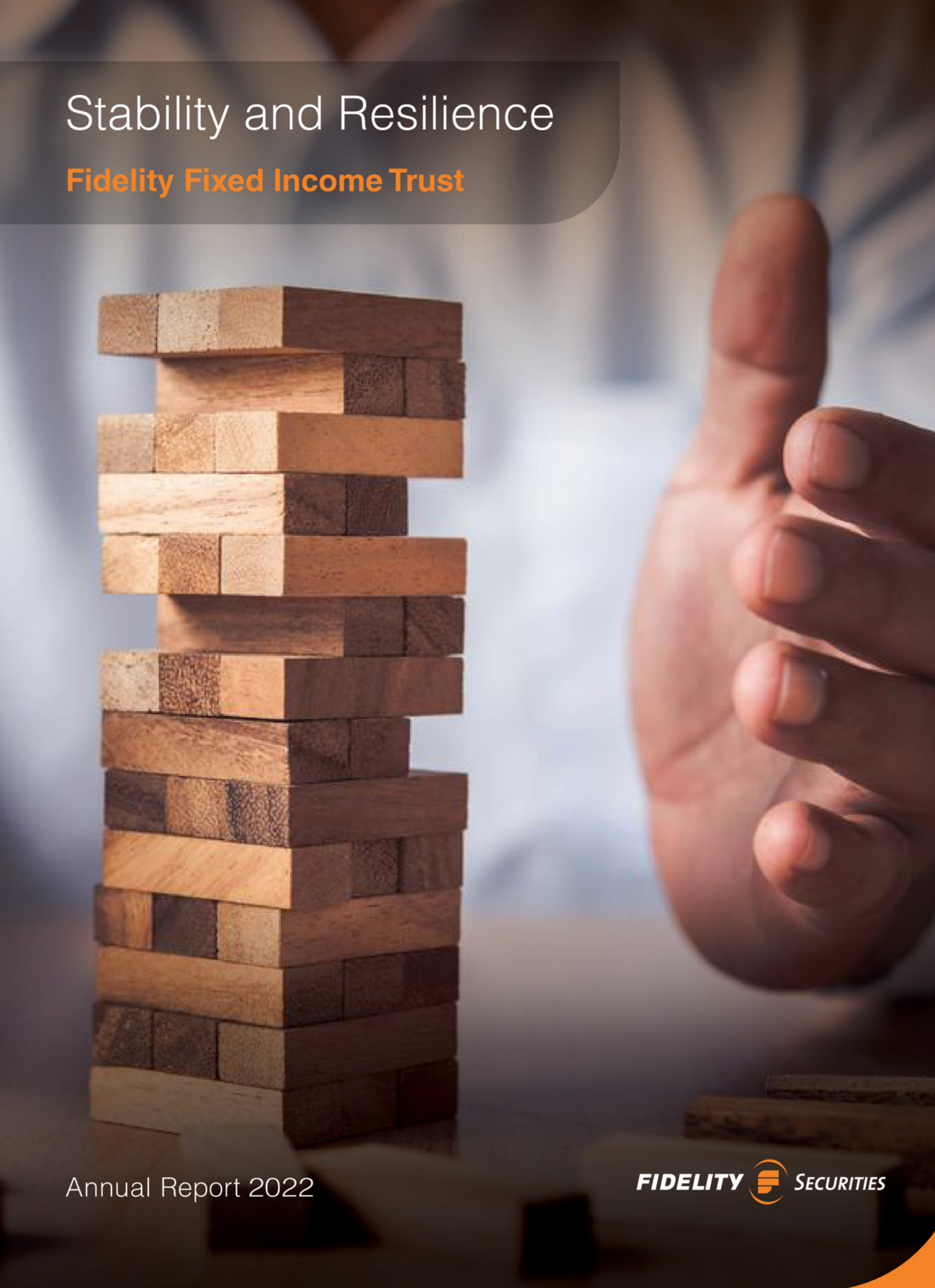


Stability and Resilience

Fidelity Fixed Income Trust

Annual Report 2022

FIDELITY SECURITIES

Contents

Corporate Information

Trustees:

Guaranty Trust Bank (Ghana) Limited
25A, Castle Road
Ambassadorial Area, Ridge
PMB CT 416
Accra

Legal Advisor:

Maataa Opare
Fidelity Bank Ghana Limited

Solicitor:

Bari & Co
Suite #1, 5th Floor
Trust Towers, Adabraka
P. O. Box CT 1466
Cantonments, Accra

Fund Manager:

Fidelity Securities Limited
1st Floor, Ridge Tower
10 Ambassadorial Enclave
West Ridge – Accra

Bankers:

Fidelity Bank Ghana Limited
Ridge Tower
10 Ambassadorial Enclave
West Ridge – Accra

Guaranty Trust Bank (Ghana) Limited
25A, Castle Road
Ambassadorial Area, Ridge
PMB CT 416
Accra

Auditor:

Deloitte & Touche
Chartered Accountants
The Deloitte Place
Plot No. 7,
Off George W. Bush Highway
North Dzorwulu
P. O. Box GP 453
Accra – Ghana

Notice of Virtual Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 3rd Annual General Meeting (AGM) of the Unit Holders of Fidelity Fixed Income Trust will be held virtually via Microsoft® Teams on Wednesday, October 4, 2023 at 10:00am to transact the following business:

Ordinary Business

1. To receive the Report of the Fund Manager for the Year ended 31st December, 2022.

2. To receive and adopt the Annual Report and the Audited Statement of Income and Expenditure of Fidelity Fixed Income Trust for the year ended December 31, 2022, together with the Trustee's Report and Auditors' Report.

3. To Approve the appointment of John Kay & Associates as Auditors in place of Deloitte Ghana and to authorize the Fund Manager to Fix the remuneration of the New Auditors.

NOTE

In line with the provisions of the Securities and Exchange Commission Guideline number (SEC/GUI/003/05/2020), please note that attendance and participation by all members and/or their proxies at this year's AGM shall be strictly virtual or by electronic means (online participation).

Dated this 13th day of September, 2023.

BY ORDER OF THE FUND MANAGER

MAATAA OPARE
(COMPANY SECRETARY)

Fidelity Fixed Income Trust

Report of the Directors of the Fund Manager

For the year ended 31 December 2022

The Board of Directors of Fidelity Securities Limited has the pleasure of presenting this annual report to the unit holders of Fidelity Fixed Income Trust for the year ended 31 December 2022.

Going concern

The Directors have assessed the Unit Trust's ability to continue as a going concern and have no reason to believe the Trust will not be a going concern. Therefore, the financial statements have been prepared on the going concern basis.

Nature of business

The Fidelity Fixed Income Trust is an authorized Unit Trust as defined by the Unit Trust and Mutual Fund Regulations, 2001 (L.I 1695). Fidelity Fixed Income Trust is an open-ended Unit Trust that invests primarily in Fixed Income Securities. The Unit Trust has an objective of preserving and enhancing the unit holder's wealth to meet medium to long-term financial goals while at the same time creating liquidity to meet the immediate needs of the unit holders.

Final report and dividend

The results for the year are set out below:

	2022 GH¢	2021 GH¢
Net investment income (attributable to unit holders)	**48,129,378**	41,314,858
Accumulated net investment income brought forward	**(7,842,635)**	6,814,520
Leaving a balance to be carried forward of	**40,286,743**	48,129,378

Dividend Distribution policy

The Trust reinvests all income earned to meet the objective of preserving and enhancing unitholders' wealth.

Approval of financial statements

The financial statements of the Unit Trust were approved by the Board of Directors of Fidelity Securities Limited on 31 May 2023 and signed on their behalf by:

Signed

Yaw Nsafoa Sarpong
Board Chairman

31 May, 2023

Signed

Edward Effah
Director

31 May, 2023

Fidelity Fixed Income Trust

Portfolio Manager's Report

For the year ended 31 December 2022

Global Economy

The year was a tumultuous one for global economies. Despite efforts to recover from the pandemic-induced recession of 2020 and 2021, the Russia-Ukraine crisis and the lingering effects of the COVID-19 pandemic thwarted progress. Notably, the year was characterized by a synchronized tightening of monetary policy aimed at anchoring rising inflation expectations. The spillovers from geopolitical tensions, China's zero COVID stance and the continued tightening of monetary policy across various countries, created severe strain on the global economy. Heightened policy uncertainty across the globe, further exacerbated fears of a recession in advanced economies. By the end of 2022, the Purchasing Managers' Indices (PMI) indicated a widespread deceleration in economic activity, particularly across advanced economies. In Emerging Market and Developing Economies (EMDEs), tightened global financing conditions and dampened external demand contributed to inflationary pressures, weakened growth conditions and a slowdown in consumer spending.

Investment growth in emerging and developing markets (EDMEs) fell below a two-decade average. EMDEs were significantly affected as a result of huge capital flowing out of these markets.

Tighter global conditions led to debt distress for emerging and frontier markets some of whom (including Ghana) have subsequently turned to the IMF for support.

In the last quarter of 2022, headline inflation started showing signs of easing in some advanced and emerging market economies, supported by declining commodity prices and weaker demand. This notwithstanding, there were underlying inflation pressures from the pass-through effects of past input costs, rising wages especially in Advanced Economies, currency depreciation against the U.S. dollar, and rising short-term inflation expectations which remain major concerns for central banks worldwide.

Equity markets recovered somewhat, amid the expectation that inflation had peaked and central banks might slow the pace of policy rate hikes. Meanwhile, longer-term bond yields declined and the U.S. dollar weakened against major currencies towards the end of 2022.

