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THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS OF VETIVA FUND MANAGERS LIMITED AND THEY JOINTLY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL INFORMATION GIVEN AND CONFIRM THAT, AFTER HAVING MADE ALL ENQUIRIES WHICH ARE REASONABLE IN THE CIRCUMSTANCES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN MISLEADING.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO "RISK FACTORS" ON PAGES 19 TO 21.

## ABRIDGED PARTICULARS OF THE PROSPECTUS

# VETIVA S&P NIGERIAN SOVEREIGN BOND ETF ("VS&P ETF")

(Authorized and Registered as an Exchange Traded Fund with the Securities & Exchange Commission)

### OFFER FOR SUBSCRIPTION

OF

## 10,000,000 UNITS OF VS&P ETF

At an indicative unit price approximately equal to 0.5x of the value of the S&P Nigerian Sovereign Bond Index on the day preceding Subscription

### PAYABLE IN FULL ON APPLICATION

#### FUND MANAGER:



#### ISSUING HOUSE:



**Application List Opens: 8<sup>th</sup> AUGUST 2016**

**Application List Closes: 22<sup>nd</sup> AUGUST 2016**

THIS PROSPECTUS AND THE UNITS WHICH IT OFFERS HAVE BEEN REGISTERED BY THE SECURITIES & EXCHANGE COMMISSION. THE INVESTMENTS AND SECURITIES ACT NO. 29 OF 2007 PROVIDES FOR CIVIL AND CRIMINAL LIABILITIES FOR THE ISSUE OF A PROSPECTUS WHICH CONTAINS FALSE OR MISLEADING INFORMATION. REGISTRATION OF THIS PROSPECTUS AND THE UNITS WHICH IT OFFERS DOES NOT RELIEVE THE PARTIES OF ANY LIABILITY ARISING UNDER THE ACT FOR FALSE OR MISLEADING STATEMENTS OR FOR ANY OMISSION OF A MATERIAL FACT IN THE PROSPECTUS.

**THIS PROSPECTUS IS DATED 15<sup>TH</sup> JULY 2016**

## 1. IMPORTANT NOTICE

This Prospectus has been registered as such by the SEC. No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of Units of the Fund and, if given or made, such information or representations must not be relied upon as having been authorised by the Fund Manager or the Issuing House or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the Fund (i) is intended to provide the basis of any subscription or other evaluation or (ii) should be considered as a recommendation by the Fund Manager, the Issuing House or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the Offer or the Fund should purchase the Units of the Fund. Each investor contemplating purchasing any Units should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Fund Manager. Neither this Prospectus nor any other information supplied in connection with the Offer of the Units of the Fund constitutes an offer or invitation by or on behalf of the Fund Manager, the Issuing House or the Trustee to any person to subscribe for or to purchase the Units.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Units shall in any circumstances imply that the information contained herein concerning the Fund Manager is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Offer is correct as of any time subsequent to the date indicated in the document containing the same. The Issuing House and the Trustee expressly do not undertake to review the financial condition or affairs of the Fund Manager throughout the life of the Fund or to advise any investor in the Fund of any information coming to their attention.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Units in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Units may be restricted by law in certain jurisdictions. The Fund Manager, the Issuing House and the Trustee do not represent that this Prospectus may be lawfully distributed, or that any Units may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Fund Manager, the Issuing House or the Trustee which is intended to permit a public offering of the Fund or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no units of the Fund may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or the Units may come must inform themselves about, and observe any such restrictions on the distribution of this Prospectus and the offering and sale of the Units.

In making an investment decision, investors must rely on their own independent examination of the Fund Manager and the terms of the Units being offered, including the merits and risks involved. None of the Fund Manager, the Issuing House or the Trustee makes any representation to any investor regarding the legality of its investment under any applicable laws. Any investor should be able to bear the economic risk of an investment in the Fund for an indefinite period of time.

### 1. FORWARD LOOKING STATEMENTS

Certain statements included herein may constitute forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements can be identified by the use of forward looking terminology such as “estimates”, “believes”, “expects”, “may”, “are expected to”, “intends”, “will”, “will continue”, “should”, “would be”, “seeks”, “approximately”, or “anticipates”, or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the Fund Manager’s intentions, beliefs or current expectations concerning, amongst other things, the Fund’s results of operations, financial condition, liquidity, prospects, growth, strategies and the markets in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that the Fund’s actual results of operations, financial condition and liquidity and the development of the market in which it invests may differ materially from those made in or suggested by the forward-looking statements contained in this Prospectus. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised.

The Fund Manager is not obliged to, and does not intend to, update or revise any forward-looking statements made in this Prospectus whether as a result of new information, future events or otherwise. All subsequent written or oral

forward-looking statements attributed to the Fund Manager, or persons acting on the Fund Manager's behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Prospectus. A prospective subscriber to the Fund should not place undue reliance on these forward-looking statements.

## **2. PRESENTATION OF INFORMATION**

### ***Third Party Information***

The Fund Manager has obtained certain statistical and market information that is presented in this Prospectus on such topics as the Nigerian economic landscape and related subjects from certain government and other third-party sources described herein. The Fund Manager has accurately reproduced such information and, so far as the Fund Manager is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. Prospective investors should note that some of the Fund Manager's estimates are based on such third-party information. Neither the Fund Manager nor the Issuing House has independently verified the figures, market data or other information on which third parties have based their studies.

Certain statistical information reported herein has been derived from official publications of, and information supplied by, a number of Government agencies and ministries, including the CBN, the Nigerian Debt Management Office ("DMO") and the Nigerian National Bureau of Statistics ("NBS"). Official data published by the Nigerian Government may be substantially less complete or researched than those of more developed countries. Nigeria has attempted to address some inadequacies in its national statistics through the adoption of the Statistics Act of 2007, which established the National Statistical System and created the NBS (which came into existence as a result of the merger of the Federal Office of Statistics and the National Data Bank) as its coordinator.

### ***Rounding***

Certain figures included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

## 2. DISCLAIMER

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S&P DOW JONES INDICES DO NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE S&P NIGERIAN SOVEREIGN BOND INDEX OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY VETIVA FUND MANAGERS LIMITED, OWNERS OF THE VETIVA FUND MANAGERS LIMITED’S PRODUCT(S), OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND VETIVA FUND MANAGERS LIMITED, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.”

### 3. SUMMARY OF THE OFFER

DATE	ACTIVITY	RESPONSIBILITY
8 <sup>th</sup> Aug 2016	Application List opens.	VCML/VFML
22 <sup>nd</sup> Aug 2016	Application List closes.	VCML/VFML
26 <sup>th</sup> Aug 2016	Receiving Agents make returns	Receiving Agents
5 <sup>th</sup> Aug 2016	Opening Date of Ramp-Up Period	VSL/VCML/VFML
9 <sup>th</sup> Sep 2016	Closing Date of Ramp-Up Period	VSL/VCML/VFML
23 <sup>rd</sup> Sep 2016	Forward Basis of Allotment to SEC.	VFML
30 <sup>th</sup> Sep 2016	Obtain SEC clearance of Basis of Allotment.	VFML
5 <sup>th</sup> Oct 2016	Publish Allotment Announcement in national newspapers.	VFML
5 <sup>th</sup> Oct 2016	Return rejected applications (if any)/ E-Credit of Units/Distribution of E-Certificates/Statements	Transfer Agent
10 <sup>th</sup> Oct 2016	Listing of the Units	VSL
17 <sup>th</sup> Oct 2016	Forward Report on completion of Offer to the SEC.	VCML

*All dates following the opening and closing dates of the Application List are indicative only and, among other things, are subject to all necessary approvals from the SEC. If any of these approvals is not received on the date(s) specified; surrounding key events in the timetable will be subject to adjustments without prior notice.*



## 4. SUMMARY OF THE OFFER

The following is a summary of the terms and conditions of investing in the Vetiva S&P Nigerian Sovereign Bond ETF. This summary is qualified in its entirety by the detailed information contained in this Prospectus and the Trust Deed constituting the Fund. Prospective investors are urged to read the entire Prospectus and to consult their own professional advisers as to the tax and legal consequences of investing in the Fund. Also, there is no guarantee or assurance of exact or identical replication of the performance of the index.

**Investors are advised to seek information on the Fees, Charges & Operating Expenses before investing in any of the Fund.**

<b>1</b>	<b>FUND MANAGER</b>	Vetiva Fund Managers Limited.
<b>2</b>	<b>ISSUING HOUSE</b>	Vetiva Capital Management Limited
<b>3</b>	<b>TRUSTEE TO THE FUND</b>	Union Trustees Limited (UTL).
<b>4</b>	<b>CUSTODIAN</b>	UBA Plc. (Global Investor Services) (UBA GIS)
<b>5</b>	<b>AUTHORISED DEALER</b>	Vetiva Securities Limited.
<b>6</b>	<b>REGISTRAR/ TRANSFER AGENT</b>	First Registrars Limited.
<b>7</b>	<b>THE OFFER</b>	<p>Offer for subscription of units in the Vetiva S&amp;P Nigerian Sovereign Bond ETF at an indicative unit price approximately equal to 0.5x of the value of the S&amp;P Nigerian Sovereign Bond Index on the day preceding subscription.</p> <p>Subscription for units in the initial offer may be via one of two ways:</p> <ol style="list-style-type: none"> <li>1. By a payment in cash in Naira or;</li> <li>2. By the delivery of one or more Baskets of the Bond Securities Index (i.e. Securities for Units or in-specie Subscriptions).</li> </ol>
<b>8</b>	<b>SUBSCRIPTION METHOD</b>	<p>Foreign currency subscriptions will be processed at the applicable foreign exchange rate at the time of subscription.</p> <p>Please refer to page 14-15 for more details on the subscription method and process.</p> <p>The Vetiva S&amp;P Nigerian Sovereign Bond ETF is an open-ended Fund which gives Unitholders exposure to the most liquid and actively traded FGN Bond Securities, by replicating, to the extent possible, the price and yield performance of the S&amp;P Nigerian Sovereign Bond Index, net of expenses.</p>
<b>9</b>	<b>NATURE OF THE FUND</b>	<p>The ETF units represent an agreement entered into between the Holder and the ETF Trust, in terms of which the Fund Manager transfers a basket of the underlying Bond securities to the Holder, delivery of which is deferred until required by the Holder and subject to minimum value thresholds.</p> <p>Holders will receive distributions equal pro rata to the Fund Income less expenses, if approved by the Trustee and the SEC.</p> <p>The ETF units will be held in Trust for the benefit of Unitholders by the independent trustee, Union Trustees Limited. UTL shall have a fiduciary duty to protect the interest of investors at all times.</p>



## 4. SUMMARY OF THE OFFER

The issue price payable by an investor subscribing during the initial Offer is as follows:

In-specie subscription: A unit price approximately equal to 0.5x of the value of the S&P Nigerian Sovereign Bond Index on the day preceding subscription, subject to a minimum of one Basket.

### 10 ISSUE PRICE

Cash Subscription: the subscription price per unit during the initial offer period approximately equal to 0.5x of the value of the S&P Nigerian Sovereign Bond Index on the day preceding subscription, subject to a minimum of one Basket. Investors shall initially subscribe for units and deposit an estimated cash consideration for the subscription.

Pricing Dynamics: As at the 1<sup>st</sup> of July, 2015, the index value was 217.99. Assuming that the index remains the same on the offer date, then the unit price will be ₦108.995.

### 11 MINIMUM ISSUE SUBSCRIPTION LIMIT

Minimum subscription is 1,000 Units (i.e. a basket of the ETF Securities). 1,000 units = 1 Basket; 1,000 Baskets = 1 Block.

In addition to being able to sell the ETF Securities in the secondary market through a trade on the NSE, holders of one or more Blocks will be entitled to take delivery of the underlying securities on any Trading Day.

### 12 MINIMUM REDEMPTION DELIVERY VALUE THRESHOLD

The minimum threshold to qualify for the delivery of the prescribed baskets of the securities to ETF Unit holders is a block of the ETF Securities (i.e. 1,000,000 units or 1,000 baskets)

Subsequent delivery will be in multiples of 1,000 units (i.e. a basket)...

### 13 INVESTMENT OBJECTIVE

The investment objective of the Fund Manager in respect of the ETF Securities, is to substantially replicate, the price and yield performance of the S&P Nigerian Sovereign Bond Index, net of expenses.

The ETF seeks to track the S&P Nigerian Sovereign Bond Index.

### 14 INDEX TO BE TRACKED

The S&P Nigerian Sovereign Bond Index ("S&P NSBI") is a sub-index of the S&P Africa Sovereign Bond Index. The S&P NSBI tracks the performance of local currency-denominated sovereign Bonds in Nigeria. The index is a broad, transparent and independent benchmark.

### 15 POLICY ON INVESTMENT INCOME

Investment income earned will be distributed to unit holders semi-annually less expenses.

### 16 STATUS

The units being offered for subscription shall rank pari-passu in all respects with other future units.

### 17 REDEMPTION/ CREATION OF UNITS

Investors who choose not to trade on the Secondary market, may purchase/sell units of the ETF through the process of creation/redemption. This allows investors who wish to acquire or dispose at least 1 Block of the ETF securities, to do so either via cash/in-kind subscription or in-kind redemption only.

### 18 TARGET INVESTORS

Investment in the ETF can be made by individuals, companies and Societies. Vetiva Fund Managers Limited also welcomes the participation of foreign and non-resident investors.

### 19 ELIGIBILITY OF THE ETF SECURITIES

Trustees and Pension Fund are welcome to subscribe in the units of the Fund. The Units qualify as securities in which Pension Fund Assets can be invested



## 4. SUMMARY OF THE OFFER

under the Pension Reform Act 2004.

The Vetiva S&P Nigerian Sovereign Bond ETF is structured as an Optimized ETF investing in only a representative sample of the most liquid and actively traded securities in the S&P Nigeria Sovereign Bond Index. Sampling involves investing in nearly all the securities of the Underlying Index in the same proportions as the Underlying Index.

The Fund Manager has introduced a filter such that the ETF will consist of only on-the-run FGN Bonds and FGN Bonds that have been off-the-run for a maximum of 2 years to mitigate the risk of holding illiquid securities.

The ETF may have to purchase the underlying securities to mirror the weighting of the Index via the primary market if the benchmark security doesn't meet the tradability status of the Secondary market or if during rebalancing, the order size is lower than the minimum lot size traded/quoted in the secondary market. The eligibility criteria for FGN Bond trading in the secondary market is an outstanding issuance amount of ₦50 Billion and minimum trading lot of ₦100 Million.

The Fund Manager may also utilize various combinations of other available investment techniques in seeking to replicate as closely as possible, before fees and expenses, the price and yield performance of the Underlying Index.

