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ICEA UNIT TRUSTS AGM REPORT 2023

Smart investments pave way for an asset and capital-rich future. Well calculated investments are our best shot at time travel.



TABLE OF CONTENTS

- 1 Who we are
Brand Core values
Vision & Mission
- 2 Service Providers
- 3 Statement from the CEO
Statement of Fund Managers
Responsibility & Declaration
- 4 Operating Overview
- 5 Report
of the Trustee
- 6 Statement of the
Independent Auditor
- 7 Financial
Statements





WE ARE

A wholly owned subsidiary of the First Chartered Securities (FCS) Group, which is a large holding company with interests in Banking, Manufacturing, Agriculture and Services. Other members of the FCS group include NCBA Bank, Chloride Group, East Africa Reinsurance and others

ILAM is Incorporated in Uganda and regulated by the Capital Markets Authority (CMA) and Uganda Retirement Benefits Regulatory Authority (URBRA)

OUR BRAND PROMISE

Through Every Life Changing Moment, We're Better Together

OUR MISSION

To protect & Create Wealth

OUR VISION

To be the leading Pan African provider of Financial Services





SERVICE PROVIDERS

Trustee

KCB Bank Uganda Ltd
Head Office
6th Floor Commercial Plaza
P.O. Box 7399
Kampala, Uganda

Registered Office

ICEA LION Asset Management Company (U) Ltd
Rwenzori Courts, Ground Floor
Plots 2 & 4A, Nakasero Road
P.O. Box 33953
Kampala, Uganda

Fund Manager

ICEA LION Asset Management Company (U) Ltd
Rwenzori Courts, 2nd Floor
Plots 2 & 4A, Nakasero Road
P.O. Box 33953
Kampala, Uganda

Custodians

Income Fund : Stanbic Bank Uganda Ltd
Crested Towers
Plot 17 Hannington Road
P. O. Box 7131
Kampala, Uganda

**Income Fund & Money Market Fund
& Balanced Fund :** KCB Bank Uganda Ltd
Head Office
6th Floor Commercial Plaza
P.O. Box 7399
Kampala, Uganda

Money Market Fund & Balanced Fund

KCB Bank Uganda Limited
Head Office
6th Floor Commercial Plaza
P.O. Box 7399
Kampala, Uganda





STATEMENT OF FUND MANAGER'S RESPONSIBILITIES

The Capital Markets Authority (Amendment) Act, 2016 requires the Fund Manager to prepare financial statements for each financial year, which present fairly the financial position of the Fund at the end of the financial year and of its performance and cash flows and that contributions are remitted in accordance to the rules of the fund.

It also requires the Fund Manager to ensure that the Fund maintains proper accounting records that are sufficient to show and explain the transactions of the Fund and disclose with reasonable accuracy the financial position of the Fund. The Fund Manager accepts responsibility for the preparation and fair presentation of the financial statements which have been prepared in accordance with the International Financial Reporting Standards and requirements of the Capital Markets Authority (Amendment) Act 2016 and the Collective Investment Schemes (Financial and Accounting) regulations 2003.

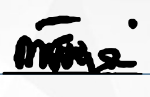
The Fund Manager further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements.

