



# INVESTCORP ACTIVE EQUITY FUND PLC.

# ANNUAL REPORT 2021



InvestCorp Active Equity Fund

# Take the Leap!

A dynamic and consistent approach towards long-term capital appreciation



# TABLE OF CONTENTS

SUBJECT #	SUBJECT	PAGE
1	Notice Of Virtual Annual General Meeting	1
2	Chairperson's Statement To Shareholders	2
3	Fund Manager's Report	5
4	Portfolio Summary	7
5	Report of The Directors	9
6	Independent Auditor's Report	11
7	Statement of Financial Assets	14
8	Statement of Financial Position	15
9	Statement of Profit Or Loss	16
10	Statement of Movements In Net Assets	17
11	Statement of Changes In Equity	18
12	Statement of Cash Flows	19
13	Notes To The Financial Statements	20
14	Corporate Information	33
15	Directors' Profile	34
16	Custodian's Report	37
17	Proxy Form	38

## NOTICE OF VIRTUAL ANNUAL GENERAL MEETING OF INVESTCORP ACTIVE EQUITY FUND PLC

**NOTICE IS HEREBY GIVEN THAT** the 2nd Annual General Meeting of InvestCorp Active Equity Fund PLC (the “**Company**”) will be held virtually and **streamed live via Zoom on Thursday August 25, 2022 at 3:00 pm**, to transact the following business:

### AGENDA

#### ORDINARY BUSINESS

1. To receive and adopt the Financial Statements of the Company for the year ended December 31, 2021, together with the reports of the Directors and the external Auditors thereon
2. To authorize the Directors to fix the remuneration of the external Auditors
3. To re-appoint the Non-Executive Directors for a two (2) year term effective 6th February, 2023

#### ANY OTHER MATTERS

Dated this 12<sup>th</sup> day of July, 2022

#### BY ORDER OF THE BOARD



JLD & MB LEGAL CONSULTANCY  
 P.O. BOX 410  
 ACCRA

**JLD & MB LEGAL CONSULTANCY**  
 (COMPANY SECRETARY)

#### NOTE

A member of the Company is entitled to attend and vote at the meeting or to appoint a proxy to attend and vote in his or her stead. A proxy need not be a member of the Company. A proxy form is enclosed with the accounts. Completed proxy forms should be lodged with the Company Secretary, JLD & MB Legal Consultancy, No. 1B Quartey Papafo Avenue, Airport Residential Area, Accra or sent via email to [info@jldmblaw.net](mailto:info@jldmblaw.net) not less than 48 hours before the appointed time for meeting (that is, no later than 3:00 pm on 23rd August, 2022).

This serves as notice to all shareholders to attend.

#### PARTICIPATION IN THE AGM VIA ZOOM

##### Accessing the AGM

- A private Zoom link and password to the meeting will be sent to Board Members and Shareholders by the 15<sup>th</sup> of August 2022 via email and/or SMS together with other details of participation
- Shareholders who do not receive the access details should contact Jeanette Andrews Darko at [j.darko@investcorpgh.com](mailto:j.darko@investcorpgh.com) or call 0302 50 90 45 or 0501 55 68 70 any time before the date of the AGM
- Shareholders will be granted access once they are verified

##### Participating in the AGM

- Access to the meeting will be granted from 2:30 pm and the AGM will officially begin at 3:00 pm
- Participants can raise their hands to either second a motion or ask a question during the meeting
- At the time of voting, the poll will appear on your screen. Select your preferred option (For / Against) to vote on a motion

## CHAIRPERSON'S STATEMENT TO SHAREHOLDERS OF THE INVESTCORP ACTIVE EQUITY FUND

**Dear Valued Shareholder,**

I am pleased to welcome you all to the second Annual General Meeting (AGM) of the InvestCorp Active Equity Fund, for the year ended December 31, 2021. On behalf of the Board of Directors I would like to express my utmost appreciation to you, shareholders for your continuous belief in the Fund as a rewarding way to gain a well-diversified exposure to the Ghana's stock market. To the new shareholders I extend a special welcome. Thank you for working with us.

The InvestCorp Active Equity Fund is an open-ended collective investment scheme which invests mainly in equities and equity-linked securities listed on the Ghana Stock Exchange (GSE). It presents a superior and more active approach to equity investments, in line with an optimal portfolio constructed based on value, liquidity and identified short-term advances.

In this address, I will give a general overview of the global and Ghanaian economies in the year 2021 and talk about the performance of the InvestCorp Active Equity Fund. The Fund Manager's report will provide details of the Fund's performance and will answer many of your questions. I will conclude with our economic outlook and expectations of the Fund in the coming year, 2022.



### ECONOMIC REVIEW

#### Global

The global economic recovery gradually began in 2021 even as the pandemic resurged (spread of the Omicron variant) in some parts of China, the UK, amongst others. Global growth for 2021 was estimated at 5.9%, a sharp 9.0% increase from the previous year's slowdown of -3.1%. The growth was primarily supported by the global vaccine rollout program and early policy measures by governments to curtail the spread of the virus, sustain livelihoods and bolster their economies. The rate of inflation trended upwards in advanced and developed economies alike, resulting from rising commodity prices and supply bottlenecks juxtaposed to recovery in global demand.

#### Ghana

Ghana's economy remained resilient amid dire COVID-induced challenges, with overall GDP growth for 2021 estimated at 4.4%. The positive economic outlook was premised on improved business confidence stemming mainly from sound economic policies implemented during the heights of the pandemic, a stable political environment and the implementation of the Covid-19 vaccine roll-out plan. Overall GDP growth was recorded at 5.4% for the year.

In line with real GDP growth, the Ghana Stock Exchange showed strong recovery in 2021, as investor sentiments on the economy and the prospects of listed companies significantly improved. The GSE-CI ended the year with YTD return of 43.66% compared to the -13.98% recorded the previous year.

The Central government's fiscal deficit target of 9.4% was missed due to COVID-related expenditure, while revenue underperformance deepened. Debt sustainability remained a key concern to investors, as debt to GDP rose to 80.1% by close of the year.

## CHAIRPERSON'S STATEMENT TO SHAREHOLDERS OF THE INVESTCORP ACTIVE EQUITY FUND (CONT'D)

### HIGHLIGHTS OF KEY ECONOMIC INDICATORS

#### Exchange Rate

The Ghana Cedi (GHS) ended 2021 weaker against some major trading currencies in spite of the regular FX liquidity support by the Central Bank. It is important to note however, that exchange rate volatility was low during the year. The strengthening US dollar, combined with the increased exits from the local bond market, following U.S. interest rate hikes towards the end of the year put pressure on the cedi. The local currency depreciated by 4.1% and 3.1% against the USD and GBP respectively, but recorded a YTD appreciation of 3.5% against the EUR.

#### Inflation

Headline inflation for the first half of 2021 generally trended downwards from the 2020-year end figure of 10.4% to 7.5% in May 2021 (similar to pre-pandemic levels and close to the lower limit of the medium-term band of  $8 \pm 2\%$ ), before ticking up to 7.8% in June 2021. The decline in inflation was largely due to a decline in food prices. The second half of the year saw inflation shooting up from 7.8% in June to 10.6% in September 2021 and closed the year at 12.6% (a 4.6% upside deviation from the 2021 year-end inflation target of 8%). At the root of this surge was the sharp increase in the prices of food items over the period.