Ghanaian Economy

The year 2022 was marked by deteriorating forex reserves, sharp depreciation in the Ghana cedi, rapid rise in interest rates and mounting public debt all of which culminated in the Republic of Ghana, initiating a process to seek balance of payment support from the IMF and beginning a long process to restructure its public debt obligations.

In spite of the tight financing conditions, sharp rises in interest rates, high inflation and worsening standard of living, Ghana's economy grew by 3.4% in 2022 albeit at a slower pace from 5.3% in 2021. The services sector contributed the largest share of GDP at 44.9% (2.2%), followed by the industry sector, 34.2% (0.9%). The agriculture sector had the lowest contribution to GDP growth rate at 20.9% (or 0.3%). Ghana's major problem remains its high import bill, rising public debt and stagnating revenues relative to growing government expenditure. In terms of fiscal development, at the end of 2022, total revenue and grants amounted to GH¢96.6bn (15.7% of GDP) while total expenditure stood at GH¢142.2bn (23.1% of GDP).

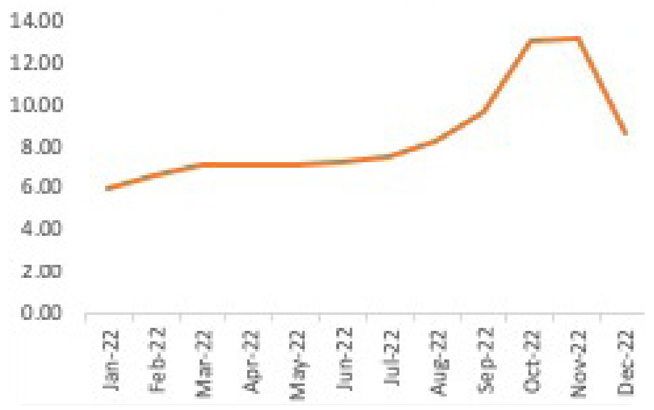
GDP & Sector Contribution	GDP (GH¢m)	% Contribution	GDP Growth Rate (%)
Overall GDP	610,222.3	-	3.4
Agriculture	119,392.1	34.2	0.9
Industry	195,225.7	20.9	0.3
Services	256,449.1	44.9	2.2

Exchange Rate

The local currency came under intense pressure in the year under review on account of portfolio reversals, lower foreign direct investment inflows and increased demand pressures. At the beginning of Jan 22, the cedi traded at the rate of GHS 5.9 to the US dollar on the interbank market rate (BoG rate) and around GHS 6.4 (commercial rates). By March 22, the local currency exceeded the GHS8 mark to sell at GHS 8.12.

The cedi reached its peak in November 2022, selling at GHS15 per dollar on the interbank market as demand pressures from corporates became stronger. The market's strong desire to store dollars for value advantage also weakened the local currency in 2022.

USD GH¢ Curve



The Cedi however improved in value strongly after the Staff–Level Agreement between IMF and the government was signed bringing rates down to as low as GHS 8.6 to a dollar. For the year 2022, the Ghana cedi saw a full-year depreciation of 30.0 percent against the US dollar, after reversals of some of the losses in December.

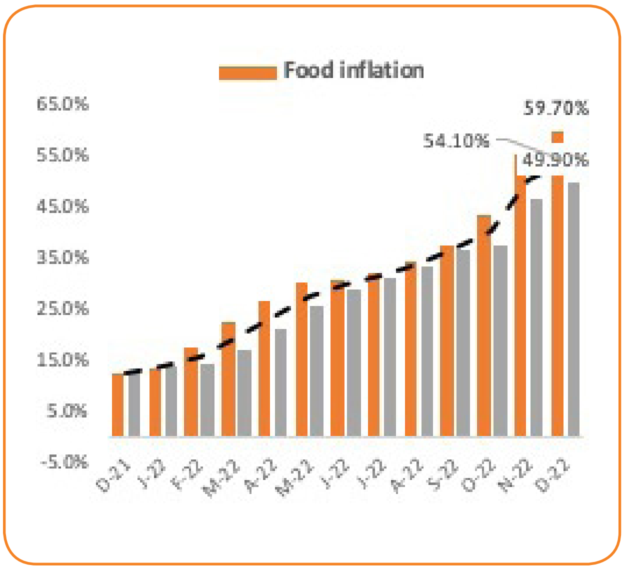
Interest Rate

One of the notable economic trends in 2022 was the sharp rise interest rates. Interest rates rose from about 12.51% to 33.41% on the short end of the curve (91-Day treasury bills) and to 49% from 21.3% (5-Years – 20-Years) on the long end of the curve. The worsening economic conditions occasioned by the large depreciation of the GHS, Ghana's Issuer ratings downgrade, and high energy and food prices contributed to the interest rate increases particularly in the third and fourth quarters of 2022.

Secondary Market Bond Yield Curve

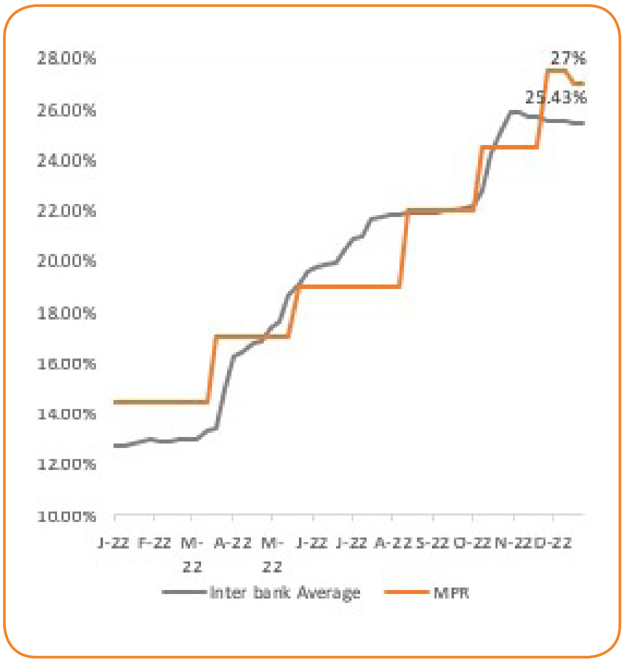
Inflation

The global inflationary pressures from oil prices and the supply bottlenecks of consumer goods, further intensified already high inflation rates in Ghana. Headline inflation rate was at 54.1% in December 2022, a far cry from the central bank's target band of 8% ± 2%.



Monetary Policy Rate

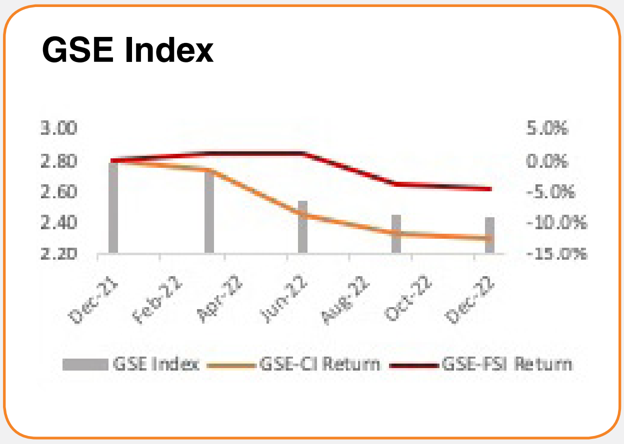
The MPC of the BoG raised the key interest rate consistently in 2022 in attempts to contain persistent high rates of inflation. The interbank average saw a surge from 12.7% in Jan 22 to 25.43% in Dec 22 consistent with the increase in policy rate. The monetary policy rate increased by 12.5% in 2022 to 27%.



Ghana Stock Exchange Performance

The equity market has not been spared the slump in the economy with the main composite index, the GSE-CI returning -12.38% by the end of 2022. The financial stocks which typically support growth on the Ghana Stock Exchange (GSE) were particularly hit by the turmoil in the financial market and the effects of the Republic of Ghana's debt restructuring activities as evidenced by its key performance indicator, the GSE-FSI closing the year at -4.61%.

The total market capitalization of the GSE by the close of 2022 was GHS 64.507bn barely any change from the size of the market at the end of 2021 (GHS 64.495bn). There was no Initial Public Offer in 2021 owing to tepid market conditions as entities struggled to find their footing.



Ghana Fixed Income Market Performance

The total volume traded between January and December 2022 was GHS230.31 billion, which was 10.43% higher than the GHS208.57 billion traded during the same period in the previous year. The value of transactions year on year was GHS220.55 billion against GHS215.78 billion in the previous year.

As the year 2022 closed, liquidity on the Ghana Fixed Income Market (GFIM) grew thin on the back of lingering uncertainties over the Domestic Debt Exchange Programme (DDEP) after its first official announcement.

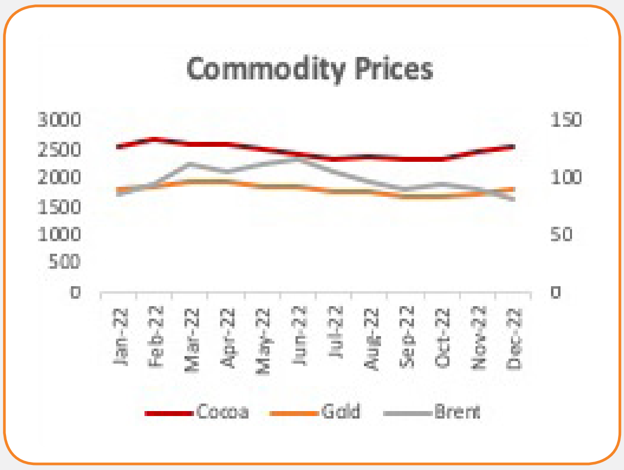
Commodity Prices

The rising global inflation precipitated sharp movements in commodity prices.

