



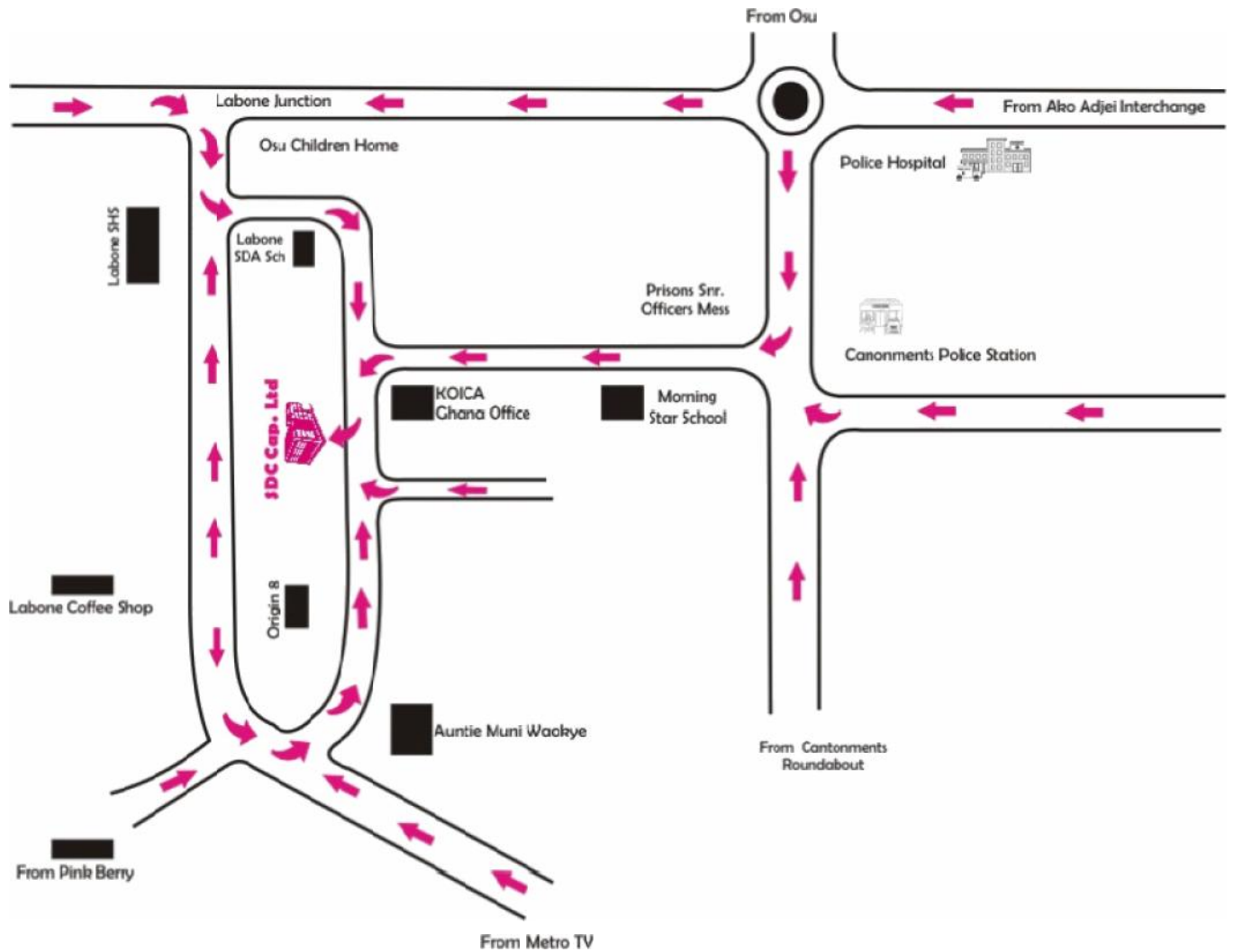
CM FUND



ANNUAL REPORT 2019

BLA & ASSOCIATES
CHARTERED ACCOUNTANTS

Directions to the New SDC Capital Office



CM FUND LIMITED



The New SDC Capital Limited Office, North Labone

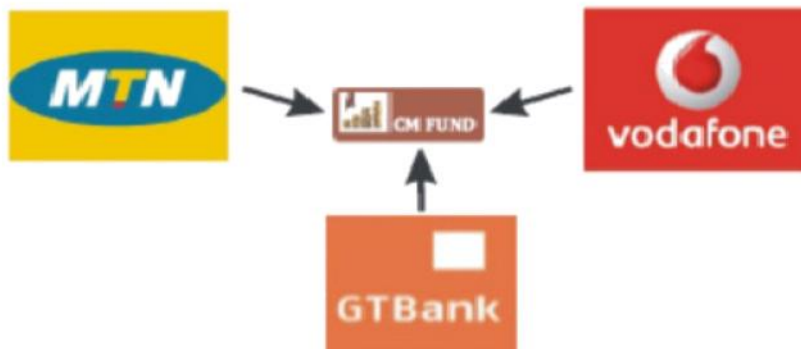
ANNUAL REPORT 2019



HOW TO TOP UP YOUR CM FUND INVESTMENT

1. Dial ***737*70** on your mobile phone
(Vodafone & MTN)
2. Enter your full name, press **SEND**
3. Enter the amount you wish to top up with
(a minimum GHS 50.00) and press **SEND**
4. Select the Wallet you wish to make payment from
(i.e. GT Bank, MTN Mobile Money or Vodafone Cash),
press **SEND**
5. Enter your PIN to confirm the transaction and **SEND**
6. Approve transaction where applicable and **SEND**

Send a screenshot of the successful transaction
notification with the transaction ID via
WhatsApp 0249590380 to confirm receipt of funds.



CM FUND LIMITED
NOTICE OF NINETH 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 Thursday, 30th July, 2020 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, 2019
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, F155/6, Orphans Crescent, North Labone, Accra.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Emile Yartey
Mathias Dorfe
Dr. Reginald Hansen – Thompson (Nii Hansen V)

REGISTERED OFFICE

Hse. No. F155/6
Orphans Crescent, North Labone
Accra – Ghana
GhanaPost GPS GL-02777298
P. O. BOX GP 14198
Accra, Ghana.

CUSTODIAN

Guaranty Trust Bank (Ghana) Limited
25A, Castle Road, Ambassadorial Area, Ridge
P.M.B CT 416, Cantonments, Accra, Ghana

AUDITORS

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

INVESTMENT MANAGER

SDC Capital Limited
Orphans Crescent, North Labone
Accra – Ghana
GhanaPost GPS GL-02777298
P. O. BOX GP 14198
Accra, Ghana.

BANKERS

Guaranty Trust Bank Limited
GCB Bank
Standard Chartered Bank Limited

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 Leasafic. 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).

CHAIRMAN'S STATEMENT TO SHAREHOLDERS