Declaration Statement

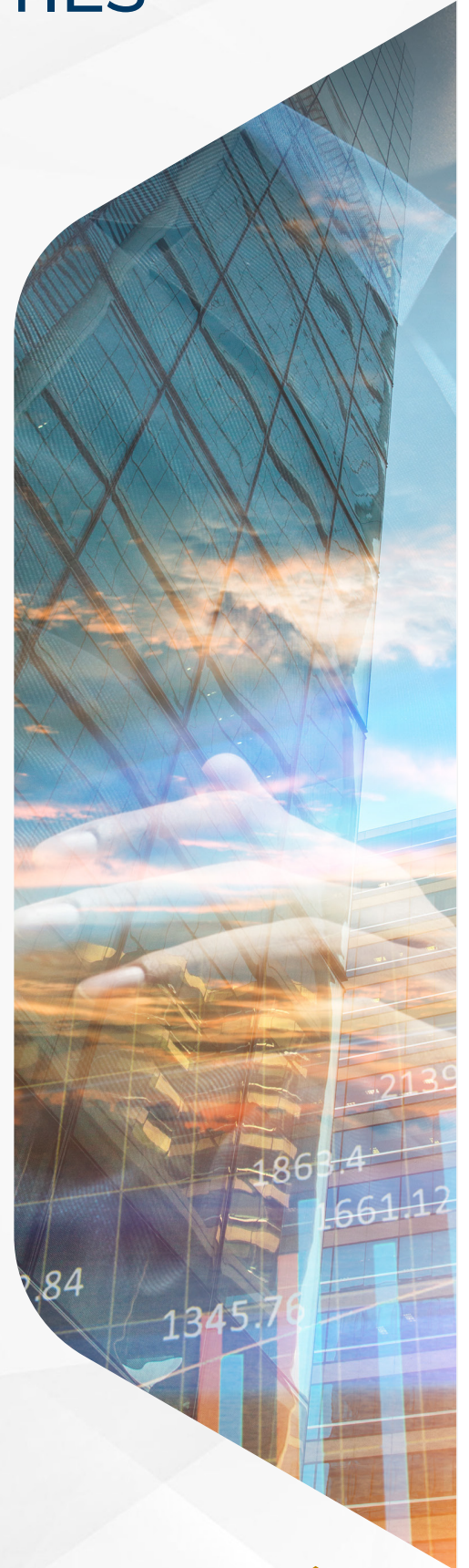
- The ICEA LION Unit Trust Funds are approved within the meaning of the Collective Investment Schemes Act, 2013.
- The ICEA LION Money Market Fund is a securities fund investing in fixed income securities of various durations at attractive yields to ensure return on the Fund is maximized.
- The ICEA LION Money Market Fund is a securities fund investing in fixed income securities of various durations at attractive yields to ensure return on the Fund is maximized.
- The ICEA LION Balanced Fund is a securities fund investing in both equities and fixed income securities of various durations at attractive yields to ensure return on the Fund is maximized.
- The ICEA LION Income Fund is a securities fund investing in both equities and fixed income securities of various durations at attractive yields to ensure return on the Fund is maximized.



Director



Director





OPERATING OVERVIEW

Economic growth has accelerated slightly despite external shocks. GDP grew by 5.3% during the first quarter of FY24, supported by an oil-related construction boom and robust growth in agriculture, despite volatile weather conditions. An uptick in private investments and employment growth reinforced domestic demand deeper into the year, with sustained increases in output, new orders, and employment. Hence we expect GDP to grow with an estimated range of 5% to 6.0% in FY24.

Annual headline inflation increased to 3.2% in April 2024 from 2.6% in December 2023 driven by services, energy prices, and the shilling depreciation. The inflation forecast for 2Q24 is expected to be between 3% and 4%, nearing the 5% target by Q1 FY2024/25. In April 2024, the Bank of Uganda's Monetary Policy Committee (MPC) increased the Central Bank Rate (CBR) to 10.25% from 10.00% to further anchor inflation around the medium-term target of 5%.

During the month of April 2024, the Ugandan shilling saw a 1.9% appreciation against the USD dollar. This was due to an increased supply of dollars from remittance flows as well as earnings from commodity exports, such as tea and coffee. As treasury yields are expected to gradually rise, offshore players are likely to demand more Uganda government debt, which in turn will increase the supply of hard currency. Consequently, it is possible that the shilling may continue to strengthen and trade within the 3710-3810 range.

Uganda's foreign reserves fell by about 12% between June 2023 and January this year because of external debt payments. Reserves fell from \$4.07 billion in June 2023 to about \$3.58 billion at the end of January 2024, reaching 3.4 months of import cover excluding oil project-related imports, the central bank said in its State of Economy Report.

All Share Index declined 0.4% month-on-month (m/m) in April 2024 from a gain of 14% in March 2024 largely due to a decline in turnover. The NASI declined by 5.8% month-on-month (m/m) in April 2024, a pullback from the previous month's gain (22.3%). Foreign investors remained net sellers during April 2024. However, foreign outflows were significantly lower compared to previous months.

We appreciate your continued investment with ICEA LION Asset Management Company (U) Limited and we are committed to prudent risk management and focus on delivering long-term value to our clients while actively navigating the ever-changing financial landscape.

