DV BALANCED FUND

ANNUAL REPORT

31 December 2017

CONTENTS

Fund information

Directors of the Fund Manager:
Chuka Eseka (Chairman)
Olaolu Mudasiru (Non-Executive Director)
Damilola Ajayi (Managing Director/CEO)

Fund Manager:
Vetiva Fund Managers Limited
Plot 266b KofoAbayomi Street
Victoria Island
Lagos, Nigeria
Tel: +234 1 461 7251-3, +234 1 270 9657-8
Email:funds@vetiva.com
Website: www.vetiva.com

Custodian:
Citibank Nigeria Limited
27, Kofo Abayomi Street
Victoria Island
Lagos

Trustee:
STL Trustees Limited
Skye Bank House
30 Marina, Lagos Island
Lagos

Registrars:
First Registrars Nigeria Limited
Plot 2 Abebe Village Road
Iganmu Complex
Lagos

Auditor:
KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
Lagos
www.kpmg.com/ng

Bankers:
Citibank Nigeria Limited
27, Kofo Abayomi Street
Victoria Island
Lagos

Fund Manager's Report
For the year ended 31 December 2017

The Fund Manager presents its report on the affairs of DV Balanced Fund ("the Fund") together with the financial statements and independent auditor's report for the year ended 31 December 2017.

BACKGROUND INFORMATION

The DV Balanced Fund ("The Fund") is an open-ended fund established in August 2014. It is a unit trust scheme which seeks to invest in a range of securities, including quoted equities, fixed income securities and money market instruments. The Fund employs an asset mix strategy which aims to achieve consistent growth primarily from a well-diversified portfolio of stocks. The asset mix also seeks to mitigate volatility associated with Nigerian equities market by holding an appropriate allocation of the Fund's assets in fixed income instruments.

INVESTMENT OBJECTIVE

The Fund is designed to enable unit holders achieve capital appreciation over time by obtaining exposure to Nigerian equities while mitigating the volatility associated with investing in the Nigerian equities market by investing in debt securities with fixed income streams.

INVESTMENT STRATEGY

Selection of securities for the Fund is driven by a detailed investment policy focused on value investing, return/yield maximization, prudent diversification and risk management. The Manager seeks to meet the Fund's objective by actively managing the portfolio based on the relative attractiveness of the equity, bond and money markets.

ASSET ALLOCATION

Based on our market outlook, the equity weighting for the Fund was maintained within the band of 30% - 35% based on expected volatility in the equities market. However allocation to the Money Market investments increased during the year, in light of relatively attractive yields.

Asset Class	31 December 2017		31 December 2016	
	Amount ₦	Percent	Amount ₦	Percent
Equities	44,083,722	31%	35,081,014	31%
Fixed Income	31,448,836	22%	30,448,336	27%
Money Market	54,212,372	38%	44,649,619	40%
Cash	13,296,798	9%	2,413,469	2%
Total	**143,041,728**	**100%**	**112,592,438**	**100%**

PROPOSED DIVIDEND

The Board of directors of the Fund Manager has recommended a distribution of ₦23.00 per unit holding for the year ended 31 December 2017. However, the distribution has not been effected as at 31 December 2017. Withholding tax will be deducted at the time of payment.

Fund Manager's Report
For the year ended 31 December 2017

NIGERIAN MACROECONOMIC REVIEW AND OUTLOOK

Real Economy:

Having taken tentative steps unto the path of economic recovery (9M'17 GDP growth: 0.4% y/y; FY'16 GDP growth: -1.6% y/y), the Nigerian economy is set to expand further in 2018, bolstered by increased production in the oil and agriculture sectors. Growth in the real sector should be supported by the tag-team of lower inflation and lower interest rates, as well as continued stability in the foreign exchange (FX) market and another attempt at fiscal stimulus. However, challenges abound, particularly pertaining to persistently weak consumer demand and an itchy investment climate ahead of the 2019 elections. With a base scenario of moderate economic disruption from political activities in the year, we still anticipate growth drivers to be more significant in 2018 – GDP growth forecast: 2.0% y/y. Should the political landscape remain stable for most of the year, and fiscal and monetary stimulus unleashed to a material effect, we estimate a 2.9% y/y growth for the year. On the other hand, our bear scenario projects an FY'18 GDP contraction of 0.3% y/y, under the assumption of high political uncertainty and an adverse shock to oil output. These forecasts compare to International Monetary Fund (IMF) and World Bank forecasts of 1.9% y/y and 2.5% y/y respectively.

Inflation:

Inflation has been stickier than expected in 2017, moderating from 18.6% y/y to 15.9% y/y in the first ten months of the year, and just recording a 35bps decline between May and October. The story is mixed across food and core inflation, however; Food inflation accelerated from 17.4% y/y at the end of 2016 to 20.3% in October, driven by multiple supply shocks from planting and transport costs. In contrast, Core inflation moderated from 18.1% in December 2016 to 12.2% in November 2017. Helped by the onset of the harvest season, food price pressures have receded in recent months – 0.85% m/m rise in October from 2.54% m/m in May – as transport and export diversion issues have been quelled. Development finance initiatives and efforts to increase fertilizer use among farmers would also boost staples production and exert downward pressure on prices. On the core front, we expect a stable currency to reduce imported inflation, and although higher global energy prices are a threat, pump prices of premium motor spirit (PMS) should remain contained by regulation and an implicit subsidy as we approach the 2019 elections. Given our expectation of slightly stronger consumer demand and material election spending in H2'18, the capacity of the economy to absorb these increases in aggregate demand would determine whether inflation alters its current downward trend.

Currency:
After struggling through a two-year currency crisis that saw the naira lose 45% of its value against the dollar at the official exchange rate (from ₦167.50 at the end of 2014 to ₦305.00 at the end of 2016), Nigeria's foreign exchange (FX) market experienced some semblance of stability for most of 2017. Higher dollar inflows from improved federal oil earnings buoyed external reserves and in turn its ability to defend the local currency, triggering a series of aggressive injections of dollars into the economy. FMDQ transactions show a significant improvement in liquidity through the year – total market turnover rose from $5.2 billion in January to $14.0 billion in September. Furthermore, the introduction of the "Investors & Exporters" window ("NAFEX" fixing), buoyed market confidence and spurred a mild economic recover. We expect that the health of oil earnings and the market structure are the two key parameters for the 2018 FX market.

Monetary Policy:
The Monetary Policy Committee (MPC) maintained monetary policy status quo at its final meeting of 2017. Defending the decision to hold all monetary levels at their previous levels, the MPC highlighted that tightening further may rein in inflation, but would adversely affect economic growth and financial stability. In a similar vein, easing prematurely – as has been advocated in certain quarters – may lower borrowing costs in the economy, but could pose a significant risk to price stability, foreign exchange stability, and external balances. Intent on stimulating economic growth, the CBN has signaled monetary easing in the coming months, pushing down yields in the fixed income market in the process. Lower inflation in 2018 should give the MPC room to cut interest rates. On the back of stronger base effects, we expect inflation to decline faster in H1'18, so foresee a rate cut during that period. Overall, our base assumption is a year-end MPR of 12%.

EQUITIES MARKET
Review and Outlook

Coming off a sustained downtrend (NSE ASI shed 35% between 2014 and 2016), the Nigerian bourse has enjoyed a very good 2017, advancing 42.3%. Chief among the drivers of this surge was the introduction of the "Investors & Exporters" foreign exchange window ("I&E" window) which revived investor confidence and boosted liquidity in the foreign exchange market (FX).

Going forward, we anticipate continued progress on this front amidst a positive outlook for FX earnings on the back of stable oil prices and production levels. Supplementing this, recent regulation points towards a more significant role for domestic institutions in the Nigerian market which would inevitably support demand. Amidst these, an improving economic environment would buoy company earnings and risk appetite in the market, especially given our expectation of lower interest rates in 2018. The commencement of election cycle by mid-2018 poses a risk to our outlook of a stronger 2018 as electioneering is likely to generate more volatility in policy and the economy, which may induce greater market uncertainty. We expect some investors (mainly foreign) to sit on the sidelines in the second half of the year as the political landscape evolves, but are cautiously optimistic that the likelihood of controversy-free elections would minimize market volatility.

