STANLIB Cash Trust

Annual Report 2019

STANLIB

The Manager

Name:	STANLIB Ghana Limited
Country of Incorporation:	Ghana
Registration Number:	CS68127015
Nature of Corporate Form:	Limited liability, wholly-owned subsidiary of Stanbic Holdings Ghana Ltd.
Registered Office:	Stanbic Heights, 215 South Liberation Link, Airport City, Accra
Principal Place of Business:	Stanbic Heights, 215 South Liberation Link, Airport City, Accra
Date of Incorporation:	12 April 2007
Capitalisation (as at 31 December 2019)	
Authorised:	500,000,000 Shares
Issued:	2,167,843 Shares
Auditor:	Pricewaterhouse Coopers Chartered Accountants PwC Tower A4 Rangoon Lane, Cantonments City P.M.B CT 42, Cantonments Accra Ghana

Contents

STANLIB Cash Trust Trustees and Officials, Etc.

TRUSTEES:

Universal Merchant Bank (Ghana) Ltd
SSNIT Emporium
Liberation Road
Accra

LEGAL ADVISORS:

Doreen Illiasu
Stanbic Bank Ghana Limited
Stanbic Heights
215 South Liberation Link
Airport City, Accra

INDEPENDENT AUDITORS:

KWGH
(Chartered Accountants)
2nd Floor, The Glorious Majesty House
Okpoi Gonno, Spintex –Road
P. O. Box SK1016
Tema –Ghana

MANAGER:

STANLIB Ghana Ltd
Stanbic Heights
Plot 215 South Liberation Link
Airport City, Accra

BANKERS:

Stanbic Bank Ghana Limited
Stanbic Heights
Plot 215 South Liberation Link
Airport City, Accra

Report of the Manager to the Unitholders of STANLIB Cash Trust

The Manager and the Trustees present the audited financial statements and report on the performance of the STANLIB CASH TRUST for the year ended 31 December 2019.

Nature of Fund

The STANLIB CASH TRUST is an authorised unit trust as defined in the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695). The Fund offers and redeems units to subscribers and from unit holders respectively on an ongoing basis. Units are sold and redeemed at a price computed in accordance with the terms of the scheme particulars.

Investment Policy and Objectives

The STANLIB Cash Trust is an open-ended unit trust fund. The primary objective of the Fund is to maximise short term income while preserving capital through investing in a portfolio of money market securities including treasury bills, fixed deposits and certificate of deposits and debt securities with maturity not exceeding 13 months.

The Manager's Responsibility for the Financial Statements

The Manager is responsible for the preparation and fair presentation of the financial statements, comprising the statement of assets and liabilities at 31 December 2019, income and distribution accounts and statement of movement in net assets for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with the International Financial Reporting Standards (IFRSs) and in the manner required by the Securities Industry Law, 1993 (PNDCL 333) as amended, the Unit Trust and Mutual Funds Regulations, 2001 (L.I. 1695) and the Companies Act, 1963 (Act 179).

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

The Manager is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Trust, and ensure that the financial statements comply with the Trust Deed and Securities Industry law, 1993 (PNDCL 333). The Manager is responsible for safeguarding the assets of the Trust and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Manager and the Trustees have made an assessment of the Fund's ability to continue as a going concern and have no reason to believe the Fund will not operate into the foreseeable future. The results for the year are as set out in the financial statements. The Manager and the Trustees consider the state of affairs of the Fund to be satisfactory.

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

Report of the Manager to the Unitholders of STANLIB Cash Trust (Cont'd)

PERFORMANCE SUMMARY AS AT 31 DECEMBER, 2019

Historical Performance

Year/Period	2014	2015	2016	2017	2018	2019	CAGR (5year)	Since Inception
Return	22.8%	25.8%	24.5%	19.2%	16.1%	15.1%	19.6%	20.7%
Benchmark	18.6%	21.9%	24.0%	22.2%	13.6%	14.7%	17.3%	18.4%

Share Price Information

Description	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19
Unit price (GHS)	1.52	1.92	2.38	2.84	3.29	3.79
No. of Units	3,466,767	5,536,635	11,829,161	57,785,978	78,758,571	69,873,881
Value (GHS)	5,263,243	10,603,062	28,182,437	163,890,735	259,435,752	264,822,010

