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SANLAM INCOME FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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CONTENTS

CORPORATE INFORMATION

Corporate Trustee	Standard Chartered Bank Uganda Limited Standard Chartered House Plot 5 Speke Road P O Box 7111 Kampala, Uganda
Registered Office	Sanlam Investments East Africa Limited Workers House Plot 1 Pilkington Road P O Box 9831 Kampala, Uganda
Fund Manager	Sanlam Investments East Africa Limited Workers House Plot 1 Pilkington Road P O Box 9831 Kampala, Uganda
Custodian	Standard Chartered Bank Uganda Limited Standard Chartered House Plot 5 Speke Road P O Box 7111 Kampala, Uganda
Auditor	KPMG Uganda Certified Public Accountants P.O. Box 3509 Kampala, Uganda

FUND MANAGER'S REPORT

The Fund Manager has the pleasure in submitting the Sanlam Income Fund (the "Fund") report together with the audited financial statements for the year ended 31 December 2023.

The Fund is part of the Sanlam Umbrella Unit Trust Scheme which is governed by a Trust Deed dated 17 November 2020. The Fund was licenced by the Capital Markets Authority in Uganda on 15 October 2020 and commenced operations in the subsequent year. The Fund's licence was subsequently renewed on 31 October 2023.

INVESTMENT OBJECTIVES

The primary objective of the Fund is to seek capital preservation and an attractive level of current income. This is achieved by aiming to deliver a competitive rate of return relative to average commercial banks' fixed deposits. The Fund is a conservative investment portfolio consisting of treasury bills, treasury bonds, commercial papers, and fixed deposits.

In 2023, the Fund recorded a return of 15.7% as of 31 December 2023 (2021: 13.6%) against its benchmark of 10.0%. Yields remained consistently healthy across all asset classes, allowing maintenance of a consistent and competitive return.

CHANGES TO INCORPORATION DOCUMENTS

There were no changes made to the incorporation documents (Prospectus, Trust deed and Rules of the Fund) during the period.

FUND PERFORMANCE

The performance record of the Fund is as shown below:

a) Maximum and minimum yield

The highest and lowest absolute yields for the period were as per the table below:

	2023	2022	2021
Highest yield (%)	13.24	13.26	12.05
Lowest yield (%)	12.32	10.42	6.14

b) Income distribution

The profit realised by the Fund for the year is Ushs 10,827,374,000 (2022: Ushs 2,636,824,000). This profit has been distributed to the unitholders.

c) Fund value

The total value of the Fund, number of units and unit price at the end of the period is as shown below:

	2023	2022
Total Fund value (Ushs)	137,743,529,000	49,964,949,000
Number of units in issue	137,743,529,000	49,964,949,000
Closing unit price (Ushs)	1.00	1.00

There has not been any amalgamation or reconstruction of the current units in the Fund that has had a material effect on the size of the Fund.

FUND MANAGER'S REPORT (CONTINUED)

Terms of appointment of the auditor

KPMG was appointed during the year and continues in office in accordance with Section 88 of the Collective Investment Schemes (Unit Trusts) Regulations, 2003.

Signed on behalf of the Fund Manager

27 MARCH 2024

Signed on behalf of the Fund Manager

27 MARCH 2024

STATEMENT OF FUND MANAGER'S RESPONSIBILITIES

The Capital Markets Act requires the Fund Manager to prepare financial statements for each financial year that gives a true and fair view of the state of affairs of the Fund as at the end of the year and of the results of its operations. It also requires the Fund Manager to keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Fund.

The Fund Manager accepts responsibility for the annual financial statements, which have been prepared in accordance with IFRS Accounting Standards and in the manner required by the Collective Investment Schemes (Financial and Accounting) Regulations, 2003. The Fund Manager is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Fund and of its operating results. The Fund Manager further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement

Declaration statement

- The Fund is an approved Unit Trust within the meaning of the Capital Markets Authority Act;
- Unitholders are not liable for the debts of the Fund; and
- The Fund is an umbrella fund investing in income securities at attractive yields to ensure the return of the Fund is maximised.

Having made an assessment of the Fund's ability to continue as a going concern, the Fund Manager is not aware of any material uncertainties related to events or conditions that may cast doubt upon the Fund's ability to continue as a going concern.