Gold price posted a marginal growth of 0.3% on a year-on-year basis. The low momentum in gold prices in 2022 occurred as the US Federal Reserve continued to raise its key interest rate giving the dollar more strength and making the opportunity cost of holding the precious metal high for investors.

For the year 2022, Brent crude gained about 10.7% year-on-year after jumping 50% in 2021. Oil prices which rose significantly during the course of the year owing largely to the Russian-Ukraine war reversed much of its price rises by the turn of the year.

Cocoa prices recorded a year-on-year change of 2.3% in 2022. Crop production dropped year on year in Ghana due to the devastating effect of Cocoa Swollen Shoot.



Overview of Investment Activities

The fixed-income market saw unprecedented losses as interest rates moved through the roof in 2022.

Interest rates rose from about 12.51% to 33.41% on the short end of the curve (91-Day treasury bills) and to 49% from 21.3% (5-Years – 20-Years) on the long end of the curve. The worsening economic conditions occasioned by the large depreciation of the cedi, Ghana's Issuer ratings downgrade, and high energy and food prices contributed to the interest rate increases particularly in the third and fourth quarters of 2022.

As a fixed-income fund, the Fidelity Fixed Income Trust has various exposures across the GHS yield curve and several Issuers and hence the Manager actively engages in managing Interest rate, concentration and liquidity risks.

The Fidelity Fixed Income Trust (Fund) had been growing steadily since its inception until the second half of 2022 when sudden sharp rises in interest rates led to significant losses on the fixed income market which negatively impacted the fund.

Two other significant events, the Securities and Exchange Commission (SEC) directive, to fair value underlying assets held by the fund and the extraordinarily high redemption requests (brought about by the high cost of living and high short-term yields) exacerbated the impact on the fund.

By the end of 2022, much of Unitholder's gains had been reversed as NAV declined by 24.47% while the benchmark closed the year at 25.50% and the annualized return of the fund since inception was 2.95%.

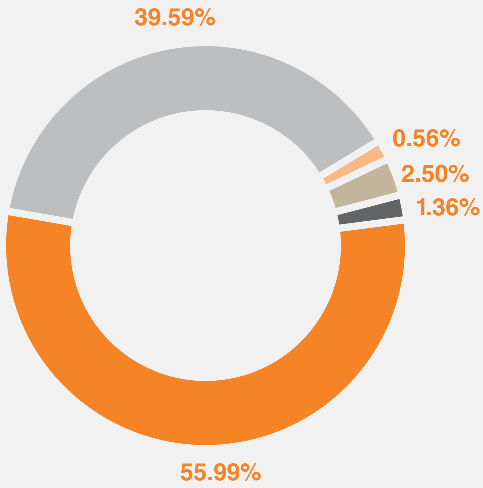
The Fund's return in 2019, 2020 and 2021 was 11.90%,18.54% and 18.51% respectively making 2022 the worst year for the Fidelity Fixed Income Trust.

Portfolio Structure

More than 97% of the Trust's assets were directly invested in fixed income securities. Investments in government securities and debt instruments of its related agencies (treasury bills, notes and bonds) made up the bulk of the portfolio's assets, accounting for about 95.6% of all investments of the fund by the close of the year.

The remaining assets were allocated to money market securities, cash and near-cash securities.

Asset Class	Allocation %
Government Securities	55.99
Local Gov't & Statutory Agency Bonds	39.59
Corporate bonds	1.36
Cash	2.50
Collective Investment Schemes	0.56
Total	100.00



2023 Outlook and Strategy

Due to the financial sector turmoil caused by rising yields, high inflation, ongoing effects of Russia's invasion of Ukraine, and spillover effects of COVID three years down the line, the outlook for global markets continues to be uncertain.

Global growth is expected to slow down from 3.4% to 2.8% in 2023.

On the back of lower commodity prices however, global inflation is projected to fall to 7.0% from 8.4%

In Ghana we expect inflation to peak and begin a downward trend in 2023 and settle near 25% by the end of the year amid slowing food and energy prices and a decline in inflation expectations by banks, consumers and businesses.

The Ghana cedi is also expected to reverse some of the losses from 2022 on the back of a successful restructuring of the Republic's debt and in particular Eurobond debt. The Cedi will also benefit from fiscal measures announced in the 2023 budget in November 2022. However greater relief to the recent slump in the cedi and cedi stability is expected to be preceded by the commencement of the IMF program.

We anticipate that the financial market, particularly, banks will be awash with cash in light of the drying up appetite for government of Ghana securities. Going into 2023 activity on the fixed income market, which is of particular interest to the fund, will be concentrated on the short end of the GHS yield curve on account of the high short-term yields and the uncertainty around the Domestic Debt Exchange Program (DDEP) initiated by the government of Ghana, the IMF discussions, and a general downturn in the economy.

The equity market will likely recover some of its losses as portfolio managers rebalance and increase the allocation of their pension, mutual and other managed funds to the equity market in response to the uncertainty in the fixed income market. Falling asset prices may offer equity investors an opportunity to purchase assets at a discount and earn some extra return in addition to expected dividends in 2023.

Here at Fidelity Securities Limited, we will continue to adhere to a strict asset selection process that is disciplined, driven by rigorous fundamental analysis, and that limits downside risk.

Following recent developments in the bond market (mainly, mark to market losses and the DDEP), it has become expedient for us to adapt the asset allocation strategy. In 2023, the Fund's asset allocation decisions will centre around reducing issuer concentration risk, reducing interest rate risk, active security selection decisions and ensuring sufficiently high liquidity capacity of the fund.

We thank you for investing with Fidelity Securities Limited and look forward to continuing to serve your investment needs in the years ahead.

Signed

Papa Sam Blankson
(Portfolio Manager)

Report of the Trustees to the
to the Unitholders of Fidelity Fixed Income Trust

For the year ended 31 December 2022

Guaranty Trust Bank (Ghana) Ltd.
CS406022014

25A, Castle Road,
Ambassadorial Area, Ridge,
PMB CT 416, Cantonments,
Accra, Ghana.
Tel: (+233 302) 611 560, 680 662, 680 746, 676 474
(+233 302) 923 914, 966 755, 611 560
Head Office Fax: (+233 302) 662 727/664 533
Toll Free: 0800124000

GTBank

REPORT OF THE TRUSTEES
TO THE INVESTORS OF FIDELITY FIXED INCOME TRUST

In our independent opinion as Trustee, the Manager has, in all material respects, managed the Fund during the period, in accordance with the Unit Trust and Mutual Funds Regulations, 2001, (L.I 1695) and the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For the year 1st January 2022 to 31st December 2022, we have held the assets for the Fidelity Fixed Income Trust, including securities and income that accrue thereof, to the order of the Fund and facilitated the transfer, exchange or delivery in accordance with the instructions received from the Fund manager.

Yours faithfully,
For: Guaranty Trust Bank (Ghana) Limited

Authorized Signatory **Authorized Signatory**

Independent Auditor's Report

to the unitholders of Fidelity Fixed Income Trust

Deloitte.

Report on the audit of financial statements

Opinion

We have audited the financial statements of Fidelity Fixed Income Trust, set out on pages 17 to 47, which comprise the statement of net assets as at 31 December 2022, statement of assets and liabilities as at 31 December 2022, the income and distribution account, statement of movement in net assets and statement of cash flows for the year then ended, the notes to the financial statements, including a summary of significant accounting policies and other explanatory disclosures.

In our opinion, the financial statements give a true and fair view of the financial position of Fidelity Fixed Income Trust as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies Act, 2019 (Act 992) and the 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with the requirements of the International Ethics Standards Board for Accountants (IESBA), International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Ghana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of financial statements in Ghana.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

We have determined that there are no key audit matters to communicate in our report.

Other information

The Fund Manager is responsible for the other information. The other information comprises the Report of the Directors of the Fund Manager, the Portfolio Manager's Report and the Report of the Trustees, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Fund Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies Act, 2019 (Act 992) and the Unit Trust and Mutual Funds Regulations, 2001 (L.I. 1695) and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material 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 Trust's internal control.

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

- Conclude on the appropriateness of the 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 Trust'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 Trust to cease to continue as a going concern.

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

We communicate with the Manager and the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager and the Trustees with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on other legal and regulatory requirements

In accordance with the Seventh Schedule of the Companies Act, 2019 (Act 992) we expressly state that:

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

2. In our opinion:

- proper books of accounts have been kept by the Trust, so far as appears from our examination of those books.
- the information and explanations given to us were in the manner required by the Companies Act, 2019 (Act 992) and give a true and fair view of the:

  a. statements of assets and liabilities of the Trust at the end of the financial year, and
  b. statement of comprehensive income for the financial year.

3. The Trust's statements of assets and liabilities and statement of comprehensive income are in agreement with the accounting records and returns.

4. We are independent of the Trust, pursuant to Section 143 of the Companies Act, 2019 (Act 992).

The engagement partner on the audit resulting in this independent auditor's report is **Charlotte Forson-Abbey (ICAG/P/1509).**

Deloitte & Touche.

For and on behalf of Deloitte & Touche
(ICAG/F/2023/129)
Chartered Accountants
The Deloitte Place, Plot No.71
Off George Walker Bush Highway
North Dzorwulu
Accra, Ghana

5th June, 2023

Deloitte.

