

# Stability and Resilience

## Fidelity Money Market Trust



Annual Report 2022

**FIDELITY**  **SECURITIES**

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# Corporate Information

## Trustees:

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

## Legal Advisor:

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Maataa Opare  
Fidelity Bank Ghana Limited

## Solicitor:

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

## Fund Manager:

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

## Bankers:

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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:

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



# Notice of Virtual Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 1st Annual General Meeting (AGM) of the Unit Holders of Fidelity Money Market Trust will be held virtually via Microsoft® Teams on Wednesday, October 4, 2023 at 1:30pm to transact the following business:

## Ordinary Business

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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 Money Market Trust for the year ended December 31, 2022, together with the Trustee's Report and Auditors' Report.

## 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 Money Market Trust

# Report of the Directors of the Fund Manager

For the 5-month period 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 Money Market Trust for the 5-month period ended 31 December 2022.

### Going concern

The Directors have made an assessment of 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 a going-concern basis.

### Nature of business

The Fidelity Money Market Trust is an authorized Unit Trust as defined by the Unit Trust and Mutual Fund Regulations, 2001 (L.I 1695). Fidelity Money Market Trust is an open-ended Unit Trust that invests primarily in Money Market Securities. The Unit Trust has an objective of preserving the unit holder's value while enhancing the unit holder's liquidity to meet short-term recurrent and other financial needs of investors.

### Final report and dividend

The results for the year are set out below:

	2022 GH¢
Net investment income (attributable to unit holders)	181,247
Accumulated net investment income brought forward	-
Leaving a balance to be carried forward of	181,247

### Dividend distribution policy

The Trust reinvests all income earned to meet the objective of preserving and enhancing unit holders' 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 August 2023 and signed on their behalf by:

Signed

**Akwasi Adu-Boahene**

Executive Director, Fidelity Securities Ltd.

31 August 2023

Signed

**Edward Effah**

Director

31 August 2023



# Fidelity Money Market Trust

## Portfolio Manager's Report

For the 5-month period ended 31 December 2022

### Global Market Review

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 a 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 balance of payment shortfalls, 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

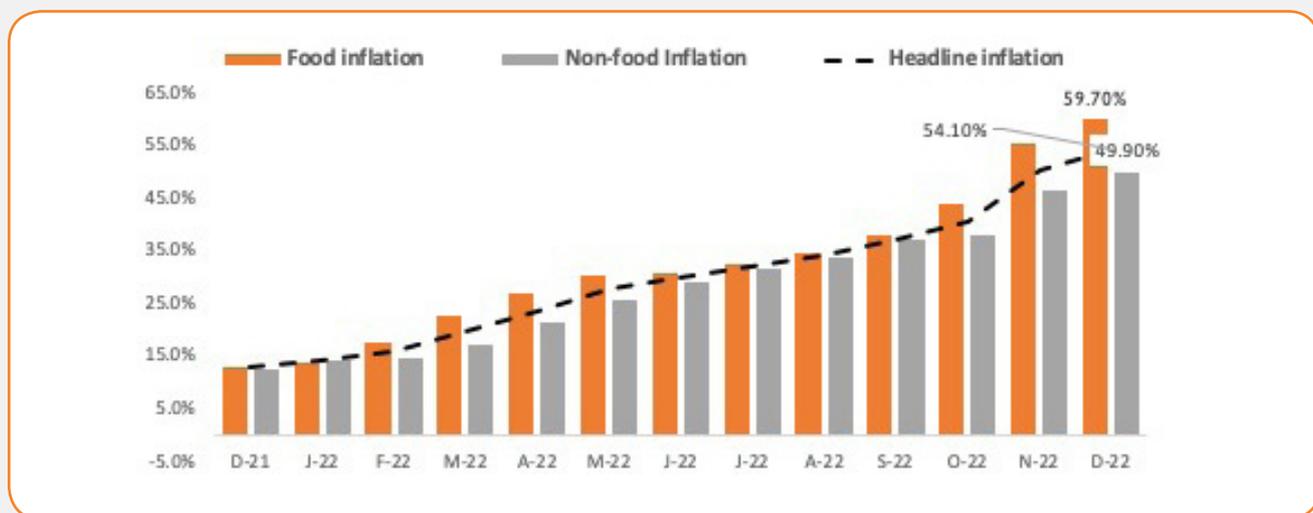
The year 2022 was marked by deteriorating forex reserves, sharp depreciation in the Ghana cedi, rapid rise in interest rates, and mounting public debt all of which culminated in the Republic of Ghana, initiating a process to seek a balance of payment support from the IMF and beginning a long process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