Approved by the Fund Manager on 27 MARCH 2024 and signed on its behalf by:

Signed on behalf of the Fund Manager
27/3/2024

Signed on behalf of the Fund Manager
27/3/2024

REPORT OF THE TRUSTEE

We, Standard Chartered Bank Uganda Limited, in our capacity as the Trustee of the Sanlam Income Fund, hereby confirm that as required in terms of section 121(1) and (2) of the Collective Investment Schemes (Unit Trusts) Regulations, 2003:

a) to the best of our knowledge, Sanlam Investments East Africa Limited has managed the Fund in accordance with the limitations imposed on the investment and borrowing powers of the Fund Manager and Trustee by the Capital Markets Authority Act, the Collective Investment Schemes (Unit Trusts) Regulations, 2003 and the Trust Deed; and

b) there are no deviations from any of the provisions of the Trust Deed and the above Regulations.

We confirm that as required by the Collective Investment Schemes (Unit Trusts) Regulations, 2003 Section 92 (2), we are satisfied that the Fund has maintained sufficient records, of which these financial statements are part.

Signed on behalf of the Trustee

27 MARCH 2024

REPORT OF THE CUSTODIAN

In accordance with the Collective Investment Schemes (Unit Trusts) Regulations 2003 (the Regulations) and the Custody Agreement between Standard Chartered Bank Uganda as the Custodian and Sanlam Investments East Africa Limited as the Fund Manager, we confirm:

a) we have discharged the duties prescribed for a Custodian under the Regulations and the Fund Trust Deed;

b) for the year ended 31 December 2023, we have held the assets for the Fund; including securities and income that accrue thereof, to the order of the Trustee and facilitated the transfer, exchange or delivery in accordance with the instructions received from the Fund Manager.

Olowotease

Signed on behalf of the Custodian

27 MARCH 2024

KPMG
Certified Public Accountant
of Uganda
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Plot 2 & 4A, Nakasero Road
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Kampala, Uganda
Reg No. AF0026

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Independent auditor's report

TO THE UNITHOLDERS OF SANLAM INCOME FUND

Report on the financial statements

Opinion

We have audited the financial statements of Sanlam Income Fund ("the Fund"), set out on pages 10 to 32 which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in unitholders' balances and cash flows for the year then ended, and notes, including material accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Collective Investment Schemes (Financial and Accounting) Regulations, 2003.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("the IESBA Code") together with the ethical requirements that are relevant to our audit of financial statements in Uganda, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

Other matter

The financial statements of the Fund as at and for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 29 March 2023.

Other information

The Fund Manager is responsible for the other information. The other information comprises the *Sanlam Income Fund Annual Report and Financial Statements for the year ended 31 December 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 identified above and, in doing so, consider whether the other information is materially

Partners Edgar Isingoma
Asad Lukwago
Stephen Inegel
Judith Erone

Independent auditor's report

TO THE UNITHOLDERS OF SANLAM INCOME FUND (Continued)

Report on the financial statements (Continued)

Other information continued

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.

Responsibilities of the Fund Manager for the financial statements

The Fund Manager is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards (IFRS) and in the manner required by the Collective Investment Schemes (Financial and Accounting) Regulations, 2003, and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is 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 Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Fund Manager responsible for overseeing the financial reporting process.

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 judgement 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 management.

— Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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

KPMG

Independent auditor's report

TO THE UNITHOLDERS OF SANLAM INCOME FUND (Continued)

Report on the financial statements (Continued)

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

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.

Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with 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.

We also provide Fund Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Fund Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Collective Investment Schemes (Financial and Accounting) Regulations, 2003 require that in carrying out our audit, we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit; and

ii) in our opinion, proper books of account have been kept by the Fund Manager, so far as appears from our examination of those books and are in agreement with the Fund Manager's accounting records for the Fund.

The engagement Partner responsible for the audit resulting in this independent auditor's report is CPA Stephen Ineget –P0401.

KPMG

KPMG
Certified Public Accountants
3rd Floor, Rwenzori Courts
Plot 2 & 4A, Nakasero Road
P.O. Box 3509
Kampala Uganda

Date: 28 March **2024**

CPA Stephen Ineget – P0401.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2023 Ushs'000	2022 Ushs'000
Investment income	5	12,768,217	3,278,121
Amortised premium on bonds	8 (ii)	(259,797)	(197,939)
Total income		**12,508,420**	**3,080,182**
Operating expenses	6	(1,674,353)	(429,430)
Impairment losses on financial assets	8 (ii)	(6,693)	(13,928)
Profit before income tax		**10,827,374**	**2,636,824**
Income tax expense	7	-	-
Profit for the year		**10,827,374**	**2,636,824**
Other comprehensive income			-
Total comprehensive income for the year		**10,827,374**	**2,636,824**