Description	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19
Net Assets	5,263,243	10,603,062	28,182,437	163,890,735	259,435,752	264,822,010
No. of Units	3,466,767	5,536,635	11,829,161	57,785,978	78,758,571	69,873,881
Unit price (GHS)	1.52	1.92	2.38	2.84	3.29	3.79

Signed on behalf of **STANLIB Ghana Ltd** by:

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Director
30-04-2020

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Director
30-04-2020

Report of the Fund Manager to the Unitholders of STANLIB Cash Trust

Introduction

You are very welcome to the 2019 Annual General Meeting of the STANLIB Cash Trust (SCT or Fund). The STANLIB Cash Trust returned 15.1%, 40 basis points above the benchmark of 14.7% amidst the lingering effect of the tight liquidity regime that plagued the financial industry.

Economic outturn

Global growth in 2019 was slowed by the adverse impact of the United States (US) and China trade tensions. The protectionist trade policies saw the world's second largest economy slow down to 6% during 2019; the first in about three (3) decades. A significant reduction in US exports and rising concerns of the trade war on the global economy, saw the US cut rates on three occasions by 0.25% each, to accommodate possible headwinds on its economy. The Eurozone followed suit and became more aggressive in its inflation targeting objective in the last quarter of 2019. Due to the changing dynamics of the impact of the US - China trade war during the year, the IMF cut their global growth projection for 2019, from 3.5% to 3%.

Amidst the global economic uncertainties and geopolitical risk, commodity prices rallied as investors moved to safer havens. Gold prices hiked 14% in 2019 and oil prices inched up as the Organization for Petroleum Exporting Countries (OPEC) continued to cut production. Ghana's Gross Domestic Product (GDP) ended 2019 at 6.5%, missing the IMF growth projection of 8.8%. The Services Sector recorded the largest growth rate of 7.6%, followed by the Industry (6.4%) and Agriculture (4.6%) sectors. Revenue mobilization and fiscal discipline were major concerns in 2019 as Ghana exited the 3-year International Monetary Fund's Extended Credit Facility (IMF ECF) program and the looming general elections in 2020. These concerns are however largely kept in check by the Fiscal Responsibility Act which ensures prudent spending and provides the necessary investor confidence by capping fiscal deficit at 5% of GDP. As part of the government's efforts to maximize revenue mobilization, the mid-year budget reviewed the Communication Service Tax (CST) and the Energy Sector Levies (ESLA) upwards. Despite the review of taxes over the past few years and the initiated mobilization measures, revenues were 7.3% below target in 2019. This was mainly attributed to lower-than-anticipated import revenues, poor performance of State-Owned Enterprise (SoE) and weak revenue collections. Consequently, fiscal deficit widened to 4.8% from 3.3% of GDP in 2018. However, a favourable trade position stabilized the currency after the blips witnessed in the first quarter of 2019. By the end of 2019, the currency had shaved off 12.9% of its value with a chunk of the depreciation occurring in the first quarter of the year. Inflation remained within the Bank of Ghana (BoG) target of 8% ± 2% ending the year at 7.9% for 2019, underpinning the BoG's decision to maintain the policy rate at 16% throughout the year.

Despite rate cuts across developed and emerging markets, frontier markets such as Ghana attracted relatively lower capital inflows. Foreign investor participation across longer dated government instruments was relatively lower than expected. The yield curve was extended with the introduction of the 20 -year bond in the third quarter of 2019. On the secondary market, yields on longer-dated bonds generally inched up in 2019 from the prior year, moving from the 17% to 21% band to the 19% to 21% handle. Short term interest rates inched up by 100 basis points, averaging 15% in 2019.

The Ghanaian stock market did not show any signs of recovery after foreign investor sell-offs in the first quarter of 2019. The market continued to be mired by little trading activities, as total volume traded declined from 658 million shares in 2018 to 254 million in 2019. Increasing short term yields also skewed local institutional funds and other investors towards the debt market relative to the equities market. Overall, the stock market returned -12.50% in 2019 against -0.29% in 2018.

