DV BALANCED FUND

ANNUAL REPORT

31 December 2018

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Fund information

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

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Custodian:
Citibank Nigeria Limited
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Trustee:
STL Trustees Limited
Polaris Bank House
30 Marina, Lagos Island
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Registrars:
First Registrars Nigeria Limited
Plot 2 Abebe Village Road
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Auditor:
KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
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Bankers:
Citibank Nigeria Limited
27, Kofo Abayomi Street
Victoria Island
Lagos

Fund Manager's Report
For the year ended 31 December 2018

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 2018.

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 2018		31 December 2017	
	Amount ₦	Percent	Amount ₦	Percent
Equities	35,208,528	30%	44,083,722	31%
Fixed Income	30,457,919	26%	31,448,836	22%
Money Market	50,276,365	43%	54,212,372	38%
Cash	109,962	1%	13,296,798	9%
Total	**116,052,774**	**100%**	**143,041,728**	**100%**

Fund Manager's Report
For the year ended 31 December 2018

PROPOSED DIVIDEND

The Board of directors of the Fund Manager has not recommended a distribution for the year ended 31 December 2018.

NIGERIAN MACROECONOMIC REVIEW AND OUTLOOK

Real Economy:

Nigeria's post-recession recovery has been slow and below potential. Between 2010 and 2014, the economy grew at a CAGR of 4.8% y/y but has grown just 0.8% y/y and 1.8% y/y in 2017 and 2018E. We attribute this to the structural weakness of our mono-commodity economy and a struggle to recover from the stagflation and foreign exchange (FX) crisis of 2016. Consumer wallets are still severely weak amid a significant loss of spending power since the end of 2015 and industries must still battle high costs and high interest rates. Federal Government spending has been substantial thanks to a series of record budgets, but the fiscal multiplier has been weak due to the lag time of capital expenditure projects and the underperformance of social investment programs. Unsurprisingly, our near-term outlook is muted as the structural weakness meets political uncertainty in early 2019. Overall, we project growth of 2.7% y/y in 2019, just about equal to estimated population growth, and look beyond 2019 for true structural adjustment that can transform Nigeria's economic growth trajectory. Meanwhile, the key economic headwinds in 2019 are currency volatility, policy instability, and severe fiscal strain as a result of excessive spending.

Inflation:

Inflation declined from 15.4% at the end of 2017 to 11.4% in December 2018 supported by a more stable exchange rate environment and a high base effects from the previous year. This trend was evident across both major sub-indices as food inflation fell from 19.4% in 2017 to 13.6% at the end of 2018 while core inflation dropped to 9.8% in December 2018 from 12.2% recorded in 2017. Consequently, average inflation for the year 2018 printed at 12.15% y/y, much lower than the 16.6% average recorded in 2017. This moderation was driven mainly by abating food prices and exchange rate stability enjoyed in 2018.

We expect residual domestic food price pressure in the first half of 2019 (post-2018 harvest) as Nigeria feels some of the effects of the disruption to farming activities caused by recent flooding and herdsmen violence. Likewise, we anticipate an uptick in global food prices, which have been relatively tame in 2018. Thus, we foresee food inflation coming under pressure once again after its recent reprieve—month-on-month food inflation down from 1.6% in June to 0.8% in October. On the core inflation front, we expect election spending to induce greater substantial pressure in Q1'19 even as we note that 2019 inflation would have the weakest base in recent years (as 2018 inflation was relatively mild). However, the deciding factor for 2019 inflation would be the implementation of the proposed minimum wage hike, which has been agreed by the presidency and labour unions but must be adopted by the Nigerian Governors' Forum. Our base scenario includes the effect of a minimum wage hike in H2'19 and brings our 2019 average inflation forecast to 12.6%. In comparison, our bull forecast (no minimum wage hike) is 10.3% and the International Monetary Fund projection is 12.4%.

Currency:

Despite operating a multiple exchange rate system, Nigeria's foreign exchange (FX) market remained in a relatively stable position through 2018. The "Investors & Exporters" (NAFEX) window continued to fare well, with trading volumes remaining sturdy through the year, initially supported by autonomous flows in the first half of the year but later receiving much stronger liquidity support from the CBN through sustained interventions in the market to counter pressure from capital reversals that heightened in H2'18. Thus, despite monetary tightening in the U.S. and consequent capital outflows, the naira has held firm against the dollar in comparison to frontier market peers, thanks to the central bank's unconventional foreign exchange market. Reserves have however expectedly suffered from the apex bank defending the currency, falling from $48 billion in July to below $42 billion in November but re-stabilizing at $43 billion in December.

While the currency is expected to remain stable through the election season, the outlook for the FX market post-elections has become more uncertain since the fourth quarter of 2018 amid an increased volatility in oil prices and sustained outlook of tighter monetary policy across Advanced Economies. While election clouds will begin to dissipate by the end of Q1'19, the outlook for capital inflows remains unimpressive, as the U.S. Federal Reserve's hiking path and the end of QE in Europe will keep capital inflows capped. Given that the CBN's support has kept the naira at its current level, amid substantial depreciation pressure, determining the path of the exchange rate in 2019 is therefore a case of determining whether such CBN support is sustainable. With the sustained volatility in oil prices and expectation of prices averaging $60/bbl, we anticipate a depreciation by the second half of the year, and forecast a mild year-end depreciation of 7.5%, to bring the closing exchange rate to c.390/$1. Overall, we believe that currency depreciation is a matter of when, rather than if, once the demand-supply equation of the currency and inflation differential between the U.S. and Nigeria are accounted

Monetary Policy:

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) closed 2018 by maintaining the status quo as all eleven attending committee members voted to hold policy levers at their previous levels. CBN Governor Godwin Emefiele was quick to emphasize that the HOLD decision was not a passive choice but an "expression of confidence in policy choices made so far in light of recent improvements in inflation and the economy".