We welcome you all to the 9th Annual General Meeting of CM Fund Ltd and appreciate your commitment to CM Fund as your preferred investment. The main business of the day is to present to you the annual report and the financial statement for the year ended December 31, 2019.

GLOBAL ECONOMIC REVIEW

The year 2019 recorded the world's weakest growth rate since the global financial crisis a decade ago.

The deepened trade war between the US and China led to a lot of uncertainty regarding global activity and business sentiment. Firms became cautious of long term spending and cut back on the purchasing of plant and equipment. Household demand for durable goods decreased in most parts of the year, only picking up marginally in the second quarter. Industry reduced production resulting in a slowdown in global trade.

In order to salvage the situation, Central banks cut interest rates. The rationale was to increase spending and encourage job creation.

The emergence of COVID – 19 changed the face of the global economy. Consequent restricted movement protocols and lockdowns further slowed down the Ghanaian economy. Major economies were projected to experience reduced growth from 3 percent to 2 percent. The 2019 global GDP of 86.6 trillion dollars was therefore expected to take a hit. To put the projected impact in perspective, a 0.4 percent drop in the global GDP was expected to result in a 3.5 trillion-dollar loss in economic output.

THE GHANAIAN ECONOMY

The economy of Ghana advanced 7.9% year-on-year in the fourth quarter of 2019, quickening from a 5.6% growth in the previous period. It was the strongest expansion since the third quarter of 2017, as services grew 11%, much faster than 5.7% in the third quarter.

On a quarterly basis, the GDP expanded 1.9%, the most in over two years, compared to 1.4% in the preceding quarter. In 2019, the economy grew 6.5% against 6.3% in 2018 and 8.1% in 2017. The Gross Domestic Product (GDP) in Ghana was worth 66 billion US dollars in 2019, representing 0.05 percent of the world economy.