The Fund will invest 100% of its total assets in securities that comprise the S&P NSBI except where the total value of the Fund includes cash items such as coupon from the securities in the Underlying Index.

There is no guarantee or assurance of exact or identical replication at any time of the performance of the S&P NSBI.

### 20 INVESTMENT STRATEGY

### 21 OPENING DATE

8<sup>th</sup> AUGUST 2016

### 22 CLOSING DATE

22<sup>nd</sup> AUGUST 2016

### 23 DETERMINATION OF IOPV

The Indicative Optimum Value (IOPV) is computed by dividing the assets of the Fund, less its liabilities, by the number of units in issue in respect of the Fund, adjusted by rounding to such number of decimal places as the Directors may determine.

The ETF is backed by investments in FGN Bonds, which are completely tax-free.

### 24 TAX STATUS

Income from capital appreciation shall not be subject to tax. Please note that this information about the tax status of this investment is meant only as a guide and that taxation-relates issues are subject to changes in legislation. Investors are advised to seek tax advice regarding any investment in the index securities from their professional tax advisers.

### 25 QUOTATION

An application has been made to the Council of The Nigerian Stock Exchange for the Quotation and Listing of the ETF units and upon approval, the Securities would be listed under the ETF segment of the Daily Official List of the NSE. Once issued, the ETF will be traded in the secondary market on the NSE in round lots of 1 unit. The ETF Units may also be listed on any other recognized Stock Exchange

### 26 TRACKING ERROR AND STRATEGIES TO MINIMISE SUCH ERRORS

The Fund is subject to tracking error which is the risk that its returns may not correlate accurately to those of the Index. Tracking errors can be caused by the following: distribution, index rebalancing, cash drag, Fund expenses and trading fees.

Tracking errors can be minimised by periodically rebalancing the ETF Portfolio to the underlying securities comprising the benchmark Index in line with the Index Methodology. Also, coupon received will be distributed net of





## 4. SUMMARY OF THE OFFER

### 27 INFORMATION ON THE UNDERLYING SECURITIES

expenses if approved.

Information on the underlying securities would be published on the Fund manager's website, [www.vetiva.com/funds](http://www.vetiva.com/funds).

Investors' attention is drawn to the risks associated with investing in any of the Fund as set out in the section titled "Risks Factors" on pages 19 to 21.

A summary of the key risks are given below:

### 28 INVESTMENT RISKS

- (a) Index Risk - the past performance of the Index is not necessarily an indication of future performance.
- (b) Secondary Trading risk – the ETF securities may trade at a discount or premium to their NAV.
- (c) Operational Risk - Neither the Licensor of the Index, nor the Manager nor the Trustee guarantee the accuracy and/or the completeness of the Index nor any data included in the Index.

### 29 OVERSUBSCRIPTION

In the event of oversubscription of the ETF, additional Units will be registered with SEC and allotted to subscribers subject to the approval of the Commission and registration of the additional units

### 30. FORECAST YIELD (EXTRACTED FROM REPORTING ACCOUNTANTS' REPORT)

Year ending December 31st	1 N'000	2 N'000	3 N'000
Net Asset Value at the beginning of year	1,067,842	1,242,755	1,546,690
Gross investment income	187,940	193,578	199,386
All Fees, Expenses and Tax	(13,028)	(13,919)	(15,776)
<b>Net Asset Value at the end of year</b>	<b>1,242,755</b>	<b>1,422,414</b>	<b>1,730,299</b>
<b>Increase in Net Asset Value</b>	<b>174,913</b>	<b>179,660</b>	<b>184,877</b>
<b>Return on Investment (%)</b>	<b>16.38%</b>	<b>14.46%</b>	<b>13.00%</b>

*The effective yield on the Fund will be a function of the prices at which the underlying assets are acquired. The Fund cannot guarantee future returns and the value of its investments may rise and fall. The above forecast yields, therefore, should not be regarded by an investor as a promise or guarantee of returns, but is provided for indicative purposes. The actual future returns may be materially different from the forecast.*

*There is no guarantee or assurance of exact or identical replication of the performance of the index.*

### 31. SELLING RESTRICTIONS

Under no circumstances shall this Prospectus constitute an offer to sell or the solicitation of an offer to buy or shall there be any sale of these Units in any jurisdiction in which such offer or solicitation or sale would be unlawful.

### 32. GOVERNING LAW

The Offer Documents will be governed by and construed in accordance with the laws of the Federal Republic of Nigeria.



## 5. CORPORATE DIRECTORY OF THE FUND MANAGER

### VETIVA FUND MANAGERS LIMITED:

Plot 266B, Kofo Abayomi Street  
Victoria Island  
Lagos, Nigeria  
Telephone: +234 1 461 7521-3, +234 1 270 0657-8  
[Email: info@vetiva.com](mailto:info@vetiva.com)  
[Website: www.vetiva.com/funds](http://www.vetiva.com/funds)

### DIRECTORS OF THE FUND MANAGER:

#### **CHUKA ESEKA** (*Chairman*)

Plot 266B, Kofo Abayomi Street  
Victoria Island  
Lagos

#### **OLAOLU MUDASIRU** (*Non-Executive Director*)

Plot 266B, Kofo Abayomi Street  
Victoria Island  
Lagos

#### **DAMILOLA AJAYI** (*Managing Director/CEO*)

Plot 266B, Kofo Abayomi Street  
Victoria Island  
Lagos

### COMPANY SECRETARY & REGISTERED OFFICE:

#### **ALP NOMINEES**

21 Military Street  
Onikan  
Lagos

### PRINCIPAL OFFICERS OF THE FUND MANAGER:

Mr. Damilola Ajayi  
Mr. Pabina Yinkere

### FINANCIAL SUMMARY:

The Financial Statements of the Fund Manager are provided on  
Pages 31-32



## 6. THE TRUSTEE AND PROFESSIONAL PARTIES TO THE OFFER

<b>ISSUING HOUSE:</b>	<b>Vetiva Capital Management Limited</b> Plot 266B, Kofo Abayomi Street Victoria Island Lagos
<b>TRUSTEE TO THE FUND:</b>	<b>Union Trustees Limited</b> Union Bank House 2/4 Davies Street, Lagos Island Lagos
<b>CUSTODIAN TO THE FUND:</b>	<b>UBA Plc (Global Investors Services)</b> UBA House (12th Floor) 57 Marina Lagos
<b>SOLICITORS TO THE OFFER:</b>	<b>Akindelano Legal Practitioners</b> 21, Military Street Onikan, Lagos
<b>SOLICITORS TO THE TRUSTEE:</b>	<b>Abraham and Co</b> 139B Eti Osa Street Dolphin Estate Lagos
<b>REPORTING ACCOUNTANTS:</b>	<b>Rosewater Partners</b> 5 Shagamu Avenue Off Association Avenue Ilupeju, Lagos
<b>AUTHORISED DEALER / MARKET MAKER</b>	<b>Vetiva Securities Limited</b> Plot 266B, Kofo Abayomi Street Victoria Island Lagos
<b>REGISTRAR/TRANSFER AGENT:</b>	<b>First Registrars Nigeria Limited</b> 2 Abebe Village Road Iganmu Lagos
<b>AUDITOR TO THE FUND:</b>	<b>KPMG Professional Services</b> KPMG Tower Bishop Aboyade Cole Street Victoria Island, Lagos



## **7. INFORMATION ON THE VETIVA S&P NIGERIAN SOVEREIGN BOND ETF**

### **1. ABOUT THE FUND**

The Vetiva S&P Nigerian Sovereign Bond ETF is an optimized Bond ETF issued by Vetiva Fund Managers Limited (“VFM” or “Fund Manager”). The ETF is authorised and registered in Nigeria as an Exchange Traded Fund under Section 160 of the ISA. The Fund is governed by a Trust Deed with Union Trustees Limited as Trustees. UTL shall have a fiduciary duty to protect the interest of investors at all times.

10,000,000 Units are being offered for subscription and will be listed and traded on the floors of the Nigerian Stock Exchange (“NSE”) in much the same way as any listed security. The ETF would be listed under the “Exchange Traded Fund (ETF)” sector of the Daily Official List of the NSE. Once issued, the ETF will be traded in the secondary market in a minimum of one unit. Additionally, the Fund will issue new units or redeem units of the Fund only in Creation Units through the Authorised Dealer.

The ETF seeks to track the S&P Nigerian Sovereign Bond Index, this means that the unit price of the ETF on the NSE should track the movement of the Index. **By owning units in the ETF, an investor obtains market exposure** to the most liquid and actively traded FGN Bond Securities. The ETF seeks to replicate, to the extent possible, the price and yield performance of the FGN Bond securities constituting the S&P Nigerian Sovereign Bond Index, net of expenses.

Holders will receive distributions from the Fund Income less expenses (if approved by the Trustee and the SEC) equal pro rata to the distributions which would have been earned if the Holder held the constituent securities comprising the benchmark Index directly.

### **2. ABOUT THE S&P NIGERIAN SOVEREIGN BOND INDEX**

The S&P Nigeria Sovereign Bond Index was launched in December, 2013 and it tracks the performance of local currency denominated sovereign debt publicly issued by the government of Nigeria in its domestic market.

This Index is set up as a broad, transparent and independent benchmark which includes Fixed Income securities issued by the Federal Government of Nigeria all with maturities between 1 and 19 years. The index may be calculated in Dollars or Naira, if in Dollars, the Base Exchange rate Spot foreign exchange rates, as supplied by Reuters, is used in the end-of-day calculation of the index.

The Index level is available through S&P Dow Jones Indices’ Web site at [www.spdji.com](http://www.spdji.com), ticker symbol – SPFINGU for the S&P Nigeria Sovereign Bond Index.

The Index provider has taken into consideration the following eligibility factors:

- Currency: the securities contained in the Index must be issued in its local currency.
- Maturity: Each bond must have a maturity greater than or equal to one month from the rebalancing date. No bond matures in the index.
- Coupon Type: Fixed, Zero, Step-Up (with a predetermined schedule), Fixed-to-Float (provided they are fixed and one-month prior to their float date)
- Exclusions: STRIPS, Inflation-linked, Floating-rate issues, Puttable bonds, Sukuk bonds
- Size: The Index securities are selected based on a par amount outstanding of ₦1 Billion.

Permission has been granted to the Fund Manager, to use the Index and develop an Index ETF on the S&P Nigerian Sovereign Bond Index.

## **8. INFORMATION ON THE VETIVA S&P NIGERIAN SOVEREIGN BOND ETF**

### **3. METHODOLOGY & REBALANCING**

#### **Methodology**

The S & P Nigeria Sovereign Bond Index is market-value-weighted. The total return is calculated by aggregating the interest return, reflecting the return due to paid and accrued interest, and price return, reflecting the gains or losses due to changes in the end-of-day price and principal repayments.

#### **Rebalancing**

Based on new issuance, size and maturity, the S & P Nigeria Sovereign Bond Index is rebalanced on a monthly basis, effective after the close of the last business day of the month.

Additions, deletions and other changes to the index arising from the monthly rebalancing are published on a best efforts basis, after the close of business, three business days prior to the last business day of the month (the announcement date). Any market events after this date that affect the constituent membership are made on the next rebalancing date. Changes to the index that are published in the announcement are not normally subject to revision and are effective after the close on the last business day of the month (the rebalancing date).

### **4. PRICING OF THE ETF UNITS**

The price that would be paid or received for units in the Fund will be determined by the prevailing price quoted on the NSE at the time of the trade. The ETF units are priced so as to ensure that their NSE trading price remains approximately equivalent to 0.5x the value of the S&P Nigerian Sovereign Bond Index plus an amount which represents a *pro rata* portion of any accrued net income (income accruals less permissible expenses).

The actual market price may be affected by supply and demand and other market variables. However, the ability of a holder to claim delivery of a block of the ETF, should substantially minimize any differential which may otherwise arise between the price at which units in the ETF trade and the value of the underlying basket of securities.

### **5. INVESTMENT OBJECTIVE OF THE ETF**

The investment objective of the Fund Manager in respect of the ETF Securities, is to substantially replicate, the price and yield performance of the S&P Nigerian Sovereign Bond Index, net of expenses. The ETF seeks to track the S&P Nigerian Nigerian Sovereign Bond Index.

The Fund Manager and Trustee will ensure that the Fund is substantially in a “fully covered” position, whereby the ETF Trust assets should at all times at least equal the full extent of the relevant ETF Securities’ liabilities under the terms and conditions of the ETF Securities. Regular returns as required by the regulators will be filed to confirm the “fully covered” status of the ETF Trust’s assets.

### **6. STRUCTURE**

The Trust is the entity which owns the assets of the ETF and with which the contracts comprising the ETF Securities are concluded. The ETF Securities enable the Holders thereof to track the benchmark Index. The Underlying Portfolio of FGN Bond securities will be held within the ETF Trust for the benefit of Unitholders. The Trustee, Union Trustees Limited, is an independent trustee appointed by the Directors of Vetiva Fund Managers Limited.

The potential income beneficiaries of the Trust will comprise all Holders of the Fund. It is anticipated that the Trust will distribute semi-annually on any net income available for distribution within the ETF Trust and that Holders will participate on a pro rata basis in such distributions. However, there can be no guarantee that Holders will receive semi-annual distributions.

### **7. INVESTMENT POLICY OF THE ETF TRUSTS**

The Vetiva S&P Nigerian Sovereign Bond ETF employs an indexing investment approach and is structured as an Optimized ETF investing in only a representative sample comprising the most liquid and actively traded securities in



## 8. INFORMATION ON THE VETIVA S&P NIGERIAN SOVEREIGN BOND ETF

the S&P Nigerian Sovereign Bond Index. Sampling involves investing in a subset of the securities of an Index whilst maintaining the key characteristics and risk factors of the Index.

The Fund Manager will pursue the objective of replicating, as far as practicable, the price and yield performance of the S&P NSBI, by holding a market-value-weighted portfolio of securities on behalf of unit holders that substantially represents the component securities of the benchmark Index. The S&P Nigerian Sovereign Bond Index is a market-value-weighted Index.

The Fund Manager has introduced a filter such that the ETF will consist of only on-the-run FGN Bonds and FGN Bonds that have been off-the-run for a maximum of 2 years to mitigate the risk of holding illiquid securities.

The ETF may have to purchase the underlying securities to mirror the weighting of the Index via the primary market if the benchmark security doesn't meet the tradability status of the Secondary market or if during rebalancing, the rebalancing size is lower than the minimum lot size traded/quoted in the secondary market. The eligibility criteria for FGN Bond trading in the secondary market is an outstanding issuance amount of ₦50 Billion and minimum trading lot of ₦100 Million.