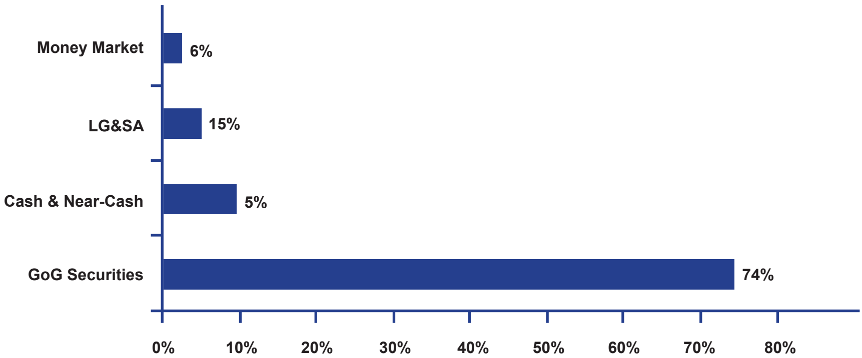
The sanitization of the banking sector by BoG resulted in some degree of contagion on the asset management industry as firms experienced the dire aftermath of the clean-up with liquidity challenges causing the failure of some Fund Managers to honour clients' redemption obligations when due. This caused the Securities and Exchange Commission (SEC) to revoke the operating licenses of fifty-three (53) Fund Management firms in November 2019 to ensure that the industry remains robust enough to better serve the investing public.

Report of the Fund Manager to the Unitholders of STANLIB Cash Trust (Cont'd)

Investments and Performance
Portfolio Asset Mix

Assets under management (AUM) as at the end of 2019 were GHS265m, up from GHS259m in 2018. This represented a year-on-year growth in assets of 2%, with earnings contributing 14% to the growth. SCT had about 7% of assets in money market instruments with about 88% in Government and Quasi- Government securities as at the end of 2018. The allocation held in cash and near-cash for liquidity purposes made up 5% of AUM.

Chart 1: Fund Asset Allocation as at December 31, 2019

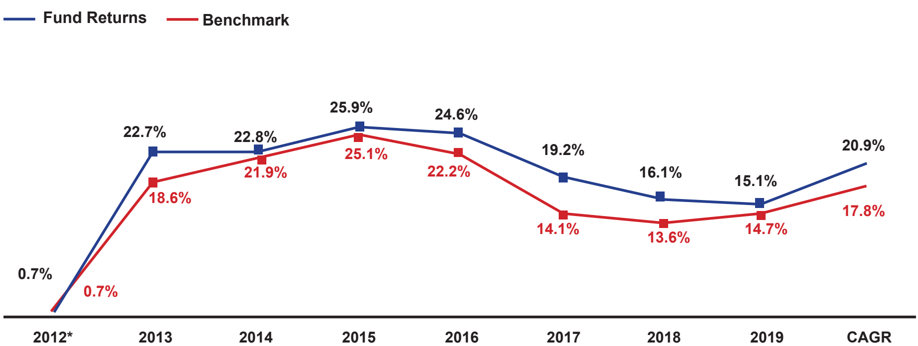


LGSA – Local Government and Statutory Agency Securities

Returns

The full year return for 2019 was 15.1%, 40 basis points above the benchmark return of 14.7%. The tactical positions taken in high yielding government 6-month and 1-year papers accounted for the outperformance of the benchmark. Net investment income for the year increased by 21% to GHS38m from GHS31m in 2018.

Chart 2: Full Year Fund Performance versus the Benchmark (Average 91 Day T-Bill Rate)



*Fund started on 20th December 2012
CAGR – Cumulative Average Growth Rate

Report of the Fund Manager to the Unitholders of STANLIB Cash Trust (Cont'd)

Outlook and Strategy

The overall fiscal impact of the shortfalls of petroleum receipts, import duties, tax revenues and interventions to control COVID-19 is estimated at GHS 9.5 billion. According to the Finance Ministry, this should increase the fiscal deficit from the planned Ghs 18.9 billion to Ghs 30.2 billion, 7.8% of GDP. However, the Ministry has proposed some fiscal measures which when implemented, should trim the deficit to 6.6% of GDP. The current global dynamics allow the Ministry to go beyond the 5% deficit rule set by parliament in 2018. The outlook for gold and cocoa revenues remains cloudy and will be largely dependent on the recovery from the impact of the Coronavirus outbreak on general consumer demand, supply chain dynamics and manufacturing activities.

A decrease in the import bill due to the decline in supply of goods from China as a result of the outbreak has translated into a slowdown in demand for forex. However, the Cedi felt some pressure as foreign investors unwound their positions in government bonds due to the global uncertainties in the financial market in the months of March and April of 2020.