Inflation eased to 7.21% in 2019 from the 9.84% recorded in 2018. The local Ghanaian currency ended the year 2019 with a depreciation rate of about 12.9% to the US dollar, based on data from the Bank of Ghana's website.

MARKET REVIEW

The Ghana Stock Exchange Composite Index (GSE-CI) at the end of 2019 posted a negative return of 12.25% compared to that of 2018 with a negative return of 0.29%. The market Capitalization at the end of 2019 was GH¢56,791.28m compared to the previous year's position of GH¢61,136.53m representing a decline of 7.11 percent. The CM Fund made a return of 20.35 percent outperforming its benchmark (i.e. Weighted Average Return of GSE-CI & 91 Day T Bill) with a return of 12.02 percent.

It is our hope that you continue to 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 2020.

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, 2019.

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, 1963 (Act 179) 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, 1963 (Act 179).

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 **GHc889,940** in 2019 as against **GHc613,015** in 2018. The Increase in net income is attributed to higher volume of money market 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.

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 10th June, 2020 and were signed on their behalf by:



.....
Director



.....
Director

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, 2019, 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, 2019 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:

2019 CM Fund Annual Report

- 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)**

BLA & Associates

.....
For and on behalf of
BLA & ASSOCIATES (ICAG/F/2020/085)
Chartered Accountants
P. O. BOX ABK 295
Abeka Accra

Dated 10th June, 2020

PORTFOLIO MANAGER’S REPORT

We wish to renew our appreciation for your continued confidence in the CM Fund as your preferred investment choice among the many options available to you.



Economic Review

The Ghanaian economy grew by 7.9% year-on-year in the fourth quarter from the 5.6% growth in the preceding period. The relatively high quarterly growth was driven by a strong recovery in the services sector which grew by 11% faster than the growth recorded in the third quarter.

Fiscal performance for the first nine months of 2019 showed an overall budget deficit (on cash basis) of 4.5% of GDP. Inflation rate decreased from 8% in September 2019 to 7.9% at the end of the year. Money market rates broadly remained unchanged since the beginning of the year. The 91 and 182-day Treasury bill rates remained steady at 14.7 percent and 14.1 percent respectively since January 2019. The Ghana Cedi, cumulatively as of September 2019, depreciated by 9.33 percent against the US dollar, 4.87 percent against the Euro and 5.66 percent against the Pound Sterling.

The Ghana Stock Exchange recorded a negative return of 12.25 percent during the period under review. The performance of the equity market was largely driven by low investor confidence in the bourse as a result of the carry over effect of the cleanup exercise in the Financial Services Industry in 2018, yields on government securities remained attractive to investors who in turn continued to focus on the fixed Income Market.

Portfolio Performance

The CM Fund returned 20.35% during the period under review compared with its Benchmark (i.e. Weighted Average Return of GSE-CI & 91 Day T Bill), which returned 12.02% (see Table 1 & Fig 2). This performance was driven principally by returns from fixed income instruments. The Portfolio Manager proactively continued to diversify the Fund’s portfolio on the back of the stock market’s bearish performance by seeking out other high yielding fixed income investments to drive returns.

At the end of the 2019, the Fund increased in price from GHS 0.9880, on 1st January, 2019 to GHS 1.1890, on 31st December, 2019 as shown in the graph below;