The ETF will not be actively managed. The traditional method of active management involves the buying and selling of securities based on economic, financial and market analysis and investing judgment. The standard investment objective and style of the Fund is to replicate the benchmark Index, i.e. passive. As a result, the financial or other conditions of any Constituent Company will not result in the elimination of its security from the ETF Trust portfolio unless the security of that company is removed from the corresponding Index.

The Fund Manager may also utilize various combinations of other available investment techniques in seeking to replicate as closely as possible, before fees and expenses, the price and yield performance of the Underlying Index. The Fund will invest 100% of its total assets in securities that comprise the S&P NSBI except where the total value of the Fund includes cash items such as coupon from the securities in the Underlying Index.

The composition of the ETF Trust's portfolio will be rebalanced periodically to conform to changes in the composition and weighting of the securities in the corresponding benchmark Index so as to ensure that the changes made to the underlying portfolios are a reflection of the constituents of the corresponding benchmark Index. There is no guarantee or assurance of exact or identical replication at any time of the performance of the S&P NSBI.

### 8. SUBSCRIPTION OF UNITS IN THE INITIAL OFFER

The price payable by an investor who subscribes for units during the initial offer period may be discharged in one of two ways: either by a payment in cash in Naira or by the delivery of one or more Baskets (i.e. in specie subscription). *Please note that late applications will not be accepted.*

- **Cash Subscription:**

The Fund allows cash purchase of Units of the Fund. The Investor indicates the amount of units applied for and deposits an estimated cash consideration for the subscription based on 0.5x (times) the closing value of the benchmark Index of the preceding day.

On receipt of the Subscription, the Fund Manager will arrange to buy the underlying Bond securities over the ramp-up period. Consequently, the final issue unit price, with respect to a Basket, for an Investor who subscribed with cash during the Initial Offer, will be determined as the average consideration of the underlying securities of a basket acquired over the ramp period less relevant transaction costs.

If, after the issue of units, it transpires that an applicant's Cash Subscription (net of the transaction costs and any other costs incurred in relation to the acquisition of the Constituent) is not an exact multiple of the Offer Price under the Initial Offer, then the Applicant will be issued with such units of the ETF Securities as may be fully paid-up out of his subscription allocation (less the transaction costs and any other costs incurred in relation to the acquisition of the Constituent Securities).



## **8. INFORMATION ON THE VETIVA S&P NIGERIAN SOVEREIGN BOND ETF**

Accordingly, each Applicant must make arrangements to make necessary payments. The Portfolio Deposit purchased will then be exchanged for the Units in the Fund.

- “In specie” Subscriptions:

In respect of in specie subscriptions, the subscribers to the Fund, will subscribe on a “Securities for Units” basis. The minimum price payable by an investor is a Basket of the securities that constitutes the benchmark Index. In addition to the delivery of the relevant Basket(s), an applicant shall be required to pay, in cash, transactions costs (if any) payable on the transfer of the constituent securities to the Fund Custodian account.

Investors are advised that Baskets relating to in specie subscriptions will only be accepted if such Basket contains the specific number of Constituent Securities that corresponds with the Index and as specified by the Manager. The Authorised Dealer will thereafter determine if such Basket(s) meets the relevant criteria imposed by the Fund Manager prior to delivery of the Basket(s) by the Investor. Investors will then be informed of the number of units of the relevant Fund allocated to them based on the number of the Baskets delivered by such Investor.

Investors wishing to subscribe in specie should deposit with their Custodian or Broker on or before the Offer Closing Date, the relevant number of Constituent Securities and cash (to the extent required for costs) to comprise one or more such Baskets.

Investors must instruct their Custodian or Broker to deliver to the Fund Manager one or more Baskets as is necessary to set-off against the subscription price (together with any charges thereon, if applicable) to the Custodian Account of the Fund.

Accordingly, each Investor must ensure that their Custodian or Broker is in a position to deal with the Central Securities Clearing System (Depository) to receive units of the ETF against confirmation of the transfer of the Constituent Securities to the Trust.

- The fees may include Transfer fees (subject to a maximum of 100 basis points of consideration), Stamp duty charges and or the relevant investor’s Custodian or Broker charges;
- Subscribers under the Offer for Subscription should complete the application form accompanying this Prospectus;
- Delivery will be by detachment to the Fund’s account subsequent to the execution of the relevant documentation;
- Units in the Fund will be issued to subscribers on the Listing Date via the relevant CSCS account specified by the Subscriber, except where a certificate is specifically requested for by the subscriber.

## **9. LISTING OF THE ETF**

An application has been submitted to the Council of the NSE for the Quotation and Listing of the ETF Securities on the main board of the NSE. The purpose of the proposed listing of the ETF on the NSE (and any other Exchange on which the ETF may be listed) is to enable Holders buy and sell the ETF on a recognized stock exchange.

## **10. SECONDARY MARKET ACQUISITION OF THE ETF**

- An investor may buy or sell units in the Fund or any other ETF designed by VFM on the floors of the NSE in the ordinary course of trading.
- As the units of the ETF Securities will be listed on the NSE, purchases (subscriptions) or sales (including redemptions) of the ETF Securities may be made via a Broker. This entails that each Investor must open a brokerage account with a Broker of their choice, prior to being able to trade their ETF



## 8. INFORMATION ON THE VETIVA S&P NIGERIAN SOVEREIGN BOND ETF

Securities. Once appointed, such Broker will in turn execute such Investor's instructions in the market or transact with the Authorised Dealer.

- As all the units of the ETF Securities will be listed on the NSE, the securities may be freely traded on the NSE on Trading days during market trading hours. The purchase price for the Securities will be the price of such ETF Securities as trading on the NSE, plus any brokerage fee that may be payable to the Investor's broker. Investors are advised that this price will not necessarily be reflective of the net asset value of the ETF Securities.
- ETF Securities will only be issued in dematerialised form. As such, all trades will be settled through the Central Securities Clearing System. Investors can therefore acquire ETF Securities on the secondary market by purchasing through a member of the NSE. There is no minimum trading value for trades made in the secondary market.

## 11. POST-LISTING: SUBSCRIPTION AND REDEMPTION

There are two ways in which investors can invest or dispose of units in the Fund:

- Buying or selling in the secondary market of the NSE; or
- Creation (in-specie) and redemption of units in the primary market.

Subscriptions:

Subsequent to the Listing Date, Investors will be able to acquire units in the following ways:

### (i) In Specie Subscription

The minimum price payable by an Applicant investing via in-specie subscription, after the Offer period, is one full Block of the constituent Securities. Subscribers should subsequently follow the procedure set out under the sub-heading "In-Specie Subscriptions" under Section 8 above "Subscription for units in the Initial Offer".

Furthermore, an investor will be required to deposit the cash component alongside the delivery of the Basket of the constituent securities in the relevant index. The cash component represents accrued coupon, accrued annual charges including Management fees and residual cash in the Fund. In addition the cash component will include transaction costs as charged by the Custodian, Transfer Agent, and other incidental expenses for creating Units. The cash component for creation will vary from time to time and will be made available by the Fund Manager.

### (ii) Cash Subscriptions

Investors wishing to subscribe for at least one Block of any of the ETF with Cash should contact the Authorised Dealer. The procedure for Cash Subscription(s) shall be as specified by the Authorised Dealer and/or the Manager. However, the procedure for post-listing subscriptions by way of Cash Subscriptions will not be materially different to the process set out under this Prospectus and under the sub-heading "Cash Subscriptions".

Redemptions:

In addition to being able to sell the ETF units in the secondary market through a trade on the NSE, Holders of at least 1 block of any of the ETF will be entitled to take delivery of the prescribed number of Baskets on any Trading Day.

The ETF Securities comprising the minimum required block in respect of which the Holder exercises its delivery rights shall be cancelled against delivery of the prescribed number of baskets (together with the appropriate cash amount) to that Holder. A transaction fee will be payable by a Holder exercising its delivery rights under the ETF. The amount of the aforesaid transaction fee will be published on the Vetiva website on a daily basis. The fees may include Transfer fees, stamp duty charges and or the relevant investor's broker's charges.





## **8. INFORMATION ON THE VETIVA S&P NIGERIAN SOVEREIGN BOND ETF**

A Holder may exercise its delivery rights in respect of one or more whole Blocks of ETF Securities on any Trading Day by:

- Forwarding a properly completed delivery notice to the Fund Manager for onward delivery to the Transfer Agent and Custodians. Delivery notices delivered to the Manager on or before 9.30a.m. will, if accepted, be dealt with using the composition of a Basket of securities representing the Index close of business on the previous Trading Day. If a delivery notice is received after 9.30a.m. on the relevant Trading Day, the delivery notice will automatically be submitted for acceptance on the next succeeding Trading Day. If a delivery notice is accepted, the relevant Holder will receive confirmation of such acceptance before close of business on the Trading Day on which the delivery notice is received.
- In addition the Holder shall receive confirmation of the number of the underlying securities comprising the Basket(s) to be delivered to that Holder, the amount of cash (if any) which will be paid to it (after taking into account any stamp duty charges incurred in relation to the Basket or Baskets and any transaction fee which may be charged, all of which will be for the account of the Holder) and details of the account into which such payment shall be made. The cost of any settlement by electronic bank transfer will be passed on to the Holder.

### **12. REBALANCING OF THE PORTFOLIO OF SECURITIES HELD BY THE ETF TRUST**

As the investment objective of the Fund is to track the price and yield performance of the benchmark Index, any change to the benchmark Index (for example a change in the composition of the Index and/or the weighting) will require the ETF Trust to make corresponding adjustments to its portfolio from time to time.

The Fund Manager will rely ultimately on S&P Dow Jones Indices' for information on the composition and/or weighting of the Indices. If the Fund Manager is unable to obtain such information on any business day then the composition and/or weighting of the most recently published will be used for the purpose of all adjustments.

### **13. DISTRIBUTIONS**

It is anticipated that the Fund will effect semi-annual distributions. All distributions will be paid out of the Fund's income (whether in the form of coupon, interest or otherwise) net of expenses. Distributions will be effected by the Transfer agent on behalf of the Fund.

The costs of effecting distributions will be deducted from the gross income figure. Any distribution which is unclaimed twelve (12) years from the date it became payable shall be forfeited and become the property of the ETF Trust.

Notwithstanding the foregoing, it should be noted that though Holders are beneficiaries of the ETF Trust, there can be no guarantee that they will receive semi-annual distributions.

### **14. MARKET MAKING PROCESS OF THE ETF SECURITIES**

A market maker has been appointed to provide market liquidity (execute the sale and purchase) to retail investors on the NSE by continuously providing quotes on the floor of the Nigerian Stock Exchange.

### **15. DETERMINATION OF NET ASSET VALUE**

The Fund Manager shall ensure that the Net Asset Value of the Fund is determined at close of each Trading Day.

The NAV per security is calculated by deducting the liabilities from the assets of the ETF Trust and dividing by the number of units in issue. The Net Asset Value may be adjusted to the nearest kobo at the discretion of the Fund Manager.

$$\text{NAV} = \frac{\text{Total Assets} - \text{Liabilities} + \text{Cash Amount}}{\text{Total no. of Units in issue}}$$



## 8. INFORMATION ON THE VETIVA S&P NIGERIAN SOVEREIGN BOND ETF

The value of the assets of the ETF Trust shall be determined as set out below:

- I. Clean prices of the securities are taken as the official closing price on the Trading Day on which the valuation is being effected. The underlying bond securities are listed or traded on the Financial Market Dealers Quote OTC where market quotations are readily available.
- II. The daily values of the underlying securities will be presented using the mark-to-market valuation and grossed for accrued interest in line with the total return methodology of the S&P Nigerian Sovereign Bond Index. This entails valuing securities at the dirty price of the underlying bond securities, which is computed as the official closing price (clean price) plus the accrued interest on the securities up till the relevant settlement date for which the valuation is being prepared.
- III. Cash and other liquid assets will be valued at their face value with interest accrued, where applicable. Any Distribution Amount within the Trust shall form part of the assets of the Trust for the purpose of calculating Net Asset Value of the Trust.
- IV. In the event that it is impossible or impractical to carry out a valuation of a specific security in accordance with the valuation rules set out above, or if such valuation is not representative of the fair market value in the context of marketability and such other considerations which are deemed relevant, the Portfolio Manager (or its duly appointed agent, as the case may be) is entitled to use other generally recognized valuation methods in order to reach a proper valuation of that specific asset/investment.

### 16. FEES AND CHARGES (ON-GOING)

The ETF Trust is responsible for all of its fees, costs and expenses and any out-of-pocket costs and expenses incurred on behalf of the Fund by Vetiva Fund Managers Limited in relation to the following: (i) management, administration, advisory and other third party services; (ii) taxes (including Value-Added Tax, stamp duty); (iii) commissions and brokerage fees; (iv) auditing and legal fees, (v) the costs and expenses of maintaining a listing of the ETF Securities on stock exchanges, and (vi) other operating expenses.

Fund Manager	An annual management fee of 0.400% of the Net Asset Value of the Fund, payable quarterly in arrears.
Trustees	An annual fee of 0.065% of the Net Asset Value, payable semi-annually in arrears
Custodian	An annual fee of 0.0375% of the Net Asset Value, payable semi-annually in arrears.
Registrars	An annual fee of 0.025% of the Net Asset Value, payable semi-annually in arrears.

The annual expense of the Fund comprises all fees, costs and expenses connected with the management and operation of the Fund and the corresponding Trust and the assets of the ETF Trust, including, but not limited to, the fees and reasonable out-of-pocket expenses of the Fund Manager, the costs and expenses of maintaining the listing of the ETF on any stock exchange on which the ETF is listed, professional fees and expenses, annual audit fees, marketing expenses and trustee fees.

### 17. PUBLICATION OF NAV

The Net Asset Value per unit shall be made available on a daily basis on the Fund Manager's website. Such information shall relate to the Net Asset Value of the previous day and is published for information purposes only. Such information shall not constitute an invitation to subscribe for or convert ETF units at that Net Asset Value.



## 8. INFORMATION ON THE VETIVA S&P NIGERIAN SOVEREIGN BOND ETF

### 18. TARGET INVESTORS

The Fund is open to the following:

- local institutional investors, foreign investors and individuals with an appetite for liquid FGN Bond securities;
- Retail Investors who are not able to participate in the Secondary Market but wish to actively trade;
- Investors who wish to reduce concentration risk by diversifying their investments.

### 19. FOREIGN CURRENCY INVESTORS

Foreign currency subscriptions shall be processed at the autonomous exchange rate i.e. ₦/\$, advised by the Fund Manager on the date of receipt of foreign currency.