We do not foresee any monetary easing in 2019 as price and exchange rate stability would remain atop the CBN agenda. We expect the apex bank to increase its monetary policy rate to 14.5% by year-end in order to maintain positive real interest rates following mild currency depreciation and a minimum wage implementation in H2'19. Finally, we anticipate continued focus of the Monetary Policy Committee on getting commercial banks to extend credit to the real sector on the back of its Real Sector Support Facility (RSSF).

EQUITIES MARKET
Review and Outlook

2018 began on a positive note as the Nigerian Stock Exchange All-Share Index (NSE ASI) notched a 9% gain in Q1'18 amid significant foreign interest, a trend which surfaced in Q2'17 following the introduction of the NAFEX window (NSE ASI gained 42% in 2017). However, investor uncertainty emerged in subsequent quarters, with the ASI dipping 8% and 14% in Q2'18 and Q3'19 respectively. Subsequently the NSE ASI lost 18% y/y in 2018, driven primarily by pre-election jitters and weak emerging market sentiment.

We see three major drivers for the Nigerian equity market in 2019: the local political landscape, global sentiment towards emerging markets, and domestic macro-economic fundamentals.

FIXED INCOME AND MONEY MARKET
Review and Outlook:

Whilst our expectation for lower yields materialized in the first half of 2018 amid lower inflation rates, fixed income yields had risen 113bps between the end of December 2017 and the end of November 2018. This was as a result of sell offs in emerging market and a rise in global interest rates combined with political uncertainty that coloured the second half of the year which led to significant capital exit.

We foresee higher yields in 2019 with an increased budget financing gap supportive of bond supply and also driven by a contractionary monetary policy higher inflation expectation. Whilst moderate economic fundamentals and political stability post-election is expected to drive a return of foreign investor interest, we highlight that expected slowdown in global economic growth due to trade wars and continued monetary tightening across major world economies.

Auditors
The Auditors, KPMG Professional Services have indicated their willingness to continue in office.

BY ORDER OF THE BOARD OF DIRECTORS OF THE FUND MANAGER

Chuka Eseka	**Damilola Ajayi**
Chairman	MD / CEO
(FRC/2013/ICAN/00000003262)	(FRC/2013/ICAN/00000004412)
29 March 2019	29 March 2019

Statement of Fund Manager's Responsibilities in Relation to the Financial Statements for the year ended 31 December 2018

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 Council 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 2019

Damilola Ajayi
MD / CEO
(FRC/2013/ICAN/00000004412)
29 March 2019

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, 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; 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 2019

Damilola Ajayi
MD / CEO
(FRC/2013/ICAN/00000004412)
29 March 2019

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, 2018.

Principal activity:
The principal activity of the DV Balanced Fund ('The Fund') is to create a pool of funds hat 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 2018 is as follows;

In thousands of Naira	31 December 18	31 December 17
Net Assets Value	113,412,113	136,495,653

The operating result for the year ended 31 December 2018, is as follows;

In thousands of Naira	31 December 18	31 December 17
Profit for the year	1,079,818	32,386,766

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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:

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. (2018)

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/2018/NBA/00000006946
Managing Director
STL Trustees Limited
Lagos, Nigeria

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INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Vetiva DV Balanced Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vetiva DV Balanced Fund (the Fund), which comprise the statement of financial position as at 31 December, 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information, as set out on pages 14 to 37.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December, 2018, 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 Financial assets at fair value through profit or loss

The Fund's investment in financial assets measured at fair value through profit or loss make up 99% of the total assets of the Fund (2017: 91%). 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 financial instruments a significant audit focus area.

Procedures

- We checked the existence of investments in financial assets at year end by agreeing the portfolio investment holdings to confirmation of the Fund's investment holdings received from the custodian;
- We checked the prices applied by the Fund in measuring the fair value of financial assets to externally available quoted prices; and
- We recalculated the fair value of the Investments in financial assets 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 (b) and 4 respectively.

Other Information

The Board of Directors of the Trustee and the Board of Directors of the Fund Manager are responsible for the other information which comprises the Fund information, Fund manager's report, Statement of Fund Manager's Responsibilities in relation to the financial statements, Certification of accounts by the Directors of the Fund Manager, Trustees report, Statement of Trustee's responsibilities 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 directors 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 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 directors either intend to liquidate the Fund or to cease operations, or have 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.

KPMG

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 directors.
- Conclude on the appropriateness of directors' 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 Fund 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.

From the matters communicated with Fund Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Kabir O. Okunlola
FRC/ICAN/2012/00000000428
For: KPMG Professional Services
Chartered Accountants
29 March 2019
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0256296

[redacted]

Statement of financial position
As at 31 December 2018

	Note	31-Dec-18	31-Dec-17
		₦	₦
Assets			
Cash and cash equivalents	14	109,962	13,296,798
Financial assets at fair value through profit or loss	15	115,942,812	129,744,930
Accounts receivable	16	1,601,928	26,928
Total assets		**117,654,702**	**143,068,656**
Liabilities			
Accounts payable	17	4,242,589	6,573,003
Total liabilities		**4,242,589**	**6,573,003**
Net assets attributable to unitholders		**113,412,113**	**136,495,653**
Represented by:			
Equity attributable to unitholders at par	**18(b)(ii)**	108,664,281	107,911,766
Retained earnings	**18(b)(ii)**	4,747,832	28,583,887
Total		**113,412,113**	**136,495,653**

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 2019 and signed on its behalf by:

Chuka Eseka
(FRC/2013/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 2018

	Note	31-Dec-18	31-Dec-17
		₦	₦
Interest income calculated using the effective interest method	7	12,559,726	15,923,579
Dividend income	8	2,513,884	2,428,053
Other income	9	-	317,492
Net (loss)/ gain from financial assets at fair value through profit or loss	10	(8,912,329)	18,806,594
Total revenue		**6,161,281**	**37,475,718**
Other operating expenses	11	(4,862,590)	(4,874,014)
Total expenses		**(4,862,590)**	**(4,874,014)**
Profit before tax		**1,298,691**	**32,601,704**
Income tax expense	12	(218,874)	(214,938)
Profit for the year		**1,079,817**	**32,386,766**
Other comprehensive income		-	-
Total comprehensive income for the year		**1,079,817**	**32,386,766**
Basic and diluted earnings per unit (kobo)		100	3,001

