

VETIVA CONSUMER GOODS EXCHANGE TRADED FUND

ANNUAL REPORT

31 December 2017

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Fund information

Directors of the Fund Manager

Chuka Eseka (Chairman)
Olaolu Mudasiru (Non-Executive Director)
Damilola Ajayi (Managing Director/CEO)

Fund Manager

Vetiva Fund Managers Limited
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Victoria Island
Lagos, Nigeria
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Transfer Agent

Central Securities Clearing Systems Limited
12th Floor NSE Building
2/4 Customs Street
Lagos

Trustee

UTL Trust Management Services Ltd
47, Marina, ED Building (2nd Floor)
Lagos

Custodian

UBA Plc (Global Investor Services)
UBA House (12th Floor)
57 Marina
Lagos

Auditor:

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

Bankers

UBA Plc
UBA House (12th Floor)
57 Marina
Lagos

FUND MANAGER'S REPORT
For the year ended 31 December 2017

The Fund Manager presents its report on the affairs of Vetiva Consumer Goods Exchange Traded Fund ("the Fund") together with the financial statements and auditor's report for the year ended 31 December 2017.

BACKGROUND INFORMATION

The Vetiva Consumer Goods Exchange Traded Fund ("the Fund") is an open-ended exchange traded fund established in July 2015 and registered with the Securities and Exchange Commission ("SEC"). The underlying objective of the Fund is to enable unit holders obtain market exposure to the constituent companies of the NSE Consumer Goods Index in an easily tradable form, as listed ETF securities are traded on the floors of the Nigerian Stock Exchange (NSE), or any other licensed exchange on which the Fund may be listed subsequently. The Fund aims to replicate, as practicably as possible, the price and yield performance of the NSE Consumer Goods Index.

The Fund invests 100% of its assets in the portfolio of securities that comprise the NSE Consumer Goods Index.

The NSE Consumer Goods Index is managed by the NSE and was created to provide an investable benchmark to capture the performance of the consumer goods sector of the equities market. This index comprises the most capitalized and liquid companies in food, beverage and tobacco businesses in Nigeria.

The components are subject to the above rules on a semi-annual basis and rebalanced accordingly.

OPERATING RESULTS

	31 December 17	31 December 16
	N	N
Loss before tax	(1,567,343)	(1,132,534)
Income tax expense	(177,805)	(184,896)
Loss for the year	(1,745,148)	(1,317,430)
Loss per unit (kobo)	(14.45)	(11.27)

MARKET REVIEW

Overview

Real Economy:

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

Inflation:

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

Currency:

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

Monetary Policy:

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

EQUITIES MARKET OUTLOOK IN 2017

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

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

CONSUMER GOODS SECTOR

The Fund is a passively managed fund that tracks the NSE Consumer Goods Index, which constitutes the most capitalized stocks within the Consumer Sector listed on the Nigerian Stock Exchange. Hence our outlook for the Fund will be hinged on our overall outlook for the Equities Market and specifically, the consumer goods sector.

Nigeria’s correction to lower global oil prices led to a combination of economic challenges which resulted in weak performance across the consumer goods space in 2016. The economic recovery through 2017 has however eased the operating conditions with marked improvements in FX liquidity and gas supply particularly leading to improved productivity across most Consumer Goods names. Notably, the Manufacturing Purchasing Managers’ Index data from the Central Bank of Nigeria shows eight consecutive months of improvement in economic activity so far in 2017. Though earnings pressure persists, we expect sustained stability within the macro-economic environment to further support recuperation in earnings. Stronger oil earnings (barring shocks in production volumes and prices) will keep the naira stable and support FX liquidity – both systemically important for import reliant manufacturers. However, the recent upward pressure on diesel prices is expected to mildly temper anticipated gains from further improvements in gas supply.


With 2017 already setting the tone for recovery, we expect consumer demand to come in stronger in 2018 - economic growth for the year forecasted at 2.0% (IMF: 1.9%). This view is founded on expectations of improvement in consumer confidence and the business environment, a stronger fiscal stimulus, and further moderation in inflation through the year. Particularly, we are confident aggregate demand levels will strengthen towards the latter part of the year supported by a ramp up in electioneering spend as the 2019 general elections approach.

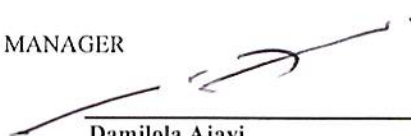
Famed for its defensive nature, the Consumer Goods sector revealed a more cyclical price trend during the recent economic downturn in Nigeria. Whilst maintaining an outperformer status in previous years, the sector has moved closer to the bottom of the pot in the last two years as weak earnings performance spooked investors. Amid the broader market recovery so far in 2017, the sector posted a positive return of 38% in 2017 – albeit below 71% from the sector. Notably, sharp price volatility has become more frequent across blue chips as investors remain jittery around the strength of the sector. Supported by stable macros and healthy corporate performances however, we are cautiously optimistic for sustained recuperation of investor sentiment in the Consumer Goods sector in 2018 and believe the sector will deliver a positive return in the year.

Auditors

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

BY ORDER OF THE BOARD OF DIRECTORS OF THE FUND MANAGER


Chuka Eseka
Chairman
(FRC/2013/ICAN/00000003262)
Vetiva Fund Manager Limited
29 March 2018


Damilola Ajayi
MD / CEO
(FRC/2013/ICAN/00000004412)
Vetiva Fund Manager Limited
29 March 2018

Statement of Fund Manager's responsibilities in relation to the financial statements for the year ended 31 December 2017

The Fund Manager accepts responsibility for the preparation of the annual 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 and for such internal control as the Fund Manager determines necessary to enable the preparation of financial statements that are free from material misstatements 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 has no reason to believe the Fund will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS OF THE FUND MANAGER BY:



Chuka Eseka
Chairman
(FRC/2013/ICAN/00000003262)
Vetiva Fund Manager Limited
29 March 2018



Damilola Ajayi
MD / CEO
(FRC/2013/ICAN/00000004412)
Vetiva Fund Manager Limited
29 March 2018

Certification of Accounts by Directors of the Fund Manager

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

- i transferred units to another person for sale, resale or subsequent transfer to the Fund Manager for sale or resale; or
- ii acquired or disposed of investments for account of the Trust otherwise than through a recognized stock exchange except where such investments consist of money market instruments or cash deposits; or
- iii disposed of units to another person for a price lower than the current bid price; or
- iv acquired units for a price higher than the current offer price.