In spite of the tight financing conditions, a sharp rise in interest rates, high inflation, and a 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, at 34.2% (0.9%). The agriculture sector had the lowest contribution to the GDP growth rate at 20.9% (or 0.3%). Ghana's major problem remains its high import bill, rising external debt and stagnating revenue growth 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

## Inflation

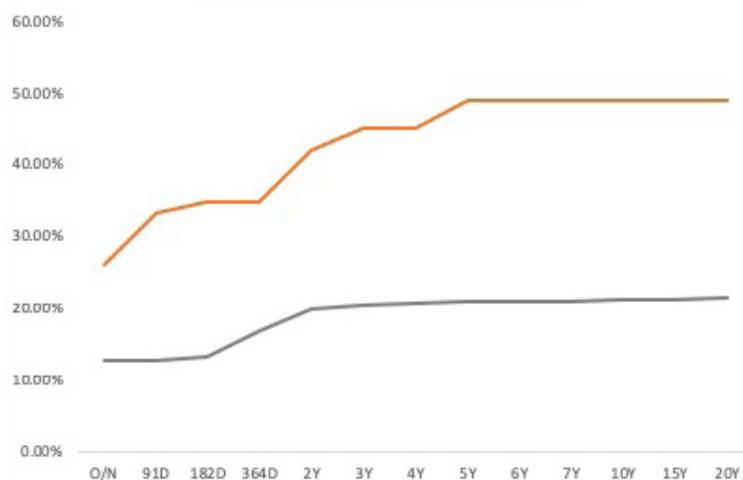
The global inflationary pressures from oil prices and the supply bottlenecks of consumer goods, further intensified already high inflation rates in Ghana. Headline inflation rate was at 54.1% in December 2022, a far cry from the central bank's target band of 8% ± 2%.



## Interest Rate

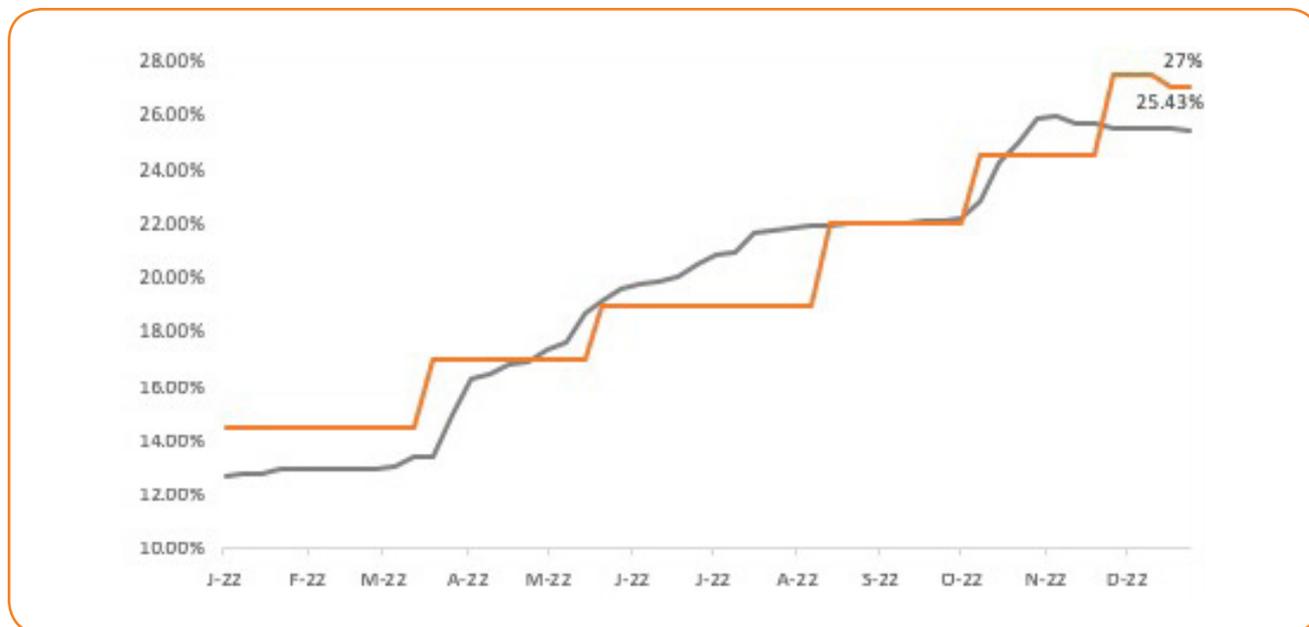
One of the notable economic trends in 2022 was the sharp rise in interest rates. Interest rates rose from about 12.51% to 33.41% on the short end of the curve (for securities up to one-year tenor) to 49% from 21.3% on the long end of the curve (for securities between 5 and 20 years to maturity). The worsening economic conditions, large depreciation of the Ghana cedi, Ghana's Issuer ratings downgrade, and high energy and food prices necessitated the interest rate increases, particularly in the third and fourth quarters of 2022 as investors aimed to significantly improve their real rate of return.