A Certificate of Capital Importation will be issued by the receiving local bank to foreign currency subscribers if required. The CCI should be kept by the subscriber as it will be required for subsequent repatriation of any surplus/return monies based on the applicable exchange rate on the conversion date. The CCI will also be required to repatriate in a freely convertible currency of proceeds from sale of Units or from any distribution of the Fund's income that the Fund Manager may undertake.

### 20. RISK FACTORS

The Fund is designed for investors with low tolerance for risk, although there are possibilities of Capital loss. The Fund is subject to the following risks, which could affect the Fund's performance. The risks are categorised into risks associated with Fixed Income Securities and ETF Securities:

- **Interest rate risk:** There is a possibility that the relative value of the underlying Bond instruments may decline if there is an increase in interest rate. This is also known as the duration risk and it is a broad risk associated with buying and holding Fixed Income Securities. In general, as rates rise, the price of a bond will fall, and vice versa.
- **Reinvestment Risk:** This is the risk that proceeds of investments (future coupons and maturity) in the underlying assets (Bond securities) will not be invested at the prevailing rate at which the Bonds were purchased initially.
- **Default Risk:** This is the risk that a bond issuer, usually due to financial hardship, will be unable to fully repay the obligations on its Bond as and when they fall due. The S&P Nigerian Sovereign Bond Index tracks strictly NGN-denominated FGN Bonds which are fully backed by the Federal Government, we believe this Bond ETF exposure to default risk is low and remote.
- **Credit Quality Risk:** This is the risk that the issuer of the underlying assets would have difficulty in meeting its payment obligations and thus have its credit rating lowered, which would negatively affect its value.
- **Event Risk:** This covers political and socioeconomic risks which include the possibility of key social or political events having negative impact on the value of investments in the underlying.
- **Investment Risk:** There can be no assurance that the ETF Trust will achieve the investment objective (as set out in the section entitled "Investment objectives and policies"). The Net Asset Value of the ETF will rise and fall as the capital value of the Underlying Portfolio held by the ETF Trust fluctuates.



## 8. INFORMATION ON THE VETIVA S&P NIGERIAN SOVEREIGN BOND ETF

The total return achieved on the ETF Securities will be impacted upon by the total return achieved on the Underlying Portfolio held by the ETF Trust and the return achievable on the ETF can be expected to fluctuate in response to changes in the total return achieved by the Underlying Portfolio. The total return achieved will also be impacted upon by distributions, if any, that Holders may or may not receive. It is to be noted that the ambition of the structure is to provide Holders of the ETF Securities with a price and yield return equal to the price and yield return on a pro rata portion of a Basket.

- **Index Tracking Risk:** The ETF Trust may not be able to replicate exactly the performance of the index because the total return generated by the Underlying Portfolio will be reduced by certain costs and expenses incurred by the ETF Trust. Such costs and expenses are not incurred in the calculation of the Index. The ETF Trust may also not fully replicate the performance of the corresponding Index owing to the temporary unavailability of certain securities in the secondary market or owing to other extraordinary circumstances and, accordingly, there may be a deviation from the precise weighting of the Index.

Where securities comprising the Index are suspended from trading or where other market disrupting events occur it may not be possible to immediately rebalance the portfolio of securities held by the ETF Trust and this may lead to a tracking error.

- **Operational Risk:** There is a risk that Vetiva Fund Managers Limited will exercise its right to place a temporary moratorium on the exercise by holders of the delivery rights attaching to the ETF Securities. In any given year Vetiva Fund Managers Limited shall not suspend the delivery rights attaching to any of the ETF Securities being issued for more than 90 Trading Days, in aggregate, provided that the approval of the Trustee and the Commission is obtained before any such suspension. The imposition of any such moratorium shall not affect the tradability of the ETF Securities on the NSE. A temporary moratorium may be placed if:
  - pursuant to a request by an investor for delivery of one or more baskets and the manager is unable to deliver any of the constituent securities to an investor due to the fact that trading in any one or more of the securities in the underlying portfolio is restricted, terminated or becomes a rump security; or
  - The computer or other trading facilities of the FMDQ malfunctions, calculation of the Index Level of the Indices may be delayed and trading in the ETF Securities may be suspended for a period of time.

If specific securities in the Index are suspended or cease trading for any reason, the suspended securities will not be delivered to a Holder exercising its right to take delivery of a Basket of securities until the suspension on trading in respect of those securities is lifted.

If the computer or other facilities malfunction, calculation of the Indices may be delayed and trading in the ETF Securities may be suspended for a period of time.

- **Index Risk:** There is no assurance that the Index will continue to be calculated and published on the same or a similar basis indefinitely. The benchmark Index was not created for the purpose of trading in ETF Securities. Accordingly, the Index provider may adjust or withdraw the use of the index without regard to the particular interests of Holders. The past performance of the Index is not necessarily a guide to its future performance.

If for any reason the Indices ceases to exist then if, in the reasonable opinion of the Directors, there is a successor Index composed and weighted according to substantially similar criteria as are applied with respect to The Index, the portfolio of securities held by the ETF Trust shall be adjusted to track the agreed



## 8. INFORMATION ON THE VETIVA S&P NIGERIAN SOVEREIGN BOND ETF

successor Index. If in the reasonable opinion of the Directors there are no appropriate successors to the index, then the ETF Trust will continue to hold the portfolio of securities which it held at close of trading on the last day on which the Indices existed

- **Secondary Trading Risk:** There can be no certainty as regards the liquidity of the ETF Securities on the NSE or that the unit market price of any of the ETF will be the same (or substantially the same) as its Net Asset Value. There can be no guarantee that, once the ETF Securities are listed on a stock exchange, they will remain listed.

### 21. BENEFITS OF INVESTING IN THE FUND

- **Diversification:** The ETF will serve as an important diversification tool for Pension Fund Administrators, Funds of funds, individual investors, foreign investors and all portfolio managers, amongst others who seek to profitably invest in the Nigerian Fixed Income space.
- **Professional Management:** The Fund will offer investors the opportunity to gain from professional portfolio management and advisory team with experience in successfully managing investment portfolios similar to the Fund through different market cycles.
- **Accessibility:** Tracking an index through direct investment in its constituents is very difficult, particularly for retail investors. The ETF Securities confer on the Unitholder a proportionate share in the economic benefits of all of the securities issued by the constituent companies comprising the Index. The ETF securities are attractive to professional investors, providing a useful asset allocation and cash management tool.
- **Excellent Fund Structure:** The structure of the Fund shall promote good governance, enhanced investor protection and successful investment outcomes. The Fund structure separates investment decision making functions from asset custody, in line with recommended best practice.
- **Cost Efficiency:** Investing in the Fund will reduce the complexities and associated costs and risks of investing directly in the underlying Bonds.
- **Economies of Scale:** The Fund Manager aims to use the advantage of the Fund size and the platform of the Fund Sponsor to reduce transaction costs and consequently enhance portfolio returns.
- **Liquidity:** ETF are a fast, liquid, convenient and cost-effective way to invest in Indices, as a single security purchase gives exposure to the relevant index.

### 22. FUND REPORTING

The Manager shall take steps to ensure that the quarterly report of the ETF is published on its website. Such quarterly report shall be published within a period of one month of the period to which the quarterly report relates.

The Trustee and the Manager shall ensure that the Custodian carries out a reconciliation of all the Units of the ETF and its underlying assets on a quarterly basis and also, both shall ensure that the Custodian submits such reports to the Commission.



## 8. INFORMATION ON THE VETIVA S&P NIGERIAN SOVEREIGN BOND ETF

### 23. INFORMATION AVAILABLE TO THE PUBLIC

The following details would be made available to the Public via the Fund Manager's website, [www.vetiva.com/funds](http://www.vetiva.com/funds)

- The indicative optimum value (IOPV) per unit at the close of the day;
- The portfolio deposit and NAV per unit at end of the trading day, daily;
- The number of units in circulation, monthly;
- Index level for the preceding day;
- The constituents of the Index, after each rebalancing exercise.

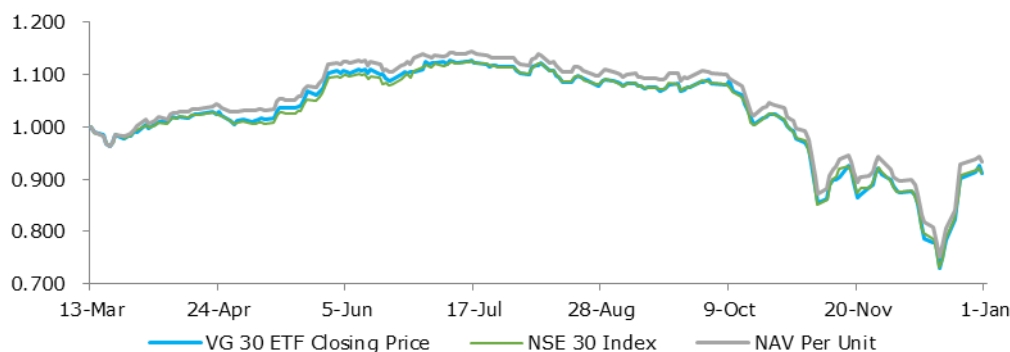
### 24. ISSUERS TRACK RECORD

#### VETIVA GRIFFIN 30 EXCHANGE TRADED FUND ("VG 30 ETF")

VFML launched first Equity Exchange Traded Fund to raise ₦2.9Billion and recorded an oversubscription of 154%. The VG 30ETF was listed on the floors of the Nigerian Stock Exchange in March 2014. The VG 30 ETF tracks the NSE 30 Index; the ETF is designed to provide investors quick, easy and transparent access to the 30 most capitalized stocks listed on the Nigerian Stock Exchange. The VG 30 ETF has consistently tracked the NSE 30 Index and is strongly correlated as expected.

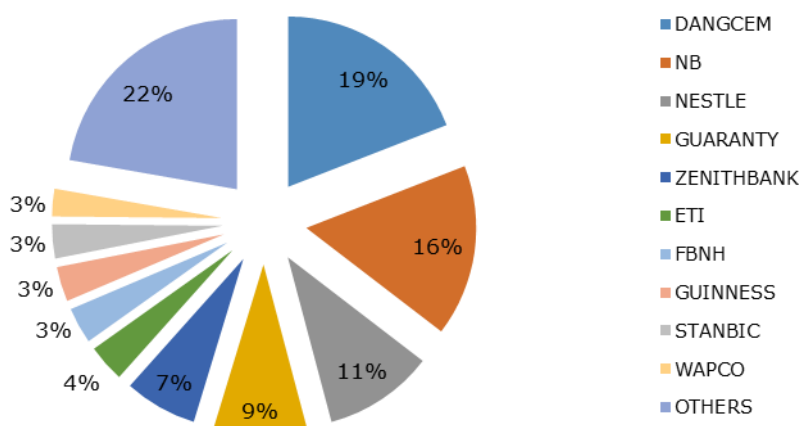
PERFORMANCE			
	13-Mar-14*	31-Dec-14	Performance
NAV Per Unit	16.96	15.68	(7.58%)
VG 30 ETF Price	17.27	15.57	(9.84%)
NSE 30 Index	1,727.31	1,563.22	(9.50%)
*Listing Date			

Price Movement vs NAV vs NSE 30



#### TOP TEN HOLDINGS AS AT 31ST DECEMBER, 2014

The VG 30 ETF is a 100% equity based fund. The chart below shows the top ten holdings of the Fund as at 31<sup>st</sup> December, 2014.

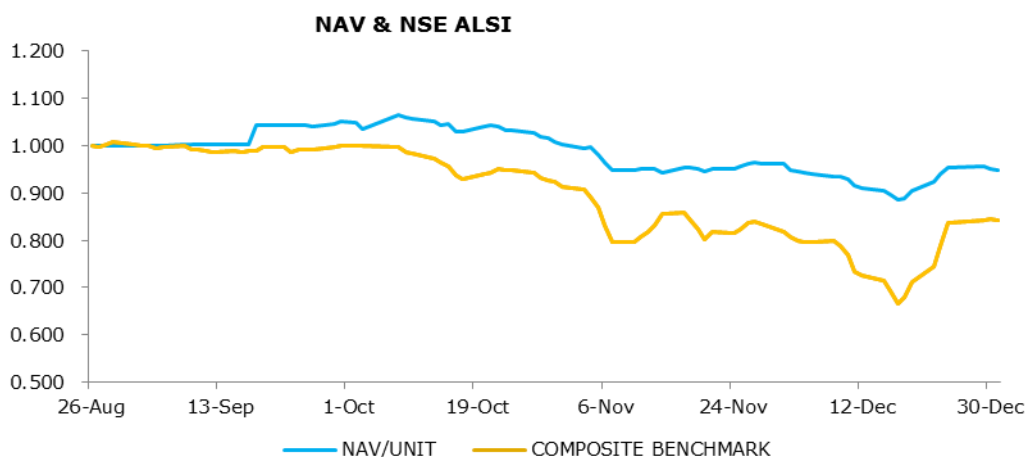


## 8. INFORMATION ON THE VETIVA S&P NIGERIAN SOVEREIGN BOND ETF

### DV BALANCED FUND

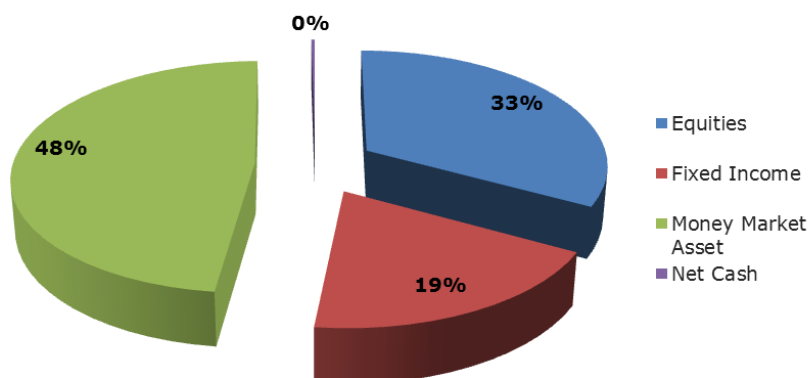
The DV Balanced Fund (“The Fund”) is an open-ended unit trust scheme which invests in a range of securities, including quoted Equities, Fixed Income securities and Money Market instruments. The Fund employs an asset mix strategy which achieves consistent growth primarily from a well-diversified portfolio 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. The Fund outperformed the Composite Benchmark at the end of 2014.