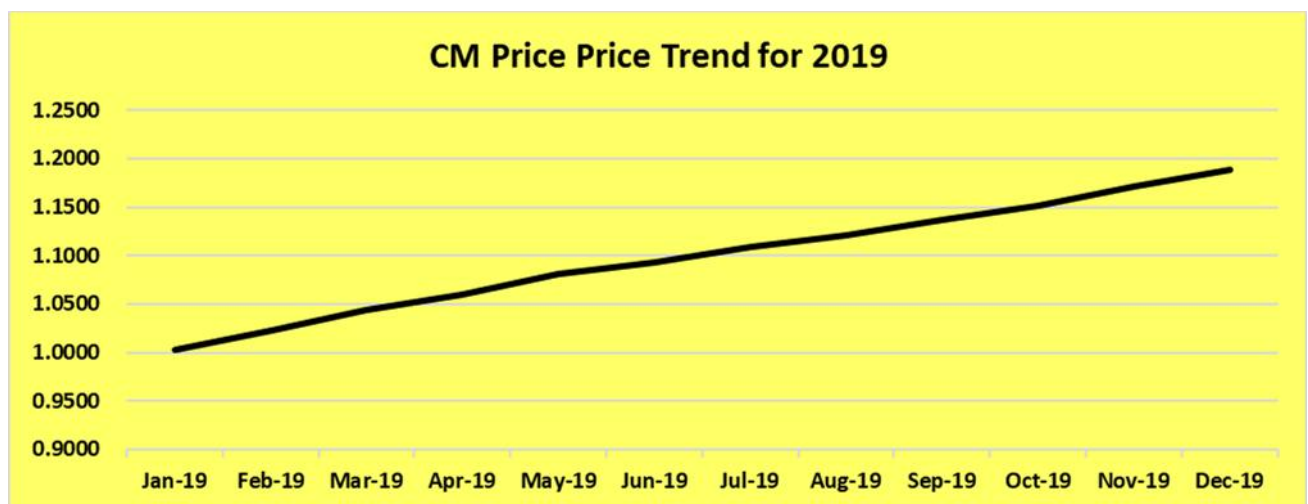


Fig. 1. Price movement during the year

Comparative Return of the CM Fund with its Benchmark (i.e. Weighted Average Return of GSE-CI & 91 Day T Bill)

CM Fund Benchmark (Weighted Average Return of the GSE-CI & the 91 Day T-Bill)	12.02%
CM Fund Return	20.35%

Table 1. Comparative Return of the CM Fund with its Benchmark

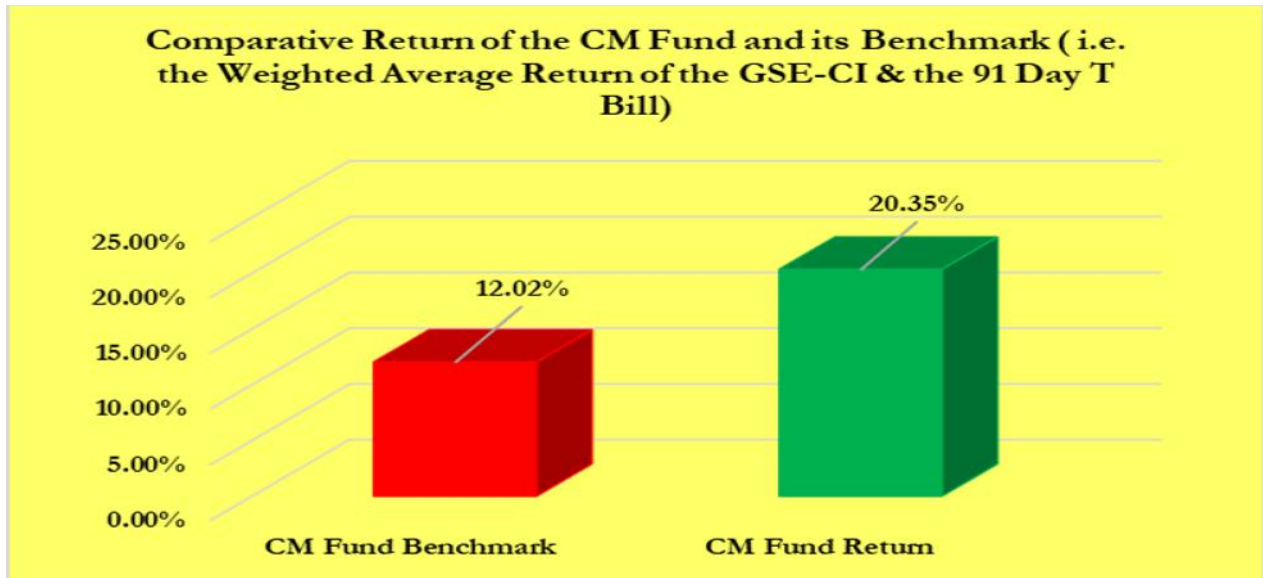


Fig 2. Graphical Representation of the Comparative return of the CM Fund and its Benchmark

