VETIVA MONEY MARKET FUND

ANNUAL REPORT

31 December 2023

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Fund information

Directors of the Fund Manager:
Chuka Eseka (Chairman)
Olutade Olaegbe (Non-Executive Director)
Oyelade Eigbe (Managing Director/CEO)
Damilola Ajayi (Non- Executive Director)
Abiodun Adeniran (Non-Executive Director)

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Trustee:
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Registrars:
First Registrars Nigeria Limited
Plot 2 Abebe Village Road
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Auditor:
KPMG Professional Services
KPMG Tower
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Bankers:
Citibank Nigeria Limited
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Lagos

Fund Manager's Report
For the year ended 31 December 2023

The Fund Manager presents its report on the affairs of the Vetiva Money Market Fund ("the Fund") together with the financial statements and independent auditor's report for the year ended 31 December 2023.

BACKGROUND INFORMATION

The Vetiva Money Market Fund ("The Fund") is an open-ended fund established in August 2014. However, the Fund was previously known as DV Balanced Fund before it was converted to the Vetiva Money Market Fund in August 2019. The Fund is an actively managed fund that seeks to provide capital stability, liquidity, and diversification whilst providing competitive money market returns to fund investors. The Fund invests in a diversified portfolio of high-yield and high-quality short-term money market instruments like Government Treasury Bills, Commercial Papers, Tenored Deposits, short-term instruments with eligible financial institutions, and other instruments introduced and approved by the Central Bank of Nigeria (CBN) from time to time.

INVESTMENT OBJECTIVE

The fundamental objective of the Fund is to preserve investors' capital whilst providing liquidity and maximizing current income, in line with prevailing Nigerian Money Market yields, by investing in a diversified portfolio of high-quality, short-dated money market instruments.

INVESTMENT STRATEGY

The selection of securities for the Fund is driven by a detailed investment policy focused on achieving consistent income streams through investing in a diversified portfolio of money market securities and investments specified in the Trust Deed. The Manager seeks to meet the Fund's objective by actively managing the portfolio based on the relative attractiveness of the money markets.

ASSET ALLOCATION

The Fund's asset allocation is detailed below;

Asset Class	31 December 2023		31 December 2022	
	Amount ₦	Percent	Amount ₦	Percent
Fixed Income	628,133,798	60%	431,287,540	70%
Money Market	50,314,761	5%	18,440,585	3%
Cash	364,255,637	36%	165,058,714	27%
Total	**1,042,704,196**	**100%**	**614,786,839**	**100%**

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DISTRIBUTION

The Fund distributes income received net of expenses to Unitholders quarterly. The Fund distributed a net income of ₦17,266,745.62 for Q1 2023 in April, ₦28,610,736.65 for Q2 2023 in July, ₦22,731,618.97 for Q3 2023 in October, and will be distributing the net income of ₦21,678,730.85 for Q4 2023 in January 2024.

NIGERIAN MACROECONOMIC REVIEW AND OUTLOOK
Real Economy:

Since the Russian invasion of Ukraine, geopolitics has been a major determinant of global macro-outcomes. While anxieties over inflation and recession linger, whispers of a slowdown of both in major economies offer some potential relief. However, simmering tensions in the Middle East, particularly between Israel and Hamas, cast a shadow over this fragile optimism. A potential escalation could disrupt energy markets, pushing up commodity prices and reigniting inflationary pressures. This, in turn, could force central banks to reconsider their dovish stance and raise interest rates, further dampening global growth. The global economic landscape in 2024 is painted with mixed hues. According to the International Monetary Fund, growth in advanced economies could remain sluggish in 2023 (+1.5% y/y) and 2024 (+1.4% y/y) vis-à-vis the 2.6% expansion in 2022. This estimate is driven by weaker growth in the euro area amid stronger momentum in the United States of America. Growth in the United States is expected to slow from 2.1% in 2023 to 1.5% in 2024 due to slowing wage growth, exhaustion of savings accumulated during the pandemic, and tight monetary policy. Inflation in advanced economies has declined by 4ppts – 8ppts yet remains above the targets of their respective central banks. All major central banks raised rates by +25bps in their last Monetary Policy meetings leaving interest rates at multi-decade highs. Emerging and developing economies are expected to record lower growth outcomes in 2023 and 2024 due to weaker external demand and tighter financing conditions. Unlike most advanced economies, many emerging economies have either held or cut rates.

In Nigeria, Despite the key reforms executed in 2023, growth for the year slowed when compared to the previous year with FY 2023 GDP printing at 2.74% y/y compared to 3.10% y/y in 2022. The Services sector was a major laggard in the period driven by a sharp slump in the Transport services sub-sector (FY'23; -30.17% y/y) following the new administration's decision to end the nearly five-decade-long subsidy on gasoline. This contributed to high transport prices, elevated cost of doing business, and compressed consumer demand. We note that the Trade sub-sector also felt the brunt of this directive as trade volumes depleted and the sector contracted by 1.66% y/y, coupled with the notable depreciation of the naira and a crippling cash crunch in Q1'23. The telecoms (ICT) and finance sectors remained the delight of the services sector. ICT expanded by 7.91% y/y, though slower than the 9.76% recorded in FY'22, amid mobile money penetration, the absence of restrictions on SIM registrations, and sustained digital adoption across sectors. On the flip side, we saw the financial services sector benefit from the Q1'23 cash crunch as it accelerated digital payment adoption. This combined with an elevated interest rate environment supported a 26.53% y/y (FY'22: 16.36% y/y) growth in the financial services sector.