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 2018	Note	Unit holders' equity at par	Retained earnings	Total equity
In Naira				
Balance at 1 January 2018		107,911,766	28,583,887	136,495,653
Total other comprehensive income		-	-	-
Profit for the year		-	1,079,817	1,079,817
Total comprehensive income for the year		**107,911,766**	**29,663,704**	**137,575,470**
Transactions with unitholders, recorded directly in equity:				
Subscriptions to unit holder's equity	18(b)(ii)	1,000,000	-	1,000,000
Redemption of unit holder's equity	18(b)(ii)	(247,485)	(39,211)	(286,696)
Distribution paid to unitholders	18(b)(ii)	-	(24,876,661)	(24,876,661)
Total contribution and redemption by unitholders		752,515	(24,915,872)	(24,163,357)
Balance at 31 December 2018		**108,664,281**	**4,747,832**	**113,412,113**

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
Total 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)
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**

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

Statement of cash flows
For the year ended 31 December 2018

	Note	31 Dec 2018	31 Dec 2017
		₦	₦
Cash flows from operating activities			
Profit after tax		1,079,817	32,386,766
Add: tax expense	12	218,874	214,938
Profit before tax		**1,298,691**	**32,601,704**
Adjustment for:			
- Interest income	7	(12,559,726)	(15,923,579)
- Reversal of excess accrual on custody fee	9	-	(317,492)
- Write back of dividend income	11	-	102,543
- Dividend income	8	(2,513,884)	(2,428,053)
- Net (gain)/ loss on financial assets at fair value through profit or loss	10	8,912,329	(18,806,594)
		(4,862,590)	**(4,771,471)**
Changes in:			
Financial assets at fair value through profit or loss	23(a)	3,828,785	3,881,641
Accounts receivable	23(b)	(1,575,000)	-
Accounts payable	23(c)	(2,330,414)	1,849,575
Cash (used in) operations		**(4,939,219)**	**959,745**
Interest received	23(g)	13,633,573	11,275,959
Dividend received	23(b)	2,513,884	2,401,125
Tax paid	12	(218,874)	(214,938)
Net cash generated from operating activities		**10,989,364**	**14,421,891**
Cashflows from financing activities			
Proceeds from subscription	23(d)	1,000,000	-
Distribution to unit holders	18(b)(ii)	(24,876,661)	(2,701,429)
Redemption by unitholders	23(e)	(286,696)	(843,745)
Net cash used in financing activities		**(24,163,357)**	**(3,545,174)**
Net increase in cash and cash equivalents		(13,173,993)	10,876,717
Cash and cash equivalents at the beginning of the year		13,283,956	2,407,239
Cash and cash equivalents at the end of the year	**23(f)**	**109,962**	**13,283,956**

Notes to the financial statements
For the year ended 31 December 2018

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 2019 .

(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 2018

(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 2018

3 Significant Accounting Policies
The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Changes in accounting policy
The Fund has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements, except for:

(i) IFRS 15 Revenue from contracts with customers
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is control-based and is recognised when performance obligation in the contract are met.

IFRS 15 did not have a significant impact on the Fund's accounting policies with respect to revenue recognition as the Fund's sources of income are dividend income and interest income.

Interest income: This is computed based on the effective interest method.
Dividend income: This is recognised when the right to receive income has been established.

(ii) IFRS 9
IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Fund has adopted consequential amendments to IAS 1 Presentation of Financial Statements which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI.

The transition to IFRS 9 has no impact on the opening balance of retained earnings as investment securities, measured at FVTPL (Fair Value Through Profit or Loss), are not subject to ECL impairment under IFRS 9.

(1) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which the financial asset is managed and its contractual cashflow characteristics. IFRS 9 replaces the previous 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 separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Fund's accounting policies related to financial liabilities and derivative financial instruments.
The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets and financial liabilities as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of the financial assets at 1 January 2018 relates solely to the new impairment requirements.

In thousands of naira	*Original classification under IAS 39*	*New Classification under IFRS 9*	*Original carrying amount under IAS 39*	*New carrying amount under IFRS 9*	*Transition Adjustments*
Accounts receivable	Loans and receivables	Amortised Cost	26,928	26,928	-
Sovereign Debt	Fair Value Through Profit or Loss	Fair Value Through Profit or Loss	85,661,208	85,661,208	-
Equity investments	Fair Value Through Profit or Loss	Fair Value Through Profit or Loss	44,083,722	44,083,722	-
Cash and Cash equivalents	Loans and receivables	Amortised Cost	13,296,798	13,296,798	-
Total financial assets			**143,068,656**	**143,068,656**	-
Account payable	Amortised Cost	Amortised Cost	6,573,003	6,573,003	-
Net assets attributable to holders for redeemable units	Amortised Cost	Amortised Cost	136,495,653	136,495,653	-
Total financial liabilities			**143,068,656**	**143,068,656**	-

(2) Impairment of financial assets

IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to financial assets at FVTPL. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Fund has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in no additional allowance for impairment as investment securities, measured at FVTPL (Fair Value Through Profit or Loss), are not subject to ECL impairment under IFRS 9.

(3) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

The Fund has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed 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.

If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Fund has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

(b) Financial instruments

Recognition and initial measurement

The Fund initially recognises debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Financial assets at fair value through profit or loss are recognised and measured initially at fair value with transaction costs recognised immediately in profit or loss. Financial assets and financial liabilities not at fair value through profit or loss are recognised and measured initially at fair value plus transaction costs that are directly attributable to their acquistion or issue.

i *Classification*

Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTP.