Portfolio Composition

Asset Class	Constituents	Money Market	Capital Market	Total
Equities	Financial	N / A	1.94%	7.71%
	Energy	N / A	1.81%	
	Consumer	N / A	3.17%	
	Agriculture	N / A	0.10%	
	Telecoms	N / A	0.68%	
Fixed Income	Finance Houses	47.00%	N / A	90.59%
	GoG Bonds	43.60%	N / A	
Cash & Cash Equivalents	Cash	1.68%	N / A	1.68%
	Receivables	0.02%	N / A	0.02%
Total				100.00%

Table 2. Portfolio Composition

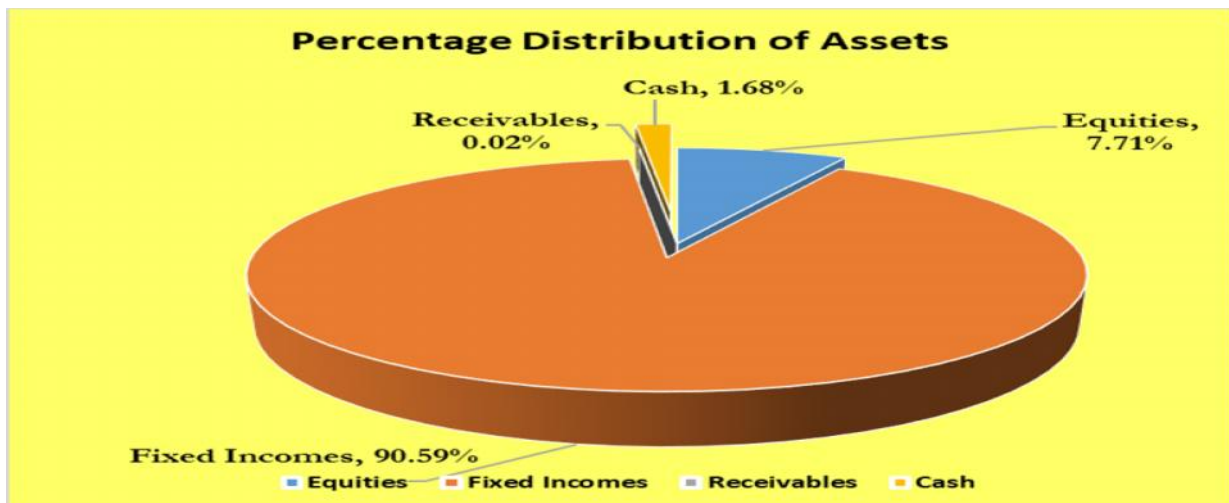


Fig. 3. Asset Classes

Portfolio Summary

Parameter	31 st Dec., '18	31 st Dec., '19	(%) Change
Price	0.9880	1.1890	20.35%
AUM (GHS)	7,396,235.61	8,275,584.90	11.89%
Shareholders	2,518	2,630	4.45%
Units Outstanding	7,436,945.26	6,886,681.26	-7.40%

Table 3. Summary of the CM Fund Performance

Outlook & Strategy

The cleanup of the Financial Services Industry by Bank of Ghana and the Securities & Exchange Commission further deepened the bearish performance of the Ghana Stock Exchange. Investors continued to take advantage of the high yields on government securities which provided firm security and attractive returns for their investments within the period.

As such, the Portfolio Manager continued with the strategy to stay fixed income bias for the rest of the year as a way of preserving value for investors, taking into account the performance of the GSE.

A clear and existential threat was posed by the novel Corona Virus, COVID 19 virus with person to person transmission. To reduce the threat of transmission through human interaction, we encouraged investors to use our electronic collections channels and partner banks to top up their investments. Investors who maintain accounts with our partner banks (i.e. GCB, StanChart and GT Bank) can set up standing instructions. Investors who hold accounts with other Banks can as well sign on to the Direct Debit for deductions from their bank accounts. The *737*70# USSD platform also provides a convenient means of increasing your investments from your MTN Mobile Money Wallet.

We wish to further inform clients that we are currently exploring the possibility of paying out redemption proceeds via mobile money to further deepen the levels of convenience already provided to shareholders.

We continue to assure investors of our commitment to providing value for shareholders by looking out for competitive opportunities on the Fixed Income Market.