The notes set out on pages 14 to 32 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	2023 Ushs'000	2022 Ushs'000
Deposits with financial institutions	8	36,719,766	14,753,829
Government securities	8	94,489,722	33,283,243
Corporate bonds	8	6,139,085	2,029,746
Bank balances	9	822,354	29,216
Total assets		**138,170,927**	**50,096,034**
Liabilities			
Current liabilities			
Accrued expenses	11	269,433	70,597
Distribution payable	11	157,965	60,488
Liabilities (excluding unitholders' balances)		**427,398**	**131,085**
Unitholders' balances	10	137,743,529	49,964,949
Total liabilities		**138,170,927**	**50,096,034**

The financial statements on pages 10 to 32 were approved for issue by the Fund Manager on ...27 MARCH... 2024 and signed on its behalf by:

Signed on behalf of the Fund Manager

Signed on behalf of the Fund Manager

The notes set out on pages 14 to 32 form an integral part of these financial statements.

STATEMENT OF CHANGES IN UNITHOLDERS' BALANCES

	Notes	2023 Ushs'000	2022 Ushs'000
At start of year		49,964,949	9,891,174
Gross interest distributed to unitholders		10,827,374	2,636,824
Withholding tax on distributed interest		(1,290,442)	(375,965)
Net interest distributed to unitholders		9,536,932	2,260,859
Transactions with unitholders:			
Additional units purchased	10	125,366,189	43,342,316
Units liquidated	10	(47,124,541)	(5,529,400)
Net transactions with unitholders		78,241,648	37,812,916
At end of year	10	**137,743,529**	**49,964,949**

The notes set out on pages 14 to 32 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Notes	2023 Ushs'000	2022 Ushs'000
Cash flows from operating activities			
Profit before income tax		10,827,374	2,636,824
Adjustments for:			
— Allowance for ECL	8(ii)	6,364	13,928
— Accrued interest	8(ii)	(3,781,933)	(916,881)
— Amortised premium on bonds	8(ii)	259,797	197,939
Changes in working capital:			
— Accrued expenses		198,836	46,352
— Distribution payable		97,477	(22,664)
Cash flows from operations		**7,607,915**	**1,955,498**
Purchase of financial assets		(283,570,738)	(81,609,630)
Proceeds from sale/ maturity of financial assets		206,227,000	44,712,045
Net cash used in operating activities		**(69,735,823)**	**(34,942,087)**
Cash flows from financing activities			
Net contribution from unitholders	10	125,366,188	43,342,316
Liquidations by unitholders	10	(47,124,540)	(5,529,400)
Withholding tax on interest distributed		(1,290,442)	(375,965)
Net cash generated from financing activities		**76,951,206**	**37,436,951**
Net increase in cash and cash equivalents		7,215,383	2,494,864
Cash and cash equivalents at start of year		2,616,185	121,321
Cash and cash equivalents at end of year	9	**9,831,568**	**2,616,185**

The notes set out on pages 14 to 32 form an integral part of these financial statements.

1. GENERAL INFORMATION

The Fund started operations on 11 March 2021 and is governed by a Trust Deed dated 17 November 2020, is registered with the Capital Markets Authority and is domiciled in Uganda. The address of its registered office is:

Sanlam Investments East Africa Limited
7th Floor Workers House, 1 Pilkington Road
P O Box 9831
Kampala Uganda

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Uganda Shillings (Ushs), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Changes in accounting policy and disclosures

a) New and amended standards and interpretations in issue

i) New and amended standards and interpretations adopted during the year ended 31 December 2023

New accounting standards or amendments	Effective for annual periods beginning on or after
▪ IFRS 17 Insurance Contracts (and its related amendments	1 January 2023
▪ Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
▪ Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
▪ Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023
▪ International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12	23 May 2023

All standards and Interpretations will be adopted at their effective date (except for those standards and Interpretations that are not applicable to the entity.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

a) New and amended standards and interpretations in issue (Continued)

i) New and amended standards and interpretations adopted during the year ended 31 December 2023 (Continued)

IFRS 17 Insurance Contracts (and its related amendments)

IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI. The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements.

The standard is effective for annual periods beginning on or after 1 January 2023.

The new standard is not expected to have a material impact on the Fund as it primarily affects Insurance companies.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement

The key amendments to IAS 1 include:
Requiring companies to disclose their material accounting policies rather than their significant accounting policies. Information is now regarded as material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.
Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material. "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

The amendments did not impact the Fund since it is not an issuer of insurance contracts.

Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

a) New and amended standards and interpretations in issue (Continued)

i) New and amended standards and interpretations adopted during the year ended 31 December 2023 (Continued)

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- Selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments and
- Choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The definition of accounting policies remains unchanged.

The amendments did not have a material impact on the Fund's performance.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

Amendments to IAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The amendments did not have a material impact on the Fund's performance.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments introduce a relief from deferred tax accounting for the global minimum top-up tax under Pillar Two, which applies immediately, and new disclosure requirements, which apply from 31 December 2023. The relief is effective immediately and applies retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. It will apply until the IASB decides either to remove it or to make it permanent.

The Fund is required to disclose information that is known or can be reasonably estimated and that helps users of its financial statements to understand its exposure to Pillar Two income taxes at the reporting date.

The amendments did not have a material impact on the Fund's performance.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

a) New and amended standards and interpretations in issue (Continued)

ii) New standards, amendments, and interpretations in issue but not yet effective for the year ended 31 December 2023

New amendments or interpretation	Effective for annual periods beginning on or after
▪ Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1	▪ 1-January-24
▪ Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	▪ 1-January-24
▪ Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	▪ 1-January-24
▪ IFRS S1** General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2** Climate-related Disclosures	▪ 1-January-24
▪ Lack of Exchangeability – Amendments to IAS 21	▪ 1-January-25
▪ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	Available for optional adoption/effective date deferred indefinitely

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

The amendments are to be applied retrospectively from the effective date.

The amendments are not expected to have a material impact on the Fund.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments confirm the following.

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement:
The seller-lessee would reduce the lease liability as if the 'lease payments' estimated at the date of the transaction had been paid. It would recognise any difference between those lease payments and the amounts actually paid in profit or loss.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

a) New and amended standards and interpretations in issue (Continued)

ii) New standards, amendments, and interpretations in issue but not yet effective for the year ended 31 December 2023 (Continued)

It could determine the lease payments to be deducted from the lease liability in a number of ways – e.g. as 'expected lease payments' or as 'equal periodic payments' over the lease term.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.

The amendments are not expected to have a material impact on the Fund.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

In response to investors' calls for more transparency of supplier finance arrangements' impacts on the financial statements, the International Accounting Standards Board (IASB) has amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments introduce additional disclosure requirements for companies that enter into these arrangements. However, they do not address the classification and presentation of the related liabilities and cash flows

The IASB's amendments apply to supplier finance arrangements that have all of the following characteristics.

- A finance provider pays amounts a company (the buyer) owes its suppliers.
- A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

The amendments do not apply to arrangements for financing receivables or inventory.

The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

The amendments are not expected to have a material impact on the Fund.

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2** Climate-related Disclosures**

The publication of the first two IFRS Sustainability Disclosure Standards is a key milestone in the International Sustainability Standards Board (ISSB)'s vision – to create a global baseline of investor-focused sustainability reporting that local jurisdictions can build on.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

a) New and amended standards and interpretations in issue (Continued)

ii) New standards, amendments, and interpretations in issue but not yet effective for the year ended 31 December 2023 (Continued)

The standards are designed to meet the needs of all companies, not just the most sophisticated. They provide a clear idea of what companies need to report to meet the needs of global capital markets – providing investors with globally comparable information.

The ISSB refers to the information disclosed as 'sustainability-related financial disclosures' – demonstrating that disclosures need to be connected with information in the financial statements, not a disconnected exercise.

The amendments are not expected to have a material impact on the Fund.

Lack of Exchangeability – Amendments to IAS 21

In August 2023, the International Accounting Standards Board (IASB) amended IAS 21 to clarify:

- When a currency is exchangeable into another currency;

A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate.

- How a company estimates a spot rate when a currency lacks exchangeability.

A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate.

Therefore, when estimating a spot rate a company can use:

- An observable exchange rate without adjustment; or
- Another estimation technique.

The amendments are not expected to have a material impact on the Fund.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognized when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognized. The definition of a business is key to determining the extent of the gain to be recognized.

The IASB has decided to defer the effective date for these amendments indefinitely. Adoption is still permitted.

When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting.

Under the consolidation standard, the parent recognizes the full gain on the loss of control. But under the standard on associates and JVs, the parent recognizes the gain only to the extent of unrelated investors' interests in the associate or JV.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) New and amended standards and interpretations in issue (Continued)

ii) New standards, amendments, and interpretations in issue but not yet effective for the year ended 31 December 2023 (Continued)

In either case, the loss is recognized in full if the underlying assets are impaired.

