VETIVA BANKING EXCHANGE TRADED FUND

ANNUAL REPORT
31 DECEMBER 2024

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Fund information

Directors of the Fund Manager
Chuka Eseka (Chairman)
Oyelade Eigbe (Managing Director)
Adeola Ajibade (Independent Non- Executive Director)
Damilola Ajayi (Non- Executive Director)
Abiodun Adeniran (Non-Executive Director)
Olutade Olaegbe (Non-Executive Director)

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Custodian
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Bankers
UBA Plc
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Auditor:
Deloitte & Touche
Civic Towers
Ozumba Mbadiwe Avenue
Victoria Island
Lagos

Fund Manager's Report
For the year ended 31 December 2024

The Fund Manager presents its report on the affairs of Vetiva Banking Exchange Traded Fund ("the Fund") together with the financial statements and auditor's report for the period ended 31 December 2024.

BACKGROUND INFORMATION

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

The Fund invests its assets in the portfolio of securities that comprise the NGX Banking Index.

The NGX Banking Index is managed by the NGX and was created to provide an investable benchmark to capture the performance of the banking sector. This index comprises the most capitalized and liquid banks in Nigeria.

The Index is rebalanced semi-annually. Accordingly, the Fund components and weights are subject to a semi-annual rebalancing.

OPERATING RESULTS

In thousands of Naira	12 months 31-Dec-24	12 months 31-Dec-23
Profit/(Loss) before tax	48,130,353	43,863,248
Income tax expense	(5,848,847)	(4,516,089)
Profit/(Loss) for the year	**42,281,506**	**39,347,159**
Earnings/(Loss) per unit (kobo)	**65**	**46**

PROPOSED DISTRIBUTION

The Board of Directors of the Fund Manager has recommended a full year distribution of 54 kobo per unit holding for the year ended 31 December 2024. (2023 Total distribution: 35 Kobo per unit). Withholding tax will be deducted at the time of payment.

NIGERIAN MACROECONOMIC REVIEW AND OUTLOOK:

Real Economy:

Since January 2023, Nigeria's Purchasing Managers' Index (PMI) readings revealed 6 months of expansion and 16 months of weaknesses. This can be attributed to higher energy prices and exchange rate depreciation. Sectoral breakdowns show that the services sector was the most resilient, expanding for 15 months over the past 22 months. The agricultural sector expanded for 11 months over the same period, while the industrial sector recorded only 4 incidents of expansion.

Despite the underwhelming PMI outcome, real sector output has shown signs of resilience. According to data from the National Bureau of Statistics, Nigeria has recorded higher real output growth in recent times than the prepandemic era (2014 – 2019). While real sector growth in the Nigerian economy averaged 2.0% y/y between 2014 and 2019, growth averaged 3.3% in the post-pandemic era (i.e., between Q2 '21 and Q3 '24). The recent outperformance in real output growth can be attributed to the Services sector. The sector has been responsible for 90% of the overall output growth since 2021. Two sub-sectors are responsible – the Financial Services and Information & Communications (ICT) sectors.

Real Economy (contd'):

The Financial Services sector has recorded double-digit growth of incremental proportions for 4 consecutive years on the strength of a resilient industry balance sheet. While the sector could grow by 32.4% y/y in 2024, we expect a modest 22.4% y/y growth in 2025. Conversely, growth in the ICT sector has remained in the single-digit region since 2021, due to regulatory restrictions in ensuring the identities of mobile subscribers are linked to their National Identification Numbers (NIN). According to the National Communications Commission, the linking exercise was completed as of October 2024. Nevertheless, we expect growth in ICT to slow from an expected 5.6% y/y expansion in 2024 to 4.7% y/y in 2025, amid normalization in economic activities past the pandemic-induced surge in telecoms subscriptions. Nevertheless, we note disruptive technologies could provide catalysts for growth over the medium term.

The Industrial Sector has performed poorly over the past decade, with its contribution to growth slipping from 1.7% in 2014 to 0.1% in 2023. Due to the rebound in oil production, the contribution of the sector to growth could improve by 40bps to 0.5% in 2024 and 0.6% in 2025. We estimate that in 2025, the Industrial sector could record its highest growth outturn in 11 years due to the pick-up in both oil production and oil refining.

In November 2024, oil production (including condensates) improved to a new 2-year high of 1.69 million barrels/day (mb/d). Thus, we expect the oil sector to expand by 5.2% y/y and 5.4% y/y in 2024 and 2025 respectively. According to the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), oil production (including condensates) hit a peak of 1.8 mb/d in November 2024 with a low of 1.6 mb/d. We hinge our 2025 expectations on an average oil production of 1.65 mb/d (2024E: 1.55 mb/d). Concerning refining, we have observed a sustained contraction despite the build-up in Nigeria's refining capacity. Nevertheless, we expect oil refining to recover from an 8-year recession in 2025, as the Dangote Refinery ramps up production. Thus, we pen down a 751% y/y expansion in 2025 (2024e: -34.3% y/y). Thus, the contribution of refining to overall growth could rise to 0.4% in 2025. Overall, we expect a 3.54% y/y expansion in the Industrial Sector (2024E: 2.78% y/y).

Growth in the agricultural sector has slowed to 1.47% y/y in the first nine months of 2024 (9M'23: 1.65% y/y). This is the weakest outturn since the rebasing of the GDP. We attribute this to insecurity in food-producing regions and the withdrawal of the monetary authorities from quasi-fiscal interventions in the agricultural sector. The apex bank has ceded this function to relevant agencies, since the assumption of Olayemi Cardoso as the apex bank Governor. While crop production, which is responsible for c.92% of agricultural output has recorded slower growth outturns since 2022, the livestock sector has remained in a recession since 2023. We expect the agricultural sector to grow by 1.29% y/y in 2024 and 1.19% y/y in 2025. Thus, contribution to overall growth is expected to remain at 0.3% in 2025 (2024: 0.3%).

Inflation:
In our H2'24 outlook, we opined that while we anticipated a moderation in headline inflation, there were subtle pressure points from looming subsequent removal episodes. While inflation decelerated in July and August, that key risk materialized in September. In September, PMS prices rose by 24% m/m to ₦1,030/litre, the largest m/m increase since June 2023. This adjustment led to higher year-on-year increases in food and core inflation. Two months later, PMS prices fell by 13% m/m to ₦1,025/litre in November (October: ₦1,180/litre), the first organic fall in PMS prices post-subsidy removal.
On In Q1'24, food inflation surged due to the demand shocks in the commodity markets. Going into 2025, we still see subtle pressure points from high external demand for domestic farm produce due to regional bulk off-takers, which take advantage of cheap Nigerian farm exports. Based on the high base from the prior year, we see inflation moderating through Q1'25 and Q4'25, and higher outturns in Q2'25 – Q3'25. Thus, under our baseline scenario, we expect headline inflation to rise from 33.19% y/y in 2024 to 33.95% y/y in

Currency:

The currency recorded snap appreciations in Q1'24 and Q4'24 respectively. While the appreciation in both quarters was driven by attractive money market rates and cheap currency valuations, the rally in Q4'24 was supported by the $2.2 billion Eurobond issuance and the introduction of the Electronic Foreign Exchange Matching System (EFEMS), which improved transparency in the Nigerian Foreign Exchange Market (NFEM).

In 2024, Nigeria recorded a net foreign portfolio inflow of $3.1 billion (2023: $0.5 billion), lured by the carry trade appeal of local currency fixed-income assets. With yields on Open Market Operations (OMO) instruments averaging 30% since the end of Q3 '24, we have observed increased foreign portfolio inflows, taking advantage of these high yields. Should the apex bank continue to offer juicy yields, Nigeria could see more foreign portfolio activity, especially as global central banks cut interest rates.

