

**INVEST LIFE UNIT TRUST SCHEME
(WEKEZA MAISHA)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

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INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

General Information

The Board of Directors of the Fund Manager

The Directors holding office during the period and as at the date of this report are as follows:

Name	Gender	Position	Appointed on
Casmir Sumba Kyuki	Male	Chairman	05 August 2021
Judika Loti King'ori	Female	Member	29 July 2022
Paul Andrew Maganga	Male	Member	29 July 2022
Neema Julie Jones	Female	Member	29 July 2022
David Emmanuel Mwankenja	Male	Member	29 July 2022
Migangala Simon Milenge	Male	Managing Director	05 October 2021

Fund Manager

UTT Asset Management and Investor Services Plc.
2nd Floor, Sukari House
Sokoine Drive/Ohio Street
P. O. Box 14825
Dar es Salaam

Custodian

CRDB Bank Plc
CRDB Headquarters
Plot No. 25/26, Ali Hassan Mwinyi Road & Plot No. 21 Barack
Obama Road
P. O. Box 268 & 11101
Dar es Salaam

Auditor

KPMG
2nd Floor, The Luminary
Haile Selassie Road, Masaki
P. O. Box 1160
Dar es Salaam

Advocates

Abenry Advocates
3rd Floor, Golden Jubilee Towers
Ohio/Kibo Street
P. O. Box 3167
Dar es Salaam

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

REPORT OF THE BOARD OF DIRECTORS OF THE FUND MANAGER FOR THE YEAR ENDED 30 JUNE 2023

The Board of Directors of UTT Asset Management and Investor Services Plc, hereinafter also referred to as the "Fund Manager", presents the report of Invest Life Unit Trust Scheme (hereinafter also the "Fund" or "Scheme") together with the audited financial statements for the year ended 30 June 2023, which disclose the financial performance for the year and the state of affairs of the Fund as at that date.

1 Establishment and management for the Fund

Invest Life Unit Trust Scheme, also known as "Wekeza Maisha" is a collective investment scheme formed by the Unit Trust of Tanzania (UTT), a government sponsored institution that was incorporated on 19 June 2003 under the Trustees Incorporation Act. The main objectives of UTT included establishing, launching and management of collective investment schemes.

Wekeza Maisha was established in Tanzania under the Deed of Trust of the Invest Life Unit Trust Scheme, on 16 May 2007 and is regulated by Capital Markets and Securities (Collective Investment Schemes) Regulations 1997, prescribed under the Capital Markets and Securities Act, 1994.

The Fund is currently managed by UTT Asset Management and Investor Services Plc. (UTT AMIS). As a Fund Manager, UTT AMIS has set up a management structure to carry out day to day operations of the Fund. 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 Fund Manager and the Trustee/Custodian are specified in Sections 4.0 and 6.3 of the Offer Document respectively. The Offer Document sets forth concisely, the information about the scheme that a prospective investor ought to know about the Fund. It also contains information about the rights and obligations of the Fund Manager and Trustee/Custodian to the Fund.

2 Principal activities

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 and other investors 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 privatization, further participation in the capital markets and obtain a good return on their investment.

3 Business model

Invest Life Unit Trust Scheme, also known as "Wekeza Maisha" is the first investment cum insurance scheme to be established by the Unit Trust of Tanzania. It is indeed the first such scheme to be launched in the country.

Unit linked insurance plan (ULIP)

Unit linked insurance plan (ULIP) is a combination of Insurance and Unit Trust (Investment) benefits (i.e. a marriage of Insurance and Unit Trust). Unit-Linked products are those, where the investment benefits are expressed in terms of units and unit price. ULIP is a one-stop solution providing:

- life protection (insurance benefit)
- investment and saving
- flexibility

4 Financial performance during the year

The financial performance of the Fund for the year is set out on page 13 of these financial statements.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

REPORT OF THE BOARD OF DIRECTORS OF THE FUND MANAGER FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

5 Closure period and lock-in period of the Fund

The initial sale of units commenced from 16 May 2007 to 31 July 2007 during which the units were sold at a value of TZS 100 per unit. After the initial sale, the Fund remained under closure period for six months i.e. up to 1 February 2008 during which sale or repurchase of units were not carried out under the Fund.

The Fund also has a lock-in period of five years which for units sold during the initial sale, this period ended on 31 July 2012. During the lock-in period, re-purchasing of units was not carried out by the Fund. However, for unit holders who join the Fund subsequently, units are sold at the prevailing Net Asset Value (NAV) and the lock-in period shall come to an end after the lapse of five years from the date of joining the Fund.

The tenure of the plan membership under the Fund is ten years whereby, for initial sale unit holders, ten years commenced from initial sale closure date and in respect of unit holders who join the Fund during subsequent periods, it commences from the date of acceptance.

Partial repurchase of units shall be allowed at prevailing partial repurchase price after the lock-in period subject to a member maintaining a minimum balance which is equal to 25% of the chosen contribution amount. Accordingly, the partial repurchases of units under the Fund commenced on 1 August 2012. From this date onwards, the Fund Manager may purchase units from unit holders who have completed their lock-in period based on the NAV of units and deducting a service charge of 2%. Tenure of the investment is ten (10) years and it commences from initial sales closure date or from date of acceptance for investor joining subsequently.

6 Investment options

The scheme offers two options aimed at serving various investment objectives suitable for investors of different profiles i.e. Low Income Group, Middle Income Group and High Income Group. The Fund has a minimum contribution of one million Tanzanian shillings (TZS 1,000,000) whereas there is no maximum contribution amount (however Life Insurance Cover is available to a maximum TZS 25 Million contribution amount). The investor has option of paying the contribution on a single lump sum or monthly contribution with minimum of TZS 8,340 per contribution.

7 Unit holder capital

The Fund is authorized to issue an unlimited number of units, the units were initially sold at TZS 100 per units and subsequent sale of units is done at prevailing Net Asset Value (NAV). The following are transactions performed under unit capital during the year:

	2023	2022
	Units	Units
Opening balance as at 01 July	6,222,093	2,928,446
Sales of units made during the year	5,781,204	3,538,648
Repurchases of units made during the year	(421,496)	(245,001)
Closing balance as at 30 June	<u>11,581,801</u>	<u>6,222,093</u>

The net asset value is included under Key Performance indicators disclosed in the next page.

8 Principal risk and uncertainty

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

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

REPORT OF THE BOARD OF DIRECTORS OF THE FUND MANAGER FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

9 Solvency

The Fund's state of affairs as at 30 June 2023 is set out on page 14 of the financial statements. The Fund Manager considers the Fund to be solvent.

The Board of Directors of the Fund Manager confirms that IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) have been followed and that the financial statements have been prepared on a going concern basis with a reasonable expectation that the Fund has adequate resources to continue its operational existence at least for the next twelve months from the date of approval of these financial statements.

10 Key performance indicators for the Fund

The table below shows performance of the Fund for the last three years.

	30 June 2023	30 June 2022	30 June 2021
Net assets attributable to Unit holders (TZS '000)	9,097,004	4,322,581	1,823,233
Number of units	11,581,801	6,222,093	2,928,446
Net Asset Value (TZS)	785.46	694.75	622.59
Published Net Asset Value per unit (TZS)	792.03	704.10	617.29

The table below shows the highest issue price and the lowest redemption price of the units for the last ten years the Fund has been in existence.

