

# equity trust

HFC Investment Services Limited

A Subsidiary of HFC Bank (Ghana) limited



**2010**  
Annual Report

Planned Investment - A Guaranteed Future



HFC Investment Services Limited



# 2010 Annual Report

Planned Investment - A Guaranteed Future



HFC INVESTMENT SERVICES LTD.

# HFC Equity Trust



## THE MANAGER

Name:	HFC Investment Services Limited (HFCISL)
Country of Incorporation:	Ghana
Registration Number:	50,533
Nature of Corporate Form:	Limited liability, wholly-owned subsidiary of HFC Bank
HFC Bank (Ghana) Ltd. Registered Office:	Ebankese No. 35 Sixth Avenue, North Ridge P. O. Box CT. 4603 Cantonments, Accra.
Principal Place of Business:	HFC Bank (Ghana) Ltd. 48A Sixth Avenue. North Ridge, Accra
Date of Incorporation:	7th July 1993 (Name changed from Home Finance Investment Fund Limited to HFC Investment Services Limited on 1 <sup>ST</sup> October 2001). Capitalization (as at December 31, 2008) Authorized: 1,000,000 (One million) Ordinary shares of no Par value
Issued:	100,000 shares
Auditors:	Pricewaterhouse coopers Chartered Accountants UNA Home, Accra Airport City.



## TABLE OF CONTENTS

Notice of Annual General Meeting	2
Statement of Trustees Responsibilities	3
Trustees' Report	4
Manager's Report	5
Auditors' Report	12
Financial Statements	18
Notes to the Accounts	22
Schedule to the Income Account	26
Admission Form	27
Proxy Form	28



# NOTICE OF ANNUAL GENERAL MEETING HFC EQUITY TRUST

NOTICE IS HEREBY GIVEN of the 6th Annual General Meeting of Unitholders of the HFC Equity Trust to be held at the National Theatre, Accra on the 28th day of June, 2011 at 10.00 a.m. to transact the following business:

## AGENDA

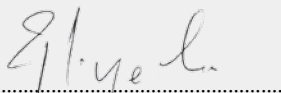
1. To receive the Report of the Manager for the Year 2010.
2. To receive the Audited Statement of Income and Expenditure of the HFC Equity Trust for the Financial Year ended 31st December, 2010 together with the Trustees and Auditors reports thereon.
3. To Authorize the Manager to fix the remuneration of the Auditors for the Year 2011.

A Unitholder has the right to appoint a proxy to attend and vote on his/her behalf at the Meeting. Such a proxy need not be a Unitholder. A copy of the instrument appointing the proxy may be deposited at any time prior to the commencement of the meeting at the principal place of business of the Manager.

**HFC Investment Service Limited**  
**No. 48A Sixth Avenue,**  
**North Ridge, Accra**

Dated this 11th day of May, 2011

By Order of the Manager



.....  
PETER LARBI-YEBOAH

For: HFC Investment Services Limited





## STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trust Deed requires the Trustees to prepare financial statements for each financial period, which gives a true and fair view of the state of affairs of the Unit Trust. In preparing the financial statements, the Trustees are required to:

- Select suitable accounting policies and apply them consistently,
- Make judgments and estimates that are responsible and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures, disclosed and explain them in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Investment Trust will continue in business.

The Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Unit Trust, which will ensure that the financial statements comply with the Trust Deed and all regulations for the time being in force under the Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695). They are also responsible for safeguarding the assets of the Investment Trust and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The statements should be read in conjunction with the statement of the Auditors' responsibilities as set out on page 16, the respective responsibilities of the Trustees and the Auditors in relation to the financial statement.



# REPORT OF THE TRUSTEES TO THE UNIT HOLDERS OF HFC EQUITY TRUST FOR THE YEAR ENDED 31 DECEMBER 2010

In our opinion, according to the information made available to us and the explanations provided, we confirm that in all material respects, the manager has managed the scheme during the period covered by these financial statements in accordance with the Trust Deed dated 1st December, 2005 and all regulations for the time being in force under the Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695).

Dated this 9th Day of May 2011



For: MERCHANT BANK (GHANA) LIMITED





# HFC EQUITY TRUST FUND MANAGER'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2010

## 1. ECONOMIC OVERVIEW OF YEAR 2010

### A. Introduction

Following the downturn in 2009, characterized by the decline in business activities and consumer confidence, the global economy saw a slight recovery in the year 2010. It was expected that the Ghanaian economy in 2010 would be further strengthened, and gains achieved in the previous year consolidated to help achieve growth and stability. Further to these developments, Ghana benefited from increased agricultural production and favourable world market conditions for cocoa and gold exports. Government's efforts at combating the rising trend in inflation and the stabilization of the economy yielded positive results. At the tail end of the year, the country commenced commercial production of oil, which to a large extent has aroused significant investor interest in the economy.

### B. Inflation

Inflation, which ended the previous year (2009) at 15.97% dropped marginally to 14.78% at the beginning of 2010. As at the end of the first quarter, inflation had declined further to 13.32%, and by the middle of the year to 9.52%. In line with government policy direction, the economy achieved a single-digit inflation of 8.58% at the end of the year 2010, the lowest since June 1992.