FIXED INCOME AND MONEY MARKET
Review and Outlook:

Despite an initial anticipation of lower interest rates driven by moderating inflation expectation, yields in the fixed income market remained elevated in 2017 amidst sticky inflation and a resulting tight monetary policy environment. Added to this, partial liberalization of the foreign exchange market (FX) and consistent naira mop ups pressured liquidity through the year and kept the yield curve inverted. Also, the rapid expansion in bond supply has contributed to keeping yields elevated in recent times as the Federal Government (FG) domestic borrowing has overshot targets in recent years –₦1.44 trillion raised in 2017 ytd vs. target of ₦1.25 trillion, driven by weaker government revenues (2014: ₦9.3 trillion, 2016: ₦5.1 trillion) and delayed external funding.

In light of our expectation of lower inflation in 2018 – driven by base effects and relative stability in the FX and energy spaces – and a tilt towards stimulating economic growth, we expect looser monetary policy to steer yields downward in the fixed income market. This is in line with recent trend as Central Bank of Nigeria's (CBN) signals of imminent monetary easing have moderated rates in both primary and secondary markets – 1-year treasury bill cleared at 15.60% in November primary market auction vs. year-high of 18.98% in April. Consistent with the growth agenda, the Federal Government (FG) will look to reduce crowding out in the domestic debt market by shifting towards greater external borrowing. Beyond these, we expect FX market dynamics to remain a salient issue as the apex bank seeks to preserve gains made in this area. Amidst rising global interest rates and a greater risk of capital flight, FX market considerations could cap aggressive monetary easing during the year. Overall, we anticipate yield curve normalization in 2018, driven by looser monetary policy and a shift in the FG debt strategy towards external markets.

Auditors

Messrs. KPMG Professional Services having satisfied the relevant corporate rules on their tenure in office, have indicated their willingness to continue in office as auditor to the Fund. Therefore, the auditor will be re-appointed by the Fund Manager and Trustees of the Fund.

BY ORDER OF THE BOARD OF DIRECTORS OF THE FUND MANAGER

Chuka Eseka
Chairman
(FRC/2013/ICAN/00000003262)
29 March 2018

Damilola Ajayi
MD / CEO
(FRC/2013/ICAN/00000004412)
29 March 2018

Statement of Fund Manager's Responsibilities in Relation to the Financial Statements for the year ended 31 December 2017

The Fund Manager accepts responsibility for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Financial Reporting Council of Nigeria Act, 2011.

The Fund Manager further accepts responsibility for maintaining adequate accounting records as required by the Financial Reporting Coucil of Nigeria Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Fund Manager has made an assessment of the Fund's ability to continue as a going concern and have no reason to believe the Fund will not remain a going concern in the year ahead.

BY ORDER OF THE BOARD OF DIRECTORS OF THE FUND MANAGER:

Chuka Eseka
Chairman
(FRC/2013/ICAN/00000003262)
29 March 2018

Damilola Ajayi
MD / CEO
(FRC/2013/ICAN/00000004412)
29 March 2018

Certification of Accounts by Directors of the Fund Manager

The directors of the Fund Manager accept responsibility for the preparation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Financial Reporting Council Act of Nigeria (FRC) Act, 2011 and hereby certify that neither the Fund Manager nor any other person acting on its behalf has:

i transferred units to another person for sale, resale or subsequent transfer to the Fund Manager for sale or resale; or

ii acquired or disposed of investments for account of the Fund other than through a recognized stock exchange except where such investments consist of money market instruments or cash deposits; or

iii disposed of units to another person for a price lower than the current bid price; or

iv acquired units for a price higher than the current offer price.

Chuka Eseka
Chairman
(FRC/2013/ICAN/00000003262)
29 March 2018

Damilola Ajayi
MD / CEO
(FRC/2013/ICAN/00000004412)
29 March 2018

STL TRUSTEES
...Service built on Trust

Trustee's Report:

The Trustees present their report on the affairs of the DV Balanced Fund (the Fund), together with the audited financial statements for the year ended 31st December, 2017.

Principal activity:

The principal activity of the DV Balanced Fund ('The Fund') is to create an umbrella entity that would allow eligible investors to pool together their assets and resources for the purpose of collectively investing and re-investing in a diversified investment portfolio supervised and managed by a professional Fund Manager. To achieve a balanced mix of income and capital appreciation which will be re-invested in the Fund.

During the year under review, the Fund was administered in accordance with the Trustees Investment Act, CAP T22 LFN, 2004, the Investments and Securities Act, 2007, the provisions of the Trust Deed thereto, together with the rules and regulations set out by the regulatory bodies established pursuant to the legislation referred to within this paragraph ("Applicable Regulations"), taking into cognisance the prevailing market conditions as well as preserving of (and minimising possible losses to) Unitholders' funds.

Results:

The results for the year are extracted from the financial records prepared by the Fund Manager and have been duly audited in accordance with Section 169(1) of the Investments and Securities Act 2007, and the Trust Deed establishing the Fund.

The Net Asset Value of the Fund as at 31 December 2017 is as follows;

In thousands of Naira	31 December 17	31 December 16
Net Assets Value	136,495,653	107,654,061

The operating result for the year ended 31 December 2017, is as follows;

In thousands of Naira	31 December 17	31 December 16
Profit for the year/period	32,386,766	1,637,150

Distribution:

The Fund Manager propose to distribute dividend of ₦23.00k per unit for the year (2017).

Directors:

The directors of the Fund Manager who served on the board of the Fund Manager during the year under review and up to the date of approving these financial statements were:

- Mr Chuka Eseka (Chairman)
- Dr. Olaolu Mudasiru (Non-Executive Director)
- Mr. Damilola Ajayi

Responsibilities of the Fund Manager:

The Investments and Securities Act, 2007 requires the Fund Manager to keep proper books of account and prepare annual financial statements which give a true and fair view of the state of affairs of the unit trust scheme during the period covered by the financial statements.

In our opinion, the Fund Manager has in preparing the financial statements:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- ensured that the applicable accounting standards have been followed, and
- prepared the financial statements on a going concern basis; since it was appropriate to assume that the Fund shall continue to exist in the foreseeable future.

The Fund Manager was responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any point in time, the financial position of the Fund, and enable the Fund Manager to ensure that the financial statements comply with the Trustees Investment Act, CAP T22 LFN, 2004, the Investments and Securities Act, 2007 and the provisions of the Trust Deed thereto, together with the rules and regulations set out by the regulatory bodies established pursuant to the legislation referred to within this paragraph ("Applicable Regulations").

The Fund Manager is also responsible for maintaining adequate financial resources to meet its commitments and to manage the risks to which the Fund is exposed.

Responsibilities of the Trustee:

The responsibilities of the Trustee as provided by Securities and Exchange Commission's Rules and Regulations made pursuant to the Investments and Securities Act, 2007 are as stated below:

- Monitoring of the activities of the Fund Manager and the custodian on behalf of and in the interest of the Unitholders';
- Ensuring that the Custodian takes into custody all of the scheme's assets and holds it in trust for the holders in accordance with the Trust Deed and the Custodial Agreement;
- Monitoring the register of Unitholders' or contributors;
- Ascertaining the Fund Manager's compliance with the Applicable Regulations;
- Ascertaining that the monthly and other periodic returns/reports relating to the Fund are sent by the Fund Manager to the Commission;

- Taking all steps and executing all documents which are necessary to secure acquisitions or disposals properly made by the Fund Manager in accordance with the Trust Deed and Custodial Agreement;
- Exercising any right of voting conferred on it as the registered holder of any investment and/or forward to the fund manager within a reasonable time all notices of meetings, reports, circulars, proxy solicitations and any other document of a like nature for necessary action;
- Ensuring that fees and expenses of the fund is within the prescribed limits; and
- Acting at all times in the interest and for the benefit of Unitholders' of the scheme.

Administration of the Fund:

Further to the approval of the Securities & Exchange Commission, the Fund Manager reduced the equity weighting of the Fund below the 30% minimum band to 15% and also increased the band of the Money Market to 65% for a temporary period of 90days. Subsequently, the Fund Manager reverted to its earlier position of asset allocation as stated under the Trust Deed.

In other respects, the Fund appears to have been administered in accordance with the Applicable Regulations, taking into cognisance the prevailing market conditions as well as the goal of preserving and minimizing possible losses to Unitholders' funds.

Charitable donations:
The Fund did not make any charitable donations during the year. (2017)

Auditors:
KPMG Professional Services, having indicated their willingness to continue in office, shall do so in accordance with Section 169(1) of the Investments and Securities Act, 2007.

By Order of the Trustees

Funmi Ekundayo
FRC/2014/NBA/00000006946
Managing Director
STL Trustees Limited
Lagos, Nigeria

KPMG

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

Telephone 234 (1) 271 8955
234 (1) 271 8599
Internet www.kpmg.com/ng

INDEPENDENT AUDITOR'S REPORT

To the unit holders of **Vetiva DV Balanced Fund**

Opinion

We have audited the accompanying financial statements of Vetiva DV Balanced Fund (the Fund), which comprise the statements of financial position as at 31 December 2017, the statements of profit or loss and comprehensive income, statements of changes in net assets attributable to unit holders and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 15 to 33.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Financial Reporting Council of Nigeria Act, 2011.