Chuka Eseka
Chairman
(FRC/2013/ICAN/00000003262)
Vetiva Fund Manager Limited
29 March 2018



Damilola Ajayi
MD / CEO
(FRC/2013/ICAN/00000004412)
Vetiva Fund Manager Limited
29 March 2018



UTL TRUST
MANAGEMENT SERVICES LIMITED

UTL Trust Management Services Limited
RC 4834
ED Building
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Telephone: 01-2778251, 2705306.
mails@utltrustees.com
www.utltrustees.com

Trustee's Report

The Trustees present their report on the affairs of the Vetiva Consumer Goods Exchange Traded Fund ("the Fund"), together with the audited financial statements for the year ended 31 December 2017.

Principal Activity:

The Fund was registered under the Collective Investment Scheme by the Securities and Exchange Commission in accordance with the provisions of section 160 of the Investment and Securities Act (2007). The Fund was designed to replicate the price and yield performance of the NSE Consumer Goods Index as far as is practicable, by holding a portfolio of securities that substantially represents all the component securities of the NSE Consumer Goods Index in substantially the same weighting as the NSE Consumer Goods Index as specified in clause 14.1 of the Trust Deed dated 7 July 2015.

The Fund is listed and quoted on the floor of the Nigerian Stock Exchange and maintains its assets separate from the assets of the manager. The Scheme has been administered in accordance with provisions of the Trust Deed.

Results:

The results for the year are extracted from the financial records prepared by the Fund Manager and duly audited in accordance with the provision of section 169(2) of the Investment and Securities Act of 2007.

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

	31-Dec-17	31-Dec-16
Net Assets Value	105,770,248	74,551,193

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

	31-Dec-17	31-Dec-16
Loss for the year	(1,745,148)	(1,317,430)

Directors' and related parties' interest in the units of the Fund:

None of the Directors of Vetiva Fund Managers Limited held any direct or indirect beneficial interest in the units of the Fund as at 31 December 2017 (31 December 2016: Nil).

None of the directors of UTL Trust Management Services Limited has any direct or indirect beneficial interest in the units of the Fund as at 31 December 2017 (31 December 2016: Nil).

Olufunke Aiyepola (Mrs.)
FRC/2013/NBA/00000003285
UTL Trust Management Services Limited
26 March 2018

Abuja
Plot 75, Ralph Shodeinde Street,
4th Floor, Room 4-12 Edo House
Central Business District, Abuja
Phone: 08034189795,
08098080442

Port-Harcourt
UPDC Office Complex,
26, Aba Road, Port-Harcourt
Phone: 09063511986,
09077793542
D/L: 08123927001

BOARD OF DIRECTORS

Dr Shamsudeen Usman (Chairman)
Danladi Verheijen, Ehimare Eric Idiahi, Olawunmi Abiodun
Olufunke Oluwaseyi Aiyepola (Mrs.) (MD/CEO)

... committed to trust

Statement of Trustees' responsibilities

The Trustees' responsibilities to the Fund are as follows:

1. To ensure that the basis on which the sale, issue repurchase or cancellation, as case may be, of participatory interests effected by or on behalf of the Fund is carried out in accordance with the investment and Securities Act, SEC Rules and Regulations and the Trust Deed.
2. To ensure that the selling or repurchase price or participatory interest is calculated in accordance with the Investment and Securities Act, SEC Rules and Regulations and the Trust Deed.
3. To carry out the instructions of the Manager unless they are inconsistent with the Investment and Securities Act, any applicable law or the Trust Deed.
4. To verify that the income accruals of the Fund are applied in accordance with the Investments and Securities Act, SEC Rules and Regulations and the Trust Deed.
5. To verify that in transactions involving the underlying portfolio any consideration is remitted to it within time limits which are acceptable market practice in the context of a particular transaction.
6. To enquire into and prepare a report on the administration of the Fund by the Manager during each annual accounting period in which it shall be stated whether the Fund has been administered in accordance with the provisions of the Investment and Securities Act, Custody Agreement and Trust Deed.
7. To state the reason for non-compliance and outline the steps taken by the Manager to rectify the situation where the Manager does not comply with the limitations and provisions referred to in the Trust Deed.
8. To send report on the administration of the Fund to the Commission and to the Manager in good time to enable the Manager include a copy of the report in its annual report of the Fund.
9. To ensure that there is legal separation of underlying portfolio and that the Legal entitlement of investors to such underlying portfolio is assured.
10. To ensure that the underlying portfolio are properly safeguarded and administered in accordance with relevant laws of the Commission.
11. Whenever it becomes necessary for the Trustee to enforce the terms and condition of the Trust Deed, the Trustee shall do so, within ten (10) working days and shall inform the Commission not later than ten (10) working days after the breach.
12. To ascertain that the monthly and other periodic returns / reports relating to the Fund are sent by the manager to the commission.
13. To monitor the register of the holders.
14. To generally monitor the activities of the Manager on behalf of and in the interest of the holders.
15. To take all steps and execute all documents which are necessary to secure acquisition or disposal properly made by the Manager in accordance with the Trust Deed and the Custody Agreement.