Having taken a huge toll on global economic activity, COVID-19 is similarly expected to impact the local economy, failing which we remain optimistic of delivering another impressive return in 2020. We look forward to your continued support in the coming year.

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	NOTES	2019 GH¢	2018 GH¢
ASSETS			
Bank and Cash Balance	5	145,862	70,491
Receivables	6	1,772	1,803
Listed Equity Securities	8	637,938	705,084
Held-To-Maturity Securities	7	7,497,169	6,618,858
		-----	-----
TOTAL ASSETS		8,282,741	7,396,236
		=====	=====
Shareholders' Fund	17(i)	4,951,893	4,999,481
Retained Earnings	17(iii)	3,276,775	2,332,638
Fair Value Reserve	17(ii)	(40,440)	15,560
		-----	-----
SHAREHOLDERS' FUND		8,188,228	7,347,679
		=====	=====
LIABILITY			
Payables	19	94,513	48,557
		-----	-----
TOTAL LIABILITY		94,513	48,557
		-----	-----
TOTAL SHAREHOLDERS' FUND AND LIABILITY		8,282,741	7,396,236
		=====	=====



.....
DIRECTOR



.....
DIRECTOR

The notes on pages 20 to 27 are an integral part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	NOTES	2019 GH¢	2018 GH¢
Interest Income	9	1,735,942	1,404,892
Dividend Income	10	12,246	21,066
Other Income	11	161	150
		-----	-----
TOTAL OPERATING INCOME		1,748,349	1,426,108
		-----	-----
Administrative Expenses	12	(256,750)	(214,609)
Selling and Promotion Expenses	13	(1,647)	(1,818)
Finance Cost	14	(1,622)	(1,867)
Other Expenses	15	(540,910)	(425,241)
		-----	-----
TOTAL OPERATING EXPENSE		(800,929)	(643,535)
		-----	-----
Net Investment Income		947,420	782,573
Loss from Disposal of equities	16 (i)	(1,480)	(133,991)
		-----	-----
PROFIT FOR THE YEAR		945,940	648,582
		-----	-----
OTHER COMPREHENSIVE INCOME			
<i>Items that are or may be reclassified subsequently to Profit or loss</i>			
Fair Value Loss on FVOCI	20	(56,000)	(35,567)
		-----	-----
TOTAL COMPREHENSIVE INCOME		889,940	613,015
		=====	=====

The notes on pages 20 to 27 are an integral part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Shareholders' Fund GH¢	Fair Value Reserve GH¢	Retained Earnings GH¢	Total GH¢
Balance at 1 Jan. '19	4,999,481	15,560	2,332,638	7,347,679
Profit for the year	-	-	945,940	945,940
Prior year adjustment	-	-	(1,803)	(1,803)
Transactions with Equity Holders				
Proceeds from Shares Issued	1,927,587	-	-	1,927,587
Value of Shares Redeemed	(1,975,175)	-	-	(1,975,175)
Fair Values Loss on FVOCI Financial Instruments	-	(56,000)	-	(56,000)

Balance at 31 Dec. '19	4,951,893 =====	(40,440) =====	3,276,775 =====	8,188,228 =====
Balance at 1 Jan. '18	2,536,122	51,127	1,684,056	4,271,305
Profit for the year	-	-	648,582	648,582
Transactions with Equity Holders				
Proceeds from Shares Issued	3,676,263	-	-	3,676,263
Value of Shares Redeemed	(1,212,904)	-	-	(1,212,904)
Fair Values Loss on FVOCI Financial Instruments	-	(35,567)	-	(35,567)

Balance at 31 Dec. '18	4,999,481 =====	15,560 =====	2,332,638 =====	7,347,679 =====