#### Interest Rates

Yields on the primary market generally trended downward for the period under review as it ended the year lower compared to yields for the same period in 2020. At the close of the year, the yields on the 91-Day, 182-Day and 364-Day Treasury bills stood at 12.51%, 13.19% and 16.57% respectively, indicating a decline by 157, 93 and 43 basis points from the previous year yields. The decline resulted from the increased demand for GoG securities from commercial banks as they continued to increase investments (from their expanded liquidity room) in government securities to improve their earnings and reduce credit to the private sector.

#### Fund Performance

The Active Equity Fund ended 2021 with a year-to-date (YTD) return of 51.75%, outperforming the GSE-Composite Index which ended the year at 43.66% by 8.09 percentage points (809 bps). Assets Under Management (AUM) stood at approximately GHS 215,929 by the end of the year. The growth in the Fund's size was driven by its competitive returns, relative to the market.

To enable you, cherished shareholders to gain remote access to your accounts 24/7 and interact conveniently with the fund manager, an electronic self-service platform was launched during the year. This included an online platform, a mobile application to enable smart phone users (android and iOS) gain real-time access to their accounts as well as mobile money USSD short codes (in partnership with Emergent & Zeepay) to allow clients without smart phones or internet service to access their accounts.

We remain confident that the Fund will continue to outperform its benchmark by significant margins in 2022.

#### Economic Outlook

The on-going geopolitical violence between Russia and Ukraine has worsened the global economic growth outlook, resulting from massive supply chain disruptions and sharp hikes in global inflation. In April 2022, the IMF revised downward the 2022 global growth estimate to 3.6% from the January growth estimate of 4.4%. The European Union's sanctions on Russia has raised the prospects of tighter oil supply and continuous sharp fuel price increases. Saudi Arabia's readiness to increase oil production may however provide some relief if implemented. There are fears of a global food crisis as the pace of increase in food inflation mirrors the levels recorded in 2008 and 2011 which led to a global food crisis.

## CHAIRPERSON'S STATEMENT TO SHAREHOLDERS OF THE INVESTCORP ACTIVE EQUITY FUND (CONT'D)

In Ghana, growth prospects remain positive. Government's YouStart initiative under the Ghana CARES (Obaatanpa) Programme is expected to support the SME sector, contribute to growth and further narrow the output gap. Economic growth is however expected to moderate as a result of high production costs from supply bottlenecks and high petroleum prices. Tight monetary conditions, to tame inflationary pressures, may further hamper real sector activities.

Our outlook on inflation is one of sustained elevation, as uncertainty around the on-going geopolitical violence between Russia and Ukraine remains. The central government's fiscal deficit target of 7.4% for 2022 may be missed due to the reduction of the E-Levy (a major revenue source) to 1.5% and the delay in its implementation, leaving room for revenue underperformance.

The expenditure controls put in place by government including the announced 30% cut in salaries of Government appointees and the 20% cut in government expenditure are laudable although we expect some challenges with the implementation of the latter. Despite an expected low external financing, the risk to debt sustainability remains heightened, affected by existing high debt levels and the impact of projected high interest rates on the current domestic interest cost (currently ~80% of total interest payments).

Reliance on domestic financing should soften the impact of external debt financing on the country's reserves and currency depreciation. Rising oil prices may however lead to sustained pressure on the cedi to close the year.

With the tight financing space and government's reliance on the domestic market for budget financing (by over 70%), coupled with the steady rise in headline inflation, we expect to see interest rates continue to move northwards to close the year. With the persistent rise in interest rates, exits from the stock market in favour of fixed-income investments may weaken and negate the equity market performance in the coming year, 2022.

### Closing Remarks

Before I close I would like to express my profound gratitude to the Fund Manager and staff of InvestCorp for their hard work towards creating a rewarding investment opportunity for shareholders.

Ladies and Gentlemen, there exists high levels of economic uncertainty, but we expect the Ghanaian economy to rebound from these challenges with prudent fiscal and monetary policies by the Government. We must also continue to remind ourselves of the need to build our investments and plan for our various long-term goals. As a medium to long term aggressive investment product, the Active Equity Fund is positioned to provide competitive returns above its benchmark. Our proactive approach to managing the Fund will enable us to work with you towards achieving your investment goals.

Thank you once again.



.....  
 Matilda Asante-Asiedu  
 Chairperson

## FUND MANAGER'S REPORT

### Portfolio and Market Review

The InvestCorp Active Equity Fund posted a return of 51.75% in 2021, outperforming its benchmark (GSE Composite Index) which stood at 43.66% by 809 bps. For three consecutive years, before 2021, the performance of the Ghana Stock Exchange had been on a decline - recording returns of -0.29%, -12.25% and -13.98% for 2018, 2019 and 2020 respectively. Some of the factors that accounted for this trend were the 2017 - 2019 financial sector clean-up which was followed by further depression in the stock market due to heightened uncertainty from the Covid pandemic in 2020, coupled with uncertainty regarding the political landscape during and after the general election in December 2020.



Equity market recovery during the first quarter of 2021 was as a result of the steady rebound in economic activities and real sector growth, and a significant decline in yields due to demand pressures from offshore investors for local currency bonds. For instance, as at June 30, 2021, foreign investor holdings in local GoG bonds increased by over 21%. Headline inflation dropped to 7.5% in May 2022, and crept up to 7.8% at the end of the first half of the year. The moderation in inflation resulted in a 100 basis points cut in the MPR by the Central bank. With the deepened confidence in Ghana's economic recovery, the stock market rallied further in Q2, 2021 (recording 36.16% YTD return on the GSE-CI) driven by gains in some financial, telecommunication, manufacturing and petroleum stocks.

Expectations of US Fed rate hikes coupled with tightened liquidity fueled sell-offs by offshore and local currency bond holders, driving yields up marginally across the curve in Q3 2021. The market continued to rally through the third quarter and hit an all year high of 54.5% in November 2021, before declining to 43.7% to close the year.

As part of some of the significant market activities during the year, Pesewa One PLC (POP), a business incubator (with about 55 start-up ideas and businesses currently) listed on the Ghana Alternative Market (GAX) by Introduction on Wednesday, March 24, 2021. Enterprise Group PLC (EGL) entered an agreement to acquire one of the leading health insurance providers, Acacia Health Insurance Limited. Ecobank Transnational Incorporated (ETI) successfully issued a 10-year bond to raise US\$350 million and also secured a \$75 million additional Tier 1 capital injection from Arise B.V, a top equity investor in Sub-saharan Africa.

The InvestCorp Active Equity fund recorded an increase in Assets under management (AUM) from GHS 182,601 (in 2020) to GHS 215,929.00 (in 2021), representing a growth of 18.3%. At the end of the reporting period, the portfolio was exposed to listed equities (97.7%), and collective investment schemes (2.3%). The Investment Committee of the Fund Manager will continue to review the asset allocation mix and investment strategy, supported by detailed analysis of the economic environment to ensure a healthy risk-total return profile.

### Outlook / Strategy

There are expectations of some moderation in GDP growth, as the on-going geopolitical violence between Russia and Ukraine worsens the global economic growth outlook. The Ministry of Finance has projected an overall GDP growth rate of 3.7% for 2022 - a downward revision from the previous 5.8%.