## Secondary Market Bond Yield Curve



## Monetary Policy Rate

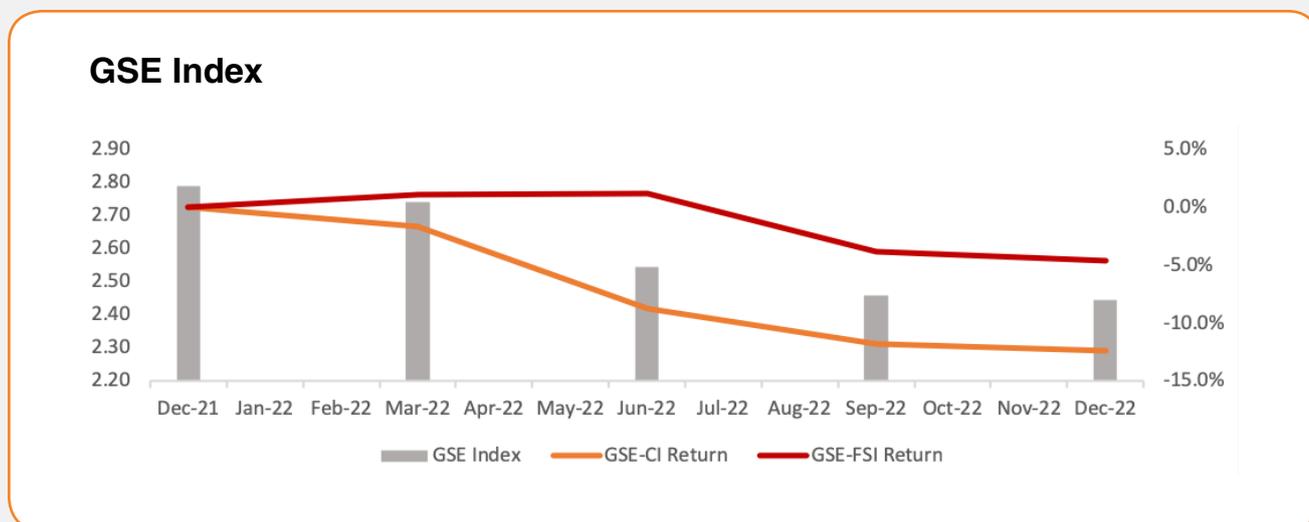
The MPC of the BoG raised the key interest rate consistently in 2022 in attempts to contain persistent high rates of inflation. Interbank average saw a surge from 12.7% in Jan 22 to 25.43% in Dec 22 consistent with the increase in policy rate. The monetary policy rate increased by 12.5% in 2022 to 27%.



## 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.



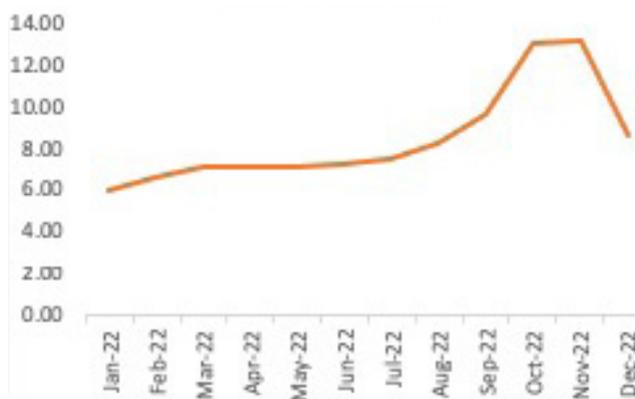
## Exchange Rate

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 Mar 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 in the midst of worsening inflation expectation further weakened the local unit in 2022.