We retain our prognosis that Naira may continue to remain undervalued in 2025 without adequate catalysts. Thus, we believe the apex bank could retain a tight monetary policy regime, while anticipating significant boosts from oil FX inflows. While energy subsidies are no longer in the picture, we need to see tangible accretion to the external reserves from higher net oil exports and based on this

Monetary Policy:

In 2024, the apex bank delivered its highest benchmark rate adjustments since the introduction of the Monetary Policy Rate as an anchor in 2006. The Monetary Policy Committee (MPC) raised the benchmark interest rate by 8.75 ppts y/y to 27.5%. In addition, the Cash Reserve Ratio was raised by 17.5ppts y/y to 50%. The asymmetric corridor around the MPR was adjusted from +100/-300bps in 2023 to +500/-100 bps in 2024, which effectively raised the Standing Deposit Facility rate by 10.75 ppts y/y to 26.5% (2023: 15.75%) The apex bank worked on the transmission mechanism of its rate hikes by removing caps on interest-bearing deposits at the SDF window, luring deposits from banks and paving way for the uptick in money market yields. In addition, The Apex bank mandated banks to offload foreign currency holdings more than their shareholders' funds, while kickstarting a 2-year recapitalization exercise to prop up the share capital of banks. The apex bank also utilized the Open Markets Operations (OMO) tool in mopping up excess
Should the apex bank retain its data-driven approach to rate decisions, we believe the apex bank's inflation target for 2025 could drive its rate decisions. In 2024, the apex bank consistently raised interest rates despite the slight moderation witnessed in Q3'24, as inflation was far above its 21% target for the year. While the bank is yet to communicate its inflation target for 2025, we do not see inflation moderating to 20% levels, despite the moderations we envisage in Q1'25 (and possibly Q4'25) due to the huge disparity between core inflation (Nov'24: 28% y/y) and food inflation (Dec'24: 39% y/y). Without significant improvement in agricultural output and amid pent-up external demand for Nigerian agricultural produce, inflation could remain sticky and delay the expected pivot.

EQUITIES MARKET

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

Review and Outlook

The Nigerian bourse experienced a remarkable 2024, delivering robust growth (+37.7% y/y), amidst a challenging macroeconomic environment, characterized by heightened interest rates, persistent inflation, and a volatile but adverse exchange rate. The year started on an impressive note, as the ASI gained 35.3% m/m in January and crossed the 100,000 points mark, marking a positive start to the year. Following the strong start, the market was mixed throughout the year. For specifics; the market performed positively in February (0.83% m/m, March (2.52% m/m), May (1.09% m/m), June (0.76% m/m), September (2.05% m/m), and December (5.56% m/m), while a significant decline of -6.06% was observed in April, largely as a result of the announcement of the 70% tax levy imposed on FX revaluation gains of the banks, and negative sentiments for stocks in the real sector, following the anticipated impact of elevated interest rates on earnings performance.

In terms of market activities, trading volumes remained volatile through the year, with most traded average volume and value for the year 2024 happening in Jan, were ₦14 billion worth of stocks for an average of 876 million units were traded. Meanwhile, the least average value was recorded in July, and the least volume in October at 381 million units. Local investors continued to drive market activity, accounting for about 83% of (₦3.73 trillion) transactions, although this represents a slight decrease from their 90.07% (₦2.64 trillion) share during the same period in 2023. Conversely, foreign investor participation showed marked improvement in 2024, with total foreign transactions reaching ₦344.34 billion, representing 16.65% of total market transactions. This represents a substantial

Our outlook for 2025 is cautiously optimistic, with key drivers being corporate earnings recovery, bank recapitalization, and potential new listings, which could boost market liquidity and investor confidence. However, downside risks such as persistent inflation, currency depreciation, and tight monetary policy may limit significant market appreciation. Overall, selective opportunities appear in fundamentally sound stocks, particularly in banking, telecoms, and agricultural sectors.

BANKING SECTOR

Review and Outlook

In 2024, the Nigerian banking industry delivered a return of 20.88%, driven majorly by the impact of the elevated interest rates. The elevated interest rates supported the growth in banks' Interest Income, which in turn led to growth in net interest income.

During the year, the Central Bank of Nigeria issued a circular that reviewed the minimum capital requirement for Commercial, Merchant and Non-Interest Banks upward. All banks were required to meet this requirement at the latest by 31st March 2026, giving them a 24-month period to raise this capital. In line with this, we saw capitalraising announcements from banks like ACCESSCORP, FIDELITY, ZENITH and we expect to see more raising activities in line with CBN's mandate. Narrowing it down, the increased interest rates we saw in 2024 drove asset yield higher across loans and advances and in some cases, Fixed Income (FI) securities, but also raised the cost of funds (CoF), albeit resulting in a net positive difference across the board.

Looking ahead, our outlook for the banking sector is cautiously optimistic, with the major driver being strong positive earnings performances across both Tier-I and II banks as a result of the elevated interest rates seen in 2024.

AUDITORS

Deloitte, having satisfied the relevant corporate rules on their tenure in office have indicated their willingness to continue in office as auditors to the Fund. Therefore, the auditor will be appointed by the Fund Manager and Trustees of the Fund.

BY ORDER OF THE BOARD OF DIRECTORS OF THE FUND MANAGER

Chuka Eseka
Chairman
(FRC/2013/ICAN/00000003262)
Vetiva Fund Managers Limited
22 April 2025

Oyelade Eigbe
Managing Director
(FRC/2023/PRO/DIR/003/739840)
Vetiva Fund Managers Limited
22 April 2025

Statement of Fund Manager's responsibilities in relation to the financial statements

The Fund Manager accepts responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Financial Reporting Council of Nigeria Act, (Ammended) 2023.

The Fund Manager further accepts responsibility for maintaining adequate accounting records as required by the Financial Reporting Council of Nigeria Act, (Ammended) 2023 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

BY ORDER OF THE BOARD OF DIRECTORS OF THE FUND MANAGER

Chuka Eseka
Chairman
FRC/2013/ICAN/00000003262
Vetiva Fund Managers Limited
22 April 2025

Oyelade Eigbe
Managing Director
FRC/2023/PRO/DIR/003/739840
Vetiva Fund Managers Limited
22 April 2025

Certification of Accounts by Directors of the Fund Manager

The directors of the Fund Manager accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Financial Reporting Council Act of Nigeria (FRC) Act (Ammended), 2023 and hereby certify that neither the Fund Manager nor any other person acting on its behalf has:

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

ii) Acquired or disposed of investments for account of the Trust otherwise than through a recognised stock exchange except where such investments consist of money market instruments or cash deposits; or

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

iv) Acquired units for a price higher than the current offer

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

22 April 2025

Oyelade Eigbe
Managing Director
FRC/2023/PRO/DIR/003/739840
Vetiva Fund Managers Limited

22 April 2025

TRUSTEE'S REPORT

The Trustees present their report on the affairs of the Vetiva Banking Exchange Traded Fund ("the Fund"), together with the audited financial statements for the year ended 31 December 2024.

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

The Fund is listed on the floor of the Nigerian Stock Exchange and maintains its assets separate from the assets of the manager. The Scheme has been administered in accordance with provisions of the Investment and Securities Act (2007) and the Fund's Trust Deed.