PERFORMANCE			
	25-Aug-14*	31-Dec-14	Performance
NAV Per Unit	97.60	91.94	(5.80%)
NSE ALSI	41,339.48	34,657.15	(16.16%)
FMDQ Bond Index	1,012.57	1,145.92	(13.17%)
Composite Benchmark (50:50)	21,123.91	17,901.53	(15.73%)
Launch Date			



### ASSET ALLOCATION

The chart below shows the percentage allocation across the Asset classes as at 31st December, 2014:



## **8. INFORMATION ON THE VETIVA S&P NIGERIAN SOVEREIGN BOND ETF**

### **25. PREMISES**

Vetiva Fund Managers Limited has its office at Plot 266B, Kofo Abayomi Street, Victoria Island, Lagos.





## 9. FINANCIAL FORECAST

### 1. LETTER FROM THE REPORTING ACCOUNTANTS

The following is a copy of the letter on the Financial Forecast by RoseWater Partners, the Reporting Accountants to the Offer:



26 March, 2015

The Directors  
**Vetiva Fund Managers Limited**  
Plot 266B Kofo Abayomi Street  
Victoria Island  
Lagos.


Gentlemen,

We have reviewed the accounting bases and calculations for the profit forecast of Vetiva S&P Nigerian Sovereign Bond ETF (for which the Directors of the Fund Manager, Vetiva Fund Managers Limited, are solely responsible) for the years ending 31 December 2016, 2017 and 2018.

In our opinion, the annexed forecast, so far as the accounting bases and calculations are concerned, has been properly compiled based on the bases and assumptions made by the Directors as set out on pages 2 to 4 and is presented on a basis consistent with the accounting policies normally adopted by the company. However, there will usually be differences between forecasts and actual results, because events and circumstances frequently do not occur as expected and these differences may be material.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Yours faithfully  
**RoseWater Partners**  
**Reporting Accountants**

  
**Kayode Sunmola**  
**Managing Partner/CEO**  
**FRC/2013/ICAN/00000004166**



## 9. FINANCIAL FORECAST

### 2. Memorandum on the Profit Forecast for Years Ending 31 December 2016, 2017 and 2018

#### 1. INTRODUCTION

- 1.1 This memorandum has been prepared to summarise and outline the information available to the Directors and their basic assumptions at the time of their forecast of the profits for the years ending 31 December 2016, 2017 and 2018.
- 1.2 The Directors are of the opinion that subject to unforeseen circumstances, the net income before taxation for the years ending 31 December 2016, 2017 and 2018 will be approximately ₦142,877,000.00; ₦146,663,000.00; and ₦150,891,000.00 respectively.
- 1.3 The bases and principal assumptions used by the Directors in the preparation of the profit forecast are stated below.

#### 2. BASES AND ASSUMPTIONS

The forecasts have been arrived at on the following bases and assumptions:

##### 2.1 Bases

(a) *Subscription to the Offer*

The units being offered (10,000,000) will be fully subscribed within the initial subscription period under the terms and conditions of the Offer. The Offer price shall be determined on the day of the subscription as 0.5 X (times) the value of the S&P NSBI as at the said date. For the purpose of the Forecast, it is assumed that the index will remain relatively stable (Index value as at reference date of 1st July, 2015 was 217.99). Therefore, a tentative initial offer price of N108.995 has been applied in the forecast. During the offer period, the price will change daily in line with movements in the benchmark Index.

(b) *Initial Cost of the Offer*

Total cost associated with the Offer is estimated at 2.03% of the gross proceeds i.e. N22,108,010.69. The amount will be deducted immediately from the Gross Offer Proceeds. Accordingly, net Offer proceeds will amount to approximately N1.067 billion.

(c) The ETF is based on the **S&P NIGERIAN SOVEREIGN BOND INDEX**.

(d) *Investment of Funds*

The Fund Manager will invest in a portfolio consisting of solely sovereign FGN Bonds (in substantially the same weighting as the Index). The portfolio may be rebalanced occasionally to reflect current market conditions. However, the following strategic asset allocation ranges are generally expected to apply:

Asset Class	Range
FGN Bond Securities	100%

(e) *Fund Management Fees*

A management fee of 0.40% per annum shall be payable quarterly in arrears (i.e. at a rate of 0.10% of the Net Asset Value per quarter).

##### 2.2 Assumptions

The following underlying general assumptions have been used for the Profit Forecast:

- (a) The Fund Manager will be successful at raising the required fund of approximately N1.090 billion to achieve a long-term capital growth of the Fund's assets by investing in a portfolio of Actively traded FGN Bond Securities and instruments to replicate the constituents of the S & P Nigerian Sovereign Bond Index.
- (b) The Fund is expected to take off in the first quarter of 2016.
- (c) The quality of the Fund Manager, Trustee, Custodian and Transfer Agent will be sustained during the forecast period.
- (d) Coupon is estimated at an average of 14% per annum for years 2016, 2017 and 2018 respectively of the market value of securities in the Fund's portfolio throughout the forecast period.



## 9. FINANCIAL FORECAST

- (e) Capital Gains is projected at an average return of 3%, 3% and 3% per annum for years 2016, 2017 and 2018 respectively throughout the forecast period.
- (f) Yield is estimated at 16.38%, 14.46% and 13.00% for years 2016, 2017 and 2018 respectively.
- (g) It is anticipated that Vetiva S&P Bond ETF Trust will effect semi-annual distributions of net income (i.e. its income comprising coupon and other investment income less expenses) to Registered Holders on the relevant Record Dates. Distribution will be effected proportionately (according to the number of units held by each registered holder on the relevant Record Date).
- (h) The Fund will bear the cost of licensing, acquiring, valuing and disposing of investments. All administrative, custodial, research and other related expenses to be incurred in the day-to-day operation of the Fund will also be payable by the Fund. The Operating expenses are estimated at 0.82%, 0.72% and 0.62% of the Net Asset Value of the Fund for years 2016, 2017 and 2018 respectively.
- (i) The Fund will not be subject to capital gains tax on realisation of its unrealised gains as all transaction on Nigerian Stock Exchange are exempted from Capital Gains Tax.
- (j) The remuneration of the Manager and all other administrative fees shall accrue on a daily basis
- (k) All charges and fees for establishing the Fund, including the fees payable to receiving agents, the Securities & Exchange Commission and The Nigerian Stock Exchange, legal and all other related expenses is estimated at 2.03% of the Offer proceeds and amounting to N22.11million, are payable by the Fund and deductible from the monies raised by the Fund.

### 3. PROFIT FORECAST FOR THE YEARS ENDING 31 DECEMBER 2016, 2017 AND 2018

The Fund Managers are of the opinion that subject to unforeseen circumstances, and based on the assumptions in note 2.2, the forecast income after taxation for the Vetiva S&P Nigeria Sovereign Bond ETF for the years ending 31 December 2016, 2017 and 2018 will be in the order of ₦142,877,000.00; ₦146,663,000.00; and ₦150,891,000.00;

	2015	2016	2017
INCOME	₦'000	₦'000	₦'000
Investment income (Net of WHT)	155,905	160,582	165,400
	-----	-----	-----
<b>Gross income</b>	<b>155,905</b>	<b>160,582</b>	<b>165,400</b>
	-----	-----	-----
EXPENSES			
Fees and operating expenses	(8,756)	(8,948)	(8,819)
Management fees	(4,271)	(4,971)	(5,690)
	-----	-----	-----
<b>Total expenses</b>	<b>(13,028)</b>	<b>(13,919)</b>	<b>(14,509)</b>
	-----	-----	-----
<b>Net income before taxation</b>	<b>142,877</b>	<b>146,663</b>	<b>150,891</b>
Taxation	-	-	-
	-----	-----	-----
<b>Net income after taxation</b>	<b>142,877</b>	<b>146,663</b>	<b>150,891</b>
	=====	=====	=====



## 9. FINANCIAL FORECAST

### STATEMENT OF COMPREHENSIVE INCOME AND APPROPRIATION

Net income (realised) after taxation	142,877	146,663	150,891
Unrealised capital gains	32,035	32,996	33,986
	-----	-----	-----
<b>Retained earnings</b>	<b>174,913</b>	<b>179,660</b>	<b>184,877</b>

#### Appropriations:

Retained earnings brought forward	-	32,035	65,032
Dividend/Distribution (from realised income)	(142,877)	(146,663)	(150,891)
	-----	-----	-----
Retained earnings carried forward	<b>32,035</b>	<b>65,032</b>	<b>99,018</b>
	=====	=====	=====

### FORECAST YIELD

	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Net Asset Value at the beginning of year	1,067,842	1,242,755	1,422,414
Investment income (Net of WHT)	155,905	160,582	165,400
Unrealised capital gains	32,035	32,996	33,986
	-----	-----	-----
<b>Gross Asset Value at the end of year</b>	<b>1,255,782</b>	<b>1,436,333</b>	<b>1,621,800</b>
Fees and operating expenses	(8,756)	(8,948)	(8,819)
Management fees	(4,271)	(4,971)	(5,690)
Taxation	-	-	-
	-----	-----	-----
<b>Net Asset Value at the end of year</b>	<b>1,242,755</b>	<b>1,422,414</b>	<b>1,607,291</b>
	=====	=====	=====
<b>Increase in Net Asset Value</b>	<b>174,913</b>	<b>179,660</b>	<b>184,877</b>
	=====	=====	=====
<b>Return on Investment (%)</b>	<b>16.38%</b>	<b>14.46%</b>	<b>13.00%</b>
	=====	=====	=====



## 9. FINANCIAL FORECAST

### 3. LETTER FROM ISSUING HOUSE

The following is a copy of the letter from the Issuing House on the Financial Forecast:



**Thursday, 26 March 2015**

#### **THE DIRECTORS**

Vetiva Fund Managers Limited  
Plot 266B Kofo Abayomi Street  
Victoria Island  
Lagos

Dear Sirs,

#### **OFFER FOR SUBSCRIPTION OF 10,000,000 UNITS IN THE VETIVA S&P NIGERIAN SOVEREIGN BOND ETF**

We write further to the Prospectus issued in respect of the Offer for Subscription of units in the Vetiva S&P Nigerian Sovereign Bond ETF, the draft of which we have had the privilege of reviewing. The Prospectus contains financial forecasts for the years ending 31 December 2015, 2016 and 2017.

We have discussed the bases and assumptions upon which the forecasts were made with you and with Messrs. Rosewater Partners, the Reporting Accountants. We have also considered the letters from the Reporting Accountants regarding the accounting bases and calculations upon which the forecasts were compiled as per pages 31-33 of the Full Prospectus.

Having considered the assumptions made by you as well as the accounting bases and calculations reviewed by Messrs. Rosewater Partners, we consider that the forecasts (for which you as Directors are solely responsible) have been made by you after due and careful enquiry.

Yours faithfully

For: Vetiva Capital Management Limited

**CHUKA ESEKA**

Managing Director/CEO



## 10. INFORMATION ON THE FUND MANAGER AND THE TRUSTEE

### 1. BRIEF PROFILE OF THE FUND MANAGER

Vetiva Fund Managers Limited was incorporated on September 22, 2011 to carry on the business of fund and asset management through sponsoring and issuance of collective investment schemes, exchange traded funds and publicly or privately managed funds. VFM is registered with the SEC to carry on business as Fund/Portfolio Manager. The Company is a wholly owned subsidiary of Vetiva. The corporate objective of VFM is to provide asset management solutions which adequately hedge against market swings while delivering sustainable returns to investors.

VFM's personnel have prior experience in asset and wealth management and in-depth knowledge of the Nigerian capital markets. The Fund Manager's ability to tap from the research capabilities of Vetiva will enable VFM to accurately forecast market trends and make timely investment decisions. The key personnel of the research and risk management departments of Vetiva also form part of the VFM's management team.

The advent of VFM into the Fund Management landscape is expected to bring a long-term and value-oriented approach to collective investment management as well as high quality professional service delivery. VFM's core investment principles include the:

- Value of in-depth global and local research;
- Need for a disciplined investment process;
- Commitment to reducing operating expenses for investors;
- Adequate risk management techniques; and
- Protection of investors' wealth at all times.

VFM's risk management approach is designed to ensure that investment risks in the various portfolios of securities invested in are kept at an optimal level. VFM also operates a multiple portfolio counsellor system, which combines teamwork with individual accountability in the management of assets under its care, and is driven by its team of experienced investment professionals.

### 2. DIRECTORS OF THE FUND MANAGER

The Board of Directors of the Fund Manager is constituted of as follows:

#### **Chuka Eseka (Chairman)**

Mr. Chuka Eseka is an investment banker with extensive experience covering merchant and investment banking activities. He is a graduate in Accounting from the University of Lagos in 1989, a Fellow of the Chartered Institute of Stockbrokers (became a member in 1993) and a member of the Institute of Chartered Accountants of Nigeria (1991). He is also an Authorised Dealer of The Exchange. Mr. Eseka has managed the emergence of Vetiva into one of the most respected, innovative and efficient investment banks in Nigeria. Mr. Eseka is especially formidable in deal origination, structuring and execution and is vastly experienced in corporate restructuring / repositioning as well as privatisation advisory structures; having been involved in a number of significant transactions in the financial services and real sectors of the Nigerian economy. He is regarded as one of the foremost investment bankers in Nigeria today with broad complementary competences covering financial, operational and legal related issues in the real sectors of the Nigerian economy over the past 20 years.

#### **Dr. Olaolu Mudasiru (Non-Executive Director)**

Dr. Olaolu Mudasiru is an investment banker with extensive experience covering Stock-broking, Asset Management and other aspects of investment banking activities. He holds an MSc. in International Securities, Investments and Banking from the ICMA Centre of The University of Reading, UK in 1998, an M.B B.S. Degree from the College of Medicine, University of Lagos, Nigeria and he is an Alumnus of the Stanford University Graduate School of Business (2007). He is a Dealing Member of the London Stock Exchange, a Fellow of the Chartered Institute of Stockbrokers, Nigeria as well as being a member of the Medical & Dental Council of Nigeria (1990). He is also a recipient of the Chevening Scholarship, which is granted to 'mid-career high flyers' globally by the British Government. Dr. Mudasiru is quite versatile and his 19 years of experience span the spectrum of Investment Banking covering Wealth Management, Financial Intermediation, Trading & Dealing and executing various transactions in the Financial Services Industry.



## 10. INFORMATION ON THE FUND MANAGER AND THE TRUSTEE

### Damilola Ajayi (Managing Director/CEO)

Mr. Damilola Ajayi is an investment management specialist with over 10 years of experience. He has distinct competence in equities research, equity sales and portfolio fund management in both domestic and international equity markets. Prior to joining Vetiva, Damilola had worked at Arthur Anderson (now KPMG) and Sectrust (now Afrinvest). He is currently in charge of all Asset Management activities managed by Vetiva. He obtained a BSc. Computer Science, University of Ibadan in 1999, and is an Associate Member, Institute of Chartered Accountants of Nigeria (2001) and an Associate Member, Institute of Certified Pension Fund Managers of Nigeria (2005). He is currently in charge of all Asset Management activities managed by Vetiva.