Fidelity Fixed Income Trust

Statement of Net Assets

For the year ended 31 December 2022

(All amounts are in Ghana Cedis)

	Note	2022		2021	
		Market Value	**% of Net assets**	Market Value	% of Net assets
Bank balances and cash	10	**2,771,929**	**2.54**	2,886,017	0.68
Receivables		**243,384**	**0.22**	114,400	0.03
Financial assets at FVPL	11	**108,108,030**	**99.14**	424,069,757	99.96
Government bonds and notes		**62,083,996**	**56.94**	293,722,976	69.24
Corporate bonds		**17,415,908**	**15.97**	27,244,360	6.42
LGSA bonds		**27,983,101**	**25.66**	96,717,313	22.80
Treasury and cocoa bills		**-**	**-**	5,507,025	1.30
Collective investments		**625,025**	**0.57**	878,083	0.21
Financial assets at amortised cost	11	**-**	**-**	-	-
Fixed deposit		**-**	**-**	-	-
Liabilities	12	**(2,082,543)**	**(1.90)**	(2,841,734)	(0.67)
Net assets		**109,040,800**	**100.00**	424,228,440	100.00

The accompanying notes on pages 22 to 47 form an integral part of the financial statements.

Fidelity Fixed Income Trust

Statement of Comprehensive Income

For the year ended 31 December 2022

(All amounts are in Ghana Cedis)

	Note	2022	2021
Income	7	68,174,916	51,224,951
Credit impairment write-back/(expense)	8	-	18,652
Fund expenses	9	(76,119,671)	(9,934,405)
Other income		102,120	5,660
Net investment income		(7,842,635)	41,314,858

Accumulated Net Investment Income

	2022	2021
At 1st January	48,129,378	6,814,520
Net investment income for the year	(7,842,635)	41,314,858
At 31 December	40,286,743	48,129,378

The accompanying notes on pages 22 to 47 form an integral part of the financial statements.

Fidelity Fixed Income Trust

Statement of Assets and Liabilities

For the year ended 31 December 2022

(All amounts are in Ghana Cedis)

	Note	2022	2021
Assets			
Bank balances and cash	**10**	**2,771,929**	2,886,017
Receivables		**243,384**	114,400
Financial assets at FVTPL	**11**	**108,108,030**	424,069,757
Total assets		**111,123,343**	427,070,174
Liabilities			
Accounts payable	**12**	**2,082,543**	2,841,734
Total liabilities		**2,082,543**	2,841,734
Equity			
Unitholders capital	**13**	**68,754,057**	376,099,062
Accumulated investment Income	**14**	**40,286,743**	48,129,378
Total equity		**109,040,800**	424,228,440
Total liabilities and equity		**111,123,343**	427,070,174

The accompanying notes on pages 22 to 47 form an integral part of the financial statements.

The financial statements on pages 17 to 47 were approved by the Board of Directors on 31st May, 2023 and signed on its behalf by:

BY ORDER OF THE BOARD

Signed

Yaw Nsafoa Sarpong
Board Chairman

Signed

Edward Effah
Director

Statement of Movement in Net Assets

For the year ended 31 December 2022

(All amounts are in Ghana Cedis)

Year ended 31 December 2022	**Note**	**Unitholders capital**	**Net investment income**	**Net Assets**
Balance at 1 January		376,099,062	48,129,378	424,228,440
Net income for the year		-	(7,842,635)	(7,842,635)
Units issued		222,710,238	-	222,710,238
Units redeemed		(530,055,243)	-	(530,055,243)
Balance at 31 December		**68,754,057**	**40,286,743**	**109,040,800**

Year ended 31 December 2021	Unitholders capital	Net investment income	Net Assets
Balance at 1 January	87,489,254	6,814,520	94,303,774
Net income for the year	-	41,314,858	41,314,858
Units issued	479,677,607	-	479,677,607
Units redeemed	(191,067,799)	-	(191,067,799)
Balance at 31 December	376,099,062	48,129,378	424,228,440

Statement of Movement in Issued Units

	2022	2021
Number of units in issue at 1 January	**2,931,368,292**	752,169,170
Number of units issued during the year	**1,607,266,232**	3,379,583,341
	4,538,634,524	4,131,752,511
Number of units redeemed during the year	**(3,570,318,380)**	(1,200,384,219)
Number of units in issue at 31 December	**968,316,144**	2,931,368,292

The accompanying notes on pages 22 to 47 form an integral part of the financial statements.

Fidelity Fixed Income Trust

Statement of Cash Flows

For the year ended 31 December 2022

(All amounts are in Ghana Cedis)

	Note	2022	2021
Net investment income		**(7,842,635)**	41,314,858
Adjustment for non-cash items:			
Impairment on financial assets	8	**-**	(18,652)
Interest expense		**882,103**	-
Gain /(loss) on financial assets at FVTPL	11	**57,480,564**	3,342,600
Operating cash flow before movement in working capital		**50,520,032**	44,638,806
Changes in accounts receivable		**(128,984)**	40,837
Changes in accounts payable	12	**(759,191)**	2,225,451
Changes in financial assets at FVTPL	11	**258,481,163**	(333,950,893)
Changes in financial assets at amortised cost	11a	**-**	932,605
Cash generated from operations		**308,113,020**	(286,113,194)
Cash flow from financing activities			
Proceeds from sale of units		**222,710,238**	479,677,607
Redemption of client investments		**(530,055,243)**	(191,067,799)
Short-term borrowings		**15,000,000**	-
Repayment of short-term borrowings		**(15,000,000)**	-
Interest paid on short-term borrowings		**(882,103)**	-
Net cash from financing activities		**(308,227,108)**	288,609,808
Change in cash and cash equivalents		**(114,088)**	2,496,614
Cash and cash equivalents at 1 January		**2,886,017**	389,403
Cash and cash equivalents at 31 December	10	**2,771,929**	2,886,017

The accompanying notes on pages 22 to 47 form an integral part of the financial statements.

Notes to the Financial Statements

1. GENERAL INFORMATION

Fidelity Fixed Income Trust is authorised to operate as a Unit Trust under the Securities Industry Act, 2016 (Act 929), and is duly licensed by the Securities and Exchange Commission. The registered office is located at Ridge Tower, 10 Ambassadorial Enclave, West Ridge, Accra. The Unit Trust is an open-ended collective investment scheme that receives contributions from investors and invests same on their behalf. The unit trust was launched and began operations on 1 October 2019. The financial statements of the Unit Trust for the year ended 31 December 2022 were authorised for issue on 31 May 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of preparation

The Trust's financial statements have been prepared in accordance with the Unit Trust and Mutual Fund Regulations, 2001 (L.I. 1695) and comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements of the Trust comprise the statement of net assets, the statement of comprehensive income, the statement of assets and liabilities, the statement of movement in net assets, the statement of cash flows and the related notes.

The financial statements of the Trust are presented in Ghana cedis (GHS) rounded to the nearest cedi.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Unit Trust's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 6.

Going concern
IAS 1 Presentation of Financial Statements requires management, when preparing financial statements, to make an assessment of an entity's ability to continue as a going concern, and whether the going concern assumption is appropriate, up to the date on which the financial statements are issued.

In determining the appropriate basis for the preparation of the Financial Statements, the Directors are required to consider whether the Trust can continue in operational existence for the foreseeable future. Accordingly, after making enquiries and having considered forecasts and appropriate sensitivities, the Directors have formed a judgement, at the time of approving the Financial Statements, that there is a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of these Financial Statements.

The COVID-19 pandemic and the adverse effects of the Russian-Ukraine war severely worsened the fiscal and debt situation of Ghana leading to investor concerns triggering capital outflows, loss of external capital market access and rising domestic borrowing costs during the year. These adverse developments exposed Ghana to a surge in inflation, a large exchange rate depreciation and increased stress on the financing of the country's budget.

The challenging economic environment led to unprecedented increments in the country's foreign exchange rates, interest rates and levels of inflation. This resulted in significant increments in bond yields and a corresponding fall in the prices of bonds. Consequently, these impacted portfolio liquidity, operational revenue, client bases and growth prospects of the entire fund management industry negatively.

The Unit Trust's incurred substantial losses as a result Government of Ghana's impaired ability to service it's debts and the participation in the Domestic Debt Exchange Programme (DDEP). The SEC recognizing the potential impact of these losses impairing the regulatory capital of market operators on December 9, 2022 issued a circular in order to support market operators to mitigate the impact of the DDEP when applied for.

The Unit Trust's financial performance outlook and forecasts have considered various scenarios and stress situations under profitability, liquidity and solvency post the DDEP. This took into consideration the willingness of the SEC to support participating market operators adversely impacted by the DDEP. This exercise, coupled with the Government's commitment to the IMF programme, and to maintaining fiscal discipline leaves no reason to believe that the going concern status of the Unit Trust is in doubt.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Unit Trust are measured using the currency of the primary economic environment in which the entity operates (`the functional currency'). The financial statements are presented in 'Ghana cedi' (GH¢), which is the Unit Trust's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss.

2.3 Income

The Unit Trust recognises revenue when the amount of the revenue can be measured reliably and it is probable that future economic benefits will flow to the entity.

The Unit Trust's income mainly comprises interest income on investments held and gains realized from holding collective investments and equity instruments.

(a) Interest income

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income is made up of interest earned from holding investments in financial assets.

(b) Capital appreciation

Gains from increases in the prices of collective investments and equity instruments are recorded as income.

