



LIQUID FUND UNIT TRUST SCHEME (LIQUID FUND)



**ABRIDGED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015**



Chairman's Statement

Dear Investors,

On behalf of the Board of Directors, I am pleased to welcome you all to the 1st Annual General Meeting of Liquid Fund. I trust that you have been following the development of the Fund through the media and our website and that you are aware of its achievements for the last one year. It is my belief that you have received and reviewed the Report of the Fund for the year ended 30 June, 2015. Ladies and gentlemen, I am happy to report that the performance for year under review has been very good as the returns to investors have exceeded their performance benchmarks. During the year, the Fund also continued to attract new investors mainly on account of growing public confidence and awareness on the benefits of investing in collective investment schemes.



Performance of the Economy and Market Environment

Despite the uncertainties usually linked to general elections and other challenges, during the year the economy continued to do well as GDP grew at a rate of 7.2%. Ladies and gentlemen, positive internal statistics are also supported by reports by independent organisations such as the United Nations. The World Investment Report for 2015 by the United Nations Conference on Trade and Development (UNCTAD) indicates that Tanzania is the leading destination of foreign investments in East Africa having received USD 2.142 billion in the previous year. This reflects confidence of investors in the country and its economic environment. As for the development of the capital market, the environment for the year under review was good. However, as we all know, during elections markets tend to slow. Despite this, it has been encouraging to note that foreign investors continued to carry out a significant percentage of transactions at the Dar es Salaam Stock Exchange. For the last three months to 30 June 2015, foreign investors carried out 86% of buy-side and 41% of sell-side transactions at the Exchange.

Ladies and gentlemen, stability is important for performance of the financial market, UTT AMIS and the Schemes. During the year under review, we noted depreciation of about 20% of the Tanzanian Shilling. While there has been no direct impact on Liquid Fund, the increase in exchange rate against major currencies affected businesses and performance of companies, especially those with significant amount of liabilities denominated in foreign currency. The fall in value was mainly on account of increase in value of the US Dollar in international markets. Limited inflows of foreign currency in the domestic market also played part in the depreciation of our local currency.

I register my appreciation to all stakeholders and the Government for maintaining macroeconomic stability in the country. For the year ended 30 June, 2015, inflation remained on check, around 6.1% while one year interest rates, despite a decrease compared to the previous year, remained around 13% leading to positive real returns on investments.

Managed Funds Growth and Other Achievements

For the last one year, funds under management for the five schemes have grown in size by 34.36% from TZS 178.7 billion at 30 June 2014 to 240.1 billion at 30 June 2015. The number of investors also continued to grow reaching 118,811 at the end of the financial year. Liquid Fund size has marginally grown by 0.03% from TZS 647.36 million last year to TZS 647.57 million. This growth is attributed to improving public awareness on the benefits of the Fund, good performance of the financial markets, good investment decisions by the Manager and support of various stakeholders.

As pointed out in the previous Annual General Meeting, I wish to update you on various developments that the manager of the Schemes has been working on and the award we have received:

(i) Enhancement of Information Technology Systems

UTT AMIS is implementing several projects aimed at automating most of its operations. Activities in the projects have included procurement of partners for new systems, procurement of new hardware and software, upgrade of existing software, training of personnel and enhancement of communication infrastructure. Upon completion of the projects in a few months to come, investors will be able to carry out most of the transactions through their mobile devices. Internally, the asset management process and accounting records will be fully automated.

(ii) Public Awareness on the benefits of Collective Investment Schemes

We have continued to educate the public on the benefits of investing in collective

investment schemes. Over the previous year, we have seen an increase in sales of units to new investors indicating that the awareness is improving.