BY ORDER OF THE TRUSTEES
UTL Trust Management Services Limited
26 March 2018


OLUFUNKE AIYEPOLA (Mrs.)
FRC/2013/NBA/00000003285
UTL Trust Management Services Limited
26 March 2018

Abuja
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Phone: 09063511986,
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D/L: 08123927001

BOARD OF DIRECTORS

Dr Shamsudeen Usman (Chairman)
Dantadi Verheijen, Ehimare Eric Idiahi, Olawunmi Abiodun
Olufunke Oluwaseyi Aiyepola (Mrs.) (MD/CEO)

... committed to trust



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INDEPENDENT AUDITOR'S REPORT

To the unit holders of **Vetiva Consumer Goods Exchange Traded Fund**

Opinion

We have audited the financial statements of Vetiva Consumer Goods ETF (the Fund), which comprise the statements of financial position as at 31 December 2017, the statements of profit or loss and other comprehensive income, statements of changes in net assets attributable to unit holders and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 13 to 31.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and 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 ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Valuation of quoted equity securities at fair value through other comprehensive income

The Fund's investment in quoted equity securities measured at fair value through other comprehensive income makes up 95% of the total assets of the Fund (2016: 98%). Therefore, due to the significance of the account balance, any potential misstatements could have a material impact on the Fund's financial position and performance. This made the audit of these quoted equity securities a significant audit focus area.

Partners:

Abiola F. Bada	Adebisi O. Lamikanra	Adekunle A. Elebute	Adetola P. Adeyemi
Adeyemi K. Ajayi	Ajibola O. Olomola	Ayobami L. Salami	Ayodele H. Othihiwa
Ayodele A. Soyinka	Chibuzor N. Anyanechi	Ehile A. Aibangbee	Goodluck C. Obi
Ibitomi M. Adepoju	Ijeoma T. Emezie-Ezigo	Joseph O. Tegbe	Kabir O. Okunlola
Lawrence C. Amadi	Mohammed M. Adama	Nneka C. Eluma	Oguntayo I. Ogungbenro
Oladapo R. Okubadejo	Oladimeji I. Salaudeen	Olanike I. James	Olumide O. Olayinka
Olusegun A. Sowande	Oluwafemi O. Awotoye	Oluwatoyin A. Gbagi	Temitope A. Onitiri
Tolulope A. Odukale	Victor U. Onyenkpa		



Procedures

Our audit procedures included but were not limited to the following:

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

The Fund's accounting policy on financial assets at fair value through other comprehensive income and related disclosures and risks are shown in notes 3 (a) 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. The other information comprises the Trustee's Report, for which the Board of directors of the Trustee is responsible; and the following for which the Board of directors of the Fund Manager is responsible - Fund Information, Fund Manager's Report, Statement of Fund Manager's Responsibilities in relation to the financial statements, Certification by the Fund Manager and Other National Disclosures; but does not include the financial statements and our audit report thereon.

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

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

Responsibilities of the Board of Directors of the Fund Manager for the Financial Statements

The Board of directors of the Fund Manager are responsible for the preparation of financial statements in accordance with IFRSs, and for such internal control as the Board of directors of the Fund Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of directors of the Fund Manager are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of directors of the Fund Manager either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Fund Manager.
- Conclude on the appropriateness of Directors of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 Board of directors of Trustee and Board of directors of 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.

We also provide the Board of directors of Trustee and the Fund Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Signed:

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



Statement of financial position
As at 31 December 2017


		31-Dec-17	31-Dec-16
	Note	N	N
Assets			
Cash and cash equivalents	14	1,553,606	1,453,174
Investment securities	15	106,929,949	75,389,049
Accounts receivable	17	4,215,862	33,237
Total assets		<u>112,699,417</u>	<u>76,875,460</u>
Liabilities			
Accounts payable	18	6,929,169	2,324,267
		<u>6,929,169</u>	<u>2,324,267</u>
Net assets attributable to unitholders		<u>105,770,248</u>	<u>74,551,193</u>
Represented by:			
Unitholder's equity	19b(ii)	86,020,079	82,539,994
Retained earnings	19b(ii)	(7,940,042)	(6,194,894)
Fair value reserve/ (deficit)	19b(ii)	27,690,211	(1,793,907)
Total		<u>105,770,248</u>	<u>74,551,193</u>

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

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

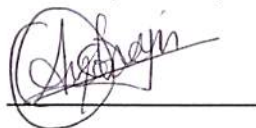


Chuka Eseka
(FRC/2013/ICAN/00000003262)
Chairman
Vetiva Fund Managers Limited



Damilola Ajayi
(FRC/2013/ICAN/00000004412)
Managing Director/CEO
Vetiva Fund Managers Limited

Additionally certified by:



Ayodeji Oshin
(FRC/2013/ICAN/00000003264)
Chief Financial Officer
Vetiva Fund Managers Limited

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

		31-Dec-17	31-Dec-16
	Note	N	N
Revenue			
Dividend income	7	2,160,067	2,036,646
Interest income	8	31,464	31,885
Other income	10	53,173	-
Realised loss	10	(865,639)	-
Total revenue		<u>1,379,065</u>	<u>2,068,531</u>
Expenses			
Other operating expenses	11	<u>(2,946,408)</u>	<u>(3,201,065)</u>
Total expenses		<u>(2,946,408)</u>	<u>(3,201,065)</u>
Loss before tax		(1,567,343)	(1,132,534)
Income tax expense	12	<u>(177,805)</u>	<u>(184,896)</u>
Loss for the year		<u>(1,745,148)</u>	<u>(1,317,430)</u>
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Fair value reserve (available-for-sale assets)			
Net change in fair value	19(b)(ii)	29,484,118	(3,548,627)
Total comprehensive loss for the year		<u>27,738,970</u>	<u>(4,866,057)</u>
Basic and diluted loss per unit (kobo)	13	<u>(14.45)</u>	<u>(11.27)</u>

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

**Statements of changes in net assets attributable to unitholders
As at 31 December 2017**

31 December 2017 <i>In naira</i>	Note	Unit holder's equity	Retained earnings	Fair value reserves	Total equity
Balance as at 1 January 2017		82,539,994	(6,194,894)	(1,793,907)	74,551,193
Total comprehensive income for the year:					
Loss for the year		-	(1,745,148)	-	(1,745,148)
Fair value changes on available for sale financial assets					
- net change	19(b)(ii)	-	-	29,484,118	29,484,118
Total comprehensive income for the year		-	(7,940,042)	27,690,211	102,290,163
Transactions with owners, recorded directly in equity:					
Additions to unitholder's equity	19(b)(ii)	3,480,085	-	-	3,480,085
Total contribution and distributions to equity holders		3,480,085	-	-	3,480,085
Balance at 31 December 2017		86,020,079	(7,940,042)	27,690,211	105,770,248