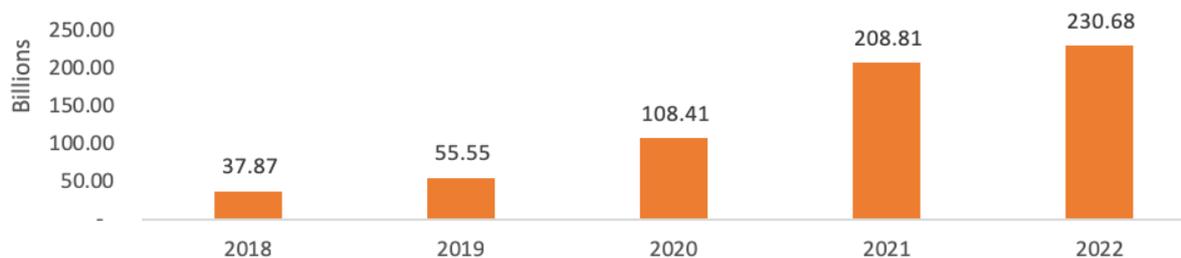
The cedi, however, improved in value strongly after the Staff-Level Agreement between IMF and the government was signed bringing rates down to as low as GHS 8.6 to a dollar. For the year 2022, the Ghana cedi saw a full-year depreciation of 30.0 percent against the US dollar, after reversals of some of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

### USD GH¢ Curve



## Ghana Fixed Income Market Performance

### GFIM Trading Volumes



The Ghana fixed-income market has seen exponential growth since its inception in 2015. By volume traded and on a cumulative basis, the market has grown by more than 143% annually.

The total volume of debt instruments 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.

The bond market began the year steadily. However, the rapid rise in interest rates increased selling pressure as investors sought to cut their losses. The developments in 2022 severely hampered the growth of the fixed-income market.

Restructuring discussions that emerged in the fourth quarter of 2022 also led to a serious liquidity squeeze that disproportionately affected Collective Investment Schemes (CIS).

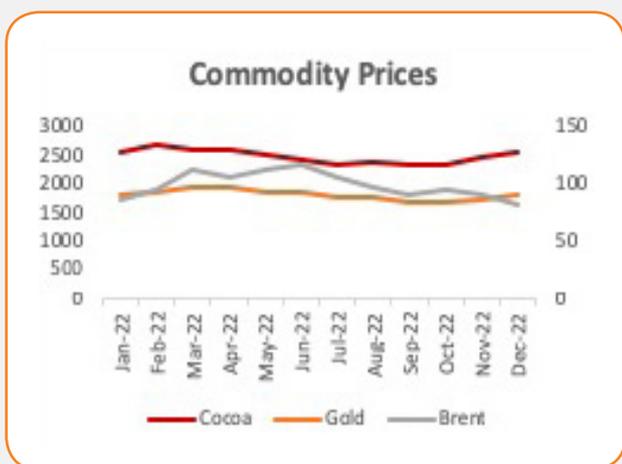


## Commodity Prices

The year 2022 witnessed a significant rise in global inflation and with it came higher 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 the Cocoa Swollen Shoot Virus Disease.



## Overview of Investment Activities

Amid rising interest rates and heightened Issuer default risk from the second quarter of 2022, much of the fixed-income trading activity was concentrated on the short end of the curve. The markets suffered from the effects of high inflation, the rating agency's downgrade of Ghana's Issuer ratings, high food, and energy prices, supply-side shocks from the Russian invasion of Ukraine, and China's zero COVID stance. The deteriorating economy led to severe losses on the debt market which negatively impacted even money market funds.

Interest rates rose from about 12.51% to 33.41% on the short end of the curve (for securities up to 1 year tenor) and to 49% from 21.3% (for securities between 5 and 20 years to maturity) on the long

end of the curve leading to average losses of about 50% on government and government agency debt instruments.

With a core strategy to maintain high liquidity and reduce interest rate risk, the Fidelity Money Market Trust from inception has been dominated by Treasury bills. The Trust benefited from the sharp rise in interest rates on the one hand. On the other hand, higher discount yields used to determine the market value of these securities reduced the fund's ability to reach its full potential returns as the Manager implemented the market-wide directive by the Securities and Exchange Commission (SEC), for CIS to employ fair value method to determine the value of the underlying asset of a scheme to arrive at the Net Asset Value.

By the close of the year, the Trust which is still in its inaugural year had Net Asset Value (NAV) per share of GHp10.85. This represented a from inception return of 8.00% or 19.03% on an annualized basis. The benchmark however returned 13.67% more than the Trust on an annualized basis.

## 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 was allocated to money market securities, cash and near-cash securities.



### Economic Outlook and Portfolio 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 the Eurobond debt. The Cedi will also benefit from fiscal measures announced in the 2023 budget in November. 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 the 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 considering the uncertainty around the Domestic Debt Exchange

Program (DDEP) initiated by the government of Ghana, the IMF discussions, higher short-term yields and the general downturn in the economy. The Fund Manager will continue to adhere to a strict asset selection process that is disciplined, driven by rigorous fundamental analysis, and that limits downside risk.