Financial assets measured at amortised cost:

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

Financial assets measured at FVOCI:

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
– the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets measured at FVTPL:

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities at amortised cost:

Other financial liabilities: other liabilities are measured at amortized cost which is the amount at which it is measured on initial recognition minus the principal repayment plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

Business Model Assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether the Fund management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

– how the performance of the portfolio is evaluated and reported to the Fund's management;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

– the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The Fund has determined that it has one business model:
Other business model: this includes debt securities and equity investments. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

ii *Reclassifications*
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets in which case all affected financial assets would be reclassified in the first day of the first reporting period following the change in the business model.

Policy applicable before 1 January 2018
The Fund classified its financial assets into one of the following categories:
– loans and receivables;
– held-to-maturity;
– available-for-sale; and
– at FVTPL, and within this category as:
held-for-trading; or designated as at FVTPL

Financial liabilities at amortised cost:
Other financial liabilities: other liabilities are measured at amortized cost which is the amount at which it is measured on initial recognition minus the principal repayment plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

iii *Derecognition*
The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On de-recognition of an asset, the difference between the carrying amount of the asset and the consideration received is recognised in statement of profit or loss and other comprehensive income.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire on derecognition of a financial liability, the difference between the carrying amount exstinguished and the consideration paid is recognised in profit or loss.

iv *Modification of Financial Assets Liabilities*
Applicable from 1 January 2018
Financial Assets
If the terms of a financial asset are modified, then the Fund evaluates whether the cash flows of the modified asset are substantially different.
If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:
– fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
– other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Fund plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place.
This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Fund first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial liabilities
The Fund derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Policy applicable before 1 January 2018
Financial assets

If the terms of a financial asset were modified, then the Fund evaluated whether the cash flows of the modified asset were substantially different. If the cash flows were substantially different, then the contractual rights to cash flows from the original financial asset were deemed to have expired. In this case, the original financial asset was derecognised and a new financial asset was recognised at fair value.

If the terms of a financial asset were modified because of financial difficulties of the borrower and the asset was not derecognised, then impairment of the asset was measured using the pre-modification interest rate .

Financial Liabilities
The Fund derecognised a financial liability when its terms were modified and the cash flows of the modified liability were substantially different. In this case, a new financial liability based on the modified terms was recognised at fair value. The difference between the carrying amount of the financial liability extinguished and consideration paid was recognised in profit or loss. Consideration paid included non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability was not accounted for as derecognition, then any costs and fees incurred were recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

v *Offsetting*
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

vi *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 a liability reflects its non-performance risk.

The fair value of the financial instruments have been determined as follows:

Market quoted financial instruments

When one is 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 (for example, Nigerian Stock Exchange) and broker quotes from Bloomberg and Reuters.

Unquoted financial instruments

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 on 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 on 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 for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over 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.

vii *Amortised cost measurement*

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

viii *Impairment*

Policy applicable after 1 January 2018

The Fund recognises loss allowances for Expected Credit Loss on the following financial assets that are debt instruments and are not measured at FVTPL. No impairment loss is recognised on equity investments.

The Fund measures loss allowances at an amount equal to lifetime ECL, except for debt investment securities that are determined to have low credit risk at the reporting date for which they are measured as 12-month ECL.

The Fund considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held).

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:
– financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive);
– financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

– If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

– If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit Impaired Financial Assets
At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired (referred to as 'Stage 3 financial instruments'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:
– significant financial difficulty of the borrower or issuer;
– a breach of contract such as a default;
– it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
– the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for ECL are presented in the statement of financial position as follows:
– financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
– debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Policy applicable before 1 January 2018
Objective evidence of impairement
At each reporting date, the Fund assessed whether there was objective evidence that financial assets not carried at FVTPL were impaired. A financial asset of the Fund is 'impaired' when objective evidence demonstrated that a loss event had occurred after the initial recognition of the asset(s) and that the loss event had an impact on the future cash flows of the asset(s) that could be estimated reliably.
Objective evidence that financial assets were impaired included:
– significant financial difficulty of a borrower or issuer;
– default or delinquency by a borrower;
– indications that a borrower or issuer would enter bankruptcy;
– the disappearance of an active market for a security; or
– observable data relating to the Funds assets, such as adverse changes in the payment status of borrowers or issuers in the Fund, or economic conditions that correlated with defaults in the Fund.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment.
The Fund considered evidence of impairment for held-to-maturity investment securities at both a specific asset and a collective level. All individually significant held-to-maturity investment securities were assessed for specific impairment. Those found not to be specifically impaired were then collectively assessed for any impairment that had been incurred but not yet identified (IBNR). Held-to-maturity investment securities that were not individually significant were collectively assessed for impairment by holding together held-to-maturity investment securities with similar credit risk characteristics.

In making an assessment of whether an investment in sovereign debt was impaired, the Fund considered the following factors:
– The market's assessment of creditworthiness as reflected in the bond yields.
– The rating agencies' assessments of creditworthiness.
– The country's ability to access the capital markets for new debt issuance.
– The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
– The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This included an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there was the capacity to fulfil the required criteria.

Individual or collective impairment
An individual measurement of impairment was based on management's best estimate of the present value of the cash flows that were expected to be received. In estimating these cash flows, management made judgements about a debtor's financial situation. Each impaired asset was assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable were independently approved by the Credit Risk function.

The collective allowance for Funds of homogeneous debt securities was established using a formula approach based on historical loss rate experience. Management applied judgement to ensure that the estimate of loss arrived at on the basis of historical information was appropriately adjusted to reflect the economic conditions and product mix at the reporting date.

In assessing the need for collective loss allowance, management considered factors such as credit quality, portfolio size, concentrations and economic factors. To estimate the required allowance, assumptions were made to define how inherent losses were modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowance depended on the model assumptions and parameters used in determining the collective allowance.