(iii) Award as Best Asset Management Team Tanzania 2015

It is my pleasure to inform you that UTT AMIS received award as Best Asset Management Team Tanzania 2015 by Capital Finance International (CFI). CFI is a publishing house that provides news, analysis and commentary on the markets worldwide. Through their website and print material, CFI covers economic, political and business factors affecting markets and helps identify regions, industry sectors and companies that will succeed. To qualify for the awards, beside the nominations, CFI assesses organisations based on a number of criteria including risk management, transparency, performance of assets under management, compliance, corporate governance, innovation, quality communications, stability of investment team, communication of risk, financial performance and strength of nominations. The award provides feedback that the organization is doing the right things. Allow me to thank the management and employees of the UTTAMIS and all stakeholders for this achievement.

Challenges

As a financial service organization, we realise that performance and future outlook of the Company and the schemes we manage depend on how effectively and efficiently we address risks and business challenges. The need for technology driven services is a challenge that we have partly addressed and are still working on. Capacity building on the part of the Manager is work in progress that we need to continue implementing. We aim to create specialized skills in key areas of the business through training and international certification where appropriate. Public awareness on the services we offer is improving on a slow pace; we will continue implementing activities aimed at reaching out more potential investors and providing them with access to inclusive economic growth.

Prospects for 2015/16

As regards future outlook of the Fund, we will continue with implementation of the company's Five Year Strategic Plan 2014/19 that sets out priorities and strategic direction of the organization and the funds under management. One of the key activities in the Plan includes investing in technology in order to improve investor services and reach out more investors. In this area, as pointed out earlier, we have two projects that are meant to automate investor services and asset management activities. According to plans of the projects, it is expected that most of the activities will be fully implemented within the financial year ending 30 June 2016. The Manager will also continue monitoring the East African market with a view identifying opportunities that may benefit our investors. We will also continue with implementation of other activities as set out in the Plan.

As the East African capital market converges, we remain committed to providing you with world-class asset management service and enhance our capacity to compete in the larger regional market. That is why since last year, we have focused on improving our systems, risk management practices and building capacity of our people. These efforts will result in better protection of your investments and good returns in the medium and long term.

Acknowledgement

For the year under review, UTT AMIS has received constructive feedback and support from various stakeholders. As always, we expect and welcome further engagement with our investors, policy makers, regulators and all stakeholders. A special word for support that the Capital Markets and Securities Authority has provided to us within the confines of the law.

Finally, on behalf of the Board of Directors, I would like to take this opportunity to express my sincere appreciation to all our investors, the Government, regulators, policy makers, fellow board members and other stakeholders for their support. I would also like to express my thanks to all our employees for their hard work and contribution made during the year. It is my hope that they will continue the good work in the coming and many years ahead.

And, while I personally sign this statement, I respectfully do on behalf of all of the members of the UTT AMIS team, who collectively generate the results for you. Please do not hesitate to contact any of us, should you have suggestions, questions, comments, or ideas you wish to share with us.



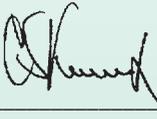
Prof. Joseph Kuzilwa
Board Chairman

STATEMENT OF CUSTODIAN TO THE UNIT HOLDERS OF LIQUID UNIT TRUST SCHEME

As Custodian of **Liquid Fund**, our responsibility is to oversee that the Manager of the Fund performs in accordance with the Deed of Trust in ensuring that interest of the Unit holders are protected. In performing this role, interalia, Custodian responsibility includes taking into custody all property of the Scheme and holding it in trust of unit holders, ensuring that the method adopted by the Manager in calculating Net Asset Value (NAV) is adequate and in accordance to the Trust Deed and ensuring that investment undertaken by the Manager are in line with set investment objectives and are not in conflict with provisions of the Deed of Trust.

During the period under review (1st July, 2014 to 30th June, 2015), we Custodian of **Liquid Fund** have continuously followed up on the Manager's actions, performances and assessed limitations on funds investments.

In this regard, we wish to confirm that investment activities under Liquid Unit Trust Scheme (**Liquid Fund**) and obligations of the Manager (UTT AMIS) have been in accordance with the provisions of the Deed of Trust. As such, as far as unit holders' confidences in the Scheme are concerned, we are in confirmation that unit holders' interests under the scheme are adequately protected and the manager has managed the Fund in accordance with the provisions of the Trust Deed.