### C. Interest Rates

The attractiveness of the money market waned in the wake of investor interest and confidence in the stock market due to early signs of a strong recovery in the year under review. The benchmark 91-day treasury bill which was 18.90% at the beginning of the year fell to 12.90% by the end of the second quarter. The 182-day bill began the year at 21.20%, and declined substantially to 13.40% at end of June 2010. The 1-Year note commenced the year at 19.30%, and was trading at 13.80% by June 2010. Government efforts in maintaining tight fiscal policy further strengthened the downward movement in the benchmark rates. Quoted rates for the 91-day, 182-day Treasury Bills and 1-Year Note were 12.26%, 12.67% and 12.65% respectively as at the end of year 2010.

The Bank of Ghana Policy Rate of 18.0% in 2009 was reduced to 13.50% at the start of the second half of 2010 on the back of anticipated continued slowdown in inflation in the medium-term. This brought the cumulative reduction of the Policy Rate to 4.50 percentage points (450 basis points) as at the end of July 2010. With a downward inflationary trend and an economic outlook for 2011, the monetary policy committee maintained the Policy Rate at 13.50% to close the year 2010.

#### **D. Exchange Rates**

The Cedi remained fairly stable throughout the year. As at August 2010, the Cedi had appreciated by 3.74% and 9.65% against the Pound and Euro respectively. The rise in investment inflows into the oil industry supported the stability of the Cedi against the major trading currencies. On the whole, the Cedi depreciated by 1.34% against the US Dollar and appreciated by 2.62% and 6.7% against the Pound and Euro respectively.

#### **E. Stock Market Review-2010**

The market saw a rebound following a year of decreased level of activity. Investor confidence was renewed; translating into an upsurge in demand for some stocks. From a poor performance of -46.58% in 2009, the bourse saw the All-Share Index recording a yield of 32.25% at the end of 2010.

In all, seventeen (17) listed equities recorded price gains with GCB being the highest gainer with 264.86%. Eight (8) equities maintained their prices and twelve (12) recorded declines. Whilst there were no Initial Public Offerings or Rights Issues, EGL and FML embarked on separate stock-splits in line with their respective restructuring strategies. Market capitalization increased by 26.19% from GH¢15,941.92 million in 2009 to GH¢20,116.70 million in 2010.

#### **F. Fund Performance for 2010**

Your Fund rebounded from its last year performance of negative 19.94% to close the year 2010 with a yield of 25.12%. The Fund consolidated its position in equities like CAL, FML, GGBL, GOIL, HFC, SG-SSB and TOTAL with additional purchases. There is no doubt that these stocks contributed greatly to our performance in 2010. Approximately 85.71% of these new purchases posted positive returns. The strategy adopted in the year was to maintain the structure of the portfolio and re-adjust where necessary in order to reap the maximum returns for our unit-holders. The net fund value increased by 37.68% to GH¢1.99 million in 2010 from GH¢1.44 million in 2009. This was driven largely by the rise in the prices of existing assets being held and the growth in new investments.

Below are tables and graphs to illustrate how your Fund performed in terms of Structure of the Investment Portfolio, Growth in Net Fund Value, Benchmark (GSE All Share Index) performance and the top ten stocks in the equities portfolio:



INVESTMENT PORTFOLIO AS AT DEC' 31, 2010	(GH¢)	PROPORTION OF NFV
Equities	1,775,945.79	88.86%
Bank & Cash	56,142.61	2.81%
Other Investments	166,445.68	8.33%
Gross Fund Value	1,998,534.08	100.00%

Fig 1: A chart showing the distribution of the investment portfolio as at 31<sup>st</sup> December 2010



Table II: Growth in Value of HFC Equity Trust

Year	Fund Value (GH¢'000)	% Change
2006	529.39	
2007	950.87	81.68
2008	4,031.03	323.93
2009	1,446.19	-64.12
2010	1,991.07	37.68

Fig II: A line graph depicting the growth in the value of the Fund from 2006 to 2010

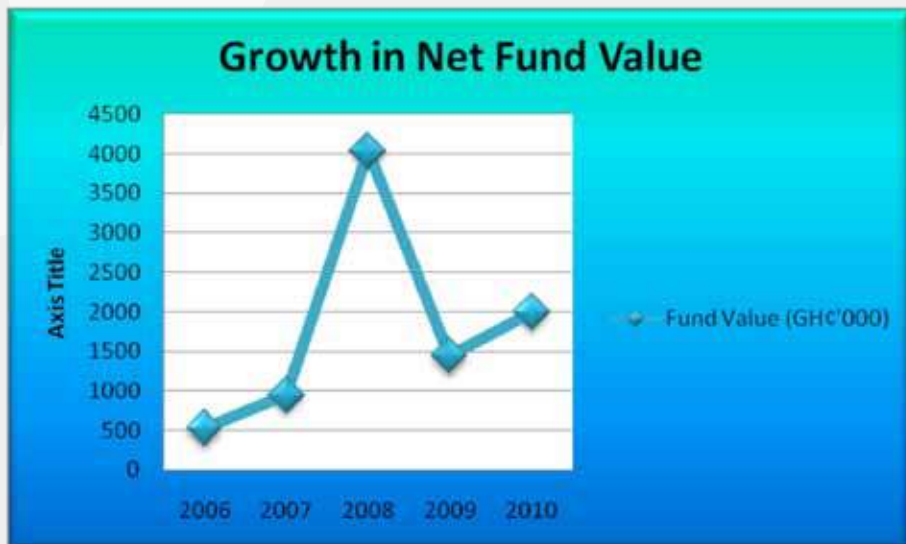


Table III: Top ten (10) equities

Stock	Value (GHC)	Proportion of NFV
FAN MILK	249,900.00	12.55%
UNILEVER GHANA	172,492.35	8.66%
ENTERPRISE GROUP	172,220.00	8.65%
BENSO OIL PALM PLANTATION	150,579.75	7.56%
GHANA COMMERCIAL BANK	138,466.80	6.95%
GUINNESS GHANA BREWERIES LTD	96,197.40	4.83%
ECOBANK GHANA LTD	94,443.75	4.74%
SIC COMPANY LTD	86,000.00	4.32%
STANDARD CHARTERED BANK	80,023.52	4.02%
SG-SSB	75,365.12	3.79%
	<b>1,315,688.69</b>	<b>66.07%</b>