	2023 TZS	2022 TZS	2021 TZS	2020 TZS	2019 TZS
Highest issue price	792.18	704.10	617.29	491.55	397.37
Lowest redemption price	701.81	617.49	493.94	397.70	357.86
	2018 TZS	2017 TZS	2016 TZS	2015 TZS	2014 TZS
Highest issue price	357.59	329.65	312.33	309.18	237.54
Lowest redemption price	328.57	309.36	298.73	237.57	190.11

11 Liquidity and Cash flows of the Fund

Fund is an insurance linked plan, members are expected to continue in the scheme, during their entire membership tenure. The overall liquidity profile of the fund is reviewed and updated regularly. The liquidity profile takes into account investment, cash flow and market liquidity considerations.

Investment liquidity considerations include an assessment of asset class liquidity conditions, liquidity of underlying holdings, portfolio construction and concentration, the scale of individual stock ownership and the nature of the investment strategy.

Cash flow liquidity is managed by the fund on a daily basis using reports that include information on sales and repurchases units as well as the impact of activities related to trading, investment in equity and investment in government and corporate securities. In addition to the daily reporting, the fund manager is provided with reporting on the prevailing net assets value.

Market (or distribution-related) considerations include an assessment of asset demand, fund growth, investors concentration and the persistency of the investors base.

Liquidity in funds is independently assessed and challenged through the internal governance process for the Fund Manager. Liquidity is modelled and compared against potential liability scenarios such as severe repurchases of units. However, for Wekeza Fund partial repurchase is allowed after a lock-in period of 5 years (from the date of joining the plan), subject to a member maintaining a minimum balance which is equal to 25% of the chosen Contribution amount.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

REPORT OF THE BOARD OF DIRECTORS OF THE FUND MANAGER FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

12 Corporate governance of the Fund

i) Fund Manager

The Fund is managed by UTT Asset Management and Investor Services Plc. (UTT AMIS). As a Fund Manager, UTT AMIS has set up a management structure to carry out day to day operations of the Fund.

Board of Directors of the Fund Manager

The Board takes overall responsibility for the Fund, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and is in compliance with sound corporate governance principles.

The Board delegates the day-to-day management of the Fund to Managing Director assisted by senior management. Senior management are invited to attend board meetings and facilitate effective control of all the Fund's operational activities, acting as a medium of communication and coordination between various business units. During the year the Board met four times.

The Fund is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency, and accountability. During the year the Board of Fund Manager had the following board sub-committees to ensure a high standard of corporate governance throughout the Fund. These are;

- Board Audit Risk & Compliance Committee and;
- Board Investment Committee

Board Audit, Risk and Compliance Committee

	Name	Gender	Position
1.	Judika Loti King'ori	Female	Chairperson
2.	David Mwankenja	Male	Member
3.	Daniel Olesumayan	Male	Member

Board Investment Committee

	Name	Gender	Position
1.	Paul Maganga	Male	Chairman
2.	Neema Jones	Female	Member
3.	Fortunatus Magambo	Male	Member
4.	Lameck Kakulu	Male	Member

ii) Custodian

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 Board of Directors of CRDB Bank Plc is made up of the following individuals:

	Name	Gender	Position
1.	Ally Hussein Laay	Male	Chairman
2.	Neema Munisi Mori	Female	Vice Chairperson
3.	Abdulmajid Nsekela	Male	Group CEO and Managing Director
4.	Miranda Naiman Mpogolo	Female	Director
5.	Boniface Charles Muhegi	Male	Director
6.	Jes Klausby	Male	Director
7.	Hosea Ezekiel Kashimba	Male	Director

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

REPORT OF THE BOARD OF DIRECTORS OF THE FUND MANAGER FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

12 Corporate governance of the Fund (Continued)

	Name	Gender	Position
8.	Abdul Ally Mohamed	Male	Director
9.	Faustine Karrani Bee	Male	Director
10.	Fredy Matola Msemwa	Male	Director
11.	Martin Steven Warioba	Male	Director
12.	Gerald Paul Kassato	Male	Director
13.	Royal John Lyanga	Male	Director

iii) Insurer

The Insurer under the Scheme is Alliance Insurance Corporation Limited, which is an Insurance Company licensed to carry out Insurance business (life as well as non-life) under the Insurance Act No. 18 of 1996. The Board of Directors of the Insurer is made up of the following individuals:

	Name	Gender	Position
1.	Shaffin Jamal	Male	Chairman
2.	Yogesh M Manek	Male	Director
3.	Narendra P Thaker	Male	Director
4.	Alex Nguluma	Male	Director
5.	Kalpesh Mehta	Male	Director

13 Relationship with the stakeholders

Relationships with our key stakeholders including our investors, suppliers, business partners, regulators and other service providers remained cordial throughout the year. A good relationship with our key stakeholders remains the root of UTT AMIS core values and beliefs.

14 Related party transactions

Details of transactions with related parties are disclosed in Note 15 to the financial statements.

15 The Board of Directors of the Fund Manager

Details of Directors of the Fund Manager who held office during the year and up to the date of this report are found on page 1 of this report.

16 Interest by the Directors or senior employees of the Fund Manager in the units of the Fund

Details of interest of Directors or senior employees of the Fund Manager in the units of the Fund during the year and up to the date of this report are disclosed on note 15(d) of this report.

17 Serious prejudicial matter

In the opinion of the Directors of the Fund Manager, there were no significant unfavourable matters as at the reporting date that can affect the Fund (2022: None).

18 Responsibilities of the auditor

Auditor is responsible to provide assurance of the correctness and consistency of each and every information contained in the report by those charged with governance with those provided in the financial statements.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

**REPORT OF THE BOARD OF DIRECTORS OF THE FUND MANAGER
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

19 Disabled persons

The Fund Manager gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent and adequately meet the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Fund's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

20 Responsibilities of the Directors of the Fund Manager

The Directors of the Fund Manager are responsible for the preparation of financial statements that give a true and fair view of the Company for the year ended 30 June 2023 to the date of approval of the financial statements, in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Capital Markets and Securities (Collective Investment Schemes) Regulations, 1997. More details of the responsibilities of the directors are shown on page 8.

21 Statement of compliance

The report of Directors of Fund Manager has been prepared in full compliance with Tanzania Financial Reporting Standard No.1 (TFRS 1) on directors' report.

By order of the Board

Casmir Sumba Kyuki
Chairman

.....
Date

Judika Loti King'ori
Director

.....
Date

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

**STATEMENT OF THE DIRECTORS OF THE FUND MANAGER’S RESPONSIBILITIES
FOR THE YEAR ENDED 30 JUNE 2023**

The Fund Manager’s Directors are responsible for the preparation of financial statements that give a true and fair view of Invest Life Unit Trust Scheme (Wekeza Maisha) comprising the statement of financial position as at 30 June 2023, and the statement of profit or loss and other comprehensive income, changes in net assets attributable to unit holders and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies, in accordance with International Financial Reporting Standards and in the manner required by the Capital Markets and Securities (Collective Investment Schemes) Regulations, 1997.