Reversal of Impairment
For assets measured at amortised cost: If an event occurring after the impairment was recognised caused the amount of impairment loss to decrease, then the decrease in impairment loss was reversed through profit or loss.

– For available-for-sale debt security: If, in a subsequent period, the fair value of an impaired debt security increased and the increase could be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss; otherwise, any increase in fair value was recognised through OCI.

Presentation
Impairment losses were recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired assets continued to be recognised through the unwinding of the discount.

Impairment losses on available-for-sale investment securities were recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that was reclassified from equity to profit or loss was the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment attributable to the application of the effective interest method were reflected as a component of interest income.

ix *Write off*
The Fund writes off an investment debt security, either partially or in full, and any related allowance for impairment losses, when Fund Credit determined that there are no realistic prospect of recovery.

Specific financial instruments
Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, demand deposits and call deposits with original maturities of three months or less, which are subject to insignificant risk of changes in their fair value, and are used by the Fund in the management of its short-term commitments.

Financial assets carried at redemption value
These are securities with fixed redemption value that have been acquired to match the obligations of the Fund, or specific part thereof. In accordance with the requirements of IAS 26:*Accounting and Reporting by Retirement Benefit Plan*, these securities are carried at amounts based on their ultimate redemption value assuming a constant rate of return to maturity. This measurement is similar to amortised cost.

(c) Income
(i) *Investment income*
Interest income
Policy appliacable from 1 January 2018
Interest income are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments , the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount
The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 January 2018).
The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income
The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

Presentation
Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes:
– interest on financial assets and financial liabilities measured at amortised cost;
– interest on debt instruments measured at FVOCI;

Interest expense presented in the statement of profit or loss and OCI includes:
– financial liabilities measured at amortised cost; and

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Fund's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.
Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

Policy applicable before 1 January 2018

Interest Income

Interest income is recognised in the statement of changes in net assets as it accrues, using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset (or, when appropriate, a shorter period) to the gross 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.

(d) Dividend income

Dividend income is recognised in profit or loss on the date on which the right to receive the 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 seperate line item.

(e) Net gains/(losses) from financial assets at fair value through profit or loss

Net gain from financial assets at fair value includes all realised and unrealised fair value changes and is determined as the difference between the fair value at year end or consideration received (if sold during the period) and the fair value as at the prior year end or cost (if the investment was acquired during the period). It does not include interest or dividend income.

(f) Expenses

Expenses comprising management fee, 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.

(g) Transaction costs

Transaaction costs are 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 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.

(h) 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%.

(i) 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.

(j) Earnings per unit

The Fund present 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.

(k) Contigent liabilties

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

Notes to the financial statements
For the year ended 31 December 2018

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-18	31-Dec-17
Bonds	30,457,919	31,448,836
Treasury bills	50,276,365	54,212,372
Total exposure	**80,734,284**	**85,661,208**

The Fund's investments are in Federal Government bonds

Interest income for the year/period	12,559,726	15,923,579
Percentage of interest income to total exposure	15.6%	18.6%
Impact of interest rate movement on profit and net assets attributable to unitholders:		
+ 1%	807,343	856,612
+ 2%	1,614,686	1,713,224
+ 5%	4,036,714	4,283,060
- 1%	(807,343)	(856,612)
- 2%	(1,614,686)	(1,713,224)
- 5%	(4,036,714)	(4,283,060)

(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.

Notes to the financial statements
For the year ended 31 December 2018

A breakdown of the Fund's investment portfolio as at 31 December 2018 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

	31-Dec-18	31-Dec-17
Year end carrying value (	35,208,528	44,083,723
Impact of price movement on profit and net assets attributable to unitholders.		
+ 1%	352,085	440,837
+ 2%	704,171	881,674
+ 5%	1,760,426	2,204,186
- 1%	(352,085)	(440,837)
- 2%	(704,171)	(881,674)
- 5%	(1,760,426)	(2,204,186)

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-18	31-Dec-17
Year end carrying value (	50,276,365	54,212,372
Impact of interest rate movement on profit and net assets attributable to unitholders		
+ 1%	502,763.65	542,123.72
+ 2%	1,005,527.30	1,084,247.45
+ 5%	2,513,818.25	2,710,618.62
- 1%	(502,763.65)	(542,123.72)
- 2%	(1,005,527.30)	(1,084,247.45)
- 5%	(2,513,818.25)	(2,710,618.62)

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 2018, the Fund did not have placements with banks (December 2017: N12.5 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 2018

31 December 2018 *In Naira*	Note	Carrying amount	Gross nominal value	Less than 3 months	Contractual cash flows 3 - 9 months	> 9 months
Cash and cash equivalents	14	109,962	109,962	109,962	-	-
Quoted equities	15	35,208,528	43,784,481	43,784,481		
Treasury bills	15	50,276,365	51,390,000	34,700,000	16,690,000	
FGN Bonds	15	30,457,919	44,083,723	-	-	44,083,723
Accounts receivables *(excluding prepayement)*	16	26,928	26,928	26,928	-	-
Total financial assets		116,079,702	139,395,094	78,621,371	16,690,000	44,083,723
Accounts payable	17	4,242,589	4,242,589	4,242,589	-	-
Net assets attributable to unitholders		113,412,113	113,412,113	113,412,113	-	-
Total financial liabilities		117,654,703	117,654,703	117,654,703	-	-
Gap (assets-liabilities)		(1,575,001)	21,740,391	(39,033,331)	16,690,000	44,083,723
Cumulative liquidity gap				(39,033,331)	(22,343,331)	21,740,391

31 December 2017 *In Naira*	Note	Carrying amount	Gross nominal value	Less than 3 months	3 - 9 months	> 9 months
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
Dividend 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*	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)		-	15,222,514	(85,661,208)	44,800,000	56,083,723
Cumulative liquidity gap				(85,661,208)	(40,861,208)	15,222,514