### 3. FINANCIAL STATEMENTS

#### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*Vetiva Fund Managers Limited*  
Financial statements for the period ended 31 December 2014  
Together with Directors' and Auditors' Reports

#### Statement of profit or loss and other comprehensive income

<i>In thousands of naira</i>	Note	31 December 2014 (9 months)	31 March 2014 (12 months)
Fee income	6	53,723	16,249
Other operating income	7	2,781	-
Operating expenses	8	(38,922)	(10,422)
<b>Net operating income before tax</b>		<b>17,582</b>	<b>5,827</b>
Taxation	13(b)	(6,832)	(4,566)
<b>Profit after tax</b>		<b>10,750</b>	<b>1,261</b>
<b>Other comprehensive income:</b>			
<b>Items that will be reclassified to profit or loss</b>			
Fair value gain/(loss) on available-for-sale financial assets		62,546	(441)
Amount transferred to profit or loss		1,721	-
<b>Other comprehensive income/ (loss) for the year, net of tax</b>		<b>64,267</b>	<b>(441)</b>
<b>Total comprehensive income for the year</b>		<b>75,017</b>	<b>820</b>
Earnings per share (in kobo)- basic	15	16k	2k
Earnings per share (in kobo)- diluted	15	14k	2k

*The accompanying notes form an integral part of these financial statements.*





## 10. INFORMATION ON THE FUND MANAGER AND THE TRUSTEE

### STATEMENT OF FINANCIAL POSITION - FOR THE YEAR ENDED 31 DECEMBER 2014

*Vetiva Fund Managers Limited*  
Financial statements for the period ended 31 December 2014  
Together with Directors' and Auditors' Reports

#### Statement of financial position

*As at 31 December*

*In thousands of naira*

	Note	31 December 2014 (9 months)	31 March 2014 (12 months)
<b>Assets</b>			
Cash and cash equivalents	9	192,399	998
Investment securities	10	560,118	139,641
Other assets	11	1,103,423	467,193
<b>Total assets</b>		<b>1,855,940</b>	<b>607,832</b>
<b>Liabilities</b>			
Other liabilities	12	1,550,779	544,273
Current tax liabilities	13	11,151	4,566
<b>Total liabilities</b>		<b>1,561,930</b>	<b>548,839</b>
<b>Equity</b>			
Share capital	14 (a)	66,000	66,000
Capital Contribution	14 (b)	160,000	-
Retained earnings	14 (c)	5,464	(5,286)
Fair value reserves	14 (d)	62,546	(1,721)
<b>Total equity</b>		<b>294,010</b>	<b>58,993</b>
<b>Total liabilities and equity</b>		<b>1,855,940</b>	<b>607,832</b>





## 10. INFORMATION ON THE FUND MANAGER AND THE TRUSTEE

### 4. BRIEF PROFILE OF THE TRUSTEE

Union Trustees Limited (UTL) has over four decades of consistent professional expertise and experience in diverse kinds of Trust transactions. Incorporated in 1966, UTL started operations as a Nominee company subsidiary of Barclays Bank (Nigeria) Limited. We have successfully passed through a divestment process following Union Bank's compliance with the Central Bank's regulation 3. The Company is now owned by Oreon Investments Limited and Kapriel Limited.

We are duly registered by the Securities and Exchange Commission (SEC) to carry out the function of Trusteeship and Fund/Portfolio Management.

UTL provides up to date and globally acceptable Trust solutions to Individuals, Corporations, Government and Institutions with a broad range of Trust services and products. We create the best Trust options for our clients tailored to meet their trust desires/goals with Trust ingenuity that leads to solutions that are simple, creative and responsible. We know that clients have individual and diverse requirements; at UTL, we offer diagnostics review based on case by case analysis before creating a Trust structure that suits the unique nature of their business.

### 5. DIRECTORS OF THE TRUSTEE

#### *Dr. Shamsuddeen Usman, Chairman*

Dr. Shamsuddeen Usman, CON, OFR, is a Nigerian economist and banker. He is currently the CEO of SUSMAN & Associates, an economic, financial and management consulting firm headquartered in Nigeria. Shamsuddeen was the Minister of National Planning (January 2009 to September 2013) and Finance Minister (June 2007 to January 2009). As Minister of National Planning, he was responsible for the development of critical pieces of Nigeria's long-term development strategy, including the Nigerian Vision 2020 and the National Integrated Infrastructure Master Plan.

After secondary school education at the prestigious Government College Keffi and King's College, Lagos, he obtained a BSc. in Economics from Ahmadu Bello University, Zaria, Nigeria. He later obtained MSc. and PhD from the London School of Economics and Political Science in 1977 and 1980, respectively. Dr. Usman has had a varied working experience, including serving as MD/CEO, NAL Merchant Bank and Deputy Governor, Central Bank of Nigeria. He was appointed a Director of the Company on March 9, 2015.

#### *Mr. Danladi Verheijen, Director*

Mr. Danladi Verheijen is the Managing Director of Verod Capital Management Limited: Prior to founding Verod, Danladi was a Vice President at Citibank Nigeria, where he led corporate finance and investment banking transactions. He also managed a private equity portfolio of approximately US\$30 million and represented Citibank on the advisory committee of Nigeria's largest private equity firm. Danladi began his career in strategy consulting at the Chicago offices of McKinsey & Co, gaining operations, growth, and new business development experience working with companies in the oil and gas, retail, chemicals and telecommunications sectors. He then moved to Nigeria, serving as Vice President at Ocean & Oil Holdings/Avante Capital, where he worked on financial advisory transactions including Unipetrol's US\$74 million acquisition of Agip Nigeria, which was, at that time, the largest ever acquisition on the Nigerian Stock Exchange, and Oando's secondary listing on the Johannesburg Stock Exchange. Danladi has an MBA from Harvard Business School, an MS in Engineering Economic Systems & Operations Research from Stanford University, and a BS in Electrical Engineering from Calvin College. Danladi was named a Young Global Leader by the World Economic Forum in 2014.

#### *Mr. Eric Idiahi, Director*

Mr. Eric Idiahi is the Deputy Managing Director of Verod Capital Management Limited: Prior to founding Verod, Eric Idiahi was Principal Partner and Co Founder of Fountain Head Media Group, an investment and advisory firm focused on Nigeria's media, technology, and telecommunications sectors. He was responsible for several major transactions, most notably the approximately US\$40 million financing of the first Nigerian owned direct to home pay television company. Before working at Fountain Head, Eric led the financial advisory team of Financial Derivatives Company Ltd. (FDC), where he advised several private and publicly traded middle market companies seeking equity and debt financing. While at FDC Eric also provided strategy consulting services to both local and foreign companies seeking to expand their market share in various sectors in the Nigerian Economy. Eric has a BSc in Economics from the University of Houston.



## 10. INFORMATION ON THE FUND MANAGER AND THE TRUSTEE

### ***Ms. Olawunmi Abiodun, Director***

Olawunmi Abiodun is the Company Secretary of Verod Capital Management Limited: Prior to joining Verod, Olawunmi worked as an Associate Legal Officer in the Legal Advisory Section of the UN International Criminal Tribunal for the Former Yugoslavia in The Hague, Netherlands, where she advised on legal and policy matters. Prior to that, she worked as an Associate at Matrix Solicitors where she advised on corporate and commercial matters. Olawunmi has an LLB (Hons) degree from the Obafemi Awolowo University and an LLM in International and European Law, with specialization in Foreign Direct Investment from the University of Amsterdam. She was admitted to the Nigerian Bar as a Barrister and Solicitor of the Supreme Court of Nigeria in 2004.

### ***Mrs. Oluseyi Olufunke Aiyepola, Managing Director/CE***

Mrs. Oluseyi Olufunke Aiyepola is a Solicitor and trust expert with over twenty four years post qualification experience in legal practice and trusteeship. She holds an LLB (Hons.) Degree, Ife as well as an EMBA from the Lagos Business School of the PAN African University. She has worked in the Legal Department of Union Bank of Nigeria Plc and as the head of Trust services, Union Trustees Ltd. She has also held the position of an Executive Vice-Chairman of Retwells Properties Ltd.

Prior to her appointment as MD, Union Trustees Ltd, she was the General Manager/CE of Oceanic Trustees Ltd.

Mrs. Aiyepola has attended various professional courses locally and abroad, including the School for International Financial Law, Cambridge, UK, Entrepreneurship –Developing Competitive Strategy Program, IESE Business School, Barcelona, Spain, Establishing New Businesses in Established Organizations, Harvard Business School and the Cannon Financial Advisor's course on Trusts, Chicago.

She is the Chairperson of the training committee of the Association of Corporate Trustees, a Council Member of the Association of Investment Advisers and Portfolio Managers of Nigeria and member of various committees of the Capital Market Committee.



## **11. STATUTORY & GENERAL INFORMATION**

### **1. INDEBTEDNESS**

As of the date of this Prospectus, the Fund Manager has no outstanding debentures, mortgages, loans, charges or similar indebtedness, except in the ordinary course of business.

### **2. CLAIMS & LITIGATION**

As at the date of this circular, the company is not involved in any litigation. The solicitor to the company is not aware of any pending claim or litigation against Vetiva Fund Managers Limited which may be material to the offering.

### **3. COSTS & EXPENSES**

The initial expenses of establishing the Fund, comprising the fees payable to the SEC, professional fees, Receiving Agents, Transfer agent as well as printing, advertising and all other related expenses, estimated at ₦22.11 Million, are payable by the Fund and deductible from the amount raised by the Fund. These initial costs and expenses will be deducted immediately from the Offer proceeds:

### **4. MATERIAL CONTRACTS**

The following agreements have been entered into and are considered material to this Offer:

1. Trust Deed dated 15<sup>th</sup> July 2016 between Vetiva Fund Managers Limited and Union Trustees Limited under which the Fund is constituted.
2. Authorised Dealer Agreement dated 15<sup>th</sup> July 2016 between Vetiva Fund Managers Limited, Union Trustees Limited and Vetiva Securities Limited.
3. Vending Agreement dated 15<sup>th</sup> July 2016 between Vetiva Fund Managers Limited and Vetiva Capital Management Limited under the terms of which Vetiva Capital Management Limited has agreed to an offer for subscription of units in the Vetiva S&P Nigerian Sovereign Bond ETF.
4. Custody Agreement dated 15<sup>th</sup> July 2016 between Vetiva Fund Managers Limited, Union Trustees Limited and UBA Plc. (Global Investor Services) pursuant to which the Fund Manager and the Trustees have appointed UBA Plc. (Global Investor Services) to act as custodian of the Fund's investments, cash and other assets and to accept responsibility for the safe custody of the Deposited Property which is delivered to and accepted by the Custodian.
5. Index License Agreement dated 1<sup>st</sup> June 2015 between Vetiva Fund Managers Limited and the S&P Dow Jones Indices' to use the Index.

Other than as stated above, the Fund Manager has not entered into any material contracts except in the ordinary course of business.

### **5. CONSENTS**

The following have given and not withdrawn their written consents to the issue of this Prospectus with their names and reports (where applicable) included in the form and context in which they appear:



## 11. STATUTORY & GENERAL INFORMATION

<b>Directors of the Fund Manager:</b>	Chuka Eseka ( <i>Chairman</i> ) Dr. Olaolu Mudasiru Damilola Ajayi (Managing Director/CEO) Akindelano Legal Practitioners
<b>Company Secretary:</b>	Vetiva Capital Management Limited
<b>Issuing House:</b>	Union Trustees Limited
<b>Trustee to the Fund:</b>	UBA Plc (Global Investor Services)
<b>Custodian:</b>	Akindelano Legal Practitioners
<b>Solicitors to the Offer:</b>	Abraham & Co.
<b>Solicitors to the Trustee:</b>	RoseWater Partners
<b>Reporting Accountants:</b>	Vetiva Securities Limited
<b>Authorized Dealer:</b>	First Registrars Nigeria Limited
<b>Registrar/Transfer Agent:</b>	

### 6. RELATIONSHIP BETWEEN THE FUND MANAGER AND THE TRUSTEE

The Fund Manager and the Trustee do not have any common shareholder and neither is any a subsidiary or holding company of another. They do not have common Directors.

### 7. RELATIONSHIP BETWEEN THE FUND MANAGER AND ISSUING HOUSE

The Fund Manager and the Issuing House are affiliated companies (i.e., the Fund Manager is a subsidiary of the Issuing House). In addition, the Fund Manager and the Issuing House have common directors.

### 8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the offices of the Issuing House at its business address during normal working hours on any Business Day during the Offer Period:

1. Certificate of Incorporation of the Fund Manager, the Custodian and the Trustee;
2. The resolution of the Board of Directors of the Fund Manager authorising the creation of the Fund and the ensuing Units of the Fund thereof;
3. The duly executed Prospectus issued in respect of the Offer;
4. The Memorandum of RoseWater Partners on the Financial Forecast of the Fund for the years ending 31st December 2016, 2017 & 2018.
5. The audited Financial Statements of the Fund Manager as at 31st December 2014;
6. The negative statement issued by the Solicitors to the Offer;
7. The material contracts referred to above;
8. The written consents referred to above;
9. The letter of authorisation of the Fund and registration of the Units by the SEC; and
10. The agreement between S&P Dow Jones Indices' and Vetiva Fund Managers Limited to use the Index.
11. Abridged Prospectus.



## 12. COMPOSITION OF INDEX

Kindly note that the below represents the constituents of the S&P Nigerian Sovereign Bond Index as at 30<sup>th</sup> September 2015.

CONSTITUENTS OF THE S & P NIGERIA SOVEREIGN BOND INDEX					
Description	Issue Date	Coupon (%)	Outstanding Value (N'bn)	Maturity Date	TTM (Yrs)
13.05 16-AUG-2016	16-Aug-13	13.05	581.39	16-Aug-16	0.9
15.10 27-APR-2017	27-Apr-12	15.10	480.13	27-Apr-17	1.6
9.85 27-JUL-2017	27-Jul-07	9.85	20.00	27-Jul-17	1.84
9.35 31-AUG-2017	31-Aug-07	9.35	100.00	31-Aug-17	1.94
10.70 30-MAY-2018	30-May-08	10.70	300.00	30-May-18	2.69
16.00 29-JUN-2019	29-Jun-12	16.00	351.30	29-Jun-19	3.77
7.00 23-OCT-2019	23-Oct-09	7.00	233.90	23-Oct-19	4.09
15.54 13-FEB-2020	13-Feb-15	15.54	331.93	13-Feb-20	4.39
16.39 27-JAN-2022	27-Jan-12	16.39	605.31	27-Jan-22	6.35
14.20 14-MAR-2024	14-Mar-14	14.20	639.99	14-Mar-24	8.48
15.00 28-NOV-2028	28-Nov-08	15.00	75.00	28-Nov-28	13.18
12.49 22-MAY-2029	22-May-09	12.49	150.00	22-May-29	13.66
8.50 20-NOV-2029	20-Nov-09	8.50	200.00	20-Nov-29	14.16
10.00 23-JUL-2030	23-Jul-10	10.00	591.57	23-Jul-30	14.83
12.1493 18-JUL-2034	18-Jul-14	12.15	1,075.92	18-Jul-34	18.82
<b>TOTAL OUTSTANDING ON LIQUID MATURITIES</b>			<b>3,484.59</b>		
<b>TOTAL MARKET OUTSTANDING VALUE</b>			<b>5,736.44</b>		

Weightings change on a daily basis and the index is rebalanced monthly. Therefore, the above constituents are subject to change. Please refer to the Fund website for updated details.