Fig III: A bar graph showing the top ten equities in the portfolio of the Fund as at 31<sup>st</sup> December 2010

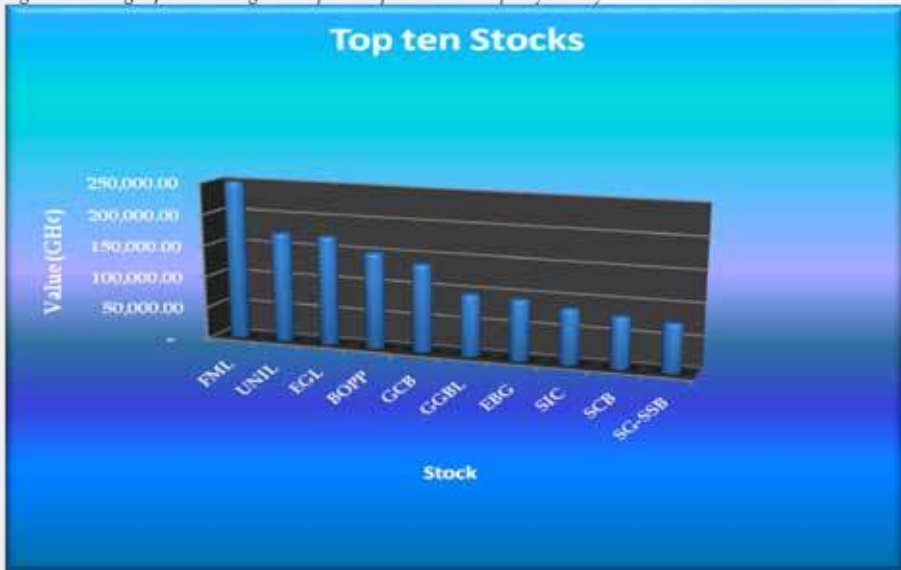
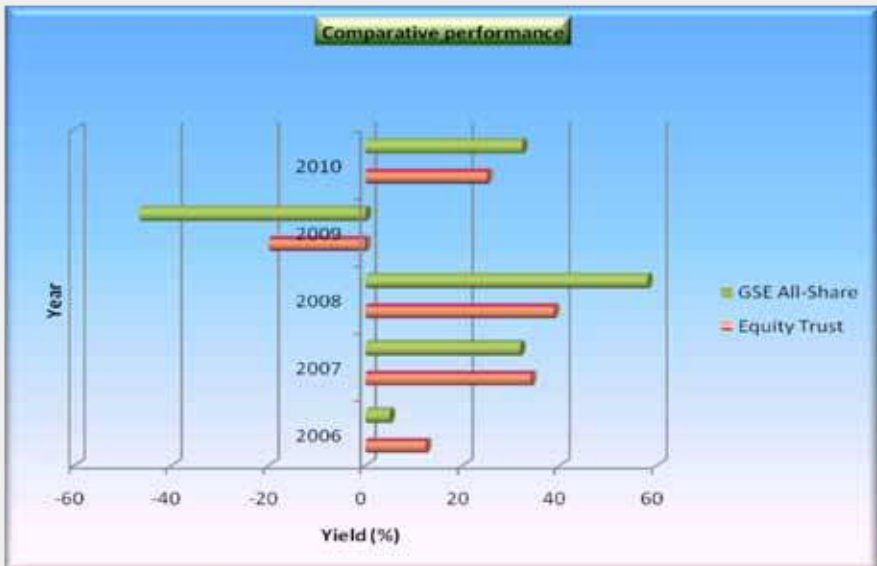


Table IV: Comparative Performance of HFC Equity Trust and GSE All Share Index From 2006 to 2010

	2006	2007	2008	2009	2010
Equity Trust (%)	12.46	34.19	38.89	-19.94	25.12
GSE All-Share Index (%)	4.97	31.84	58.06	-46.58	32.25



Fig IV: A graph showing the comparative performance of HFC Equity Trust and the GSE All Share Index