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 2018 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 circumstances.
- 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 note
- 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 inputs

Notes to the financial statements
For the year ended 31 December 2018

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 2018

In thousands of Naira	*Note*	Level 1	Level 2	Level 3	Total
In Naira					
Equity Investments	15	35,208,528	-	-	35,208,528
Treasury bills	15	50,276,365	-	-	50,276,365
Bonds	15	30,457,919			30,457,919
		115,942,812	-	-	115,942,812

31 December 2017

	Note	Level 1	Level 2	Level 3	Total
In Naira					
Equity investment	15	44,083,722	-	-	44,083,722
Treasury bills	15	54,212,372			44,649,619
Bonds	15	31,448,836	-	-	30,448,336
		129,744,930			119,181,677

(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 2018	Note	At fair value through profit or loss	Amortized cost	Other financial liabilities	Total carrying amount
Cash and cash equivalents	14	-	109,962	-	109,962
Financial assets at fair value through profit or loss	15	115,942,812	-	-	115,942,812
Dividend receivable	16	-	26,928	-	26,928
		115,942,812	136,890	-	116,079,702
Accounts payable *(excluding VAT payable)*	17	-	-	4,242,589	4,242,589
		-	-	4,242,589	111,837,113

31 December 2017	Note	At fair value through profit or loss	Amortized cost	Other financial liabilities	Total carrying amount
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

Notes to the financial statements
For the year ended 31 December 2018

7 Interest Income calculated using the effective interest method

	31-Dec-18	31-Dec-17
Interest income on financial instruments at fair value through profit or loss:		
Treasury bills	7,760,248	11,019,753
FGN Bonds	4,512,901	4,501,843
	12,273,149	15,521,596
Interest income on bank balances and placements		
Bank balances	20,532	24,559
Placement with banks	266,046	377,424
	286,577	401,983
Total interest income	12,559,726	15,923,579

8 Dividend Income

	31-Dec-18	31-Dec-17
Dividend income	2,513,884	2,428,053
	2,513,884	2,428,053

9 Other income

	31-Dec-18	31-Dec-17
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-18	31-Dec-17
Realised gain on disposal of investments	992,033	6,711,218
Fair value gain/ (loss) on equity investments	(8,575,954)	10,283,575
Fair value gain/ (loss) on debt securities	(1,328,409)	1,811,801
	(8,912,329)	18,806,594

11 Other operating expenses

	31-Dec-18	31-Dec-17
Registrar's fees	328,125	593,145
Auditor's remuneration	660,000	630,000
Custodian's fees	187,580	199,414
Trustee's fees	67,770	66,233
Management fees	2,033,102	1,986,988
Transaction costs on financial assets at fair value through profit or loss	130,327	175,723
Bank charges	4,588	4,295
Write off - dividend income	-	102,543
Administrative expense	926,099	1,115,673
Rating agency fees	525,000	-
	4,862,590	4,874,014

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-18	31-Dec-17
Withholding tax on divdend and interest income	218,874	214,938
Total tax expense	218,874	214,938

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-18	31-Dec-17
Profit for the year	1,079,817	32,386,766
Number of units as at year end (see note 18(b))	1,085,168	1,079,277
Earnings per unit (kobo)	100	3,001

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

Cash and cash equivalents comprise:	31-Dec-18	31-Dec-17
Bank balances	109,962	783,955
Placements with banks	-	12,512,843
	109,962	13,296,798

Notes to the financial statements
For the year ended 31 December 2018

15 Financial assets at fair value through profit or loss

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

	31-Dec-18	31-Dec-17
	₦	₦
Equity investments (quoted)	35,208,528	44,083,722
Treasury bills	50,276,365	54,212,372
FGN Bonds	30,457,919	31,448,836
	115,942,812	129,744,930

	31-Dec-18	31-Dec-17
Current	85,484,893	98,296,094
Non Current	30,457,919	31,448,836
Balance, end of year	115,942,812	129,744,930

(b) **Analysis of investment portfolio**

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

				31 December 2018
Quoted equities	**Sector**	**Market value**	**% of total quoted securities**	**% of total investments**
Access Bank Plc	Financial Services	3,213,714	9.13%	2.77%
Dangote Cement Plc	Industrial Goods	4,253,074	12.08%	3.67%
Dangote Sugar Plc	Consumer Goods	907,375	2.58%	0.78%
First Bank of Nigeria Holding Company	Financial Services	2,146,500	6.10%	1.85%
First City Monument Bank Plc	Financial Services	472,500	1.34%	0.41%
Flourmill Plc	Consumer Goods	1,559,250	4.43%	1.34%
Guaranty Trust Bank	Financial Services	3,648,600	10.36%	3.15%
Guinness Nigeria Plc	Consumer Goods	972,000	2.76%	0.84%
Nigerian Breweries Plc	Consumer Goods	3,125,025	8.88%	2.70%
Nestle Nigeria Plc	Consumer Goods	1,425,600	4.05%	1.23%
Okomu Oil Palm Plc	Agriculture	1,592,580	4.52%	1.37%
PRESCO	Industrial Goods	544,000	1.55%	0.47%
Seplat	Oil and Gas	480,000	1.36%	0.89%
Total Nigeria Plc	Oil and Gas	1,031,240	2.93%	0.89%
UACN Plc	Conglomerates	1,122,225	3.19%	0.97%
United Bank for Africa Plc	Financial Services	2,995,200	8.51%	2.58%
WAPCO Lafarge Africa Plc	Industrial Goods	648,645	1.84%	0.56%
Zenith Bank	Financial Services	5,071,000	14.40%	4.37%
Total quoted securities		**35,208,528**	100%	**31%**
Treasury bills - 11.95% 31-Jan-2019		20,531,027		17.71%
Treasury bills - 12.0% 10-Jan-2019		13,842,513		11.94%
Treasury bills - 18.30% 9-May-2019		15,902,825		13.72%
Total treasury bills		**50,276,365**		**43%**
FGN Bond - 15.04% 20-Feb-2020		20,168,604		17.40%
UPDC Bond- 16%		10,289,315		8.87%
Total investments		**115,942,812**		**100%**