The Fund Manager’s Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Fund Manager’s Directors have made an assessment of the ability of the Fund to continue as a going concern and have no reason to believe that the Fund will not be a going concern in at least the next twelve months from the date of approval of the financial statements.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Approval of financial statements

The financial statements of Invest Life Unit Trust Scheme (Wekeza Maisha), as identified in the first paragraph, were approved by the Fund Manager’s Board of Directors on

Casmir Sumba Kyuki
Chairman

Judika Loti King’ori
Director

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

**DECLARATION OF THE HEAD OF FINANCE OF THE FUND MANAGER
FOR THE YEAR ENDED 30 JUNE 2023**

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under Statement of Directors of the Fund Manager’s Responsibilities on an earlier page.

I, **Joan Msofe** being the Head of Finance of UTT AMIS hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2023 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements of Invest Life Unit Trust Scheme (Wekeza Maisha) comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.

Signed by: Joan Msofe

Position: Director of Finance and Planning

NBAA Membership No.: ACPA1675

Date:

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Invest Life Unit Trust Scheme (Wekeza Maisha) set out on pages 13 to 41 which comprise the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Invest Life Unit Trust Scheme (Wekeza Maisha) as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Capital Markets and Securities (Collective Investment Schemes) Regulations, 1997.

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 Statements* section of our report. We are independent of the Fund and the Fund Manager in accordance with International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA 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 our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

The Directors of the Fund Manager are responsible for the other information. The other information comprises the information included in the document titled *Invest Life Unit Trust Scheme (Wekeza Maisha) Annual Report and Financial Statements for the year ended 30 June 2023* 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 or 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNIT HOLDERS OF INVEST LIFE TRUST SCHEME (WEKEZA MAISHA) (CONTINUED)**

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Directors of the Fund Manager for the Financial Statements

The Directors of the Fund Manager are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Capital Markets and Securities (Collective Investment Funds) Regulations, 1997, and for such internal control as the Directors of the Fund Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Fund Manager.
- Conclude on the appropriateness of the Directors 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 Fund'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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the Fund Manager 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNIT HOLDERS OF INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)
(CONTINUED)**

Report on Other Legal and Regulatory Requirements

As required by the Capital Markets and Securities (Collective Investment Funds) Regulations, 1997, we report to you, solely based on our audit of financial statements that:

- in our opinion, the financial statements of the Invest Life Unit Trust Scheme (Wekeza Maisha), has been properly prepared in accordance with the requirements of the regulations;
- all persons involved with the conduct and operation of the Scheme have acted properly and in accordance with the requirements of the regulations;
- proper books and records have been kept by the Scheme and the accounts are in agreement with the accounting records of the Scheme; and
- we obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

**KPMG
Certified Public Accountants (T)**

Signed by: CPA Vincent Onjala (TACPA 2722)
Dar es Salaam

Date

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 TZS '000	2022 TZS '000
Interest income	5	778,851	326,013
Other income	6	218,092	44,491
Gain on valuation of financial assets	11	<u>114,348</u>	<u>71,926</u>
Total income		1,111,291	442,430
Management fees		(102,240)	(41,231)
Custodian fees		(10,000)	(10,000)
Agent commission		(41,474)	(19,946)
Brokerage expenses		(6,004)	(5,210)
Audit fees		(1,136)	(842)
Accrual for loyalty bonus expense	7	(150,023)	(63,792)
Other operating expenses	8	<u>(12,537)</u>	<u>(6,864)</u>
Total expenses		(323,414)	(147,885)
Increase in net assets attributable to unit holders before tax		787,877	294,545
Withholding tax expense	9	<u>(4,520)</u>	<u>(3,202)</u>
Increase in net assets attributable to unit holders, net of tax		<u>783,357</u>	<u>291,343</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Increase in net assets attributable to unit holders, net of tax		<u><u>783,357</u></u>	<u><u>291,343</u></u>

Notes and related statements forming part of these financial statements appear on pages 17 to 41.

Report of the Auditor – pages 10-12

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	Notes	2023 TZS '000	2022 TZS '000
Assets			
Cash and Cash Equivalents	10	58,501	181,610
Equity Investments	11	1,056,246	747,898
Government securities and corporate bonds	12	8,192,379	3,480,653
Other Receivables	13	<u>6,186</u>	<u>991</u>
Total assets		<u>9,313,312</u>	<u>4,411,152</u>
Liabilities			
Other liabilities	14	<u>(216,308)</u>	<u>(88,383)</u>
Total liabilities		<u>(216,308)</u>	<u>(88,383)</u>
Net assets attributable to unit holders		<u>9,097,004</u>	<u>4,322,769</u>
Represented by:			
Net assets attributable to unit holders		<u>9,097,004</u>	<u>4,322,769</u>
Net Asset Value per unit based on 11,581,801 units. Outstanding (2022 – 6,222,093 units) in TZS		<u>785.46</u>	<u>694.75</u>

The financial statements on pages 13 to 41 were approved and authorised for issue by the Board of Directors on and signed by:

Casmir Sumba Kyuki
Chairman

Judika Loti King'ori
Director

Notes and related statements forming part of these financial statements appear on pages 17 to 41.

Report of the Auditor – pages 10-12

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 TZS '000	2022 TZS '000
Cash flows from operating activities:			
Increase in net assets attributable to unit holders, net of tax		783,357	291,343
<i>Adjustment for:</i>			
Dividend income		(47,692)	(26,290)
Withholding tax expense	9	4,520	3,202
Fair value gain for financial assets	11	(114,348)	(71,926)
Interest income		<u>(731,159)</u>	<u>(299,723)</u>
		(105,322)	(103,394)
Changes in working capital items:			
Equity Instruments		(194,000)	(201,351)
Government securities		(4,599,970)	(2,094,767)
Other liabilities		127,925	63,506
Other receivables		<u>(2,376)</u>	<u>943</u>
Cash used in operating activities		(4,773,743)	(2,335,063)
Dividend received		44,873	28,072
Interest received		619,403	259,459
Withholding tax paid	9	<u>(4,520)</u>	<u>(3,202)</u>
Net cash used in operating activities		<u>(4,113,987)</u>	<u>(2,050,734)</u>
Cash flows from financing activities:			
Sales of units	15	4,232,789	2,353,930
Repurchase of units	15	<u>(241,911)</u>	<u>(145,737)</u>
Net cash from financing activities		<u>3,990,878</u>	<u>2,208,193</u>
Net (decrease)/increase in cash and cash equivalents		(123,109)	157,459
Cash and cash equivalents as at 1 July		<u>181,610</u>	<u>24,151</u>
Cash and cash equivalents as at 30 June*		<u>58,501</u>	<u>181,610</u>

*Cash and cash equivalent include call deposits that are repayable on demand and form an integral part of Fund's cash management

Notes and related statements forming part of these financial statements appear on pages 17 to 41.

Report of the Auditor – pages 10-12

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. REPORTING ENTITY

Invest Life Unit Trust Scheme (Wekeza Maisha) is an open-ended collective investment scheme domiciled in Tanzania with an initial lock-in period of five (5) years which ended on 31 July 2012. The Fund was established on 16 May 2007 and is regulated by Capital Markets and Securities (Collective Investment Schemes) Regulations 1997, prescribed under Capital Markets and Securities Act 1994. The address of the Fund's registered office is 2nd Floor, Sukari House Sokoine/Ohio Street P.O Box 14825, Dar es Salaam.