## Table V: HFC EQUITY TRUST Details of Stock Transactions For Year 2010

Stock	No. of Shares as at Dec 31, 2009	Market price GH¢ (Dec 31, 2009)	Value (GH¢) (end of 2009)	Purchases (No. of Shares)	Purchases Val (GH¢)	Sales (No. of Shares)	Sales Val (GH¢)	No. of Shares as at Dec 31, 2010	Market price GH¢ (Dec 31, 2010)	Value (GH¢) (end of 2010)	Dividend (GH¢)
<b>Aluworks (ALW)</b>	27,075	0.44	11,913.00	-	-	-	-	27,075	0.12	3,249.00	-
<b>Benso Oil Palm Plantation (BOPP)</b>	200,773	0.48	96,371.04	-	-	-	-	200,773	0.75	150,579.75	6,132.41
<b>Cal Bank (CAL)</b>	82,108	0.20	16,421.60	80,000	22,848.00	-	-	162,108	0.31	50,253.48	1,192.46
<b>Ecobank Ghana Ltd (EBG)</b>	51,481	2.80	144,146.80	-	-	20,000	69,972.00	31,481	3.00	94,443.00	9,439.03
<b>Enterprise Group Limited (EGL)</b>	95,526	2.20	210,157.20	-	-	102,400	64,490.00	344,440	0.50	172,220.00	2,385.70
<b>Ecobank Transnational Inc. (ETI)</b>	638,696	0.15	95,804.40	-	-	140,000	18,440.99	498,696	0.15	74,804.40	-
<b>Fan Milk (FMI)*</b>	30,000	5.55	166,500.00	6,400	14,747.90	23,900	106,057.75	102,000	2.45	249,900.00	1,500.00
<b>Ghana Commercial Bank (GCB)</b>	51,284	0.74	37,950.16	-	-	-	-	51,284	2.70	138,466.80	1,547.02
<b>Guinness Ghana Breweries Ltd (GGBL)</b>	46,665	1.35	62,997.75	15,000	24,188.50	-	-	61,665	1.56	96,197.40	-
<b>Ghana Oil Company (GOIL)</b>	222,068	0.17	37,751.56	30,000	8,589.00	-	-	252,068	0.29	73,099.72	1,008.61
<b>Golden Web (GWEB)</b>	364,000	0.05	18,200.00	-	-	-	-	364,000	0.05	18,200.00	-
<b>Golden Star Resources (GSR)</b>	20,000	3.10	62,000.00	-	-	18,000	76,387.52	2,000	5.20	10,400.00	-
<b>HFC Bank (Ghana) Ltd (HFC)</b>	32,000	0.62	19,840.00	20,000	10,020.50	-	-	52,000	0.44	22,880.00	411.60
<b>Mechanical Lloyd Co. Ltd (MLC)</b>	364,005	0.20	72,801.00	-	-	-	-	364,005	0.1	36,400.50	1,506.98
<b>Standard Chartered Bank (SCB)</b>	1,772	30.00	53,160.00	-	-	-	-	1,772	45.16	80,023.52	4,334.85
<b>SG-SSB*</b>	37,758	0.45	16,991.10	80,000	48,177.30	-	-	117,758	0.64	75,365.12	-
<b>SIG Insurance Company Ltd (SIC)</b>	200,000	0.27	54,000.00	-	-	-	-	200,000	0.43	86,000.00	3,256.80
<b>Starwin Products Limited (SPL)</b>	900,000	0.05	45,000.00	-	-	-	-	900,000	0.05	45,000.00	-
<b>Total Petroleum Gh. Ltd (TOTAL)</b>	5,897	6.80	40,099.60	700	6,739.38	-	-	6,597	10.00	65,970.00	6,085.18
<b>Unilever Ghana Ltd (UNIL)</b>	42,315	3.40	143,871.00	-	-	12,000	50,803.20	30,315	5.69	172,492.35	7,095.51
<b>UT Financial Services (UTFSI)</b>	200,000	0.21	42,000.00	-	-	-	-	200,000	0.30	60,000.00	1,968.80
<b>Total/Average</b>			<b>1,447,976.21</b>							<b>1,775,945.04</b>	<b>47,894.95</b>



The outlook for the economy is positive. Ghana's position as an oil producing country places it firmly in the domain of attracting foreign direct investments. The year 2011 will offer businesses the opportunity to benefit from the expected growth in the oil production, the sustained single-digit inflation and enhanced GDP growth rate of at least 12%. The Cedi is expected to remain stable against the major trading currencies in the wake of revenues to be generated from the crude oil production.

The GSE automation is expected to improve liquidity and allow investors the opportunity of easy and convenient transactions. Activity on the Stock Market is expected to rise due to renewed investor interest and expected corporate action by listed companies. Government's determination to hold down interest rates is likely to impact the cost of doing business and therefore improve returns on equity investments. It is anticipated that the Stock Market would remain buoyant and continue to serve as an attractive investment destination,

Your Fund Manager will seek to consolidate the gains made in the previous year and adopt new investment strategies in order to improve the performance record. We encourage you therefore to continue investing in the Fund so as to enjoy the full benefit of future gains.

Looking ahead, your Fund Manager remains committed to the long-term capital growth of your investment in 2011 and beyond. On this note, I thank you for your continued and unwavering trust in the HFC Equity Trust.

PETER LARBI-YEBOA  
GENERAL MANAGER





# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HFC EQUITY TRUST FOR THE YEAR ENDED 31 DECEMBER 2010



## Report on the Financial Statements

We have audited the accompanying financial statements of HFC Equity Trust which comprise the statement of assets and liabilities as of December 31, 2010, the income and distribution accounts, statement of movement in net assets and issued share for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## Trustee's Responsibility for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with Ghana Accounting Standards and in the manner required by the Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695) and the Companies Code, 1963 (Act 179). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.





In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of HFC Equity Trust as of December 31, 2010 and of its financial performance for the year then ended in accordance with Ghana Accounting Standards and comply with the Companies Code, 1963 (Act 179) and have been properly prepared in accordance with the Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695)

### **Report on Other Legal and Regulatory Requirements**

The Companies Code, 1963, (Act 179) requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion proper books of accounts have been kept by the Trust, so far as appears from our examination of those books, and
- iii) The Trust's balance sheet and profit and loss account are in agreement with the books of accounts.