2.4 Financial assets and liabilities

2.4.1 Financial assets

(i) Classification

The Trust classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through Other Comprehensive Income (OCI) or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the trust's business model for managing the financial assets and the contractual terms of the cash flows.
The Trust has determined that it has two business models;

- Hold-to-collect business model: This includes fixed deposits, commercial papers and other cash and cash equivalents which are held to collect contractual cash flows.
- Other business model: This includes equity, debt securities and derivatives which are traded frequently. These securities are measured at fair value.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Trust has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Trust reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the trust commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the trust has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Trust measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments
Subsequent measurement of debt instruments depends on the trust's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the trust classifies its debt instruments:

- *Amortised cost:* Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in revenue using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line items in the statement of profit or loss.
- *FVOCI:* Assets that are held for the collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in revenue using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line items in the statement of profit or loss.
- *FVPL:* Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments
The Trust subsequently measures all equity investments at fair value. Where the trust's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Trust's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Trust assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For accounts receivables only, the trust applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

2.4.2 Financial liabilities

The Trust's holding in financial liabilities represent mainly owing to service providers. Such financial liabilities are initially recognized at fair value and subsequently measured at amortised cost.

2.4.3 Determination of Fair Value

For financial instruments traded in active markets, the determination of fair values of financial instruments is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions. For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, forex rates, volatilities and counterparty spreads) existing at the reporting dates.

The Unit Trust uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rates and currency swaps. For these financial instruments, inputs into models are generally market-observable. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Trust holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies, related controls and procedures applied, the directors believe that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value.

Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments. In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment.

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

2.4.4 Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Trust has transferred substantially all the risks and rewards of the asset, or (b) the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Trust has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Trust's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Trust could be required to repay.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.4.5 Repurchase and reverse repurchase agreements

Securities may be lent subject to a commitment to repurchase it at a specified date ('a repo'). Such securities are not derecognised but retained on the statement of financial position when substantially all the risks and rewards of ownership remain with the Trust. Any cash received, including accrued interest, is recognised on the balance sheet reflecting its economic substance as a loan to the Trust. Conversely, securities borrowed or purchased securities subject to a commitment to resell at a specified date (a 'reverse repo') are not recognised on the statement of financial position as the transactions are treated as collateralised loans.

However, where the securities borrowed are sold to third parties, the obligation to repurchase the securities is recorded as a trading liability at fair value and any subsequent gain or loss is included in net trading income.

2.4.6 Offsetting financial instruments

Netting, where financial assets and liabilities are set off and the net amount reported in the statement of financial position, occurs if, and only if, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise an asset and settle the liability simultaneously. In many cases, even though master netting agreements are in place, the lack of an intention to settle on a net basis results in the related assets and liabilities being presented gross in the statement of financial position.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at calls with banks and other short-term highly liquid investments with original maturities of three months or less. For the purpose of the cash flow statement cash and cash equivalents comprise balances with 91 days or less from the date of acquisition including cash and balances with Banks, treasury bills and other eligible bills and amounts due from other banks and dealing securities.

2.6 Provisions

A provision is recognised if, as a result of a past event, the Trust has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Trust from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Trust recognises any impairment loss on the assets associated with that contract.

2.7 Unitholders capital

Members' contributions are classified as 'unitholders capital' in equity. There are no barriers to entry and exit in the unit trust.

2.8 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that some or all of the facility will probably be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that some or all of the facility will probably be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.9 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be settled or recovered. Trading assets and liabilities have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products.

As at 31 December 2022

	Within 12 months	After 12 months	Total
Assets			
Cash and bank balances	2,771,929	-	2,771,929
Receivables	243,384	-	243,384
Financial assets at FVTPL	456,849	107,651,181	108,108,030
Total assets	**3,472,162**	**107,651,181**	**111,123,343**
Payables	2,082,543	-	2,082,543
Net	**1,389,619**	107,651,181	**109,040,800**

As at 31 December 2021

	Within 12 months	After 12 months	Total
Assets			
Cash and bank balances	2,886,017	-	2,886,017
Receivables	114,400	-	114,400
Financial assets at FVTPL	8,789,124	415,280,633	424,069,757
Total assets	11,789,541	415,280,633	427,070,174
Payables	2,841,734	-	2,841,734
Net	8,947,807	415,280,633	424,228,440

3. FINANCIAL RISK MANAGEMENT

(a) Introduction and overview

The Unit Trust's business involves receiving funds from unit holders and investing in various income-generating investment vehicles. This requires taking on risks in a targeted manner and managing them professionally. The core functions of the Trust's risk management are to identify all key risks, measure these risks, manage the risk positions and determine capital allocations. The fund manager regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practices. The Trust aims to achieve an appropriate balance between risk and return and minimise potential adverse effects on the fund's financial performance. The unit trust defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

(b) Risk management structure

The Board of Directors of Fidelity Securities Limited has overall responsibility for the establishment and oversight of the Unit Trust's risk management framework and they are assisted by the Investment Committee of the Board and Risk Management and Compliance Departments of the Fidelity Group. The Risk Management and Compliance Department of the parent company, Fidelity Bank Ghana Limited, regularly reviews the Trust's risk management policies and systems to reflect changes in markets, products and emerging best practices.

The risk management policies are established to identify and analyse the risks faced by the Unit Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The fund manager, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Unit Trust's primary defence against risks of losses is its Trust deed, SEC approved manuals, policies, procedures, systems and internal controls. In addition, internal control mechanisms ensure that appropriate action is taken when identified risk pass acceptable levels, as approved by the Board of Directors of the fund manager and regulators. Internal control, from time to time, reviews and assesses the adequacy of procedures and controls.

The risks arising from financial instruments to which the Unit Trust is exposed are financial risks, which include market risk, credit risk and liquidity risk.

3.1 Market risk

The Unit Trust takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices.

(a) Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Unit Trust had no foreign currency denominated assets and liabilities at end the period. All assets and liabilities held are denominated in Ghana cedis.

(b) Interest rate risk

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

- differences between the timing of market interest rate changes and the timing of cash flows (repricing risk)

- changes in the market interest rates producing different effects on yields on similar instruments with different maturities (yield curve risk); and
- changes in the level of market interest rates producing different effects on rates received or paid on instruments with similar re-pricing characteristics (basis risk).

The Unit Trust's interest rate risk arises mainly from investments held.

The tables below summarise the Trust's exposure to interest rate risks. It includes the Trust's financial instruments at carrying amounts categorised by the earlier contractual re-pricing or maturity dates.

2022

Assets	**Up to 6 months**	**6-12 months**	**Over 1 year**	**Non-interest bearing**	**Total**
Cash and bank balances	-	-	-	2,771,929	**2,771,929**
Financial assets	456,849	-	107,026,156	625,025	**108,108,030**
Accounts receivable	-	-	-	243,384	**243,384**
Financial assets	**456,849**	-	**107,026,156**	**3,640,338**	**111,123,343**
Liabilities					
Accounts payable	-	-	-	2,082,543	**2,082,543**
Financial liabilities	-	-	-	**2,082,543**	**2,082,543**
Total interest re-pricing gap	**456,849**	-	**107,026,156**		

2021

Assets	Up to 6 months	6-12 months	Over 1 year	Non-interest bearing	Total
Cash and bank balances	-	-	-	2,886,017	2,886,017
Financial assets	2,860,037	2,646,988	417,684,649	878,083	424,069,757
Accounts receivable	-	-	-	114,400	114,400
Financial assets	2,860,037	2,646,988	417,684,649	3,878,500	427,070,174
Liabilities					
Accounts payable	-	-	-	2,841,733	2,841,733
Financial liabilities	-	-	-	2,841,733	2,841,733
Total interest re-pricing gap	2,860,037	2,646,988	417,684,649		

Interest rate sensitivity analysis

The interest re-pricing gap analysis is supplemented by monitoring the sensitivity of the Trust's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis points (bps) parallel shift in all yield curves. An analysis of the Trust's sensitivity to an increase or decrease in market interest rates (assuming no symmetrical movement in yield curves and a constant balance sheet position) and its impact on the net interest margin is as follows:

	Total interest re-pricing gap	Possible interest rate movements		
		+100bps	**+200bps**	**+300bps**
Up to 6 months	456,849	4,568	9,137	13,705
6-12 months	-	-	-	-
Over 1 year	107,026,156	1,070,262	2,140,523	3,210,785
Total		**1,074,830**	**2,149,660**	**3,224,490**
Impact on interest income (2022)		**1.63%**	**3.25%**	**4.88%**
Impact on interest income (2021)		8.43%	16.86%	25.29%

3.2 Credit risk

The Trust is exposed to credit risk, which is the risk that the counterparty may be unable to pay amounts in full when they fall due. The Trust is exposed to counterparty risk on bank balances, investments in debt securities and other exposures arising from its trading activities. The Trust considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the trust compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

The maximum exposure to credit risk before any credit enhancements at 31 December is the carrying amount of the financial assets as set out below:

	2022	2021
Cash and balances with bank	**2,771,929**	2,886,017
Receivables	**243,384**	114,400
Financial assets at FVTPL	**108,108,030**	424,069,757
	111,123,343	427,070,174

The above table represents a worst-case scenario of credit risk exposure to the Unit Trust at 31 December 2022, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

As shown above, 97.3%(2021:99.3%) of the total maximum exposure is derived from investments and exposure from cash and balances with bank represents 2.5%(2021:0.7%).

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the trust. Where financial assets and receivables have been written off, the unit trust continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

At 31 December 2022, the Unit Trust's credit exposure was categorised as follows:

- Exposures that are neither past due nor impaired;
- Exposures that are past due but not impaired; and
- Individually impaired facilities

None of these assets are impaired or past due. No credit limits were exceeded.

3.2.1 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

Significant increase in credit risk (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria

The remaining Lifetime PD at the reporting date has increased, compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognised.