A strong reserve position is needed to buttress the currency from such shocks and any external surprises. We expect prices of finished goods and inputs imported to generally inch up in the coming months due to demand pressures. However, such pressures are expected to normalize should the country successfully contain the virus, given that China has slowly resumed manufacturing activities. We expect a modest increase in price levels for 2020 headline inflation to be within the Central Bank's target of 8 ±10%. A decline in revenue expectations and economic activities in the wake to contain COVID-19 should see the economy grow by 1.5% - 2.6%, compared to the 6.8% growth earlier projected by the Central Bank and Finance Ministry.

Based on these developments, our strategy in 2020 is to continuously monitor the yield curve and take advantage of short-term, high yielding Government papers in order to boost Fund returns while minimizing risk.

Thank you
Brenda Kissi
Fund Manager

Report of the Trustees to the Unitholders of STANLIB Cash 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 period covered by these financial statements in accordance with the Trust Deed dated 16 November, 2011 and all regulations for the time being in force under the Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695).

Signed on behalf of **Universal Merchant Bank (Ghana) Ltd** by:

.... 30 - 04 - 2020 ....

Director Date

Report of the Independent Auditors to the Unitholders of STANLIB Cash Trust

Opinion

We have audited the financial statements of STANLIB Cash Trust, which comprise the statement of assets and liabilities as at 31 December 2019, income and distribution account, portfolio statement and capital account for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 15 to 25.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 31 December, 2019, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and in the manner required by the Unit Trust and Mutual Funds Regulations, 2001 (L.I. 1695) and the Companies Act, 1963 (Act 179), which has been repealed and replaced with the Companies Act, 2019 (Act 992).

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There were no material key audit matters to report.

Other Information

The Managers are responsible for the other information. The other information comprises the Report of the Manager. 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 financial statements, our responsibility is to read the other information 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, 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.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards (IFRSs) and in the manner required by the Securities Industry Act, 2016 (Act 929), the Unit Trust and Mutual Funds Regulations, 2001 (L.I. 1695) and the Companies Act, 1963 (Act 179), which has been repealed and replaced with the Companies Act, 2019 (Act 992), and for such internal control as management 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 Manager is 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 trustees either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so. The Manager and the Trustees' are

Report of the Independent Auditors to the Unitholders of STANLIB Cash Trust (Cont'd)

responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 mis statement resulting from fraud is higher than for one resulting from error, as fraud may in volve 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 Manager.
• Conclude on the appropriateness of Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' 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 auditors' 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 Manager and 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.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992).

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 account 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.

The engagement partner on the audit resulting in this independent audit report is Patrick Dzakpasu (ICAG/P/1176).

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For and behalf of
KWGH (ICAG/F/2020/093)
Chartered Accountants
Tema, Ghana.

30th April, **2020**

STANLIB Cash Trust Statement of Net Assets as at 31 December 2019

	Note	Market Value (GH¢)	% of Net Assets	Market Value (GH¢)	% of Net Assets
Short Term Funds					
Bank balance	11	120,513	0.05	2,948,750	1.14
Financial assets at FVTPL	9	219,932,990	83.05	173,756,799	66.97
Financial assets at a mortised cost	10	28,107,959	10.61	62,022,372	23.91
		---------------	--------	----------------	--------
		248,161,462	93.71	238,727,921	92.02
		----------------	--------	----------------	--------
Total Investments		248,161,462	93.71	238,727,921	92.02
Other Assets in Excess of Liabilities		16,660,548	6.29	20,707,831	7.98
		---------------	-------	---------------	---------
Total Net Assets		264,822,010	100.00	259,435,752	100.00
		==========	=====	==========	=====

The notes on pages 22 to 32 are an integral part of these financial statements.

STANLIB Cash Trust Statement of Assets and Liabilities as at 31 December 2019

	2019 GH¢	2018 GH¢
ASSETS		
Total investments	248,161,462	238,727,921
Interest Receivable:		
Fixed deposits	2,729,095	6,520,054
Corporate bonds	-	240,994
Government of Ghana Securities	14,338,925	7,240,511
Investment redemption receivable	1,742,687	8,946,755
Total Receivables	18,810,707	22,948,314
Total Assets	266,972,169	261,676,235
LIABILITIES		
Accrued fund management fees	1,713,007	1,513,632
Accrued trustee fees	269,396	244,327
Accrued audit fees	38,357	31,700
Payable against redemption of units	-	379,389
Other payables	129,399	71,435
Total Liabilities	2,150,159	2,240,483
Net Assets	264,822,010	259,435,752

The financial statements on pages 15 to 21 were approved by **STANLIB Ghana Ltd** and signed on its behalf by:

Director

30 - 04 - 2020

Director

30 - 04 - 2020

The notes on pages 22 to 32 are an integral part of these financial statements.

