



CM FUND



ANNUAL REPORT
2021

BLA & ASSOCIATES
CHARTERED ACCOUNTANTS



CM Fund Limited

2021 ANNUAL REPORT



**CM FUND LIMITED
NOTICE OF ELEVENTH 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 Friday, 29th July, 2022 at 10a.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, 2021.
2. To report on the Performance of the Fund
3. To approve the remuneration of the auditors.
4. To approve Directors' remuneration.
5. To ratify the appointment of Mr. Nicholas Adamtey as a Director.
6. 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, F155/6, Orphans Crescent, North Labone, Accra.

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CORPORATE INFORMATION

SDC CAPITAL LIMITED

FUND MANAGER	 Hse No. F155/6, Orphans' Crescent, North Labone, Accra – Ghana
REGISTERED OFFICE	 P.O. Box GP 14198 Accra – Ghana
	 Accra - +233 (0) 302 786 75 4 Kumasi - +233 (0) 322 397 41 4
	 www.sdccapital.com.gh
	 capital@sdccapital.com.gh GhanaPost GPS – GL-02777298

DIRECTORS	Emile Yartey Dr. Reginald Hansen – Thompson (Nii Hansen V) Mathias Dorfe
CUSTODIAN	Guaranty Trust Bank (Ghana) Limited 25A, Castle Road, Ambassadorial Area, Ridge PMB CT 416, Cantonments, Accra – Ghana
AUDITORS	BLA & Associates Chartered Accountants P.O. Box AB 295 Abeka – Accra
BANKERS	Guaranty Trust Bank Limited GCB Bank Standard Chartered Limited

PROFILE OF DIRECTORS



**EMILE YARTEY
(CHAIRMAN)**

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 Assistant Vice President in charge of Business Banking in 1996. He afterwards joined GCB Limited 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 Limited and a member of the Board of the Accra Markets Limited.



**Dr. Reginald Hansen-
Thompson (Nii Hansen V)
Director**

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.

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 DORFE
DIRECTOR

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 result 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).

CHAIRMAN'S STATEMENT TO SHAREHOLDERS

We welcome you all to the 11th Annual General Meeting of CM Fund Ltd and appreciate your commitment to CM Fund as your preferred investment destination. The main business of the day is to present to you the annual report and the financial statements for the year ended December 31, 2021.

GLOBAL ECONOMIC REVIEW

The war in Ukraine has triggered a costly humanitarian crisis that demands a peaceful resolution to quickly check the impact on the world economy. Economic damage from the conflict will contribute to a significant slowdown in global growth in 2022 and beyond. As a result of the war, there will be worldwide spillovers through commodity markets, trade, and financial channels. Fuel and food prices have increased rapidly, with vulnerable populations, particularly in low-income countries, the most affected.

Although many parts of the world appear to be moving past the acute phase of the COVID-19 crisis, deaths remain high, especially among the unvaccinated. Moreover, recent lockdowns in key manufacturing and trade hubs in China will likely compound supply disruptions elsewhere.

Global growth is projected to slow down from an estimated 6.1 percent in 2021 to 3.6 percent in 2022. Worsening supply and demand imbalances including those stemming from the war and further increases in commodity prices could lead to persistently high inflation. Inflation in advanced economies is projected at 5.7% and 8.7% for emerging market and developing economies, as a result of war-induced commodity price increases and broadening price pressures. If signs emerge that inflation will be high over the medium term, central banks will be forced to react faster than currently anticipated.

THE GHANAIAN ECONOMY

Gross Domestic Product (GDP) grew 5.4% last year compared with the Ministry of Finance's projected 5.1%. This was due to a strong growth of 7% in the fourth quarter buoyed by the agriculture and services industries.

On the interbank market, the Ghana cedi ended last year with a depreciation of 3.93% to the dollar as compared with 5.36% in 2020. The Cedi depreciated against the Pound Sterling by 2.88% as compared to 9.48% in 2020. At the end of 2021, it appreciated against the Euro by 2.36% as compared to the 16.81% depreciation in 2020.

At the end of 2021, inflation grew to 12.60% against 10.40% at the end 2020. The rate subsequently rose sharply from the December 2021 rate of 12.60% to 23.60% in April 2022. The upward trend is expected to continue into the year as fuel prices and utility prices see increments. The combined effect of these increases are expected to lead to increased costs of transportation, and invariably costs of production, which are expected to be passed on to consumers.

Government's Monetary Policy Committee (MPC), in an effort to stem the rising rate of inflation is expected to increase the MPC rate as it did when inflation grew to 15.70% at the end of the first quarter. With inflation at 23.60%, the Committee is expected to further raise the MPC Rate which will result in increased interest rates on the money markets.