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

		31 December 2018
Sector	**Market value**	**% of total quoted securities**
Financial Services	17,547,514	50%
Industrial Goods	5,445,719	15%
Consumer Goods	7,989,250	23%
Conglomerates	1,122,225	3%
Oil and Gas	1,511,240	4%
Agriculture	1,592,580	5%
Total	**35,208,528**	**100%**

Notes to the financial statements
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Quoted equities	Sector	Market value	% of total quoted securities	31 December 2017 % of total investments
Access Bank Plc	Financial Services	4,619,945	10 48%	3 98%
Dangote Cement Plc	Industrial Goods	5,331,400	12 09%	4 60%
Dangote Sugar Plc	Consumer Goods	1,190,000	2 70%	1 03%
First Bank of Nigeria Holding Company	Financial Services	2,376,000	5 39%	2.05%
Flourmill Nigeria Plc	Consumer Goods	1,252,800	2 84%	1 08%
Guaranty Trust Bank	Financial Services	5,338,250	12 11%	4 60%
Guinness Nigeria Plc	Consumer Goods	1,269,000	2 88%	1 09%
Nigerian Breweries Plc	Consumer Goods	3,159,358	7 17%	2.72%
Nestle Nigeria Plc	Consumer Goods	1,493,750	3 39%	1 29%
Total Nigeria Plc	Oil and Gas	1,168,146	2 65%	1 01%
UACN Plc	Conglomerates	1,269,190	2 88%	1 09%
Lafarge Africa Plc	Industrial Goods	1,700,433	3 86%	1.47%
United Bank for Africa Plc	Financial Services	4,705,555	10 67%	4 06%
Zenith Bank	Financial Services	6,717,680	15 24%	5 79%
Okomu Oil Palm Plc	Agriculture	1,414,721	3 21%	1 22%
FCMB	Financial Services	370,000	0 84%	0 32%
PRESCO	Industrial Goods	582,250	1 32%	0.50%
Seplat	Oil and Gas	125,244	0 28%	0.11%
Total quoted securities		**44,083,722**	100%	**34%**
Treasury bills - 14.30% 21-Jun-2018		18,046,495		15 56%
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 investments		**54,212,372**		**41%**
FGN Bond - 15 04% 20-Feb-2020		31,448,836		25%
Total investments		**129,744,930**		**100%**

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

Sector	Market value	31 December 2017 % of total quoted securities
Financial Services	24,127,430	55%
Industrial Goods	7,614,083	17%
Consumer Goods	8,364,908	19%
Conglomerates	1,269,190	3%
Oil and Gas	1,293,390	3%
Agriculture	1,414,721	3%
Total	**44,083,722**	**100%**

16 Accounts receivable

	31-Dec-18	31-Dec-17
Dividend receivable	26,928	26,928
Prepaid rating fees	1,575,000	-
Total	**1,601,928**	**26,928**

	31-Dec-18	31-Dec-17
Current	1,601,928	26,928
Non Current	-	-
	1,601,928	**26,928**

17 Accounts payable

	31-Dec-18	31-Dec-17
Management fees payable	988,534	1,593,148
Audit fee payable	660,000	630,000
Trustee fee payable	87,013	85,475
Payables to registrar	1,617,241	2,523,491
Custodian fee payable	71,306	72,978
Publishing fees payable	818,495	1,667,911
Professional fees payable	-	-
	4,242,589	**6,573,003**

	31-Dec-18	31-Dec-17
Current	4,242,589	6,573,003
Non Current	-	-
	4,242,589	**6,573,003**

Notes to the financial statements
For the year ended 31 December 2018

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-18	31-Dec-17
	₦	₦
Balance at 1 January	1,079,277	1,087,777
Subscription to unit holder's equity	8,364	-
Redemption of unit holder's equity	(2,473)	(8,500)
Balance at 31 December (units)	**1,085,168**	**1,079,277**

(ii) Net assets attributable to unitholders

31 December 2018	Unitholders' equity at par	Retained earnings	Total
	₦	₦	₦
Balance at 1 January 2018	107,911,766	28,583,887	136,495,653
Subscription to unit holder's equity	1,000,000	-	1,000,000
Redemption of unit holder's equity	(247,485)	(39,211)	(286,696)
Distribution paid to unitholders	-	(24,876,661)	(24,876,661)
Profit for the year	-	1,079,817	1,079,817
Balance at 31 December 2018	**108,664,281**	**4,747,832**	**113,412,113**

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**

(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.

	31-Dec-18	31-Dec-17
	₦	₦
Net assets at end of the year (see note 16(b)(ii))	113,412,113	136,495,653
Number of units as at year end (see note 16(b)(i))	1,085,168	1,079,277
Net assets per unit	104 51	126 47

(d) Distribution paid to unitholders
The distribution paid in 2018 was N24,876,662 (31 December 2017: N2,701,429).

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-18	Units held as at 31-Dec-17
Vetiva Fund Managers Limited	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.

