



CM FUND LIMITED



ANNUAL REPORT 2017



BLA & ASSOCIATES
CHARTERED ACCOUNTANTS

CM FUND LIMITED

**ANNUAL REPORT
2017**

CM FUND LIMITED
NOTICE OF SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of CM Fund Limited will be held at Teachers' Hall on **Wednesday, July 25, 2018** at 10 a.m.

AGENDA

1. To receive the Report of Directors together with the Statements of Financial Position, Comprehensive Income, Changes in Equity and Cash Flows for the year ended 31 December, 2017
2. To report on the Performance of the Fund
3. Any other business appropriate to be dealt with at an Annual General Meeting

BY ORDER OF THE BOARD

(Sgd)

BOARD SECRETARY

Note: A shareholder is entitled to attend and vote at the meeting or appoint a proxy to attend and vote instead of himself or herself. A proxy need not also be a shareholder of the Fund. Copies of the proxy forms are annexed to the audited accounts and reports.

Completed proxy forms should be lodged with the Board Secretary, SDC Capital Limited, Box GP 14198 Accra not later than two days before the meeting.

A shareholder who has not received the audited accounts and reports may contact the Fund Manager, SDC Capital Limited, High Street, Accra.

CM FUND LIMITED

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CM FUND LIMITED
CORPORATE INFORMATION

BOARD OF DIRECTORS

Emile Yartey
Mathias Dorfe
Dr. Reginald Hansen - Thompson (Nii Hansen V)
Seth Kwasi Asante

REGISTERED OFFICE

H/No D921/3 Adjacent AMA
Asafoatse Nettey Street Accra
P. O. BOX GP 14198
Accra, Ghana.

CUSTODIAN

Standard Chartered Securities
P.O. Box GP 768
High Street, Accra - Ghana.

AUDITORS

BLA & Associates
Chartered Accountants
P. O. BOX AB 295
Abeka Accra

INVESTMENT MANAGER

SDC Capital Limited
H/se D/921/3 Adjacent (AMA)
Asafoatse Nettey Street, Accra
P. O. BOX GP 14198
Accra, Ghana

PROFILE OF DIRECTORS



Mr. Emile Yartey brings to the CM Fund a wealth of experience in Banking as the Board Chairman. He holds a Bachelor of Arts, General from the University of Ghana (Legon) and a Master of Business Administration in Finance from the Illinois State University.

He worked with Wells Fargo Bank USA and rose through the ranks to the position of Vice President in charge of Business Banking in 1996. He afterwards joined GCB Bank till 2007 when he left as General Manager, Treasury.

He has held several positions on numerous boards. He was the Board Chairman for CDH Ghana while working with the GCB Bank and a member of the Board of the Accra Markets Limited.



Dr. Reginald Hansen Kpakpo Hansen - Thompson (Nii Hansen V) is a Management Specialist as well as an Auditing professional. He is the Chief Executive Officer of James Quagraine Associates, a leading accounting firm in Ghana and the Executive Chairman of the Royal Ghanaian Airlines (RGA).

He served in various Executive membership positions with the ECOWAS Business Council, the West African Enterprise Network, the African Enterprise Network, Southern Enterprise Network and the Maghreb Region. Additionally, he has consulted for the Organization for Economic Development.

He was an Executive Member of the Ga State Paramount Stool Gyaase.

Nii Hansen V is currently a Member / Treasurer of the James Town Traditional and Elders Council and Warrior King of the Ga State as well as the Head of the Royal Hansen family of Jamestown (British Accra). He doubles as the overlord of Afienaa and Katapor in the Amasan District.

He is a Fellow of the Chartered Institute of Management Specialists (California, Trinidad and Tobago) and the Institute of Business Analysts and Consultants (FIBAC). He holds an Honorary Doctorate Degree from the Technological University of the Americas.

He was the First Vice President of the Ghana Boxing Association but resigned to become its Patron.



Mathias has extensive experience in the financial services industry having worked as Country Manager, Grofin Ghana Limited; a pioneer to the establishment of the Asset Management Unit within the Corporate Banking Department of Barclays Bank Ghana and the Managing Director of Leasafric. He is currently the Chief Executive Officer of SDC Finance Limited.