FARRAR AVENUE

ACCRA

20th APRIL 2011

PANNELL KERR FORSTER

*Pannell Kerr Forster*  
CHARTERED ACCOUNTANTS





# ASSET MANAGEMENT SERVICES

*Are you seeking good interest rates, security and timely reports on your investments?*

## **Talk to us HFC-ISL Asset Management.....**

We have expertise in:

1. Provident /Pension Fund Management
2. High Net worth Investment Services
3. Fund Management For Groups & Institution
4. (Churches,Investment Clubs, NGO's, Etc)

## **Endowment Fund Management**

What You receive:

1. High Returns on your Investments
2. A Dedicated Investment Officer to handle all your investment needs
3. Benefits from the expertise of our competent investment managers
4. Low and highly competitive management fee
5. Quarterly reports on your investment
6. Provident fund statements for individual members within a fund
7. Ability to use your investment to secure a wide variety of loans (including mortgage loans) from HFC BANK
8. Ability to use your investment statement to support visa application
9. Holding a Diversified Portfolio with one competent investment manager
10. The peace of mind that comes with leaving the management of your finances to professionals!

With Us, Your Future Cash Flows Are Secured!! Talk To Us!

030 2683891-3 / [www.hfcinvestments.com](http://www.hfcinvestments.com) / [isl@hfcbankgh.com](mailto:isl@hfcbankgh.com)



# HFC EQUITY TRUST / PROXY FORM

Annual General Meeting to be held at the National Theatre Accra at 10:00 am on Tuesday, 28th June 2011.

I/we\*\* ..... being a Unitholder(s) hereby appoint .....or failing him/her the Chairman of the Meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Fund to be held on 28th June 2011 and at any adjournment thereof

Dated this day of 2011

Unit Holder(s) Signature

Resolution	For	Against
To adopt the 2010 Manager's Report		
To approve the accounts and distribution statement for the financial year ended 31st December, 2010.		
To authorize the Manager to Fix the Auditor's Remuneration		

Please indicate with an "X" in the appropriate square how you wish your votes to be cast on the resolution set out above.

Unless otherwise instructed the proxy will vote for or abstain from voting at his/her discretion.

*(Do not complete this form if you will attend the meeting)*





## FINANCIAL ADVISORY

### **HFC-ISL provides advisory services for corporate clients in the flowing areas:**

#### **Public Offering:**

HFC-ISL provides quality and efficient advisory and marketing services for clients who desire to raise capital by offering equity or debt instrument to the investing public in public offer of shares, notes and bonds.

HFC-ISL ensures that all such instruments meet the legal requirements of the SEC, and where such instruments are to be listed on the stock market, the legal and procedural requirements of the Ghana Stock Exchange as well.

#### **Private Placement:**

HFC-ISL is a significant market player in the private placement of debt (short and medium term) and equity instrument by offering such instruments directly to a number of sophisticated institutional investors which include insurance companies, trusts and collective investment schemes, or as it frequently does, fully underwrite the entire issue.

#### **Investment Banking:**

HFC-ISL also provides a wide range of advisory services in mergers, acquisitions, corporate defence activities, restructuring, Management Buyout (MBO) and Leveraged Buyout (LBO) deals.

#### **Feasibility Studies:**

HFC-ISL undertakes the preparation of financial feasibility studies for clients and also reviews and refines feasibility reports presented by clients seeking funds for the implementation of business projects. We propose viable options available to the client, and consult with the client to select the option that best suits the goals and objectives of the business.



# **HFC BROKERAGE SERVICES LTD.**

*We undertake the following*

- **Brokerage Services**
- **Portfolio Management**
- **Research, and**
- **Corporate Finance**

Timely Delivery and Value Addition is our Hallmark!!!

# ASSET MANAGEMENT SERVICES

**Are you seeking good interest rates, security and timely reports on your investments?**

**Talk to us HFC-ISL Asset Management.....  
We have expertise in:**

1. Provident /Pension Fund Management
2. High Net worth Investment Services
3. Fund Management For Groups & Institution (Churches,,Investment Clubs, NGO's, Etc)
4. Endowment Fund Management

**What You receive:**

1. High Returns on your Investments
2. A Dedicated Investment Officer to handle all your investment needs
3. Benefits from the expertise of our competent investment managers
4. Low and highly competitive management fee
5. Quarterly reports on your investment
6. Provident fund statements for individual members within a fund
7. Ability to use your investment to secure a wide variety of loans (including mortgage loans) from HFC BANK
8. Ability to use your investment statement to support visa application
9. Holding a Diversified Portfolio with one competent investment manager
10. The peace of mind that comes with leaving the management of your finances to professionals!

With Us, Your Future Cash Flows Are Secured!! Talk To Us!  
021 683891-3 / [www.hfcinvestments.com](http://www.hfcinvestments.com) / [isl@hfcbankgh.com](mailto:isl@hfcbankgh.com)

The PKF logo consists of the letters 'PKF' in a bold, blue, sans-serif font. The 'P' and 'K' are connected at the top, and the 'F' is slightly offset to the right.

**PKF**

Accountants &  
business advisers

A close-up photograph of two hands shaking, symbolizing agreement or partnership. The hands are positioned in the center of the page, with the fingers interlocked. The background is a plain, light color.