Results:
The results for the year are extracted from the financial records prepared by the Fund Manager and duly

audited in accordance with the provision of section 169(2) of the Investment and Securities Act of 2007.

The Net Asset Value of the Fund as at 31 December 2024 is as follows;

In thousands of Naira	**31 December 2024**	**31 December 2023**
Net Assets Value	691,912,776	722,462,148

The operating result for the year ended 31 December 2024, is as follows;

In thousands of Naira	**31 December 2024**	**31 December 2023**
Profit for the year	42,281,506	39,347,159

Directors' and related parties' interest in the units of the Fund:
None of the Directors of Vetiva Fund Managers Limited held any direct or in direct beneficial interest in the units of the Fund as at 31 December 2024.

None of the directors of UTL Trust Management Services Limited has any direct or in direct beneficial interest in the units of the Fund as at 31 December 2024.

Olufunke Aiyepola (Mrs.)
FRC/2013/PRO/DIR/003/00000003285
UTL Trust Management Services Limited

22 April 2025

Statement of Trustees' responsibilities

The Trustees' responsibilities to the Fund are as follows:

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

BY ORDER OF THE TRUSTEE

UTL Trust Management Services Limited

Olufunke Aiyepola (Mrs.)
FRC/2013/PRO/DIR/003/00000003285
UTL Trust Management Services Limited
22 April 2025

CERTIFICATION OF MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

To comply with the provisions of Section 1.1 of SEC Guidance on Implementation of Sections 60-63 of Investments and Securities Act 2007, I hereby make the following statements regarding the Internal Controls of **Vetiva Banking Exchange Traded Fund** for the year ended 31 December 2024.

I, Oyelade Eigbe certify that:

1. I have reviewed this management assessment on internal control over financial reporting of **Vetiva Banking Exchange Traded Fund**

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Fund as of, and for, the periods presented in this report;

4. The Fund’s other certifying officer and I:

a) are responsible for establishing and maintaining internal controls;

b) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Fund, is made known to us, particularly during the period in which this report is being prepared;

c) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

d) have evaluated the effectiveness of the Fund's internal controls and procedures as of a date within 60 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

5. The Fund's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the Fund's Auditors, the Audit Committee and the Fund's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Fund’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Fund's internal control system.

6. The Fund's other certifying officer(s) and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.

Oyelade Eigbe
Managing Director
FRC/2023/PRO/DIR/003/739840
Vetiva Fund Managers Limited
22 April 2025

CERTIFICATION OF MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

To comply with the provisions of Section 1.1 of SEC Guidance on Implementation of Sections 60-63 of Investments and Securities Act 2007, I hereby make the following statements regarding the Internal Controls of **Vetiva Banking Exchange Traded Fund** for the year ended 31 December 2024.

I, Ayodeji Oshin, certify that:

1. I have reviewed this management assessment on internal control over financial reporting of **Vetiva Banking Exchange Traded Fund**:

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Fund as of, and for, the periods presented in this report;

4. The Fund’s other certifying officer and I:

a) are responsible for establishing and maintaining internal controls;

b) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Fund, is made known to us, particularly during the period in which this report is being prepared;

c) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

d) have evaluated the effectiveness of the Fund's internal controls and procedures as of a date within 60 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

5. The Fund's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the Fund's Auditors, the Audit Committee and the Fund's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Fund’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Fund's internal control system.

6. The Fund's other certifying officer(s) and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.

Ayodeji Oshin
Chief Financial Officer
FRC/2013/ICAN/00000003264
Vetiva Fund Managers Limited
22 April 2025

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Vetiva Banking Exchange Traded Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Vetiva Banking Exchange Traded Fund** set out on pages 12 to 45, which comprise the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, the statement of changes in net assets attributable to Unitholders, the statement of cash flow for the year then ended, and the notes to the financial statements including material accounting policy information.

In our opinion, the Financial Statements give a true and fair view of the financial position of **Vetiva Banking Exchange Traded Fund** as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards, the Companies and Allied Matters Act 2020, Financial Reporting Council of Nigeria (Amendment) Act 2023, and the Investment and Securities Act, 2025.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Vetiva Banking Exchange Traded Fund in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of Financial Statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Financial Statements in Nigeria.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Fund manager is responsible for the other information. The other information comprises the information included in the document titled "Vetiva Banking Exchange Traded Fund Annual Financial Statements for the year ended 31 December 2024", which includes the Statement of Fund Manager's Responsibility, Fund Managers Report, Management Assessment of Internal Control over Financial Reporting (ICFR) and Other National Disclosures as required by Companies and Allied Matters Act 2020 and the Financial Reporting Council of Nigeria (Amendment) Act 2023 which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Funds Manager for the Financial Statements

The Fund Manager are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS standards as issued by the International Accounting Standards Board, the requirements of the Companies and Allied Matters Act 2020, the Financial Reporting Council of Nigeria (Amendment) Act 2023, the Investment and Securities Act, 2025 and for such internal control as the Fund Manager determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Fund Manager are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Funds manager either intend to liquidate the fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Managers.

- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern.

  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Fund audit to obtain sufficient appropriate audit evidence regarding the financial information of the entity or business units within the Funds as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision, and review of the audit work performed for the purposes of the Fund's audit. We remain solely responsible for our audit opinion.

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

We also provide the Fund manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on Other Legal and Regulatory Requirements

In accordance with the Fifth Schedule of Companies and Allied Matters Act 2020 we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
ii) The Fund's has kept proper books of account, so far as appears from our examination of those books.
iii) The Fund's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

In accordance with the requirements of the Securities and Exchange Commission and the Financial Reporting Council of Nigeria, we also performed a limited assurance engagement and reported on management's assessment of the Entity's internal control over financial reporting as of 31 December 2024. The work performed was done in accordance with FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting, and based on the procedures we have performed, and evidence obtained we have issued an unmodified conclusion in our report dated **30 April 2025.** That report is included on pages 15 to 17 of the financial statements.

Joshua Ojo, FCA
FRC/2013/PRO/ICAN/001/00000000849

For: **Deloitte & Touche**
Chartered Accountants
Lagos, Nigeria
30 April 2025

P.O. Box 965
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Assurance Report of Independent Auditor

To the Shareholders of Vetiva Banking Exchange Traded Fund

Assurance Report on management's assessment of controls over financial reporting

We have performed a limited assurance engagement in respect of the systems of internal control over financial reporting of **Vetiva Banking Exchange Traded Fund** as of 31 December, 2024, in accordance with the FRC Guidance on assurance engagement report on Internal Control over Financial Reporting and based on criteria established in the Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) "the ICFR framework"), and the FRC Guidance on Management report on Internal Control over Financial Reporting. **Vetiva Banking Exchange Traded Fund** management is responsible for maintaining effective internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting including the Management's Report on Internal Control Over Financial Reporting.

We have also audited, in accordance with the International Standards on Auditing, the financial statements of the Fund and our report dated 30 April 2025 where we expressed an unmodified opinion.

Limited Assurance Conclusion
Based on the procedures we have performed and the evidence that we have obtained, nothing has come to our attention that causes us to believe that the Funds did not establish and maintain an effective system of internal control over financial reporting, as of the specified date, based on the FRC and SEC Guidance on Management report on Internal Control over Financial Reporting.

Definition of internal control over financial reporting
Internal control over financial reporting is a process designed by, or under the supervision of, the entity's principal executive and principal financial officers, or persons performing similar functions, and effected by the entity's Fund Manager, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A financial Fund's internal control over financial reporting includes those policies and procedures that:

I. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Funds;
II. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Funds are being made only in accordance with authorizations of management and Fund Manager of the Fund; and
III. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Fund's assets that could have a material effect on the financial statements.