Mr. Dorfe has over the years developed core competencies in General Management, Financial Analysis and Business Development which he brings to bear on the work of the team.

Mr. Dorfe brings to the team a results driven attitude which is key in ensuring that the client derives the maximum professional services from the Fund Manager (SDCC). He is a product of University of Ghana, Legon with B.Sc. Administration (Accounting Option).



Seth Asante is a Partner and Head of the Financial Institutions & Capital Markets (“FICM”) Practice Group of the firm. His practice focuses on banking, corporate finance, capital markets, mergers & acquisitions, and private equity.

Seth graduated from the University of Ghana, Legon with a Bachelor of Law (LLB) degree, in 1997 and then the Ghana School of Law in 1999. He obtained a Master of Science in Law and Accounting at the London School of Economics in 2001. Seth joined Bentsi-Enchill, Letsa & Ankomah in 1999 as a trainee.

Seth has worked on several major transactions in Ghana and the West African sub-region. He has also been a lecturer in Company Law and Practice at the Ghana School of Law from 2003 to date. He is a member of the Ghana Bar Association.

Seth’s interests include Music, Photography and Sports. He is an ardent supporter of Arsenal Football Club and B.A. United Football Club.

CHAIRMAN'S STATEMENT TO SHAREHOLDERS



On behalf of the Board of Directors, I welcome you all to the 7th Annual General Meeting of CM Fund Ltd and thank you for your commitment to CM Fund as an avenue for your investment. The main business of the day is to present to you the annual reports and the financial statement for the year ended December 31, 2017.

GLOBAL ECONOMIC REVIEW

The pickup in global activity, which started in 2016, gathered steam in the first half of 2017.

The continued recovery in global investments spurred stronger manufacturing activity. Growth in world trade toned down in the second quarter after the brisk expansion in the first quarter. Global purchasing manager indices and other high frequency indicators for July and August showed that the global growth momentum continued into the third quarter of 2017. With investment picking up in the third quarter of 2016, global trade accelerated as well before moderating later. This was the highest since 2001; except during the 2009 recession.

Although the Organization of Petroleum Exporting Countries (OPEC) and some non-OPEC oil exporters announced in May that they would extend oil production cuts through the first quarter of 2018, Oil prices fell by 8.1 percent between February and August.

THE GHANAIAN ECONOMY

The Ghanaian economy grew by 8.1% on the back of an 80.4% growth in oil and gas output. This was a record high in the last five (5) years. Industry recorded the highest growth rate of 16.7 percent, Agriculture rose by 8.4 percent while services grew by 4.3 percent holding strong for the \$43b economy.

Although marginally improving, the cedi depreciated by 3.4% to the US Dollar and nine (9) and eleven (11) percent to the British Pound and Euro respectively.

MARKET REVIEW

The Ghana Stock Exchange Composite Index (GSE-CI) at the end of 2017 posted a much higher return of 52.73% compared with 2016's return of 15.33%. The market Capitalization at the end of 2017 was GH¢ 58,803.96m compared with the previous year's position of GH¢52,690.99m representing a growth of 12.46 percent. The CM Fund posted a year-to-date return of 24.89 percent for the year under review.

It is our hope that you maintain the long term perspective to the CM Fund and be assured that we commit to identifying and seizing the best opportunities to further the growth of the Fund.

We appreciate the confidence reposed in us and look forward to a prosperous 2018.

CM FUND LIMITED REPORT OF DIRECTORS

The Directors have pleasure in submitting the financial statements of the Fund for the period ended December 31, 2017.

Statement of directors' responsibility

The Directors are responsible for the preparation of financial statements for each financial year, which give a true and fair view of the state of affairs of the Fund in accordance with International Financial Reporting Standards and in a manner required by the Companies Act, 1963 (Act 179), the Securities and Exchange Regulations 2003, (LI 1728) and the Unit Trust and Mutual Funds Regulations 2001, (LI 1695). In preparing these financial statements, the Directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards (IFRS) and complied with the requirements of the Companies Act, 1963 (Act 179).

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

Nature of business

The principal activity of the Fund is to invest the monies of its members for their mutual benefit and to hold and arrange for the management of CM Fund investment securities acquired with such monies.

The Fund is licensed by the Securities and Exchange Commission to operate as an authorized mutual fund.