In 2023 the Manager will remain focused on strengthening its investment approach to meet the objectives of the fund. The Fidelity Money Market Trust will continue to maintain sufficient liquidity to meet unit holders' needs. The manager will also pursue an asset allocation strategy geared towards actively selecting the highest quality money market instruments and drastically reducing the Fund's sensitivity to interest rates.

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

Sincerely,

Signed

**Comfort Gloria Edem Adza**  
(Portfolio Manager)



# Report of the Trustees to the to the Unitholders of Fidelity Money Market Trust

For the 5-month period 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



## REPORT OF THE TRUSTEES TO THE INVESTORS OF FIDELITY MONEY MARKET 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 ended 31<sup>st</sup> December 2022, we have held the assets for the Fidelity Money Market 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**

The Board: J. K. Amoa-Awuah (Chairman), R. Ibrahim, E. M. Arkutu, I. B. Hagan, A. Adeniji, T. A. John (Managing Director)

# Independent Auditor's Report

## to the unitholders of Fidelity Money Market Trust



John Kay & Co.

### Opinion

We have audited the accompanying financial statements of Fidelity Money Market Trust, which comprise the statement of financial position as at 31 December 2022, statement of net assets, statement of movement in net assets, statement of comprehensive income, statement of cash flows for the period ended and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 21-39.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Fidelity Money Market Trust as at 31 December 2022, the Trust's financial performance and its movement in net assets for the period ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Securities Industry Act, 2016 (Act 929) and Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the trust in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants (IESBA) and have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our

professional judgment, were of most significance in the audit of the financial statements for the period ended 31 December 2022. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following as key audit matters:

#### 1. Existence and Valuation of Investment Assets

The property of the trust is invested in government notes and bonds, treasury bills, and cocoa bills. In many respects, the custody of these investments is by third-party entities specifically authorized or nominated for such holding purposes. Based on the business model of the trust, these investments can either be valued at amortized cost or at fair value and the returns on these investments depend on the face value/cost, interest rates, and the tenor.

#### How the matter was addressed in our audit

- We obtained a list of investments in the name of the trust from the Central Securities Depository to confirm their existence and agreed to the total to the fund manager's accounting records.
- We reviewed the Securities and Exchange Commission's directive on the use of the fair value method in the valuation of investment assets.
- We reviewed the fund manager's valuations of the investment assets to ensure that they were done using the fair value method as directed by the Securities and Exchange Commission (SEC).
- We also reviewed whether the quarterly valuation of the investment portfolio by the fund manager as the basis for determining management and trustee fees was reasonably made and accurate.
- We evaluated the adequacy of disclosures



of investment assets recognized in the trust's statement of financial position and the statement of assets and liabilities

## 2. Income Recognition

The investment asset of the trust yields interest income based on the rates of interest, face value/cost, and the tenor related to each investment type of asset. Interest income is recognized in the financial statements on an accrual basis on the basis that it is probable that economic benefits associated with the assets will flow to the trust.

### How the matter was addressed in our audit

- We reviewed the design and implementation of controls over the trust's income recognition.
- We recomputed the interest income based on the agreed interest rates, face value/cost, and the duration/cut off for which the interest income relates to.
- We evaluated the adequacy of disclosures of interest income recognized in the trust's income and distribution account.

### Responsibilities of the Fund Manager for the financial statements

The Fund Manager is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Securities Industry Act, 2016 (Act 929) and the Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695) and for such internal control as the fund manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The fund manager is also responsible for overseeing the trust's financial reporting process.

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 fund manager either intends to liquidate the trust or to cease operations or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the fund manager.

- Conclude on the appropriateness of the fund manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Other Information

The fund manager is responsible for the other information. The other information comprises the information included in the annual report but 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 express 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, our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, 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.

### Report on other legal and regulatory requirements

In compliance with the requirements of part 9 of Schedule 8 of the Unit Trusts and Mutual Funds Regulations, 2001 (L. I. 1695), we confirm that:

- a. The accounts have been properly prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Securities Industry Act, 2016 (Act 929) and Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695).
- b. The statement of financial position shows a true and fair view as at 31 December 2022
- c. Proper accounting records have been kept by the fund manager and the accounts are in agreement with the manager's accounting records
- d. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit, and
- e. The information given in the report of the manager is consistent with the accounts.