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' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Quoted Equity securities at fair value through profit or loss

The Fund's investment in quoted equity securities measured at fair value through profit or loss makes up 91% of the total assets of the Fund (2016: 98%). Therefore, due to the significance of the account balance, any potential misstatements could have a material impact on the Fund's financial position and performance. This made the audit of these quoted equity securities a significant audit focus area.

Procedures

- We checked the existence of investments in quoted equity securities at year end by agreeing the portfolio investment holdings to confirmation of the Fund's investment holdings received from the custodian;
- We agreed the prices applied by Management in valuation of the portfolio to externally available quoted prices; and
- We recalculated the fair value of the investments in quoted equity securities and compared our calculation to the amount recorded by the Fund.

The Fund's accounting policy on financial assets at fair value through profit or loss and related disclosures and risks are shown in notes 3 (a) and 4 respectively.

Other Information

The Board of Directors of the Trustee of the Fund and the Board of Directors of the Fund Manager are responsible for the other information which comprises the Fund manger's report, Trustees report,Statement of Fund Manager's Responsibilities in relation to the financial statements, Certification of accounts by the Directors of the Fund Manager and other National disclosures but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact . We have nothing to report in this regard .

Responsibilities of the Fund Manager for the Financial Statements

The Directors of the Fund Manager are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Financial Reporting Council of Nigeria Act, 2011 and for such internal control as the Fund manager determine 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 Directors of the Fund manager are responsible for assessing the Fund's 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 intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the fund manager.
- Conclude on the appropriateness of fund manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Fund Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Signed:

Kabir O. Okunlola, FCA
FRC/ICAN/2012/00000000428
For: KPMG Professional Services
Chartered Accountants
29 March 2018
Lagos, Nigeria

Statement of financial position
As at 31 December 2017

	Note	31-Dec-17	31-Dec-16
		₦	₦
Assets			
Cash and cash equivalents	14	13,296,798	2,413,469
Financial assets at fair value through profit or loss	15	129,744,930	110,178,969
Accounts receivable	16	26,928	102,543
Total assets		143,068,656	112,694,981
Liabilities			
Accounts payable	17	6,573,003	5,040,920
Total liabilities		6,573,003	5,040,920
Net assets attributable to unitholders		136,495,653	107,654,061
Represented by:			
Equity attributable to unitholders at par	**18(b)(ii)**	107,911,766	108,761,641
Retained earnings	**18(b)(ii)**	28,583,887	(1,107,580)
Total		136,495,653	107,654,061

The accompanying notes are an integral part of these financial statements.

These financial statements were approved by the Board of Directors of the Fund Manager on 29 March 2018 and signed on its behalf by:

Chuka Eseka
(FRC/2014/ICAN/00000003262)
Chairman

Damilola Ajayi
(FRC/2013/ICAN/00000004412)
Managing Director/CEO

Additionally certified by:

Ayodeji Oshin
(FRC/2013/ICAN/00000003264)
Chief Financial Officer

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2017

	Note	31-Dec-17	31-Dec-16
		₦	₦
Interest income	7	15,923,579	9,565,127
Dividend income	8	2,428,053	1,923,992
Other income	9	317,492.00	-
Net gain/ (loss) from financial assets at fair value through profit or loss	10	18,806,594	(6,274,163)
Total revenue		37,475,718	5,214,956
Other operating expenses	11	(4,874,014)	(3,383,622)
Total expenses		(4,874,014)	(3,383,622)
Profit before tax		32,601,704	1,831,334
Income tax expense	12	(214,938)	(194,184)
Profit for the year		32,386,766	1,637,150
Other comprehensive income		-	-
Total comprehensive income for the year		32,386,766	1,637,150
Basic and diluted earnings per unit (kobo)		3,001	151

The accompanying notes are an integral part of these financial statements.

Statements of changes in net assets attributable to Unitholders

For the year ended 31 December 2017	Note	Unit holders' equity at par	Retained earnings	Total equity
In Naira				
Balance at 1 January 2017		108,761,641	(1,107,580)	107,654,061
Other comprehensive income		-	-	-
Profit for the year		-	32,386,766	32,386,766
Total comprehensive income for the year		108,761,641	31,279,186	140,040,827
Transactions with unitholders, recorded directly in equity:				
Subscriptions to unit holder's equity	18(b)(ii)	-	-	-
Redemption of unit holder's equity	18(b)(ii)	(849,875)	6,130	(843,745)
Fair value gain on redemption	18(b)(ii)	-	-	-
Distribution paid to unitholders	18(b)(ii)	-	(2,701,429)	(2,701,429)
Total contribution and redemption by unitholders		(849,875)	(2,695,299)	(3,545,174)
Balance at 31 December 2017		107,911,766	28,583,887	136,495,653

For the year ended 31 December 2016	Note	Unit holders' equity at par	Retained earnings	Total equity
In Naira				
Balance at 1 January 2016	18(b)(ii)	109,966,796	(2,687,357)	107,279,439
Increase in net assets attributable to unitholders for the year				
Profit for the year	18(b)(ii)	-	1,637,150	1,637,150
Transactions with unitholders, recorded directly in equity:				
Subscriptions to unit holder's equity	18(b)(ii)	211,019	(13,109)	197,910
Redemption of unit holder's equity	18(b)(ii)	(1,416,174)	64,514	(1,351,660)
Fair value loss on subsciption		-	-	-
Fair value gain on redemption		-	(108,778)	(108,778)
Total contribution and redemption by unitholders		(1,205,155)	(57,373)	(1,262,528)
Balance at 31 December 2016		108,761,641	(1,107,580)	107,654,061

The accompanying notes are an integral part of these financial statements.

Statement of cash flows
For the year ended 31 December 2017

	Note	31 Dec 2017	31 Dec 2016
		₦	₦
Cash flows from operating activities			
Profit after tax		32,386,766	1,637,150
Add: tax expense	12	214,938	194,184
Profit before tax		32,601,704	1,831,334
Adjustment for:			
- Interest income	7	(15,923,579)	(9,565,127)
- Reversal of excess accrual on custody fee	9	(317,492)	-
- write back of dividend income	11	102,543	-
- Dividend income	8	(2,428,053)	(1,923,992)
- Net (gain)/ loss on financial assets at fair value through profit or loss	10	(18,806,594)	6,274,163
		(4,771,471)	(3,383,622)
Changes in:			
Financial assets at fair value through profit or loss	23(a)	3,881,641	(31,636,467)
Accounts receivable	23(b)	-	1,512,662
Accounts payable	23(c)	1,849,575	794,525
Cash used in operations		959,745	(32,712,902)
Interest received	23(a)	11,275,959	6,697,127
Dividend received	23(b)	2,401,125	1,821,449
Tax paid	12	(214,938)	(194,184)
Net cash generated from/(used in) operating activities		14,421,891	(24,388,510)
Cashflows from financing activities			
Proceeds from subscription	23(d)	-	197,910
Distribution to unit holders	18(b)(ii)	(2,701,429)	(108,778)
Redemption by unitholders	23(e)	(843,745)	(1,351,660)
Net cash used in financing activities		(3,545,174)	(1,262,528)
Net increase in cash and cash equivalents		10,876,717	(25,651,038)
Cash and cash equivalents at the beginning of the year		2,407,239	28,058,277
Cash and cash equivalents at the end of the year	23(f)	13,283,956	2,407,239

Notes to the financial statements
For the year ended 31 December 2017

1 Reporting entity

The DV Balanced Fund ("the Fund") is an open ended mutual fund domiciled in Nigeria. It was approved by the Securities and Exchange Commission ("SEC") on 15 August 2014 and was officially launched on 26 August 2014. The Fund is not a legal entity but is constituted and exists under the Trust Deed with STL Trustees Limited as its Trustee. The Fund invests in a diversified pool of equity securities in the Nigerian capital market and also in fixed income and money market securities. The address of the Fund's registered office is 266b Kofo Abayomi Street, Victoria Island Lagos.

The underlying objective of the Fund is to enable unit holders achieve capital appreciation overtime while mitigating volatility associated with investing in the Nigerian equities market
The investment activites of the Fund are managed by Vetiva Fund Management Limited (the Fund Managers

2 Basis of preparation

(a) Statement of compliance with IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Financial Reporting Council of Nigeria Act, 2011.

