



UTT ASSET MANAGEMENT AND INVESTOR SERVICES PLC

Your Obvious Investment Partner

HATIFUNGANI UNIT TRUST SCHEME – BOND FUND

UN-AUDITED FINANCIAL STATEMENTS

**FOR THE SIX MONTH PERIOD ENDED
31st DECEMBER 2020**

HATIFUNGANI UNIT TRUST SCHEME – BOND FUND

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HATIFUNGANI UNIT TRUST SCHEME - BOND FUND

General Information

Hatifungani Unit Trust Scheme, otherwise known as “Bond Fund”, is an open ended collective investment scheme launched in September 2019. The Scheme was established by UTT Asset Management and Investor Services Plc (UTT AMIS) in accordance with provisions of the Capital Markets and Securities Act, 1994 (Amended). The Scheme is operated in compliance with the Capital Markets and Securities (Collective Investment Schemes) Regulations, 1997. UTT AMIS is registered under the Companies Act, 2002 and licensed by the Capital Markets and Securities Authority (CMSA). 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, a 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 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 & Co. Advocates Golden Jubilee Towers Main Tower, 2nd Floor Ohio / Kibo Street P.O. Box 3167 Dar es Salaam

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REPORT OF THE BOARD OF DIRECTORS OF UTT ASSET MANAGEMENT AND INVESTOR SERVICES PLC FOR THE SIX MONTH PERIOD ENDED 31ST DECEMBER 2020

The Board of Directors of UTT AMIS (Fund Manager) presents Bond Fund report for the six months ended 31st December 2020. The Scheme which commenced operations in Sept 2019, reported net income of TZS 907.617 Million on its unaudited accounts for the period of 6 months ended 31st December, 2020. **Audited accounts reported net profit of TZS. 709.719 Million for the period ended June 2020.**

1. Establishment and Management of the Fund

Hatifungani Unit Trust Scheme, also known as “Bond Fund” is a collective investment scheme formed by UTT AMIS, a government sponsored institution that was incorporated on 19th June 2003 under the Companies Act, 2002. The Scheme was established under the Deed of Trust of the Hatifungani Unit Trust Scheme, on 08 June 2019 and is regulated by Capital Markets and Securities (Collective Investment Schemes) Regulations 1997, prescribed under Capital Markets and Securities Act, 1994.

The Fund was managed by 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 Fund Manager are specified in Sections 4.0 of the Offer Document.

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 5.4 of the Offer Document.

2. Principal Activities and Investment Objectives

The principal activity of the Fund is to invest the pooled funds into a 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 or income distribution.

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 participate in the capital market 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.

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

The Fund is open for sale and re-purchase of units using forward pricing through the Fund Manager. The sale price is based on prospective Net Asset Value (NAV) per unit of the same working day and re-purchase price is based on the Net Asset Value (NAV) per unit of the date of acceptance.

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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 31st December 2020 herewith indicated. The Fund Manager considers 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

HATIFUNGANI UNIT TRUST SCHEME - BOND FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 31ST DECEMBER 2020

		Six Months to 31 December 2020	Four Months to 31 December 2019	Ten months to 30 June 2020
Revenue	Note	TZS'000	TZS'000	TZS'000
Interest income	2	3,818,243	798,404	3,186,841
Other Income		798,136		78,913
Total Income		4,616,379	798,404	3,265,754
Operating Expenses	3	(653,716)	(83,544)	(575,340)
Net income from operations before taxation		3,962,663	714,860	2,690,414
Taxation		(13,267)	-	(9,969)
Net income from operations after tax		3,949,396	714,860	2,680,445
Income Distribution		(3,041,779)	-	(1,970,726)
Other Comprehensive Income		-		-
Change in net assets attributable to unit holders		907,617	714,860	709,719

Notes and related statements forming part of these Financial Statements appear on pages 6 to 8

HATIFUNGANI UNIT TRUST SCHEME - BOND FUND

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2020

		31 December 2020	31 December 2019	30 June 2020
	Note	TZS'000	TZS'000	TZS'000
Assets				
Cash and cash equivalents		1,033,568	1,026,641	1,257,078
Treasury bonds		60,713,815	23,359,406	38,918,188
Interest receivable	4	2,065,924	1,336,273	-
Other receivables		8,122	2,440	7,189
Total assets		63,821,429	25,724,760	40,182,455
Liabilities				
Other account payable		(202,683)	(11,674)	-
Accounts payable	5	(709,717)	(62,494)	(552,792)
Total Liabilities		(912,400)	(74,168)	(552,792)
Net-assets attributable to unit holders		62,909,029	25,650,592	39,629,663
Represented by:				
Unit Capital		61,291,694	24,935,732	38,919,944
Retained earnings		709,718	-	-
Change in net assets\Profit		907,617	714,860	709,719
Total Unit holders Equity		62,909,029	25,650,592	39,629,663
Net Asset Value per unit based on 593,583,339; 246,447,343.63 and 381,815,878 units outstanding on 31st December 2020 ; 31st December 2019 and June 2020 respectively.		<u>105.98</u>	<u>104.08</u>	<u>103.79</u>

Notes and related statements forming part of these Financial Statements appear on pages 6 to 8

HATIFUNGANI UNIT TRUST SCHEME - BOND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 31st 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) 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 gross basis, including withholding tax.

(ii) 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.

(iii) 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) Debt Securities, mainly Treasury Bonds and Bills, are valued on yield to maturity basis.

(iii) Fixed term Deposits are stated at cost while interest that has accrued to the Valuation date is accounted for as income.

(iv) Other financial assets and financial liabilities are stated at amortised cost.

(e) Taxation

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

HATIFUNGANI UNIT TRUST SCHEME - BOND FUND

2 INTEREST INCOME

Interest income arises from:

	TZS'000
Treasury bonds	3,818,242
Total	3,818,242

3 OPERATING EXPENSES

During the Six month period from ended 31 December 2020, the following provisions for expenses were made:

	TZS'000
Management fee	470,676
Custodian fee	26,149
Brokerage and other Costs	10,488
Other charges expenses	146,403
Total	653,716

4 INTEREST RECEIVABLE

	TZS'000
Treasury Bonds	2,065,924
Total	2,065,924

5 ACCOUNTS PAYABLE

	TZS'000
Custodian fee	26,148
Management fee	93,919
Repurchase Payable	82,615
Total	202,682

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6. APPENDIX 1 – INVESTMENT PORTFOLIO

	31 December 2020 TZS'000	% of total investment portfolio
Treasury Bonds	60,713,814	98.41
Term deposits with bank	984,229	1.59
Total investment portfolio	<u>61,698,043</u>	100.00