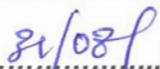
The engagement partner on the audit resulting in this independent auditor's report is **Gilbert Adjetey Lomofio** (ICAG/P/1417)



For and on behalf of John Kay & Co. (ICAG/F/2023/128)

Chartered Accountants

Accra

 21/08/2023



## Fidelity Money Market Trust

# Statement of Assets and Liabilities

For the 5-month period ended 31 December 2022

(All amounts are in Ghana Cedis)

	2022	
	Market Value (GH¢)	% of Net assets
<b>ASSETS</b>		
<b>GOVERNMENT NOTES AND BONDS</b>		
3 Yr. Bond	113,785	4.67
2 Yr. Treasury Note	487,543	19.98
	601,328	24.65
<b>LOCAL GOVERNMENT AND STATUTORY AGENCY SECURITIES</b>		
182-Day Cocoa Bill	68,005	2.79
<b>TREASURY BILLS</b>		
91-Day Treasury Bill	727,106	29.82
182-Day Treasury Bill	362,294	14.85
364-Day Treasury Bill	541,276	22.20
	1,630,676	66.87
<b>CASH AND BANK BALANCE</b>		
Bank Balance	173,053	7.10
<b>TOTAL ASSETS</b>	<b>2,473,062</b>	<b>101.41</b>
<b>LIABILITIES</b>		
Management Fee	(18,469)	(0.76)
Trustee Fee	(3,694)	(0.15)
Audit Fee	(12,190)	(0.50)
<b>TOTAL LIABILITIES</b>	<b>(34,353)</b>	<b>(1.41)</b>
<b>NET ASSETS</b>	<b>2,438,709</b>	<b>100</b>

The accompanying notes on pages 21 to 39 form an integral part of the financial statements.

## Fidelity Money Market Trust

# Statement of Comprehensive Income

For the 5-month period ended 31 December 2022

(All amounts are in Ghana Cedis)

	Note	2022
Income	7	240,095
Fund expenses	9	(35,619)
Other income	8	751
<b>Net investment income</b>		<b>205,227</b>
<b>Other Comprehensive Income</b>		
Gain/(Loss) on fair value	10	(23,980)
<b>Total comprehensive income</b>		<b>181,247</b>

## Accumulated Net Investment Income

	2022
At 1st August 2022	-
Net investment income for period	205,227
At 31 December 2022	<b>205,227</b>

The accompanying notes on pages 21 to 39 form an integral part of the financial statements.



## Fidelity Money Market Trust

# Statement of Financial Position

For the 5-month period ended 31 December 2022

(All amounts are in Ghana Cedis)

	Note	2022
<b>Assets</b>		
Bank balances and cash	11	173,053
Financial assets at FVOCI	12	2,300,009
<b>Total assets</b>		<b>2,473,062</b>
<b>Liabilities</b>		
Accounts payable	13	34,353
<b>Total liabilities</b>		<b>34,353</b>
<b>Equity</b>		
Unitholders capital		2,257,462
Accumulated investment Income		205,227
Other comprehensive income		(23,980)
<b>Total equity</b>		<b>2,438,709</b>
<b>Total liabilities and equity</b>		<b>2,473,062</b>

The accompanying notes on pages 21 to 39 form an integral part of the financial statements.

The financial statements on pages 16 to 39 were approved by the Board of Directors on 31 August 2023 and signed on its behalf by:

BY ORDER OF THE BOARD

Signed

**Akwasi Adu-Boahene**  
Executive Director, Fidelity Securities Ltd.

Signed

**Edward Effah**  
Director

## Fidelity Money Market Trust

# Statement of Movement in Net Assets

For the 5-month period ended 31 December 2022

(All amounts are in Ghana Cedis)

Year ended 31 December 2022	Unitholders capital	Net investment income	Other Comprehensive income	Total
Balance at 1 August 2022	-	-	-	-
Net income for the period	-	205,227	-	205,227
Gain/(Loss) on Fair value	-	-	(23,980)	(23,980)
Units issued	2,888,788	-	-	2,888,788
Units redeemed	(631,326)	-	-	(631,326)
<b>Balance at 31 December 2022</b>	<b>2,257,462</b>	<b>205,227</b>	<b>(23,980)</b>	<b>2,438,709</b>

## Statement of Movement in Issued Units

	2022
Number of units in issue at 1 August 2022	-
Number of units issued during the year	28,438,327
	28,438,327
Number of units redeemed during the year	(5,952,425)
Number of units in issue at 31 December 2022	<b>22,485,902</b>

The accompanying notes on pages 21 to 39 form an integral part of the financial statements.