Invest Life Unit Trust Scheme is managed by UTT Asset Management Investor Service (UTT AMIS) that has set up a management structure to carry out day to day operations of the Fund. The duties of the Trustee/Custodian and the Fund Manager are specified on Section 2.2 and 4.0 of the Offer Document respectively. The address of the Fund manager's registered office is 2nd Floor, Sukari House Sokoine/Ohio Street P.O Box 14825 Dar es Salaam.

The Fund is an open-ended investment fund primarily involved in investing in a diversified portfolio of equity securities issued by companies listed in Dar es Salaam Stock Exchange (DSE), debt securities issued by corporates and government and fixed deposits with the objective of providing unit holders with competitive returns over a short period of time.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Fund for the year ended 30 June 2023 have been prepared in accordance with the IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and the requirements of Capital Markets and Securities (Collective Investment Funds) Regulations, 1997.

(b) Basis of measurements

The financial statements have been prepared on the historical cost basis unless where fair value has been applied in line with the respective accounting policies.

(c) Functional and presentation currency

These financial statements are presented in Tanzanian shillings (TZS), which is the Fund's functional and presentation currency. All amounts have been rounded to the nearest thousands ('000'); except where otherwise indicated.

Functional currency is the currency of the primary economic environment in which the Fund operates. The Fund's investment and transactions are denominated in Tanzanian shillings. Investor subscriptions and redemptions are determined based on the net asset value and received and paid in Tanzanian shillings. The expenses (including management fees, custodian fees and other charges) are denominated and paid for in Tanzanian shillings. Accordingly, management has determined that the functional currency of the Fund is Tanzanian shillings.

(d) Going Concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that that the Fund will continue in operation for at least one year from the date of the audit report and will be able to realize its assets and discharge its liabilities in the ordinary course of business.

The fund has recognised an increase in net assets attributable to unit holders, net of tax for the year ended 30 June 2023 of TZS 783,357,000 (2022: TZS 291,343,000) and as that date the Fund has a net asset of TZS 9,097,004,000 (2022: TZS 4,322,769,000), the Directors of the Fund Manager consider it appropriate to prepare the financial statements on the going concern basis.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Change in accounting policies

Below are the changes that came into effect for accounting periods beginning on or after 1 January 2022. All the applicable changes have been applied in the preparation of these financial statements.

- i) Onerous Contracts – Cost of Fulfilling a Contract: Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets became effective on 1 January 2022.
- ii) Annual improvements to IFRS standards 2018 – 2020;
- iii) Property, Plant and Equipment: Proceeds before Intended use (Amendments to IAS 16);
- iv) Reference to the Conceptual Framework (Amendments to IFRS 3); and
- v) COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).

The adoption of the standard had no material impact on the financial statements of the Fund. The accounting standards set out below have been applied consistently to all periods in presenting these financial statements.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Fund at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

(c) Interest income

Interest income presented in the statement of profit or loss and other comprehensive income comprise interest on financial assets measured at amortised cost calculated on an effective interest basis.

The ‘effective interest rate’ is calculated on initial recognition of a financial instrument as the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. Interest income is recognised on a gross basis, including withholding tax, if any.

(d) Dividend income

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for quoted equity securities. Dividends are reflected as a component of investment income. Dividend income from equity securities carried at fair value is recognised in the “investment” line in the statement of profit or loss and other comprehensive income.

(e) Net gain from financial instruments

Net gain from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes but excludes interest and dividend income.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Expenses

Expenses to the Fund are charged in accordance with Section 24.0 of Wekeza Maisha Offer Document which states;

- Management fee is charged at 1.5% of NAV;
- Custodian fee at 0.1% of NAV with the minimum of TZS 10 million per annum; and
- Other charges at 0.9% of NAV. Other charges include the commonly rated charges such as bank charges, marketing, selling expenses, legal fees and audit fees.

Management fee and other charges are restricted to 2.4% of the NAV. Any additional amount is borne by the Fund Manager.

(g) Taxation

Under Section 86 of the Income Tax Act, 2004, the Fund is exempt from paying taxes on income, profits or capital gains as such deferred tax is not applicable.

Dividend and interest income received by the Fund is subject to withholding tax as final tax on the same basis as for individuals. Investment income is recorded gross of such taxes and the withholding tax is included under tax charge for the period.

(h) Redeemable units

All redeemable units issued by the Fund provide the investors with the right to require redemption for cash at the value proportionate to the investor's units in the Fund's net assets at the redemption date. In accordance with IFRS 9 such instruments give rise to financial liability for the present value of the redemption amount. In accordance with the Offer Document, the Fund is contractually obliged to redeem units based on the Net Asset Value of the next working day.

The Fund was under a lock-in period of five years which ended on 31 July 2012. During the lock-in period redeeming of units was not allowed. For unit holders who join the Fund subsequently, the units will be sold at the prevailing Net Asset Value (NAV) and the lock-in period shall come to an end after the lapse of five years from the date of joining the Fund.

Partial repurchase of units shall be allowed at prevailing partial repurchase price after the completion of five years from the date of joining the Fund subject to a member maintaining a minimum balance which is equal to 25% of the chosen contribution amount. Accordingly, the partial repurchases of units under the scheme commenced on 1 August 2012. From this date onwards, Fund manager may purchase units from unit holders based on the Net Asset Value (NAV) of units and deducting there from a service charge of 2%.

Units applied for repurchase and approved but not settled as at year end are presented as repurchase payables and classified as other liabilities.

(i) Cash and cash equivalents

Cash and cash equivalent include cash and call deposits. Call deposit are repayable on demand and form an integral part of Fund's cash management. Cash with banks are those with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value and are used by the Fund in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Investment Securities

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as either fair value through profit or loss, or amortised cost. The equity investments are measured at fair value through profit or loss whereas Treasury Bonds and corporate bonds are subsequently measured at amortised cost.

(k) Provisions

A provision is recognized if, as a result of a past event, the Fund 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.

(l) Contingent liabilities

The Fund recognizes a contingent liability where, it has a possible obligation from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain events not wholly within the control of the Fund, or it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

(m) Financial instruments

i. Recognition and initial measurement

The Fund initially recognises regular-way transactions in financial assets and financial liabilities at Fair Value Through Profit and Loss (FVTPL) on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

On initial recognition, the Fund classifies financial assets as measured at amortised cost or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI).

All other financial assets of the Fund are measured at FVTPL.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial instruments (Continued)

ii. Classification and subsequent measurement (Continued)

Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets. The Fund has determined that it has one business model which is:

- Held-to-collect business model: this includes government securities, term deposits with banks, cash and cash equivalents and other receivables. These financial assets are held to collect contractual cash flow.

Assessment whether contractual cash flows are SPPI

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are SPPI. The Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial instruments (Continued)

ii. Classification and subsequent measurement (Continued)

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Fund were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

Subsequent measurement of financial assets

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. Interest income is calculated using effective interest method and recognised in profit or loss.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses are recognised in profit or loss.

Financial assets at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Financial liabilities

Other liabilities are classified as financial liabilities at amortised cost and are carried at amortised cost.

Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when and only when the Fund has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards or gains and losses arising from a group of similar transactions such as in the Fund's trading activity.

iii. Impairment

The Fund recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following which are measured at 12-month ECLs;

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, bases on the Fund's historical experience and informed credit assessment and including forward-looking information. The criteria include relative changes in PD when contractual payments are more than 30 days past due.