Investors remain wary of Ghana's debt sustainability and fiscal consolidation efforts as well as the continuous surge in inflation, resulting in the fast pace of rising interest rates. Elevated cost of borrowing to businesses and households pose a threat to real sector activity.

The tight financing space and the rise in headline inflation could result in further hikes in the already elevated domestic interest rate environment in 2022. The stock market may remain bearish as investor appetite for fixed income securities is likely to drive further exits from equity positions.



## FUND MANAGER'S REPORT (CONT'D)

With the high level of uncertainty on the economy and the prospects of listed companies, a sustained bearish market can be expected, into Q4 2022. We expect the market to stabilize and start to recover gradually towards the end of the year as low-laying stock prices present a buy-low opportunity that outweighs the risk of further decline.

### **Closing Remarks**

There are signs of an imminent economic downturn, but low price levels present an opportunity for competitive returns on new purchases. Our proactive approach to managing the Fund will continue to provide an opportunity for shareholders to enjoy highly attractive total return on investments.

Thank you.

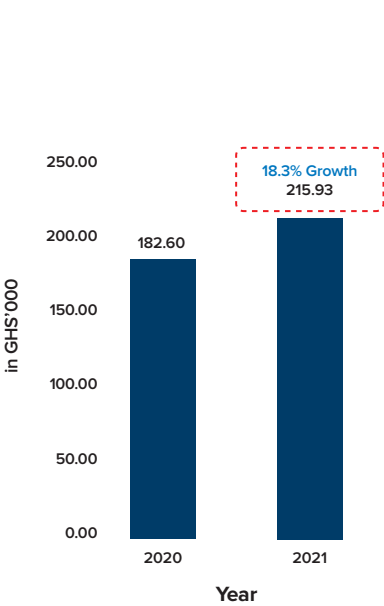
**Leticia Opoku**

Fund Manager

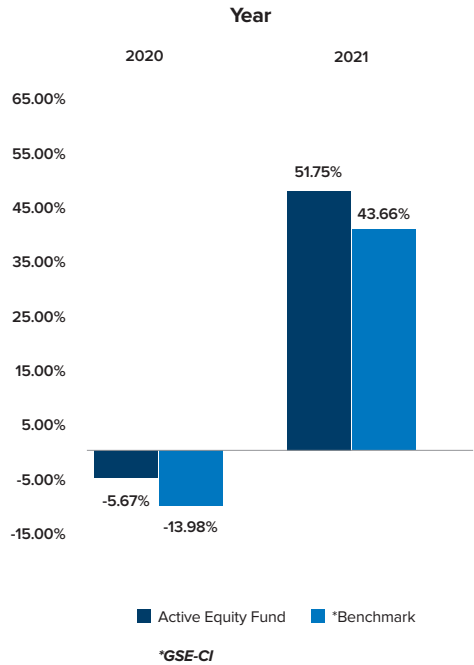
## PORTFOLIO SUMMARY AS AT DECEMBER 2021

Year	Assets under Management (AUM)	YTD Return	Benchmark	Alpha
2020	182,601	-5.67%	-13.98%	+8.31%
2021	215,929	51.75%	43.66%	+8.09%

**ASSETS UNDER MANAGEMENT  
AUM (GHS'000)**

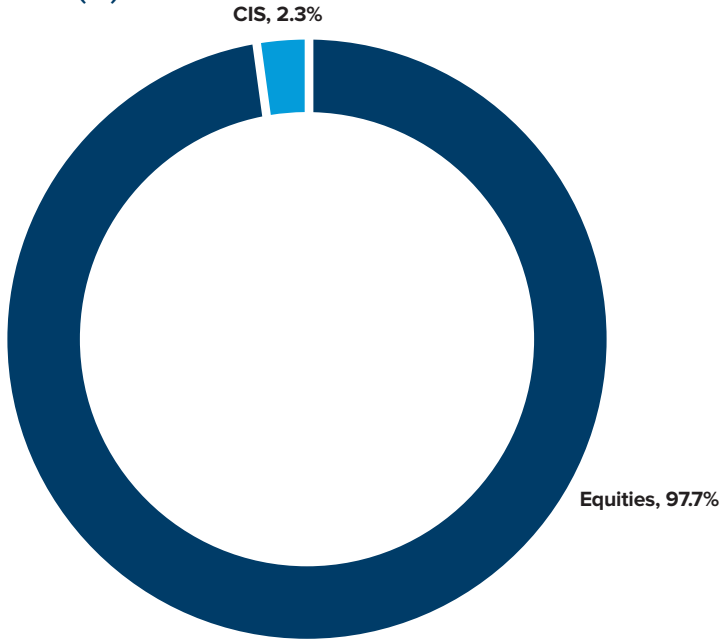


**FUND PERFORMANCE (%)**



**PORTFOLIO SUMMARY AS AT DECEMBER 2021 (CONT'D)**

ASSET ALLOCATION (%)



EQUITY ALLOCATIONS



## REPORT OF THE DIRECTORS TO MEMBERS OF INVESTCORP ACTIVE EQUITY FUND PLC

The Board of Directors presents the report and audited financial statements of the Fund for the year ended 31 December 2021.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors are responsible for the preparation of financial statements that give a true and fair view of InvestCorp Active Equity Fund Plc, comprising the statement of financial position at 31 December, 2021, and the statements of profit or loss, changes in net assets attributable to holders of redeemable shares and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992), the Securities Industry Act, 2016 (Act 929) and the Unit Trust and Mutual Fund Regulations, 2001 (L.I. 1695). In addition, the Directors are responsible for the preparation of the Directors' report.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

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

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

### **NATURE OF BUSINESS**

InvestCorp Active Equity Fund PLC is a company registered and domiciled in Ghana. It is licensed by the Securities and Exchange Commission of Ghana to operate as an authorized mutual fund.

InvestCorp Active Equity Fund PLC ("The Fund") is an open-ended mutual fund that enables you to uniquely invest in equities listed on the Ghana Stock Exchange (GSE). With its model equity portfolio base, you are able to invest through a collective investment scheme, which enables professionals to take charge of portfolio dynamics.

### **DIVIDEND DISTRIBUTION POLICY**

The fund does not distribute dividend. All income earned is reinvested.

Shareholders should be aware that the mutual fund aims to achieve capital growth and as such income is reinvested to take advantage of the effects of compounding.

## REPORT OF THE DIRECTORS TO MEMBERS OF INVESTCORP ACTIVE EQUITY FUND PLC (CONT'D)

### i. Investment distribution:

Total investment as at 31 December is made up as follows:

	2021 GH¢	2020 GH¢
Investments at FVTPL		
Equity Investments	219,465	135,978
Collective Investment Scheme	3,711	4,920
Cocoa bill	-	32,294
Cash and cash equivalents	7,729	10,105
<b>Total Investment</b>	<b>230,905</b>	<b>183,297</b>

### CORPORATE SOCIAL RESPONSIBILITY

The Fund did not undertake any Corporate Social Responsibility (CSR) programs during the year.

### CAPACITY BUILDING OF DIRECTORS TO DISCHARGE THEIR DUTIES

On appointment to the Board, Directors are provided with full, formal and tailored programs of induction, to enable them gain in-depth knowledge about the Fund's business, the risks and challenges faced and the economic knowledge, legal and regulatory environment in which the Fund operates. Programs of strategic and other reviews, together with the other training programs provided during the year, ensure that Directors continually update their skills, knowledge and familiarity with the Fund's businesses. This further provides insights about the industry and other developments to enable them effectively fulfil their role on the Board and committees of the Board.