# Fidelity Money Market Trust

## Statement of Cash Flows

For the 5-month period ended 31 December 2022

(All amounts are in Ghana Cedis)

	Note	2022
<b>Cash flows from operating activities</b>		
Total comprehensive income		181,247
<b>Adjustment for non-cash items:</b>		
Investment income		(142,189)
Changes in fair value	10	23,980
<b>Operating cash flow before movement in working capital</b>		<b>63,038</b>
Changes in accounts payable		34,353
<b>Net cash used in operating activities</b>		<b>97,391</b>
<b>Cash flow from Investing activities</b>		
Purchase of financial assets		(4,615,467)
Maturity/Sale of financial assets		2,433,667
<b>Net cash from Investing activities</b>		<b>(2,181,800)</b>
<b>Cash flow from financing activities</b>		
Proceeds from sale of units		2,888,788
Redemption of client investments		(631,326)
<b>Net cash from financing activities</b>		<b>2,257,462</b>
<b>Change in cash and cash equivalents</b>		<b>173,053</b>
Cash and cash equivalents at 1 January		-
<b>Cash and cash equivalents at 31 December</b>		<b>173,053</b>

The accompanying notes on pages 21 to 39 form an integral part of the financial statements.

# Notes to the Financial Statements

## 1. GENERAL INFORMATION

Fidelity Money Market 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 during the year and began operations on 1 August 2022. The financial statements of the Unit Trust for the 5-month period ended 31 December 2022 were authorised for issue on 31 August 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 the period 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 Unit 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.

This account is for the first year of operating the Trust, as such, there are no comparatives. The financial statements of the Unit Trust are presented in Ghana cedis (GHS) rounded to the nearest cedi.

The preparation of financial statements in conformity with IFRS which requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Unit Trust's accounting policies. The areas involving a higher degree of judgment 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 of 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 inquiries and having considered forecasts and appropriate sensitivities, the Directors have formed a judgment, 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 incurred minimal losses as a result of Government of Ghana's impaired ability to service its 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 Government's commitment to the IMF program, 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 from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized 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 recognizes 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.

### (a) Interest income

Interest is recognized 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 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 include 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 recognized on the trade date, the date on which the Unit 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 Unit 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 item in the statement of profit or loss.
- **FVOCI:** Assets that are held for 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 item 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 company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### **2.4.2 Financial liabilities**

The Trust's holding in financial liabilities represents 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 Trust uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rate 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 Company 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 or 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') is not recognised on the statement of financial position as the transactions are treated as collateralised loans. However, where the securities borrowed is 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 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 call 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 Unit holders 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 it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will 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
<b>Assets</b>			
Cash and bank balances	173,053	-	173,053
Financial assets at FVOCI	2,300,009	-	2,300,009
<b>Total assets</b>	<b>2,473,062</b>	<b>-</b>	<b>2,473,062</b>
<b>Liabilities</b>			
Total Liabilities	34,353	-	34,353
<b>Net</b>	<b>2,438,709</b>	<b>-</b>	<b>2,438,709</b>

## 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's aim is to achieve an appropriate balance between risk and return and minimize 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 defense 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 risks 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 the end of 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 produce 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 categorized by the earlier contractual re-pricing or maturity dates.

## 2022

<b>Assets</b>	<b>Up to 3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>Over 1 year</b>	<b>Non-interest bearing</b>	<b>Total</b>
Cash and bank balances	-	-	-	-	173,053	173,053
Financial assets	1,701,820	379,896	218,293	-	-	2,300,009
	<b>1,701,820</b>	<b>379,896</b>	<b>218,293</b>	-	<b>173,053</b>	<b>2,473,062</b>
<b>Liabilities</b>						
Accounts payable	-	-	-	-	34,353	34,353
<b>Financial liabilities</b>	-	-	-	-	<b>34,353</b>	<b>34,353</b>
<b>Total interest re-pricing gap</b>						
	<b>1,701,820</b>	<b>379,896</b>	<b>218,293</b>	-		

## 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:

	<b>Total interest re-pricing gap</b>	<b>Possible interest rate movements</b>		
		<b>+100bps</b>	<b>+200bps</b>	<b>+300bps</b>
Up to 3 months	1,701,820	17,018	34,036	51,055
3-6 months	379,896	3,799	7,598	11,397
6-12 months	218,293	2,183	4,366	6,549
Over 1 year	-	-	-	-
<b>Total</b>	-	<b>23,000</b>	<b>46,000</b>	<b>69,001</b>
<b>Impact on interest income</b>		<b>9.58%</b>	<b>19.16%</b>	<b>28.74%</b>

### 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 the 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:

	<b>2022</b>
Cash and balances with bank	173,053
Financial assets at FVOCI	2,300,009
	<b>2,473,062</b>

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 the net carrying amounts as reported in the statement of financial position.

As shown above, 93% of the total maximum exposure is derived from investments and exposure from cash and balances with banks represents 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 nor past due. No credit limits were exceeded.



### 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 terms that are materially disadvantageous. 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 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 at the reporting date to the contractual maturity date.

The amounts presented below are the contractual undiscounted cash flows.