MARKET REVIEW

The Ghana Stock Exchange Composite Index (GSE-CI) made a return of 43.66% in 2021, with Market Capitalization of GHS 64,495.20m. This compares favourably with the negative return of 13.98% and Market Capitalization of GH¢54,374.88m in 2020. The CM Fund made a return of 17.05 percent outperforming its benchmark return (i.e. Weighted Average Return of GSE-CI & 91 Day T Bill) of 16.47 percent.

Although 2022 is anticipated to be a challenging year, as a result of the fallout from the Russian – Ukraine war and the gradual return to normalcy from the COVID pandemic, we cannot overemphasize the importance of investing with the Fund, which reliably met the needs of shareholders during the pandemic.

As a Board, we assure you that shareholders’ and CM Fund’s interests shall continue to be our topmost priority.



REPORT OF THE DIRECTORS TO SHAREHOLDERS

Report of the Directors

The Directors present herewith, their report together with the audited financial statements of the Fund for the year ended 31st December, 2021.

Statement of Directors Responsibilities

The Directors are responsible for the preparation of financial statements for each financial year, which gives 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, 2019 (Act 992) and 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, 2019 (Act 992).

The Directors are also 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

Financial Results

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 **GHC3,175,022** in 2021 as against **GHC1,129,317** in 2020. The Increase in net income is attributed to higher volume of Fixed Income investments.

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.

Going Concern

The Directors believe that the Fund has adequate resources to continue in operation for the foreseeable future and accordingly the year Financial Statements have been prepared on a going concern basis. The Directors have satisfied themselves that the Fund is in a sound financial position and that revenue from the assets under management would be enough to meet its foreseeable cash requirements. The Directors are not aware of any new material changes that may adversely impact the Fund. The Directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Fund.

Litigation Statement

There are no legal or regulatory actions, suits or proceedings pending, nor, to the Fund's knowledge, any legal or regulatory audit or investigations, to which the Fund is the subject that, individually or in the aggregate, if determined adversely to the Fund, would reasonably be expected to have a material adverse impact on the business or its assets.

Capacity Building

The Fund ensures that only fit and proper persons are appointed to the Board after obtaining the necessary approvals from the Securities and Exchange Commission (SEC).

On appointment to the Board, Directors are provided with full, formal and tailored programmes of induction, to enable them gain in-depth knowledge about the Fund's operations, the risk and challenges faced, the economic knowledge and the legal and regulatory environment in which the Funds operates. Programmes of strategic and other reviews, together with the other training programmes provided during the year, ensures that Directors continually update their skills, knowledge and familiarity with the Fund's operations. This further provides insights about the industry and other developments to enable them effectively fulfill their role on the Board.

Corporate Social Responsibility

The Fund did not undertake any corporate social responsibility programme during the period under review.

Particulars of entries in the Interests Register

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

Audit Fees


Included in the Administrative expenses for the year is the Auditors' remuneration of GH¢6,500.

Approval of Financial Statements

The financial statements of the Fund were approved by the Board of Directors on 28th April, 2022 and were signed on their behalf by:



.....
Emile Yartey



.....
Dr. Reginald Hansen Thompson
(Nii Hansen V)

INDEPENDENT AUDITOR'S REPORT TO SHAREHOLDERS



BLA & ASSOCIATES

Chartered Accountants & Business Advisors

Office: GPS: GA-260-0309

219/10, Boi Street, Kaneshie

Postal: P. O. Box ABK-295, Accra, Ghana

Phone: 233 (0)24 464 3895; 233 (0)20 877 6929

Email: blaassociates.ghana@gmail.com

Opinion

We have audited the financial statements of CM Fund Limited, which comprise the statement of financial position as at December 31, 2021, 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, 2021 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, 2019 (Act 992) 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:

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

- J 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 137 of the Companies Act, 2019, (Act 992) 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 agree 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)**

BLA & Associates

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For and on behalf of
BLA & ASSOCIATES (ICAG/F/2022/085)
Chartered Accountants
P. O. BOX ABK 295
Abeka Accra

DATED 28th April, 2022

PORTFOLIO MANAGER'S REPORT

Economic Review

Gross Domestic Product (GDP) grew 5.4% last year compared favourably with the Ministry of Finance's projected 5.1%. This was due to a strong growth of 7% in the fourth quarter mainly from the agriculture and services industries. This was a clear indication that the economy was on a positive rebound after COVID-19 and its impact on the global economy.



On the interbank market, the Ghana Cedi ended last year with a depreciation of 3.93% to the Dollar as compared with 5.36% in 2020. It depreciated against the Pound Sterling by 2.88% against 9.48% in 2020. At the end of 2021, it appreciated against the Euro by 2.36% compared to a depreciation rate of 16.81% in 2020.