HFC EQUITY TRUST

# Financial Statements 2010



# HFC EQUITY TRUST

## STATEMENT OF ASSETS AND LIABILITIES

### AS AT 31 DECEMBER 2010

Description	Notes	Shares No.	Market Value GH ¢	% Net Assets
<b>Shares</b>				
HFC		52,000	22,880	1.16
CAL		162,108	50,253	2.55
EBG		31,481	94,443	4.80
GCB		51,284	138,467	7.03
SCB		1,772	80,024	4.06
SG-SSB		117,758	75,365	3.83
UTB		200,000	60,000	3.05
ALW		27,075	3,249	0.17
EIC		302,940	151,470	7.69
ETI		498,696	74,804	3.80
FML		102,000	249,900	12.69
GOIL		252,068	73,100	3.71
GWEB		364,000	18,200	0.92
SPL		900,000	45,000	2.29
UNIL		30,315	172,492	8.76
GSR		2,000	10,400	0.53
SIC		200,000	86,000	4.37
BOPP		200,773	150,579	7.65
MLC		364,005	36,400	1.85
TOTAL		6,597	65,970	3.35
GGBL		61,665	96,197	4.89
TOTAL SHARES			<b>1,755,193</b>	<b>89.14</b>
<b>SHORT TERM FUNDS</b>				
Cash at Bank and on Call	4		73,027	3.71
HFC Unit Trust			3,186	0.16
Fixed Deposit			158,490	8.05
			161,676	8.21
<b>Total Short Term Funds</b>			<b>234,703</b>	<b>11.92</b>
Total Investments			1,989,896	101.06
Other Liabilities in Excess of Assets			(20,821)	(1.06)
<b>Total Net Assets</b>			<b>1,969,075</b>	<b>100.00</b>

# HFC EQUITY TRUST STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2010

	Notes	2010 GH ¢	2009 GH ¢
<b>Assets:</b>			
Total Investments		1,989,896	1,441,437
Receivables:			
Interest	7	<b>4,831</b>	0
<b>Total Assets</b>		<b>1,994,727</b>	1,441,437
<b>Liabilities:</b>			
Amount Due to Managers		9,742	10,000
Management Fund	8	262	0
HFC REIT Current Account		0	60,000
HFC Unit Trust Current Account		1,347	6,921
Accrued Charges		14,301	12,284
Total Liabilities		25,652	89,205
<b>Net Assets</b>		<b>1,969,075</b>	1,352,232

SIGNED FOR HFC INVESTMENT SERVICES LIMITED

9th May, 2011



Director



# HFC EQUITY TRUST INCOME AND DISTRIBUTION ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 GH c	2009 GH c
<b>Investment Income</b>			
Fixed Deposit		7,447	36,067
Treasury Bills		0	1,322
Dividends		54,088	76,117
Call Account		891	3,019
Profit on Disposal of Shares		40,673	0
Other Income		3,650	156,699
<b>Total Income</b>		<b>106,749</b>	<b>273,224</b>
Expenses			
Management Fees		30,579	42,698
Auditors Remuneration		11,000	9,775
Interest Paid on Disinvestments		26,551	15,789
<b>Other Expenses</b>	3	<b>12,466</b>	245,664
		<b>80,596</b>	313,926
		<b>26,153</b>	(40,702)
Transfer to Management Fund	5	(262)	0
Net Investment Income		<b>25,891</b>	(40,702)
Loss on Revaluation		0	(189,594)
		<b>25,891</b>	(230,296)
<b>Accumulated Net Investment Income</b>			
<b>BALANCE AT 1 JANUARY</b>		<b>(355,203)</b>	(124,907)
Net Profit / ( Loss) For The Year		<b>25,891</b>	(230,296)
<b>BALANCE AT 31 DECEMBER</b>		<b>(329,312)</b>	(355,203)



# HFC EQUITY TRUST

## STATEMENT OF MOVEMENT IN NET ASSETS

### FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 GH ¢	2009 GH ¢
Net Investment Income		25,891	(40,702)
Net Realised loss		0	(189,594)
Change in Unrealised gain	5	505,626	0
Net Increase in Net Assets Resulting from Operations		531,517	(230,296)
Capital Transactions			
Value of Units Sold and Converted		590,857	832,801
Value of Units Disinvested		(505,531)	(2,894,439)
Net Proceeds from Capital Transactions		85,326	(2,061,638)
Total Increase in Net Assets		<b>616,843</b>	<b>(2,291,934)</b>
Net Assets:			
<b>Balance at 1 January</b>		1,352,232	3,644,166
Total Increase / (Decrease) in Net Assets		616,843	(2,291,934)
<b>Balance at 31 December</b>		1,969,075	1,352,232

#### STATEMENT OF MOVEMENT IN ISSUED UNITS FOR THE YEAR ENDED 31 DECEMBER 2010

<b>Number of Units at 1 January</b>		9,380,572	21,537,560
Number of Units Issued during the year		1,993,138	5,599,000
		11,373,710	27,136,560
Number of Units disinvested during the year		(1,461,099)	(17,755,988)
<b>Number of Units at 31 December</b>		<b>9,912,611</b>	9,380,572