The Fund assumes that credit risk on a financial asset has increased significantly if it is more than 30 days past due.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial instruments (Continued)

iii. Impairment (Continued)

The Fund considers a financial asset to be in default when;

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12-month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive).

ECLs are discounted at the effective interest of the financial asset.

Credit-impaired financial assets

At each reporting date, the Fund assesses whether the financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flow of the financial assets have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data;

- i. significant financial difficulty of the borrower or issuer;
- ii. a breach of contract such as default or being more than 90 days past due; or
- iii. it is possible that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write off

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial instruments (Continued)

iv. Derecognition

The Fund derecognises regular-way sales financial assets using trade date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or the Fund transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such is transferred assets that is created or retained by the Fund is recognised as a separate asset or liability.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(n) New relevant standards and amendments to standards in issue but not yet effective and not early adopted by the Fund

A number of new standards are effective for annual periods beginning after 1 July 2023 and earlier application is permitted; however, the Fund has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Funds financial statements.

New standard or amendments	Effective for annual periods beginning on or after
IFRS 17 Insurance Contracts	1 January 2023
Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2023
Amendments to IFRS 17	
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes	1 January 2023
Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)	1 January 2023
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Optional

The above standards and interpretations are not expected to have a significant impact on the Fund's financial statements.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Fund has exposure to the following risks from its portfolio of financial instruments:

- (a) Credit risk;
- (b) Settlement risk;
- (c) Liquidity risk;
- (d) Market risk; and
- (e) Operational risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework

The Fund maintains positions in a variety of non-derivative financial instruments in accordance with its investment management strategy.

The Fund's investment portfolio comprises quoted equity investments and debt securities.

Asset purchases and sales are determined by the Fund Manager, who has been given discretionary authority to manage the distribution of the assets to achieve the Fund's investment objectives.

Compliance with the target asset allocations and the composition of the portfolio is monitored by the Board of Directors on a quarterly basis. In instances where the portfolio has diverged from target asset allocations, the Fund's Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

(a) Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from Government securities held, term deposits with banks, cash and cash equivalents and other receivables.

For risk management reporting purposes, the Fund considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk). Default is assumed to have occurred after 30 days past due.

Management of credit risk

The Fund's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting the credit standards set out in the Fund's prospectus.

Credit risk is monitored on a daily basis by the Fund Manager in accordance with policies and procedures in place.

The Fund's credit risks are monitored on a quarterly basis by the Board of Directors. Where the credit risks are not in accordance with the investment policy or guidelines of the Fund, the Fund Manager is obliged to rebalance the portfolio upon determination that the portfolio is not in compliance with the stated investment parameters.

Credit risk is mitigated by investing in issuers with known credibility and it is monitored on an ongoing basis by the Fund Manager.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Management of credit risk (Continued)

The table below provides details of exposure to credit risk for the financial assets as defined by IFRS 9, analysing the carrying amounts – similar to their fair values at the reporting date and showing maximum exposure to credit risk, if different from carrying amount.

	30 June 2023		30 June 2022	
	Financial assets TZS '000	Exposure to credit risk TZS '000	Financial assets TZS '000	Exposure to credit risk TZS '000
Cash and cash equivalents	58,501	58,501	181,610	181,610
Government securities and corporate bonds	8,192,379	8,192,379	3,480,653	3,480,653
Other receivables	6,186	6,186	991	991
	<u>8,257,066</u>	<u>8,257,066</u>	<u>3,663,254</u>	<u>3,663,254</u>

Concentration of credit

The Fund Manager, reviews credit concentration of debt securities held with counterparties and industries. As at the reporting date, the Fund's debt securities exposures were concentrated in the following sectors.

	30 June 2023		30 June 2022	
	TZS '000	%	TZS '000	%
Financial services sector	-	0.00	50,116	1.60
Government sector	8,192,379	99.92	3,430,537	98.37
Other sectors	6,186	0.08	991	0.03
	<u>8,198,565</u>	<u>100</u>	<u>3,481,644</u>	<u>100</u>

As at the reporting date, the Fund's value of investment holding as a percentage of net asset value was as follow:

	30 June 2023		30 June 2022	
	TZS '000	%	TZS '000	%
Cash and cash equivalent	58,501	0.64	181,610	4
Government securities	8,192,379	90.06	3,430,537	78
Corporate bonds	-	0.00	50,116	1
Equity investments	1,056,246	11.61	747,898	17
	<u>9,307,126</u>	<u>102.31</u>	<u>4,410,161</u>	<u>100</u>

Past due and impaired assets

No financial assets carried at amortised cost were past due or impaired as at 30 June 2023.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For most transactions, the Fund mitigates this risk by conducting settlements through a custodian to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval and limit monitoring processes described earlier.

(b) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulties in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

Management of liquidity risk

The Fund's policy and the Investment Manager's approach to managing liquidity is to have sufficient liquidity to meet its liabilities, including estimated redemptions of units, as and when due, without incurring undue losses or risking damage to the Fund's reputation.

The Fund's constitution provides for the creation and cancellation of units on daily basis and it is therefore exposed to the liquidity risk of meeting unit holders' redemptions on a daily basis. The Fund's liquidity risk is managed on a daily basis by the Fund manager in accordance with policies and procedures in place. The Fund's overall liquidity risks are monitored on a quarterly basis by the Board of Directors. The Fund's redemption policy allows for daily redemption of units. It is the Fund's policy to have liquid assets comprising cash and cash equivalents and investments in both money market and debt instruments for which there are active and liquid market to cater for anticipated redemptions of units.

The Fund's constitution provides for the daily creation of units. However, cancellation (re purchase) of units is done after five years from the date of purchase and it is therefore exposed to the liquidity risk of meeting unit holders' redemptions on a daily basis. The Fund's listed securities are considered to be readily realizable as they are all listed on Dar es Salaam Stock Exchange (DSE).

It is the Fund's policy to have liquid assets comprising cash and cash equivalents and investments in commercial paper, short term fixed deposits and call deposits for which there is an active and liquid market to cater for anticipated redemptions of units. In addition, the Fund Manager is empowered to defer to next dealing day repurchase of units if 10% of the units are re purchased within one dealing day.

Invest Life Unit Trust Scheme is an insurance linked plan; members are expected to continue in the Fund during the entire membership tenure. However partial repurchase of units shall be allowed at prevailing partial repurchase price after the completion of five years from the date of joining the Fund subject to a member maintaining a minimum balance which is equal to 25% of the chosen contribution amount. Accordingly, the partial repurchases of units under the scheme commenced on 1 August 2012. From this date onwards, Fund manager may purchase units from unit holders based on the Net Asset Value of units and deducting there from a service charge of 2%.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (Continued)

Management of liquidity risk (Continued)

Maturity profile of financial liabilities based on the contractual cash flows, “undiscounted” including interest and excluding impact of netting is as follows:

	Carrying amount TZS ‘000	Contractual cash flows TZS ‘000	Within 1 year TZS ‘000	1 year and above TZS ‘000
At 30 June 2023				
Financial liabilities				
Net assets attributable to unit holders	9,097,004	9,097,004	9,097,004	-
Other liabilities (*)	(66,285)	(66,285)	(66,285)	-
	<u>9,030,719</u>	<u>9,030,719</u>	<u>9,030,719</u>	<u>-</u>
At 30 June 2022				
Financial liabilities				
Net assets attributable to unit holders	(4,322,769)	(4,322,769)	(4,322,769)	-
Other liabilities (*)	(24,591)	(24,591)	(24,591)	-
	<u>(4,347,360)</u>	<u>(4,347,360)</u>	<u>(4,347,360)</u>	<u>-</u>

(*) Does not include accrual for loyalty bonus.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rate and credit spreads (not relating to changes in the obligor’s/issuer’s credit standing) will affect the Fund’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Market risk is potential for both loss and gain to investor resulting from decreases and increases in the unit price of the Fund. The main causes of unit price changes are price changes in the underlying instruments caused by movements in securities prices, changes in the credit rating of instrument issuers, changes in the prevailing level of interest rates and currency movement relative to Tanzanian Shilling.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (Continued)

Interest rate risk

The Fund is exposed to cash flow interest rate risk which is the risk that the future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Fair value interest rate risk is another interest rate risk to the Fund; it is the risk that the value of the financial instrument will fluctuate because of changes in market interest rates. The Fund takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both, the value and cash flow risks.