Report on the Financial Statements

The results for the year are shown in the Statement of Comprehensive Income in the financial statements. The Fund recorded a total comprehensive income of GHc468,828 in 2017 as against GHc359,050 in 2016. The Increase in net income is attributed to higher volume of money market investments, gains on stocks and dividend income during the year.

Distribution policy

The Fund does not distribute income. All income earned is reinvested. Shareholders should be aware that the prime objective of the Fund is to achieve capital growth and as such income is reinvested to take advantage of the effects of compounding.

Change in Financial Reporting Framework

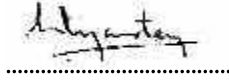
The Fund, for the first time in 2017, moved from using the Ghana National Accounting Standards (GNAS) to the International Financial Reporting Standards (IFRS) in the preparation of its financial statements.

Auditors

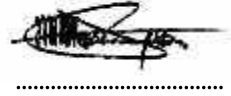
The Auditors Bla & Associates will continue in office in accordance with Section 134(5) of the Ghana Companies Act (Act 179).

Approval of Financial Statements

The financial statements of the Fund were approved by the Board of Directors on 27th day of April, 2018 and were signed on their behalf by:



.....
Director



.....
Director

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF CM FUND LIMITED

Opinion

We have audited the financial statements of CM Fund Limited, which comprise the statement of financial position as at December 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of CM Fund Limited as of December 31, 2017 and of its financial performance and its cash flows for the year then ended and are in accordance with International Financial Reporting Standards and comply with the Companies Act, 1963 (Act 179) and Unit Trust and Mutual Funds 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 Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as the Board of Directors determine 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 Board of Directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Fund'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 International Standards on Auditing will always detect a material

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism 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 Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' 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 Fund'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 Fund to cease to continue as a going concern.

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

We communicate with the Board of Directors 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 requirement of section 133 of the Companies the Companies Act, 1963, (Act 179) and the Securities and Exchange Regulations 2003, (LI 1728) and the Unit Trust and Mutual Funds Regulations 2001, (LI 1695),

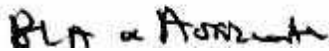
We confirm that:

I. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

II. In our opinion proper books of accounts have been kept by the Fund, so far as appears from our examination of those books, and

III. The statement of financial position and the statement of comprehensive income of the Fund are in agreement with the books of accounts.

The engagement partner on the audit resulting in the independent auditor's report is **Bossman Nii Laryea Laryea (ICAG/P/1025)**



Bossman Nii Laryea Laryea (ICAG/P/1025)

For and on behalf of

BLA & ASSOCIATES (ICAG/F/2018/085)

Chartered Accountants

P. O. Box AB 295,

Abeka-Accra

DATED 27th April, 2018

PORTFOLIO MANAGER'S REPORT

2017 marked the tenth (10th) anniversary of the CM Fund. We have over the years provided value since the inception of the Fund.

Economic Review

In its World Outlook Report, the IMF projects Ghanaian economy to grow by 9.00% in 2018. The projection is based on pick-up in crude production and some policy measures that government is implementing to stabilize the economy. This is based on the favourable International Tribunal for the Law of the Sea (ITLOS) ruling and its impact on Foreign Direct Investments for Ghana.

The Ghana Stock Exchange recorded a positive return of 52.73 percent during the period under review. The sterling performance of the equity market was largely due to the consistent drop in the inflation rates throughout the year from January with the foreign exchange market remaining relatively stable compared to 2016. The fast rate of growth of the GDP and the availability of energy to power industry were among a host of factors that spurred the high returns of the GSE.

Portfolio Performance

The CM Fund made a return of 24.89% during the period under review. This performance was driven particularly by returns from fixed income instruments. In spite of the remarkable performance of the Ghana Stock Exchange (GSE), we were cautious about venturing into the stock market as the year 2017 was considered the turning point of the GSE from its bearish behavior to a bullish one. We therefore, sought out other high yielding fixed income investments to drive returns.