The Ghana Stock Exchange Composite Index (GSE-CI) made a return of 43.66%, in 2021, with Market Capitalization of GHS 64,495.20. This compares favourably with the negative return of 13.98% and Market Capitalization of GH¢54,374.88 in 2020. The CM Fund made a return of 17.05 percent outperforming its benchmark return (i.e. Weighted Average Return of GSE-CI & 91 Day T Bill) of 16.47 percent.

During the period under review, the 91-day treasury bill dropped from 14.10% to 12.51% while the 182-day bill dropped from 14.15% to 13.20% and the 364-day Bill dropped from 16.97% to 16.57%. The two-, three- and five-year bonds closed the year at 19.75%, 19.00% and 21.00% respectively. The six-, seven- and ten-year Bonds also closed the year at 18.80%, 18.10% and 19.75% in that order. Lending rates are expected to be influenced by the increased Monetary Policy Committee (MPC) rate of 17.00% as at March 2022. With inflation trending upwards, growing from 19.40% as at March 2022

to 23.60% as at April 2022, both borrowing and lending rates are expected to follow the trajectory as the MPC will be expected to adjust rates in line with inflation.

Portfolio Performance

The CM Fund made a return of 17.05% during the period under review compared with its Benchmark (i.e. Weighted Average Return of GSE-CI & 91 Day T Bill), which returned 16.47% (see Table 1 & Fig 2). This performance was driven principally by returns from fixed income investments.

Due to the bullish performance of the stock market, during the period under review, the Portfolio Manager also cautiously increased the Fund's equity holdings, from 3.19% in 2020 to 12% in order maximize returns for shareholders .

The share price of the Fund increased from GHS 1.3670, at the end of 2020 to GHS 1.6001 the end of the 2021, as shown in the graph below;

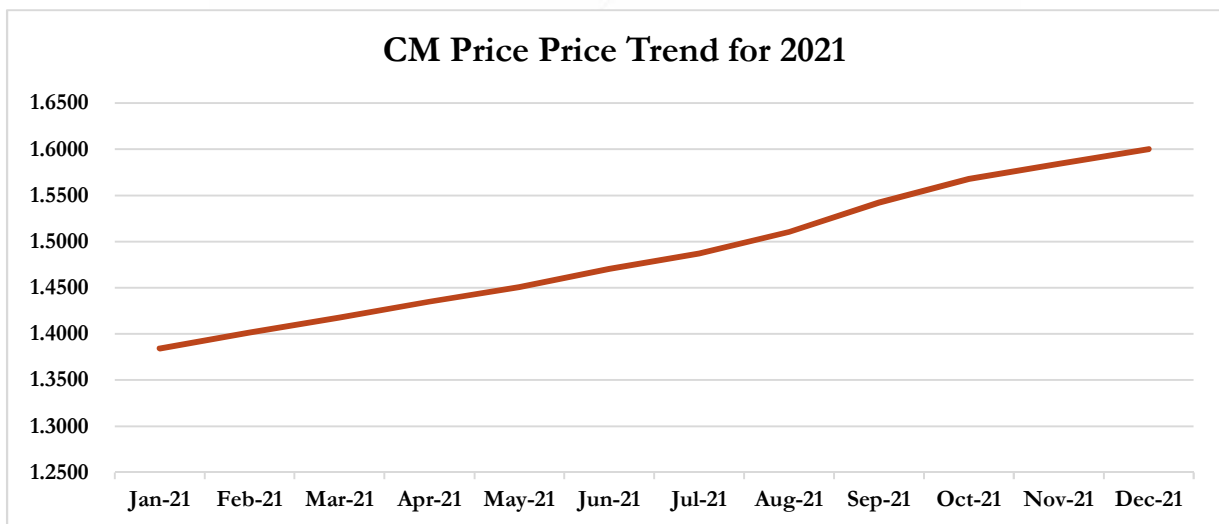
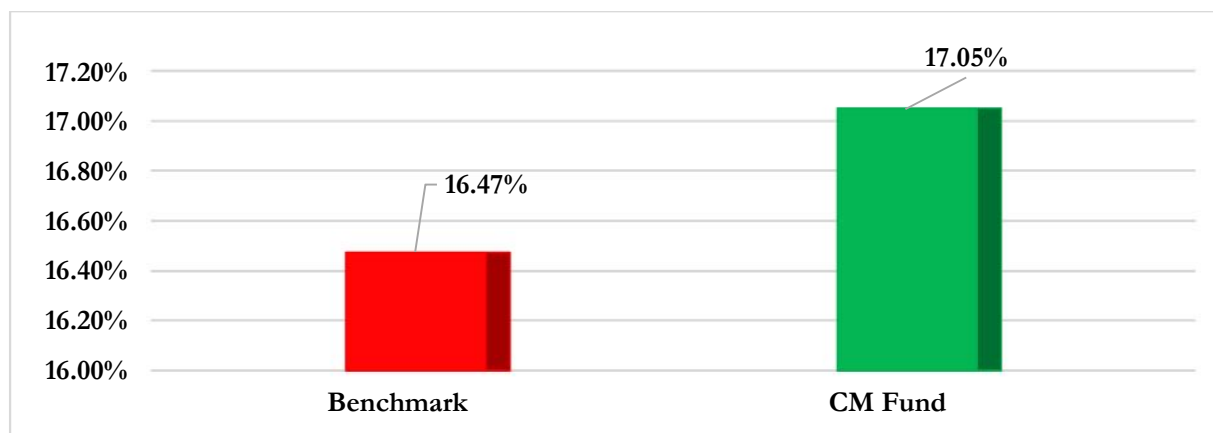