Qualitative criteria

If the counterparty meets one or more of the following criteria:

- In short-term forbearance
- Extension to the terms granted
- Previous arrears within the last [12] months
- If the counterparty is on the Watchlist and/or the instrument meets one or more of the following criteria:
  - Significant increase in credit spread
  - Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
  - Actual or expected forbearance or restructuring
  - Actual or expected significant adverse change in operating results of the borrower
  - A significant change in collateral value (secured facilities only) which is expected to increase the risk of default
  - Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/ loans.

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness.

3.2.2 Expected credit loss measurement on investment securities

3.2.2.1 Background to the Ghana's Domestic Debt Exchange programme

On 5th December 2022, the Government of Ghana launched Ghana's Domestic Debt Exchange Programme (DDEP), which constitutes a debt treatment arrangement through which institutional and individual bondholders of eligible Government bonds, including E.S.L.A and Daakye bonds were invited to participate in a voluntary exchange of their eligible (old) bonds for new bonds issued by the Republic.

Ghana's fiscal and debt vulnerabilities have worsened amid an increasingly challenging external environment. During the COVID-19 pandemic, Ghana's public debt increased significantly. At the same time, the government's efforts to preserve debt sustainability were not seen as sufficient by investors, leading to credit rating downgrades, the exit of non-resident investors from the domestic bond market, and ultimately Ghana's loss of access to international capital markets.

These adverse developments, further exacerbated by price and supply-chain shocks from the war in Ukraine, have led to a large exchange rate depreciation, a surge in inflation and pressure on foreign exchange reserves. Against this backdrop, the government requested assistance from the IMF in July 2022 and a staff-level agreement was reached in December 2022. The Fund-supported Programme is expected to support Ghana in implementing policies that restore macroeconomic stability and ensure debt sustainability while protecting the most vulnerable parts of its population. It would help create the conditions for inclusive and sustainable growth and job creation. It is also expected to help alleviate exchange rate pressures and provide a catalytic effect on additional sources of financing.

The IMF assistance was conditional on Ghana restructuring its public debt – domestic and external - which will include bringing public debt down to more manageable levels from the estimated 105% of GDP to 55% in present value terms by 2028.

As a first step of the debt restructuring, the Government announced a voluntary Domestic Debt Exchange Programme (DDEP) in early December 2022. Under the DDEP, the Government seeks to exchange about GHS132 billion (US$ 11.45 billion or about 15% of 2021 GDP) of existing domestic bonds held by various local investors, including banks, for a package of 12 new bonds with different payout dates.

3.2.2.2 The Exchange

The Invitation to Exchange was an arrangement through which holders of Eligible Bonds submitted their holdings of Eligible Bonds governed by Ghanaian law and denominated in Ghanaian Cedis (GHS) for new benchmark Government of Ghana bonds with the same aggregate principal amount (plus applicable capitalized accrued and unpaid interest), and which have in the aggregate a lower average coupon and extended average maturity than the Eligible Bonds.

The key terms of the exchange memorandum issued by the Government on 3rd February 2023 are as follows:

- Invitation to exchange the domestic notes and bonds of the Republic of Ghana, E.S.L.A PLC and Fidelity Securities Limited to all registered holders of eligible bonds that are not pension funds.
- Categorization of eligible bondholders to “Category A holder”, “Category B holder” and “Category C holder”.
  Category A holder: Collective Investment Schemes or Natural persons below the age of 59 years old as of 31st January 2023.
  Category B holder: Eligible Holders that are natural persons 59 years old or older as of 31st January 2023.
  Category C holder: Eligible Holders that are not Category A Holders or Category B Holders.
- Issuance of 7 New General Bonds maturing one per year consecutively from and including 2027 through and including 2033 for General Category Holders in exchange for Eligible Post-2023 Bonds and issuance of 12 New General Bonds, maturing one per year consecutively from and including 2027 through and including 2038 at average coupon of 9%.

The company’s Board of Directors opted to participate in the voluntary Ghana Domestic Debt Exchange Programme given the adverse impact of not participating on profitability, liquidity and solvency. The company tendered a total of GHS 107 million (principal and accrued unpaid interest) for New General Bonds under the programme.

The debt restructuring exercise is indicative of the Government's impaired ability to service its debt and is indicative of a significant increase in credit risk. As a result, the eligible bonds under the DDE programme and all exposures to the Government have to be assessed for impairment which could result in provisions for expected credit losses.

Thus, the terms of the new offer and the circumstances leading to the entire debt treatment arrangement constitute a significant modification of the eligible bond portfolio, requiring that the Company undertakes the following activities under the International Financial Reporting Standards (IFRS):

i. Assessment of the eligible portfolio for impairment
ii. Assessment of modification losses and determination of their significance
iii. Derecognition of the eligible bonds
iv. Determination of the fair values at which the new bonds will be recognized;
v. The impact of the DDEP on other exposures to the sovereign; and
vi. Other related accounting matters.

The determination of the expected credit losses (ECL), modification gains/losses and fair value/ present value of the New Bonds all require the application of an appropriate discount rate, which is the subject of this policy. Based on historical and forward-looking factors, the Company considers the current (distressed) yields on the eligible (old) bonds as inappropriate for the determination of the fair values of the new bonds. The Company is guided by the requirements of IFRS 13 – Fair Value Hierarchy – in determining its internal discount rate.

3.2.2.3 Determinants of the Discount Rate

In determining the fair values of the new bonds, the Company refers to IFRS 13 (Fair Value Hierarchy). For disclosure and comparability purposes, IFRS 13 establishes a fair value hierarchy that categorises the inputs to valuation techniques into three levels (IFRS 13.72):

Level 1
Level 2
Level 3

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Typical examples of Level 1 inputs are prices of financial assets and liabilities traded on stock exchanges that meet the definition of an active market. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis (IFRS 13. Appendix A). A quoted price in an active market provides the most reliable evidence of fair value and should be used without adjustment to measure fair value whenever available (IFRS 13.76-77). As an exception to this rule, adjustments to Level 1 inputs are permitted in circumstances specified in paragraph IFRS 13.79.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly (including market-corroborated data). Examples of Level 2 inputs are given in paragraph IFRS 13.82 and paragraph IFRS 13.B35.

Entities often use over-the-counter (OTC) derivatives which serve as hedging instruments (irrespective of whether the hedge accounting is applied). OTC derivatives cannot, by definition, be included in Level 1 inputs as they are tailored to meet the needs of a particular entity and there are no quoted prices for identical instruments. The Company includes OTC derivatives in Level inputs.

Level 3 inputs are unobservable inputs and are used when relevant observable inputs are not available. Unobservable inputs should be developed using the information available to the entity, which can often be the entity's own data adjusted to account for assumptions of other market participants and exclude entity-specific factors (IFRS 13.86-87, 89). Paragraph IFRS 13.88 stresses that fair value measurement based on Level 3 inputs should consider assumptions about risk.

Paragraph IFRS 13.B36 gives examples of Level 3 inputs for particular assets and liabilities. When inputs used to measure fair value fall into different levels, the whole fair value measurement is categorized in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (IFRS 13.73, 75).

The Company recognizes the fact that the determination of a suitable discount rate for cashflow discounting purposes should be reflective of market conditions, which is crucial for impairment assessment on the eligible (old) bonds. Under the current circumstance, there are no benchmark market rates to be referenced or adopted to fair-value the expected cashflows, given that the new bonds are yet to be issued and subsequently traded.

Against this backdrop, and giving consideration to the existing economic conditions and available market data on trading activities on the bond market, the company adopted the Level 2 hierarchy method in determining an appropriate discount rate.

A 4-year (pre-distress) period bond market data was used in conjunction with forward-looking conditions to fairly extrapolate a rate reflective of potential market conditions post the issuance of the New Bonds by the Republic.

The computation of the discount rate was influenced by various factors such as the yield curve, issuer creditworthiness, and bond riskiness. The creditworthiness of the issuer and bond riskiness play a significant role in determining the discount rate, as higher credit risk or lower credit rating may result in a higher discount rate.

3.2.2.4 Discount Rate Computation

The evaluation of the discount rate for bond exchange requires a comprehensive analysis of multiple factors such as the yield curve, issuer creditworthiness, and bond riskiness. The discount rate is a critical component in determining the present value of the cash flows generated by the new bond and is used to assess the viability of exchanging existing bonds with high coupon rates for new bonds with lower coupon rates.

Bonds and notes issued by the Government of Ghana over a 4-year time frame provide valuable information for market participants to compare and assess the relative value of different instruments. The spread between the coupon rate and the market rate, which reflects market demand for each bond or note, is an essential metric used to determine the best value proposition.

The model computes the spreads between the Coupons and the Bids for the various bonds on offer within the period. The resultant spreads have been separately grouped into positive (where the Bids exceeded the Offers) and negative spreads (where the Bids fell short of the Offers).

Subsequently, an average of each of the grouping (positive and negative spreads) was determined. A third variant which considers the overall average of the spreads across all the data points, considering both positive and negative spreads, was also determined.

Using an average yield of 9% (being the average for new bonds) as a base, each of the average spreads over the 4-year period was layered on top of it to arrive at a discount rate reflective of the market conditions in both normal and distressed market environments. This rate can justifiably be used as a valuation factor to discount the expected cashflows from the new bonds.