### AUDIT FEES

The auditors of the fund, John Kay & Co. agreed with the directors and charged a fee of GH¢ 10,000 exclusive of NHIL, GET Fund, COVID 19 Levy and VAT.

### APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the fund as indicated above were approved by the board of directors on April 21<sup>st</sup> 2022 and are signed on its behalf by:



.....  
Signature

Henry Sunkwa-Mills  
Name of Director



.....  
Signature

Matilda Asante-Asiedu  
Name of Director

## INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF INVESTCORP ACTIVE EQUITY FUND PLC



### *Opinion*

We have audited the accompanying financial statements of InvestCorp Active Equity Fund PLC, which comprise the statement of financial position at 31 December 2021, the statement of profit or loss for the year ended, statement of movements in net assets for the year ended, statement of cash flows for the year ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 20 to 32.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of InvestCorp Active Equity Fund PLC as at 31 December 2021 and the Company's financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992), the Securities Industry Act, 2016 (Act 929) and the Unit Trust and Mutual Fund Regulations, 2001 (L.I. 1695).

### *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 Company 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 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.

### *Responsibilities of the Board of Directors for the Financial Statements*

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act 2019, (Act 992) of Ghana, Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695) 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. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### *Key Audit Matters*

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

## INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF INVESTCORP ACTIVE EQUITY FUND PLC (CONT'D)



### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objective is 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Company'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 Company 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 those charged with governance 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.

## INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF INVESTCORP ACTIVE EQUITY FUND PLC (CONT'D)



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

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

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 Company so far as it appears from our examination of those books.

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

For and on behalf of John Kay & Co. (ICAG/F/2022/128)  
Chartered Accountants  
Accra.

  
For and on behalf of John Kay & Co. (ICAG/F/2022/128)  
Chartered Accountants John Kay & Co  
Accra. P. O. Box 16088, Airport, Accra  
21/04/2022



## INVESTCORP ACTIVE EQUITY FUND PLC STATEMENT OF FINANCIAL ASSETS AS AT 31 DECEMBER 2021

Quoted Equities	MARKET VALUE GH¢	PERCENTAGE OF NET ASSETS %
BOPP	4,988	2%
EGH	16,302	7%
EGL	14,826	6%
GCB	5,439	2%
GOIL	6,949	3%
HFC	4,200	2%
SCB	13,594	6%
SOGEGH	8,568	4%
TOTAL	5,572	2%
MTNGH	139,027	60%
	<b>219,465</b>	<b>95%</b>
<b>Collective Investment Scheme</b>		
InvestCorp Money Market Fund	3,711	2%
Cash and cash equivalent	7,729	3%
<b>Total Investment</b>	<b>230,905</b>	<b>100%</b>
<b>Total Liability</b>	<b>(665)</b>	<b>0%</b>
<b>Net Investment</b>	<b>230,240</b>	<b>100%</b>

## INVESTCORP ACTIVE EQUITY FUND PLC STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	2021 GH¢	2020 GH¢
<b>Assets</b>			
Cash and cash equivalents	9	7,729	10,105
Investments at FVTPL	10	223,176	173,192
<b>Total Assets</b>		<b>230,905</b>	<b>183,297</b>
<b>Liabilities</b>			
Account payables	13	14,976	696
<b>Total Net Assets</b>		<b>215,929</b>	<b>182,601</b>
<b>Represented By:</b>			
Shareholders' fund		162,541	210,963
Retained Earnings		53,388	(28,362)
<b>Total Equity</b>		<b>215,929</b>	<b>182,601</b>

### Approval of the financial statements

The financial statements of InvestCorp Active Equity Fund Plc, were approved by the Board of Directors on April 21<sup>st</sup> 2022 and signed on their behalf by:



.....  
**Signature**

Henry Sunkwa-Mills  
**Name of Director**



.....  
**Signature**

Matilda Asante-Asiedu  
**Name of Director**

The notes on pages 20 to 32 form an integral part of these financial statements.

## INVESTCORP ACTIVE EQUITY FUND PLC STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 GH¢	2020 GH¢
<b>Revenue</b>			
Interest Income	8	1,430	2,068
Dividend Income	8	14,464	3,202
<b>Total Revenue</b>		<b>15,894</b>	<b>5,270</b>
<b>Expenses</b>			
General Expenses	14	(22,311)	(4,121)
<b>Net investment income</b>		<b>(6,417)</b>	<b>1,149</b>
Other income	15	88,167	(4,646)
<b>Profit/ (Loss) for the year</b>		<b>81,750</b>	<b>(3,497)</b>

## ACCUMULATED NET INVESTMENT INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 GH¢	2020 GH¢
Balance at 1 January	(28,362)	(24,865)
Profit/ (Loss) for the year	81,750	(3,497)
<b>Balance at 31 December</b>	<b>53,388</b>	<b>(28,362)</b>

The notes on pages 20 to 32 form an integral part of these financial statements.

## INVESTCORP ACTIVE EQUITY FUND PLC STATEMENT OF MOVEMENTS IN NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 GH¢	2020 GH¢
<b>Changes in net assets from operations</b>			
Profit/ (Loss) for the year		81,750	(3,497)
<b>Net change in net assets from operations</b>		<b>81,750</b>	<b>(3,497)</b>
<b>Change in net assets from capital transactions</b>			
Proceeds from Issue of Shares	12	270,940	105,000
Share Redemption	12	(319,362)	-
Net change in net assets from capital transactions		(48,422)	105,000
<b>Net additions to net assets</b>		<b>33,328</b>	<b>101,503</b>
<b>Analysis of changes in movements in net assets for the year</b>			
At 1 January		182,601	81,098
Net additions to net assets		33,328	101,503
<b>At 31 December</b>	<b>12</b>	<b>215,929</b>	<b>182,601</b>

The notes on pages 20 to 32 form an integral part of these financial statements.

## INVESTCORP ACTIVE EQUITY FUND PLC STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

<b>Transactions 2021</b>	<b>Capital GH¢</b>	<b>Income GH¢</b>	<b>Total GH¢</b>
At 1 January	210,963	(28,362)	182,601
Profit/ (Loss) for the year	-	81,750	81,750
Share Issue	270,940	-	270,940
Shares Redemption	(319,362)	-	(319,362)
<b>At 31 December</b>	<b>162,541</b>	<b>53,388</b>	<b>215,929</b>

<b>Transactions 2020</b>	<b>Capital GH¢</b>	<b>Income GH¢</b>	<b>Total GH¢</b>
At 1 January	105,963	(24,865)	81,098
Profit/ (Loss) for the year	-	(3,497)	(3,497)
Share Issue	105,000	-	105,000
<b>At 31 December</b>	<b>210,963</b>	<b>(28,362)</b>	<b>182,601</b>

The notes on pages 20 to 32 form an integral part of these financial statements.

