,834,592	3,371,399
		-----	-----
		31,187,961	27,823,949
Transfer to Management Fund	9	(311,880)	(278,239)
		-----	-----
Net Investment Income		30,876,081	27,545,710
		=====	=====

REPUBLIC UNIT TRUST

Accumulated Net Investment Income

	Note	2018 GH¢	2017 GH¢
Balance at 1/1		96,439,498	68,893,788
Net Investment Income		30,876,081	27,545,710
		-----	-----
Balance at 31/12		127,315,579	96,439,498
		=====	=====

Statement of Movement in Net Assets

	Note	2018 GH¢	2017 GH¢
Net Investment Income		30,876,081	27,545,710
		-----	-----
Increase in Net Assets from Operations		30,876,081	27,545,710
		-----	-----
Capital Transactions:			
Value of Units Sold and Converted		127,739,182	124,737,531
Value of Units Disinvested		(107,270,820)	(87,519,701)
		-----	-----
Net proceeds from capital transactions		20,468,362	37,217,830
		-----	-----
Total Increase in Net Assets		51,344,443	64,763,540
Balance at 1/1		181,588,547	116,825,007
		-----	-----
Balance at 31/12		232,932,990	181,588,547
		=====	=====

REPUBLIC UNIT TRUST

Statement of Movement in Issued Units

	2018	2017
Number of units at 1 January	507,672,689	429,385,256
Number of units issued during the year	231,223,552	268,091,439
	-----	-----
	738,896,241	697,476,695
Number of units disinvested during the year	(195,792,889)	(189,804,006)
	-----	-----
Number of units at 31 December	543,103,352	507,672,689
	=====	=====

Capital Account

CAPITAL ACCOUNT	Units	2018 GH¢	Units	2017 GH¢
Balance at 1 January	507,672,689	85,149,049	429,385,256	47,931,219
Value of units Sold and Converted	231,223,552	127,739,182	268,091,439	124,737,531
	-----	-----	-----	-----
	738,896,241	212,888,231	697,476,695	172,668,750
Value of Units Disinvested	(195,792,889)	(107,270,820)	(189,804,006)	(87,519,701)
	-----	-----	-----	-----
Value of the Trust Fund at 31 Dec	543,103,352	105,617,411	507,672,689	85,149,049
	=====	=====	=====	=====

REPUBLIC UNIT TRUST

Notes to the Financial Statements

6. OTHER EXPENSES comprise the following

	2018 GH¢	2017 GH¢
Bank Charges	18,178	115,249
Managers Reimbursable Expense	106,320	107,411
Trading expense	321,961	11,830
	-----	-----
	446,459	234,490
	=====	=====

7. CASH AND CASH EQUIVALENTS

	2018 GH¢	2017 GH¢
Cash at Bank	5,338,677	1,851,756
Cash on Call	1,307,851	6,529,733
	-----	-----
	6,646,528	8,381,489
	=====	=====

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 GH¢	2017 GH¢
Treasury bills	5,778,874	7,721,589
Fixed Deposits	143,552,379	126,149,979
Bonds	40,481,479	27,848,878
Held for Trading	29, 272,819	5, 716, 919
	-----	-----
	219,085,551	167,437,365
	=====	=====

REPUBLIC UNIT TRUST

Notes to the Financial Statements Cont'd

9. MANAGEMENT FUND

	2018	2017
	GH¢	GH¢
Balance at 1 January	612,846	480,868
Payments made during the year	(288,416)	(146,261)
Charge for the year	311,880	278,239
	-----	-----
Balance at 31 December	636,310	612,846
	=====	=====

Transfers to the Management Fund are made in accordance with the Trust Deed. The trustees shall be paid out of this fund

10. CONTINGENT LIABILITIES

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

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Republic Unit Trust Admission Form

Annual General Meeting to be held at the Osu Presby Church Hall, Accra at 12:00 noon on Wednesday 10th July, 2019.

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

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

Please sign the proxy form on the next page and post or email it so as to reach the address in the front not later than 10th July 2019.

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

IMPORTANT:

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

Republic Unit Trust/ Proxy Form

Annual General Meeting to be held at Osu Presby Church Hall, Accra at 12:00 noon on Wednesday 10th July, 2019.

I/We*..... being a Unit Holder(s) hereby appoint
..... or failing him/her the Chairman of the Meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Fund to be held on 10th July 2019 and at any adjournment thereof.

Dated this 7th day of June 2019.