Category	Average Spreads (+ve/-ve) being layered on the base average of 9%	Resultant Discount Rate
Average of Low ==>>	-0.27%	8.73%
Average of High ==>>	2.79%	11.79%
Overall Average ==>>	0.73%	9.73%

To reflect the risky environment, Management and the Board made a policy decision to adopt the upper bound of the resultant rates as the discount factor - 11.79%

3.2.2.5 Forward Looking Considerations

The Company considered the following corroborative forward-looking factors in determining the appropriate discount factor.

a. The Macroeconomic environment

The pre-DDE conditions, including the mounting public debt and the widening fiscal deficit that triggered sovereign credit rating downgrade, leading to loss of external market access and rising domestic borrowing costs, are expected to improve significantly after the Exchange. These improvements will likely stabilise the macroeconomic environment with positive impacts on inflation, exchange rates, interest rates and public debt sustainability. The Bank of Ghana has publicly indicated that it expects inflation to return to the medium-term bank of 8 +/- 2%, a situation that will see the central bank soften its stance on the policy rate.

b. The IMF's conditionalities and oversight

The Government undertook the debt restructuring and, for that matter, the Domestic Debt Exchange Programme (DDEP) as part of the precondition for an IMF intervention. The government requested assistance from the IMF in July 2022 and a staff-level agreement was reached in December 2022. The Fund-supported Programme is expected to support Ghana in implementing policies that will restore macroeconomic stability and ensure debt sustainability while protecting the most vulnerable parts of the population. The Programme is also expected to help alleviate exchange rate pressures and provide a catalytic effect on additional sources of financing. The IMF assistance, which is expected to be approved by the Fund's executive board in March 2023, is conditional on Ghana restructuring its public debt – domestic and external –which will include bringing public debt down to more manageable levels from the currently estimated 105% of GDP to 55% in present value terms by 2028. Ghana's experience under the last IMF Extended Credit Facility Programme confirms that macroeconomic stability is highly achievable under a Fund Programme. Another evidence of economic recovery, debt sustainability and stability under IMF-supported programmes is the HIPC initiative.

c. Government commitment to a stable interest rate outlook

i. Commitment to stay clear of the Bond Market

Post the DDE programme, the Government has committed to stay clear of the bond market for six (6) months after the settlement date. In this regard, the Republic of Ghana is not expected to announce, issue or take any steps to issue any domestic public indebtedness (other than the new bonds) after the agreed settlement date and until 6 months have elapsed, provided, however, that for the avoidance of any doubt, this shall not limit the issuance of treasury bills during this period or other short-term non-marketable securities through the Clear Market End Date.

ii. Limitation on future issuances

From the Clear Market end date through the date that is three (3) years from the Settlement Date ("New Bond End Date"), the Republic will not announce, issue or take any steps to issue any Domestic Public Indebtedness other than the issuance of Tranches of New Bonds that can be consolidated with and form a single Series with any of the Series of the New Bonds that are issued on the issue date; provided, however, that for the avoidance of any doubt, this shall not limit the issuance of treasury bills of the Republic during this period or other short-term non-marketable securities through the New Bond End Date. For the next 3 years, the Republic will only be allowed to announce or issue tranches (re-taps) of the new bonds.

It is the view of the Company that these commitments provide reasonable assurances and give an indication of the direction of interest rates and expected market spreads around the coupon rates of the new bonds, which is towards a reversion to the average achieved over the past four years.

3.2.2.6 Credit Spread Considerations and Final Discount Rate

In addition to adopting the upper bound of the computed discount rate (11.79%), the Company taking a more conservative stance considers Credit Spread element, the difference in returns due to different credit qualities between the old and new bonds, to further adjust the resultant rate by a 3.88% spread to arrive at a final discount rate of 15.67% (11.79% + 3.88%).

3.2.2.7 Expected Credit Loss on Investment Securities

The expected credit loss on investment securities for the Unit Trust as at 31.12.2022 was calculated as the difference between the carrying value of financial assets and the present value of the expected future cash flows from new bonds discounted using the discount rate of 15.67%. The present value of future cash flows exceeded the carrying value of investment securities thus no expected credit losses were recognized.

3.3 Liquidity risk

Liquidity risk is the risk that the Unit Trust may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on materially disadvantageous terms. The Unit Trust manages this risk by ensuring that it has access to a variety of funding sources. Particular attention is paid to the marketability of assets, whose availability for sale or as collateral for refinance is evaluated under different market scenarios. Consequently, The Trust monitors any factors that may impact negatively on its ability to remain liquid. It is the policy of the Unit Trust to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Trust is not allowed to invest in equity securities.

The Trust monitors its liquidity position on a regular basis and the investment committee of the Board of the fund manager reviews it at its meetings.

3.3.1 Non-derivative financial liabilities and assets held for managing liquidity risk

The table below analyses the Unit Trust's financial assets and liabilities into relevant maturing groupings based on the remaining period from the reporting date to the contractual maturity date.

The amounts presented below are the contractual undiscounted cash flows.

At 31 December 2022

	Up to 6 months	6-12 months	Over 1 year	Total
Financial liabilities				
Accounts payable	2,082,543	-	-	2,082,543
Total liabilities (Contractual maturing dates)	**2,082,543**	**-**	**-**	**2,082,543**
Financial assets				
Cash and bank balances	2,771,929	-	-	2,771,929
Receivables	243,384	-	-	243,384
Financial assets	456,849	-	107,651,181	108,108,030
Total assets held for managing liquidity risk (contractual maturity date)	**3,472,162**	**-**	**107,651,181**	**111,123,343**

At 31 December 2021

	Up to 3 months	3-6 months	6-12 months	Over 1 year	Total
Financial liabilities					
Accounts payable	2,841,734	-	-	-	2,841,734
Total liabilities (Contractual maturing dates)	2,841,734	-	-	-	2,841,734
Financial assets					
Cash and bank balances	2,886,017	-	-	-	2,886,017
Receivables	114,400	-	-	-	114,400
Financial assets	-	2,860,037	2,646,988	418,562,732	424,069,757
Total assets held for managing liquidity risk (contractual maturity date)	3,000,417	2,860,037	2,646,988	418,562,732	427,070,174

3.3.2 Assets held for managing liquidity risk

The Trust holds a diversified portfolio of cash and high-quality highly-liquid securities to support payment obligations and contingent funding in a stressed market environment. The Trust's assets held for managing liquidity risk comprise:

- Cash and balances with the Trust's bankers
- Certificates of deposit;
- Secondary sources of liquidity in the form of highly liquid instruments in the Trust's investment portfolios.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Trust's market assumptions. These two types of inputs have created the following fair value hierarchy:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, Ghana Stock Exchange).
- **Level 2** – Inputs are quoted prices for the asset or liability, (other than those included in Level 1) that are observable either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3** – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Unit Trust considers relevant and observable market prices in its valuations where possible.

	Level 1	Level 2	Level 3
2022			
Financial assets at FVPL	**-**	**108,108,030**	**-**
2021			
Financial assets at FVPL	-	424,069,757	-

(b) Financial instruments not measured at fair value

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Unit Trust's statement of financial position at their fair value:

	Carrying value		Fair value	
	2022	2021	**2022**	2021
Financial assets				
Bank balances	**2,771,929**	2,886,017	**2,771,929**	2,886,017
Receivables	**243,384**	114,400	**243,384**	114,400
Financial asset at amortised cost	**-**	-	**-**	-
Financial liabilities				
Accounts payable	**2,082,543**	2,841,734	**2,082,543**	2,841,734

The fair value of financial assets and liabilities traded in active markets is based on the quoted market price at the reporting date. The quoted market price used for financial assets held by the Trust is the current bid price; the appropriate quoted market price for the financial liabilities is the market asking price.

The fair value of financial assets and financial liabilities that are not traded in an active market is determined by using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

5. CAPITAL RISK MANAGEMENT

The Unit Trust's objectives when managing capital are to safeguard the Trust's ability to continue as a going concern in order to provide returns for unit holders.

The Trust's key objectives in managing capital are to:
- comply fully with the capital requirements set up by Securities and Exchange Commission;
- safeguard the Trust's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders; and
- maintain a strong capital base to support the development and growth of its business.

6. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Trust's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Actual results may differ from these estimates.

(a) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:
- Determining criteria for a significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios and the associated ECL.

(b) Fair value of financial instruments

The fair value of financial instruments is determined by reference to the quoted bid price or asking price (as appropriate) in an active market. Where the fair value of financial assets and financial liabilities recorded on the statement of assets and liabilities cannot be derived from an active market, it is determined using a variety of valuation techniques including the use of prices obtained in recent arms' length transactions, comparison to similar instruments for which market observable prices exist, net present value techniques and mathematical models. Input to these mathematical models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

(c) Hold to collect financial assets

The Trust classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as hold to collect. This classification requires significant judgment. In making this judgement, the Trust uses the Business model and Solely for Payment of Principal and Interest (SPPI) model to assess that the purpose for holding these assets was to collect the contractual cash flows associated with the assets. If the Trust were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Trust is required to reclassify the entire category as hold to collect and sell. Accordingly, the investments would be measured at fair value instead of amortised cost.

7. INCOME

	2022	2021
Interest on financial assets at FVPL	**66,105,361**	50,090,556
Profit on sale of financial assets at FVPL	**2,069,555**	1,029,738
Interest on financial assets at amortised cost	**-**	104,657
	68,174,916	51,224,951

Interest income from Financial assets at amortised cost is calculated using the effective interest method.

8. CREDIT IMPAIRMENT EXPENSE

	2022	2021
Impairment (writeback)/loss on financial assets	**-**	(18,652)

9. FUND EXPENSES

	2022	2021
Management fees	**6,734,570**	5,416,610
Loss on financial assets at FVPL	**57,480,564**	3,342,600
Trustee fees	**1,346,914**	1,083,322
Audit fees	**74,750**	72,146
Interest expense	**882,103**	-
Loss on sale of financial assets at FVPL	**9,539,859**	-
Other expenses	**60,911**	19,727
	76,119,671	9,934,405

Other expenses include CSD and other bank transactional-related charges.