At the end of the 2017, the Fund had increased in price from GHS 0.6553 on January 02, 2017 to GHS 0.8173 as shown in the graph below;

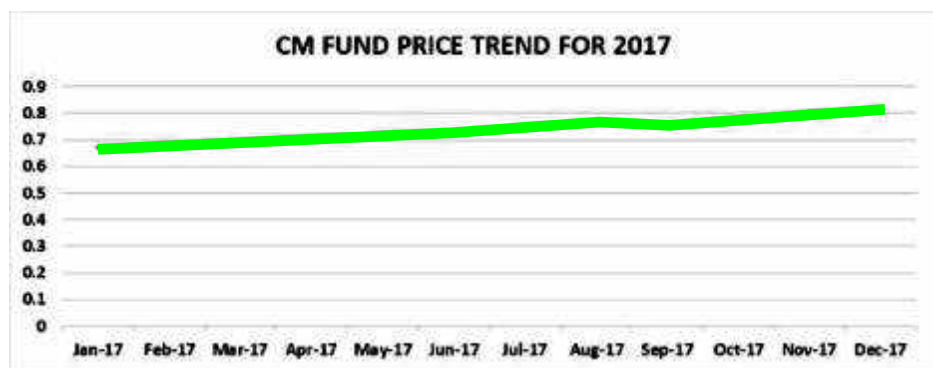


Figure 1: Price movement during the year

Portfolio Composition

	Money Market	Capital Market	Total
Finance Houses	32.47%	N/A	75.30%
Banks (Premium Bank, formerly City Invest. Ltd)	21.76%	N/A	
Commercial Papers	17.73%	N/A	
Cash	3.34%	N/A	
Financial Stocks	N/A	13.76%	24.70%
Consumer Stocks	N/A	5.20%	
Energy (Petroleum) Stocks	N/A	5.74%	
Total			100.00%

Table 1. Portfolio Composition



Fig. 2. Asset Allocation

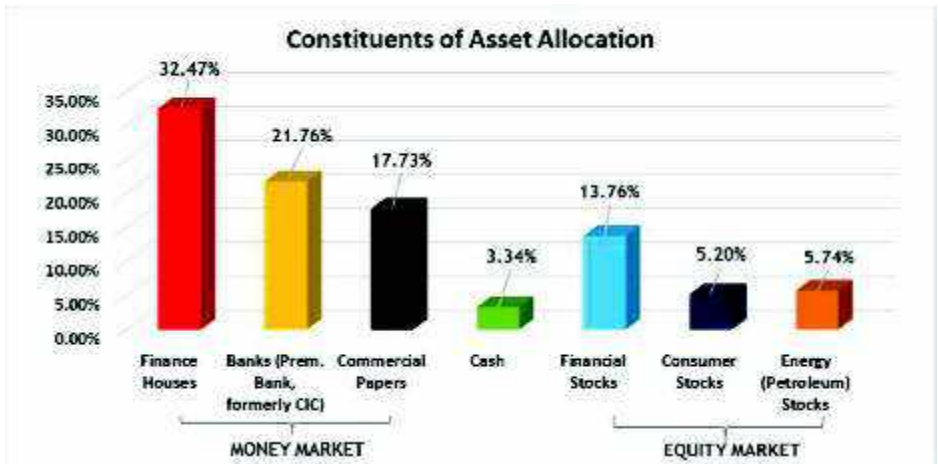


Fig. 3 Composition of Assets

Portfolio Summary

Parameter	31st Dec., '16	31st Dec., '17	(%) Change
Price	0.6544	0.8173	24.89%
AUM (GHS)	2,902,996.26	4,291,360.09	47.83%
Shareholders	1,925	2,162	12.31%
Units Outstanding	4,240,796.37	6,768,048.38	59.59%

Table 2: Summary of the CM Fund Performance

Outlook & Strategy

The Ghana Stock Exchange is expected to show an improved performance as the yield on money market instruments fall and clients shift focus unto the capital market. In view of the above we intend to increase the equity holdings of the portfolio so as to maximize gains from the capital market.

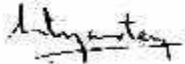
As a strategy to increase the Assets Under Management (AUM), the Fund Manager is looking to expand its collections vehicles. Key to this is the intent to capitalize on the Mobile Money Inter-operability proposed for implementation by the Bank of Ghana in the forthcoming year.

Contributors will therefore be able to make payments directly from their Mobile Money wallets and bank accounts directly into their CM Fund accounts. We are additionally looking into getting our other bankers to grant us access to originate standing order instructions to increase collections.


