



UTT ASSET MANAGEMENT AND INVESTOR SERVICES PLC

Your Obvious Investment Partner

**CHILDREN'S CAREER PLAN UNIT TRUST SCHEME
(WATOTO FUND)**

**UN-AUDITED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31ST DECEMBER 2020**

Contents

General Information	1
Report of the Board of Directors of the Manager	2
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Financial Position	5
Notes to the Financial Statements	6
Appendix 1 – Investment Portfolio	9

CHILDREN CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)

General Information

Children's Career Plan Unit Trust Scheme (Watoto Fund) is an open-ended collective investment scheme launched in October 2008. The Scheme was established by Unit Trust of Tanzania (UTT) in accordance with the provisions of the Capital Markets and Securities Act, 1994 (Amended) and Capital Markets and Securities (Collective Investment Schemes) Regulations, 1997 of Tanzania. In 2013, UTT was restructured and its functions transferred to UTT Asset Management and Investor Services (UTT AMIS) that is registered under the Companies Act, 2002. UTT AMIS was re-assigned with the management of all collective investment schemes and other activities of the predecessor organisation from 1st October 2013. For the six month period from 1st July 2020 to 31st December 2020, the directors of UTT AMIS who held office and are currently responsible for the scheme's oversight are:

Name	Position
Mr. Casmir Sumba Kyuki	Chairman
Dr. Suleiman Rashid Mohamed	Member
Mr. Ramadhani Sampa Hamisi	Member
Mr. Juma Alli Muhimbi	Member
Mr. Francis Mtete Chachah	Member

The assets of the Fund are managed by UTT AMIS, Registered Fund Manager and the Custodian of the Scheme is CRDB Bank Plc, a commercial bank established under the Banking and Financial Institutions Act, 2006. The auditors of the Fund are KPMG while the legal advisors are Abenry & Co. Advocates. UTT AMIS maintains the register of investors of the Fund. The address of the UTT AMIS, the Custodian, the Auditors and Legal Advisors are as indicated below:

Fund Manager and Registrar	- UTT AMIS 2nd Floor, Sukari House Sokoine Drive/Ohio Street P.O. Box 14825 Dar es Salaam
Custodian	- CRDB Bank Plc Office Accommodation Scheme Building Azikiwe Street P.O. Box 268 Dar es Salaam
Auditors	- KPMG 2 nd Floor, The Luminary Haile Selassie Road, Masaki P.O. Box 1160 Dar es Salaam
Advocates	- Abenry & Company Golden Jubilee Towers Main Tower, 3rd Floor Ohio / Kibo Street P.O. Box 3167 Dar es Salaam

**CHILDREN CAREER PLAN UNIT TRUST SCHEME
(WATOTO FUND)**

**REPORT OF THE BOARD OF DIRECTORS OF UTT ASSET MANAGEMENT AND INVESTOR SERVICES PLC
FOR THE HALF YEAR ENDED 31ST DECEMBER 2020**

The Board of Directors of UTT AMIS presents Watoto Fund report for the half year ended 31st December 2020. The Scheme which commenced operations in October 2008 reported net income of TZS 404.99 Million on its audited accounts for the year ended 30th June 2020.

1. Establishment and Management of the Fund

Children’s Career Plan Unit Trust Scheme, also known as “Watoto Fund” is a collective investment scheme formed by the Unit Trust of Tanzania (UTT), a government sponsored institution that was incorporated in 2003 under the Trustees Incorporation Act. Watoto Fund was established under the Deed of Trust of the Children’s Career Plan Unit Trust Scheme, on 01st October 2008 and is regulated by Capital Markets and Securities (Collective Investment Schemes) Regulations 1997, prescribed under Capital Markets and Securities Act, 1994 (Amended).

The Fund was managed by the Unit Trust of Tanzania Registered Trustees up to 30 September 2013 and thereafter by the UTT AMIS, a Registered Fund Manager who has set up a management structure to carry out the day to day operations of the Fund. The duties of the Directors and the Manager are specified in Sections 2.2 and 4.0 of the Offer Document respectively.

The Custodian of the Fund is CRDB Bank Plc, a commercial bank licensed to carry out banking business under the Banking and Financial Institutions Act, 2006. The duties of the Custodian are specified in Section 5.3 of the Offer Document.