Fig. 1. Price movement during the year

Fig 2. Graphical Representation of the Comparative return of the CM Fund against its Benchmark



Portfolio Composition

Table 2. Portfolio Composition

Asset	Value (GHS 'm)
Cash	0.51
Listed Equities	3.95
Fixed Deposits	5.88
Corporate Notes/ Bonds	18.50
3-5 Year Gov't Bond	2.81
12-Year ESLA Bond	1.57
Total	33.22

Portfolio Summary

Table 3. Summary of the CM Fund Performance

Parameter	31 st Dec., '20	31 st Dec., '21	(%) Change
Price	1.3670	1.6001	17.05%
AUM (GHS)	17,549,083.00	33,220,334.00	89.30%
Shareholders	2,744	2,722.00	-0.80%
Units Outstanding	12,716,090.28	20,683,786.82	62.66%

Outlook & Strategy

Following from the effects of the Russian Ukraine war on the global economy, 2022 is expected to be a challenging year. As energy prices soar due to the gas wars between Russia and most parts of Europe, costs of goods and services are expected to increase at rates faster than growth in per capita income. Cost of living is expected to rise and as Portfolio Manager, we will bear in mind the need to establish strong liquidity buffers to meet shareholders demand for money during these times.


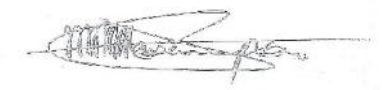
Government, expectedly, will be forced to be innovative in raising revenue to finance its business. It is anticipated that there will be a resort to domestic borrowing implying hikes in interest rates with its corresponding effects on the capital markets. We will, accordingly, align our investment strategies with developments in the money market to maximize returns for shareholders.

Despite the anticipated challenges, shareholders are encouraged to continue to exploit our convenient collections channels (Direct Debit, Mobile Money, Bank transfers etc.) to top up their investments

As Portfolio Managers, we assure you of excellence in customer service delivery and portfolio management within the ensuing year. We expect your continuous support for the Fund during these challenging times.

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		2021 GH¢	2020 GH¢
ASSETS	NOTES		
Bank and Cash Balance	6	510,885	83,374
Listed Equity Securities	8	3,947,866	560,430
Held-To-Maturity Securities	7	28,761,584	16,905,279
TOTAL ASSETS		33,220,334	17,549,083
Shareholders' Contribution	17(i)	25,556,259	13,016,728
Retained Earnings	17(iii)	7,117,198	4,587,739
Fair Value Reserve	17(ii)	423,476	(222,087)
SHAREHOLDERS' FUND		33,096,933	17,382,380
LIABILITY			
Payables	19	123,401	166,703
TOTAL LIABILITY		123,401	166,703
TOTAL SHAREHOLDERS' FUND AND LIABILITY		33,220,334	17,549,083
 Director		 Director	

The notes on pages 25 to 37 are an integral part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR
ENDED 31 DECEMBER 2021**

		2021 GH¢	2020 GH¢
	NOTES		
Interest Income	9	3,711,109	2,080,867
Dividend Income	10	28,420	11,980
Other Income	11	28,608	120
TOTAL OPERATING INCOME		3,768,137	2,092,967
Administrative Expenses	12	(712,049)	(359,961)
Selling and Promotion Expenses	13	-	(550)
Finance Charges	14	(2,486)	(1,802)
Other Expenses	15	(524,143)	(419,690)
TOTAL OPERATING EXPENSE		(1,238,678)	(782,003)
PROFIT FOR THE YEAR		2,529,459	1,310,964
OTHER COMPREHENSIVE INCOME			
<i>Items that are or may be reclassified subsequently to Profit or loss</i>			
Fair Value Gains/(Loss) on FVOCI	20	645,563	(181,647)
TOTAL COMPREHENSIVE INCOME		3,175,022	1,129,317