STANLIB Cash Trust Income and Distribution Account for the Year Ended 31 December 2019

	Note	2019 GH¢	2018 GH¢
INCOME			
Interest Income	6	45,684,857	37,349,547
Other Income	7	52,649	88,309
		---------------	---------------
Total Income		45,737,506	37,437,856
		---------------	---------------
EXPENSES			
Fund Management Fees		6,721,095	5,209,573
Trustees Fees		1,081,065	833,532
Audit Fees		38,357	31,700
Other Expenses	8	159,426	70,962
		-------------	-------------
Total Expenses		7,999,943	6,145,767
		--------------	--------------
NET INVESTMENT INCOME		37,737,563	31,292,089
		=========	=========

ACCUMULATED NET INVESTMENT INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	2019 GH¢	2018 GH¢
Beginning of period	55,465,683	24,173,594
Net Investment Income for the period	37,748,941	31,292,089
	--------------	-------------
End of period	93,214,624	55,465,683
	=========	=========

The notes on pages 22 to 32 are an integral part of these financial statements.

STANLIB Cash Trust Statement of Movement in Net Assets for the Year Ended 31 December 2019

	2019 GH¢	2018 GH¢
Operations:		
Net investment income	37,748,941	31,292,089
	---------------	--------------
Net increase in net assets resulting from operations	37,748,941	31,292,089
	---------------	--------------
Capital Transactions:		
Proceeds from units issued	258,115,986	383,953,295
Value of units redeemed	(290,478,669)	(319,700,367)
	----------------	-----------------
Net proceeds from capital transactions	(32,362,683)	64,252,928
	---------------	----------------
Total Increase in Net Assets	5,386,258	95,545,017
	--------------	---------------
Net Assets:		
Balance as of 1 January	259,435,752	163,890,735
Total Increase in Net Assets	5,386,258	95,545,017
	--------------	----------------
Balance as of 31 December	264,822,010	259,435,752
	==========	==========

The notes on pages 22 to 32 are an integral part of these financial statements.

STANLIB Cash Trust Statement of Cash Flow for the Year Ended 31 December 2019

	2019 GH¢	2018 GH¢
Cash flows from operating activities		
Net investment income	37,748,941	31,292,089
	--------------	-------------
	37,748,941	31,292,089
Changes in:		
Increase in receivables	4,137,606	(14,669,635)
Increase in payables	(90,323)	499,550
Increase in financial assets at fair value through profit & loss	(46,176,192)	(141,233,528)
Decrease in financial assets at amortised cost	33,914,414	62,315,531
	------------------	------------------
Net Cash used in operating activities	29,534,446	(61,795,993)
Cash flows used in financing activities		
Proceeds from sale of units	258,115,986	383,953,295
Redemption of investments	(290,478,669)	(319,700,367)
	-----------------	--------------
Net cash from financing activities	(32,362,683)	64,252,928
Net increase in cash and cash equivalents	(2,828,237)	2,456,935
Balance at 1 January	2,948,750	491,815
	-------------	-----------
Balance at 31 December	2,948,750	2,948,750
	========	=======
Cash and Cash Equivalents	120,513	2,948,750
	=======	========
CASH AND CASH EQUIVALENTS	3,457,165	1,800,313
	========	========

The notes on pages 22 to 32 are an integral part of these financial statements.

STANLIB Cash Trust Statement of Movement in Issued Units for the Year Ended 31 December 2019

	2019	2018
Number of Units in issue at 1 January	78,758,571	57,785,978
Number of Units issued during the year	82,873,625	125,401,431
	---------------	--------------
	161,632,196	183,187,409
Number of Units redeemed during the year	(73,975,755)	(104,428,838)
	---------------	--------------
Number of Units in issue at 31 December	87,656,441	78,758,571
	=========	=========

The notes on pages 22 to 32 are an integral part of these financial statements.