Charles Kimei (Dr)
CRDB Bank PLC

Date: 26 October 2015

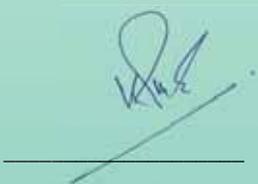
REPORT OF INDEPENDENT AUDITOR TO THE UNIT HOLDER OF LIQUID UNIT TRUST SCHEME

KPMG

Certified Public Accountants
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- a) The presented statement of Profit or Loss and Other Comprehensive income, statement of financial position, statement of change in net asset attributable to unit holders and statement of cash flows are the extract of the audited financial statements for the year ended 30th June 2015 which were approved by the Board of Directors and signed by Chairman and another Board member on 30 October 2015. To get a full picture of the Scheme's performance and financial position, the full set of the financial Statement is available in our offices and can be viewed by any interested person(s).
- b) The Financial Statements were audited by KPMG and received an unqualified opinion.



Salim Bashir
Partner

KPMG

Date: October, 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	For 12 Months 2015 TZS' 000	For 15 Months 2014 TZS' 000
Interest income	85,377	112,271
Other income	(15,291)	34,820
Total income	70,086	147,091
Operating Expenses	(19,249)	(21,092)
Income before tax	50,837	125,999
Tax expense	(5,161)	(10,182)
Change in net assets attributable to unit holders	45,676	115,817
Other comprehensive Income	-	-
Change in net assets attributable to unit holders	45,676	115,817

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	2015 TZS' 000	2014 TZS' 000
Assets		
Cash and cash equivalents	312,093	57,197
Term deposits with banks	70,000	311,000
Government securities and corporate bonds	262,512	292,233
Other receivables	17,446	12,759
Total assets	662,051	673,189
Liabilities		
Accounts payable and provisions	(16,766)	(3,094)
Total liabilities	(16,766)	(3,094)
Net assets attributable to unit holders	645,285	670,095
Represented by:		
Net assets attributable to unit holders	645,285	670,095
Net Asset Value per unit based on 5,049,030 units (2014 – 5,661,662)	127.80	118.36
Published Net Asset Value per unit base on	128.06	114.36

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS FOR THE YEAR ENDED 30 JUNE 2015

	2015 TZS'000	2014 TZS'000
Opening balance	670,095	
Increase in net values attributable to unit holders	<u>45,676</u>	<u>115,817</u>
	715,771	115,817
Transactions with unit holders during the period		
Sales of units during the year	139,143	923,600
Repurchase of units during the year	<u>(209,629)</u>	<u>(369,322)</u>
Net transaction with unit holders during the year	(70,486)	554,278
Closing balance	645,285	670,095

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	2015 TZS'000	2014 TZS'000
Income before tax	50,837	125,999
Adjustments for:		
Fair value (gains)/loss during the year	<u>21,943</u>	<u>(20,581)</u>
Operating income before changes in working capital items	72,780	105,418
Changes in working capital items		
Increase in other receivables	<u>(4,687)</u>	<u>(12,759)</u>
Increase in accounts payable	<u>13,672</u>	<u>3,094</u>
Cash generated from operations	81,765	95,753
Withholding tax paid	<u>(5,161)</u>	<u>(10,182)</u>
Adjustment for fair value gains during the year	<u>(21,943)</u>	<u>20,581</u>
Net cash inflow from operating activities	54,661	106,152
Cash flows from investing activities		
Net movement in:		
Term deposits with banks	241,000	(311,000)
Bonds	<u>29,721</u>	<u>(292,233)</u>
Net cash generated from/(used in) investing activities	270,721	(603,233)
Cash flows financing activities		
Sales of units	139,143	923,600
Repurchase of units	<u>(209,629)</u>	<u>(369,322)</u>
Net cash inflow/outflow from financing activities	(70,486)	554,278
Net increase in cash and cash equivalents	254,896	57,197
Cash and cash equivalents at the beginning of the year	57,197	-
Cash and cash equivalents at the end of the 15 month period	312,093	57,197



Director



Director

Date: October, 2015

Liquid Fund Unit Trust Scheme (Liquid Fund) is an open ended instant growth scheme providing high level of liquidity coupled with low risk. The fund was Launched in April 1st, 2013.