The notes on pages 20 to 27 are an integral part of these financial statements

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

NOTES	2019 GH¢	2018 GH¢
Cash Flow from Operating Activities		
Profit for the period	945,940	648,582
Adjustment for:		
Loss on equity disposal	16 (ii) 1,480	133,991
	-----	-----
	947,420	782,573
Changes in:		
Receivables	(1,772)	(1,412)
Payables	19 45,956	28,351
	-----	-----
Net Cash Flow from Operating Activities	991,604	809,512
	-----	-----
Cash Flow from Investment Activities		
Changes in Listed Securities	16 (ii) 9,666	185,558
Changes in Held-To-Maturity Investment	7 (878,311)	(3,531,112)
	-----	-----
Net Cash Flow from Investing Activities	(868,645)	(3,345,554)
	-----	-----
Cash Flow from Financing Activities		
Proceeds from Shares Issued	1,927,587	3,676,263
Value of Shares Redeemed	(1,975,175)	(1,212,904)
	-----	-----
Net Cash Flow from Financing Activities	(47,588)	2,463,359
	-----	-----
Net Increase/ (Decrease) in Cash and Cash Equivalent	75,371	(72,683)
Cash and Cash Equivalent at 1 January	70,491	143,174
	-----	-----
Cash and Cash Equivalent at 31 December	5 145,862	70,491
	=====	=====

The notes on pages 20 to 27 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 2019) – Listed Equity Securities	Fair Value

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 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 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 Income

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

4.3.2 Dividend Income

Dividend income is recognized 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.

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Short-term debt securities having a maturity of ninety-one days or less are valued at amortized cost.

4.5. **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.

4.6. **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.

4.7. **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

5. **BANK BALANCE**

	2019	2018
	GH¢	GH¢
Standard Chartered Bank – Collection Account	11,930	38,390
GCB Bank – Collection Account	1,027	26,546
GT Bank – Custody Account	32,905	5,555
	-----	-----
	145,862	70,491
	=====	=====

6. **RECEIVABLE**

	2019	2018
	GH¢	GH¢
Dividend	-	1,803
Sundry Debtors	1,772	-
	-----	-----
	1,772	1,803
	=====	=====

7. **HELD-TO-MATURITY SECURITIES**

	2019	2018
	GH¢	GH¢
91 - 182 Day Fixed Income	3,555,333	1,835,072
273 -365 Day Fixed Income	1,972,976	4,783,786
5YR Treasury Note	1,968,860	-
	-----	-----
	7,497,169	6,618,858
	=====	=====

8. LISTED EQUITY SECURITIES - 2019

	<u>No. of Shares</u>	<u>Price</u>	<u>Market Value GH¢</u>
CAL	5,771	0.89	5,136
TOTAL	42,500	3.00	127,500
FML	21	4.12	87
GCB	30,000	5.10	153,000
EGH	300	8.09	2,427
SCB	8	18.40	147
UNIL	16,012	16.40	262,597
GOIL	13,200	1.70	22,440
SOEGEGH	33	0.72	24
BOPP	3,000	2.86	8,580
MTN	80,000	0.70	56,000

			637,938
			=====

LISTED EQUITY SECURITIES - 2018

CAL	5,771	0.98	5,656
TOTAL	42,500	3.40	144,500
FML	21	8.00	168
GCB	30,000	4.60	138,000
EGH	300	7.50	2,250
SCB	8	21.00	168
UNIL	16,012	17.78	284,693
GOIL	13,200	3.12	41,184
SOEGEGH	9,933	0.75	7,450
BOPP	3,500	5.09	17,815
MTN	80,000	0.79	63,200

			705,084
			=====

Listed Equity Securities represents stocks that are quoted on the Ghana Stock Exchange. These have been classified as financial instruments 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 INCOME

	2019	2018
	GH¢	GH¢
Interest on Held-to-maturity securities	1,733,576	1,404,100
Interest earned – Bank	2,366	792
	-----	-----
	1,735,942	1,404,892
	=====	=====

10. DIVIDEND INCOME

	2019	2018
	GH¢	GH¢
Listed Equity Securities (Dividend)	12,246	21,066
	=====	=====

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11.	OTHER INCOME	2019 GH¢	2018 GH¢
	Redemption fees	161	150
		====	====
12.	ADMINISTRATIVE EXPENSE	2019 GH¢	2018 GH¢
	Fund Management Fee	194,202	164,271
	Custodian Expenses	31,073	30,098
	Auditors Remuneration	7,110	6,949
	Directors Remuneration	12,600	2,600
	Subscription	500	500
	Printing & Stationary	4,260	3,360
	Telephone & Postage	1,570	1,806
	Office Expenses	434	2,103
	Software Maintenance fees	5,001	2,922
		-----	-----
		256,750	214,609
		=====	=====
13.	SELLING & PROMOTION EXPENSE	2019 GH¢	2018 GH¢
	Marketing and Advertising	1,647	1,818
		=====	=====
14.	FINANCE COST	2019 GH¢	2018 GH¢
	Bank Charges	1,622	1,867
		=====	=====
15.	OTHER EXPENSES	2019 GH¢	2018 GH¢
	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.		
		-----	-----
	Redemption Expenses	538,254	422,866
	Other Expenses	2,656	2,375
		-----	-----
		540,910	425,241
		=====	=====