## INVESTCORP ACTIVE EQUITY FUND PLC STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 GH¢	2020 GH¢
<b>Cash Flows from Operating Activities</b>			
Profit/ (Loss) for the year		81,750	(3,497)
Fair Value Loss/Gain		(88,167)	4,646
<b>Adjustment for:</b>			
Accounts Payable	14	14,280	370
<b>Net cash from operating activities</b>		<b>7,863</b>	<b>1,519</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of investments		(61,448)	(102,239)
Proceeds from redemption of investments			99,631
<b>Net cash used in investing activities</b>		<b>38,183</b>	<b>(102,239)</b>
<b>Cash Flow from Financing Activities</b>			
Proceeds from issue of redeemable shares	12	270,940	105,000
Payments on redemption of redeemable shares	12	(319,362)	-
<b>Net cash from financing activities</b>		<b>(48,422)</b>	<b>105,000</b>
<b>Net Increase/ (Decrease) in cash and cash equiv.</b>		<b>(2,376)</b>	<b>4,280</b>
Cash and cash equivalents at 1 January		10,105	5,825
<b>Cash and cash equivalents at 31 December</b>	<b>9</b>	<b>7,729</b>	<b>10,105</b>

The notes on pages 20 to 32 form an integral part of these financial statements.

# INVESTCORP ACTIVE EQUITY FUND PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR

### THE YEAR ENDED 31 DECEMBER 2021

#### 1. REPORTING ENTITY

InvestCorp Active Equity Fund Plc is a mutual fund investment company whose primary objective is to obtain contributions from members and invest same for their benefit. InvestCorp Active Equity Fund Plc is a limited liability company and is incorporated and domiciled in the Republic of Ghana. The address and registered office of the company can be found on page 2 of the financial statements.

The Fund was established and operates in accordance with the Unit Trust and Mutual Fund Regulation (L.I.1695). The Fund shall be marketed as a “InvestCorp Active Equity Fund PLC”, which means it will invest in equities listed on the Ghana Stock Exchange (GSE). With our model equity portfolio approach, you can either invest in the stock market as an individual or through a collective investment scheme. The investment activities shall be managed by InvestCorp Asset Management Limited.

#### 2. BASIS OF ACCOUNTING

##### (a) Basis of preparation

These financial statements have been prepared in accordance with the Unit Trust and Mutual Funds Regulations, 2001 (L.I. 1695) and comply with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992), the Securities Industry Act, 2016 (Act 929) and the Unit Trust and Mutual Fund Regulations, 2001 (L.I. 1695).

##### (b) Functional and presentation currency

These financial statements are presented in Ghana cedi, which is the Fund's functional currency. All amounts have been stated in full.

##### (c) Use of estimates and judgement

In preparing these financial statements, the Unit Trust's management has made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

The following principal accounting policies have been consistently applied during the year in the preparation of the Unit Trust's financial statements.

##### (i) Purchase of Share Units

Applicants complete standard application forms which are sent to the office of the Manager. Telephone or electronic requests must be confirmed in writing. Application for units is at the discretion of the Board of Directors of the Fund Manager. Cheques are cleared first before the processing of applications by the Manager. Payments for units shall be made in Ghana Cedis; however, applicants can settle their payments with easily convertible currencies but bear the foreign exchange transaction cost.

##### (ii) Investment income recognition

Interest income, including interest income from non-derivative financial assets at Fair value through profit or loss (FVTPL), are recognised in profit or loss, using effective interest method. The effective interest is the rate that exactly discounts the estimated future cash payments or receipts, without consideration of future credit losses, over the expected life of the financial instrument or through to

## INVESTCORP ACTIVE EQUITY FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

the next market-based re-pricing date to the net carrying amount of the financial instrument on initial recognition.

Interest received or receivable and interest paid or payable are recognised in the profit or loss as interest income or interest expense, respectively.

### *(iii) Financial Instruments*

#### **a. Non-derivative financial instruments**

Non-derivative financial instruments comprise loans and receivables, held-to-maturity and available-for-sale. The Fund Manager determines the appropriate classification of its financial assets and liabilities at initial recognition.

Non-derivative financial instruments are recognised initially at fair value plus, for instrument not at fair value through profit and loss, any directly attributable transaction cost. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less impairment losses, if any.

Non-derivative financial instruments are derecognised when the rights to receive cash flows from the financial assets have expired or where the Unit Trust has transferred substantially all risks and rewards of ownership.

Non-derivative financial instruments are categorised as follows:

- Loans, advances and receivables – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than (a) those classified as held for trading and those that the Unit Trust on initial recognition designates at fair value through profit and loss; (b) those that the Unit Trust upon initial recognition designates as available-for-sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are carried at amortised cost using effective interest rate method less appropriate allowances for doubtful receivables. Allowances for doubtful receivables represents the Unit Trust's estimate of incurred losses arising from the failure or inability of customers to make payments when due. These estimates are based on aging of customer's balances, specific credit circumstances, and the company's receivables historical experience. Regular way purchases and sales of loans and receivables are recognised on contractual settlement.

Available-for-sale – these are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates, or equity prices. Investment securities and treasury bills with a maturity of 182 days or less are classified as available-for-sale.

Available-for-sale financial assets are carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the profit or loss account.

However, interest calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the Unit Trust's right to receive payment is established.

Regular way purchases and sales of available-for-sale financial assets are recognised on trade-date, i.e. the date on which the Unit Trust commits to purchase or sell the asset.

Held-to-maturity assets are non-derivative financial assets with fixed or determinable payments and



## INVESTCORP ACTIVE EQUITY FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

fixed maturities that management has the positive intention and ability to hold to maturity.

Were the Unit Trust to sell more than an insignificant amount of held-to-maturity assets, the entire category would have to be reclassified as available-for-sale. Treasury bills with an original maturity of more than 182 days, treasury notes and other government bonds are classified as held-to-maturity.

Held-to-maturity assets are carried at amortised cost using effective interest rate method. Regular way purchases and sales of financial assets held-to-maturity are recognised on trade-date, i.e. the date on which the Unit Trust commits to purchase or sell the asset.

### **b. Derivative financial instruments**

A derivative is a financial instrument that changes its values in response to changes in the underlying variable, requires no or little net initial investment and is settled at a future date. Derivatives are mainly used to manage exposures to foreign exchange, interest rate and commodity price risk. The classification of derivatives is determined upon initial recognition and is monitored on a regular basis.

Derivatives are initially recognised at fair value plus directly attributable transaction costs. These are subsequently measured at fair value on a regular basis and at each reporting date as a minimum. The fair values of exchange-traded derivatives are based on respective market prices, while the fair value of the over-the-counter derivatives are determined using accepted mathematical models based on market data and assumptions. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in fair values of derivatives that do not qualify for hedge accounting are recognised directly in the income statement.

### **c. Financial Liabilities**

Financial liabilities, other than trading liabilities and financial liabilities designated at fair value, are carried at amortised cost using the effective interest method. Financial liabilities are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost. Financial liabilities are derecognised when they are redeemed or otherwise extinguished.

### **d. Off Setting**

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Unit Trust has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

### **e. Amortisation cost measurement**

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method, of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

### **f. Hedge Accounting**

Hedge accounting is the method that recognises the proportionate offsetting effects of a hedging instrument on the changes in value of the hedged item. Hedge accounting applies only when a hedging relationship can be demonstrated between a hedged item and a hedging instrument. Such method

## INVESTCORP ACTIVE EQUITY FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

generally applies for transactions that are carried out to eliminate or mitigate risks. The effectiveness of such hedges is demonstrated at inception and verified at regular intervals and at least on a quarterly basis, using prospective and retrospective testing.