The table below summarises the exposure to interest rate risk in TZS millions. Assets and liabilities are categorised by the earlier of contractual re-pricing or maturity dates.

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non- interest bearing	Total
At 30 June 2023							
Assets							
Cash and cash Equivalents	59						59
Government securities and corporate bonds					8,192		8,192
Equity instruments						1,056	1,056
Other receivables						6	6
	<u>59</u>				<u>8,192</u>	<u>1,062</u>	<u>9,313</u>
Liabilities							
Net assets attributable to unit holders						9,097	9,097
Other liabilities (*)						(66)	(66)
Total interest rate gap						<u>9,031</u>	<u>9,031</u>

(*) Does not include accrual for loyalty bonus

At 30 June 2022

Assets

Cash and cash equivalents	182	-	-	-	-	-	182
Government securities and corporate bonds	-	-	-	50	3,431	-	3,481
Equity investments	-	-	-	-	-	748	748
Other receivables	-	-	-	-	-	1	1
	<u>182</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>3,431</u>	<u>749</u>	<u>4,412</u>
Liabilities							
Net assets attributable to unit holders	-	-	-	-	-	(4,323)	(4,323)
Other liabilities (*)	-	-	-	-	-	(25)	(25)
Total interest rate gap	<u>182</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>3,431</u>	<u>(3,599)</u>	<u>64</u>

(*) Does not include accrual for loyalty bonus

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (Continued)

Interest risk sensitivity

The table below sets out the effect on the Fund's net assets attributable to holders of units of a reasonably possible increase of 100 basis points in interest rates as at 30 June 2023. A reduction in interest rates of the same amount would have resulted in an equal but opposite effect to the amounts shown. The impact of such an increase or reduction has been estimated by calculating the fair value changes of the fixed-interest debt securities and other fixed-interest-bearing assets, less liabilities. The impact is primarily from the decrease in the fair value of fixed income securities. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2023 TZS '000	2022 TZS '000
Increase in net assets attributable to holders of unit holders	81,924	36,630
Decrease in net assets attributable to holders of unit holders	(81,924)	(36,630)

Currency risk

The Fund is exposed to currency risk on transaction that are denominated in a currency other than the respective functional currency of the Fund, the Tanzanian Shillings (TZS). The currencies in which these transactions primarily are denominated is Tanzanian Shillings (TZS), which is a functional currency.

The Fund's strategy towards managing its foreign currency exposure is through transacting mainly using its functional currency.

The Fund's transactions are denominated in its functional currency, the Tanzanian shillings (TZS). Therefore, the Fund is not exposed to currency risk

Exposure to other price risks

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market. Price risk is managed by the Fund Managers by diversifying the portfolio. The internal procedures require the Fund Manager to manage price risk on a daily basis.

The Fund's procedures require price risks to be monitored on a quarterly basis by the Board of Directors. Where the price risks are not in accordance with the investment policy or guidelines of the Fund, the Fund Manager is required to rebalance the portfolio within the prescribed time limits.

Other price risk sensitivity

Other price risk arises in respect of the Invest Life Fund's investment in the shares issued by the listed companies in Dar es Salaam Stock Exchange (DSE). The fair value of the investment at 30 June 2023 was TZS 1,056,246,000 (2022: TZS 747,898,000).

The table below sets out the effect on the net assets attributable to holders of redeemable shares and on the increase in net assets attributable to holders of redeemable shares of a reasonably possible weakening in the prices of the equity instruments in Invest Life Fund of 2.7% as at 30 June 2023

A strengthening in the price of the equity instruments in Invest Life Fund of 2.7% as at 30 June would have resulted in an equal but opposite effect to the amounts shown above.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (Continued)

Other price risk sensitivity (Continued)

	2023 TZS '000	2022 TZS '000
Increase in net assets attributable to holders of unit holders	28,519	36,630
Decrease in net assets attributable to holders of unit holders	(28,519)	(36,630)

The Fund's procedures require price risks to be monitored on a quarterly basis by the Board of Directors. Where the price risks are not in accordance with the investment policy or guidelines of the Fund, the Fund Manager is required to rebalance the portfolio within the prescribed time limits.

(d) Operational Risk

'Operational risk' is the risk of direct or indirect loss arising from a wide variety of causes associated with the process, technology and infrastructure supporting the Fund's activities with the financial instruments, either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investments management behaviour.

The Fund's objective is to manage operational risks so as to balance the limiting of financial losses and damage to its reputation with achieving its investment objectives of generation returns to investors.

The primary responsibility for the development and implementation of controls over operational risks rests with the Board of Directors. The responsibility is supported by the development of overall standard for the management of operational risks, which encompasses the controls and the processes at the service providers and the establishment of the service levels with the service providers, in the following areas:

- Documentation of controls and procedures;
- Requirements for:
 - Appropriate segregation of duties between various functions, roles and responsibilities
 - Reconciliations and monitoring of transactions and
 - Periodic assessment of operational risks faced
- The adequacy of controls and procedures to address the risk identified;
- Compliance with regulatory and other legal requirements;
- Development of contingency plans
- Training and professional development
- Ethical and business standards and
- Risk mitigation including insurance if this is effective.

Capital management

The Fund has no equity. The redeemable units issued by the Fund provide an investor with the right to require redemption for cash at a value proportionate to the investor's unit in the Fund's net assets.

The Fund's objectives in managing the redeemable units are to ensure a stable base to maximise returns to all investors, and to manage liquidity risk arising from redemptions. The Fund's management of the liquidity risk arising from redeemable units is discussed in Note 4(c). The Fund is not subject to any externally imposed capital requirements.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

5. INTEREST INCOME

	2023	2022
	TZS '000	TZS '000
Treasury bonds	709,918	280,845
Deposits with banks	15,462	12,983
Corporate bonds	5,779	5,895
Dividend	47,692	26,290
	<u>778,851</u>	<u>326,013</u>

6. OTHER INCOME

	2023	2022
	TZS '000	TZS '000
Gain on disposal of treasury bonds	151,116	24,188
Sundry income	63,792	5,002
Manager's support on payment of custodian fees	3,184	15,301
	<u>218,092</u>	<u>44,491</u>

7. ACCRUAL FOR LOYALTY BONUS EXPENSE

	2023	2022
	TZS '000	TZS '000
Single and Regular Contribution	150,023	63,792
	<u>150,023</u>	<u>63,792</u>

The Fund has a liability to pay loyalty bonus provided for under Section 21 of the Offer Document. The bonus is payable only at the time of maturity or on death in the last year of the membership tenure, with a condition that all contributions have been received and no partial repurchase has been done under a membership. The loyalty bonus is payable at the rate of 7% of chosen contribution amount under single contribution option and 5% of chosen contribution amount under regular contribution option (one-time payment only).