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Inherent limitations

Our procedures included the examination of historical evidence of the design and implementation of the Fund's system of internal control over financial reporting for the year ended 31 December 2024. Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Funds Manager and Management's Responsibilities

The Fund Manager are responsible for ensuring the integrity of the entity's financial controls and reporting.

Management is responsible for establishing and maintaining a system of internal control over financial reporting that provides reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards as issued by the International Accounting Standards and the ICFR framework.

Section 7(2f) of the Financial Reporting Act 2011 (As amended) further requires that management perform an assessment of internal controls, including information system controls. Management is responsible for maintaining evidential matters, including documentation, to provide reasonable support for its assessment of internal control over financial reporting.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The firm applies the International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Auditor's Responsibility and Approach

Our responsibility is to express a limited assurance opinion on the Fund 's internal control over financial reporting based on our Assurance engagement.

We performed our work in accordance with the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting and the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than the Audits or Reviews of Historical Financial Information (ISAE 3000) revised. That Standard requires that we comply with ethical requirements and plan and perform the limited assurance engagement to obtain limited assurance on whether any matters come to our attention that causes us to believe that the *funds* did not establish and maintain an effective system of internal control over financial reporting in accordance with the ICFR framework.

That Guidance requires that we plan and perform the Assurance engagement and provide a limited assurance report on the entity's internal control over financial reporting based on our assurance engagement.

Deloitte.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion on whether the Funds established and maintained an effective system of internal control over financial reporting.

As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances.

We believe the procedures performed provides a basis for our report on the internal control put in place by management over financial reporting.

Joshua Ojo, FCA
FRC/2013/PRO/ICAN/001/00000000849

For: **Deloitte & Touche**
Chartered Accountants
Lagos
30 April 2025

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2024

	Note	31-Dec-24	31-Dec-23
		NGN	**NGN**
Dividend income	7	57,640,265	45,352,536
Interest income at effective interest rate	8	2,657,189	2,340,324
Other income	9	27,609	5,927,498
Total revenue		**60,325,064**	**53,620,358**
Expenses			
Impairment charge on financial assets	10(a)	(348,327)	-
Other operating expenses	10(b)	(11,846,383)	(9,757,110)
Total expenses		**(12,194,710)**	**(9,757,110)**
Profit before tax		**48,130,353**	**43,863,248**
Income tax expense	11	(5,848,847)	(4,516,089)
Profit for the year		**42,281,506**	**39,347,159**
Other comprehensive income			
Items that cannot be reclassified to profit or loss			
Fair value gain			
Net change in fair value- Equity investments	18(b)(ii)	98,838,572	378,077,718
Gain on disposal of quoted equities	14(d)	18,605,017	-
Total other comprehensive income		**117,443,589**	**378,077,718**
Total comprehensive income/(loss) for the year		**159,725,095**	**417,424,877**
Earnings per unit (kobo) (basic and diluted)	12	**65**	**46**

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

Statement of financial position

As at 31 December 2024

	Note	31-Dec-24	31-Dec-23
		NGN	NGN
Assets			
Cash and cash equivalents	13	40,920,259	20,457,685
Investment securities	14	660,203,771	708,419,938
Other assets		1,905,123	77,528
Total assets		**703,029,154**	**728,955,151**
Liabilities			
Accounts payable	17	11,116,377	6,493,003
Total liabilities		**11,116,377**	**6,493,003**
Net assets attributable to unitholders		**691,912,776**	**722,462,148**
Represented by:			
Unitholders equity	18(b)(ii)	126,325,832	311,505,525
Retained earning	18(b)(ii)	99,197,694	43,405,945
Fair value reserve/(deficit)	18(b)(ii)	466,389,250	367,550,678
Total		**691,912,776**	**722,462,148**

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

These financial statements were approved by the Board of Directors of the Fund Manager on 22 April 2025 and signed on its behalf by:

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

Oyelade Eigbe
Managing Director
FRC/2023/PRO/DIR/003/739840
Vetiva Fund Managers Limited

Additionally certified by:

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

Statements of changes in net assets attributable to Unitholders

As at 31 December 2024

31-Dec-24		**Unit holder's**	**Retained**	**Fair value**	
In naira	**Note**	**equity**	**deficit**	**reserves**	**Total equity**
Balance as at 1 January 2024		311,505,525	43,405,945	367,550,678	722,462,148
Total comprehensive income for the year:					
Profit for the year		-	42,281,506	-	42,281,506
Gain on disposal of quoted equities			18,605,017	-	18,605,017
Fair value changes on OCI financial assets					
- net change	18(b)(ii)	-	-	98,838,572	98,838,572
Total comprehensive income for the year		**-**	**60,886,523**	**98,838,572**	**159,725,095**
Transactions with owners, recorded directly in equity:					
Additions to unitholders' equity					
Withdrawals		(185,179,693)			(185,179,693)
Distribution to unit holders			(5,094,774)		(5,094,774)
		(185,179,693)	(5,094,774)	-	(190,274,467)
Balance at 31 December 2024		**126,325,832**	**99,197,694**	**466,389,250**	**691,912,776**

31-Dec-23		**Unit holder's**	**Retained**	**Fair value**	
In naira	**Note**	**equity**	**deficit**	**reserves**	**Total equity**
Balance as at 1 January 2023		311,505,525	30,472,086	(10,527,040)	331,450,571
Total comprehensive income for the year:					
Profit for the year		-	39,347,159	-	39,347,159
Fair value changes on OCI financial assets					
- net change	18(b)(ii)	-	-	378,077,718	378,077,718
Total comprehensive income for the year		**-**	**39,347,159**	**378,077,718**	**417,424,877**
Transactions with owners, recorded directly in equity:					
Additions to unitholders' equity					
Withdrawals					
Distribution to unit holders			**(26,413,300)**		(26,413,300)
		-	(26,413,300)	-	(26,413,300)
Balance at 31 December 2023		**311,505,525**	**43,405,945**	**367,550,678**	**722,462,148**

Statement of cash flows

For the year ended

	Note	31-Dec-24	31-Dec-23
		NGN	NGN
Cash flows from operating activities:			
Profit for the year		42,281,506	39,347,159
Income tax expense	11	5,848,847	4,516,089
Profit before tax		**48,130,353**	**43,863,248**
Adjustment for:			
Interest income	8	(2,657,189)	(2,340,324)
Impairment charge on financial asstes	10(a)	348,327	
Dividend income	7	(57,640,265)	(45,352,536)
		(11,818,775)	(3,829,612)
Changes in:			
-Accounts payable	17(b)(ii)	4,623,374	2,135,429
-Accounts receivable	16(b)	(1,827,595)	(52,490)
-Investment securities	14(d)	165,659,756	(39,108,570)
		156,636,760	(40,855,243)
Interest received	8	2,657,189	2,340,324
Dividend received	16(c)	57,640,265	45,352,536
Withholding tax paid	11	(5,848,847)	(4,516,089)
Net cash used in operating activities		211,085,368	2,321,528
Cash flows from financing activities			
Inflows from subscription		-	-
Outflows on redemption of units		(190,274,467)	(26,413,300)
Net cash generated from financing activities		**(190,274,467)**	**(26,413,300)**
Net Increase in cash and cash equivalents		20,810,901	(24,091,772)
Cash and Cash equivalents as at 1 January		20,457,685	44,549,457
Cash and Cash equivalents as at 31 December		**41,268,586**	**20,457,685**

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

Notes to the financial statements
For the year ended 31 December 2024

1 Reporting entity

The Vetiva Banking Exchange Traded Fund (''the Fund'') is an open-ended exchange traded Fund that operates in Nigeria. The address of the Fund's registered office is 266b Kofo Abayomi Street, Victoria Island Lagos. It was approved by the Securities and Exchange Commission ("SEC") in July 2015. The Fund commenced operations and units of the Fund were first traded on the Nigerian Stock Exchange in October 2015. The Fund is not a legal entity but is constituted and exists under the Trust Deed with UTL Trust Management Services Limited as its Trustees.