In response to this conflict and the resulting diversity in practice, on 11 September 2014 the IASB issued Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

The amendments are not expected to have a material impact on the Fund.

(b) Recognition revenue

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Fund and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset net the carrying amount on initial recognition.

(c) Income tax

The Fund is tax exempt and only withholds and pays monthly to Uganda Revenue Authority applicable tax on interest distributed to the unitholders.

The withholding tax outstanding as at 31 December 2023 is Ush 157,965,000 (2022: 60,488,000).

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and short-term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired.

(e) Financial instruments

Financial assets

(i) Classification and impairment of financial assets

The Fund classifies its financial assets into the following measurement categories;

— those measured subsequently at fair value through profit or loss (FVTPL); and those measured at amortised cost.

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the fund commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the fund has transferred substantially all risks and rewards of ownership.

(iii) Measurement

At initial recognition, the fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depends on:

(i) the Fund's business model for managing the financial assets; and

(ii) the cash flow characteristics of the asset.

(iv) Impairment

The Fund assesses on a forward-looking basis the expected credit loss associated with its financial instruments carried at amortised cost and debt instruments at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

IFRS 9 introduced a forward-looking 'expected credit loss' ("ECL") model. The new impairment model applies to the following financial instruments that are not measured at FVTPL or FVTOCI:

— Corporate bonds and commercial papers;
— Deposits with financial institutions; and
— Cash and bank balances.

No impairment loss is recognised on financial assets measured at FVPL.

The Fund recognises loss allowance at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The Fund will recognise loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

— Financial instruments that are determined to have low credit risk at the reporting date. The fund will consider a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade'; and

Other financial instruments for which credit risk has not increased significantly since initial recognition.

Measurement of expected credit losses

ECLs are a probability-weighted estimate of credit losses and are measured as follows:

— financial assets that are not credit-impaired at the reporting date: 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; and

— financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows.

An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset.

Expected credit losses

Expected credit losses are computed as a product of the Probability of Default (PD), Loss Given Default (LGD) and the Exposure at Default (EAD).

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

ECL = PD x LGD x EAD

In applying the IFRS 9 impairment requirements, the Fund follows one general approach.

Under the general approach, at each reporting date, the Fund determines whether the financial asset is in one of the three stages below, to determine both the amount of ECL to recognize as well as how interest income should be recognized.

- **Stage 1** - where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, the Fund will recognize 12-month ECL and recognize interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.
- **Stage 2** - where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2, the Fund will recognize lifetime ECL but interest income will continue to be recognized on a gross basis.
- **Stage 3** - where the financial asset is credit impaired. This is effectively the point at which there has been an incurred loss event. For financial assets in stage 3, the Fund will continue to recognize lifetime ECL but they will now recognize interest income on a net basis. As such, interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss.

The key inputs into the measurement of ECL are the term structures of the following variables:

- Probability of Default (PD)
- Loss given default (LGD) and
- Exposure at default (EAD)

To determine lifetime and 12-month PDs, the Fund uses internally developed PD tables based on the default history of obligors with the same credit rating. The fund adopts the same approach for unrated investments by mapping them to the equivalent external credit ratings.

LGD is the magnitude of the likely loss if there is a default. The fund estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

EAD represents the expected exposure in the event of a default. The fund derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the fund measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the fund considers a longer period. Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which include: instrument type; credit risk gradings; collateral type; date of initial recognition; remaining term to maturity; industry; and geographic location of the borrower.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as Payables and other accruals if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-Payables and other accruals. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(f) Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'Functional Currency'). The financial statements are presented in 'Uganda Shillings (Ushs) rounded to the nearest thousand, which is the Fund's presentation currency.

Transactional balances

Foreign currency transactions are translated into the Functional Currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income' or 'other expenses'.

(g) Distribution

All income or loss arising from investment is distributed to unitholders after provision of all expenses. All distributions including unclaimed distributions are reinvested in the unitholders' accounts.

(h) Unitholders' balances

Unitholders' funds are redeemable on demand at an amount equal to a proportionate share of the unit portfolios net asset value. The balances are carried at the redemption amount that is payable at the financial reporting date if the holder exercised their right to redeem the balances.