The notes on pages 25 to 37 are an integral part of these financial statements

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31
DECEMBER 2021**

	Shareholders' Fair Value Fund GH¢	Reserve GH¢	Retained Earnings GH¢	Total GH¢
Balance at 1 January 2021	13,016,728	(222,087)	4,587,739	17,382,380
Profit for the year	-	-	2,529,459	2,528,459
Transactions with Equity Holders				
Proceeds from Shares Issued	14,494,200	-	-	14,494,200
Value of Shares Redeemed	(1,954,669)	-	-	(1,954,669)
Fair Values Gains on FVOCI Financial Instruments		645,563	-	645,563
Balance at 31 December 2021	25,556,259	423,476	7,117,198	33,096,933
Balance at 1 January 2020	4,951,893	(40,440)	3,276,775	8,188,228
Profit for the year	-	-	1,310,964	1,310,961
Transactions with Equity Holders				
Proceeds from Shares Issued	10,709,424	-	-	10,709,424
Value of Shares Redeemed	(2,644,589)	-	-	(2,644,589)
Fair Values Loss on FVOCI Financial Instruments		(181,647)	-	(181,646)
Balance at 31 December 2020	13,016,728	(222,087)	4,587,739	17,382,380

The notes on pages 25 to 37 are an integral part of these financial statements

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER
2021**

	NOTES	2021 GH¢	2020 GH¢
Cash Flow from Operating Activities			
Profit for the period		2,529,459	1,310,964
Changes in:			
Payables	19	(43,302)	72,190
		-----	-----
Net Cash Flow from Operating Activities		2,486,157	1,384,926
		-----	-----
Cash Flow from Investment Activities			
Changes in Listed Securities	16 (i)	(2,741,872)	(104,139)
Changes in Held-To-Maturity Investment	7	(11,856,305)	(9,408,110)
		-----	-----
Net Cash Flow from Investing Activities		(14,598,177)	(9,512,249)
		-----	-----
Cash Flow from Financing Activities			
Proceeds from Shares Issued	17(i)	14,494,200	10,709,424
Value of Shares Redeemed	17(i)	(1,954,669)	(2,644,589)
		-----	-----
Net Cash Flow from Financing Activities		12,539,531	8,064,835
		-----	-----
Net Increase/ (Decrease) in Cash and Cash Equivalent		427,511	(62,488)
Cash and Cash Equivalent at 1 January		83,374	145,862
		-----	-----
Cash and Cash Equivalent at 31 December	6	510,885	83,374
		=====	=====

The notes on pages 25 to 37 are an integral part of these financial statements

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, Hse No F155/6, Orphans Crescent, Labone – Accra, 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. BASIS OF MEASUREMENT

The financial statements have been prepared on a historical cost basis, except for the following material item:

Items	Measurement Basis
Financial assets at FVOCI (applicable from 1 January 2018) – Listed Equity Securities	Fair Value
Financial assets at FVPL	Fair Value

4. FUNCTIONAL AND PRESENTATION CURRENCY

These Financial Statements are prepared in Ghana Cedi, which is the Fund's functional currency. All amounts have been rounded to the nearest Ghana Cedi, unless otherwise indicated.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1. 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).

5.2. 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.

5.3. Revenue Recognition

Revenue is recognized 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 received. 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.

5.3.1. Interest Income

Interest revenue is recognized in the Statement of Comprehensive Income for all interest-bearing financial instruments using the accrual and amortization method. The Fund recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met.

5.3.2. Dividend Income

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

5.4. 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 amortized cost. Financial Assets with fixed interest purchased at a Premium/(Discount) are measured at amortized cost. The Premium/(Discount) is initially recognized as an asset or liability based on the number of days to maturity and amortized as an income/expense over the life of the instrument.

5.6. Foreign Currencies Transactions

In preparing the financial statements of the Fund, transactions in currencies other than the Fund's functional currency (foreign currencies) are recognized 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.

Foreign currency differences arising on translation are recognised in profit or loss.

5.6. 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.

5.7. Cash and Cash Equivalents

Cash and cash equivalents include notes and coins on hand and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments

6. BANK BALANCE

	2021 GH¢	2020 GH¢
Standard Chartered Bank – Collection Account	500	14,730
GCB Bank – Collection Account	7,645	4,928
GT Bank – Custody Account	502,740	63,716
	-----	-----
	510,885	83,374
	=====	=====

7. HELD-TO-MATURITY SECURITIES

	2021 GH¢	2020 GH¢
Fixed Deposits	5,875,944	3,831,045
Corporate Notes/Bonds	18,501,776	8,599,604
2YR Treasury Note	-	93,308
3-5YR Treasury Bond	2,809,508	2,817,688
12YR ESLA P.L.C Bond	1,574,356	1,563,634
	-----	-----
	28,761,584	16,905,279
	=====	=====