*Clarkson Duku Acheampong - (CA. Gh; MBA Finance)
Portfolio Manager*

CM FUND LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	NOTES	2017 GH¢	2016 GH¢
ASSETS			
Bank and Cash Balance	5	143,174	37,778
Receivables	6	391	3,400
Listed Securities	8	1,060,200	134,535
Held-To-Maturity Securities	7	<u>3,087,746</u>	<u>2,746,677</u>
TOTAL ASSETS		<u>4,291,511</u>	<u>2,922,390</u>
EQUITY			
Unitholders' Fund	16	2,536,122	1,636,185
Retained Earnings	16	1,684,056	1,368,901
Net Unrealized Gains	16	<u>51,127</u>	<u>(102,547)</u>
TOTAL EQUITY		<u>4,271,305</u>	<u>2,902,539</u>
LIABILITY			
Payables	18	<u>20,206</u>	<u>19,851</u>
TOTAL LIABILITY		<u>20,206</u>	<u>19,851</u>
TOTAL EQUITY AND LIABILITY		<u>4,291,511</u>	<u>2,922,390</u>



 Director



 Director

The notes on pages 19 to 27 are an integral part of these financial statements

CM FUND LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

		2017 GH¢	2016 GH¢
	NOTES		
Interest Revenue	9	701,846	658,729
Dividend Income	10	18,544	12,379
Other Income	11	<u>981</u>	<u>5,616</u>
TOTAL INCOME		<u>721,371</u>	<u>676,724</u>
Administrative Expenses	12	(120,377)	(88,737)
Selling and Promotion Expenses	13	(2,348)	(1,519)
Finance Cost	14	(2,628)	(983)
Other Expenses	15	<u>(280,863)</u>	<u>(149,682)</u>
TOTAL OPERATING EXPENSE		<u>406,216</u>	<u>240,921</u>
Net Investment Income		315,155	435,803
Fair Value Gains on available-for-sale-securities	19	<u>153,673</u>	<u>(76,753)</u>
TOTAL COMPREHENSIVE INCOME		<u>468,828</u>	<u>359,050</u>

The notes on pages 19 to 27 are an integral part of these financial statements

CM FUND LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Unitholders' Fund GH¢	Fair Value Reserve GH¢	Retained Earnings GH¢	Total GH¢
Balance as				
As at 1 January 2017	1,636,185	(102,547)	1,368,901	2,902,539
Profit for the year	-	-	315,155	315,155
Proceeds from Unit Issue	1,630,988	-	-	1,630,988
Fair Values Gains	-	153,673	-	153,673
Units Redeemed	(731,051)	-	-	(731,051)
Balance as at
31 December 2017	<u>2,536,122</u>	<u>51,127</u>	<u>1,684,056</u>	<u>4,271,305</u>
Balance as				
As at 1 January 2016	1,637,490	(25,794)	933,098	2,544,794
Profit for the year	-	-	435,803	435,803
Proceeds from Unit Issue	534,857	-	-	534,857
Fair Values Gains	-	(76,753)	-	(76,753)
Units Redeemed	(536,162)	-	-	(536,162)
Balance as at
31 December 2016	<u>1,636,185</u>	<u>(102,547)</u>	<u>1,368,901</u>	<u>2,902,539</u>

The notes on pages 19 to 27 are an integral part of these financial statements

CM FUND LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES	2017 GH¢	2016 GH¢
Cash Flow from Operating Activities		
Net Investment Income	315,154	435,803
Changes in Working Capital:		
Receivables	(391)	214,844
Payables	<u>3,756</u>	<u>6,556</u>
Net Cash Flow from Operating Activities	<u>318,519</u>	<u>657,203</u>
Cash Flow from Investment Activities		
Changes in Listed Securities	(925,665)	68,860
Changes in Held-To-Maturity Investment	<u>(341,068)</u>	<u>(665,508)</u>
Net Cash Flow from Investing Activities	<u>(1,266,733)</u>	<u>(596,648)</u>
Cash Flow from Financing Activities		
Proceeds from Unit Issue	1,630,988	534,858
Units Redeemed	(731,051)	(536,162)
Unrealized Gains	<u>153,673</u>	<u>(76,753)</u>
Net Cash Flow from Financing Activities	<u>1,053,610</u>	<u>(78,057)</u>
Net Increase/ (Decrease) in Cash and Cash Equivalent	105,396	(17,502)
Cash and Cash Equivalent at 1 January	<u>37,778</u>	<u>55,280</u>
Cash and Cash Equivalent at 31 December	<u>143,174</u>	<u>37,778</u>