31 December 2016 <i>In naira</i>	Note	Unit holder's equity	Retained earnings	Fair value reserves	Total equity
Balance as at 1 January 2016		82,539,994	(4,877,464)	1,754,720	79,417,250
Total comprehensive income for the year:					
Loss for the year		-	(1,317,430)		(1,317,430)
Fair value changes on available for sale financial assets					
- net change		-	-	(3,548,627)	(3,548,627)
Total comprehensive income for the year		82,539,994	(6,194,894)	(1,793,907)	74,551,193
Balance at 31 December 2016		82,539,994	(6,194,894)	(1,793,907)	74,551,193

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

Statement of cash flows
For the year ended 31 December 2017

	Note	31-Dec-17 N	31-Dec-16 N
Cash flow froms operating activities:			
Loss for the year		(1,745,148)	(1,317,430)
Income tax expense	12	177,805	184,896
Loss before tax		<u>(1,567,343)</u>	<u>(1,132,534)</u>
<i>Adjustment for:</i>			
Interest income	8	(31,464)	(31,885)
Dividend income	7	(2,160,067)	(2,036,646)
Other income	9	(53,173)	-
		<u>(3,812,047)</u>	<u>(3,201,065)</u>
<i>Changes in:</i>			
-Accounts payable	18(b)(ii)	4,658,075	688,665
-Accounts receivable	17(b)(ii)	(4,215,862)	-
-Investment securities	15(d)	(2,056,782)	-
Cash used in operations		<u>(5,426,616)</u>	<u>(2,512,400)</u>
Interest received	8	31,464	31,885
Dividend received	17(b)(ii)	2,193,304	2,003,409
Withholding tax paid	12	(177,805)	(184,896)
Net cash generated used in operating activities		<u>(3,379,653)</u>	<u>(662,002)</u>
Cash Flows from financing activities			
Inflows from subscription	19(b)(ii)	3,480,085	-
Net Cash flow generated from financing activities		<u>3,480,085</u>	<u>-</u>
Net Increase in cash and cash equivalents		100,432	(662,002)
Cash and Cash equivalents as at 1 January		1,453,174	2,115,176
Cash and Cash equivalents as at 31 December	14	<u>1,553,606</u>	<u>1,453,174</u>

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

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

1 Reporting entity

The Vetiva Consumer Goods Exchange Traded Fund ("the Fund") is an open ended exchange traded Fund that operates in Nigeria. It was approved by the Securities and Exchange Commission ("SEC") in July 2015. The Fund commenced operations and units of the Fund were first traded on the Nigerian Stock Exchange in August 2015. The Fund is not a legal entity but is constituted and exists under the Trust Deed with Union Trustees Limited as its Trustees. The address of the Fund's registered office is 266b Kofo Abayomi Street, Victoria Island Lagos. The Fund tracks the NSE Consumer Goods Index. The NSE Consumer Goods Index comprises the top Companies listed in the Nigerian Stock Exchange in terms of market capitalization and liquidity (high frequency of trading of the shares) in the consumer goods sector

The Vetiva Consumer Goods ETF is designed to track the performance of the constituent companies of the NSE Consumer Goods Index and to replicate the price and yield performance of the Index. The NSE Consumer Goods Index comprises of the top 15 companies in the Food/Beverages and Tobacco sector listed on the Nigerian Stock Exchange ("NSE") in terms of market capitalization and liquidity and is a price index weighted by adjusted market capitalization.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by local regulations is included where appropriate. The financial statements comply with the Financial Reporting Council of Nigeria Act, 2011.

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

(b) Basis of measurement

The financial statements have been prepared using appropriate accounting policies, supported by reasonable judgements and estimates. 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 operate as going concern for the foreseeable future.

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

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

(c) Functional and presentation currency

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

(d) Reporting period

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

(e) Use of estimates and judgments

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

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

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

Notes to the financial statements (cont'd)

3 Statement of significant accounting policies

(a) Financial assets and liabilities

(i) Introduction

Financial instruments include all financial assets and liabilities. These instruments are typically held for liquidity, investment, or trading purposes. All financial instruments are initially recognized at fair value plus directly attributable transaction costs, except those carried at fair value through profit or loss where transaction costs are recognized immediately in profit or loss.

Financial instruments are recognized (derecognized) on the date the Fund commits to purchase (sell) the instruments (trade date accounting).

(ii) Classification, initial and subsequent measurement

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

The Fund classifies its financial assets and liabilities into the following categories:

- Available-for-sale financial assets - Investment securities
- Loans and receivables - Cash and cash equivalents and receivables
- Other Financial liabilities - Account payables

Available-for-sale financial assets

Financial assets classified by the Fund as available-for-sale financial assets are generally those that are not designated into any other category of financial assets, or strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

The Fund's policy requires the Investment Manager and the Board of Directors to regularly evaluate information about these financial assets measured at fair value together with other related financial information.

Available-for-sale financial assets are subsequently measured at fair value with the exception of unquoted equity investments whose fair value cannot be reliably measured which are carried at cost. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in fair value reserve in other comprehensive income until the financial asset is derecognised or impaired. When available-for-sale financial assets are disposed off, the fair value adjustments accumulated in other comprehensive income are recognized in profit or loss as realised gain or loss.

Loans and receivables

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

- those that the Fund intends to sell immediately or in the short term, which are classified as held for trading and those that the Fund upon initial recognition, designates as fair value through profit or loss;
- those that the Fund upon initial recognition designates as available for sale, or those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

• **Cash and cash equivalents**

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

• **Accounts receivable**

Accounts receivable comprises dividend income earned but not yet received by the Fund.

Subsequent measurement

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

Other liabilities

Other liabilities are financial liabilities that are not classified as held-for-trading or designated at fair value through profit or loss. These financial liabilities are measured at other amortised cost. Other liabilities comprise balances due to the Fund Manager, Trustees, Registrars, Custodians, Auditors to the Fund, and other creditors.