2. Principal Activities and Investment Objectives

The principal activity of the Fund is to invest the pooled funds into a balanced portfolio that enables both high and low income investors to diversify risk and obtain competitive returns over the medium and long term through capital growth.

The main objective of the Fund is to empower Tanzanians through wide ownership of its units and encourage a culture of savings in financial assets. It also gives Tanzanians an opportunity to acquire a stake in privatisation, further participate in the capital markets and obtain a good return on their investment.

3. Financial Performance

The financial performance of the Fund for the half year is set out on page 4 of these Financial Statements.

**CHILDREN CAREER PLAN UNIT TRUST SCHEME
(WATOTO FUND)**

4. Sale and Re-purchase of Units of the Fund

The Fund is open for sale and re-purchase of units. The Fund allows, partial or full repurchase upon a beneficiary's child attaining 12 years of age as stated in Section 27.2 of the Offer Document. The sale price is based on the applicable Net Asset Value (NAV) per unit without charging an Entry Load. An Entry Load is a cost charged to the investor to compensate issuing costs and is charged at the time an investor purchases the units of a scheme.

For re-purchases, an Exit Load of 1% of Net Asset Value (NAV) is charged for redeemable units held for a period of less than three years. Whereas for investments held for more than three years no exit load is charged. An exit load is a cost charged to the investor at the time of repurchasing the units of the Fund. It is deducted from NAV at the time of redemption of units.

5. Risk Warning

Investment in unit trusts should be regarded as medium to long term investment. Investors should note that investments in the Scheme are subject to market risks and the Net Asset Value (NAV) of the Scheme may go up or down depending upon the factors and forces affecting the securities market. Past performance does not guarantee future performance.

6. Solvency

Solvency is the ability of the Fund in meeting its long term financial obligations. This can be established through the Fund's Statement of Financial Position at 31stDecember 2020 herewith indicated. The directors consider the Fund to be solvent.

7. The Board of Directors

Details of Directors who held office during the half year period and up to the date of this report are found on page 1 of this Report. All the Directors are Tanzanians.

.....
Director

.....
Director

.....
Date

**CHILDREN CAREER PLAN UNIT TRUST SCHEME
(WATOTO FUND)**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31ST DECEMBER 2020**

	Note	Six Months to 31 December 2020	Six Months to 31 December 2019	Twelve Months to June 2020
Revenue		TZS'000	TZS'000	TZS'000
Interest income	2	197,713	176,767	348,506
Gross dividend income		30,334	26,995	44,422
Net gain/(loss) from financial instruments	3	23,117	(13,592)	36,282
Other income		-	6,446	59,632
Total Income		251,164	196,616	488,842
Total Operating Expenses	4	(45,017)	(42,461)	(81,158)
Net income from operations before taxation		206,147	154,155	407,684
Taxation	5	(1,689)	(1,504)	(2,691)
Net income from operations after tax		204,458	152,651	404,993
Other Comprehensive Income		-	-	-
Change in net assets attributable to unit holders		204,458	152,651	404,993

Notes and related statements forming part of these financial statements appear on pages 6 to 9

**CHILDREN CAREER PLAN UNIT TRUST SCHEME
(WATOTO FUND)**

**STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2020**

	31 st December 2020	31 st December 2019	30 June 2020
Note	TZS'000	TZS'000	TZS'000
Assets			
Cash and cash equivalents	45,639	31,727	48,065
Treasury bonds	2,499,583	2,163,157	2,476,103
Equity Investments	975,549	845,560	932,432
Interest receivable	6 145,547	161,806	-
Other receivables	15,330	14,366	20,832
Total assets	3,681,648	3,216,616	3,477,432
Liabilities			
Income tax payable	-	(1,876)	-
Accounts payable	7 (16,993)	(24,113)	-
Other Accounts payable	(12,942)	(19,240)	(27,379)
Total Liabilities	(29,935)	(45,229)	(27,379)
Net-assets attributable to unit holders	3,651,713	3,171,387	3,450,053
Represented by:			
Retained earnings	2,465,147	2,060,153	2,060,153
Unit capital equalization	-	-	-
Unit capital	982,108	958,583	984,907
Profit (loss) for the Period	204,458	152,651	404,993
Total Unit holders Equity	3,651,713	3,171,387	3,450,053
Net Asset value based on 9,105,590.86; 9,067,018.83 and 9,104,821, Units outstanding for Dec. 2020, Dec. 2019 and June 2020 respectively.	<u>401.04</u>	<u>349.77</u>	<u>378.93</u>

Notes and related statements forming part of these financial statements appear on pages 6 to 9

**CHILDREN CAREER PLAN UNIT TRUST SCHEME
(WATOTO FUND)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The Financial Statements are presented in Tanzanian Shillings (TZS) in thousands. They are prepared on historical cost convention. No adjustments have been made for inflationary factors affecting the statements.