Notes to the financial statements
For the year ended 31 December 2018

(i) Fund manager

The Fund appointed Vetiva Fund Managers Limited, an investment management company incorporated in Nigeria, to implement the 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-18	31-Dec-17
		₦	₦
Vetiva Fund Managers Limited - Management fee	11	2,033,102	1,986,988
STL Trustees Limited- Trustee fee	11	67,770	66,233
Citibank custodians- Custodian fee	11	187,580	199,414
		2,288,452	2,252,635

(ii) *Payables to related parties*

	Note	31-Dec-18	31-Dec-17
			₦
Vetiva Fund Managers Limited - Management fee	17	988,534	1,593,148
STL Trustees Limited- Trustee fee	17	87,013	85,475
Citibank custodians- Custodian fee	17	71,306	72,978
		1,146,853	1,751,601

(iii) As at 31 December 2018, the fund manager held 1,000,000 units in the fund (2017: 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 2018 (2017: 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 2018 (2017: Nil)

23 Reconciliation notes to the statement of cash flows

(a) Financial assets at fair value through profit or loss	31-Dec-18	31-Dec-17
		₦
Balance at the start of the year	129,744,930	110,178,969
Interest income earned	12,273,149	15,521,596
Interest income received	(13,334,153)	(10,880,588)
Net fair value loss/(gain) (see note 10)	(8,912,329)	18,806,594
Balance at the end of the year	(115,942,812)	(129,744,930)
Cash (inflow)/outflow	(3,828,785)	(3,881,641)

(b) Accounts receivable	31-Dec-18	31-Dec-17
		₦
Balance at the start of the year	26,928	102,543
Dividend income	2,513,884	2,428,053
Dividend received	(2,513,884)	(2,401,125)
Non-cash transaction - write off	-	(102,543)
Balance at the end of the year	(1,601,928)	(26,928)
Change in accounts receivable	(1,575,000)	-

Notes to the financial statements
For the year ended 31 December 2018

(c) Accounts payable

	31-Dec-18	31-Dec-17
	₦	₦
Balance at the start of the year	6,573,003	5,040,920
Balance at the end of the year	(4,242,589)	(6,573,003)
Non-cash transaction - reversal of excess accrual on custody fee	-	(317,492)
Change in accounts payable	**(2,330,414)**	**1,849,575**

(d) Subscription to unitholders' equity

	31-Dec-18	31-Dec-17
	₦	₦
Gross subscription value during the year (at par)	1,000,000	-
Cash inflow on subscription	**1,000,000**	**-**

(e) Redemption of unitholders' equity

	31-Dec-18	31-Dec-17
		₦
Gross redemption value during the year (at par)	(247,485)	(849,875)
Fair value gain/ (loss) on redemption	(39,211)	6,130
Cash outflow on redemption	**286,696**	**843,745**

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

	31-Dec-18	31-Dec-17
		₦
Balance at the start of the year	13,296,798	2,413,469
Interest income earned	(286,577)	(401,983)
Interest income received	299,419	395,371
Balance at the end of the year	(109,962)	(13,296,798)
Net Increase in cash and cash equivalent	**13,199,678**	**(10,889,941)**
Cash and cash equivalent (see note 13)	109,962	13,296,798
Interest receivable	-	(12,842)
Net cash movement	**109,962**	**13,283,956**

(g) Total interest income received

		31-Dec-18	31-Dec-17
			₦
Interest income received on assets at FVTPL	23(a)	13,334,153	10,880,588
Interest income received on cash and cash equivalents	23(f)	299,419	395,371
Net Increase in cash and cash equivalent		**13,633,573**	**11,275,959**

OTHER NATIONAL DISCLOSURES

Other National Disclosures

Value added statement

	31-Dec-18	%	31-Dec-17	%
	₦		₦	
Total revenue	6,161,281		37,475,718	
Bought in goods and services- Local	(4,862,590)		(4,874,014)	
Value added	**1,298,691**		**32,601,704**	**100**
Applied to pay:				
Government as taxes	218,874	17	214,938	1
Retained in the Fund	1,079,817	83	32,386,766	99
Value added	**1,298,691**	**100**	**32,601,704**	**100**

Other National Disclosures
Five-Year Financial Summary
Statement of financial position

	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15	31-Dec-14
	₦	₦	₦	₦	₦
Assets					
Cash and cash equivalents	109,962	13,296,798	2,413,469	28,058,277	502,342
Financial assets at fair value through profit or loss	115,942,812	129,744,930	110,178,969	81,954,895	224,957,563
Accounts receivable	1,601,928	26,928	102,543	1,512,662	102,544
Total assets	**117,654,702**	**143,068,656**	**112,694,981**	**111,525,834**	**225,562,449**
Liabilities					
Accounts payable	4,242,589	6,573,003	5,040,920	4,246,395	2,216,691
Total liabilities	**4,242,589**	**6,573,003**	**5,040,920**	**4,246,395**	**2,216,691**
Net assets attributable to unitholders	**113,412,113**	**136,495,653**	**107,654,061**	**107,279,439**	**223,345,758**
Represented by					
Equity attributable to unitholders at par	108,664,281	107,911,766	108,761,641	109,966,796	242,599,996
Retained earnings	4,747,832	28,583,887	(1,107,580)	(2,687,357)	(19,254,238)
Total	**113,412,113**	**136,495,653**	**107,654,061**	**107,279,439**	**223,345,758**

Statement of profit or loss and other comprehensive income

	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15	31-Dec-14
	₦	₦	₦	₦	₦
Interest income	12,559,726	15,923,579	9,565,127	18,731,285	15,827,283
Dividend income	2,513,884	2,428,053	1,923,992	4,013,514	155,040
Early redemption fees	-	317,492	-	-	7,743,472
Net (loss)/(gain from financial assets at fair value through profit or loss	(8,912,329)	18,806,594	(6,274,163)	(7,469,137)	(32,948,688)
Total revenue	**6,161,281**	**37,475,718**	**5,214,956**	**15,275,662**	**(9,222,892)**
Other operating expenses	(4,862,590)	(4,874,014)	(3,383,622)	(7,145,359)	(35,111,084)
Total expenses	**(4,862,590)**	**(4,874,014)**	**(3,383,622)**	**(7,145,359)**	**(35,111,084)**
Profit before tax	**1,298,691**	**32,601,704**	**1,831,334**	**8,130,303**	**(44,333,976)**
Income tax expense	(218,874)	(214,938)	(194,184)	(348,176)	(744,137)
Profit for the year	**1,079,817**	**32,386,766**	**1,637,150**	**7,782,127**	**(45,078,113)**

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