STANLIB Cash Trust Capital Account for the Year Ended 31 December 2019

	2019 GH¢	2018 GH¢
Value of Units in issue at 1 January	203,970,067	139,717,139
Value of Units issued during the year	258,115,986	383,953,295
	---------------	---------------
	462,086,053	523,670,434
Value of Units redeemed during the year	(290,478,667)	(319,700,367)
	------------------	----------------
Value of Units in issue at 31 December	171,607,386	203,970,067
	==========	==========

STANLIB Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2019

1. TRUST INFORMATION

STANLIB CASH TRUST (SCT) is authorised to operate a Unit Trust under the Securities Industry Act, 2016 (Act 929), and duly licensed by the Securities and Exchange Commission with Licence No. SEC. CIS/UT.12/13. The address and scheme particulars of STANLIB Cash Trust can be found on page 3 of the annual report.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial statements of STANLIB Cash Trust have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board. This is the first set of the Trust's annual financial statements in which IFRS 9 Financial Instruments has been applied. Changes to significant accounting policies are described in Note 3.

b. Use of estimates and judgment

The preparation of financial statements in conformity with IFRSs requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

There are no areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in these financial statements by the Trust.

(a) Financial Instruments

i. Classification and measurement of financials assets and liabilities

IFRS 9 'Financial Instruments' became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income.

ii. Recognition and initial measurement

The Trust initially recognises financial assets and financial liabilities at FVTPL on the trade date, which is the date on which the Trust becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated. A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

On initial recognition, the Trust classifies financial assets as measured at amortised cost or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
— it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
— its contractual terms give rise on specified dates to cash flows that are SPPI. All other financial assets of the Trust are measured at FVTPL.

All other financial assets of the Trust are measured at FVTPL.

Business model assessment
In making an assessment of the objective of the business model in which a financial asset is held, the Trust considers all of the relevant information about how the business is managed, including:
— the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
— how the performance of the portfolio is evaluated and reported to the Fund's management;
— the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
— how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
— the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not
considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Trust has determined that it has two business models:
— Held-to-collect business model: this includes cash and cash equivalents. These financial assets are held to collect contractual cash flow
— Other business model: this includes debt securities and derivatives. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Trust considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Trust considers:
– contingent events that would change the amount or timing of cash flows;
– leverage features;
– prepayment and extension features;
– terms that limit the Trust's claim to cash flows from specified assets (e.g. non-recourse features); and
– features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Reclassifications
Financial assets are not reclassified subsequent to their initial recognition unless the Trust were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the

business model. The Trust classified financial assets into the following categories.

Financial assets at FVTPL:
— Held for trading: derivative financial instruments.
— Designated as at FVTPL: debt securities.

Financial assets at amortised cost:
— Loans and receivables: cash and cash equivalents
A financial asset was classified as held-for-trading if:
— it was acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
— on initial recognition, it was part of a portfolio that was managed together and for which there was evidence of a recent pattern of short-term profit taking; or
— it was a derivative, other than a designated and effective hedging instrument.

The Trust designated all debt investments as at FVTPL on initial recognition because it managed these securities on a fair value basis in accordance with its documented investment strategy. Internal reporting and performance measurement of these securities were on a fair value basis.

A non-derivative financial asset with fixed or determinable payments could be classified as a loan and receivable unless it was quoted in an active market or was an asset for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Financial liabilities – Classification, subsequent measurement and gains and losses Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities at FVTPL:
— Held for trading: securities sold short and derivative financial instruments. Financial liabilities at amortised cost:
— This relates to all other liabilities that are not designated at fair value through profit or loss.

iii. Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The Trust recognises loss allowances for ECLs on financial assets measured at amortised cost. The Trust measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
— financial assets that are determined to have low credit risk at the reporting date; and
— other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Trust considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Trust’s historical experience and informed credit assessment and including forward-looking information.

The Trust assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Trust considers a financial asset to be in default when:

STANLIB Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2019

– the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the
Trust to actions such as realising security (if any is held); or
– the financial asset is more than 90 days past due.

The Trust considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'. The Trust considers this to be B with a stable outlook [Standard & Poor].

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the
12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Trust is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Trust expects to receive).
ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Trust assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:
— significant financial difficulty of the borrower or issuer;
— a breach of contract such as a default or being more than 90 days past due; or
— it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off when the Trust has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Financial assets not classified at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment. A financial asset or a group of financial assets was 'impaired' if there was objective evidence of impairment as a result of

one or more events that occurred after the initial recognition of the asset(s) and that loss event(s) had an impact on the estimated future cash flows of that asset(s) that could be estimated reliably.

