

General Information

Umoja Unit Trust Scheme (Umoja Fund) is an open-ended collective investment scheme which was launched in 2005 and had initial lock-in period of one year. The Scheme was established by Unit Trust of Tanzania (UTT) in accordance with the provisions of the Capital Markets and Securities Act, 1994 (Act No. 5 of 1994) as amended and Capital Markets and Securities (Collective Investment Schemes) Regulations, 1997 of Tanzania.

Based on advice of stakeholders and the Treasury Registrar, and approval of the Minister of Finance, UTT was restructured into three organisations in 2013. The objective of the restructuring was to enable UTT broaden its activities and services so as to contribute more to increasing of government revenue and promote development of the country. UTT Asset Management and Investor Services (UTT AMIS) is one of three organisations that resulted from the restructuring and is registered under the Companies Act, 2002. UTT AMIS was re-assigned with the management of all collective investment schemes and other activities of the predecessor organisation from 1st October 2013.

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

Fund Manager	-	UTT AMIS Plc 2nd Floor, Sukari House Sokoine Drive/Ohio Street P.O. Box 14825 Dar es Salaam
Custodian	-	CRDB Bank Plc Office Accommodation Scheme Building Azikiwe Street P.O. Box 268 Dar es Salaam
Auditors	-	KPMG 11th Floor, PPF Tower Garden Avenue/Ohio Street P.O. Box 1160 Dar es Salaam
Advocates	-	Mkono & Co. Advocates 8TH Floor, Exim Tower Ghana Avenue P.O. Box 4369 Dar es Salaam
Registrar	-	UTT AMIS Plc 2nd Floor, Sukari House Sokoine Drive/Ohio Street P.O.Box 14825 Dar es Salaam



REPORT OF THE FUND MANAGER (UTT ASSET MANAGEMENT AND INVESTOR SERVICES PLC)

FOR THE SIX MONTH PERIOD ENDED 31ST DECEMBER 2016

UTT AMIS (Fund Manager) presents Umoja Fund report for the six month period ended 31st December 2016. The Scheme which commenced operations in May 2005 reported net income of Tzs 11.7 Billion on its audited accounts for the year ended 30th June 2016. During the Annual General Meeting held in December 2006, a resolution was passed that changed the Scheme from income scheme to Growth scheme. As such no income was distributed in respect to financial results for the year ended 30th June 2016.

I. Establishment and Management of the Fund

Umoja Unit Trust Scheme, also known as "Umoja Fund" is a collective investment scheme formed by the Unit Trust of Tanzania (UTT), a government sponsored institution that was incorporated on 19th June 2003 under the Trustees Incorporation Act.

Umoja Unit Trust Scheme was established in Tanzania under the Deed of Trust of the Umoja Unit Trust Scheme, on 12 May 2005 and is regulated by Capital Markets and Securities (Collective Investment Schemes) Regulations 1997, prescribed under Capital Markets and Securities Act, 1994.

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

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

2. Principal Activities and Investment Objectives

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

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

3. Financial Performance

The financial performance of the Fund for the half year is set out on page 5 of these Financial Statements.

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

The Fund is an open ended scheme with its units available for sale and re-purchase through the Fund Manager. The sale price is based on the Net Asset Value (NAV) per unit of the next working day and re-purchase price is based on the Net Asset Value (NAV) per unit of the next working day, less 1% service charge.

5. Risk Warning

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

6. Solvency

Solvency is the ability of the Fund in meeting its long term financial obligations. This can be established through the Fund's Statement of Financial Position at 31st December 2016 herewith indicated. The Fund Manager considers the Fund to be solvent.

7. The Board of Directors

As UTT AMIS is wholly owned by the Government, the Directors are appointed by Hon. Minister for Finance and Planning while the Chairman is appointed by the President of the United Republic of Tanzania.

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Managing Director

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Date

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 31ST DECEMBER 2016**

		Six Months ended 31 December 2016	Six Months ended 31 December 2015	Twelve Months ended 30 June 2016
	Note	Tzs'000	Tzs'000	Tzs'000
Interest income	2	13,329,155	10,601,705	21,634,402
Gross dividend income	3	229,036	1,465,211	3,751,006
Valuation gain/(loss) on debt instruments		1,968,110	-	(290,051)
Valuation gain/(loss) on equity	4	(8,126,124)	751,663	(8,746,590)
Other income		-	2,014,551	2,262,236
Total income		7,400,177	14,833,130	18,611,003
Operating expenses	5	(2,757,018)	(2,745,142)	(5,738,683)
Net income from operations before taxation		4,643,159	12,087,988	12,872,320
Taxation	6	(507,924)	(561,231)	(1,160,797)
Change in net assets attributable to unit holders		4,135,235	11,526,757	11,711,523
Other Comprehensive Income		-	-	-
Change in net assets attributable to unit holders		4,135,235	11,526,757	11,711,523

**STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2016**

		31 December 2016	31 December 2015	30 June 2016
	Note	Tzs'000	Tzs'000	Tzs'000
Assets				
Cash and cash equivalents		837,284	1,737,487	12,482,735
Term deposits with banks		21,050,000	27,600,000	15,995,383
Treasury bills		6,627,994	12,573,348	15,137,496
Treasury bonds		84,828,941	72,152,381	80,358,659
Corporate Bonds		22,900,628	21,952,428	22,770,538
Equity Investments		65,486,603	80,077,840	73,335,866
Interest receivable	7	12,277,965	7,226,122	-
Other receivables		8,515	16,947	254,865
Total assets		214,017,930	223,336,553	220,335,542
Income tax payable		(1,717,909)	(1,523,951)	(1,626,721)
Accounts payable	8	(5,530,960)	(902,786)	(1,774,968)
Total Liabilities		(7,248,869)	(2,426,737)	(3,401,689)
Net-assets attributable to unit holders		206,769,061	220,909,816	216,933,853
Represented by:				
Retained earnings		177,322,798	165,611,274	165,611,275
Unit capital equalization	9		(2,949,482)	
Unit capital		25,311,028	46,721,267	39,611,055
Profit (loss) for the Period		4,135,235	11,526,757	11,711,523
Total Unit holders Equity		206,769,061	220,909,816	216,933,853

Net Asset Value per unit based on
**428,528,020.34; 466,276,671
& 458,199,915** units out-
standing on 31st December 2016,
31st December 2015 & 30th June
2016 respectively.

482.51

473.7741

448.32

Published NAV

480.8678

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Managing Director

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Date

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31ST DECEMBER 2016**

I SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

(b) Income Recognition

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

(c) Expenses

Expenses are recognised in the income statement on an accrual basis.

(d) Investments Valuation and Liabilities Recognition

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

(e) Taxation

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31ST DECEMBER 2016**

2 INTEREST INCOME

Interest income arises from:

	Tzs'000
Deposits with banks	2,104,896
Treasury bonds	8,469,438
Treasury Bills	1,159,028
Corporate bonds	1,595,793
Total	13,329,155

3 DIVIDEND INCOME

TWIGA @120	164,748
SWISSPORT @120.06	13,288
TCC @300	51,000
Total	229,036

The reported amount represents interim dividend received in October and December 2016.

4 VALUATION GAIN/(LOSS)

Tanzania Breweries Limited (TBL)	(7,598,640)
Tanzania Portland Cement Company (TPCC/TWIGA)	(137,290)
Dar Es salaam Community Bank (DCB)	(928,031)
CRDB Bank PLC	(134,100)
National Microfinance Bank (NMB)	863,190
Tanzania Cigarette Company Ltd (TCC)	(85,000)
SWISSPORT	(106,253)
Total	(8,126,124)

The valuation loss represents the difference between the market price of the shares on the reporting date and the value of those shares at the beginning of the reporting period.

5 OPERATING EXPENSES

Operating expenses were borne by the Unit Trust of Tanzania during the lock-in period as set out in Umoja Fund Offer Document, Section 14 – Charges to the Scheme. During the six months period from 1st July 2016 the following costs were provided for to meet anticipated charges:

	Tzs'000
Custodian fee	110,281
Management fee	1,985,053
Scheme expenses	331,389
Brokerage	3,952
Bank charges and Commission	1,281
Advertisement	77,879
Promotion materials-scheme branding	11,724
Promotion-Public education	77,812
Agent commission - Unit sales	64,455
Exhibition costs -Public events	25,670
Audit Fee	67,522
Total	2,757,018

6 TAXATION CHARGE

	Tzs'000
Withholding tax	507,924

The amount represents 5% tax charge on dividend income for listed shares and 10% charged on interest income earned during the period.

7 INTEREST RECEIVABLE

	Tzs'000
Deposits with banks	1,676,477
Treasury bills	1,003,913
Treasury bonds	8,580,761
Corporate Bonds	1,016,814
Total	12,277,965

8 ACCOUNTS PAYABLE

	Tzs'000
Service Charge payable – UTT AMIS	245,018
Repurchase payable	4,475,568
Income distribution payable	145,251
Investor's services acc-provision	2,134
Custodian fee	176,921
Management fee	327,912
Other charges	157,407
Sundry creditors	749
Total	5,530,960

9 UNIT CAPITAL EQUALIZATION

	Tzs'000
Premium on Unit Sales	-
Premium on Unit Repurchases	-
Total	-

Premium on Unit Sales is computed as the difference between Unit Sale Price and the Original Value of unit i.e. TZS 100/- while Premium on Unit Repurchase is computed as the difference between the Original Value of unit and Unit Repurchase Price

10 APPENDIX I – INVESTMENT PORTFOLIO

	31 December 2016	% of total investment portfolio
	Tzs'000	
Treasury Bonds	84,828,941	42.23
Listed equity securities	65,486,603	32.60
Term deposits with banks	21,050,000	10.48
Treasury Bills	6,627,994	3.30
Corporate Bonds	22,900,628	11.40
Total investment portfolio	200,894,166	100%