Recognition of hedged transactions depends on the hedged categories.

### *i. Fair value hedges*

Fair value hedges are used to mitigate foreign currency and interest rate risks of recognised assets and liabilities. The changes in fair values of hedging instruments are recognised in the income statement. Hedged items are also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

The fair values of financial instruments are determined using market prices for quoted instruments and widely accepted valuation techniques for other instruments. Valuation techniques include discounted cash flows, standard valuation models based on market parameters and dealer quotes for similar instruments. When fair values of unquoted instruments cannot be measured with sufficient reliability, such instruments are carried at cost less impairments, if applicable.

### *ii. Cash flow hedges*

Cash flow hedges are used to mitigate foreign currency risks of highly probable forecast transactions, such as anticipated future export sales, purchases of equipment and raw materials, as well as the variability of expected interest payments and receipts. The effective part of the changes in fair value of hedging instruments is recognised against equity, while any ineffective part is recognised immediately in the income statement. When the hedged item results in the recognition of a non-financial asset or liability, the gains or losses previously recognised against equity are included in the measurement cost of the asset or the liability. Otherwise the gains or losses previously recognised against equity are removed from equity and recognised in the income statement at the same time as the hedged transaction.

### **g. Effective Interest Rate**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

### **h. Determining fair value**

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted bid price or asking price (as appropriate) in an active market wherever possible. Where no such active market exists for the particular asset, the Group uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms' length transactions, discounted cash flow analysis, option pricing models or other valuation techniques commonly used by market participants.

### **i. Impairment of financial assets**

The Unit Trust assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group

## INVESTCORP ACTIVE EQUITY FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Unit Trust about the following loss events:

- I. Significant financial difficulty of the borrower;
- II. A breach of contract, such as default or delinquency in interest or principal repayments;
- III. The Unit Trust granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that The Unit Trust would not otherwise consider;
- IV. It becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- V. The disappearance of an active market for that financial asset because of financial difficulties; or
- VI. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets including:
  - Adverse changes in the payment status of borrowers; or
  - National or local economic conditions that correlate with defaults on the assets of The Unit Trust.

The estimated period between losses occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between three months and twelve months. In exceptional cases, longer periods are warranted.

### **j. Foreign Currency**

Transactions in foreign currencies during the period are converted into cedis at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into cedis at exchange rates ruling at the financial year-end. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into cedis at the exchange rates at the date on which the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss as net foreign exchange losses, except for those arising on financial instruments at FVTPL, which are recognised as a component of net gains from financial instruments at FVTPL.

### **k. Transfer values**

Transfer values represent the capital sums paid to and from the Unit Trusts on the basis of when the member liability is accepted or discharged.

### **l. Cash and Cash equivalents**

Cash and cash equivalents comprises deposits with banks and highly liquid financial assets with maturity of three months or less from the date of acquisition that are subject so an insignificant risk of changes in their value and are used by the Unit Trust in the management of short term commitment, other than cash collateral provided in respect of derivatives and security borrowing transactions

### **m. Fees and commission**

Fees and commissions expenses are recognised in profit or loss as the related services are performed.

## INVESTCORP ACTIVE EQUITY FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 4. NEW AND AMENDED STANDARDS EFFECTIVE FOR THE CURRENT PERIOD

#### (a) IFRS 16 Leases

##### ***Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021—Amendment to IFRS 16***

The Covid-19-Related Rent Concessions (Amendment to IFRS 16) provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021

### 5. NEW AND REVISED STANDARDS IN ISSUE NOT YET EFFECTIVE

#### ***IFRS 17 Insurance Contracts***

In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023

#### ***Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent***

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

#### ***Amendments to IFRS 3 Business Combinations—Reference to the Conceptual Framework***

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

#### ***Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use***

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

## INVESTCORP ACTIVE EQUITY FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### ***Annual Improvements to IFRS Standards 2018-2020—Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture***

The Annual Improvements include amendments to four Standards:

#### ***IFRS 1 First-time Adoption of International Financial Reporting Standards***

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

#### ***IFRS 9 Financial Instruments***

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

#### ***IFRS 16 Leases***

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

#### ***Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies***

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

#### ***Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates***

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in

## INVESTCORP ACTIVE EQUITY FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

financial statements that are subject to measurement uncertainty”.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

### ***Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted

## **6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company’s accounting policies, which are described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## **7. RELATED PARTIES AND KEY CONTRACTORS**

### **a. Fund Managers**

The Directors of the fund appointed Investcorp Asset management Limited, an investment management company incorporated in Ghana and duly licensed by the Security and Exchange Commission of Ghana to implement the investment strategy and objectives as stated in the Fund’s investment management policy manual. Under that investment management agreement, Investcorp Asset management Limited receives a management fee at annual rate of 2.5% of the net asset value attributable to members of the Fund. The management fees incurred during the year amounted to GH¢5,670. Included in the payables as at 31 December 2021 were fund management fees payable of GH¢554.

## INVESTCORP ACTIVE EQUITY FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### b. Fund Custodian

The Directors of the fund appointed Standard Chartered Bank Ghana PLC a limited liability company incorporated in Ghana and duly licensed by Security and Exchange Commission of Ghana, to provide custody services as prescribed in the Fund's policy manual. Under the custody agreement, the Custodian receives a custodian fee as agreed between the parties. Fees are payable within 30 days of the date of the custodian's invoice.

### 8. INVESTMENT INCOME

	2021	2020
	GH¢	GH¢
Dividend Income	14,464	3,202
Interest Income:		
Money Market	1,430	1,512
Cocoa Bill	-	556
	<b>15,894</b>	<b>5,270</b>

### 9. CASH AND CASH EQUIVALENTS

	2021	2020
	GH¢	GH¢
Absa Bank	6,830	10,105
Standard Chartered Bank	899	-
	<b>7,729</b>	<b>10,105</b>

### 10. FINANCIAL INSTRUMENTS

*Analysis of changes in fair value of financial instrument through profit or loss*

	2021	2020
	GH¢	GH¢
Investments at FVTPL		
Equity Investments	219,465	135,978
Collective Investment Scheme	3,711	4,920
Cocoa bill	-	32,294
	<b>223,176</b>	<b>173,192</b>

## INVESTCORP ACTIVE EQUITY FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 11. CAPITAL TRANSACTION

	2021	2020
	No. of shares	No. of shares
Shares in issue at beginning	158,318	67,047
New issues	182,106	91,271
Redemptions	(208,147)	-
	<b>132,277</b>	<b>158,318</b>

### 12. MEMBERS' FUNDS

	2021	2020
	GH¢	GH¢
At 1 January	182,601	81,098
Contribution	270,940	105,000
Redemption	(319,362)	-
Profit/ (Loss) for the year	81,750	(3,497)
At 31 December	<b>215,929</b>	<b>182,601</b>

### 13. ACCOUNTS PAYABLE

	2021	2020
	GH¢	GH¢
Accrued Expenses	665	696
Audit Fees	14,311	-
	<b>14,976</b>	<b>696</b>

### 14. GENERAL EXPENSES

	2021	2020
	GH¢	GH¢
Management fees	5,670	2,747
Administration fees	2,330	1,374
Audit fees	12,000	-
VAT on audit fees	2,311	-
	<b>22,311</b>	<b>4,121</b>



## INVESTCORP ACTIVE EQUITY FUND PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

#### 15. OTHER INCOME

	2021	2020
	GH¢	GH¢
Change in unrealised gains/ (loss)	88,167	(4,646)
	<b>88,167</b>	<b>(4,646)</b>

#### 16. TAXATION

Income of approved unit trust scheme or mutual fund is exempt for tax from tax under the Income Tax Act, 2015 (act 896) as amended.