Notes to the financial statements (cont'd)

(iii) Amortised cost measurement and effective interest

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

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

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

(iv) Fair value measurement

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

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

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

(v) Impairment of financial assets

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

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

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

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. The Fund considers a decline of 20% to be significant, and a period of nine months to be prolonged. Where an available-for-sale asset, which has been remeasured to fair value directly through equity, is impaired, the impairment loss is recognized in profit or loss. If any loss on the financial asset was previously recognized directly in equity as a reduction in fair value, the cumulative net loss that had been recognized in equity is transferred to profit or loss and is recognized as part of the impairment loss. The amount of the loss recognized in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognized impairment loss.

If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through profit or loss but accounted for directly in equity.

Notes to the financial statements (cont'd)

(vi) Derecognition

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

On derecognition of a financial asset, the difference between the carrying amount of the assets (or the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss.

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

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

(vii) Offsetting

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

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

(b) Interest income and expenses

Interest income and expense, including interest income from non-derivative financial assets measured at other comprehensive income, are recognized in profit or loss, using the effective interest method.

(c) Dividend income

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

(d) Expenses

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

(e) Transaction costs

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

Transaction costs incurred on financial assets or liabilities recorded at amortised cost are part of the amortised cost value and amortised over the life of the financial instrument.

Transaction costs incurred for other assets and liabilities including those classified as fair value through profit or loss are expensed when incurred.

(f) 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%.

Notes to the financial statements (cont'd)

(g) 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 recognized net assets or the change in the fair value of the recognized and unrecognised net assets of the Fund over the life of the instrument.

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

(ii) Repurchase of units

When units recognised as equity are redeemed, the par value of the units is presented as a deduction from capital. Any premium or discount to par value is recognised as an adjustment to retained earnings.

(h) Earnings per unit

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

Diluted earnings per unit is determined by adjusting the profit or loss attributable to unit holders and the total number of units outstanding for the effects of all dilutive potential units

(i) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund or the Fund has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation, or the amount cannot be reliably estimated. Contingent liabilities are disclosed in the financial statements.

(j) Standards and interpretations issued but not yet effective

The Fund has consistently applied the accounting policies set out in notes 3(a) - 3(i) to all periods presented in these financial statements.

New standards, amendment and interpretations issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted, however, the Fund has not early applied these new or amended standards in preparing these financial statements. The one standard potentially relevant to the Fund is IFRS 9 Financial Instruments, which is discussed below:

(a) Financial Instruments (IFRS 9)

The Fund is required to adopt IFRS 9 Financial Instruments from 1 January 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Notes to the financial statements (cont'd)

Classification of financial assets and financial liabilities

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics

The standard includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and FVTPL. It eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

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

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, although under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI, and
- the remaining amount of change in the fair value is presented in profit or loss

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

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

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changed in economic factors affects ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets at amortised cost of FVOCI, except for investments in equity instruments.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Hedge accounting

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

Disclosures

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

Transition

Changes in accounting policies resulting from adoption of IFRS 9 will generally be applied retrospectively, except as described below.

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

Notes to the financial statements (cont'd)

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

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or overtime. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration which the entity expects to be entitled to in exchange for those goods and services. The standard incorporates a five step analysis to determine the amount and timing of revenue recognition.

The standard is not expected to have a significant impact on the Fund as the Fund's revenue is mainly interest income

(c) Leases (IFRS 16)

This standard will replace the existing standard IAS 17 *Leases* as well as the related interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, being the lessee (customer) and the lessor (supplier).

The core principle of this standard is that the lessee and lessor should recognise all rights and obligations arising from leasing arrangements on balance sheet.

The most significant change pertaining to the accounting treatment of operating leases is from the lessees' perspective. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and introduces a single lessee accounting model, where a right of use (ROU) as set together with a liability for the future payments is to be recognised for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The lessor accounting requirements in IAS 17 has not changed substantially in terms of this standard as a result a lessor continues to classify its leases as operating lessor finance leases and accounts for these as it currently done in terms of IAS 17. In addition, the standard requires lessor to provide enhanced disclosures about its leasing activities and in particular about its exposure to residual value risk and how it is managed.

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

4 Financial risk management and fair value disclosures

Introduction and overview

The Fund has exposure to the following risks from financial instrument

- Market risk
- Credit risk
- Liquidity risk

Risk management framework

The Fund Manager has discretionary authority to manage the asset of the Fund in line with the Fund's investment objectives and in compliance with the target asset allocation and composition of the portfolio as stipulated by the investment committee quarterly.

In instances where the portfolio has diverged from the target asset allocation, the Fund Manager is obliged to take actions to rebalance the composition of the portfolio in line with established targets and within the prescribed time limit.

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 and equity prices, will adversely 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.

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.

The Fund's investment in interest linked financial assets is limited to fixed rate instruments like placements and bank balances, hence it is not exposed to fluctuations in market interest rate.

(i) 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.

An overview of the Fund's investment portfolio as at 31 December 2016 is shown in note 16

Notes to the financial statements (cont'd)

The sensitivity analyses 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-17	31-Dec-16
Carrying value (in thousands of Naira)	106,929,949	75,389,049
Impact of price movement on profit and net assets attributable to unitholders:		
+ 1%	1,069,299	753,890
+ 2%	2,138,599	1,507,781
+ 5%	5,346,497	3,769,452
- 1%	(1,069,299)	(753,890)
- 2%	(2,138,599)	(1,507,781)
- 5%	(5,346,497)	(3,769,452)

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 its holdings in money market placements. The Fund limits this exposure to credit loss by placing funds with banks and investing in securities which are constituents of the NSE Consumer Goods Index issued by entities with high credit quality and by diversifying among a number of issuers.

All transactions in securities conducted on the Exchange are settled within T+2 days, and settlements are made through regulated brokers. The risk of default is considered minimal given that the transactions are executed on an exchange.

The Fund's cash is held with the custodian, UBA Global Investor Services, a subsidiary of United Bank for Africa PLC which is rated 'Aa-' (2016: 'Aa-') based on Agosto & Co ratings.