Signed on behalf of the Fund Manager
ICEA LION Asset Management Company (U) Limited

Date: _____ 2024





REPORT OF THE TRUSTEE

Dear Unit Holders,

In accordance with section 121 (1) and (2) of the Collective Investment Scheme (Unit Trusts) Regulations 2003 of Uganda, we KCB bank (U) Ltd in our capacity as Trustee of ICEA Unit Trust Schemes, hereby confirm that:

- a) To the best of our knowledge, **ICEA LION Asset Management Company (U) Limited**, the Unit Trust manager has managed the scheme in accordance with the limitations imposed on the investment and borrowing powers of the Manager and Trustee by the Trust Deed, Scheme Particulars and all the regulations for the time being in force under section 31 of the Collective Investment Scheme Act 2003 of Uganda.
- b) That there were no deviations from any of the provisions of the Trust Deed and those of the Regulations.



Signed on behalf of the Trustee
28th March 2024



Signed on behalf of the Trustee
28th March 2024





REPORT OF THE INDEPENDENT AUDITOR TO THE UNIT HOLDERS OF THE ICEA LION UNIT TRUST FUNDS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the ICEA LION Unit Trust Funds (“the Fund”) set out on pages 11 to 26, which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in Unit holders’ balances and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Capital Markets Authority (Amendment) Act, 2016 and 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 are independent of the Fund in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA code) and other independence requirements applicable to performing audits of the financial statements in Uganda. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Fund Manager for the financial statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the requirements of the Capital Markets Authority (Amendment) Act, 2016 and 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 Funds’ 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 intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Fund Manager is responsible for overseeing the Funds’ 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.

REPORT ON OTHER LEGAL REQUIREMENTS

As required by the Capital Markets Authority (Amendment) Act, 2016, we report to you, based on our audit that:

- The annual financial statements submitted to the Authority together with the report give a true and fair view of the state of affairs of the Fund.
- The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Capital Markets Authority (Amendment) Act, 2016.
- The financial statements have been properly calculated and exceed the requirements stipulated under the Capital Markets Authority (Amendment) Act, 2016.
- Proper accounting records have been kept and adequate systems for their control have been maintained in accordance with the Collective Investment Schemes (Conduct of Business and Miscellaneous Provisions) Regulations, 2003 throughout the financial year.
- The reconciliation of customer assets have been properly performed in accordance with the Collective Investment Schemes (Conduct of Business and Miscellaneous Provisions) Regulations, 2003.
- Based on review procedures performed, nothing has come to the auditor's attention that leads the auditor to believe that the Fund held client money or customer's assets during the period covered under review .
- All information and explanations necessary for the purpose of the audit have been obtained. The Engagement Partner on the audit resulting in this independent auditor's report is CPA Geoffrey Byamugisha – P0231.

Nilesh Patel - P0374



Grant Tharnton

Certified Public Accountants




Kampala, Uganda





ICEA LION MONEY MARKET FUND STATEMENT OF COMPREHENSIVE INCOME

	NOTE	2023 UGX.000	2022 UGX.000
Interest income	4	32,378,530	20,647,179
Gains (losses) on financial assets measured at FVTPL	4	334,136	440,378
Total income		32,712,666	20,206,801
Operating expenses	5	3,783,049	2,544,853
		28,929,617	17,661,948
Profit before income tax		-	-
Taxation		28,929,617	17,661,948
Profit of the year		-	-
Other comprehensive income		28,929,617	17,661,948
Total comprehensive income for the year, net of tax			




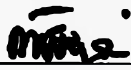


ICEA LION MONEY MARKET FUND STATEMENT OF FINANCIAL POSITION

	NOTE	2023 UGX.000	2022 UGX.000
ASSETS			
Cash and bank	6	882,099	3,339,416
Fixed and call deposits	7	83,082,245	28,844,220
Government securities at amortised cost	8	216,132,143	153,813,357
Government securities at fair value	8	20,894,074	11,579,776
Other receivables	9	648,441	32,228
Total assets		321,639,002	197,608,997
LIABILITIES			
Trade and other payables	10	1,116,114	711,692
Liabilities excluding net assets attributable to unit holders		1,116,114	711,692
Net assets attribute to unit holders		320,522,888	196,897,305
Total Net assets attributable to unit holders and liabilities		321,639,002	197,608,997

The financial statements were approved by the Fund Manager on 7th March 2024 and were signed on its behalf by:


Director


Director





ICEA LION FIXED INCOME FUND STATEMENT OF COMPREHENSIVE INCOME

	NOTE	2023 UGX.000	2022 UGX.000
INCOME			
Interest income	4	2,606,662	1,193,275
Gains on financial assets measured at FVTPL	4	580,483	504,184
Total income		3,187,145	1,697,459
Operating expenses	5	424,869	171,638
Profit before taxation		2,762,276	1,525,821
Taxation		-	-
Profit before taxation		2,762,276	1,525,821
Other comprehensive income		-	-
Total comprehensive income for the year		2,762,276	1,525,821