#### At 31 December 2022

	Up to 3 months	3-6 months	6-12 months	Over 1 year	Total
<b>Financial liabilities</b>					
Accounts payable	34,353	-	-	-	34,353
<b>Total liabilities (Contractual maturing dates)</b>	<b>34,353</b>	-	-	-	<b>34,353</b>
<b>Financial assets</b>					
Cash and bank balances	173,053	-	-	-	173,053
Financial assets	1,701,820	379,896	218,293	-	2,300,009
<b>Total assets held for managing liquidity risk (contractual maturity date)</b>	<b>1,874,873</b>	<b>379,896</b>	<b>218,293</b>	-	<b>2,473,062</b>

### 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
<b>2022</b>			
<b>Financial assets at FVOCI</b>	-	2,300,009	-



**(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	2022
<b>Financial assets</b>		
Bank balances	<b>173,053</b>	<b>173,053</b>
<b>Financial liabilities</b>		
Accounts payable	<b>34,353</b>	<b>34,353</b>

The fair value of financial assets and liabilities traded in active markets is based on 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 the 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 judgement 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 losses 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 judgement 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 judgement. 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**

	<b>2022</b>
Interest on Government Bonds	<b>88,049</b>
Interest on Treasury Note	<b>47,962</b>
Interest on Treasury Bills	<b>81,049</b>
Interest on Cocoa Bills	<b>23,035</b>
	<b>240,095</b>

Interest income from financial assets at FVOCI is calculated using the effective interest method

**8. OTHER INCOME**

	<b>2022</b>
Interest on call account	<b>751</b>

**9. FUND EXPENSES**

	<b>2022</b>
Management fees	<b>18,469</b>
Trustee fees	<b>3,694</b>
Audit fees	<b>12,190</b>
Other expenses	<b>1,266</b>
	<b>35,619</b>

Other expenses include CSD and other bank transactional related charges.

**10. GAIN/(LOSS) ON FAIR VALUE**

	<b>2022</b>
Unrealised loss on Cocoa bill	<b>(2,251)</b>
Unrealised gain on Government bonds	<b>5,101</b>
Unrealised loss on Treasury bills	<b>(47,534)</b>
Unrealised gain Treasury notes	<b>20,704</b>
	<b>(23,980)</b>

**11. BANK AND CASH BALANCES**

	<b>2022</b>
Bank balances	<b>173,053</b>

**12. FINANCIAL ASSETS**

	<b>2022</b>
Financial assets at FVOCI	2,300,009
	<b>2,300,009</b>

**(a) Financial assets at Fair Value through Other Comprehensive Income**

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

	<b>2022</b>
Government bonds and notes	601,328
Cocoa bill	68,005
Treasury bills	1,630,676
	<b>2,300,009</b>
At 1 August	-
Additions	5,061,706
Redemptions	(2,737,717)
Fair value (loss)/gains	(23,980)
	<b>2,300,009</b>

**13. ACCOUNTS PAYABLE**

	<b>2022</b>
Management fees payable	<b>18,469</b>
Trustee fees payable	<b>3,694</b>
Audit fees payable	<b>12,190</b>
	<b>34,353</b>



**14. UNIT HOLDERS**

The number of unitholders as of 31 December 2022 was 133.

**15. ACCUMULATED INVESTMENT INCOME ACCOUNT**

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

**16. RELATED PARTY DISCLOSURES**

Fidelity Money Market 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 the Unit Trust and its fund manager meet the definition of related party transactions.

Transactions with the fund manager are shown below:

	<b>2022</b>
Management fees	<b>18,469</b>

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

	<b>2022</b>
Fidelity Securities Limited investment balance	<b>388,800</b>
Fees payable to Fidelity Securities Limited	<b>18,469</b>

### 17. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2022.

### 18. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2022.

### 19. 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 include 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 book value of Ghc 314,670.

The debt restructuring exercise is indicative of 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 Government were assessed for impairment. The resulting expected credit loss on investment securities was nil.

# Proxy Form



Annual General Meeting of the Unit Holders of **Fidelity Money Market Trust** is to be held virtually via Microsoft Teams on **Wednesday the 4<sup>th</sup> of October, 2023** at **1:30pm**.

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 4<sup>th</sup> 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 Money Market Trust for the year ended December 31, 2022, together with the Trustee's Report and Auditors' Report.		

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 13<sup>th</sup> 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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  - Fidelity Fixed Income – **216**
  - Fidelity Balanced Trust - **217**
- ✓ Kindly follow prompt to complete the process
- ✓ **NB:** You will be required to enter your FSL 11-digit Investor ID so kindly ensure to have it on hand.



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