The notes on pages 19 to 27 are an integral part of these financial statements

CM FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

CM Fund Limited is a limited liability company incorporated and domiciled in Ghana. The address of its registered office is, 1st Floor, House No. D 921/3, Post Office Square, off High Street, P.O. Box GP 14198 Accra.

2. DESCRIPTION OF THE FUND

It is an open-ended balanced mutual fund established in 2007 with an unlimited duration. The authorized business of the Fund is to achieve a long-term capital growth by investing in a diversified portfolio of equity securities listed on the Ghana Stock Exchange and other money market securities of acceptable credit quality.

3. FIRST TIME ADOPTION OF IFRS

These Financial Statements, for the year ended 31st December, 2017 are the first the Fund has prepared in accordance with IFRS. For the periods up to and including the year ended 31st December, 2016, the Fund prepared its Financial Statements in accordance with the Ghana National Accounting Standards.

Accordingly, the Fund has prepared the Financial Statements for the period ending 31st December, 2017 together with the comparative period's data as at and for the year ended 31st December, 2016 as described in the accounting policies.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1. Statement of Compliance

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

4.2. Basis of Accounting

The financial statements have been prepared on a historical cost basis except for available-for-sale financial assets and other financial instruments that are measured at fair value as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are presented in Ghana Cedi (GH¢). The Fund presents its statement of financial position in order of liquidity.

4.3. Revenue Recognition

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

4.3.1 Interest Revenue

Interest revenue is recognised in the Statement of Comprehensive Income for all interest bearing financial instruments using the accrual method.

4.3.2 Dividend Income

Dividend income is recognised through the Statement of Comprehensive Income if the qualifying date falls within the year under review.

4.4 Valuation of Investments

Securities listed on a stock exchange or traded on any other organized market are valued at the last available market price on the relevant valuation day.

Securities that are actively traded on the over-the-counter market are valued at the mean between the most recently quoted bid and offer prices provided by the principal brokers. Securities and assets for which market quotations are not readily available are valued at fair values as determined in good faith by or under the direction of the Board of Directors. Short-term debt securities having a maturity of ninety-one days or less are valued at amortised cost.

4.5. Foreign Currencies

In preparing the financial statements of the Fund, transactions in currencies other than the Fund's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

4.6 Distribution Policy

The Fund does not distribute income. All income earned is reinvested. Unitholders should be aware that the prime objective of the Fund is to achieve capital growth and as such income is reinvested to take advantage of the effects of compounding.

5. BANK AND CASH BALANCE

	2017 GH¢	2016 GH¢
Standard Chartered Bank - Custody Account	127,155	23,770
GCB Bank - Collection Account	8,480	11,050
GT Bank - Collection Account	<u>7,539</u>	<u>2,958</u>
	<u>143,174</u>	<u>37,778</u>

6. RECEIVABLE

The receivable comprise of dividend income due to the Fund for the period under review. As at the year ended 31st December, 2017, the Fund had Unilever Ghana dividend to be received as detailed below:

	2017 GH¢	2016 GH¢
Unilever Ghana Dividend	391	-
Ecobank Ghana Dividend	<u>-</u>	<u>3,400</u>
	<u>391</u>	<u>3,400</u>

7. HELD-TO-MATURITY SECURITIES

	2017 GH¢	2016 GH¢
91 Day Fixed Income	-	42,592
182 Day Fixed Income	-	1,570,527
273 -365 Day Fixed Income	<u>3,087,746</u>	<u>1,133,558</u>
	<u>3,087,746</u>	<u>2,746,677</u>