8. OTHER OPERATING EXPENSES

	2023	2022
	TZS '000	TZS '000
Other costs	2,476	617
Communication – telephone, postage and fax	40	-
Promotion – public education	7,221	4,053
Promotion materials & scheme branding	1,510	929
Exhibition costs-public Events	127	106
Communication – Advertisement	1,163	1,159
	<u>12,537</u>	<u>6,864</u>

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

9. WITHHOLDING TAX EXPENSE

The Fund is exempt from paying income taxes under the current system of taxation in Tanzania. However, dividend income and interest income from corporate bonds, calls and fixed deposits received by the Fund is subject to withholding tax as final tax at the rate of 5% and 10% respectively.

	2023	2022
	TZS '000	TZS '000
<i>Tax charge relates to;</i>		
Interest income from term deposits	1,546	1,298
Interest income from corporate bonds	590	590
Dividend income	<u>2,384</u>	<u>1,314</u>
	<u>4,520</u>	<u>3,202</u>

10. CASH AND CASH EQUIVALENTS

	2023	2022
	TZS '000	TZS '000
Bank Balance – Collection account	11,664	(24,938)
Bank balance – Call account	<u>46,837</u>	<u>206,548</u>
	<u>58,501</u>	<u>181,610</u>

11. EQUITY INVESTMENTS

As at year end the Scheme had equity investments in the following listed Companies:

	2023		2022	
	Number of Shares	Market Value TZS '000	Number of Shares	Market Value TZS '000
Tanzania Breweries Limited	10,000	109,000	10,000	109,000
Vodacom	237,300	182,721	117,300	90,321
National Microfinance Bank	80,000	278,400	45,000	140,400
Tanzania Cigarette Company	10,000	170,000	10,000	170,000
CRDB	133,330	62,665	133,330	53,332
Swiss	95,000	142,500	75,000	88,500
Twiga (TPCC)	13,340	53,360	13,340	49,625
SIMBA (TCCL)	32,000	<u>57,600</u>	32,000	<u>46,720</u>
		<u>1,056,246</u>		<u>747,898</u>

Investments held for trading represent shares held by Invest Life Unit Trust Scheme (Wekeza Maisha) as at year end valued at market price (fair value) which existed in the market (Dar es Salaam Stock Exchange) as at the reporting date.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

11. EQUITY INVESTMENTS (CONTINUED)

	EQUITIES – IN UNITS				EQUITIES – MARKET VALUES IN (TZS ‘000)				
	At 1 July	Additions	Disposals	At 30 June	At 1 July	Additions	Disposals	Fair value gain / (loss)	At 30 June
2023									
Tanzania Breweries Limited	10,000	-	-	10,000	109,000	-	-	-	109,000
NMB Bank Plc	45,000	35,000	-	80,000	140,400	98,000	-	40,000	278,400
Vodacom Tanzania Limited	117,300	120,000	-	237,300	90,321	60,000	-	32,400	182,721
Tanzania Cigarette Company	10,000	-	-	10,000	170,000	-	-	-	170,000
Twiga (TPCC)	13,340	-	-	13,340	49,625	-	-	3,735	53,360
CRDB	133,330	-	-	133,330	53,332	-	-	9,333	62,665
Swiss	75,000	20,000	-	95,000	88,500	36,000	-	18,000	142,500
SIMBA	32,000	-	-	32,000	46,720	-	-	10,880	57,600
Total	435,970	175,000	-	610,970	747,898	194,000	-	114,348	1,056,246
2022									
Tanzania Breweries Limited	10,000	-	-	10,000	109,000	-	-	-	109,000
NMB Bank Plc	45,000	-	-	45,000	105,300	-	-	35,100	140,400
Vodacom Tanzania Limited	117,300	-	-	117,300	90,321	-	-	-	90,321
Tanzania Cigarette Company	10,000	-	-	10,000	170,000	-	-	-	170,000
Twiga (TPCC)	-	13,340	-	13,340	-	48,958	-	667	49,625
CRDB	-	133,330	-	133,330	-	49,973	-	3,359	53,332
Swiss	-	75,000	-	75,000	-	52,500	-	36,000	88,500
SIMBA	-	32,000	-	32,000	-	49,920	-	-3,200	46,720
Total	182,300	253,670	-	435,970	474,621	201,351	-	71,926	747,898

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

12. GOVERNMENT SECURITIES AND CORPORATE BONDS

	2023	2022
	TZS '000	TZS '000
(a) Treasury bonds	8,192,379	3,430,537
(b) Corporate bonds	<u>-</u>	<u>50,116</u>
	<u>8,192,379</u>	<u>3,480,653</u>
 <i>(a) Treasury bonds is made up of;</i>		
Treasury Bonds – Twenty-Five Years	3,148,642	1,198,125
Treasury Bonds – Twenty Years	4,267,217	1,659,293
Treasury Bonds – Ten Years	53,154	53,154
Treasury Bonds – Fifteen Years	523,318	431,789
Accrued interest on Treasury Bonds	<u>200,048</u>	<u>88,176</u>
	<u>8,192,379</u>	<u>3,430,537</u>
 <i>(b) Corporate bonds balance is made up of;</i>		
Principal	-	50,000
Accrued interest	<u>-</u>	<u>116</u>
	<u>-</u>	<u>50,116</u>

13. OTHER RECEIVABLES

	2023	2022
	TZS '000	TZS '000
Dividend receivable and others	<u>6,186</u>	<u>991</u>
	<u>6,186</u>	<u>991</u>

14. OTHER LIABILITIES

	2023	2022
	TZS '000	TZS '000
Management fees payable	11,142	5,131
Repurchases payables	1,105	434
Service charge payable	1,544	735
Inter trust payables	49,722	17,887
Provision – other charges	1,996	330
Accrual for loyalty bonus (See Note 7)	150,023	63,792
Uncleared Funds on Repurchase Account	<u>776</u>	<u>74</u>
	<u>216,308</u>	<u>88,383</u>

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

14. OTHER LIABILITIES (CONTINUED)

a. UNIT HOLDER FUNDS

(i) The movement in unit holders fund during the year is as follows:

	2023	2022
	Number in	Number in
	Units	Units
Opening balance	6,222,093	2,928,446
Units sold during the year	5,781,204	3,537,648
Units repurchased during the year	<u>(421,496)</u>	<u>(245,001)</u>
Units outstanding at the end of the year	<u>11,581,801</u>	<u>6,222,093</u>
Net asset value in TZS	785.46	694.71
Published Net Asset Value per unit in TZS	792.03	704.10
(ii) Sale and repurchase of units	TZS '000	TZS '000
Proceed from sales of units	4,232,789	2,353,930
Repurchases of units	<u>(241,911)</u>	<u>(145,737)</u>
Net proceeds from sales of units	<u>3,990,878</u>	<u>2,208,193</u>

15. RELATED PARTY TRANSACTIONS

Sponsor and Manager

UTT AMIS, the Fund Manager, is a government sponsored institution that was established to implement the investment strategy as specified in the Offer Document and to provide administrative services. As per the Offer Document, the Fund Manager charges the Fund a management/advisory fee of 1.5% of NAV and other charges are 0.9% of NAV. Management fees and other charges are limited to 2.4% of NAV, the transactions done during the year are shown in table below.