## **13. PROCEDURE FOR APPLICATION AND ALLOTMENT**

The process for participating in this offering involves the key steps discussed below:

### **1. APPLICATION FOR UNITS**

- 1.1 Prospective investors to whom this prospectus has been addressed are hereby invited to apply for the units of the ETF Securities through Vetiva Fund Managers Limited.
- 1.2 Applications for the Index Securities must be made in accordance with the instructions set out at the back of the application form. Care must be taken to follow these instructions, as applications which do not comply will be rejected.
- 1.3 The Application List for the Index Securities will be open from 1<sup>st</sup> of August 2016 to 15<sup>th</sup> August 2016. The minimum to be applied for is indicated on the relevant application form. The number of units for which an application is made and number of baskets of securities tendered should be entered in the boxes provided.
- 1.4 Applicants should sign the form; write their names, address, daytime telephone number and other information as indicated in the boxes provided. A corporate applicant should affix its seal and state its Incorporation (RC) Number in the boxes provided.

### **2. ALLOTMENT OF UNITS**

Vetiva Fund Managers Limited reserves the right to accept or reject any application in whole or in part for not meeting the conditions of the Offer. The allotment proposal will be subject to the clearance of the Board of Vetiva Fund Managers Limited. Please note that the Directors reserve the right to allot the units on a “first come first serve” basis. The basis of allotment will be subject to the approval of the Commission.





**All capital market operators with current SEC registration as at the date of this Prospectus are eligible to act as Receiving Agents to the Issue.** A brokerage commission of **0.50%** will be paid on the value of allotted Units in respect of applications bearing the Receiving Agent's official stamp.

*The Issuing House/Fund Manager cannot accept responsibility for the conduct of any Receiving Agent. Investors are therefore advised to conduct their own independent enquiries before choosing an agent to act on their behalf. Evidence of deposit of securities with any Receiving Agent, in the absence of corresponding evidence of receipt by the Issuing House/Fund Manager, cannot give rise to a liability on the part of the Issuing House/Fund Manager under any circumstances.*

Adamawa Securities Ltd	Finmal Finance Services Ltd	Pac Securities Ltd
Adonai Stockbrokers Ltd	First Integrated Capital Management Ltd	Parthian Partners Limited
African Alliance Stockbrokers Ltd	Fis Securities Ltd	Partnership Securities Ltd
Afrinvest Securities Ltd	Foresight Securities & Investment Ltd	Peace Capital Market Ltd
Alangrange Securities Ltd	Fort Financial Ltd	Perfecta Investment Trust Ltd
Altrade Securities Ltd	Forthright Securities And Investments Ltd	Phronesis Securities Ltd
Amyn Investments Ltd	Fortress Capital Ltd	Pilot Securities Ltd
Anchorage Securities And Finance Ltd	Fsdh Securities Ltd	Pinefields Investments Services Ltd
Anchoria Investment And Securities Ltd	Funds Matrix And Assets Management Ltd	Pipc Securities Ltd
Apel Asset Ltd	Futureview Securities Ltd	Pivot Trust & Investment Company Ltd
Apt Securities And Funds Ltd	Gem Asset Management Limited	Pml Securities Co. Ltd
Arm Securities Ltd	Gidauniya Investment And Securities Ltd	Portfolio Advisers Ltd
Arthur Steven Asset Management Ltd	Global Asset Management Nig. Ltd	Primera Africa Securities Ltd
Associated Asset Managers Ltd	Globalview Consult & Investments Ltd	Primewealth Capital Ltd
Atlant Portfolios Ltd	Golden Securities Ltd	Professional Stockbrokers Limited
Bauchi Investment Corporation Ltd	Greenwich Securities Ltd	Prominent Securities Ltd
Belfry Investments And Securities Ltd	Gresham Asset Mgt. Ltd	Psi Securities Ltd
Bestlink Investment Ltd	Gruene Capital Limited	Pyramid Securities Ltd
Bestworth Asset And Trust Ltd	Gti Securities Ltd	Quantum Securities Ltd
Boaz Management & Fin. Strategies Ltd	Harmony Securities Ltd	Rainbow Securities And Investment Co. Ltd
Calyx Securities Ltd	Heartbeat Investments Ltd	Readings Investments Ltd
Camry Securities Ltd	Hedge Securities & Investments Company Ltd	Regency Assets Management Ltd
Capital Assets Ltd	Heritage Capital Market Ltd	Rencap (Securities) Nigeria Ltd
Capital Bancorp Plc	Horizon Stockbrokers Ltd	Resort Securities & Trust Ltd
Capital Express Securities Ltd	Icap African Brokers Limited	Reward Investments & Services Ltd
Capital Trust Brokers Ltd	Icmg Securities Ltd	Rostrum Investment And Securities Ltd
Cardinalstone Securities Ltd	Icon Stockbrokers Ltd	Rowet Capital Management Ltd
Cashcraft Securities Ltd	Imperial Asset Managers Ltd	Royal Crest Finance Ltd
Cashville Investments & Securities Ltd	Independent Securities Ltd	Royal Guaranty And Trust Ltd
Cdl Capital Markets Ltd	Integrated Trust & Investments Ltd	Royal Trust Securities Ltd
Centre Point Investments Ltd	International Standard Securities Ltd	Santrust Securities Ltd
Century Securities Limited	Interstate Securities Ltd	Securities Africa Financial Ltd
Chapelhill Denham Securities Ltd	Investment Centre Ltd	Securities And Capital Mgt. Company Ltd
Chartwell Securities Ltd	Investment One Financial Services Ltd	Security Swaps Ltd
Citi Investment Capital Limited	Investment One Funds Management Ltd	Sfc Securities Ltd
City Code Trust & Investment Company Ltd	Investment One Stockbrokers Int'l Ltd	Shalom Investment Financial Services Ltd
Clearview Investments Co. Ltd	Investment Shark & Asset Management Ltd	Shelong Investment Ltd
Compass Investment & Securities Ltd	Investors And Trust Company Ltd	Sigma Securities Ltd
Cordros Capital Ltd	Kapital Care Trust & Securities Ltd	Signet Investments & Securities Ltd
Core Trust And Investment Ltd	Kedari Capital Ltd	Skyview Capital Ltd
Coronation Securities Ltd	Kinley Securities Ltd	Smadac Securities Ltd
Cowry Securities Ltd	Kofana Securities & Investment Ltd	Solid-Rock Securities & Investment Plc
Crane Securities Ltd	Kundila Finance Services Ltd	Spring Trust & Securities Ltd
Crossworld Securities Ltd	Lambeth Trust And Investment Co. Ltd	Springboard Trust & Investment Ltd
Crown Capital Ltd	Lead Securities & Investment Ltd	Stanbic Ibt Stockbrokers Ltd
Csl Stockbrokers Ltd	Lighthouse Assets Management Ltd	Standard Union Securities Ltd
Dbsl Securities Ltd	Longterm Global Capital Ltd	Surport Services Limited
De Lords Securities Ltd	Magnartis Finance & Investment Ltd	Taraba Investment & Properties Ltd
Deep Trust Investment Ltd	Mainland Trust Ltd	Tfs Securities & Investment Company Ltd
Dependable Securities Ltd	Mainstreet Bank Securities Ltd	The Bridge Securities Ltd
Diamond Securities Ltd	Marimpex Finance & Investment Co. Ltd	Tiddo Securities Ltd
Dominion Trust Ltd	Marriot Securities & Investment Co. Ltd	Tomil Trust Limited
Dsu Brokerage Services Ltd	Maven Asset Management Ltd	Topmost Securities Ltd
Dunbell Securities Ltd	Maxifund Investments And Securities Plc	Tower Assets Management Ltd
Dunn Loren Merrifield Securities Ltd	Mayfield Investment Ltd	Tower Securities & Investment Company Ltd
Dynamic Portfolio Ltd	Mbc Securities Ltd	Tradelink Securities Ltd
Ecl Asset Management Ltd	Mbl Financial Services Ltd	Traders Trust And Investment Company Ltd
Edc Securities Ltd	Mega Equities Ltd	Transafrica Financial Services Ltd
Edgefield Capital Management Ltd	Meristem Securities Ltd	Transworld Investment & Securities Ltd
Efcpl Ltd	Meristem Stockbrokers Ltd	Trust Yields Securities Ltd
Elixir Securities Ltd	Midas Stockbrokers Ltd	Trustbanc Capital Management Ltd
Enterprise Stockbrokers Plc	Milestone Capital Management Ltd	Trusthouse Investments Ltd
Equity Capital Solutions Ltd	Mission Securities Ltd	Trw Stockbrokers Ltd
Eurocomm Securities Ltd	Molten Trust Ltd	Tyndale Securities Ltd
Express Discount Asset Management Ltd	Morgan Capital Securities Ltd	Unex Capital Ltd
Express Portfolio Services Ltd	Mountain Investment And Securities Ltd	Union Capital Markets Ltd
Falcon Securities Ltd	Mutual Alliance Investment & Securities Ltd	United Capital Securities Ltd
Fbc Trust And Securities Ltd	Network Capital Ltd	Valmon Securities Ltd
Fbn Securities Ltd	Network Securities & Finance Ltd	Valueline Securities & Investment Ltd
Fcsi Asset Management Company Ltd	Newdevco Investment & Securities Co. Ltd	Vetiva Securities Ltd
Fidelity Finance Company Ltd	Nigerian International Securities Ltd	Woodland Capital Market Plc
Fidelity Securities Ltd	Nigerian Stockbrokers Ltd	Wsc Financial Services Ltd
Financial & Analytics Capital Ltd	Northbridge Investment & Trust Limited	Zenith Securities Ltd
Financial Trust Company Nig. Ltd	Nova Finance & Securities Limited	
	Options Securities Ltd	



## APPLICATION FORM

<p>APPLICATION LIST OPENS 8<sup>th</sup> AUGUST 2016</p>	<p>OFFER FOR SUBSCRIPTION 10,000,000 UNITS</p> <p>IN THE</p> <p><b>VETIVA S&amp;P NIGERIA BOND ETF</b> (Authorised and registered in Nigeria)</p> <p>PAYABLE IN FULL ON APPLICATION</p>	<p>APPLICATION LIST CLOSES 22<sup>nd</sup> AUGUST 2016</p>
<p>Fund Manager:</p> <div data-bbox="143 434 442 535">  <p><b>VETIVA</b> FUND MANAGERS LIMITED RC: 981804</p> </div>	<p>Applications must be made in accordance with the instructions set out on the reverse side of this Application Form. Care must be taken to follow these instructions as applications that do not comply may be rejected. If you are in doubt as to the action to take, please consult your Stockbroker, Accountant, Banker, Solicitor or any other professional adviser for guidance immediately.</p>	<p>Issuing House:</p> <div data-bbox="1193 461 1444 546">  <p><b>VETIVA</b> CAPITAL MANAGEMENT LIMITED RC 486600</p> </div>

MINIMUM SUBSCRIPTION SIZE	AMOUNT PAYABLE
Cash Subscription - 1,000 units minimum and subsequently multiples of 1,000 units	At the provisional offer price of 0.5x of the value of the S&P Nigerian Sovereign Bond Index on the day preceding Subscription.
In-Specie Subscription - 1,000 units minimum	1 Basket of components of the S&P Nigerian Sovereign Bond Index
Subsequent multiples - 1,000 units	

UNITS APPLIED												
DATE												
				/				/	2	0	1	
CONTROL NO: (FOR TRANSFER AGENT'S USE ONLY)												

**DECLARATION**

☐ I/We agree to accept the same or any smaller number of units in respect of which allotment may be made upon the terms of the Prospectus dated 15<sup>th</sup> July 2016 and subject to the Trust Deed constituting the ETF Trust.

☐ I/We authorise you to credit our CSCS account with the applicable ETF units, credit my/our bank account detailed below for any amount overpaid and to procure registration in my/our name as the holder(s) of such number of Units or such smaller number, as aforesaid.

☐ I am not a U.S. Citizen.