Objective evidence that financial assets were impaired included significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of the amount due on terms that the Trust would not otherwise consider, indications that a borrower or issuer would enter bankruptcy, disappearance of an active market for a security or adverse changes in the payment status of the borrower.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continued to be recognised. If an event occurring after the impairment was recognised caused the amount of impairment loss to decrease, then the decrease in impairment loss was reversed through profit or loss.
iv. Derecognition
The Trust derecognises a financial asset when the

contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Trust neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Trust is recognised as a separate asset or liability. The Trust enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risks and rewards are retained, then the transferred assets are not derecognized.

The Trust derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, if any, are shown within borrowings in current liabilities on the Statement of Assets and Liabilities.

(c) Income Recognition

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss includes interest from debt securities

(d) Ditributions

STANLIB Cash Trust does not distribute earnings. All earnings are reinvested in the Fund, which impacts on the net asset value of the Fund. Investors seeking to withdraw earnings will have to sell part of their units to realize their earnings.

(e) Accounts Payable

Liabilities are recognised for amounts to be paid in the future for services rendered, whether billed by the supplier or not.

(f) Events after the Reporting Period

Events subsequent to the reporting period date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

(g) Comparatives

Where necessary the comparative information has been restated to agree to the current year presentation.

4. DETERMINATION OF FAIR VALUES

A number of the Trust's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

'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 in the principal or, in its absence, the most advantageous market to which the Trust has access at that date. The fair value of a liability reflects its non- performance risk. When available, the Trust measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Trust uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The Trust recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

The following sets out the Trust's basis of determining fair values of financial instruments.

(i) Cash and cash equivalents

The fair value of cash and cash equivalents approximates their carrying values.

(ii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Instruments with maturity period of 6 months are not discounted as their carrying values approximate their fair values.

5. RISK MANAGEMENT OBJECTIVES AND POLICIES

5.1 Financial Risk Management

The Trust generates revenues for unit holders by investing in a portfolio of money market securities including treasury bills, fixed deposits and certificate of deposits and debt securities with maturity not exceeding 13 months. These activities expose the Trust to a variety of financial risks, including credit, liquidity risk and the effects of changes in market interest rates. The Trust's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The Manager under direction of the STANLIB Ghana Board carries out risk management. The Board works within policies approved by the Trustee and registered with the Securities & Exchange Commission. The Manager reviews the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate these risks. The Board provides the Manager with guidelines for appropriate investments. These guidelines are reviewed on a regular basis and are within the Collective Investment Scheme regulations issued by the Securities & Exchange Commission.

Unit holder balances are redeemable on demand at an amount equal to a proportionate share of the unit portfolio's net asset value. The balances are carried at the redemption amount that is payable at the balance sheet date if the holder exercised their right to redeem the balances.

5.2 Liquidity Risk

The Trust is exposed to daily cash redemptions of Units. It therefore invests in portfolio of money market securities including treasury bills, fixed deposits and certificate of deposits and debt securities with maturity not exceeding 13 months.

In accordance with the Trust's policy, the Manager monitors the Trust's liquidity position on a daily basis and has developed a comprehensive history of the Trust's daily and/or periodic liquidity requirements. Guided by this history, the Manager maintains sufficient cash and near cash investments to meet the day-to-day redemption requirements.

The table below illustrates the Trust's investments in cash and cash equivalents at 31 December 2019:

STANLIB Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2019

2019 **2018**

	GH¢	GH¢
Cash and Cash Equivalent		
Cash and Bank	120,513	2,948,750
Short Term Investment	12,700,000	32,719,941
	12,820,513	35,668,691

The Trust's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when due.

	2019 GH¢	2018 GH¢
Fees payable	1,713,007	2,240,483

5.3 Market risk

Interest rate risk

The Trust is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. No limits are placed on the ratio of variable rate financial instruments to fixed rate financial instruments. Fixed interest rate financial instruments expose the Trust to fair value interest rate risk. Variable interest rate financial instruments expose the Trust to cash flow interest rate risk. The Trust's fixed interest rate financial instruments are government securities, fixed deposits with financial institutions.