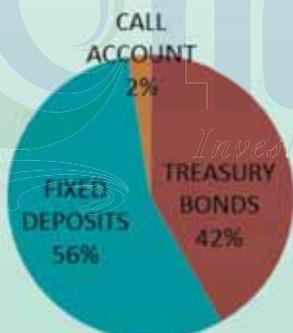
The fund is a collective investment scheme designed to provide an alternate investment opportunity to High Net worth Investors and/or Institutions, to park their surplus/idle funds for a short to medium term duration at competitive rates. The scheme provides the flexibility of withdrawing money as and when required [without any exit load], and thus proves to be a competitive investment opportunity for such category of investors

The Net Asset Value per unit stood at TZS 127.803 by year ended (30th June 2015), compared to 114.3601 per unit at the beginning of the year (1st July 2014). In terms of aggregate fund size, the scheme opened the year at TZS 670 million And fund size decreased slightly to TZS 640 million as on 30th June 2015. During the year the scheme had sales and repurchases transactions of TZS 139 million and TZS 209 million respectively.

Portfolio Management

In line with the Scheme's Investment Policy and Guidelines the Fund portfolio position as at year end (30th June, 2015) stood as below:-

Figure 1: Liquid Fund Portfolio as at 30th June 2015

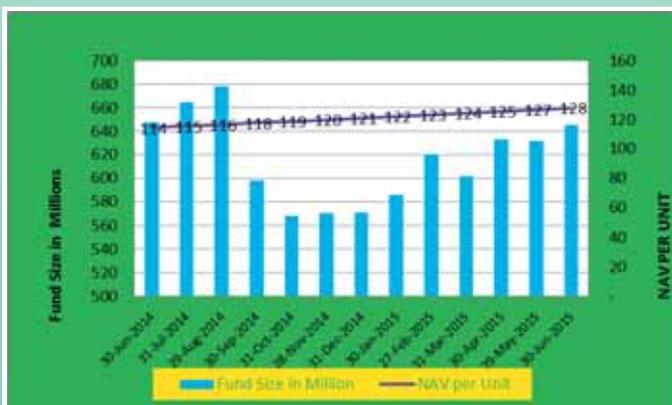


From the figure 1 above, one would find out that the fund portfolio entirely comprised of debt instruments as per the investment policy. Looking at the portfolio we can see fixed deposits at 56%, treasury bonds at 42% and lastly call account at 2%.

Fund Size and Net Asset Value per unit Movement

During the year under review, Liquid Fund recorded growth in NAV per unit from TZS 114.32 as it was on 1st July 2014 to TZS 127.80 as at 30th June 2015, however slightly decline in fund size was also noted due to the repurchases made during the year under review as detailed in graph no.1.

Liquid Fund Size And NAV Movement as at 30th June, 2015



**Launched;
April, 2013**

**30th June,
2015;**

• **NAV per unit
TZS 127.803**

• **Fund Size
TZS 640
Million**

• **Annual
Returns
11.47%**

Returns

The overall consolidated performance since scheme launch stood at **11.55%**. The table below depicts the movement in the annualized returns where one can see the past one year returns stood at **11.79%**, above its benchmark of 35 days Treasury bills rate **4.20%** and other comparable market instruments..