The financial statements were authorized for issue by the Board of Directors of the Fund Manager on 29 March 2018 .

(b) Basis of measurement

The financial statements have been prepared using appropriate accounting policies, supported by reasonable judgements and stimates. The Fund Managers have a reasonable expectation, based on an appropriate assessment of a comprehensive range of factors, that the Fund has adequate resources to continue to continue as going concern for the foreseeable future.

The financial statements have been prepared on a historical cost basis, except financial instruments measured at fair value through profit or loss, other financial instruments that are initially measured at fair value and subsequently at amortised cost. The Fund applies the accrual method of accounting where all income is recognized when earned and all expenses recognized once incurred.

Historical cost is generally based on the amount of cash and cash equivalent paid or received or fair value of consideration received or paid in exchange for assets and liabilities.

(c) Functional and presentation currency

The financial statements are presented in Naira, which is the functional currency of the Fund.

(d) Reporting period

The financial statements have been prepared for the 12 months period ended 31 December 2017

(e) Use of estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgments, estimates and assumptions that can affect the application of the accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period which the estimates are revised and in any future periods affected.

Information about significant areas of critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 5 to the financial statements.

Notes to the financial statements
For the year ended 31 December 2017

3 Statement of significant accounting policies

(a) Financial instruments

(i) Introduction

Financial instruments include all financial assets and liabilities. These instruments are typically held for liquidity, investment, or trading purposes.

(ii) Initial recognition

All financial instruments are initially recognised at fair value plus directly attributable transaction costs, except those carried at fair value through profit or loss where transaction costs are recognised immediately in profit or loss. Financial instruments are recognised (derecognised) on the date the Fund commits to purchase (sell) the instruments (trade date accounting).

(iii) Classification and subsequent measurement

The Fund classifies its financial assets and liabilities into the following categories:
• Financial assets at fair value through profit or loss - Investment securities
• Loans and receivables - cash and cash equivalents and account receivables
• Other financial liabilities - accounts payable
Management determines the classfication of of its financial instruments at initial recognition.

Financial assets at fair value through profit or loss
Classification
Financial assets classified at fair value through profit or loss at inception are financial assets that are not classified as held for trading but are managed, and their performance is evaluated, on a fair value basis in accordance with the Fund's documented investment strategy. These assets are managed, evaluated and reported internally on a fair value basis.

Subsequent measurement
Financial assets at fair value through profit and loss are subsequently measured at fair value with changes in fair value recorded in profit or loss.

Loans and receivables
Classification
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the Fund intends to sell immediately or in the short term, which are classified as held for trading and those that the Fund upon initial recognition, designates as fair value through profit or loss;

- those that the Fund upon initial recognition designates as available for sale; or those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivable comprise cash and cash equivalents and accounts receivable

- **Cash and cash equivalents**

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of less than ninety days from the acquisition date. These financial instruments can be converted to a known amount of cash, are subject to an insignificant risk of changes in their fair value, and are used by the Fund in the management of short-term commitments.

- **Accounts receivable**

Accounts receivable comprises dividend income earned but not yet received by the Fund. It also comprises other receivables or prepayments made by the Fund.

Subsequent measurement

Loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Notes to the financial statements
For the year ended 31 December 2017

Other financial liabilities

Other financial liabilities are financial liabilities that are not classified as held-for-trading or designated at fair value through profit or loss. These financial liabilities are measured subsequently at amortized cost.

(iv) Amortised cost measurement and effective interest

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisations using the effective interest rate methods of any difference between the initial amount recognised and the maturity amount minus any reduction for impairment.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument. When calculating the effective interest rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. Interest received or receivable, and interest paid or payable, are recognised in profit or loss as interest income and interest expense, respectively.

Origination transaction costs and origination fees received that are integral to the effective rate are capitalized to the value of the loan and amortized through interest income as part of the effective interest rate.

(v) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of an asset or liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Fund determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis during the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

(vi) Impairment of financial assets

A financial asset not classified at fair value through profit or loss is assessed at each reporting date, to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets is "impaired" and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Notes to the financial statements
For the year ended 31 December 2017

Objective evidence that financial assets are impaired include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of the amount due on terms that the Fund would not otherwise consider, indications that a borrower or issuer will enter bankruptcy or adverse changes in the payment status of the borrower.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flow discounted at the assets original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired assets continue to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(vii) Derecognition
Financial assets
The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Fund neither transfers nor retains substantially all the risk and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the assets (or the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest or in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

The Fund enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfer of assets with retention of all or substantially all risks and rewards include securities lending and repurchase transactions.

Financial liabilities
The Fund derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

(viii) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Fund has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Incomes and expenses are presented on a net basis only when permitted under International Financial Reporting Standards (IFRS).

(b) Interest income and interest expense

Interest income and expense, including interest income from non-derivative financial assets at fair value through profit or loss, are recognised in profit or loss, using the effective interest method.

(c) Dividend income

Dividend income is recognised in profit or loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. Dividend income from equity securities are recognised in profit or loss as a separate line item.

(d) Fair value gains/losses on financial instruments

Net gain from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences, but excludes interest and dividend income, and dividend expense.
The realised gain from financial instruments at fair value through profit or loss is computed as the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its sale or settlement price while the unrealised gain is calculated as the difference between the carrying amount of a financial instrument at the beginning period, or the transaction price if it was purchased in the current reporting period, and its fair value at the end of the period.

Notes to the financial statements
For the year ended 31 December 2017

(e) Expenses

Expenses comprising management fees, custodian fees, registrar fees, trustee's fees, auditor's fees, and other expenses are recognised over the period in which the services are rendered, in accordance with the substance of the Trust Deed and relevant agreements.

(f) Transaction costs

Transaction costs are costs incurred to acquire financial assets or; liabilities. They include the bid-ask spread, fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges.

Transaction costs incurred on financial assets or liabilities other than those designated at fair value through profit or loss are capitalised as part of the carrying amount of the financial asset or financial liability on initial recognition, and amortised over the life of the financial instrument.
Transaction costs incurred for financial assets and liabilities classified as fair value through profit or loss are expensed when incurred.

(g) Taxation

The Fund is exempt from paying income taxes under the current system of taxation in Nigeria. However, dividend income and interest income on fixed interest and dividend income received by the Fund are subject to withholding tax in Nigeria and represent final income tax on the profit for the period. During the period, the withholding tax rate was 10%.

(h) Capital

(i) Equity attributable to unitholders

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.
The Fund's units in issue are financial instruments issued by the Fund and on liquidation of the Fund, the Unitholders are entitled to the residual net assets. They rank pari passu in all material respects and have identical terms and conditions. The units provide the investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at each redemption date and also in the event of the Fund's liquidation.

A puttable financial instrument that includes a contractual obligation for the Fund to repurchase or redeem that instrument for cash or another financial asset is classified as equity if it meets all the of the following conditions:

- It entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- It is in the class of instruments that is subordinate to all other classes of assets of instruments;
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- Apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial assets, the instruments does not include any other features that would require classification as a liability; and
- The total expected cash flows attributable to the instruments over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

The Fund's units meet these conditions and are classified as equity.

(ii) Repurchase of units
When units recognised as equity are redeemed, the par value of the units is presented as a deduction from capital. Any premium or discount to par value is recognised in retained earnings.

(i) Earnings per unit
The Fund presents basic and diluted earnings per unit data for its units. Basic earning per unit is calculated by dividing the profit or loss attributable to unit holders of the Fund by the total number of units outstanding during the period.

(j) Contingent liabilities
A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund. Contingent liabilities are disclosed in the financial statements.

Notes to the financial statements
For the year ended 31 December 2017

(k) Standards and interpretations issued but not yet effective
The Fund has consistently applied the accounting policies set out in notes 3(a) - 3(i) to all periods presented in these financial statements

New standards, amendment and interpretations issued but not yet effective
A number of new standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted, however, the Fund has not early applied these new or amended standards in preparing these financial statements. The one standard potentially relevant to the Fund is IFRS 9 *Financial*
(a) Financial Instruments (IFRS 9)
The Fund is required to adopt IFRS 9 Financial Instruments from 1 January 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It carries forward the guidance on recognition and dereognition of financial instruments from IAS 39.