The Vetiva Banking ETF is designed to track the performance of the constituent companies of the NSE Banking Index and to replicate the price and yield performance of the Index. The NSE Banking Index comprises of the top 10 banks listed on the Nigerian Stock Exchange ("NSE") in terms of market capitalization and liquidity and is a price index weighted by adjusted market capitalization.

2 Basis of preparation

(a) Statement of compliance

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

The financial statements were authorized for issue by the Board of Directors of the Fund Manager on 22 April 2025

(b) Basis of measurement

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

The financial statements have been prepared for the year ended 31 December 2024, except financial instruments measured at fair value through profit or loss, other financial instruments that are initially measured at fair value and subsequently at amortised cost. The Fund applies the accrual method of accounting where all income is recognised when earned and all expenses recognised once incurred.

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

(c) Functional and presentation currency

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

(d) Reporting period

The financial statements have been prepared for the year ended 31 December 2024.

(e) Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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

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

Notes to the financial statements (cont'd)
For the year ended 31 December 2024

3 Statement of significant accounting policies

3.1 Applicable standards and accounting policies

(a) Financial assets and liabilities

(i) Recognition and Initial recognition

The fund initially recognises regular-way transactions in financial assets and financial liabilities at fair value through profit or loss (FVTPL) on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

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

(ii) Classification and subsequent measurement

Classification of financial assets

On initial recognition, the Fund classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flow; and
- Its contractual terms give rise on specified dates to cash flows that are SPPI.

All other financial assets of the Fund are measured at FVTPL.

Business Model Assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. this includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's Management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sates of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund has determined that it has two business models:

- Held-to-collect business model: this includes cash and cash equivalents. These financial assets are held to collect contractual cash flow.
- Other business model: this includes the fund's investments in quoted equity investments.

Assessment whether contractual cash flows are SPPI (Solely payments of principal and interest)

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

Notes to the financial statements (cont'd)
For the year ended 31 December 2024

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

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Reclassification
Financial assets are not reclassified subsequent to their initial recognition unless the fund were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

Subsequent measurement of financial asset

Financial assets at fair value through profit or loss (FVTPL)
These assets are subsequently measured at fair value. Net gains and losses including any interest on dividend income and expense and foreign exchange gains and losses are recognised in profit or loss in net income from financial instruments at FVTPL in the statement of comprehensive income. Debt securities, investment in unlisted open-ended investment funds, unlisted private equities and derivative financial instruments are included in this category.

Financial assets at fair value through Other comprehensive income (FVOCI)

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. Interest income is recognised in profit or loss and calculated using the effective interest method, foreign exchange gains and losses are recognised in net foreign exchange loss and impairment is recognised in impairment losses on financial instruments in the statement of comprehensive income. Any gain or loss on derecognition is also recognised in profit or loss. Cash and cash equivalents balances due from brokers and receivables from reverse sale and repurchase agreements are included in this category.

Notes to the financial statements (cont'd)
For the year ended 31 December 2024

Financial liabilities- Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such, on initial recognition. Financial liabilities at FVTPL are measured at fair value and not gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in proftt or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Financial liabilities at FVTPL:

- Held for trading: securities sold short and derivative financial instruments.

(iv) Financial liabilities at amortised cost:

This includes balances due to fund manager, custodian, trustees, auditors and other counterparties.

(v) Fair value measurement

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

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

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

The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

Amortised cost measurement

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

(vi) Impairment of financial assets

The Fund recognises loss allowance for ECLs on financial assets measured at amortised cost. The Fund measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at The reporting date: and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward looking information. The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full without recourse by the Fund to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

The Fund considers a financial asset to have a low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of investment grade.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the fund is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Fund assesses whether financial assets carried at amortised cost are creditimpaired. A financial asset is credit- impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- a significant financial difficulty of the borrower or issuer:
- a breach, of contract such as a default or before more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECls in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For financial assets measured at OCI, loss allowance is presented in other comprehensive income.

Write-off
The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(vii) Derecognition

Financial assets
The Fund derecognises regular-way sales of financial asset using trade date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or the Fund transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Fund neither transfers nor retains substantially all of the risk and rewards of ownership and does not retain control of the financial asset.

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

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

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

The Fund derecognises a derivative only when it meets the derecognition criteria for both financial assets and financial liabilities. Where the payment or receipt of variation margin represents settlement of a derivative, the derivative, or the settled portion, is derecognised.

(viii) Offsetting

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

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

(ix) Specific instruments

Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Fund in the management of short-term commitments. other than cash collateral provided in respect of derivatives and securities borrowing transactions.

Accounts receivable

Account receivable comprises dividend income earned but not yet received by the Fund. It also comprises other receivables and prepaid expenses.

Accounts payable

Accounts payable comprises amount due to trustees, custodians, fund manager and other counterparties as at end of the year.

(b) Interest income and interest expense

Interest income and expense, including interest income from non-derivative financial assets at fair value through profit or loss, are recognised in profit or loss, using the effective interest method excluding transactions cost since they are expenses when incurred.

(c) Dividend income

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

(d) Fair value gains/losses on financial instruments

Net gain from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences but excludes interest and dividend income.

The realised gain from financial instruments at fair value through profit or loss is computed as the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its sale or settlement price while the unrealised gain is calculated as the difference between the carrying amount of a financial instrument at the beginning period, or the transaction price if it was purchased in the current reporting period, and its fair value at the end of the period.

(e) Expenses

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

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

(f) Transaction costs

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

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

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

(g) Taxation

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

(h) Capital

(i) Equity attributable to unitholders

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

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

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

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

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

(ii) Repurchase of units

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

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

(i) Earnings per unit

The Fund presents basic and diluted earnings per unit data for its units. Basic earnings per unit is calculated by dividing the profit or loss attributable to unit holders of the Fund by the total number of units outstanding during the period. Diluted earnings per unit is determined by adjusting the profit or loss attributable to unitholders and the weighted number of units outstanding at the end of the period for the effects of all dilutive potential ordinary units.

(j) Net asset per unit

The Fund also presents the net asset per units for its unitholders. Net asset per unit is calculated by dividing the total value of the fund by the number of outstanding units during the period.

(k) Contingent liabilities

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

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

3.2 New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Fund has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

(i) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

An entity using another estimation technique may use any observable exchange rate—including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations—and adjust that rate, as necessary, to meet the objective as set out above.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments add a new appendix as an integral part of IAS 21. The appendix includes application guidance on the requirements introduced by the amendments. The amendments also add new Illustrative Examples accompanying IAS 21, which illustrate how an entity might apply some of the requirements in hypothetical situations based on the limited facts presented.

In addition, the IASB made consequential amendments to IFRS 1 to align with and refer to the revised IAS 21 for assessing exchangeability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The Fund Manager that the application of these amendments will not have any material impact on the Fund's financial statements in future periods.

(ii) IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:
• present specified categories and defined subtotals in the statement of profit or loss
• provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
• improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Fund Manager that the application of these amendments will not have any material impact on the Fund's financial statements in future periods.