8. LISTED EQUITY SECURITIES - 2021

	<u>No. of Shares</u>	<u>Price</u>	<u>Market Value GH¢</u>
CAL	5,771	0.87	5,021
TOTAL	50,000	5.02	251,000
FML	200,000	4.00	800,000
GCB	50,000	5.24	262,000
EGH	20,000	7.60	152,000
SCB	10,000	20.30	203,000
UNIL	50,000	5.89	294,500
GOIL	350,000	1.82	637,000
SOEGEH	33	1.20	40

BOPP	100,000	6.65	665,000
MTN	200,000	1.11	222,000
EGL	163,550	2.79	456,305

			3,947,866
			=====

LISTED EQUITY SECURITIES - 2020

CAL	5,771	0.69	3,982
TOTAL	42,500	2.83	120,275
FML	95,021	1.08	102,623
GCB	30,000	4.05	121,500
EGH	300	7.20	2,160
SCB	8	16.31	130
UNIL	16,012	8.29	132,739
GOIL	13,200	1.50	19,800
SOGEGH	33	0.64	21
BOPP	3,000	2.00	6,000
MTN	80,000	0.64	51,200

			560,430
			=====

Listed Equity Securities represents stocks that are quoted on the Ghana Stock Exchange. These have been classified as financial instrument at fair value through Other Comprehensive Income (FVOCI). Net changes in held for trading financial assets have been recognized in the Statement of Comprehensive Income.

9. INTEREST INCOME

	2021	2020
	GH¢	GH¢
Interest on Held-to-maturity securities	3,700,872	2,073,201
Interest earned – Bank	10,237	7,666
	-----	-----
	3,711,109	2,080,867
	=====	=====

10.	DIVIDEND INCOME	2021 GH¢	2020 GH¢
	Listed Equity Securities (Dividend)	28,420 =====	11,980 =====
11.	OTHER INCOME	2021 GH¢	2020 GH¢
	Redemption fees	7	84
	Amortized Discount	9,863	36
	Other Income	18,738	-
		----- 28,608 =====	----- 120 =====
12.	ADMINISTRATIVE EXPENSE	2021 GH¢	2020 GH¢
	Fund Management Fee	586,569	276,282
	Custodian Expenses	93,849	44,205
	Auditors Remuneration	6,500	7,087
	Directors Remuneration	21,700	21,700
	Subscription	-	500
	Printing & Stationary	-	1,880
	Telephone & Postage	2,135	1,549
	Office Expenses	1,296	1,744
	Software Maintenance fees	-	5,014
		----- 712,049 =====	----- 359,961 =====
13.	SELLING & PROMOTION EXPENSE	2021 GH¢	2018 GH¢
	Marketing and Advertising	-	550
		=====	=====

14. **FINANCE CHARGES**

	2021 GH¢	2020 GH¢
Bank Charges	2,486	1,802
	=====	=====

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 Shareholders' 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 Shareholders redeem their investments.

	2021 GH¢	2020 GH¢
Redemption Expenses	511,573	410,874
Other Expenses	12,570	8,816
	-----	-----
	524,143	419,690
	=====	=====

16. **LISTED EQUITY TRANSACTIONS**

i. **Changes in Listed Equities**

	2021 GH¢	2020 GH¢
Proceeds from Sale of Equities	-	-
Equities purchased during the period	2,741,872	104,139
	-----	-----
Net Cash changes in Listed equities	2,741,872	104,139
	=====	=====

17. **CAPITAL AND RESERVE**

i. **Shareholders' Contribution**

The Capital of the Fund represents the Shareholders' contribution towards the Fund. This can vary from time to time depending on the shares 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:

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

	2021 GH¢	2020 GH¢
Balance as at 1 January	13,016,728	4,951,893
Proceeds from Shares issued	14,494,200	10,709,424
Value of Shares redeemed	(1,954,669)	(2,644,589)
Balance as at 31 December	25,556,259	13,016,728

	Shares	Shares
Shares as at 1 January	12,716,090	6,886,681
Shares issued	9,620,484	7,819,327
Shares Redeemed	(1,652,787)	(1,989,918)
Shares Outstanding as at 31 December	20,683,787	12,716,090

ii. **Nature and Purpose of Reserves**

Fair Value Reserve

This includes the cumulative net-changes in the fair value of Financial Assets measure at FVOCI.

	2021 GH¢	2020 GH¢
Market Value of equity securities	3,947,865	560,430
Cost of equity securities	(3,524,389)	(782,517)
Fair Value reserve	423,476	(222,087)

iii. Retained Earnings

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

	2021	2020
	GH¢	GH¢
Balance at 1 January 2021	4,587,739	3,276,775
Profit for the period	2,529,459	1,310,964
	-----	-----
Retained Earnings	7,117,198	4,587,739
	=====	=====

18. 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.