Classification of financial assets and financial liabilities

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.
The standard includes three principal classifcation categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and FVTPL. It eleiminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurated. Instead, the whole hybrid instrument is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classifcation of financial liabilites. However, although under IAS 39 all fair value changes of liabilites designated as at FVTPL are recognised in profit or loss, under IFRS 9 these fair value changes are generally presented as follows:
- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss

Based on the Fund's assessement, this standard is not expected to have a material impact on the classification of financial assets and financial liabilities of the Fund. This is because:

- the financial instruments currently classified as held-to-maturity under IAS 39 *Financial Instruments: Recognition and Measurement* will continue to be classified as such under IFRS 9
- financial instruments currently measured at FVTPL under IAS 39 are designatd into this category because they are managed at fair value basis in accordance with a documented investment strategy. Accordingly, these financial instruments will be mandatorily measured at FVTPL under IFRS 9; and
- financial instruments currently measured at amortised cost: cash balances and receivables from reverse sale and repurchased agreements. These instruments meet the solely payments of principal and interest (SPPI) criterion and are held in a held-to-collect business model.
Accordingly, they will continue to be measured at amortised cost under IFRS 9.
- financial instruments currently measured at AFS under IAS 39 will be measured at FVOCI under IFRS 9. Consequently, all fair value gains and losses will be reported in OCI, no impairment losses will be recognised in profit or loss and no gains or losses will be reclassified to profit or loss on disposal.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changed in economic factors affects ECLs, which will be dtermined on a probability-weighted basis.
The new impairment model will apply to financial assets at amortised cost of FVOCI, except for investments in equity instruments.
Under IFRS 9, loss allowances will be measured on either of the following bases
- 12-month ECLs: these are ECLs that result from possible default events within 12 months after the reporting date, and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Hedge accounting

The fund does not apply hedge accounting; therefore, IFRS 9 hedge accounting-related changes do not have an impact on the financial statements of the Fund

Disclosures

IFRS 9 will require extensive new disclosures, in particular about credit risk and ECLs.

Transition

Changes in accounting policies resulting from adoption of IFRS 9 will generally be applied retrospectively, except as described below.
- The Fund will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment changes). Differences in carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will be recognised in retained earnings and reserves as at 1 January 2018
- The following assessments have to be made by the Fund on the basis of the facts and circumstances that exist at the date of initial application.
    - the determination of the business model within which a financial asset is held
    - the designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL

(b) Revenue from Contracts with Customers (IFRS 15)

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or overtime. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.
The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration which the entity expects to be entitled to in exchange for those goods and services. The standard incorporates a five step analysis to determine the amount and timing of revenue recognition.
The standard is not expected to have a significant impact on the Fund as the Fund's revenue is mainly interest income.

Notes to the financial statements
For the year ended 31 December 2017

(c) Leases (IFRS 16)

This standard will replace the existing standard IAS 17 *Leases* as well as the related interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, being the lessee (customer) and the lessor (supplier).
The core principle of this standard is that the lessee and lessor should recognise all rights and obligations arising from leasing arrangements on balance sheet.
The most significant change pertaining to the accounting treatment of operating leases is from the lessees' perspective IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and introduces a single lessee accounting model, where a right of use (ROU) as set together with a liability for the future payments is to be recognised for all leases with a term of more than 12 months, unless the underlying asset is of low value.
The lessor accounting requirements in IAS 17 has not changed substantially in terms of this standard as a result a lessor continues to classify its leases as operating leasesor finance leases and accounts for these as it currently done in terms of IAS 17. In addition, the standard requires lessor to provide enhanced disclosures about its leasing activities and in particular about its exposure to residual value risk and how it is managed.

The Fund is yet to carry out an assessment to determine the impact that the initial application of IFRS 16 could have on the Fund.

4 Financial risk management and fair value disclosures
Introduction and overview
The Fund is exposed to the following risks from financial instrument
- Market risk
- Credit risk
- Liquidity risk
- Concentration risk

Risk management framework
The Fund Manager has a discretional authority to manage the asset in line with the Fund's investment objectives in compliance with target asset allocation and composition of the portfolio is monitored by the investment committee on a regular basis.
In instances where the portfolio has diverged from the target asset composition the Fund Manager is obliged to take actions to rebalance the portfolio in line with established targets within the prescribed time limits.
The Fund uses different methods to measure the various types of risks and the means of managing them are documented below:

a Market risk
Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuers credit standing) will affect the Fund's income or the fair value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Fund's market risk is affected by changes in actual market prices.

(i) *Foreign exchange risk*
The Fund does not have transactions in any other currency except the Fund's functional currency in Naira. Hence, it is not exposed to foreign exchange risk

(ii) *Interest rate risk*
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the fund invests in interest-bearing financial instruments. The Fund's interest rate risk is concentrated in its investment in bonds and treasury bills. The table below summarizes the Fund's interest rate exposure at the end of the period and the impact of fluctuation in interest rates on the Fund's profit and net asset value.

In Naira	31-Dec-17	31-Dec-16
Bonds	31,448,836	30,448,336
Treasury bills	54,212,372	44,649,619
Total exposure	85,661,208	75,097,955

The Fund's investments are in Federal Government bonds

	31-Dec-17	31-Dec-16
Interest income for the year/period	15,923,579	9,565,127
Percentage of interest income to total exposure	18.6%	12.7%
Impact of interest rate movement on profit and net assets attributable to unitholders		
+ 1%	856,612	750,980
+ 2%	1,713,224	1,501,959
+ 5%	4,283,060	3,754,898
- 1%	(856,612)	(750,980)
- 2%	(1,713,224)	(1,501,959)
- 5%	(4,283,060)	(3,754,898)

(iii) *Market price risk*
The Fund's strategy for the management of market risk is driven by the Fund's investment objectives. The Fund's investment objectives, policies and processes are aimed at instituting a model that objectively identifies, measures and manages market risks in the Fund. The Fund's market position are monitored on a periodic basis by the investment committee. The investments of the Fund are subject to normal market fluctuations and the risk inherent in investment in financial instruments. The market risk is managed and reduced through a careful selection of securities within the limits of investment objectives and strategy. In addition, the risk is managed through diversification of assets held while the rebalancing policy in place allows for bringing within limit any security which may have exceeded its limit as a result of market established limits.

A breakdown of the Fund's investment portfolio as at 31 December 2017 is shown in note 13(b).
The sensitivity analysis set out below show the impact of a 1%, 2% and 5% increase and decrease in the value of equities carrying value based on the exposure to equity price risk at the reporting date.

Notes to the financial statements
For the year ended 31 December 2017

	31-Dec-17	31-Dec-16
Year end carrying value	44,083,723	35,081,014
Impact of price movement on profit and net assets attributable to unitholders:		
+ 1%	440,837	350,810
+ 2%	881,674	701,620
+ 5%	2,204,186	1,754,051
- 1%	(440,837)	(350,810)
- 2%	(881,674)	(701,620)
- 5%	(2,204,186)	(1,754,051)

The sensitivity analysis set out below show the impact of a 1%, 2% and 5% increase and decrease in the value of bonds and treasury bills carrying value based on the exposure to price risk at the reporting date.

	31-Dec-17	31-Dec-16
Year end carrying value	54,212,372	75,097,955
Impact of interest rate movement on profit and net assets attributable to unitholders:		
+ 1%	542,123.72	750,979.55
+ 2%	1,084,247.45	1,501,959.11
+ 5%	2,710,618.62	3,754,897.77
- 1%	(542,123.72)	(750,979.55)
- 2%	(1,084,247.45)	(1,501,959.11)
- 5%	(2,710,618.62)	(3,754,897.77)

b Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has to the Fund resulting in a financial loss.

The Fund is subject to credit risk from the following:

- its holdings in money market placements
- current account balances with local banks
- investments in FGN bonds and treasury bills
- dividend receivable

The Fund limits this exposure to credit loss by placing funds with banks and investing in securities issued by entities with high credit quality. As at 31 December 2017, the Fund had placements totaling N12,513 with banks (December 2016: N2 million).

The Fund's cash is held with the custodian, Citibank Nigeria Limited, a subsidiary of Citigroup Incorporated. The credit risk is considered minimal as the counterparty has always maintained high credit ratings as assigned by international credit rating agencies. Similarly, the fund has placements with Access Bank. These banks are considered to have low credit risk as they have always maintained quality credit ratings.

In line with the Trust Deed, the Fund is not authorized to engage in securities lending.

c Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's Trust Deed provides for daily creation and cancellation of units and it is therefore exposed to liquidity risk of meeting unit holders' redemptions. Liquidity risk is managed by investing the Fund's assets in investments that are traded in an active market and can be easily disposed. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

The Fund's investments are considered readily realizable and highly liquid; therefore, the Fund's exposure to liquidity risk is considered minimal. The following were the contractual maturities of financial assets and liabilities at the reporting date. The amounts are gross and undiscounted.