Table I: Annualized Returns For Liquid Fund as at 30th June, 2015

Annualized Return (%) as on June 30, 2015	
Time period	Time period
Since Launch	11.55%
Past 2 Year	12.49%
Past 1 Year	11.79%

In order to measure our success we have to look into other comparable instruments in the markets as shown below:

Table II: Comparable Instruments in the Markets

ITEM	QUARTER ENDING				
	Apr-13	Jun-13	Dec-13	Mar-14	Jun-14
35 days Treasury bills	6.82	4.98	5.22	2.66	5.51
91 days Treasury bills	10.56	10.86	13.20	7.11	7.36
Savings Deposit rate	3.12	3.10	3.12	3.42	3.52
12 Months deposits rate	11.08	10.52	10.66	11.00	10.78
Negotiated deposit rate	10.83	9.82	10.70	9.35	8.62

Although treasury bills are not - risk instruments there are major differences that one needs to consider for comparison.

- The rates tabled above (on comparable instruments) are on gross basis which means that there is a 10% withholding tax while the Liquid Fund returns are net of tax.
- Another factor that needs consideration is that Liquid Fund is an open-end fund providing liquidity throughout the year. So one does not need to time the investments.
- Other instruments have a fixed tenure and if there is an emergency, it entails discounting of these instruments at a sizeable loss.
- The one year time deposits rate shown above is normally obtained by high net worth and institutional clients locking funds ranging from TZS 500 million and above while the returns from Liquid Fund is the same across all type of investors (whether small, medium or high net worth).

Liquid Fund has proven to be a competitive investment opportunity for short to medium term investors who seeks safety, liquidity and modest return compared to other investments of the same nature.

Economic Growth

Growth Domestic Product (GDP)

Tanzania continued to record a relatively positive economic performance in the year 2013/14. Economic growth was strong with real GDP rate at 7.0% which is equal to the projected level 7.0% for year 2013 and lower than the projected level of 7.2 percent for year 2014;

Moreover, the real GDP growth rate of 7% is higher compared to 6.9% which was recorded in the preceding year. The increase in growth rate was a result of growth acceleration in communications (22.8 percent), trade and repairs (8.3 percent) and hotels and restaurants (6.3 percent) activities. Other activities that contributed to GDP growth include whole sale & retail trade, financial intermediation and manufacturing.

Growth Domestic Product (GDP):

Real GDP growth remained strong and is expected to maintain steady growth momentum, anchored by on-going infrastructure investments, expansion in construction activities as well as improvement in our external sector as the global economy gradually regains ground and sustains price stability.

Banking Sector

The banking sector continued to grow with notable growth in agent banking, as depicted by continued increase in the volume and value of transactions. As at end April 2015, a total of nine banks were approved by the Bank to undertake agent banking business. Banks had contracted 2,013 active agents, facilitating 881,327 deposit transactions valued at TZS 503.10 billion and 272,282 withdrawal transactions valued at TZS 75.50 billion. Mobile payments have also continued to grow with estimated transactions averaging TZS 116.8 billion per day. This growth points to the potential of leveraging technology based delivery channels in increasing access to financial services with lower transactions cost. The sector also continued to be stable and sound as depicted by financial soundness indicators.

Inflation

Annual headline inflation averaged 5.3 percent in the quarter ending June 2015 compared with 6.4 percent recorded in the corresponding quarter in 2014. The decrease in inflation was mainly on account of decline in non-food, energy and fuels prices. Inflation of non-food items was much lower at 1.3 percent compared with 4.6 percent. Inflation of food and non-alcoholic beverages was 8.6 percent compared with 8.1 percent recorded in the corresponding quarter.

Trend of Inflation Rates from 31st July 2014 to 30th June 2015.

Date	July-14	Aug-14	Sept-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
Annual Headline Inflation Rate (%)	6.5	6.7	6.6	5.9	5.8	4.8	4	4.2	4.3	4.5	5.3	6.1

Government Securities:

During the quarter ending June 2015, Treasury bills worth TZS 810.0 billion were offered, same as the amount offered in the corresponding quarter in 2014. The tendered amount was valued at TZS 702.01 billion compared with TZS 1,415.85 billion recorded in the similar quarter a year before. Due to deep discounting prices, only bids worth TZS 348.3 billion were successful compared with successful bids worth TZS 906.6 billion recorded in the corresponding quarter in 2014. The overall weighted average yield (WAY) averaged 9.89 percent compared to an average of 12.81 percent recorded in the similar period of 2014.