The fund currently withholds taxes on payment made to directors and other service providers.

#### 17. TRANSACTIONS THROUGH STOCK BROKERS

The fund's transactions were through EDC Stock brokers Limited, a member of the Ecobank Group.

#### 18. FINANCIAL RISK MANAGEMENT

##### (a) Asset/Portfolio/Credit risk

Credit risk is the risk that counterparties (i.e. financial institutions and companies) in which the Fund's assets are invested will fail to discharge their obligations or commitments to the Fund, resulting in a financial loss to the Fund.

The Scheme's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meets the standards set out in the SEC guidelines and the Fund's investment policy statement.

##### (b) Liquidity risk

Liquidity risk is the risk that the fund either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due. The Scheme's approach to managing liquidity is to ensure that it will maintain adequate liquidity in the form of cash and very liquid instruments to meet its liabilities (including benefits) when due.

The following are contractual maturities of financial Liabilities 31 December 2021

Financial Liabilities	3 Months or less (GH¢)
Administrative Expenses Payable	665
<b>Total</b>	<b>665</b>

##### (c) Fair value of financial assets and liabilities

Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that the Directors expect would be available to the Company at the balance sheet date. The fair values of the Company's financial assets and liabilities approximate the respective carrying amounts.

## INVESTCORP ACTIVE EQUITY FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

The fair value hierarchy is as follows:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly and
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair values of the Company's investments at FVTPL and FVTOCI approximates its carrying amounts.

### **(d) Market risk**

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. This systematic risk cannot be mitigated through diversification.

### **(e) Equity Price risk**

Listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Scheme's policy over equity price risk is to minimise its exposure to equities and only deal with equities that meets the standards set out in the SEC guidelines and the Scheme's investment policy statement. Keen attention is paid to the equity market to realize capital gains on equity securities.

### **(f) Interest Rate risk**

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The investment managers advise the Trustees on the appropriate balance of the portfolio between equity, fixed rate interest, and variable rate interest investments. The scheme uses duration targeting as a means of mitigating the effects of the risk. The target duration is regularly reviewed by the Trust Board. For some of the bonds with issuers other than the Government of Ghana, investments are placed with a floating rate to hedge against this risk.

### **(g) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Fund's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of Fund behaviour. Operational risks arise from all of the Fund's operations and are faced by all pension schemes.

The Scheme's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Scheme's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the administrator. This responsibility is supported by the development of following policies and standards;

- governing rules and trust deed;
- investment policy statement;
- requirements for the reporting of non-compliance with regulatory and other legal requirements;

## INVESTCORP ACTIVE EQUITY FUND PLC NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

Compliance with the Fund governing rules is supported by a programme of annual reviews undertaken by the external auditor. The results of these reviews are discussed with Trustees.

### **19. EVENTS AFTER REPORTING PERIOD**

No significant event occurred after the end of the reporting date which is likely to affect these financial statements.

### **20. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved by the directors of the fund and Authorized for issue on April 21<sup>st</sup> 2022.

## CORPORATE INFORMATION

### INVESTCORP ACTIVE EQUITY FUND PLC

---

#### BOARD OF DIRECTORS

Matilda Asante-Asiedu (Chairperson)  
 Adelaide Benneh Prempeh (Director)  
 Mark Kofi Amoako (Director)  
 Henry Sunkwa-Mills (Director)  
 Kwabena Ofori Apeagyei (Director)

---

#### FUND MANAGER

InvestCorp Asset Management Ltd.  
 No.15, Wawa Drive  
 North Dzorwulu  
 Accra

---

#### REGISTERED OFFICE

No.15, Wawa Drive  
 North Dzorwulu  
 Accra

---

#### CUSTODIAN

Standard Chartered Bank Ghana Ltd.  
 Head Office  
 87 Independence Avenue  
 Accra

---

#### COMPANY SECRETARY

JLD & MB Legal Consultancy  
 No. 18 Quarthey Papafio Avenue  
 Airport Residential Area  
 P.O. Box 410  
 Accra

---

#### AUDITOR

John Kay & Co.  
 7th Floor Trust Towers  
 Farrar Avenue Adabraka  
 P.O Box KIA 16088  
 Airport, Accra

---

#### BANKERS

Absa Bank Ghana Ltd.  
 Independence Avenue  
 Accra

---

## DIRECTORS' PROFILE

### NAME

MATILDA ASANTE-ASIEDU

### OCCUPATION

BANKER



### POSITION

BOARD CHAIRPERSON

Matilda Asante-Asiedu is the Head of Private & Women Banking of Access Bank Ghana Limited, a subsidiary of Access Bank PLC., Nigeria. She previously headed the Corporate Communications Unit at Access Bank (Ghana) Limited. She managed the entire corporate communications functions of the Bank, promoting effective client and public relations. Her job function included: the design and implementation of strategies for Stakeholder Management, Advertising and Marketing, Events Management, Brand Management and Corporate Social Responsibility.

Matilda has over 15 years of professional experience in media practice, corporate communications, public relations and marketing. For more than 12 years (1997 to 2009) Matilda was the most influential political journalist in Ghana, shaping national discourse. She is a fellow of the One World Broadcast Trust U.K. and Les Aspin Centre for Governance USA, and the International Women's Media Forum USA. She acquired her Masters in Journalism Degree from the Cardiff University in the United Kingdom and holds several post-graduate diplomas in development and media studies.

### NAME

ADELAIDE BENNEH PREMPEH

### OCCUPATION

LAWYER



### POSITION

DIRECTOR

Adelaide is the Founder and Managing Partner of B & P ASSOCIATES. Adelaide's expertise spans across a number of industries including energy and power, real estate, construction and infrastructure, corporate governance, investment advisory, and international family law. Adelaide was called to the English Bar with an award of Distinction in 2001. She began her legal career with the international law firm Lovells (now Hogan Lovells) in London where she assisted in the drafting of depositions and pleadings for high profile product liability cases, and various contentious matters regarding regulatory requirements.

With a background in litigation, she joined Renaissance Chambers in London as a practising Barrister, where she was regularly instructed to appear at all levels of Court in a variety of cases from 2003 until 2012. In 2012, Adelaide was called to the Ghana Bar as a Barrister and a Solicitor of the Supreme Court of Ghana. Prior to setting up the Firm, Adelaide worked with Bentsi- Enchill Letsa & Ankomah, a law firm in Accra, as a Dual Qualified Associate, with a wealth of experience.

## DIRECTORS' PROFILE

**NAME**

MARK AMOAKO

**OCCUPATION**

ACCOUNTANT


**POSITION**

DIRECTOR

Mr. Mark Kofi Amoako is a Chartered Accountant with over 10 years experience in Financial Management, Taxation, Mergers & Acquisitions, Public Finance Management, Financial and Operational Audit. He has been a Regional Accountant at the National Health Insurance Authority since 2012 with the Core Responsibility of training, supervising, monitoring and evaluating of Accountants, examining financial transaction processes to help establish financial controls, supervise and prepare budgets.