Notes to the financial statements
For the year ended 31 December 2017

31 December 2017	Note	Carrying amount	Gross nominal value	Less than 3 months	Contractual cash flows 3 - 9 months	> 9 months
In Naira						
Cash and cash equivalents	14	13,296,798	13,296,798	13,296,798	-	-
Quoted equities	15	44,083,722	44,083,722	44,083,722		
Treasury bills	15	54,212,372	56,800,000	-	44,800,000	12,000,000
FGN Bonds	15	31,448,836	44,083,723	-	-	44,083,723
Accounts receivables	16	26,928	26,928	26,928	-	-
Total financial assets		143,068,656	158,291,171	57,407,448	44,800,000	56,083,723
Accounts payable *(excluding VAT payable)*	17	6,573,003	6,573,003	6,573,003	-	-
Net assets attributable to unitholders		136,495,653	136,495,653	136,495,653	-	-
Total financial liabilities		143,068,656	143,068,656	143,068,656	-	-
Gap (assets-liabilities)		(0)	15,222,514	(85,661,208)	44,800,000	56,083,723
Cumulative liquidity gap				(85,661,208)	(40,861,208)	15,222,514

31 December 2016	Note	Carrying amount	Gross nominal value	Less than 3 months	3 - 9 months	> 9 months
In Naira						
Cash and cash equivalents	14	2,413,469	2,413,469	2,413,469	-	-
Quoted equities	15	35,081,014	35,081,014	35,081,014	-	-
Treasury bills	15	44,649,619	51,250,000	6,650,000	13,600,000	31,000,000
FGN Bonds	15	30,448,336	45,472,400	2,253,300	-	43,219,100
Dividend receivables	16	102,543	102,543	102,543	-	-
Total financial assets		112,694,981	134,319,426	46,500,326	13,600,000	74,219,100
Accounts payable *(excluding*	17	5,040,920	5,040,920	5,040,920	-	-
Net assets attributable to unitholders		107,654,061	107,654,061	107,654,061	-	-
Total financial liabilities		112,694,981	112,694,981	112,694,981	-	-
Gap (assets-liabilities)		-	21,624,445	(66,194,655)	13,600,000	74,219,100
Cumulative liquidity gap				(66,194,655)	(52,594,655)	21,624,445

d Concentration risk

Concentration risk refers to any single exposure or group of exposures large enough to cause credit losses which threaten the fund's capital adequacy or ability to maintain its core operations. It is the risk that common factors within a risk type or across risk types cause credit losses or an event occurs within a risk type which results to credit losses.
A breakdown of the Fund's investment portfolio as at 31 December 2017 is shown in note 15.

5 Uses of estimates and judgments

(a) Critical accounting judgment in applying the Fund's accounting policies
(i) Financial asset and liability classification
The Fund's accounting policies provide a guide for assets and liabilities to be classified at inception into different accounting categories in certain
- In classifying financial assets at fair value through profit or loss, the Fund has determined that it has met the criteria for this classification as set out in
- The unit holders interest is classified as equity, as the Fund has determined that it has met the criteria for this classification set out in note 3(h)(i).

(ii) Valuation of financial instruments
The Fund's accounting policy on fair value measurement is discussed in note 3(a)(v).
The Fund measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

(i) Level 1 : Quoted market price (unadjusted) in an active market for an identical instrument
(ii) Level 2 : Valuation techniques based on observable inputs, either directly; (i.e. as prices) or indirectly (i.e. derived from prices). This category includes
(iii) Level 3 : Valuation techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes

Notes to the financial statements
For the year ended 31 December 2017

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted prices or dealer price quotations. For all other financial instruments the Fund determines fair values using valuation techniques. Valuation techniques include net present value and discounted cashflow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bonds and equity prices, foreign currency exchange rates, equity and equity index prices volatilities and correlations. The objective of valuation technique is to arrive at a fair value determination that reflects the price of the financial instruments at reporting date that would have been determined by market participants acting at arm's length.

Availability of observable market prices and model inputs reduces the need for management judgment and estimation and reduces the uncertainty associated with determination of fair value. Availability of observable market prices and inputs varies depending on the produce and market and is prone to changes based on specific events and general conditions in the financial markets.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised.

31 December 2017

	Note	Level 1	Level 2	Level 3	Total
In Naira					
Equity Investments	15	44,083,722	-	-	44,083,722
Treasury bills	15	54,212,372	-	-	54,212,372
Bonds	15	31,448,836			31,448,836
		129,744,930	-	-	129,744,930

31 December 2016

	Note	Level 1	Level 2	Level 3	Total
In Naira					
Equity investment	15	35,081,014	-	-	35,081,014
Treasury bills	15	44,649,619			44,649,619
Bonds	15	30,448,336	-	-	30,448,336
		110,178,969			110,178,969

(b) Financial instruments not measured at fair value

The financial assets not measured at fair value include cash and cash equivalent, receivables and payables. These are short-term financial assets and financial liabilities whose carrying amounts approximate fair value, because of their short-term nature and the high credit quality of counterparties.

6 Classification of financial assets and liabilities

The table below shows the categories into which the line items of financial instruments have been classified:

31 December 2017	Note	At fair value through profit or loss	Loans and receivables	Other financial liabilities	Total carrying
Cash and cash equivalents	14	-	13,296,798	-	13,296,798
Financial assets at fair value through profit or loss	15	129,744,930	-	-	129,744,930
Dividend receivable	16	-	26,928	-	26,928
		129,744,930	13,323,726	-	143,068,656
Accounts payable *(excluding VAT payable)*	17	-	-	6,573,003	6,573,003
		-	-	6,573,003	136,495,653

31 December 2016	Note	At fair value through profit or loss	Loans and receivables	Other financial liabilities	Total carrying
Cash and cash equivalents	14	-	2,413,469	-	2,413,469
Financial assets at fair value through profit or loss	15	110,178,969	-	-	110,178,969
Dividend receivable	16	-	102,543	-	102,543
		110,178,969	2,516,012	-	112,694,981
Accounts payable *(excluding VAT payable)*	17	-	-	5,040,920	5,040,920
		-	-	5,040,920	107,654,061

Notes to the financial statements
For the year ended 31 December 2017

7 Interest Income

	31-Dec-17	31-Dec-16
Interest income on financial instruments at fair value through profit or loss:		
Treasury bills	11,019,753	2,665,529
FGN Bonds	4,501,843	6,451,331
	15,521,596	9,116,860
Interest income on placements		
Placement with banks	401,983	448,267
	401,983	448,267
Total interest income	**15,923,579**	**9,565,127**

8 Dividend Income

	31-Dec-17	31-Dec-16
Dividend income	2,428,053	1,923,992
	2,428,053	**1,923,992**

9 Other income

	31-Dec-17	31-Dec-16
Reversal of excess accrual on custody fee	317,492	-
Total	317,492	-

10 Net gain/ (loss) on financial assets at fair value through profit or loss

	31-Dec-17	31-Dec-16
Gain on disposal of investments	6,711,218	728,425
Fair value gain/ (loss) on equity investments	10,283,575	944,695
Fair value gain/ (loss) on debt securities	1,811,801	4,601,043
	18,806,594	**6,274,163**

11 Other operating expenses

	31-Dec-17	31-Dec-16
Registrar's fees	593,145	845,250
Auditor's remuneration	630,000	500,000
Custodian's fees	199,414	161,452
Trustee's fees	66,233	77,200
Management fees	1,986,988	1,711,689
Transaction costs on financial assets at fair value through profit or loss	175,723	82,142
Bank charges	4,295	5,889
Write off - dividend income	102,543	-
Administrative expense	1,115,673	-
	4,874,014	**3,383,622**

12 Income tax expense

The Fund is exempt from paying income taxes under the current system of taxation in Nigeria. However, dividend income and interest income on fixed deposits received by the Fund are subject to withholding tax in Nigeria and represent final income tax on the profit for the year. During the year, the withholding tax rate was 10%.