Outstanding dividends are due from highly rated companies whose stocks are presently trading on the floor of the Nigerian Stock Exchange ('NSE'). The Exchange ensures that all declared dividends declared are paid.

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.

As at 31 December 2017, 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

31 December 2017		Contractual cash flows				
	Note	Carrying amount	Total	Less than 3 months	3 - 6 months	6 months - 1 year
Cash and cash equivalents	14	1,553,606	1,553,606	1,553,606	-	-
Account receivables	17	-	-	-	-	-
Investment securities	15	106,929,949	106,929,949	106,929,949	-	-
Total financial assets		108,483,555	108,483,555	108,483,555	-	-
Account payable	18	6,929,169	6,929,169	6,929,169	-	-
Total financial liabilities		6,929,169	6,929,169	6,929,169	-	-
Gap (assets-liabilities)		101,554,386	101,554,386	101,554,386	-	-
Cumulative liquidity gap				101,554,386	-	-

Notes to the financial statements (cont'd)

31 December 2016

	Note	Carrying amount	Total	Less than 3 months	3 - 6 months	6 months - 1 year
Cash and cash equivalents	14	1,453,174	1,453,174	1,453,174	-	-
Account receivables	17	33,237	33,237	33,237	-	-
Investment securities	15	75,389,049	75,389,049	75,389,049	-	-
Total financial assets		76,875,460	76,875,460	76,875,460	-	-
Account payable	18	2,324,267	2,324,267	2,324,267	-	-
Total financial liabilities		2,324,267	2,324,267	2,324,267	-	-
Gap (assets-liabilities)		74,551,193	74,551,193	74,551,193	-	-
Cumulative liquidity				74,551,193	-	-

d Concentration risk

Concentration risk refers to any single exposure or group of exposures large enough to cause credit losses which threaten the fund's capital adequacy or ability to maintain its core operations. It is the risk that common factors within a risk type or across risk types cause credit losses or an event occurs within a risk type which results to credit losses.

A breakdown of the Fund's investment portfolio as at 31 December 2017 is shown in note 16.

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 guide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances.

- The unit holders interest is classified as equity, as the Fund has determined that it has met the criteria for this designation set out in note 3(g)(i).

(ii) Valuation of financial instruments

The Fund's accounting policy on fair value measurement is discussed in note 3(a)(iv).

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 instruments valued using : quoted market prices in active markets for similar instruments ; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- (iii) Level 3 : Valuation techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments' valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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.

Notes to the financial statements (cont'd)

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

31 December 2017

	Note	Level 1	Level 2	Level 3	Total
Investment securities	15	106,929,949	-	-	106,929,949
		106,929,949	-	-	106,929,949

31 December 2016

	Note	Level 1	Level 2	Level 3	Total
Investment securities	15	75,389,049	-	-	75,389,049
		75,389,049	-	-	75,389,049

(b) Financial instruments not measured at fair value

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

6 Classification of financial assets and liabilities

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

31 December 2017

	Note	At available for sale	At fair value through profit or loss	Loans and receivables	Other Financial liabilities	Total carrying
Cash and cash equivalents	14	-	-	1,553,606	-	1,553,606
Investment securities	15	106,929,949	-	-	-	106,929,949
Accounts receivable	17	-	-	4,215,862	-	4,215,862
		106,929,949	-	5,769,468	-	112,699,417
Accounts payables	18	-	-	-	6,929,169	6,929,169
		-	-	-	6,929,169	105,770,248

Notes to the financial statements (cont'd)

31 December 2016

	Note	At available for sale	At fair value through profit or loss	Loans and receivables	Other Financial liabilities	Total carrying
Cash and cash equivalents	14	-	-	1,453,174	-	1,453,174
Investment securities	15	75,389,049	-	-	-	75,389,049
Accounts receivable	17	-	-	33,237	-	33,237
		75,389,049	-	1,486,411	-	76,875,460
Accounts payables	18	-	-	-	2,324,267	2,324,267
		-	-	-	2,324,267	74,551,193

7 Dividend Income

	31-Dec-17	31-Dec-16
Income from equity investments	2,160,067	2,036,646
	2,160,067	2,036,646

During the year N2,160,067 was received as dividend income during the year.

8 Interest Income

	31-Dec-17	31-Dec-16
<i>Interest income on financial instruments carried at amortised cost.</i>		
Cash and Cash equivalent	31,464	31,885
Total	31,464	31,885

9 Other income

	31-Dec-17	31-Dec-16
Other income	53,173	-
	53,173	-

10 Realised loss

	31-Dec-17	31-Dec-16
Net loss from disposal of financial assets designated as at fair value through Other Comprehensive Income		
Equity investments		
Loss from sale	(865,639)	-
	(865,639)	-

11 Other operating expenses

	31-Dec-17	31-Dec-16
Auditors Fees	630,000	500,000
Custodian Fees	34,177	52,307
Bank Charges	575	833
Trustees Fees	420,000	420,000
Registrars/Transfer Agent fees	149,222	93,432
NSE Listing Fees	289,737	-
NSE Index Licensing Fees	987,987	1,913,945
Management Fees	-	220,548
Other Miscellaneous Fees	434,710	-
Total	2,946,408	3,201,065

12 Income tax expense

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

	31-Dec-17	31-Dec-16
Withholding tax on dividend and interest income	177,805	184,896
Total tax expense	177,805	184,896

Notes to the financial statements (cont'd)

13 Loss per unit

Loss per unit is calculated by dividing the loss for the year by the number of units as at year end

In thousands of Naira	31-Dec-17	31-Dec-16
Loss for the year	(1,745,148)	(1,317,430)
Number of units as at year end (see note 19(b)(i))	12,081,216	11,691,216
Loss per unit (kobo)	(14.45)	(11.27)

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

14 Cash and cash equivalents

Cash and cash equivalents comprise:

	31-Dec-17	31-Dec-16
Cash balances with banks	1,553,606	1,453,174
	1,553,606	1,453,174

15 Investment securities

(a) Analysis of investment securities:

At fair value through other comprehensive income:

Quoted investments (see note (b) and note 16 below)	31-Dec-17	31-Dec-16
	106,929,949	75,389,049
	106,929,949	75,389,049
	31-Dec-17	31-Dec-16
Current	106,929,949	75,389,049
Non Current	-	-
Balance, end of year	106,929,949	75,389,049

(b) Equity investments comprise:

Quoted equity securities at cost

Fair value changes (see note (c) below)

Net carrying amount

79,239,738	77,182,956
27,690,211	(1,793,907)
106,929,949	75,389,049

(c) The movement in fair value changes was as follows:

Balance, beginning of the year

Change in the year:

- net change

- transfer to profit or loss on disposal

Balance, end of year

(1,793,907)	1,754,720
28,618,479	(3,548,627)
865,639	-
27,690,211	(1,793,907)

(d) Cashflow movement

	31-Dec-17	31-Dec-16
Opening balance	75,389,049	78,937,676
Fair value changes reclassified to profit or loss	-	-
Net fair value changes in OCI	29,484,118	(3,548,627)
Net purchases of investment securities	2,056,782	-
Closing	106,929,949	75,389,049

16 Investment portfolio

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

				31 December 2017	
	Sector	Market value	% of total quoted securities	% of total investments	
7Up Bottling Plc	Consumer Goods	2,046,436	1.91%	1.90%	
Cadbury Plc	Consumer Goods	920,142	0.86%	0.85%	
Champion Breweries	Consumer Goods	508,808	0.48%	0.47%	
Dangote Flourmills Plc	Consumer Goods	1,898,644	1.78%	1.76%	
Dangote Sugar Refinery Plc	Consumer Goods	7,498,600	7.01%	6.95%	
Flour Mills Plc	Consumer Goods	2,378,754	2.22%	2.21%	
Guinness Nigeria Plc	Consumer Goods	4,425,144	4.14%	4.10%	
Honeywell Flourmill Plc	Consumer Goods	520,313	0.49%	0.48%	
International Breweries Plc	Consumer Goods	5,612,301	5.25%	5.20%	
Nascon Allied Industries Plc	Consumer Goods	1,532,910	1.43%	1.42%	
Nigerian Breweries Plc	Consumer Goods	33,428,220	31.26%	31.00%	
Nestle Foods Plc	Consumer Goods	38,663,240	36.16%	35.85%	
P. Z. Industries Plc	Consumer Goods	2,556,213	2.39%	2.37%	
Unilever Nigeria Plc	Consumer Goods	4,846,405	4.53%	4.49%	
Vitafoam Nigeria Plc	Consumer Goods	93,819	0.09%	0.09%	
Total quoted securities		106,929,948	100.00%	99.16%	
Placement		911,096		0.84%	
Total investments		107,841,044		100.00%	

Notes to the financial statements (cont'd)

31 December 2016

	Sector	Market value	% of total quoted	
			securities	% of total investments
7Up Bottling Plc	Consumer Goods	2,505,051	3.32%	3.32%
Cadbury Plc	Consumer Goods	584,626	0.78%	0.78%
Champion Breweries	Consumer Goods	579,864	0.77%	0.77%
Dangote Flourmills Plc	Consumer Goods	642,583	0.85%	0.85%
Dangote Sugar Refinery Plc	Consumer Goods	2,216,470	2.94%	2.94%
Flour Mills Plc	Consumer Goods	1,467,440	1.95%	1.95%
Guinness Nigeria Plc	Consumer Goods	3,782,761	5.02%	5.02%
Honeywell Flourmill Plc	Consumer Goods	311,644	0.41%	0.41%
International Breweries Plc	Consumer Goods	1,843,285	2.45%	2.45%
Nascon Allied Industries Plc	Consumer Goods	681,471	0.90%	0.90%
Nigerian Breweries Plc	Consumer Goods	35,481,934	47.07%	47.07%
Nestle Foods Plc	Consumer Goods	19,475,640	25.83%	25.83%
P.Z. Industries Plc	Consumer Goods	1,740,885	2.31%	2.31%
Unilever Nigeria Plc	Consumer Goods	4,002,880	5.31%	5.31%
Vitafoam Nigeria Plc	Consumer Goods	72,516	0.10%	0.10%
Total quoted securities		75,389,049	100.00%	100.00%
Placement		-		0.00%
Total investments		75,389,049		100%

17 Accounts receivable

	31-Dec-17	31-Dec-16
Dividend receivable	-	33,237
Other assets	4,215,862	-
Total	4,215,862	33,237

(b) Cashflow movement:

(i) Other assets

	31-Dec-17	31-Dec-16
Opening balance	-	-
Addition	4,215,862	-
Net cash movement	-	-
Closing balance	4,215,862	-

(ii) Dividend income

	31-Dec-17	31-Dec-16
Opening balance	33,237	-
Addition	2,160,067	2,036,646
Dividend received	(2,193,304)	(2,003,409)
Closing balance	-	33,237

18 Accounts payable

	31-Dec-17	31-Dec-16
Management Fees	329,123	152,715
Auditors Fees	630,000	1,000,000
Custodian Fees	3,192	22,188
Trustees Fees	523,562	523,562
Registrars/Transfer Agent Fees	-	111,780
NSE Index Licensing Fees	4,874,725	-
Receiving Agent Commission Fees	-	308,251
Publication fees	-	40,035
Other Liabilities	568,567	165,736
	6,929,169	2,324,267
	31-Dec-17	31-Dec-16
Current	6,929,169	2,324,267
Non Current	-	-
Balance, end of year	6,929,169	2,324,267

Notes to the financial statements (cont'd)

(b) Cashflow movement

	31-Dec-17	31-Dec-16	Changes
Management fees payable	329,123	152,715	176,408
Professional fee payable	1,156,754	1,657,530	(500,776)
NSE Index Licensing Fees	4,874,725	-	4,874,725
Other account payable	568,567	514,022	54,545
Net cash movement	6,929,169	2,324,267	4,604,902

(n) Movement in account payable

	31-Dec-17	31-Dec-16
Opening balance	2,324,267	1,635,602
Reversal of over provision	(53,173)	-
Closing balance	6,929,169	2,324,267
Changes in account payable	4,658,075	688,665

19 Unitholders' equity

(a) The Vetiva Consumer Goods ETF is authorized 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 Union Trustees Nigeria Limited as Trustees. The Fund's total unit capital as at year ended 31 December 2017 was 12,081,216 units.