10. BANK AND CASH BALANCES

	2022	2021
Bank balances	**2,771,929**	2,886,017

11. FINANCIAL ASSETS

	2022	2021
Financial assets at FVTPL	**108,108,030**	424,069,757

Financial assets classified as FVPL were measured at fair value as shown below:

	2022	2021
Government bonds and notes	**62,083,996**	293,722,976
Corporate bonds and notes	**17,415,908**	27,244,360
LGSA bonds and notes	**27,983,101**	96,717,313
Collective investment schemes	**625,025**	878,083
Treasury and cocoa bills	**-**	5,507,025
	108,108,030	424,069,757
At 1 January	**424,069,757**	93,461,463
Additions	**265,603,835**	534,596,129
Redemptions	**(524,084,998)**	(200,645,235)
Gain/(Loss) on Financial assets at FVPL	**(57,480,564)**	(3,342,600)
At 31 December	**108,108,030**	424,069,757

12. ACCOUNTS PAYABLE

	2022	2021
Management fees payable	**725,439**	2,001,458
Trustee fees payable	**1,224,872**	733,778
Audit fees payable	**73,750**	72,146
Other payables	**58,482**	34,352
	2,082,543	2,841,734

13. UNITHOLDERS

The number of unit holders as of 31 December 2022 was 3,087 (2021: 2,317)

14. ACCUMULATED INVESTMENT INCOME ACCOUNT

This represents the accumulated profits over the years after appropriations. The balance is available for distribution to shareholders.

15. RELATED PARTY DISCLOSURES

Fidelity Fixed Income Trust is managed by Fidelity Securities Limited, a company incorporated in Ghana and wholly owned by Fidelity Bank Ghana Limited.

A number of transactions are entered into with related parties in the normal course of business. These include transactions with the fund manager and other associated entities.

(i) Transactions with fund manager

Transactions between Fidelity Fixed Income Trust and its fund manager meet the definition of related party transactions.

Transactions with the fund manager are shown below:

	2022	2021
Management fees	**6,734,570**	5,416,610

(ii) Year-end balances arising from investments and services rendered;

	2022	2021
Fidelity Securities Limited investment balance	**598,668**	786,092
Fees payable to Fidelity Securities Limited	**725,439**	2,001,458

16. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2022 (2021: Nil).

17. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2022 (2021: Nil).

18. EVENTS AFTER THE REPORTING DATE

On 5th December 2022, the Government of Ghana launched Ghana's Domestic Debt Exchange Programme (DDEP), which constitutes a debt treatment arrangement through which institutional and individual bondholders of eligible Government bonds, including E.S.L.A and Daakye bonds were invited to participate in a voluntary exchange of their eligible (old) bonds for new bonds issued by the Republic.

The DDEP was a condition for the Government of Ghana to reach an agreement with the IMF to provide support to Ghana in implementing policies to restore macroeconomic stability on the back of Ghana's public debt reaching unsustainable levels. Ghana's public debt had increased significantly during the year. Concurrently, the government's efforts to preserve debt sustainability were not seen as sufficient by investors, leading to credit rating downgrades, the exit of non-resident investors from the domestic bond market, and ultimately leading to loss of access to international capital markets. These adverse developments, further exacerbated by price and supply-chain shocks from the war in Ukraine, led to significant exchange rate depreciation, a surge in inflation and pressure on foreign exchange reserves. Against this backdrop, the government requested assistance from the IMF in July 2022 and a staff-level agreement was reached in December 2022. The Fund-supported Programme is expected to support Ghana in implementing policies that restore macroeconomic stability, ensure debt sustainability and help alleviate exchange rate pressures.

The IMF assistance, however, was conditional on Ghana restructuring its public debt (Domestic and External) which includes bringing public debt down to more manageable levels from the estimated 105% of GDP to 55% in present value terms by 2028.

The Unit Trust participated in the voluntary Government of Ghana's Domestic Debt Exchange Program which concluded and settled in February 2023 before the financial statements were approved. The Unit Trust tendered in bonds with a book value of GH¢161 million for two Category A Bonds maturing in August 2027 and August 2028.

The debt restructuring exercise is indicative of the Government's impaired ability to service its debt and is indicative of a significant increase in credit risk. As a result, the eligible bonds under the DDE programme and all exposures to the Government were assessed for impairment. The resulting expected credit loss on investment securities was nil.

Proxy Form

FIDELITY SECURITIES

Annual General Meeting of the Unit Holders of **Fidelity Fixed Income Trust** is to be held virtually via Microsoft Teams on **Wednesday the 4th of October, 2023** at **10:00am**.

I/We...being a Unit holder(s) hereby

appoint .... as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Fund to be held on Wednesday the 4th of October, 2023 and at any adjournment thereof.

RESOLUTION	FOR	AGAINST
To receive the Report of the Fund Manager for the Year ended December 31, 2022.		
To receive and adopt the Annual Report and the Audited Statement of Income and Expenditure of Fidelity Fixed Income Trust for the year ended December 31, 2022, together with the Trustee's Report and Auditors' Report.		
To Approve the appointment of John Kay & Associates as Auditors in place of Deloitte Ghana and to authorize the Fund Manager to Fix the remuneration of the New Auditors		

Please indicate with an "X" in the appropriate square how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote for, against or abstain from voting at his/her discretion. **(Do not complete this form if you will attend the meeting)**

Dated this Day 13th of September, 2023.

....
Unit Holder(s) Signature

Let's work together to build your future

Follow these steps to deposit money into your Fidelity Securities Investment Account.

- **Download** and **login** to the Fidelity Mobile App
- Select **View All**
- Under **Investment**, select **Fidelity Securities**
- Complete the **form** and enter your **11-digit** Fidelity Securities **Investor ID** in the **Investor Number** field
- Click **Next**
- Enter Mobile App **PIN** to complete

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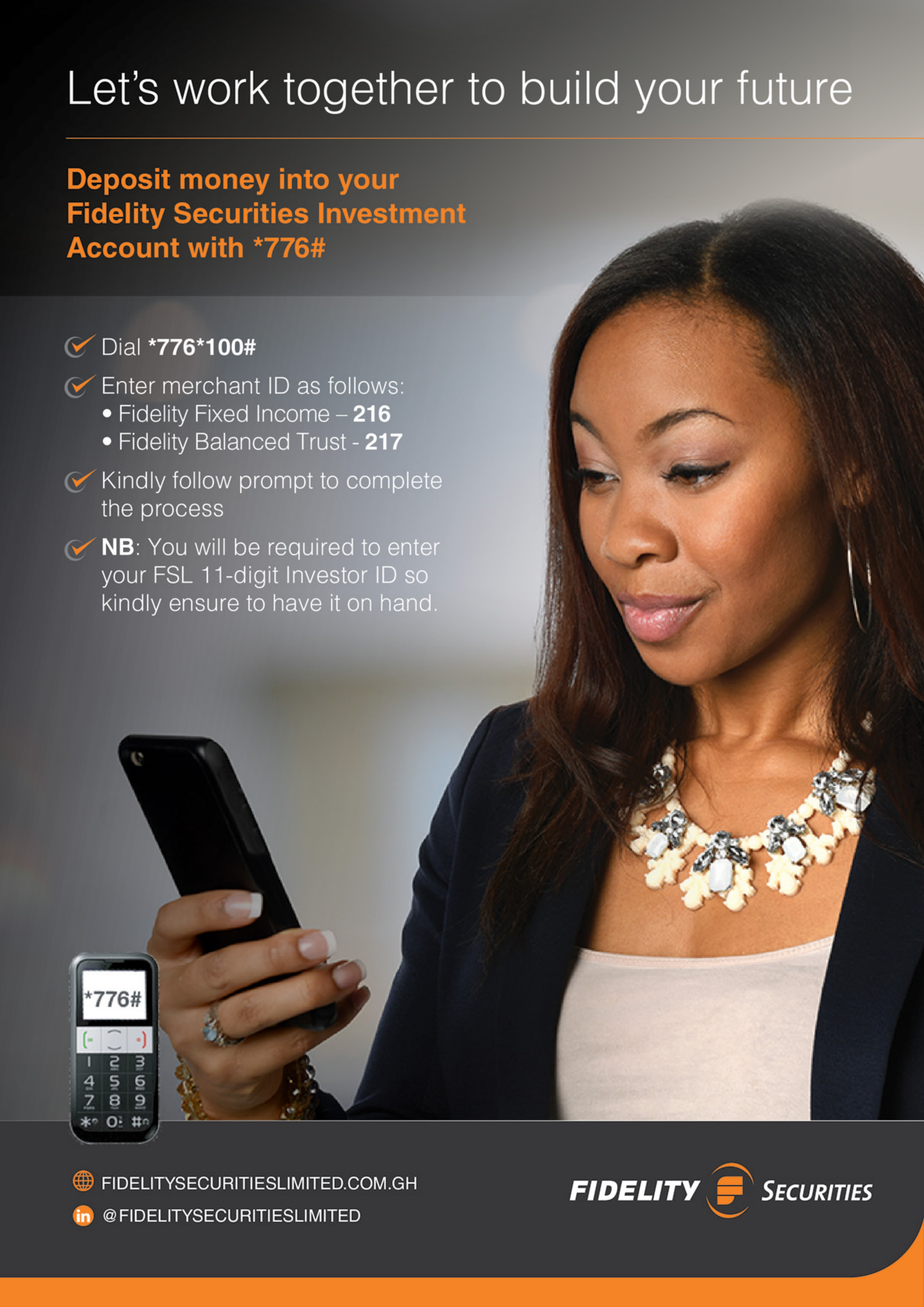

Let's work together to build your future
Deposit money into your Fidelity Securities Investment Account with *776#
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