	31-Dec-17	31-Dec-16
Withholding tax on divdend and interest income	214,938	194,184
Total tax expense	214,938	194,184

13 Earnings per unit (basic and diluted)
Earnings per unit is calculated by dividing the profit for the year by the number of units as at year end

	31-Dec-17	31-Dec-16
Profit for the year	32,386,766	1,637,150
Number of units as at year end (see note 18(b))	1,079,277	1,087,777
Earnings per unit (kobo)	3,001	151

The Fund does not have any dilutive potential units. Therefore, basic earnings per unit and diluted earnings per unit are the same for the Fund

14 Cash and cash equivalents

	31-Dec-17	31-Dec-16
Cash and cash equivalents comprise		
Bank balances	783,955	407,239
Placements with banks	12,512,843	2,006,230
	13,296,798	2,413,469

15 Financial assets at fair value through profit or loss

	31-Dec-17	31-Dec-16
(a) Financial assets at fair value through profit or loss comprise:		
Equity investments (quoted)	44,083,722	35,081,014
Treasury bills	54,212,372	44,649,619
FGN Bonds	31,448,836	30,448,336
	129,744,930	110,178,969

	31-Dec-17	31-Dec-16
Current	98,296,094	79,730,633
Non Current	31,448,836	30,448,336
Balance, end of year	129,744,930	110,178,969

Notes to the financial statements
For the year ended 31 December 2017

(b) Analysis of investment portfolio

The concentration of the investment portfolio of the Fund was as follows

				31 December 2017
Quoted equities	Sector	Market value	% of total quoted securities	% of total investments
Access Bank Plc	Financial Service:	4,619,945	10.48%	3.25%
Dangote Cement Plc	Industrial Goods	5,331,400	12.09%	3.75%
Dangote Sugar Plc	Consumer Goods	1,190,000	2.70%	0.84%
First Bank of Nigeria Holding Company	Financial Service:	2,376,000	5.39%	1.67%
Flourmill Nigeria Plc	Consumer Goods	1,252,800	2.84%	0.88%
Guaranty Trust Bank	Financial Service:	5,338,250	12.11%	3.75%
Guinness Nigeria Plc	Consumer Goods	1,269,000	2.88%	0.89%
Nigerian Breweries Plc	Consumer Goods	3,159,358	7.17%	2.22%
Nestle Nigeria Plc	Consumer Goods	1,493,750	3.39%	1.05%
Total Nigeria Plc	Oil and Gas	1,168,146	2.65%	0.82%
UACN Plc	Conglomerates	1,269,190	2.88%	0.89%
Lafarge Africa Plc	Industrial Goods	1,700,433	3.86%	1.20%
United Bank for Africa Plc	Financial Service:	4,705,555	10.67%	3.31%
Zenith Bank	Financial Service:	6,717,680	15.24%	4.72%
Okomu Oil Palm Plc	Agriculture	1,414,721	3.21%	0.99%
FCMB	Financial Service:	370,000	0.84%	0.26%
PRESCO	Industrial Goods	582,250	1.32%	0.41%
Seplat	Oil and Gas	125,244	0.28%	0.11%
Total quoted securities		**44,083,722**	**100%**	**31%**
Treasury bills - 14.30% 21-Jun-2018		18,046,495		12.69%
Treasury bills - 18.0% 8-Mar-2018		12,749,355		8.96%
Treasury bills - 18.30% 5-Jul-2018		11,372,376		7.99%
Treasury bills - 18.5% 1-Mar-2018		7,319,166		5.15%
Treasury bills - 18.7% 14-Jun-2018		1,868,013		1.31%
Treasury bills - 16.0% 24-May-2018		2,856,967		2.01%
Total treasury bills		**54,212,372**		**38%**
Placement - 18.75% Coronation Mechant Bank		12,512,842		8.80%
FGN Bond - 15.04% 20-Feb-2020		31,448,836		22.11%
Total investments		**142,257,773**		**100%**

The distribution of the Fund's investment in quoted equities by sector was as follows

		31 December 2017
Sector	Market value	% of total quoted securities
Financial Service:	24,127,430	54.73%
Industrial Goods	7,614,083	17.27%
Consumer Goods	8,364,908	18.98%
Conglomerates	1,269,190	2.88%
Oil and Gas	1,293,390	2.93%
Agriculture	1,414,721	3.21%
Total	44,083,723	100%

				31 December 2016
Quoted equities	Sector	Market value	% of total quoted securities	% of total investments
Access Bank Plc	Financial Service:	3,471,225	9.89%	3.09%
Dangote Cement Plc	Industrial Goods	5,063,109	14.43%	4.51%
Dangote Sugar Plc	Consumer Goods	821,795	2.34%	0.73%
First Bank of Nigeria Holding Company	Financial Service:	619,750	1.77%	0.55%
Flourmill Nigeria Plc	Consumer Goods	268,105	0.76%	0.24%
Guaranty Trust Bank	Financial Service:	5,316,996	15.16%	4.74%
Guinness Nigeria Plc	Consumer Goods	2,366,925	6.75%	2.11%
Nigerian Breweries Plc	Consumer Goods	2,293,845	6.54%	2.04%
Nestle Nigeria Plc	Consumer Goods	1,749,600	4.99%	1.56%
Total Nigeria Plc	Oil and Gas	1,106,300	3.15%	0.99%
UACN Plc	Conglomerates	964,894	2.75%	0.86%
Lafarge Africa Plc	Industrial Goods	2,237,918	6.38%	1.99%
United Bank for Africa Plc	Financial Service:	2,990,250	8.52%	2.67%
Zenith Bank	Financial Service:	4,970,750	14.17%	4.43%
Okomu Oil Palm Plc	Agriculture	839,553	2.39%	0.75%
Total quoted securities		**35,081,014**	**100.00%**	**31.27%**
Placement - 5% CitiBank		2,006,230		1.79%
Treasury bills - 13.45% 22-Jun-2017		10,622,268		9.47%
Treasury bills - 17.34% 4-May-2017		1,880,472		1.68%
Treasury bills - 16.00% 16-Feb-2017		6,505,662		5.80%
Treasury bills - 18.25% 7-Dec-2017		3,308,544		2.95%
Treasury bills - 18.25% 7-Dec-2017		22,332,673		19.91%
FGN Bond - 15.04% 20-Feb-2020		9,449,484		8.42%
FGN Bond - 15.04% 20-Feb-2020		20,998,852		18.72%
FGN Bond - 15.54% 13-Feb-2020				
Total investments		**112,185,199**		**100.00%**

The distribution of the Fund's investment in quoted equities by sector was as follows

Notes to the financial statements
For the year ended 31 December 2017

		31 December 2016
Sector	Market value	% of total quoted securities
Financial Services	17,368,970	49.51%
Industrial Goods	7,301,027	20.81%
Consumer Goods	7,500,270	21.38%
Conglomerates	964,894	2.75%
Oil and Gas	1,106,300	3.15%
Agriculture	839,553	2.39%
Total	35,081,014	100%

16 Accounts receivable

	31-Dec-17	31-Dec-16
Dividend receivable	26,928	102,543
Total	26,928	102,543

	31-Dec-17	31-Dec-16
Current	26,928	102,543
Non Current	-	-
	26,928	102,543

17 Accounts payable

	31-Dec-17	31-Dec-16
Management fees payable	1,593,148	1,759,156
Audit fee payable	630,000	500,000
Trustee fee payable	85,475	76,446
Payables to registrar	2,523,491	1,930,346
Custodial fee payable	72,978	387,798
Publishing fees payable	1,667,911	387,174
	6,573,003	5,040,920

	31-Dec-17	31-Dec-16
Current	6,573,003	5,040,920
Non Current	-	-
	6,573,003	5,040,920

18 Unitholders' Equity

(a) The DV Balanced Fund is authorised and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act (ISA). The Fund is governed by a Trust Deed with STL Trustees Limited as Trustees.

The rights accruing to unitholders of the Fund are as follows

- Rights of participation in returns of the fund's assets.
- Rights to receive notices to attend and vote at any general meeting of the Fund.