5.4 Credit risk

The Trust takes on exposure to credit risk, which is the risk that counterparty will be unable to pay amounts in full when due. Credit risk arises from cash equivalents and fixed deposits held in banks, interest bearing investments with Government of Ghana and corporate bonds with various entities.

The Government of Ghana has a long-term rating of B (Stable) by Standard and Poor's. Government of Ghana has not defaulted on debt obligation in the past. The Trust also undertakes further financial analysis and measures to ensure that the institutions issuing the securities are of sound financial health.

Fixed deposit investments are restricted to banking and non-banking financial institutions that meet set financial strength conditions.

The Trust's maximum exposure to credit risk in each of the above categories of assets as at 31 December 2019 is illustrated below:

STANLIB Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2019

	2019 GH¢	2018 GH¢
Asset		
Financial assets at fair value through profit & loss	219,932,990	173,756,799
Financial assets at amortized cost	28,107,959	62,022,372
Cash at bank	120,513	2,948,750
Total receivable	18,810,707	22,948,314
Total Financial Assets	266,972,169	261,676,235

6. INTEREST INCOME

	2019 GH¢	2018 GH¢
Interest on fixed deposits	8,258,817	19,895,762
Interest on Government of Ghana Securities	37,426,040	16,784,534
Interest corporate bonds	-	669,251
	45,684,857	37,349,547

7. OTHER INCOME

	2019 GH¢	2018 GH¢
Interest on call deposits	52,649	88,309

8. OTHER EXPENSES

	2019 GH¢	2018 GH¢
Bank charges	27,465	20,598
AGM Expenses	76,000	42,364
Digitisation	43,561	-
Publication of fact sheets	12,400	8,000
	159,426	70,962

STANLIB Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2019

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT & LOSS

	2019 GH¢	2018 GH¢
Government of Ghana Securities	219,932,990	152,792,724
Corporate bonds	-	20,964,075
	219,932,990	173,756,799

10. FINANCIAL ASSETS AT AMORTISED COST

	2019 GH¢	2018 GH¢
Fixed Deposits	28,107,959	62,022,372
	28,107,959	62,022,372

11. BANK BALANCE

	2019 GH¢	2018 GH¢
Cash at bank	120,513	2,948,750
	120,513	2,948,750

STANLIB Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2019

12. RELATED PARTIES

STANLIB CASH TRUST is managed by STANLIB Ghana Limited. STANLIB Ghana Limited and Stanbic Bank Ghana Limited are related parties, that is, they belong to the same group.

(a) **Purchases of units by related parties**

The Securities and Exchange Commission requires the Manager of the Trust to guarantee and hold the initial minimum subscription of 5% of the scheme. The related party investment in Units of the Trust amounted to GH¢ 87,218 (2018: GH¢ 40,797).

(b) Investments in related parties

The Trust invested GH¢ 12,700,000 in securities issued by related parties at the end of the year (2018: GH¢ 32,100,000)

	2019 GH¢	2018 GH¢
(c) Service fees		
Service fees to related parties were as follows:		
Management fees	6,721,095	5,209,573
	========	========
(c) Balances due to related parties		
Fees payable to STANLIB Ghana Limited	1,713,007	1,513,632
	========	========

13. BID PRICE OF UNITS

The bid price of units on the accounting date ended 31 December 2019 was GH¢3.79 (2018: GH¢3.29).

14. NUMBER OF UNITHOLDERS

The number of unit-holders as of 31 December 2019 was 6,941 (2018: 4,813).

15. CONTINGENT LIABILITIES

There were no contingent liabilities as of the reporting date, and as of 31 December 2018.

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STANLIB

STANLIB Cash Trust / Proxy Form

Virtual Annual General Meeting to be held at 12.00 noon on Friday, 11 September 2020 and streamed live from Stanbic Heights, Airport.

I/we** ______________________________ being a Unitholder(s) hereby appoint

____ or failing him/her the Chairman of the Meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Virtual Annual General Meeting of the Fund to be held on 10th July 2020 and at any adjournment thereof

Dated this __________ day of ____________________ 2020

____

Unitholder(s) Signature

Resolution	**For**	**Against**
1. To receive the Report of the Manager of the Fund for the year 2019.		
2. To consider the Trustees Report and the Report of Auditors for the year ended December 31, 2019.		
3. To receive and adopt the Audited Financial Statements for the year ended December 31, 2019.		
4. To authorise the Manager to fix the remuneration of the Auditor		

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)

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