The rights accruing to unitholders of the Fund are as follows:

- The units may be redeemed at any time by the unitholders at the net asset value per unit less expenses directly attributable to redemption of units
- Redeemable units carry a right to receive notice of, attend and vote at meetings of unitholders
- All units rank pari-passu with the same rights and benefits at meetings 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) Number of units

	31-Dec-17 12 months	31-Dec-16 12 months
Balance at beginning of year	11,691,216	11,691,216
Subscription of units during the year	390,000	-
Balance at 31 December	12,081,216	11,691,216

(ii) Net assets attributable to unitholders

2017

	Unitholders' equity	Retained earnings	Fair value deficit	Total
Balance as at 1 January 2017	82,539,994	(6,194,894)	(1,793,907)	74,551,193
Subscription during the year	3,480,085	-	-	3,480,085
Fair value changes on investment securities	-	-	29,484,118	29,484,118
Loss for the year	-	(1,745,148)	-	(1,745,148)
As at 31 December 2017	86,020,079	(7,940,042)	27,690,211	105,770,248

Net asset value per unit (Naira)

8.75

2016

	Unitholders' equity at par	Retained earnings	Fair value reserves	Total
Balance as at 1 January 2016	82,539,994	(4,877,464)	1,754,720	79,417,250
Fair value changes on investment securities	-	-	(3,548,627)	(3,548,627)
Loss for the year	-	(1,317,430)	-	(1,317,430)
As at 31 December 2016	82,539,994	(6,194,894)	(1,793,907)	74,551,193

Net asset value per unit (Naira)

6.38

Notes to the financial statements (cont'd)

20 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both. The Fund's key related party is its Fund Manager, Vetiva Fund Managers Limited. Other related parties include the entities in the Vetiva Group and the key management personnel of the Fund Manager.

The following summarizes the total unit holding of related parties:

Name	Units held as at 31-Dec-17	Units held as at 31-Dec-16
Vetiva Exxon Mobil -ESP	6,683,822	-
Vetiva Nominees	113,939	-
Vetiva Capital Management Limited	110	-
Vetiva Securities Limited	1,327,583	2,116,379
Vetiva Fund Managers Limited	2,266,288	2,266,288
<i>Key management personnel</i>		
Nil		

a) Transactions with related parties

i. Management fees

The Fund is managed by Vetiva Fund Managers Limited ("the Fund Manager"), an investment management company incorporated in Nigeria and domiciled in Lagos. Under the terms of the management agreement, the Fund appointed Vetiva Fund Managers Limited as an Investment Manager to provide Fund management services to the Fund. Vetiva Fund Managers Limited receives a fee based on an annual rate of 0.4% of the net asset value of the Fund accrued daily and payable quarterly in arrears. There was no management fee during the year (2016: N220,548).

ii. UBA Plc (Global Investors Services)

UBA plc (Global Investors Services) remains the Fund's Custodian. Under the custodial service agreement, the custodian fees shall be 0.0375% of the value of the assets under custody and shall be payable quarterly in arrears. Total Custodian fees for the year was N34,177 (2016: N52,307).

iii. Union Trustees Limited

UTL Trust Management Services Limited remains the Fund's Trustee. Under the Trust deed, The Trustee shall be paid an annual fee of 0.05% of the Net Asset Value of the ETF, but subject to a minimum of N420,000, payable semi-annually in arrears. The annual fees shall accrue on a daily basis. Total Trustees for the year was N420,000. (2016: N420,000)

21 Contingencies

There were no contingent assets and liabilities as at 31 December 2017.

22 Claims and litigations

There were no claims and litigations as at 31 December 2017.

23 Events after the reporting period

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

24 Capital commitments after reporting date

The Fund had no capital commitments as at 31 December 2017.

OTHER NATIONAL DISCLOSURES

Other National Disclosures

Value added statement

	31-Dec-17	%	31-Dec-16	%
	N		N	
Total revenue	1,379,065		2,068,531	
	1,379,065		2,068,531	
Applied to pay:				
Government as taxes	177,805	13	184,896	9
Fund Manager and other parties to the Fund	2,946,408	214	3,201,065	155
Retained in the Fund to (deplete)/augment reserves	(1,745,148)	(127)	(1,317,430)	(64)
Value (eroded)/added	1,379,065	100	2,068,531	100

Financial Summary

The Fund was established in July 2015. Therefore, this is its third set of financial statements.

**THREE-YEAR FINANCIAL SUMMARY
YEAR ENDED 31 DECEMBER**

	2017 N	2016 N	2015 N
Cash and cash equivalents	1,553,606	1,453,174	2,115,176
Investment securities	106,929,949	75,389,049	78,937,676
Accounts receivable	4,215,862	33,237	-
Total assets	112,699,417	76,875,460	81,052,852
Accounts payable	(6,929,169)	(2,324,267)	(1,635,602)
Net assets	105,770,248	74,551,193	79,417,250
Unitholders' funds	105,770,248	74,551,193	20,356,040

Statement of profit or loss and other comprehensive income

	2017 12 months	2016 12 months	2015 6 months
Interest income	31,464	31,885	91,878
Dividend income	2,160,067	2,036,646	938,685
Other income	53,173	-	-
Realised (loss)/ gain	(865,639)	-	101,539
Total revenue	1,379,065	2,068,531	1,132,102
Operating expenses	(2,946,408)	(3,201,065)	(9,636,210)
Total expenses	(2,946,408)	(3,201,065)	(9,636,210)
(Loss) before tax	(1,567,343)	(1,132,534)	(8,504,108)
Income tax expense	(177,805)	(184,896)	(72,302)
(Loss) for the year	(1,745,148)	(1,317,430)	(8,576,410)

The financial information provided above reflects historical summary based on International Financial Reporting Standards.