3. CRITICAL JUDGEMENT IN APPLYING THE FUND'S ACCOUNTING POLICIES

In the process of applying the Fund's accounting policies, management has made estimates and judgements in valuation of financial instruments as discussed in note 2(e). Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The impairment requirements of IFRS 9 require management judgement, estimates and assumptions, particularly in the following areas:

- assessing whether the credit risk of an instrument has increased significantly since initial recognition; and incorporating forward-looking information into the measurement of ECLs.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund generates revenues for the members by investing in various income generating activities which involve trading in the commercial paper. These activities expose the Fund to a variety of financial risks, including credit risk and the effects of changes in market dynamics. The Trust Deed sets out the investment policy and management of the Fund's assets to minimise potential adverse effects on its financial performance.

Risk management is carried out by the Fund Manager, Sanlam Investments East Africa Limited. The fund manager identifies, evaluates and manages financial risks, with emphasis on specific areas such as interest rate risk, credit risk and investing excess liquidity.

The fund's risk management policies include the use of guidelines governing the acceptance of clients and investment policies are in place which help manage liquidity and seek to maximise return within an acceptable level of interest rate risk.

a) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Fund. In accordance with the funds" policy, the fund manager monitors the funds" credit position on a daily basis, and it is reviewed on a quarterly basis by the Fund's Investments Committee.

Credit risk is the risk that a counterparty will default on its contractual obligations leading to financial loss. The Fund is exposed to credit risk from its operating activities, primarily investments in deposits with financial institutions, corporate bonds and government securities.
The Fund Manager monitors and regularly reviews the Fund's credit position.

The amount that best represents the fund's maximum exposure to credit risk at 31 December is made up as follows:

2023	Gross carrying amount Ushs'000	Loss allowance Ushs'000	Net amount Ushs'000	ECL stage
Bank balances	822,683	(329)	822,354	Stage 1
Deposits with financial institutions	36,751,531	(31,765)	36,719,766	Stage 1
Government securities	94,489,722	-	94,489,722	Stage 1
Corporate bonds	6,144,000	(4,915)	6,139,085	Stage 1
	138,207,936	**(37,009)**	**138,170,927**	

2022	Gross carrying amount Ushs'000	Loss allowance Ushs'000	Net amount Ushs'000	ECL stage
Bank balances	29,216	-	29,216	Stage 1
Deposits with financial institutions	14,782,520	(28,691)	14,753,829	Stage 1
Government securities	33,283,243	-	33,283,243	Stage 1
Corporate bonds	2,031,371	(1,625)	2,029,746	Stage 1
	50,126,350	**(30,316)**	**50,096,034**	

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

b) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations when they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or at the risk of damaging the Fund's reputation.

The Fund is exposed to daily withdrawal of funds by investors. The Fund maintains cash balances to meet all of these needs as experience shows that a certain amount of withdrawals are requested daily and can be predicted with a high level of certainty. Management closely monitors the proportion of maturing funds available to meet such calls and on the minimum level of funds that should be in place to cover withdrawals at unexpected levels of demand. The amounts for interest bearing financial instruments exclude interest to be accrued and paid/ received beyond 31 December 2023.

The table below summarises the maturity profile of the Fund's financial assets and liabilities as at 31 December.

	6 months or on demand Ushs'000	Between 6 and 12 months Ushs'000	Over 1 year Ushs'000	Total Ushs'000
At December 2023				
Financial assets				
Deposits with financial institutions	15,030,603	21,720,928	-	36,751,531
Government securities	340,386	1,796,819	92,352,517	94,489,722
Corporate bonds	725,912	5,418,088	-	6,144,000
Bank balance	822,683	-	-	822,683
Total	**16,919,584**	**28,935,835**	**92,352,517**	**138,207,936**
Financial liabilities				
Accrued expenses	269,433	-	-	269,433
Distribution payable	157,965	-	-	157,965
Total	**427,398**	**-**	**-**	**427,398**
Net liquidity gap	**16,492,186**	**28,935,835**	**92,352,517**	**137,780,538**

	6 months or on demand Ushs'000	Between 6 and 12 months Ushs'000	Over 1 year Ushs'000	Total Ushs'000
At December 2022				
Financial assets				
Deposits with financial institutions	2,586,969	12,195,551	-	14,782,520
Government securities	-	8,150,597	25,132,646	33,283,243
Corporate bonds	205,385	1,825,986	-	2,031,371
Bank balance	29,216	-	-	29,216
Total	**2,821,570**	**22,172,134**	**25,132,646**	**50,126,350**

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

At December 2022	6 months or on demand Ushs'000	Between 6 and 12 months Ushs'000	Over 1 year Ushs'000	Total Ushs'000
Financial liabilities				
Accrued expenses	70,597	-	-	70,597
Distribution payable	60,488	-	-	60,488
Total	**131,085**	**-**	**-**	**131,085**
Net liquidity gap	**2,690,485**	**22,172,134**	**25,132,646**	**49,995,265**

c) Market risk

(i) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument or future cash flow will fluctuate due to changes in market interest rates. The Fund's interest-bearing financial assets are commercial papers, government securities, corporate bonds and deposits with financial institutions, which are at fixed rate.