He holds a first Degree in Banking and Finance with the University of Ghana; MSc. International Economics, Banking and Finance and a member of the Association of Chartered Certified Accountants – UK and Institute of Chartered Accountants – Ghana.

**NAME**

HENRY SUNKWA-MILLS

**OCCUPATION**

INVESTMENT BANKER


**POSITION**

DIRECTOR

Henry is the Managing Director of InvestCorp. Prior to this role, he was the Deputy Managing Director of the Firm – responsible for planning, monitoring and evaluation of policy and strategy implementation. As Managing Director, he is responsible for the overall strategic management of the Firm, chairs the Investment Committee and serves as a board member of the Firm's managed mutual funds.

Henry worked with Merrill Lynch / Bank of America Merrill Lynch in New York within the Global Energy & Power Investment Banking Group. He possesses strong origination and corporate finance skills, including leveraged finance, deal origination and corporate restructuring. Henry has extensive and key relationships in Ghana and internationally, which are critical to the success of our firm.

He served on the Board of the Ghana Netherlands Business and Culture Council (GNBCC) between 2015 and 2019 and acted as the Treasurer of the Council. He is a member of the Rotary Club of Accra La-East and serves on the Public Image (PI) and Fundraising Committees.

Henry obtained an honors degree in Business Administration (Finance) from Morehouse College in Atlanta, Georgia, USA, graduating summa cum laude. He is a member of the Phi Beta Kappa and Beta Gamma Sigma honor societies. In 2012, Henry was admitted to Cornell University's Johnson School of Management MBA program but did not pursue it.

## DIRECTORS' PROFILE

**NAME**

KWABENA OFORI APEAGYEI

**OCCUPATION**

INVESTMENT BANKER


**POSITION**

DIRECTOR

Kwabena has oversight responsibility for the firm's operations and business development. He helps in overseeing the day-to-day business activities and in ensuring that the firm's client acquisition strategy, operational risk and technology functions are effective and well-coordinated. He is a member of the firm's Investment Committee (IC). Prior to InvestCorp, he worked with Access Bank, Republic Bank, Fidelity Bank, FBN Bank and Omni Bank in roles of client acquisition, branch operations, and team management. He has built immense experience in sales and marketing, organizational efficiency and strategy and has developed key relationships in the financial industry.

He holds Bachelor of Arts (BA) degree in Psychology with a minor in philosophy and an MBA in Finance from the University of Ghana. He also undertook the Securities Industry Course at the GSE as well as other professional courses from the Ghana Banking College.

# CUSTODIAN'S REPORT

INTERNAL




March 11, 2022

The Board  
InvestCorp Active Equity Fund  
15 Wawa Drive, North Dzorwulu  
P.O.BOX 22493, Accra

## REPORT OF THE CUSTODIAN TO THE INVESTORS OF INVESTCORP ACTIVE EQUITY FUND – DECEMBER 31, 2021

Standard Chartered Bank Ghana PLC confirms the investment holding for InvestCorp Active Equity Fund as of December 31, 2021 as follows:

CIS				
Security Name		Nominal	Mkt Price	Valuation
InvestCorp Money Market Fund		1,351.16	GHS 3.8059	5,142.36
<b>Classification Total</b>		<b>1,351.16</b>		<b>5,142.36</b>
EQUITIES				
Security Code	Security Name	Nominal	Mkt Price	Valuation
GCB	GCB Bank Limited	1,038.00	GHS 5.24	5,439.12
BOPP	Benso Oil Palm Plantation Limited	750.00	GHS 6.65	4,987.50
EGL	Enterprise Group Limited	5,314.00	GHS 2.79	14,826.06
SOGEGH	Societe Generale Ghana Limited	7,140.00	GHS 1.20	8,568.00
EGH	Ecobank Ghana Limited	2,145.00	GHS 7.60	16,302.00
GOIL	Ghana Oil Company Limited	3,818.00	GHS 1.82	6,948.76
HFC	Republic Bank (Ghana) Limited	7,000.00	GHS 0.60	4,200.00
TOTAL	Total Petroleum Ghana Limited	1,110.00	GHS 5.02	5,572.20
MTNGH	MTN Ghana	125,250.00	GHS 1.11	139,027.50
SCB	Standard Chartered Bank Ghana Limited	670.00	GHS 20.30	13,601.00
<b>Classification Total</b>		<b>154,235.00</b>		<b>219,472.14</b>
SUMMARY				
Description		Market Value	PCT of Total	
EQUITIES		219,472.14	97.32	
CIS		5,142.36	2.28	
CASH BALANCE		898.49	0.40	
<b>GRAND TOTAL (GHS)</b>		<b>225,512.99</b>	<b>100.00</b>	

Yours faithfully



Beverly Frimpong  
Head, Securities Services Ghana

### Standard Chartered Bank Ghana PLC

Head Office,  
87 Independence Avenue,  
P O Box 768, Accra – Ghana  
SC.com/gh

Tel 0302 610750 / 0302 633366

Dr. Emmanuel Oteng Kumah (Chairman) · Mansa Netley (Managing Director) · Sheikh Jobe · Prof. Akua Kuenyehia Ebenezer Twum Asante · Kwabena Nifa Aning · George Akello



# PROXY FORM INVESTCORP ACTIVE EQUITY FUND PLC

I/We.....of.....  
 .....being a member/members of InvestCorp Active  
 Equity Fund Plc hereby appoint .....  
 or, failing him/her, the duly appointed Chairman of the meeting, as my/our proxy to vote for me/us on  
 my/our behalf at the Annual General Meeting of the Company to be held **virtually and streamed live**  
**via Zoom on Thursday, August 25, 2022 at 3:00 pm prompt** and any adjournment thereof.

Please indicate with an X in the spaces below how you wish your votes to be cast.

ORDINARY RESOLUTIONS	FOR	AGAINST
1. To receive and adopt the Financial Statements for the year ended December 31, 2021 together with the reports of the Directors and external Auditors thereon		
2. To authorize the Directors to fix the remuneration of the external Auditors		
3. To re-appoint the Non-Executive Directors for a two (2) year term effective 6th February 2023		

Signed this.....day.....2022

Shareholder's Signature .....



A happier future rests on  
**Safe & Reliable  
Investments**

At InvestCorp our product solutions are designed to enable you to invest safely while earning competitive returns

Sign up to any of our mutual funds today

InvestCorp



- Treasury Securities Fund
- Money Market Fund
- Mid-Tier Fund
- Active Equity Fund



Licensed by







Licensed by the Securities and Exchange Commission of Ghana (SEC)

# Visit the e-Hub

## Download App



### Dial \*789\*710#

# 15 Wawa Drive, North Dzorwulu, Accra  
+233 (0) 302 50 90 45 | +233 (0) 303 93 75 84  
info@investcorpgh.com | www.investcorpgh.com



@investcorpgh



+233 (0) 501 55 68 70

Connect with us  
[linktr.ee/InvestCorpGH](https://linktr.ee/InvestCorpGH)

Innovation | Integrity | Leadership