16. LISTED EQUITY TRANSACTIONS

i. Loss from disposal of equities

	2019	2018
	GH¢	GH¢
Proceeds from Sale of Equities	9,666	1,070,791
Cost of equities disposed	(11,146)	(1,204,782)
	-----	-----
Loss from disposal of equities	(1,480)	(133,991)
	=====	=====

ii. Changes in Listed Equities

	2019	2018
	GH¢	GH¢
Proceeds from Sale of Equities	9,666	1,070,791
Equities purchased during the period	-	(885,233)
	-----	-----
Net Cash changes in Listed equities	9,666	185,558
	=====	=====

17. CAPITAL AND RESERVE

i. Shareholders' Fund

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.

	2019	2018
	GH¢	GH¢
Balance as at 1 January	4,999,481	2,536,122
Proceeds from Shares issued	1,927,587	3,676,263
Value of Shares redeemed	(1,975,175)	(1,212,904)
	-----	-----
Balance as at 31 December	4,951,893	4,999,481
	=====	=====

	Shares	Shares
Shares as at 1 January	7,436,945	5,226,162
Shares issued	1,777,030	3,937,135
Shares Redeemed	(2,327,294)	(1,726,352)
	-----	-----
Shares Outstanding as at 31 December	6,886,681	7,436,945
	=====	=====

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ii. Nature and Purpose of Reserves

Fair Value Reserve

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

	2019	2018
	GH¢	GH¢
Market Value of equity securities	637,938	705,084
Cost of equity securities	(678,378)	(689,524)
	-----	-----
Fair Value reserve	(40,440)	15,560
	=====	=====

iii. Retained Earnings

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

	2019	2018
	GH¢	GH¢
Balance at 1 January 2019	2,332,638	1,684,056
Profit for the period	945,940	648,582
Prior year adjustment	(1,803)	-
	-----	-----
Retained Earnings	3,276,775	2,332,638
	=====	=====

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

	2019	2018
	GH¢	GH¢
Fund Management Fee	17,225	15,456
Custodian Fee	46,911	15,838
Auditors Remuneration	6,023	6,000
Sundry Creditors	24,354	11,263
	-----	-----
	94,513	48,557
	=====	=====

20. FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	2019	2018
	GH¢	GH¢
Value of Equities at 31 December 2019	637,938	705,084
Value of Equities at 1 January 2019	(705,084)	(1,060,200)
	-----	-----
Net Changes for the period	(67,146)	(355,116)
Value of Equities purchased during the period	-	(885,233)
Value of Equities sold during the period	9,666	1,070,791

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Loss on equity disposal during the period	1,480	133,991
	-----	-----
Fair Value Gains/ (Loss) for the period	(56,000)	(35,567)
	=====	=====

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), 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 2019, total management fee is as follows:

	2019	2018
	GH¢	GH¢
Fund Management Fee	194,202	164,271
	=====	=====

ii. 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 2019 is as follows:

	2019	2018
	GH¢	GH¢
Custody Fees	31,073	30,098
	=====	=====

iii. Non-Executive Directors

During the year 2019, the Directors' remuneration consisting of fees and sitting allowances amounted to GH¢12,600 (2018: GH¢2,600).

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.

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.

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 Thursday 30th July, 2020 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, 30th July 2020 at 10.00am and at any adjournment thereof.

Dated thisday
 of.....2020

.....
 Shareholders Signature

Resolution	For	Against
To receive the 2019 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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Hse# F155 6 Orphans Crescent, North-Labone,
Accra, Ghana, Ghana Post GPS-GL-02777298
P. O. Box GP 14198, Accra, Tel: 0302 786754,
www.sdcgh.com, E-mail: capital@sdcgh.com

KUMASI OFFICE

Kumasi : Ampomah Arcade,
OTB 5, Block 1 Bank Road, Adum, Kumasi,
Tel: 0322 397414
E-mail: agariba@sdcgh.com