The Fund Manager regularly monitors financing options available to ensure optimum interest rates are obtained.

The table below summarizes the Fund's financial assets as at 31 December which exposes it to the risk associated with the effects of fluctuations in the market interest rates and the weighted average effective interest rate at year end for each asset class;

	2023 Ushs'000	%	2022 Ushs'000	%
Fixed deposits with financial institutions	36,719,437	12.4	14,753,829	14.2
Government securities	94,489,722	15.5	33,283,243	15.8
Corporate bonds	6,139,085	18.0	2,029,746	17.8
	137,348,244		**50,066,818**	

The Fund's interest rates on the interest bearing financial instruments are fixed and the Fund does not foresee any change to these and resulting impact to its performance.

(ii) Foreign exchange risk

The Fund had no significant exposure to foreign exchange risk at 31 December 2023 (2022: nil).

(iii) Price risk

The Fund invests in financial instruments (deposits with financial institutions, corporate bonds and government securities) that are measured at amortised cost. The amortised cost of the debt instruments is considered equal to the fair value of the assets. Therefore, the Fund is not exposed to price risk.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

d) Fair value estimation

IFRS 13 requires a three-tiered disclosure of all financial assets and financial liabilities that are carried in the books of the entity at fair value. This fair value disclosure is divided into three levels as follows;

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities e.g. quoted equity securities.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (e.g. prices) or indirectly (e.g. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data. These items are not Level 1 products and contain at least one significant input parameter which could not be price tested from any of the methods described for Level 2 products.

For the Fund, all investments are measured at amortised cost.

The table below sets a comparison by category of the carrying amount and fair value of the Fund's financial instruments as at 31 December 2023 and 2022.

	Carrying Amount		Fair Value (level 2)	
	2023 Shs'000	2022 Shs'000	2023 Shs'000	2022 Shs'000
Financial Assets				
Deposits with financial institutions	36,719,766	14,753,829	36,719,766	14,753,829
Government securities	94,489,722	33,283,243	93,633,397	32,732,165
Corporate bonds	6,139,085	2,029,746	6,139,085	2,029,746
Bank balance	822,354	29,216	822,354	29,216
Financial Liabilities				
Accrued expenses	269,433	70,597	269,433	70,597
Distribution payable	157,965	60,488	157,965	60,488

e) Capital management

The capital of the Fund is represented by unitholders' balances. The amount of unitholder liabilities can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders.

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders.

5. INTEREST INCOME

Interest income from:	2023 Ushs'000	2022 Ushs'000
Fixed deposits with financial institutions	2,787,682	420,040
Corporate bonds	692,379	142,861
Government securities	9,288,156	2,715,220
	12,768,217	**3,278,121**

6. OPERATING EXPENSES

	2023 Ushs'000	2022 Ushs'000
Custodial and bank fees	146,780	36,818
Management fees [note 12(b)]	1,364,713	352,500
Audit fees	8,467	-
Trustee fees	154,393	40,112
	1,674,353	**429,430**

7. TAXATION

The Fund is registered as a Collective Investment Scheme under the Capital Markets Authority Act and is exempt from income tax as per the Income Tax Act – Exempt schedule 21(I)(t) subject to meeting the requirements to distribute income to the unitholders.

8. INVESTMENTS

(i) Maturity profile of investments

	Up to 3 months Ushs'000	6 to 12 months Ushs'000	Due within 1 to 5 years Ushs'000	Due after 5 Years Ushs'000	Allowance For ECL Ushs'000	Total Ushs'000
At 31 December 2023						
Deposits with financial institutions	15,030,603	21,720,928	-	-	(31,765)	36,719,766
Government securities	340,386	1,796,819	51,104,786	41,247,731	-	94,489,722
Corporate bonds	725,912	5,418,088	-	-	(4,915)	6,139,085
Total assets	**16,096,901**	**28,935,835**	**51,104,786**	**41,247,731**	**(36,680)**	**137,348,573**
At 31 December 2022						
Deposits with financial institutions	2,586,969	12,195,551	-	-	(28,691)	14,753,829
Government securities	-	8,150,597	7,602,567	17,530,079	-	33,283,243
Corporate bonds	205,385	1,825,986	-	-	(1,625)	2,029,746
Total assets	**2,792,354**	**22,172,134**	**7,602,567**	**17,530,079**	**(30,316)**	**50,066,818**