(iii) IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:
• it is a subsidiary (this includes an intermediate parent)
• it does not have public accountability, and
• its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

A subsidiary has public accountability if:

• its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
• it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted.

If an entity elects to apply IFRS 19 for a reporting period earlier than the reporting period in which it first applies IFRS 18, it is required to apply a modified set of disclosure requirements set out in an appendix to IFRS 19. If an entity elects to apply IFRS 19 for an annual reporting period before it applied the amendments to IAS 21, it is not required to apply the disclosure requirements in IFRS 19 with regard to Lack of Exchangeability.

The Fund Manager that the application of these amendments will not have any material impact on the Fund's financial statements in future periods.

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

4 Financial risk management and fair value disclosures

Introduction and overview

The Fund is exposed to the following risks from financial instrument:

- Market risk
- Credit risk
- Liquidity risk
- Concentration risk

Risk management framework

The Fund Manager has a discretional authority to manage the asset in line with the Fund's investment objectives in compliance with target asset allocation and composition of the portfolio is monitored by the investment committee on a regular basis.

In instances where the portfolio has deviated from the target asset composition the Fund Manager is obliged to take actions to rebalance the portfolio in line with established targets within the prescribed time limits.

The Fund uses different methods to measure the various types of risks and the means of managing them are documented below:

a. Market risk

Market risk is the risk that changes in market prices - such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuers credit standing) - will affect the Fund's income or the fair value of its holding of financial instruments. The Fund's strategy for the management of market risk is driven by the Fund's investment objective. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Fund's market risk is affected by changes in actual market prices. The riskmanagement strategy has not changed due to the COVID-19 coronavirus pandemic.

(i) Foreign exchange risk

The Fund does not have transactions in any other currency except the Fund's functional currency in Naira.

Hence, it is not exposed to foreign exchange risk.

(ii) Interest rate risk

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

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

In Naira	31-Dec-24	31-Dec-23
Cash and Cash equivalents (Note 13)	40,920,259	20,457,685
Treasury bills (Note 14)	-	-
Total exposure	**40,920,259**	**20,457,685**
Interest income for the year	2,657,189	2,340,324
Percentage of interest income to total exposure (%)	0.065	0.114

Impact of price movement on profit and net assets attributable to unitholders:

+ 1%	2,683,761	2,363,727
+ 2%	2,710,333	2,387,130
+ 5%	2,790,049	2,457,340
- 1%	(2,683,761)	(2,363,727)
- 2%	(2,710,333)	(2,387,130)
- 5%	(2,790,049)	(2,457,340)

(iii) Market price risk

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

A breakdown of the Fund's investment portfolio as at 31 December 2024 is shown in note 15.

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

	31-Dec-24	31-Dec-23
Year end carrying value (Note 14)	660,203,771	708,419,938

Impact of price movement on profit and net assets attributable to unitholders:

+ 1%	6,602,038	7,084,199
+ 2%	13,204,075	14,168,399
+ 5%	33,010,189	35,420,997
- 1%	(6,602,038)	(7,084,199)
- 2%	(13,204,075)	(14,168,399)
- 5%	(33,010,189)	(35,420,997)

b. Credit risk

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

The Fund is subject to credit risk from the following:

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

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

The Fund limits this exposure to credit loss by placing funds with banks and investing in securities issued by entities with high credit

quality. As at 31 December 2024, the Fund did not have placements with banks (31 December 2023: Nil)

The Fund's cash is held with the custodian, UBA Global Investor Services, a subsidiary of United Bank for Africa PLC which is rated 'Aa-' (2021: 'Aa-') based on Agusto & Co ratings.Outstanding dividends are due from highly rated companies whose stocks are presently trading on the floor of the Nigerian Stock Exchange.

Exchange ('NSE'). The Exchange ensures that all declared dividends declared are paid.

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

c. Liquidity risk

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

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

31 December 2024			**Contractual cash flows**			
			Gross	**Less than**	**4 - 12**	**Above 1**
	Note	**Carrying amount**	**Nominal Value**	**3 months**	**months**	**year**
Cash and cash equivalents	13	40,920,259	40,920,259	40,920,259	-	-
Investment Securities	14	660,203,771	660,203,771			660,203,771
Total financial assets		**701,124,031**	**701,124,031**	**40,920,259**	**-**	**660,203,771**
Account payable	17	11,116,377	11,116,377	11,116,377	-	-
Total financial liabilities		**11,116,377**	**11,116,377**	**11,116,377**	-	-
Gap (assets-liabilities)		**690,007,653**	**690,007,653**	**29,803,882**	**-**	**660,203,771**

			Gross			**Above 1 year**
	Note	**Carrying amount**	**Nominal Value**	**Less than 3 months**	**4 - 12 Months**	
Cash and cash equivalents	13	-	20,457,685	20,457,685	-	
Investment Securities	14	-	708,419,938	-	-	708,419,938
Total financial assets		**-**	**728,877,623**	**20,457,685**	**-**	**708,419,938**
Account payable	17	-	6,493,003	6,493,003	-	-
Total financial liabilities		**-**	**722,384,620**	**13,964,682**	**-**	**708,419,938**

d. Concentration risk

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

A breakdown of the Fund's investment portfolio as at 31 December 2024 is shown in note 15.

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

5 Uses of estimates and judgments

(a) Critical accounting judgment in applying the Fund's accounting policies

(i) Financial asset and liability classification

The Fund's accounting policies guide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances.

The unitholders interest is classified as equity, as the Fund has determined that it has met the criteria for this designation set out in note 3.1(h).

(b) Estimates

(i) Valuation of financial instruments

The Fund's accounting policy on fair value measurement is discussed in note 3.1(a)(v).

The Fund measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly; (i.e. as prices) or indirectly (i.e.derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments' valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted prices or dealer price quotations. For all other financial instruments, the Fund determines fair values using valuation techniques. Valuation techniques include net present value and discounted cashflow models, comparison to similar instruments for which market observable prices exist and other valuation models.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bonds and equity prices, foreign currency exchange rates, equity and equity index prices volatilities and correlations. The objective of valuation technique is to arrive at a fair value determination that reflects the price of the financial instruments at reporting date that would have been determined by market participants acting at arm's length.

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

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

31-Dec-24

	Note	Level 1	Level 2	Level 3	Total
Investment securities	14	660,203,771	-	-	660,203,771
		660,203,771	**-**	**-**	**660,203,771**

31-Dec-23

	Note	Level 1	Level 2	Level 3	Total
Investment securities	14	708,419,938	-	-	708,419,938
		708,419,938	**-**	**-**	**708,419,938**

(ii) Financial instruments not measured at fair value

The financial assets not measured at fair value include cash and cash equivalent, receivables and payables.

These are short-term financial assets and financial liabilities whose carrying amounts approximate fair value, because of their short-term nature and the high credit quality of counterparties.