APPLICANT'S DETAILS (INDIVIDUAL/CORPORATE/JOINT) (Please use one box for one alphabet leaving one box blank between words)																													
SURNAME/CORPORATE NAME																													
FIRST NAME (FOR INDIVIDUALS ONLY)															OTHER NAMES (FOR INDIVIDUALS ONLY)														
JOINT APPLICANT'S FIRST NAME (IF APPLICABLE)															OTHER NAMES (FOR JOINT APPLICANT ONLY)														
DATE OF BIRTH (DD/MM/YYYY)															GENDER:      MALE <input type="checkbox"/> FEMALE <input type="checkbox"/>														
<div> <div></div> <div>/</div> <div></div> <div>/</div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> </div>																													
ADDRESS IN FULL (PLEASE DO NOT REPEAT APPLICANT(S)' NAME. POST BOX NO. ALONE IS NOT SUFFICIENT)																													
																									TEL.				
CITY															STATE										E-MAIL				
CONTACT PERSON (FOR CORPORATE APPLICANT) / NEXT OF KIN (FOR INDIVIDUAL APPLICANT)																													
CONTACT ADDRESS OF NEXT OF KIN IN FULL (POST BOX NO. ALONE IS NOT SUFFICIENT)																													
																									TEL.				
CITY															STATE										E-MAIL				

<b>APPLICANT'S DETAILS (for Minors) – (Please complete this section if this application is being made on behalf of a minor)</b>																												
<b>SURNAME OF MINOR</b>														<b>OTHER NAMES</b>														
<b>DATE OF BIRTH (DD/MM/YYYY)</b>														<b>NATURE OF RELATIONSHIP (PARENT/GUARDIAN)</b>														
			/				/																					
<b>GENDER</b>		<b>MALE</b>		<input type="checkbox"/>	<b>FEMALE</b>		<input type="checkbox"/>																					





<b>KNOW – YOUR – CUSTOMER DOCUMENTATION</b> (All Investors should provide attested KYC documents. Please see instruction for requirements)																							
Please tick in the box to indicate that KYC documents are attached <input style="width: 30px; height: 30px; border: 1px solid black;" type="checkbox"/>																							
<b>OCCUPATION</b>																							
<input type="checkbox"/> Professional <input type="checkbox"/> Business <input type="checkbox"/> Housewife <input type="checkbox"/> Retired <input type="checkbox"/> Student <input type="checkbox"/> Public Sector/ Government Service <input type="checkbox"/> Private Sector Service <input type="checkbox"/> Proprietorship <input type="checkbox"/> Others (please specify) _____																							
Is any person associated with this account a current/former head of state, senior official in any government, senior executive of state-owned enterprise or senior politician in/outside of Nigeria; or an immediate family member or close advisor of such an individual; or is this account held by an organization controlled by such an individual? (Please ✓ ) <input type="checkbox"/> Yes <input type="checkbox"/> No																							
<b>BANK ACCOUNT DETAILS FOR E-DISTRIBUTIONS</b> (Please refer to instructions)																							
NUBAN Account No.: <table border="1" style="display: inline-table; border-collapse: collapse; width: 100%;"> <tr> <td style="width: 12.5%; height: 30px;"></td> <td style="width: 12.5%; height: 30px;"></td> <td style="width: 12.5%; height: 30px;"></td> <td style="width: 12.5%; height: 30px;"></td> <td style="width: 12.5%; height: 30px;"></td> <td style="width: 12.5%; height: 30px;"></td> <td style="width: 12.5%; height: 30px;"></td> <td style="width: 12.5%; height: 30px;"></td> <td style="width: 12.5%; height: 30px;"></td> <td style="width: 12.5%; height: 30px;"></td> <td style="width: 12.5%; height: 30px;"></td> <td style="width: 12.5%; height: 30px;"></td> </tr> </table>																							
Account Name: _____																							
Bank Name: _____						Bank Branch: _____																	
State: _____						Sort Code: _____																	
Account Type: <input type="checkbox"/> Savings <input type="checkbox"/> Current <input type="checkbox"/> Others (please specify) _____																							
<b>INVESTMENT DETAILS: (PLEASE TICK APPROPRIATE BOX)</b>																							
<input type="checkbox"/> CASH SUBSCRIPTION <input type="checkbox"/> IN- SPECIE SUBSCRIPTION (BASKET DELIVERY)																							
No. of Units _____ (in words) _____																							
(Please include the number of Units you wish to Subscribe for/ Redeem. Please refer to Instruction)																							



PAYMENT DETAILS:			
Direct transfer <input type="checkbox"/> Cheque/Bank Draft <input type="checkbox"/>			
Cheque No./ DD No.	Cheque./ Bank Draft Date	Bank Name	
Amount in figures (₹)		Bank Branch	
Amount in words			
AUTHORISATIONS:			
SIGNATURE	2 <sup>ND</sup> SIGNATURE (Corporate/Joint)		OFFICIAL SEAL/RC. NO.
			OR *THUMBPRINT* (For Illiterates only)
NAME OF AUTHORISED SIGNATORY (Corporate only)	NAME OF AUTHORISED SIGNATORY (Corporate/Joint)		
DESIGNATION (Corporate only)	DESIGNATION (Corporate only)		
<p>Please note that by signing this Application Form, the Investors also give the Important Declarations set out in the instructions section of the Application Form.</p> <p>I/We hereby apply for the allotment / Purchase of Units of the Scheme, as indicated in this form and confirm that I/we have read, understood and are bound by the terms and conditions of this Application Form, including the Important Declarations in the instructions to the Application Form, the contents of the Prospectus for the Offer, and am/are fully capable of assessing and bearing the risks involved in purchasing the Units, and agree to abide by the terms, conditions, rules and regulations of the Scheme.</p> <p>I/We hereby authorise Vetiva Fund Managers Limited and its agents to disclose personal data / details of my investment to anyone as may be necessary or expedient for the purposes of administration of investments in the Units of the Scheme.</p> <p>I/We hereby undertake to pay the required money/payment towards Subscription of the Units of the Scheme made through this Application Form within</p>			
FORM OF ATTESTATION (Compulsory requirement for a witness of a thumbprint impression only)			
<p>I, _____ [please insert full name of person attesting] of _____ [insert address] hereby testify that the above *thumbprint* was affixed in my presence this.....day of.....201...., and is the true right thumb print of [insert name of person executing] who has acknowledged to me after due explanation of the Application Form in the language understandable to him that (i) he/she has voluntarily executed this instrument and (ii) he/she understands the contents and effect thereof.</p>			
<p>As witness my hand this.....day of..... 201....</p>			<p>Witness Signature:</p>



## INSTRUCTIONS FOR COMPLETING THE APPLICATION

### 1. GENERAL:

- a. Applications must be made only on this Application Form, or photocopy, downloaded or scanned copy of the Application Form.
- b. The Application List for the Units will be open to prospective investors for the duration specified in the Prospectus.
- c. Please refer to the Prospectus carefully before filling the Application Form. All Investors are deemed to have read and accepted the terms in this Offering Document and instructions in this Application Form subject to which this offer is being made and bind themselves to the terms thereof upon signing the Application Form and tendering the payment.
- d. The Units may be bought / sold like any other security on the NSE. Alternatively, the Authorised Dealer can directly buy/sell Units with the Fund in Creation Unit size. Please refer to the Prospectus for definitions of Authorised Dealer and details regarding Subscription / Redemption of Units of the Schemes on the NSE.
- e. All applications are subject to detailed scrutiny and verification. Applications which are incomplete, invalid or ambiguous in any respect are liable to be rejected after acceptance and verification. Application Form may be accepted or rejected at the sole and absolute discretion of the Trustees / Fund Manager. Please refer to the Prospectus for further details on rejection of applications.
- f. Investors shall ensure that any overwriting or correction shall be countersigned by the Investors, failing which the Fund Manager / Trustees may at its sole discretion reject such application.
- g. Irrespective of mode of holding, all communication and payments shall be made by the Fund only in the name of and favouring the main applicant, including all transaction advices, Distribution or Redemption payments, and all other relevant correspondence.

### 2. DETAILS:

- a. The Units are issued / repurchased and traded compulsorily in dematerialized form. As the Units of the Scheme will be issued in dematerialized form, relevant details of the settlement and the beneficiary account should be provided in the "Account Details" section in the Application Form.
- b. Investors must ensure that the sequence of names as mentioned in the Application Form matches that of the account held by the Investor in the relevant settlement account and are required to indicate in the application the relevant account numbers of the Investor.
- c. Only those applications where the details are matched with the settlement account details that will be treated as valid applications. If the details mentioned in the application are incomplete, incorrect, and not matched, the application shall be treated as invalid and shall be liable to be rejected.

### 3. APPLICANT INFORMATION:

- a. An application for a minor must include the full names and date of birth of the minor, as well as the full names and address of the adult (Parent or Guardian) making the application on such minor's behalf.
- b. An application from a corporate body must bear the corporate body's common seal and be completed under the hand of a duly authorised official.
- c. Name of the contact person with designation should be mentioned in case of investments by a company, body corporate, partnership, society, mutual fund, trust and other non-individual Investors. Further, a document providing evidence of the authority of the organisation to invest in the Fund, along with the updated specimen signature list of authorised signatories and a certified copy of memorandum and articles of association and / or bye-laws and / or trust deed and / or partnership deed and certificate of registration or any other documents as the case may be shall be furnished along with the Application Form. In case of a trust / fund, it shall submit a certified true copy of the resolution from trustee(s) authorising such Purchases. The officials should sign the application under their official designation and furnish the list of authorised signatories. Please refer to the 'Investor's Documentation and Particulars Grid', provided in this Prospectus and also available on our website [www.vetiva.com/fund](http://www.vetiva.com/fund) for further details on supporting documents to be provided along with the Application Form.



- d. Joint applicants must all sign the Application Form.
- e. An application by an illiterate should bear his right thumbprint on the Application Form and be witnessed by an official of the Receiving Agent at which the application is lodged who must have first explained the meaning and effect of the Application Form to the illiterate in his own language. Above the thumb print of the illiterate, the witness must record in writing that he has given this explanation to the illiterate in a language understandable to him and that the illiterate appeared to have understood same before affixing his thumb impression. An applicant should not print his signature. If he is unable to sign in the normal manner he should be treated for the purpose of this Offer as an illiterate and his right thumbprint should be clearly impressed on the Application Form.

#### 4. **KNOW YOUR CUSTOMER (“KYC”):**

- a. KYC is mandatory, under the Money Laundering (Prohibition) Act (MLPA), 2011, SEC Rules and Regulations and Anti-Money Laundering /Combating Financing of Terrorism (AML/CFT) Compliance Manual (developed by the SEC), for all applications/ investments in mutual funds (fresh Purchases / additional Purchases). Each Investor (including joint Unit holder, guardian, minor, institutional investors, other non-institutional investors) who wishes to invest any amount in the Schemes, needs to submit the relevant KYC documents as set out in the ‘Investor’s Documentation and Particulars Grid’, provided in this Prospectus and also available on our website [www.vetiva.com/fund](http://www.vetiva.com/fund).
- b. Applications where KYC is not completed will be rejected. All documents submitted should be in original along with a self-attested copy. The original will be returned after verification. Alternatively, Investors may submit copies duly attested by a manager of a scheduled commercial bank (the designation seal should be affixed), notary public or gazetted officer.
- c. In case the Investor/Unit holder is a minor, then the KYC documents of both the minor and the guardian shall be submitted.

#### 5. **BANK ACCOUNT DETAILS**

- a. Investors should provide the name of their bank, branch address, account type and account number. Applications without complete bank details shall be treated as incomplete and may be rejected.
- b. By default, all Distribution and Redemption proceeds will be electronically credited directly into your bank account. However, if we do not have the required information to do the credit electronically, we will make the payment by cheque. If you do not wish to receive your Distribution and Redemption payments electronically and would prefer to receive the same by cheque, please contact the Transfer Agent in this respect.

#### 6. **MINIMUM APPLICATION**

Applications must be for a minimum of 1,000 Units. Applications for more than 1,000 Units must be in multiples as specified in the relevant application form. The number of Units for which an application is made and the applicable value should be entered in the boxes provided

#### 7. **INVESTMENT DETAILS**

##### a) Portfolio Deposit

Portfolio Deposit means a pre-defined basket of Bond Securities that represent the underlying index and will be defined and announced on a daily basis and can change from time to time. Please refer to our website, [www.vetiva.com/fund](http://www.vetiva.com/fund), for the latest underlying index before investing in the Scheme.

The Portfolio Deposit will only be accepted in electronic form (dematerialised mode) and the Bond securities will have to be credited to the Custody account of the Custodian. Details of the Portfolio Deposit to be submitted are available at our website, [www.vetiva.com](http://www.vetiva.com). The custody account details of the Fund is as follows:

<b>Account Name:</b>	{ }
	{ }
	{ }



b) Cash Component

The Cash Component represents the difference between the Applicable NAV of a Creation Unit and the market value of the Portfolio Deposit (the cash component will be nil during the initial offer) .The Cash Component for creation will vary from time to time and will be decided and announced by the Fund Manager on its website and other data providers and media at large. Please refer to our website ([www.vetiva.com](http://www.vetiva.com)) for details on the Cash Component.

For Cash Component all cheques and bank drafts should be drawn in favour of the Fund's account name with the Custodian and marked "Account Payee only". Please also refer to the table below for details of the respective Fund A/C names and account numbers, for direct transfers:

<b>Bank Name:</b>	GTBANK PLC
<b>Bank Branch</b>	56A Adeola Odeku Street, Victoria Island
<b>Account Name:</b>	VCML/S&P ETF-ISSUE PROCEEDS AC
<b>Account Number:</b>	0223272520
<b>Sort Code:</b>	058152094

- c) The Investor is required to transfer the requisite Securities constituting the Portfolio Deposit to the relevant Fund's CSCS account while the Cash Component has to be paid to the Custodian. On confirmation of the same by the Custodian, the Fund Manager will transfer the respective number of Units of the relevant Scheme into the Investor's CSCS account.

## 8. CANCELLATION

Please note that application once submitted cannot be cancelled under any circumstances. Once an application for Subscription is submitted, the Investor will have to submit a Redemption request for redeeming the Units.



## INVESTOR DOCUMENTATION AND PARTICULARS GRID

Reference		Yes/No	N/A
The following documents / information are required in addition to executing the duly completed application/subscription forms			
<b>A</b>	<b>Individuals</b>		
1	Personal Identity (e.g. International Passport, National ID Card, Drivers' License, INEC Voters Card or any other Government issued ID bearing the Unitholders name and photograph		
2	Public Utility Receipt -PHCN, NITEL, Bank Statement etc		
3	One Passport sized photograph of the signatory (ies)		
<b>B</b>	<b>Corporate Bodies/Institutional Investors</b>		
1	Copy of Certificate of Incorporation or its equivalent		
2	Copy of Memorandum and Articles of Association or its equivalent		
3	Copy of Certified True Copy of Form C07 (Particulars of Directors) or its equivalent		
4	Copy of Certified True Copy of Form C02 or its equivalent		
5	A document providing evidence of the authority of the organisation to invest in the Schemes		
6	A specimen signature list of authorised signatories		
<b>C</b>	<b>Trustees</b>		
1	Copy of Trust Deed or any other documents creating the Trust		
2	Valid Personal Identification of the each of the trustees/authorised signatories		
3	Signature mandate duly executed by the trustees/signatories		
<b>D</b>	<b>Deceased/Executorship Accounts</b>		
1	Copy of Grant of probate/ letter of administration (whichever is applicable)		
2	Valid Personal Identification of the executor/administrator		
3	Public Utility Receipt -NEPA, NITEL, Tax Clearance etc issued within the last three months of the executor/administrator		
4	One passport sized photographs of the executor/administrator		
<p><b>Please list any additional information/documentation submitted</b></p> <p>1. _____</p> <p>2. _____</p>			
<p><b>The Investor Name:</b> _____</p> <p>(Signature) _____</p> <p>(Date) _____</p>			
<p><b>FOR OFFICIAL USE ONLY</b></p> <p><b>Verified by &amp; signed off by:</b> _____</p> <p>Comments (if any): _____</p> <p><b>Signed off by Vetiva Fund Managers Limited:</b> _____</p> <p>Comments (if any): _____</p>			



**APPLICATION FORM**  
**VETIVA S&P NIGERIAN SOVEREIGN BOND**  
**ETF**