8 INVESTMENTS (CONTINUED)

(ii) Movement in investments

Year ended 31 December 2023	Carrying value at start of year UShs'000	Purchases at cost UShs'000	Accrued interest UShs'000	Amortised premium Shs'000	Sales/ maturities UShs'000	Increase in allowance for ECL UShs'000	Carrying value at end of year UShs'000
Deposits with financial institutions	14,753,829	220,209,999	654,012	-	(198,895,000)	(3,074)	36,719,766
Government securities	33,283,243	66,369,953	3,015,292	(259,797)	(7,918,969)	-	94,489,722
Corporate bonds	2,029,746	6,000,000	112,629		(2,000,000)	(3,290)	6,139,085
Total	**50,066,818**	**292,579,952**	**3,781,933**	**(259,797)**	**208,813,969**	**(6,693)**	**137,348,573**

Year ended 31 December 2022	Carrying value at start of year UShs'000	Purchases at cost UShs'000	Accrued interest UShs'000	Amortised premium Shs'000	Sales/ maturities UShs'000	Increase in allowance for ECL UShs'000	Carrying value at end of year UShs'000
Deposits with financial institutions	1,388,818	57,415,000	77,585	-	(44,100,000)	(27,574)	14,753,829
Government securities	8,192,069	24,781,599	819,559	(197,939)	(312,045)	-	33,283,243
Corporate bonds	396,363	2,000,000	19,737	-	(400,000)	13,646	2,029,746
Total	**9,977,250**	**84,196,599**	**916,881**	**(197,939)**	**(44,812,045)**	**(13,928)**	**50,066,818**

9. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cashflows, cash and cash equivalents comprise of the following:

	2023 Ushs'000	2022 Ushs'000
Bank balances	822,354	29,216
Deposits with financial institutions (maturing within 3 months)	9,009,214	2,586,969
	9,831,568	**2,616,185**

10. UNITHOLDERS' BALANCES

	Number of Units '000	Value Ushs'000
Year ended 31 December 2023		
At start of year	49,964,949	49,964,949
Creations	125,366,188	125,366,189
Liquidations	(47,124,540)	(47,124,541)
Total comprehensive income for the year	10,827,374	10,827,374
Withholding tax on interest distributed	(1,290,442)	(1,290,442)
At end of year	**137,743,529**	**137,743,529**

	Number of Units '000	Value Ushs'000
Year ended 31 December 2022		
At start of year	9,891,174	9,891,174
Creations	43,342,316	43,342,316
Liquidations	(5,529,400)	(5,529,400)
Total comprehensive income for the year	2,636,824	2,636,824
Withholding tax on interest distributed	(375,965)	(375,965)
At end of year	**49,964,949**	**49,964,949**

11. ACCRUED EXPENSES AND DISTRIBUTIONS PAYABLE

ACCRUED EXPENSES

	2023 Ushs'000	2022 Ushs'000
Management fees	172,200	58,003
Custodial fees	34,318	6,035
Trustee fees	54,449	6,559
Audit fees	8,466	-
	269,433	**70,597**

12. ACCRUED EXPENSES AND DISTRIBUTIONS PAYABLE CONTINUED
DISTRIBUTIONS PAYABLE

Distributions payable relates to withholding tax for unitholders that are not tax exempt that had not been remitted to URA by close of the year.

13. RELATED PARTY TRANSACTIONS

Sanlam Income Fund is managed by Sanlam Investments East Africa Limited. Sanlam Investments East Africa Limited is controlled by Sanlam Emerging Market Pty Ltd incorporated in South Africa whose ultimate beneficial owner is Sanlam Ltd, incorporated in South Africa. There are other companies that are related to Sanlam Investments East Africa Limited through common shareholdings or common directorships.

During the year, the following transactions were carried out with related parties.

a) Unitholder's balances

	2023 Ushs'000	2022 Ushs'000
Sanlam Investments East Africa Limited	3,514,289	3,660,422

b) Management fees

The below amounts relate to the management fees paid during the year.

	2023 Ushs'000	2022 Ushs'000
Sanlam Investments East Africa Limited	1,364,713	352,500

14. EVENTS AFTER THE REPORTING DATE

No material events or circumstances have arisen between the reporting date and the date of this report.

Sanlam

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Investments