(a) Management fees

Management fees transactions that were made during the year and the balance outstanding as at the year-end are summarized below;

	2023	2022
	TZS '000	TZS '000
Balance as at 1 July	5,131	3,771
Charge for the year	102,240	41,231
Payment made during the year	<u>(96,229)</u>	<u>(39,871)</u>
Balance as at 30 June	<u>11,142</u>	<u>5,131</u>

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

15. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Service charge payable

Other charges paid to the Fund manager during the year are summarized below;

	2023 TZS '000	2022 TZS '000
Balance as at 1 July	735	52
Charge for the year	809	683
Balance as at 30 June	<u>1,544</u>	<u>735</u>

(c) Inter trust payable

	2023 TZS '000	2022 TZS '000
UTT AMIS	48,175	16,340
Umoja Unit Trust Scheme	1,478	1,478
Regular Income Unit Trust Scheme	323	323
Children's Career Plan Unit Trust	(1,444)	(1,444)
Liquid Fund	1,190	1,190
	<u>49,722</u>	<u>17,887</u>

(d) Unit holdings by key management personnel and non-executive directors

Unit holdings of the Directors or senior employees of the Fund Manager as at 30 June 2023 are summarised below.

	2023 TZS '000	2022 TZS '000
Senior employees of the Fund Manager	<u>33,047</u>	<u>18,948</u>

16. DETERMINATION OF FAIR VALUES

(a) Valuation models

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- **Level 1:** Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market

- data.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

16. DETERMINATION OF FAIR VALUES (CONTINUED)

(a) Valuation models (Continued)

- **Level 3:** Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other factors used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity indices, earnings before interest, taxes, depreciation, and amortization (EBITDA) multiples and revenue multiples and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The Fund uses widely recognised valuation models for determining the fair value of common and simple financial instruments, such as interest rate that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

(b) Valuation framework

The Fund has an established control framework with respect to the measurement of fair values. This framework includes a portfolio valuation function, which is independent of front office management and reports to the board of directors, who have overall responsibility for fair value measurements. Specific controls include:

- verification of observable pricing inputs;
- re-performance of model valuations;
- a review and approval process for new models and changes to such models;
- calibration and back-testing of models against observed market transactions;
- analysis and investigation of significant daily valuation movements; and
- Review of unobservable inputs and valuation adjustments.

When third party information, such as broker quotes or pricing services, is used to measure fair value, then the portfolio valuation function assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS Standards. This includes:

- verifying that the broker or pricing service is approved by the Fund for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

16. DETERMINATION OF FAIR VALUES (CONTINUED)

(b) Valuation framework (Continued)

Fair value hierarchy – Financial instruments measured at fair value

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. All fair value measurements below are recurring.

	Level 1	Level 2	Level 3	Total Fair value amount	Total Carrying amount
	TZS ‘000	TZS ‘000	TZS ‘000	TZS ‘000	TZS ‘000
30 June 2023					
Assets					
Equity Investments	1,056,246	-	-	1,056,246	1,056,246
Total	<u>1,056,246</u>	<u>-</u>	<u>-</u>	<u>1,056,246</u>	<u>1,056,246</u>
30 June 2022					
Assets					
Equity Investments	747,898	-	-	747,898	747,898
Total	<u>747,898</u>	<u>-</u>	<u>-</u>	<u>747,898</u>	<u>747,898</u>

For Level 1 financial instruments the fair value as at year end is based on the latest available redemption price of each share, multiplied by the number of shares held. The quoted prices of equities are obtained from Dar es Salaam Stock Exchange where the shares are traded.

For Level 2 financial instruments the fair value is calculated by estimating the present value through discounting the expected future cash flows using the yield rates of similar Government bonds issued in the recent past, normally past 1-3 months. These yield rates are published by the Bank of Tanzania.

Financial instruments not measured at fair value

The financial instruments not measured at fair value through profit and loss are short-term financial assets and financial liabilities whose carrying amounts approximate fair value, because of their short-term nature and, for the financial assets, high credit quality of counterparties.

Cash and cash equivalents, other receivables and other liabilities: These are short-term financial assets and their carrying amounts approximate fair value because of their short-term nature and the high credit quality of counterparties.

Treasury bonds: These are long term and are carried at amortised cost. Fair values of the treasury bonds are different from their amortised costs and are disclosed in the table below. Treasury bonds are categorised into Level 2 of the fair value hierarchy.

Net assets attributable to unit holders: The Fund routinely redeems and issues the redeemable units at the amount equal to the proportionate share of net assets of the Fund at the redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to holders of redeemable units approximately their fair value. The net assets attributable to unit holders are categorised into Level 2 of the fair value hierarchy.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

16. DETERMINATION OF FAIR VALUES (CONTINUED)

Financial instruments not measured at fair value (Continued)

The following table sets out the fair values of financial instruments not measured at fair value and analyses it by the level in the fair value hierarchy into which each fair value measurement is categorised.

	Level 1 TZS '000	Level 2 TZS '000	Level 3 TZS '000	Financial assets and liabilities at amortised cost TZS '000	Total carrying amount TZS '000
30 June 2023					
Assets					
Cash and cash equivalent	-	-	-	58,501	58,501
Government securities	-	8,685,722	-	8,192,379	8,192,379
Other receivable	-	-	-	6,186	6,186
Total	-	8,685,722	-	8,257,066	8,257,066
Liabilities					
Net assets attributable to unit holders	-	-	-	(9,097,004)	(9,097,004)
Other liabilities*	-	-	-	(65,694)	(65,694)
Total	-	-	-	(9,162,698)	(9,162,698)
30 June 2022					
Assets					
Cash and cash equivalent	-	-	-	181,610	181,610
Government securities	-	3,833,899	-	3,430,537	3,430,537
Other receivable	-	-	-	911	911
Total	-	3,833,899	-	3,613,058	3,613,058
Liabilities					
Net assets attributable to unit holders	-	-	-	(4,322,581)	(4,322,581)
Other liabilities*	-	-	-	(24,593)	(24,593)
Total	-	-	-	(4,347,174)	(4,347,174)

* Does not include accrual for loyalty bonus

17. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

a) Expected credit losses (allowances for credit losses)

The measurement of the expected credit loss allowance for financial assets measured at amortised cost 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 defaulting and the resulting losses).

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 3(h) (iii). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for 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 for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

INVEST LIFE UNIT TRUST SCHEME (WEKEZA MAISHA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

17. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

a) Expected credit losses (allowances for credit losses) (Continued)

Information about the judgements and estimates made by the Fund in the above areas is set out in note 2(d).

(b) Accounting classification and fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those sourced them. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Detailed information on how the fund determines fair values of its financial instruments is disclosed under note 17.

18. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Directors of the Fund Manager confirm that there are no capital commitment or contingent liabilities against the Fund as at 30 June 2023 (2022: Nil).

19. SUBSEQUENT EVENTS

The Directors of the Fund Manager confirm that there were no events subsequent to the year-end up to the date of this report that require either a disclosure or an adjustment in the financial statements.