8. LISTED SECURITIES - 2017

	<u>No. of Shares</u>	<u>Price</u>	<u>Market Value GH¢)</u>
CAL	25,000	1.08	27,000
TOTAL	50,000	3.53	176,500
FML	5,000	17.70	88,500
GCB	20,000	5.05	101,000
EGH	9,400	7.60	71,440
SCB	10,000	25.25	252,500
UNIL	10,500	12.84	134,820
GOIL	26,000	2.69	69,940
SOGEGH	20,000	0.82	16,400
EGL	33,000	3.70	<u>122,100</u>
			<u>1,060,200</u>

LISTED SECURITIES - 2016

CAL	20,000	0.75	15,000
TOTAL	21,760	1.98	43,085
FML	500	11.14	5,570
GCB	12,000	3.56	42,720
EGH	4,400	6.40	<u>28,160</u>
			<u>134,535</u>

Listed Securities represents shares that are quoted on the Ghana Stock Exchange. These have been classified as financial instrument at fair value through profit and loss. Net changes in held for trading financial assets have been recognized in the Statement of Comprehensive Income.

9. INTEREST REVENUE

	2017 GH¢	2016 GH¢
91 Day Fixed Income	7,441	53,330
182 Day Fixed Income	65,856	585,198
273 -365 Day Fixed Income	<u>628,549</u>	<u>20,201</u>
	<u>701,846</u>	<u>658,729</u>

10. DIVIDEND INCOME

	2017 GH¢	2016 GH¢
CAL	-	1,785
TOTAL	1,263	4,110
FML	-	48
GCB	6,992	3,036
EGH	7,167	3,400
SCB	2,731	-
UNIL	391	-
GOIL	-	-
SOGEGH	-	-
EGL	-	-
	<u>18,544</u>	<u>12,379</u>

11. OTHER INCOME

	2017 GH¢	2016 GH¢
Redemption fees	<u>981</u>	<u>5,616</u>

12. ADMINISTRATIVE EXPENSE

	2017 GH¢	2016 GH¢
Fund Management Fee	86,684	64,267
Custodian Expenses	14,728	10,305
Auditors Remuneration	5,425	5,381
Directors Remuneration	1,900	2,000
Subscription	1,000	-
Printing & Stationary	5,426	2,520
Telephone & Postage	863	700
Office Expenses	1,677	1,564
Software Maintenance fees	<u>2,674</u>	<u>2,000</u>
	<u>120,377</u>	<u>88,737</u>

13. SELLING & PROMOTION EXPENSE

	2017 GH¢	2016 GH¢
Marketing and Advertising	<u>2,348</u>	<u>1,519</u>

14. FINANCE COST

	2017 GH¢	2016 GH¢
Bank Charges	<u>2,628</u>	<u>983</u>

15. OTHER EXPENSES

The Other Expenses represents any form of expenses other than Administrative, Selling and Promotion and Finance Cost, including redemption expenses. The Redemption expenses consist of the capital gains accumulated on Unitholders' investments which is not distributed based on the Income Distribution Policy of the Fund. These gains are recognized as part of the investment income to the Fund over the period. The Fund recognizes it as an expense when Unitholders redeem their investments.

	2017 GH¢	2016 GH¢
Redemption Expenses	<u>280,863</u>	<u>149,682</u>

16. **CAPITAL AND RESERVE**

i. **Unitholders' Fund**

The Capital of the Fund represents the Unitholders' contribution towards the Fund. This can vary from time to time depending on the units subscribed and redeemed over the period. The Fund is not subjected to external capitalization and has no legal restriction on the issue, repurchase or resale of redeemable shares beyond those included in the scheme particulars of the Fund. The objectives for managing capital are:

- To undertake investments that meets the description, risk exposure and expected return of the Fund as indicated in the scheme particulars
- To achieve consistent returns while safeguarding capital by investing in diversified portfolio, by participating in money market and other capital market.
- To maintain sufficient liquidity to meet the expenses of the Fund as well as redemption requests from Unitholders.

	2017 GH¢	2016 GH¢
Balance as at 1 January 2017	1,636,185	1,637,490
Proceeds from Unit issue	1,630,988	534,857
Value of Unit redeemed	<u>(731,051)</u>	<u>(536,162)</u>
Balance as at 31 December 2017	<u>2,536,122</u>	<u>1,636,185</u>
Units as at January 2017	4,436,146	4,754,774
Units issued	2,331,902	897,568
Unit Redeemed	<u>(1,541,886)</u>	<u>(1,541,886)</u>
Units Outstanding as at 31 December 2017	<u>5,226,162</u>	<u>4,436,146</u>

ii. **Nature and Purpose of Reserves**

Fair Value Reserve

This includes the cumulative net-changes in the fair value of available for sale investments.