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

6 Classification of financial assets and liabilities

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

31-Dec-24

	Note	Fair value through OCI	Fair value through P or L	Amortized cost	Amortized cost	Financial liabilities at amortized cost	Total carrying
Cash and cash equivalents	13	-	-	-	40,920,259	-	40,920,259
Investment securities	14	660,203,771	-	-	-	-	660,203,771
		660,203,771	**-**	**-**	**40,920,259**	**-**	**701,124,031**
Accounts payable	17	-	-	-	-	- 11,116,377	- 11,116,377
		660,203,771	**-**	**-**	**40,920,259**	**- 11,116,377**	**690,007,653**

31-Dec-23

	Note	Fair value through OCI	Fair value through P or L	Amortized cost	Amortized cost	Financial liabilities at amortized cost	Total carrying
Cash and cash equivalents	13	-	-	-	20,457,685	-	20,457,685
Investment securities	14	708,419,938	-	-	-	-	708,419,938
		708,419,938	**-**	**-**	**20,457,685**	**-**	**728,877,623**
Accounts payable	17	-	-	-	-	- 6,493,003	- 6,493,003
		708,419,938	**-**	**-**	**20,457,685**	**- 6,493,003**	**722,384,620**

		31-Dec-24	**31-Dec-23**
7	**Dividend Income**	45,657	45,291
	Income from equity investments	57,640,265	45,352,536
		57,640,265	**45,352,536**

		31-Dec-24	**31-Dec-23**
8	**Interest Income at effective interest rate**		
	Treasury bill	481,749	-
	Bank balances	1,055,120	772,041
	Short term placements	1,120,320	1,568,283
		2,657,189	**2,340,324**

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

		31-Dec-24	31-Dec-23
9	**Other Income**		
	Fair value (loss)/gain on treasury bills	-	5,927,498
	Other income	27,609	-
		27,609	**5,927,498**
10a.	**Impairment charge on financial assets**		
	Impairment charge on cash equivalents	348,327	
		348,327	**-**
10b.	**Other operating expenses**		
	Auditors fees	1,720,000	660,000
	Custodian Fees	260,171	203,395
	Management Fees	2,816,049	2,091,040
	Trustees Fees	430,000	430,000
	Registrars/Transfer Agent fees	337,922	366,703
	SEC Fees	1,310,167	972,577
	NSE Listing Fees	1,043,730	804,573
	NSE Index Licensing Fees	3,789,078	3,720,699
	Other Miscellaneous Fees	139,266	508,123
		11,846,383	**9,757,110**

11 Income tax expense

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

	31-Dec-24	31-Dec-23
Withholding tax on dividend and interest income	**5,848,847**	**4,516,089**

12 Earnings per unit (basic and diluted)

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

	31-Dec-24	31-Dec-23
Profit for the year	**42,281,506**	**39,347,159**
Number of units as at year end (see note 18(b)(i))	**64,684,008**	**85,204,193**
Earnings per unit (kobo) (basic and diluted)	**65.37**	**46.18**

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

Notes to the financial statements (cont'd)
For the year ended 31 December 2024

		31-Dec-24	31-Dec-23
13	**Cash and cash equivalents**		
	Cash and cash equivalents comprise:		
	Cash balances with banks	25,160,608	4,449,028
	Placement with banks	16,107,978	16,008,657
		41,268,586	20,457,685
	ECL allowance on cash equivalents	(348,327)	
		40,920,259	**20,457,685**

14 Investment securities

		31-Dec-24	31-Dec-23
(a)	Analysis of investment securities:		
	At fair value through other comprehensive income:		
	Quoted equity investments (see note (b) and note 15 below)	660,203,771	708,419,938
		660,203,771	**708,419,938**
	Current	-	-
	Non-Current	660,203,771	708,419,938
	Balance, end of year	**660,203,771**	**708,419,938**
(b)	Equity investments comprises:		
	Quoted equity securities at cost	1,126,593,023	1,075,970,618
	Fair value changes	(466,389,252)	(367,550,680)
	Net carrying amount	**660,203,771**	**708,419,938**
(c)	The movement in fair value changes was as follows:		
	Balance, beginning of the year	(367,550,680)	10,527,038
	Change in the year:		
	- net change	(98,838,572)	(378,077,718)
	Balance, end of year	**(466,389,252)**	**(367,550,680)**
(d)	**Cashflow movement**		
	Opening balance	708,419,938	291,233,649
	Net fair value changes in OCI	98,838,572	378,077,718
	Interest income earned	2,657,189	2,340,324
	Interst income received (see note € below)	(2,657,189)	(2,340,324)
	Gain on disposal of quoted equities	18,605,017	-
	Net purchases	(165,659,756)	39,108,571
	Closing	**660,203,771**	**708,419,938**
(e)	**Interest income received - Treasury bills**		
	Opening interest receivable	-	-
	Interest income	2,657,189	2,340,324
	Closing interest receivable	-	-
	Interst income received	**2,657,189**	**2,340,324**

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

15 Investment portfolio

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

31-Dec-24

	Sector	**Market Value**	**% of total investments**
Access Bank of Nigeria Plc	Financial Services	67,498,147	10.22%
Ecobank Transnational Incorporated	Financial Services	40,881,288	6.19%
First Bank Holding Plc	Financial Services	80,204,711	12.15%
FCMB Plc	Financial Services	14,827,992	2.25%
Fidelity Bank	Financial Services	44,633,558	6.76%
GTCo	Financial Services	133,632,510	20.24%
Stanbic IBTC	Financial Services	59,450,630	9.00%
Sterling Bank	Financial Services	12,828,530	1.94%
United Bank for Africa	Financial Services	92,553,916	14.02%
Zenith International Bank Plc	Financial Services	113,692,488	17.22%
		660,203,771	**100%**

31-Dec-23

	Sector	**Market value**	**% of total investments**
Access Bank of Nigeria Plc	Financial Services	150,011,954	21.18%
Ecobank Transnational Incorporated	Financial Services	69,724,448	9.84%
Fidelity Bank Plc	Financial Services	57,404,692	8.10%
Sterling Bank Plc	Financial Services	22,455,280	3.17%
United Bank for Africa	Financial Services	159,484,851	22.51%
Wema Bank	Financial Services	13,091,305	1.85%
Zenith International Bank Plc	Financial Services	220,621,544	31.14%
Jaiz Bank	Financial Services	12,183,039	1.72%
Unity Bank	Financial Services	3,442,826	0.49%
Total quoted securities		**708,419,939**	**100%**

Notes to the financial statements (cont'd)
For the year ended 31 December 2024

		31-Dec-24	31-Dec-23
17	**Debtors & Prepayment**		
	Other current assets	52,176	52,491
	Dividend receivable	1,852,948	25,037
		1,905,123	**77,528**
a	**Movement in debtors & prepayment**		
	Opening balance	77,528	-
	Closing balance	1,905,123	77,528
	Net movement	**(1,827,595)**	**(77,528)**

		31-Dec-24	31-Dec-23
17	**Accounts payable**		
	Management fees	1,996,356	668,357
	Auditors fees	1,720,000	660,000
	Custodian fees	388,415	400,942
	Trustee fees	953,562	953,562
	Payable to registrar	704,626	366703
	SEC Fees	528,108	513,951
	NSE Index Licensing Fees	3,789,078	1,893,255
	Other liabilities	-	836,546
	Other miscellaneous	836,546	-
	Unclaimed distribution	199,687	199,687
		11,116,377	**6,493,003**
	Current	11,116,377	6,493,003
	Non-Current	-	-
	Balance, end of year	**11,116,377**	**6,493,003**

Cashflow movement:

	31-Dec-24	31-Dec-23	Changes
Management fees	1,996,356	668,357	(1,327,999)
Auditors fees	1,600,000	660,000	(940,000)
Custodian fees	388,415	400,942	12,527
Trustee fees	953,562	953,562	-
Payable to registrar	704,626	366703	(337,923)
SEC Fees	528,108	513,951	(14,157)
NSE Index Licensing Fees	3,789,078	1,893,255	(1,895,823)
Other liabilities	-	836,546	836,546
Other Miscellaneous Fees	956,546	-	(956,546)
Unclaimed distribution	199,687	199,687	-
	11,116,377	**6,493,003**	**(1,274,664)**

b(ii) Movement in account payable

	31-Dec-24	31-Dec-23
Opening balance	6,493,003	4,357,574
Closing balance	11,116,377	6,493,003
Changes in account payable	**4,623,374**	**2,135,429**

18 Unitholders' equity

(a) The Vetiva Banking ETF is authorised and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act (ISA). The Fund is governed by a Trust Deed with UTL Trust Management Services Limited as Trustees. The Fund's total unit capital as at year ended 31 December 2024 was units 64,684,008 (2023: 85,204,193 units).