19. PAYABLES

	2021	2020
	GH¢	GH¢
Fund Management Fee	65,286	36,508
Custodian Fee	36,958	91,117
Auditors Remuneration	6,500	6,037
Account Payables	14,657	33,041
	-----	-----
	123,401	166,703
	=====	=====

The Accounts Payable represents any form of accrued expenses other than Fund management fee, Custody fee and Auditors remuneration. This include accrued software maintenance fee, accrued Directors' emoluments, other operating expenses accrued and outstanding clients' redemptions at the end of the period.

20. **FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)**

	2021	2020
	GH¢	GH¢
Value of Equities at 31 December 2021	3,947,865	560,430
Value of Equities at 1 January 2021	(560,430)	(637,938)
	-----	-----
Net Changes for the period	3,387,435	(77,508)
Value of Equities purchased during the period	(2,741,872)	(104,139)
Value of Equities sold during the period	-	-
Loss on equity disposal during the period	-	-
	-----	-----
Fair Value Gains/ (Loss) for the period	645,563	(181,647)
	=====	=====

21. **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, its parent and any form of association), Custodian (GT Bank 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 2021, total management fee is as follows:

	2021	2020
	GH¢	GH¢
Fund Management Fee	586,569	276,282
	=====	=====

ii. **SDC Finance Limited (Parent of SDC Capital Limited)**

The parent company of SDC Capital Limited (Fund Manager) is SDC Finance Limited. Transactions between SDC Finance Limited and the subsidiaries also meet the definition of related party transactions. The Fund placed investments with SDC Finance in the normal course of business. During the year ended 31 December 2021, the outstanding balances with SDC Finance Ltd are as follows:

	2021	2020
	GH¢	GH¢
Investment	5,875,944	3,831,045
	=====	=====

iii. **Custodian (GT Bank 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 2021 is as follows:

	2021	2020
	GH¢	GH¢
Custody Fees	93,849	44,205
	=====	=====

iv. **Non-Executive Directors**

During the year 2021, the Directors' remuneration consisting of fees and sitting allowances amounted to GH¢21,700 (2020: GH¢21,700).

22. **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.

ii. **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.

iii. **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.

The Fund has exposure to the following risk from Financial instruments:

1. *Liquidity Risk*
2. *Market Risk*
 -)] Interest Rate
 -)] Market Price
 -)] Credit

(1) Liquidity Risk

Liquidity risk is the risk that the Fund will encounter in meeting its obligations associated with the financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities at any point in time. The Fund is exposed to cash redemptions of its shares on a regular basis. Shares are redeemable at the discretion of the holder based on the Net Assets Value (NAV) per share at the time of redemption, calculated in accordance with the Scheme Particulars.

Management of liquidity risk

The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses.

The key element of the Fund's strategy are as follows:

-)] Maintaining a diversified portfolio of highly liquid assets
-)] A portfolio of diversified maturities for financial assets
-)] Requiring a 5-day notice period for processing redemptions

Redemption requests are satisfied by the following means (in decreasing order of priority):

-)] Withdrawal through cash at bank
-)] Disposal of highly liquid asset (i.e. financial assets with shorter maturities)

The Fund invests in highly marketable instruments which under normal market conditions, are readily convertible to cash. In addition, the Fund's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and unexpected redemption requests.

(2) Market Risk

Market risk is the risk that changes in market prices such as interest rates and equity prices which will affect the fair value or future cash flows of financial instruments.

i. Interest Rate Risk

Interest rate risk is the exposure of current and future earning to adverse changes in interest rates. Exposure to interest rates risk can result from a variety of factors, including:

-) difference between the timing of market interest rate changes and the timing of cash flows (repricing risk)
-) changes in market interest rates producing different effects on yields on similar instrument with different maturities (yield curve risk) and
-) changes in the level of market rates producing different effects on rates received on instruments with similar repricing characteristics (basis risk).

The Fund uses the gap analysis to measure its exposure to interest rate risk based on the maturity profile of the portfolio instruments. Through this analysis, the Funds determines the volume of financial assets that mature at various time periods in the future which influences the choice of instruments to buy based on the current market conditions.

31 December 2021	Carrying Amount GH¢	Due in 6 Months GH¢	Due In 1 Year GH¢	Due 2-3 Years GH¢	Over 3 Years GH¢
Held-to-maturity Assets	28.76m =====	7.70m =====	- =====	0.84m =====	20.22m =====
31 December 2020	Carrying Amount GH¢	Due in 6 Months GH¢	Due In 1 Years GH¢	Due 2-3 Years GH¢	Over 3 Years GH¢
Held-to-maturity Assets	16.91m =====	5.55m =====	0.093m =====	0.85m =====	10.42m =====

ii. Price Risk

The Fund is exposed to equity securities price risk because of investments in quoted equities classified as financial assets at fair value through other comprehensive income. To manage this risk, the Fund maintains a diversified portfolio. All quoted equities held by the Fund are traded on the Ghana Stock Exchange (GSE).

iii. Credit Risk

Credit risk is the risk that the counterparty to a financial asset will cause a financial loss for the Fund by failing to discharge an obligation. The Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer unable or unwilling to honour its contractual obligations.