ICEA LION FIXED INCOME FUND STATEMENT OF FINANCIAL POSITION

	NOTE	2023 UGX.000	2022 UGX.000
ASSETS			
Cash at bank	6	4,973	141,314
Fixed and call deposits	7	4,620,626	-
Government securities measured at amortised cost	8	604,571	457,499
Government securities measured at FVTPL	8	14,306,378	13,783,303
Other receivables	9	601	59,690
Total assets		19,537,149	14,441,806
LIABILITIES			
Other payables	10	120,256	82,081
Liabilities (excluding unit holders' balances)			
Unit holders' balances		19,416,893	14,359,725
TOTAL LIABILITIES		19,537,149	14,441,806

The financial statements were approved by the Fund Manager on 7th March 2024 and were signed on its behalf by:



Director



Director





ICEA LION BALANCED FUND STATEMENT OF COMPREHENSIVE INCOME

	NOTE	2023 UGX.000	2022 UGX.000
INCOME			
Interest and dividend income	4	86,648	36,353
Gains / (losses) on financial assets measured at FVTPL	4	16,170	1,867
Total income		102,818	34,486
Operating expenses	5	31,703	26,454
Profit before taxation		71,115	8,032
Taxation		-	-
Profit for the year		71,115	8,032
Other comprehensive income		-	-
Total comprehensive income for the year		71,115	8,032






ICEA LION BALANCED FUND STATEMENT OF FINANCIAL POSITION

	NOTE	2023 UGX.000	2022 UGX.000
ASSETS			
Cash in bank	6	9,446	4,792
Fixed and call deposits	7	28,118	30,987
Government securities measured at amortised cost	7	191,130	168,229
Government securities measured at FVTPL	7	421,332	3,800
Equity investments measured at FVTPL	7	49,918	61,099
Other receivables	7	276	-
TOTAL ASSETS		700,220	268,907
LIABILITIES			
Other payables	8	15,108	12,551
Liabilities (excluding unit holders' balances)		15,108	12,551
Unit holders' balances		685,112	256,356
TOTAL LIABILITIES		700,220	268,907

The financial statements were approved by the Fund Manager on 7th March 2024 and were signed on its behalf by:



Director

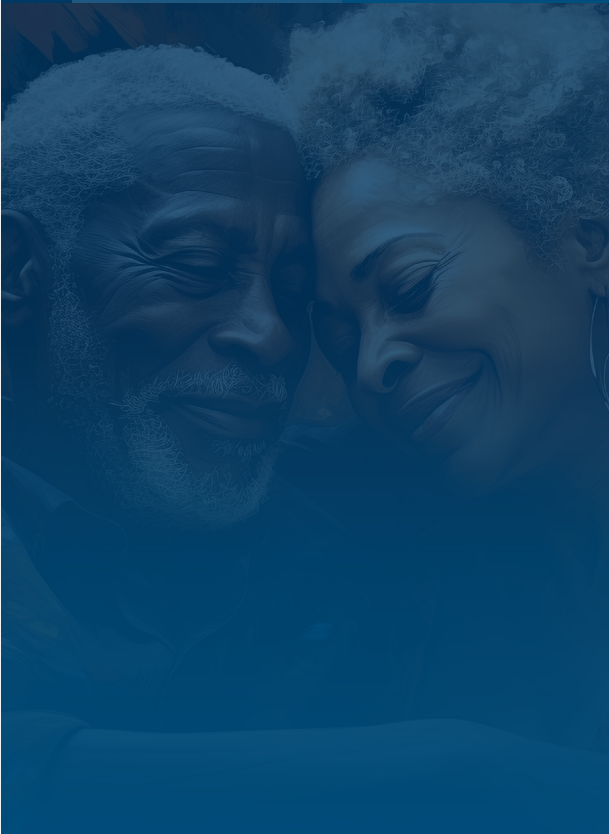


Director





ICEALION
ASSET MANAGEMENT



For more information,
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Rwenzori Courts, Ground Floor
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P.O.Box 33953 Kampala, Uganda
Email: contactcentre@icea.co.ug
Telephone: 0800 100 120

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