# HFC EQUITY TRUST

## PORTFOLIO SUMMARY FOR THE YEAR ENDED 31 DECEMBER 2010

	No. Of Shares 31/12/09	Value 31/12/09 GH ¢	No. Of Shares 31/12/10	Value 31/12/10 GH ¢	Purchase During the Year GH ¢	Sales During the Year GH ¢
HFC	32,000	19,840	52,000	22,880	10,020	0
CAL	82,108	16,422	162,108	50,253	22,848	0
EBG	51,481	144,148	31,481	94,443	0	69,490
GCB	51,284	37,950	51,284	138,467	0	0
SCB	1,772	53,160	1,772	80,024	0	0
SGSSB	37,758	16,991	117,758	75,365	48,177	0
UT	200,000	42,000	200,000	60,000	0	0
ALW	27,075	11,913	27,075	3,249	0	0
EIC	95,526	210,157	302,940	151,470	0	64,490
ETI	504,996	75,745	498,696	74,804	0	18,441
FML	30,000	166,500	102,000	249,900	14,748	106,058
GOIL	222,068	37,752	252,068	73,100	8,589	0
GWEB	364,000	18,200	364,000	18,200	0	0
SPL	900,000	45,000	900,000	45,000	0	0
UNIL	42,315	143,871	30,315	172,492	0	50,803
GOLD STAR	20,000	62,000	2,000	10,400	0	76,388
SIC	200,000	54,000	200,000	86,000	0	0
BOPP	200,773	96,371	200,773	150,579	0	0
MECHANICAL LOYD	364,005	72,801	364,005	36,400	0	0
TOTAL	5,897	40,099	6,597	65,970	6,739	0
GGBL	46,665	62,998	61,665	96,197	24,189	0
		<b>1,427,918</b>		<b>1,755,193</b>	135,310	385,670

# HFC EQUITY TRUST CAPITAL ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

CAPITAL ACCOUNT	2010		2009	
	Units	GH ₵	Units	GH ₵
Balance at 1st January	9,380,572	1,707,435	21,537,560	3,769,073
Value of Units Sold and Converted	1,993,138	590,857	5,599,000	832,801
Value of Units Disinvested	11,373,710 (1,461,099)	2,298,292 (505,531)	27,136,560 (17,755,988)	4,601,874 (2,894,439)
Value of the Trust Fund at 31 December	<b>9,912,611</b>	<b>1,792,761</b>	<b>9,380,572</b>	<b>1,707,435</b>



# HFC EQUITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2010

#### 1. ACCOUNTING POLICIES

The principal accounting policies adopted by the Equity Trust and which have been used in

preparing these financial statements are set out below and in accordance with Ghana Accounting Standards.

##### a. Basis of Accounting

The Equity Trust prepares the financial statements under the historical cost convention as modified by the revaluation of listed investments.

##### b. Investments:

###### i) Government Securities

Government Securities comprise treasury bills and bonds which are debt securities issued by the Government of Ghana. These securities are stated at cost.

###### ii) Listed Securities

Listed Securities are initially recognized at cost and subsequently re-measured at fair value (market price).

Unrealised gains or losses arising from the changes in the fair value are recognised in equity.

Any losses which exceeds unrealised gains on the listed securities is transferred to the Income and Expenditure Account.

On disposal the fair value adjustment recognised in the capital surplus accumulated in equity are recognised in the income statement.

Dividends from listed securities are recognised when the right to receive income is established.

# HFC EQUITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2010

#### 2. MANAGEMENT FEES

This is based on 2% of the fair market value of the total assets owned by the Trust

	<b>2010</b>	<b>2009</b>
	<b>GH ¢</b>	<b>GH ¢</b>
<b>3. OTHER EXPENSES comprise of the following:</b>		
Bank Charges	1,119	5,016
Manager's Reimbursable Expenses	0	17,137
Loss on Disposal of Shares	0	222,994
Stationary Expenses	11,347	517
Sundry Expenses	0	0
	<b><u>12,466</u></b>	<b><u>245,664</u></b>
<b>4. CASH AT BANK AND ON CALL</b>		
Cash at Bank	33,027	10,768
Cash on Call		
	<b><u>33,027</u></b>	<b><u>10,768</u></b>





# HFC EQUITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2010

#### 5. MANAGEMENT FUND

2010  
GH ¢

2010  
GH ¢

Transfers to the Management fund are made in accordance with the Trust Deed. The Trustees shall be paid out of this fund.

#### 6. UNREALIZED GAINS / (LOSSES) ON INVESTMENTS

Market Value of Investments	1,755,193	1,427,917
Cost of Investments	<u>(1,249,567)</u>	<u>(1,867,825)</u>
	505,626	(439,908)
Add Unrealised gains from previous years	0	250,314
Unrealised gains / (losses) as at 31 December	<u>505,626</u>	<u>(189,594)</u>

#### 7. ACCOUNT RECEIVABLE

Call	874	0
Fixed Deposits	<u>3,957</u>	0
	4,831	0

#### 8. MANAGEMENT FUND

Bonds	0	0
Charged for the year	262	0
Balance at 31 December	<u>262</u>	0

#### 9. CONTINGENT LIABILITIES

There were no contingent liability at the end of the year.



# HFC BANK DEFINES MICROFINANCING IN GHANA



HFC Bank in partnership with CHF International of USA established a microfinance service company in December 2006 called BOAFO MICROFINANCE SERVICES LTD. Boafo is a subsidiary of HFC Bank with a mission "To serve the credit demands of low and moderate-income Ghanaian households to maximize their pursuit of shelter, business, education, and other opportunities." We offer individual loans from GH¢500.00 to GH¢20,000.00 per person.