It is the Fund's policy to acquire financial assets from reputable counterparties. The Fund's Manager assesses the creditworthiness of the counterparties by reviewing their credit ratings, financial statements and press releases on regular basis.

23. 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 29th July, 2022 at Teachers Hall, Accra.

I/We..... being a member of 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 Friday, 29th July 2022 at 10.00am and at any adjournment thereof.

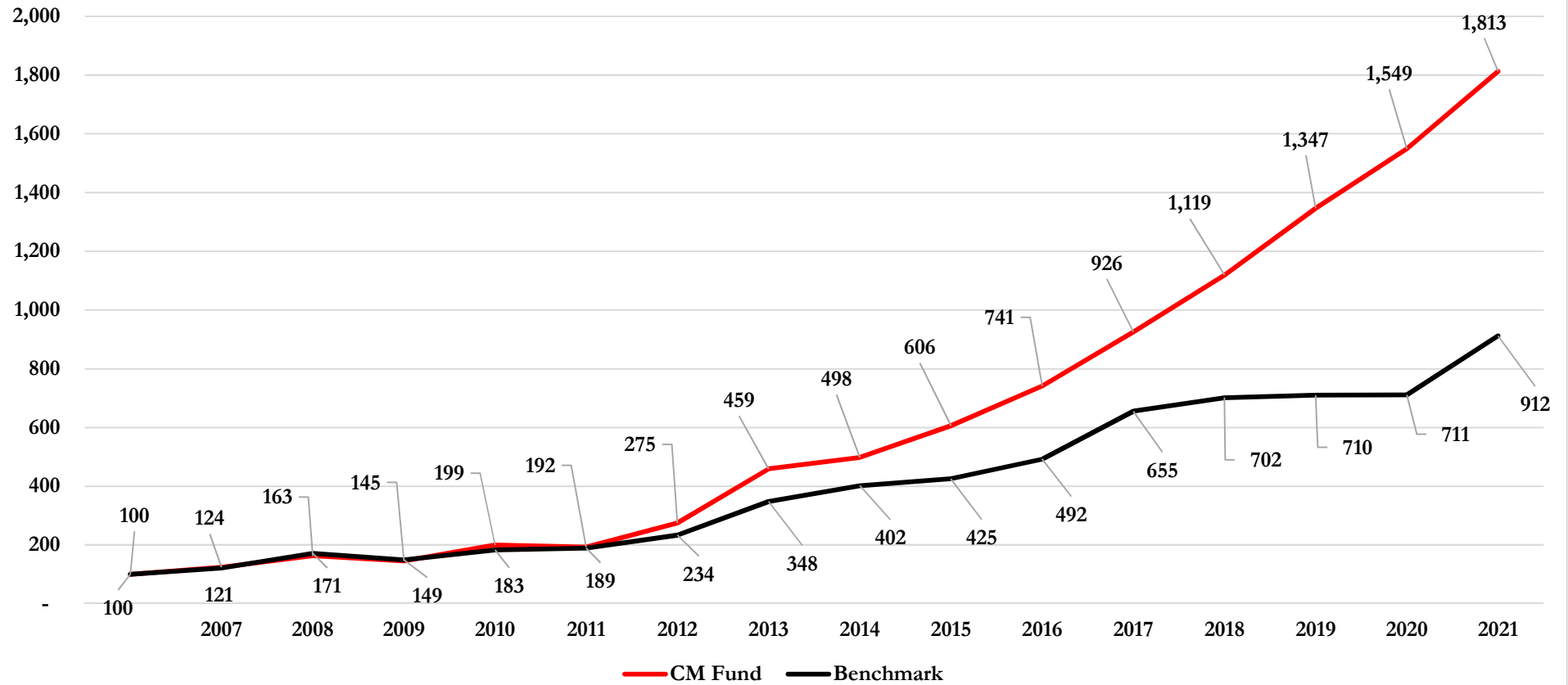
Dated thisday of.....2022


.....
 Shareholders Signature

Resolution	For	Against
) To receive the 2021 Annual Reports		
) To approve the remuneration of Directors		
) To approve the remuneration of the auditors		
) To ratify the appointment of Mr. Nicholas Adamtey as a Director.		

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/her discretion.

Comparative Cum. Growth in value of a GHS 100 investment in CM Fund and its Benchmark since inception till date (2007-2021)





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