(b) The analysis of movements in the number of units and net assets attributable to unitholders during the year were as follows:

(i) Movement in units

	31-Dec-17	31-Dec-16
Balance at 1 January	1,087,777	1,099,812
Subscription to unit holder's equity	-	2,130
Redemption of unit holder's equity	(8,500)	(14,165)
Balance at 31 December (units)	1,079,277	1,087,777

(ii) Net assets attributable to unitholders

31 December 2017	**Unitholders' equity at par**	**Retained earnings**	**Total**
Balance at 1 January 2017	108,761,641	(1,107,580)	107,654,061
Redemption of unit holder's equity	(849,875)	6,130	(843,745)
Distribution paid to unitholders	-	(2,701,429)	(2,701,429)
Profit for the year	-	32,386,766	32,386,766
Balance at 31 December 2017	107,911,766	28,583,887	136,495,653

31 December 2016	**Unitholders' equity at par**	**Retained earnings**	**Total**
Balance at 1 January 2016	109,966,796	(2,687,357)	107,279,439
Subscription to unit holder's equity	211,019	(13,109)	197,910
Redemption of unit holder's equity	(1,416,174)	64,514	(1,351,660)
Distribution paid to unitholders	-	(108,778)	(108,778)
Profit for the year	-	1,637,150	1,637,150
Balance at 31 December 2016	108,761,641	(1,107,580)	107,654,061

Notes to the financial statements
For the year ended 31 December 2017

(c) Net assets per unit
Net assets per unit is calculated by dividing the total net assets by the number of units as at year end

In thousands of Naira	31-Dec-17	31-Dec-16
Net assets at end of the year (see note 16(b)(ii))	136,495,653	107,654,061
Number of units as at year end (see note 16(b)(i))	1,079,277	1,087,777
Net assets per unit	126.47	98.97

(d) Distribution paid to unitholders
The distribution paid in 2017 was N2,701,429 (31 December 2016: N108,778)

19 Related parties

(a) Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and
The following summarize the total unit holding of related parties

Name	Units held as at 31-Dec-17	Units held as at 31-Dec-16
Vetiva Fund Managers Limitec	1,000,000	1,000,000

Key management personnel

The Fund Manager, Fund Custodian and the Trustee to the Fund meet the definition of key management personnel as they have the authority and responsibility for planning, directing and controlling the activities of the Fund - directly or indirectly.

(i) Fund manager
The Fund appointed Vetiva Fund Managers Limited, an investment management company incorporated in Nigeria, to implementthe investment strategy as specified in the prospectus. The Fund Manager was appointed by way of the Fund's trust deed dated 20 March 2014. Under the terms of the Trust Deed, the Fund manager receives a management fee at an annual rate of 1.50% of the net assets value attributable to the unitholders of the Fund, accrued daily and payable quarterly. The Fund Manager is also entitled to an incentive fee equivalent to 20% of total returns in excess of a 10% return on the Fund's net asset value per annum.

(ii) Trustees

The Fund appointed STL Trustees Limited, a trust services company incorporated in Nigeria, to provide trust services to the fund on behalf of its subscribers. Under the terms of the Trust Deed, the trustee is entitled to an annual fee of 0.05% of the net asset value of the fund, accrued on a daily basis, and payable annually

(iii) Custodians

The Fund appointed Citibank to provide custodial services to the fund. Under the terms of the Trust Deed, the custodian is entitled to an annual fee of 0.15% of the net asset value of the fund, accrued on a daily basis, and payable annually.

(b) *Transactions with related parties*
A number of transactions were entered into with related parties in the normal course of business. The related-party transactions and outstanding balances as at year end are as follows:

(i) *Fees to related parties*

	Note	31-Dec-17	31-Dec-16
		₦	₦
Vetiva Fund Managers Limited - Management fee	11	1,986,988	1,711,689
STL Trustees Limited- Trustee fee	11	66,233	77,200
Citibank custodians- Custodian fee	11	199,414	161,452
		2,252,635	1,950,341

(ii) *Payables to related parties*

	Note	31-Dec-17	31-Dec-16
		₦	₦
Vetiva Fund Managers Limited - Management fee	17	1,593,148	1,759,156
STL Trustees Limited- Trustee fee	17	85,475	76,446
Citibank custodians- Custodian fee	17	72,978	387,798
		1,751,601	2,223,400

(iii) As at 31 December 2017, the fund manager held 1,000,000 units in the fund (2016: 1,000,000)

All related party transactions were carried out at arm's length

20 Contingencies
There were no contingent assets and liabilities as at 31 December 2016 (2016: Nil)

21 Events after the reporting period
There are no events after the reporting that require recognition and/or disclosure in the financial statements

22 Capital commitments after reporting date
The Fund had no capital commitments as at 31 December 2017 (2016: Nil)

Notes to the financial statements
For the year ended 31 December 2017

23 Reconciliation notes to the statement of cash flows

(a) Financial assets at fair value through profit or loss

	31-Dec-17	31-Dec-16
	₦	₦
Balance at the start of the year	110,178,969	81,954,895
Interest income earned	15,521,596	9,116,860
Interest income received	(10,880,588)	(6,255,090)
Net fair value gain/ (loss)	18,806,594	(6,274,163)
Balance at the end of the year	(129,744,930)	(110,178,969)
Cash (inflow)/outflow	(3,881,641)	31,636,467

(b) Accounts receivable

	31-Dec-17	31-Dec-16
	₦	₦
Balance at the start of the year	102,543	1,512,662
Dividend income	2,428,053	1,923,992
Dividend received	(2,401,125)	(1,821,449)
Non-cash transaction - write off	(102,543)	-
Balance at the end of the year	(26,928)	(102,543)
Change in accounts receivable	-	1,512,662

(c) Accounts payable

	31-Dec-17	31-Dec-16
	₦	₦
Balance at the start of the year	5,040,920	4,246,395
Balance at the end of the year	(6,573,003)	(5,040,920)
Non-cash transaction - reversal of excess accrual on custody fee	(317,492)	-
Change in accounts payable	1,849,575	794,525

(d) Subscription to unitholders' equity

	31-Dec-17	31-Dec-16
	₦	₦
Gross subscription value during the year (at par)	-	211,019
Fair value loss on subscription	-	(13,109)
Cash inflow on subscription	-	(197,910)

(e) Redemption of unitholders' equity

	31-Dec-17	31-Dec-16
	₦	₦
Gross redemption value during the year (at par)	(849,875)	(1,416,174)
Fair value gain/ (loss) on redemption	6,130	64,514
Cash outflow on redemption	843,745	1,351,660

(f) Reconciliation of cash and cash equivalent to statements of cash flows

	31-Dec-17	31-Dec-16
	₦	₦
Balance at the start of the year	2,413,469	28,058,277
Interest income earned	(401,983)	(448,267)
Interest income received	395,371	442,037
Balance at the end of the year	(13,296,798)	(2,413,469)
Net Increase in cash and cash equivalent	10,889,941	(25,638,578)
Cash and cash equivalent (see note 13)	13,296,798	2,413,469
Interest receivable	(12,842)	(6,230.00)
Net cash movement	13,283,956	2,407,239

OTHER NATIONAL DISCLOSURES

Other National Disclosures

Value added statement

	31-Dec-17	%	31-Dec-16	%
	₦		₦	
Total revenue	37,475,718		5,214,956	
Bought in goods and services- Local	(4,874,014)		(3,383,622)	
Value added	32,601,704		1,831,334	100
Applied to pay:				
Government as taxes	214,938	1	194,184	11
Retained in the Fund	32,386,766	99	1,637,150	89
Value added	32,601,704	100	1,831,334	100

Other National Disclosures
Financial Summary

	31-Dec-17	31-Dec-16	31-Dec-15	31-Dec-14
	₦	₦	₦	₦
Assets				
Cash and cash equivalents	13,296,798	2,413,469	28,058,277	502,342
Financial assets at fair value through profit or loss	129,744,930	110,178,969	81,954,895	224,957,563
Accounts receivable	26,928	102,543	1,512,662	102,544
Total assets	143,068,656	112,694,981	111,525,834	225,562,449
Liabilities				
Accounts payable	6,573,003	5,040,920	4,246,395	2,216,691
Total liabilities	6,573,003	5,040,920	4,246,395	2,216,691
Net assets attributable to unitholders	136,495,653	107,654,061	115,772,229	223,345,758
Represented by:				
Equity attributable to unitholders at par	107,911,766	108,761,641	109,966,796	242,599,996
Retained earnings	28,583,887	(1,107,580)	(2,687,357)	(19,254,238)
Total	136,495,653	107,654,061	107,279,439	223,345,758

Statement of profit or loss and other comprehensive income

	31-Dec-17	31-Dec-16	31-Dec-15	31-Dec-14
	₦	₦	₦	₦
Interest income	15,923,579	9,565,127	18,731,285	15,827,283
Dividend income	2,428,053	1,923,992	4,013,514	155,040
Early redemption fees	-	-	-	7,743,472
Net loss from financial assets at fair value through profit or loss	18,806,594	(6,274,163)	(7,469,137)	(32,948,688)
Total revenue	37,158,226	5,214,956	15,275,662	(9,222,892)
Other operating expenses	(4,874,014)	(3,383,622)	(7,145,359)	(35,111,084)
Total expenses	(4,874,014)	(3,383,622)	(7,145,359)	(35,111,084)
Profit before tax	32,284,212	1,831,334	8,130,303	(44,333,976)
Income tax expense	(214,938)	(194,184)	(348,176)	(744,137)
Profit for the year	32,069,274	1,637,150	7,782,127	(45,078,113)

The financial information presented above reflects historical summaries based on International Financial Reporting Standards.