In the Treasury bonds market, the Bank offered Treasury bonds of various maturities worth TZS 369.0 billion compared with TZS 246.8 billion issued in the similar quarter of 2014. Bids received amounted to TZS 424.5 billion compared with TZS 407.5 billion received in the similar quarter of 2014. Successful bids amounted to TZS 306.7 billion, compared with TZS 232.5 billion in the similar period of 2014.

Interest Rates

During the quarter under review, overall time deposit rate increased slightly to an average of 8.57 percent from 8.54 percent registered in corresponding similar quarter in 2014, while the overall lending rate decreased to an average of 16.13 percent from 16.50 percent. On the other hand, one - year deposit rate declined to an average of 10.55 percent from 10.81 percent, while that of one -year lending rate increased to an average of 16.13 percent from an average 15.97 percent. The spread between the one-year deposit and lending rate remained broadly unchanged

The Inter-bank Cash Market recorded transactions worth TZS 2,100.9 billion compared with TZS 3,419.9 billion in the quarter ending June 2014. Overnight transactions amounted to TZS 1,499.15 billion or 80.20 percent of total transactions. Overall interbank rate averaged 11.27 percent compared to 8.30 percent recorded in the corresponding quarter in 2014, partly indicating the prevalence of tight liquidity conditions in the market.

Forex

During the period under review, the Shilling depreciated to an average rate of TZS 1,951.7 per USD from an average of TZS 1,647.7 per USD in the corresponding period in 2014, representing an annual depreciation of 18.4

percent, the highest in the recent past. Investment activities were affected by the depreciation of shilling compared to US dollar due to the negative impact on investors' returns (as measured in US\$).

Depreciation of the shilling against the USD in the year under review was driven by external and internal factors. In the second half of 2014 the US dollar strengthened against currencies across the world following improved economic performance in the US, which led to increased demand for US dollar as investors preferred investing in the US economy. This saw the annual depreciation of the shilling picking up from 2.5 percent in July 2014 to 9.0 percent in March 2015, a trend that was also observed between other currencies and the US dollar. From April 2015 onwards though, the depreciation of the shilling against the US dollar 12 accelerated as it was compounded by domestic factors that included continued decline in receipts from some exports, particularly gold and cotton. This coincided with low season for receipts from tourism and agricultural exports and large payment of dividends to foreign investors. Meanwhile, delays in the disbursement of budgetary program assistance and external non-concessional borrowing, fuelled foreign exchange shortage psychology leading to an increase in speculation in the market. This behaviour contributed to the rapid depreciation of the exchange rate in April, May and June 2015.

Equities

During the year 2014/15, we saw the Capitalization at the Dar es Salaam Stock Exchange growing by Tzs 4.8 Trillion in terms of total market capitalization, and by Tzs 2.4 Trillion on the domestic market front. As June 30th 2015 of total market capitalization reached Tzs 23.721 Trillion and Domestic market capitalization reached Tzs 9.927 trillion. The DSE All share index and the Domestic market share index both recorded upward moves by 25.5% and 32% respectively.

Total turnover for the year under review recorded a significant 223 percent increase to TZS 878 billion in comparison to the previous year turnover of TZS 274 billion, while volume of shares traded increased by 6 percent from 258 million to 274 million shares.

Going forward, the UTT wishes to assure the investing community that it will continue to explore opportunities availed by the markets to bring home good returns. Our endeavour is to exceed investor expectations and manage their wealth for their progress.

**The Board, Management and Staff of UTT AMIS
wish you all a Happy Holiday Season and a
Prosperous 2016.**

Investors Freedom!



UTT AMIS PLC
“YOUR OBVIOUS INVESTMENT PARTNER”



Investor's freedom
OTHER UTT AMIS SCHEMES



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