.....

Unit Holder(s) Signature

Resolution	FOR	AGAINST
To adopt the 2018 Manager’s Report		
To approve the accounts and distribution statement for the financial year ended 31st December, 2018		
To authorize the Manager to Fix the Auditor’s Remuneration for 2019		

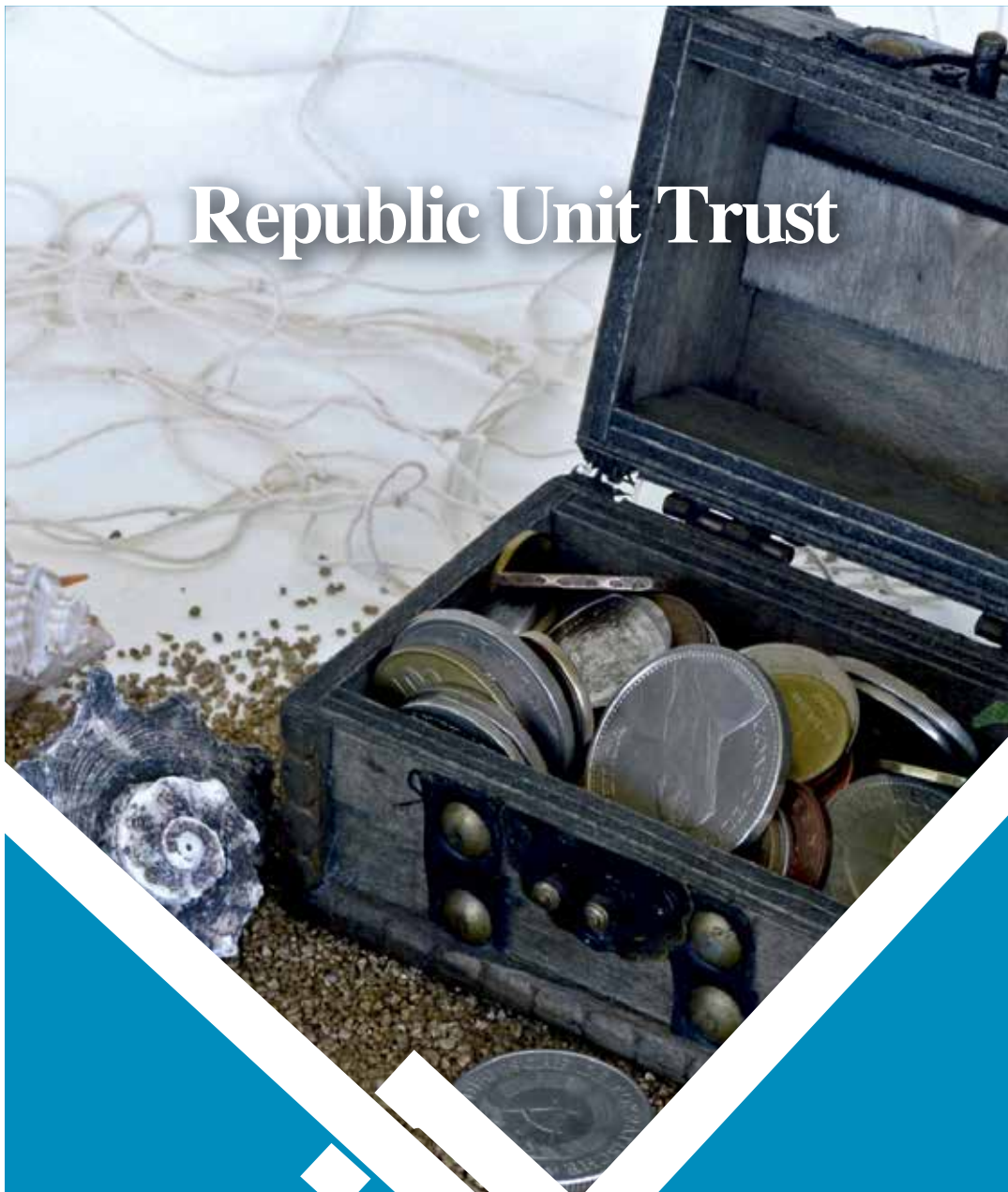
26

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

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

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

Republic Unit Trust



Republic Investments



Republic Investments



No. 48A Sixth Avenue
North Ridge, Accra
P.O. Box CT4603, Cantonments, Accra
investments@republicghana.com
www.republicinvestmentsgh.com