	2017 GH¢	2016 GH¢
Market Value of securities	1,060,200	134,535
Net changes during the year	<u>(1,009,073)</u>	<u>(237,082)</u>
Net Unrealized Gains/ (Loss)	<u>51,127</u>	<u>(102,547)</u>

Retained Earnings

This represents the residual of cumulative annual profit that are available for distribution to Unitholders.

	2017 GH¢	2016 GH¢
Retained Earnings	<u>1,684,056</u>	<u>1,368,901</u>

17. **Contingencies and Commitments**

The Fund operates in the financial service industry and is subject to legal proceedings in the normal course of business. As at the reporting date, there were no potential or threatened legal proceedings, for or against the Fund. There are no contingencies associated with the Fund's compliance or lack of compliance with regulations.

18. **PAYABLES**

	2017 GH¢	2016 GH¢
Fund Management Fee	9,089	6,177
Custodian Fee	1,826	795
Auditors Remuneration	5,425	3,830
Sundry Creditors	<u>3,866</u>	<u>9,049</u>
	<u>20,206</u>	<u>19,851</u>

19. FAIR VALUE ON AVAILABLE FOR SALE

	2017 GH¢	2016 GH¢
Value of Equities at 31 December 2017	1,060,200	134,535
Value of Equities at 1 January 2017	(134,535)	(203,395)
Value of Equities purchased during the period	<u>(771,992)</u>	<u>(7,893)</u>
Fair Value Gains/ (Loss) for the period	<u>153,673</u>	<u>(76,753)</u>

20. RELATED PARTIES TRANSACTION

Parties are considered related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one party controls both. The definition of related party includes the Fund Manager (SDC Capital Limited), Custodian (Standard Chartered Custody) and the Non-Executive Directors of the Fund.

i. Fund Manager (SDC Capital Limited)

The Fund Manager is entitled to receive a management fee of 2.5% per annum calculated on the Net Asset value of the Fund. Management fees are payable monthly in arrears. For the year ending 2017, total management amounted to GH¢86,684.

ii. Custodian (Standard Chartered Custody)

The Custodian carries out the usual duties regarding custody, cash and securities deposit without any restrictions. This means that the Custodian is, in particular, responsible for the collection of dividend, interest and proceeds of maturing securities, the exercise of options and, in general, for any other operation concerning the day-to-day administration of the Fund.

The total Custodian and administration fee for the year 2017 amounted to GH¢14,728.

iii. Non-Executive Directors

During the year 2017, the Directors' remuneration consisted only of sitting allowances which amounted to GH¢1,900.

21. FINANCIAL RISK MANAGEMENT

i. Objective and Policy

The Fund's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing controls, identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

i. Risk Management Structure

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

i. Risk Measurement and Reporting System

The Fund's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on statistical models.

The models make use of the probabilities derived from historical experience, adjusted to reflect the economic environment. Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of Directors. These limits reflect the business strategy including the risk that the Fund is willing to accept in the market environment. In addition, the Fund monitors and measures the overall risk in relation to the aggregate risk exposure across all risk types and activities.

22. TAXATION

Under section 42 of Securities Industry Law, 1993 P.N.D.C.L. (333), mutual funds are not liable to pay income tax or any other tax including levy in respect of income on profits or gains derived by it from any source.



PROXY FORM

ANNUAL GENERAL MEETING to be held at 10.00 am on 25th July, 2018 at Teachers Hall, Accra.

I/We.....
.... being a member of the CM Fund Limited hereby appoint
.....

.....or failing him, the chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held at Teachers Hall on Thursday, 25th July, 2018 at 10.00am and at any adjournment thereof.

Dated thisday of.....2018

.....
Shareholders Signature

Resolution	For	Against
To receive the 2017 Annual Reports		

Please indicate with 'X' in the appropriate box how you wish your votes to be cast on the resolution set out above. Unless otherwise instructed the proxy will vote or abstain from voting at his discretion.



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