	<i>Hi-5 Loan (Loan Improvement Loan)</i>	<i>Busy Bee Loan (Business Development Loan)</i>	<i>Boafo Express</i>	<i>OPEN Loan</i>
<b>PURPOSE</b>	<p><b>PURPOSE</b> This product is for home completion or construction in stages. We believe in the old saying that "Rome was not built in a day".</p> <p>Whether you are a worker, artisan or petty trader you can own a home or improve your existing house in the following ways:</p> <ul style="list-style-type: none"> <li>• <b>Buy a plot of land</b> We will need proof of ownership to the piece of land on which you intend to build.</li> <li>• <b>Build a structure</b> You can borrow to lay a foundation, erect walls, roof or add rooms (if you have an existing house).</li> <li>• <b>Buy Fittings &amp; Fixtures</b> Your structure is complete! You can borrow to buy shutters, kitchen or bathroom fittings.</li> <li>• <b>Make Finishing Touches</b> Make your house habitable by plastering, painting, ceiling or general decoration. Our HI-5 loan can do this for you.</li> <li>• <b>Connect Utilities</b> The HI -5 loan can facilitate connection to electricity, water and telephone. Call us now.</li> </ul>	<p>Let us inject some life into your business with the Boafo Busy Bee Loan. We offer loans for:</p> <ul style="list-style-type: none"> <li>• Working capital</li> <li>• Business expansion</li> <li>• Business assets</li> <li>• Other short -term financial support</li> </ul>	<p>This is a multi-purpose loan product designed for groups and individuals. The loan can be used in any of the following areas:</p> <ol style="list-style-type: none"> <li>1. For business expansion (groups)</li> <li>2. Payment of medical bills</li> <li>3. Buying consumables</li> <li>4. House furnishing</li> <li>5. Payment of rent</li> </ol> <p><b>GROUPS</b> Group size 5 to 10 people Members should be prepared to co-guarantee each other</p> <p><b>REPAYMENT TERMS</b> 4 to 12 months.</p>	<p>This product is for SSNIT Informal Sector Clients only.</p> <p>The guarantee for the loan is the money in the clients occupational scheme account.</p> <p>Client must contribute to the account for at least five months and must continue to contribute after the loan has been contracted</p>
<b>LOAN AMOUNTS</b>	GH¢500 to GH¢20,000	GH¢500 to GH¢10,000	GH¢100 to GH¢5000	Up to four times of client's contribution in occupational scheme account.
<b>REPAYMENT TERMS</b>	4 to 24 months	<p>Because you have different needs, we offer flexible repayment methods:</p> <p>(a) <b>Collection</b> You don't have to leave your business to repay a loan; we will come for it. Your business needs you.</p> <p>(b) <b>Self Deposit</b> Loan Repayment is so easy that you can make deposits directly to your account in ANY HFC Bank branches countrywide.</p>	Express Loans can be repaid in any of HFC Bank branches. Payments are on weekly, bi-weekly or monthly bases according to the repayment schedule provided.	Collection by field officers of the fund and repayment is on weekly, bi-weekly or by monthly basis
<b>ELEGIBILITY CRITERIA</b>	<p><b>ELIGIBILITY:</b></p> <p>Applicants must</p> <ol style="list-style-type: none"> <li>1. Be aged between 18 and 60 years</li> <li>2. Operate a micro/small business</li> <li>3. Be of good character</li> <li>4. Have adequate repayment capacity</li> </ol>	<p><b>ELIGIBILITY:</b></p> <p>Applicants must</p> <ol style="list-style-type: none"> <li>1. Be aged between 18 and 60 years</li> <li>2. Operate a micro/small business</li> <li>3. Be of good character</li> <li>4. Have adequate repayment capacity</li> </ol>	<p><b>ELIGIBILITY</b></p> <p>Applicants must</p> <ol style="list-style-type: none"> <li>1. Must have micro or small business</li> <li>2. Not above 60 years by end of the loan period.</li> </ol>	<p><b>ELIGIBILITY</b></p> <p>Applications must</p> <ol style="list-style-type: none"> <li>1. Must be a contributor to the SSNIT Informal Sector Fund for at least 5 months</li> </ol>
<b>CONTACT S</b>	<p><b>HEAD OFFICE</b> Ring Road South, East Industrial Area Old Fadama Road, Agbogbloshie, P.O. Box CT4603, Accra, Ghana Tel (0233-21) 670807 / 670816 Fax (0233-21) 670847</p>	<p><b>TUDU BRANCH</b> HFC Bank G2, St Francis Building, Tudu Tel (233-21) 666203 / 675114 FAX (233-21) 675894</p>	<p><b>TECHIMAN BRANCH</b> HFC Bank Abammu, (Techiman – Tamale Main Street Tel (233-653) 22054 Fax (233-653) 22414</p>	<p><b>TAKORADI</b> HFC BANK OLD GNCT BUILDING MARKET CIRCLE</p>
	<p><b>AGBOGLOSHIE BRANCH</b> HFC Bank Tel 021 670859 / 670816 Fax 021 670847</p>	<p><b>KOFORIDUA BRANCH</b> HFC Bank Tel 081 26847 / 26845 Fax 081 26843</p>	<p><b>KUMASI BRANCH</b> HFC Bank Adum Roundabout, Adum Kumasi Tel 051 32597 / 31579 Fax 051 31580</p>	<p><b>ASHAIMAN BRANCH</b> HFC Bank Tel 022 301468</p>



# Success Early...



**HFC INVESTMENT SERVICES**

## ■ COLLECTIVE SCHEMES

- HFC Equity Trust
- HFC Unit Trust
- HFC Real Estate Investment Trust (REIT)

## ■ ASSET MANAGEMENT

- High Networth Individuals
- Provident & Pension Funds

## ■ FINANCIAL ADVISORY SERVICES

## ■ HFC BROKERAGE SERVICES LTD.

(A Subsidiary of HFC Investment Services Ltd.)

**Look out  
for the  
HFC F-Plan**

*HFC Future Plan - Yeri Daakye Nti*