(b) Income Recognition

- (i) Dividend Income on listed
- (ii) equity is recognized on the ex-dividend date. Dividend on other shares is recognized on receipt.
- (iii) Interest income is recognised in the statement of Profit or Loss and Other Comprehensive Income as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income is recognised on a gross basis, including withholding tax.
- (iv) The difference between carrying cost and maturity value of Treasury Bills and other long term discounted instruments is treated as income over the remaining life of the instrument.
- (v) Profit or loss on sale of investments is recognized on the sale date on the basis of weighted average cost.

(c) Expenses

Expenses are recognised in the statement of Profit or Loss and Other Comprehensive Income on an accrual basis.

(d) Investments Valuation and Liabilities Recognition

- (i) Investment acquisitions are accounted for at cost.
- (ii) Tradable investments, mainly shares of companies listed at the Dar es Salaam Stock Exchange, are valued at the closing market prices on the valuation date.
- (iii) Debt Securities, mainly Treasury Bonds and Bills, are valued on yield to maturity basis.
- (iv) Fixed term Deposits are stated at cost while interest that has accrued to the Valuation date is accounted for as income.
- (v) Other financial assets and financial liabilities are stated at amortised cost.

**CHILDREN CAREER PLAN UNIT TRUST SCHEME
(WATOTO FUND)**

(e) Taxation

Income tax payable is recognised as an expense in the period in which the Income arises.

2 INTEREST INCOME

	31st December 2020
	TZS'000
Interest income arises from:	
Deposits with banks	1,725
Treasury bonds	195,988
Total	197,713

3. NET FAIR VALUE GAIN/(LOSS) ON FINANCIAL INSTRUMENTS

	TZS'000
DCB Commercial Bank Plc (DCB)	(10,071)
Tanzania Breweries Plc (TBL)	23,600
TWIGA	13,590
SIMBA	(2,480)
Swissport	(3,600)
CRDB	10,878
VODACOM	(8,800)
Total	23,117

The valuation gain/(loss) represents the difference between the market price of the shares on the reporting date and the weighted average value of those shares as at the beginning of the reporting date.

**CHILDREN CAREER PLAN UNIT TRUST SCHEME
(WATOTO FUND)**

4. OPERATING EXPENSES

Operating expenses were borne by the Manager during the first year of operation of the Scheme. However, all charges after the first year are borne by the Scheme. During the 6 month period from 1st July 2020 the following costs were provided for to meet anticipated charges:

	TZS '000
Investment management fees	27,010
Custodian fees	1,801
Administration fees	
AGM Costs	823
Brokerage and other costs	932
Communications - Advertising	1,036
Communication - Tel, Postage and Fax	177
Promotion Material & Scheme Branding	533
Promotion - Public education A/c	1,341
Agent commission - Unit sales	688
Other charges Expense account	10,432
Exhibition / Public Event	244
	45,017
	45,017

5. TAXATION CHARGE

The amount represents 5% and 10% withholding tax and final tax on dividend income of listed shares and interest income respectively.

6. INTEREST RECEIVABLE

	TZS'000
Treasury bonds	144,512
Dividend	1,035
	145,547
	145,547

**CHILDREN CAREER PLAN UNIT TRUST SCHEME
(WATOTO FUND)**

7. ACCOUNTS PAYABLE

	TZS'000
Service Charge payable	162
Repurchase payable	10,353
Custodian fee	1,801
Management fee	4,677
Total	16,993

8. APPENDIX 1 – INVESTMENT PORTFOLIO

	31 December 2020 TZS'000	% of total investment portfolio
Treasury Bonds	2,499,583	71.05
Listed equity securities	975,549	27.73
Term deposits with banks	42,436	1.22
Total Investment Portfolio	3,518,068	100