



UTT ASSET MANAGEMENT AND INVESTOR SERVICES PLC

Report of the Board of Directors of UTT Asset Management and Investor Services Plc, for the half year ended 31st December 2016

General Information

Invest Life Unit Trust Scheme (Wekeza Maisha Fund) is an open-ended collective investment scheme which was launched in 2007 and had initial lock-in period of Three Months. 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 for Finance, UTT was restructured into three organisations. 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 Plc (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 collective investment schemes and other activities of the predecessor organisation from 1st October 2013.

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

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 8 th 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 Plc (Fund Manager) presents Invest Life Unit Trust Scheme (Wekeza Maisha Fund) report for the six month period ended 31st December 2016. The Scheme which commenced operations in May 2007 reported net income of Tzs. 48.3 Million on its audited accounts for the year ended 30th June 2016.

I. Establishment and Management of the Fund

Invest Life Unit Trust Scheme, otherwise known as "Wekeza Maisha" is a combination of insurance and unit trust (investment) benefits, formed by the Unit Trust of Tanzania (UTT), a government sponsored institution that was incorporated on 19th June 2003 under the Trustees Incorporation Act.

The Fund was established in Tanzania under the Deed of Trust of the Unit Linked Insurance Scheme, on 16 May 2007 and is regulated by Capital Markets and Securities (Collective Investment Schemes) Regulations, 1997, prescribed under the Capital Market and Securities Act, 1994.

The Fund is managed by UTT -AMIS plc, a registered Fund Manager, who has set up a management structure to carry out 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 Institution Act, 2006. The duties of the Custodian are specified in section 6.3 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 six month period is set out on page 5 of these Financial Statements.

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

The initial sale of units commenced from 16 May 2007 to 31 July 2007 during which the units were sold at a value of TZS 100 per unit.

After the initial sale, the Fund remained under closure period for six months i.e., up to 1st February 2008 during which sale or repurchase of units were not carried out under the Fund. The Fund was under the lock-in period of five years which ended on 31st July 2012. During the lock-in period re-purchasing of units was not carried out by the Fund. However, for unit holders who join the Fund subsequently, the units are sold at the prevailing Net Asset Value (NAV) and the lock-in period shall come to an end after the lapse of five years from the date of joining the Fund.

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

Partial repurchase of units are allowed at prevailing repurchase price after the completion of five years from the date of joining the Fund subject to a member maintaining a minimum balance which is equal to 25% of the chosen contribution amount. Accordingly, the partial repurchase of units under the scheme commenced on 01 August 2012 for investors who joined during the initial public offer. From this date onwards, the Fund Manager may purchase units from unit holders based on the Net Asset Value of units and deducting there from a service charge of 2%.

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	219,433	192,364	359,968
Gross dividend income	3	16,845	15,608	66,247
Valuation gain/(loss) on equity	4	(110,123)	(86,314)	(265,850)
Valuation gain/(loss) on debt instruments		58,103	35,199	(22,904)
Other income		71,391	3,591	10,895
Release of Loyalty Bonus provision				23,232
Total income		255,649	160,448	171,588
Operating expenses	5	(46,283)	(43,194)	(94,259)
Net income from operations before taxation		209,366	117,254	77,329
Taxation	6	(14,255)	(13,313)	(28,990)
Change in net assets attributable to unit holders		195,111	103,941	48,339
Other Comprehensive Income		-	-	-
Change in net assets attributable to unit holders		195,111	103,941	48,339

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2016

	Note	31 December 2016	31 Decem- ber 2015	30 June 2016
		Tzs'000	Tzs'000	Tzs'000
Assets				
Cash and cash equivalents		92,006	79,230	248,615
Term deposits with banks		974,000	1,140,000	511,268
Treasury bonds		849,938	620,747	1,755,842
Treasury bills		641,702	330,359	-
Corporate Bonds		-	48,000	-
Equity Investments		994,465	1,254,124	1,104,588
Interest receivable	7	216,872	161,594	-
Other receivables		(9,806)	5,447	545
Total assets		3,759,177	3,639,501	3,620,858
Income tax payable		(2,880)	(2,160)	(2,880)
Accounts payable	8	(64,731)	(97,815)	(86,654)
Total Liabilities		(67,611)	(99,975)	(89,534)
Net-assets attributable to unit holders		3,691,566	3,539,526	3,531,324
Represented by:				
Retained earnings		2,223,223	2,239,645	2,239,645
Unit capital equalization	9	-	67,806	-
Unit capital		1,273,232	1,128,134	1,243,340
Profit (loss) for the Period		195,111	103,941	48,339
Total Unit holders Equity		3,691,566	3,539,526	3,531,324
Net Asset Value per unit based on 11,614,594.25; 11,379,598 and 11,525,439 units outstanding on 31 st December 2016, 31 st December 2015 & 30 th June 2016 respectively.		317.84	303.6466	306.39

Published NAV 315.7237

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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.

2 INTEREST INCOME

Interest income arises from:

	Tzs'000
Deposits with banks	117,898
Treasury bonds	32,600
Treasury bills	68,935
Corporate bonds	-
	219,433

3 DIVIDEND INCOME

	Tzs'000
Dividend Income	16,845
Total	16,845

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

4 VALUATION GAIN/(LOSS)

	Tzs'000
Dar Es salaam Community Bank (DCB)	(11,389)
Tanzania Breweries Limited (TBL)	(73,530)
Tanzania Cement Company Limited (TWIGA)	(5,300)
Tanga Cement Company Limited (SIMBA)	(2,462)
SWISSPORT	(31,092)
CRDB Bank PLC	(3600)
NMB	17,250
Gain on Financial instruments	58,103
Total	(52,020)

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

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

5 OPERATING EXPENSES

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

	Tzs'000
Custodian fee	1,845
Management fee	27,682
Scheme expenses	8,340
Bank charges	104
Communication-Advertising	2,747
Brokerage and other costs	44
Promotion materials- scheme branding	288
Exhibition costs- public events	420
Audit fee	2,060
Promotion - public education	1,701
Agent commission- unit sales	1,052
Total	46,283

6 TAXATION CHARGE **Tzs'000**

Withholding Tax	14,255
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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	51,251
Dividend Receivable	15,330
Treasury bonds	66,161
Treasury bills	81,791
Corporate Bonds	2,339
Total	216,872

8 ACCOUNTS PAYABLE

	Tzs'000
Service Charge payable –UTT/UTT AMIS	8,136
Repurchase payable	28,645
Custodian fee	1,845
Management fee	4,654
Other charges	5,463
Loyalty Bonus	9,465
Sundry creditors	6,523
Total	64,731

9 UNIT CAPITAL EQUALIZATION

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

Premium on Unit Sales –UTT/UTT AMIS 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	849,938	24.56
Listed equity securities	994,465	28.74
Term deposits with banks	974,000	28.15
Treasury Bills	641,702	18.55
Corporate Bonds	-	-
Total investment portfolio	3,460,105	100%