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

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

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

(i) Number of units

		31-Dec-24	31-Dec-23
Balance at beginning of year		85,204,193	85,204,193
Withdrawals by Unit holders		(20,520,185)	-
Subscription of units during the year		-	-
	Balance at 31 December	**64,684,008**	**85,204,193**

(ii) Net assets attributable to unitholders

31-Dec-24	**Unitholders' equity**	**Retained earnings**	**Fair value reserve**	**Total**
Opening balance	311,505,525	43,405,945	367,550,678	722,462,148
Withdrawals by Unitholders	(185,179,693)			(185,179,693)
Distribution to Unitholders	-	(5,094,774)		(5,094,774)
Gain on disposal of quoted equities		18,605,017		18,605,017
Fair value changes due to OCI equities	-	-	98,838,572	98,838,572
Profit for the year	-	42,281,506	-	42,281,506
As at 31 December 2023	**126,325,832**	**99,197,694**	**466,389,250**	**691,912,776**
Net asset value per unit (Naira)				**11**

31-Dec-23

	Unitholders' equity	**Retained earnings**	**Fair value reserve**	**Total**
Opening balance	311,505,525	30,472,086	(10,527,040)	331,450,571
Distribution to Unitholders		(26,413,300)		(26,413,300)
Fair value changes due to OCI equities	-	-	378,077,718	378,077,718
Profit for the year	-	39,347,159	-	39,347,159
As at 31 December 2023	**311,505,525**	**43,405,945**	**367,550,678**	**722,462,148**
Net asset value per unit (Naira)				**8.48**

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

(c) Distribution paid to unitholders

The amount paid to unitholders of the fund is payable semi-annually in accordance with the Trust Deed of the Fund. The amount paid as at 2024 was 5,094,774 (31 December 2023: 26,413,300)

19 Related party transactions

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

The following summarizes the total unit holding of related parties:

Name	Units held as at 31-Dec-24	Units held as at 31-Dec-23
Vetiva Capital Management Limited	564	219
Vetiva Exxon Mobil-ESP	-	65,696,920
Vetiva Nominees AC - Oyeyemi Fagbenro	59,050	59,050
Vetiva Securities Limited	1,047,523	693,874
Vetiva Securities Limited - 01	-	147,210
Vetiva Fund Managers Limited	5,169,230	5,169,230
Vetiva Trustees Limited	55,450	-
Key management personnel		

(a) Transactions with related parties

i. Management fees

The Fund is managed by Vetiva Fund Managers Limited ('the Fund Manager'), an investment management company incorporated in Nigeria and domiciled in Lagos. Under the terms of the management agreement, the Fund appointed Vetiva Fund Managers Limited as an Investment Manager to provide fund management services to the Fund. Vetiva Fund Managers Limited receives a fee based on an annual rate of 0.4% of the net asset value of the Fund accrued daily and payable quarterly. Total management fees for the year amounted to N2,816,049 (2023: N2,091,039.72).

ii. Custodian fees

UBA Plc (Global Investors Services) remains the Fund's Custodian. Under the custodial service agreement, the custodian fees shall be 0.0375% of the assets under custody. These fees shall be paid out of the Fund.

Total Custodian fees for the year was N260,171 (2023: N203,395).

iii. Trustee fees

UTL Trust Management Services Limited remains the Fund's Trustee. Under the Trust deed, the trustee is entitled to an annual fee of 0.05% of the net asset value of the fund, accrued on a daily basis, and payable semi-annually in arrears but subject to a minimum of N400,000 each, whichever is higher, exclusive of VAT. The annual fees shall accrue on a daily basis.

Total Trustees fees for the year was N430,000 (2023: N430,000).

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

20 Contingencies

There were no contingent assets and liabilities as at 31 December 2024 (31 December 2023: Nil).

21 Claims and litigations

There were no claims and litigations as at 31 December 2024 (31 December 2023: Nil).

22 Events after the reporting period

There were no events after the end of the reporting period which could have a material effect on the assets and liabilities of the Fund as at 31 December 2024.

23 Capital commitments after reporting date

The Fund had no capital commitments as at 31 December 2024 (31 December 2023: Nil).

OTHER NATIONAL DISCLOSURES

Other National Disclosures

Value added statement

	31-Dec-24	%	31-Dec-23	%
	NGN		NGN	
Total revenue	60,325,064		53,620,358	
Bought in goods and services- Local	(11,846,383)		(9,757,110)	
Value added	**48,478,680**	**100**	**43,863,248**	**100**
Applied to pay:				
Government as taxes	5,848,847	12	4,516,089	10
Retained in the Fund to augment/(deplete) reserves	42,281,506	88	39,347,159	90
Value added	**48,130,353**	**100**	**43,863,248**	**100**

FIVE-YEAR FINANCIAL SUMMARY

YEAR ENDED 31 DECEMBER

	2024	**2023**	**2022**	**2021**	**2020**
	NGN	**NGN**	**NGN**	**NGN**	**NGN**
Cash and cash equivalents	40,920,259	20,457,685	44,549,457	4,563,538	52,068,815
Financial instruments fair valued through	660,203,771	708,419,938	291,233,649	331,420,287	304,857,567
Accounts Recei	1,905,123	77,528	25,039	745,989	745,989
Total assets	**703,029,154**	**728,955,151**	**335,808,145**	**336,729,814**	**357,672,371**
Payables	(11,116,377)	(6,493,003)	(4,357,574)	(10,876,254)	(9,255,145)
Net assets	**691,912,776**	**722,462,148**	**331,450,571**	**325,853,560**	**348,417,226**
Unitholders' funds	**691,912,776**	**722,462,148**	**331,450,571**	**325,853,560**	**348,417,226**

Statement of profit or loss and other comprehensive income

	2024	**2023**	**2022**	**2021**	**2020**
	NGN	NGN	NGN	NGN	NGN
Dividend income	57,640,265	45,352,536	30,753,558	27,401,036	26,733,567
Interest income at effective interest rate	2,657,189	2,340,324	1,608,509	1,987,725	1,965,640
Other income	27,609	5,927,498	6,169,683	-	-
Total revenue	**60,325,064**	**53,620,358**	**38,531,750**	**29,388,761**	**28,699,207**
Impairment charge on financial assets	**(348,327)**				
Other operating expenses	(11,846,383)	(9,757,110)	(7,657,757)	(6,881,667)	(8,625,937)
Total expenses	**(12,194,710)**	**(9,757,110)**	**(7,657,757)**	**(6,881,667)**	**(8,625,937)**
Profit before tax	**48,130,353**	**43,863,248**	**30,873,993**	**22,507,094**	**20,073,270**
Income tax expense	(5,848,847)	(4,516,089)	(2,961,821)	(2,730,378)	(2,691,172)
Profit/ (loss) for the year	**42,281,506**	**39,347,159**	**27,912,172**	**19,776,716**	**17,382,098**

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