



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

Regular Income Unit Trust Scheme (Jikimu Fund) is an open-ended collective investment scheme which was launched in 2008 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 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 (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, 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 Abenry & 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	-	Abenry & Co. Advocates Golden Jubilee Towers Main Tower, 3rd Floor Ohio / Kibo Street P.O. Box 3167 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 Jikimu Fund report for the half year ended 31st December 2016. The Scheme which commenced operations in April 2009 reported net income of TZS390.5 Million on its audited accounts for the period ended 30th June 2016.

1. Establishment and Management of the Fund

Regular Income Unit Trust Scheme, also known as "Jikimu 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.

Jikimu Unit Trust Scheme was established in Tanzania under the Deed of Trust of the Jikimu Unit Trust Scheme, on 03 November 2008 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 the 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. Income Distribution

Pursuant to section 17 of the Jikimu Fund Offer Document, the Fund distributes income quarterly or annually based on the choice and financial needs of each investor. Since launch, Jikimu Fund has distributed total income of TZS 74.5 per unit.

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

Units of Jikimu Fund are open 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 service charge which is 2% for repurchase done within first year, 1.5% for repurchases done more than a year but before 2 years, 1% for the ones ranging from 2 to 3 years and nil for repurchases done after three years from the date of sale.

6. Risk Warning

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

7. 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.

8. The Board of Directors

As Since 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 31 DECEMBER 2016

		Six Months to 31 December 2016	Six Months to 31 December 2015	Twelve months to 30 June 2016
		Tzs'000	Tzs'000	Tzs'000
Interest income	2	2,024,082	1,309,192	3,078,006
Net gain from financial instruments	3	397,536	(565,683)	(2,119,553)
Gross dividend Income		33,457	96,253	265,147
Other Income		-	60,262	124,045
Total income		2,455,075	900,024	1,347,645
Operating expenses	4	(340,352)	(291,236)	(753,996)
Net income from operations before taxation		2,114,723	608,788	593,649
Taxation	5	(98,509)	(82,253)	(203,103)
Net Income from Operations after taxation		2,016,214	526,535	390,546
Income distribution		(1,262,162)	(1,350,835)	(2,011,814)
Change in net assets attributable to unit holders		754,052	(824,300)	(1,621,268)

Notes and related statements forming part of these financial statements appear on pages 7 to 9

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

718,948,682.88	31 December 2016	31 December 2015	30 June 2016
Assets	Tzs'000	Tzs'000	Tzs'000
Cash and cash equivalents	584,119	262,446	4,446,898
Term deposits with banks	5,836,000	7,980,000	4,044,367
Treasury bills	2,777,540	4,359,955	7,377,991
Treasury bonds	10,093,124	7,015,839	6,337,230
Corporate Bonds	277,196	200,000	-
Equity Investments	4,395,135	5,606,184	4,861,273
Interest receivable	6 1,682,836	976,947	-
Other receivables	10,581	30,304	53,714
Total assets	25,656,531	26,431,675	27,121,473
Liabilities			
Income tax payable	(18,330)	(13,512)	(16,512)
Accounts payable	7 (152,828)	(63,668)	(941,398)
Other Accounts payable	8 (632,224)	(655,281)	-
Total Liabilities (excluding net assets attributable to unit holders)	(803,382)	(732,461)	(957,910)
Net-assets attributable to unit holders	24,853,149	25,699,214	26,163,563
Represented by:			
Retained earnings	496,176	2,117,445	2,117,445
Unit capital equalization	3,213,941	3,401,725	3,628,788
Unit capital	20,388,980	21,004,344	22,038,597
Profit/Loss for the Period	754,052	(824,300)	(1,621,267)
Total Unit holders Equity	24,853,149	25,699,214	26,163,563

Net Asset value based on
203,844,168; 209,990,561 and
220,547,380 Units outstanding De-
cember 2016, December 2015 & June
2016 respectively.

121.92

122.38

118.63

Published NAV

124.8907

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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 shares 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 cost.

(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 on Income 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	502,932
Treasury bonds	939,218
Corporate bonds	10,246
Treasury bills	571,686
Total	2,024,082

3 VALUATION (DEFICIT)/SURPLUS

	Tzs'000
DCB Valuation	(105,900)
TBL Valuation	(367,479)
TWIGA-TPCC Valuation	(13,730)
SIMBA-TCCL Valuation	(3,100)
NMB Valuation	117,519
SWISSPORT Valuation	(48,548)
CRDB	(32,400)
TCC	(12,500)
Net Fair Gain on Financial Instruments	863,674
Total	397,536

The valuation deficit represents the difference between the market price of the shares and the weighted average cost of those shares as on the valuation date.

4 OPERATING EXPENSES

Operating expenses were borne by the Unit Trust of Tanzania during the first year of its operation. However all charges after the One year (i.e. from 1st Dec 2010) is to be borne by the Scheme, during the six months period from 1st July 2016 the following expenses have been incurred:

	Tzs'000
Investment management fees	245,054
Custodian fees	13,614
Bank charges & Commission	214
Communications - Advertising	20,435
Promotion Material & Scheme Branding	2,169
Promotion - Public education	12,824
Audit fee	15,287
Agent commission - Unit sales	8,822

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

Other charges expenses account	18,760
Exhibition / Public events	3,173

Total	340,352
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5 TAXATION CHARGE

The amount represents 5% tax charge on Dividend income and 10% charged on interest income earned during the period.

6 INTEREST RECEIVABLE

	Tzs'000
Deposits with banks	324,638
Treasury bills	535,633
Treasury bonds	802,990
Corporate Bonds	9,609
Receivable - Dividend income	9,966
Total	1,682,836

7 ACCOUNTS PAYABLE

	Tzs'000
Service Charge payable –UTT AMIS	75,409
Repurchase payable	46,460
Custodian fee	13,614
Management fees	40,131
Un-allotted units	(22,786)
Total	152,828

I OTHER ACCOUNTS PAYABLE

	Tzs'000
Income Distribution	611,608
Other Charges	18,456
Sundry Creditors	2,160
Total	632,224

9 UNIT CAPITAL EQUALIZATION

	Tzs'000
Premium on Unit Sales	5,540,871
Premium on Unit Repurchases	(2,326,930)
Total	3,213,941

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.

9. APPENDIX I – INVESTMENT PORTFOLIO

	31 December 2016 Tzs'000	% of total invest- ment portfolio
Treasury Bonds	10,093,124	43.17
Listed equity securities	4,395,135	18.80
Term deposits with banks	5,836,000	24.96
Treasury Bills	2,777,540	11.88
Corporate Bonds	277,196	1.19
Total investment portfolio	23,378,995	100%