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Also impacted by the above-stated factors were the Manufacturing and Agriculture sectors where growth weakened to 1.40% y/y (FY’22: 2.45% y/y) and 1.13% y/y (FY’22: 1.88% y/y) respectively. While higher consumer prices and weakened household demand pressures impacted both sectors, we note that insecurity and the resultant displacement of farmers in food-producing regions continue to inhibit the latter. The Oil & Gas sector on the other hand recorded an improvement as a strong growth in oil production (up 15.7% y/y in Q4) supported a milder contraction of -2.2% y/y in the sector (FY’22: -19.22% y/y).

Going forward, in 2024, we expect growth in the agricultural sector to slow, following the transfer of quasi-fiscal interventions from the Central Bank to relevant agencies. As a result, we mark down our growth for crop production; however, a rebound in livestock could support growth for the wider agricultural sector. Given the macro headwinds and divestments in the Consumer Goods space, we could see weaker growth numbers in manufacturing. While the cash shortage and election season kept real estate activities in limbo in 2023, we expect budget execution and clarity on policy direction to buoy public construction in 2024. Beyond local demand, external demand could also keep the cement sector in the arena of growth.

On the services leg, we expect modest performances in trade, manufacturing, and transport, due to the sustained impact of elevated PMS prices and Naira depreciation. Finance and ICT may continually outperform. However, headwinds could emerge from the synchronization of Bank Verification Numbers (BVN) with the National Identification Numbers (NIN) exercise, which could slow growth in the latter sector. Tying these together, we see room for a 3.41% uptick in the non-oil sector in 2024 (2023E: 3.09%). Given the idiosyncratic risks associated with the oil sector, we adopt a scenario approach in arriving at our FY’24 growth estimates. Adopting a baseline oil production scenario of 1.45 mb/d implies a +0.6% y/y expansion in the oil sector which translates into a 3.2% y/y expansion in overall real GDP growth.

Nigeria has a couple of refinery projects in the works from the Dangote refinery to the existing refineries (Port-Harcourt, Warri, and Kaduna Refineries). While our growth estimate excludes any ramp-up in refining capacity, our models show that an improvement in national refining capacity by 50,000 b/d could add +0.1% to GDP.

Inflation:

In 2023, the removal of subsidies led to a surge in headline inflation. Empirical evidence shows us that a shock in the PMS price has a significant impact on headline inflation for up to 15 months. As a result, we retain our bearish outlook on inflation in H1’24. Our empirical analysis shows us that this passthrough could fizzle out by mid-2024.

Fund Manager's Report
For the year ended 31 December 2023

On the global scene, supply chain pressures and COVID-19 cases were key drivers of commodity prices and inflation. The anticipated normalization in supply chains supports the view that commodity prices could be lower in 2024. On the flip side, geopolitics in the Middle East has raised concerns about further spikes in oil prices, should war escalate in that territory.

On the back of these twin possibilities, our baseline forecast rests on the argument that whether oil prices rise or fall, the Naira could remain weak in 2024 due to the hazy outlook on oil production, exports, and remittances of NNPC into the federation account. As a result, this could induce upward adjustments in PMS prices. While this may keep inflation elevated, we could see some moderation in Q3'24 due to high base effects. So far in 2023, PMS prices averaged ₦459/litre. Our baseline scenario suggests a PMS price average of ₦700/litre in 2024 (Oct'23: ₦626/litre). Consequently, we expect inflation to rise from an expected average of 24.5% in 2023 to 33% in 2024.

Currency:
Despite Nigeria's wider trade surplus, the Naira weakened considerably in both the official and parallel markets in 2023. While we had anticipated a positive feedback loop from subsidy removal to exchange rates, the published financial statements of the Central Bank made it clear that Nigeria's net reserve position is substantially weaker than previously anticipated due to huge encumbrances (FX forwards, OTC futures, and Swaps). As of 2016, encumbrances amounted to $8.6 billion, barely 32% of gross reserves.

These encumbrances have risen to $31.6 billion in 2022, making up 98% of gross reserves. When we computed Nigeria's net external reserve, we concluded that Nigeria's net reserve was at most $22 billion due to the unknown value of commitments due in the short term. JP Morgan estimates that sizeable amounts of these commitments could be short-term and thus, net reserves could be as low as $3.7 billion. Given the low net reserve position, the apex bank had little firepower to defend the Naira and consequently decided to allow market participants in the Nigerian Autonomous Foreign Exchange Market (NAFEM) to determine the closing exchange rate in the official market by adopting the weighted average of daily exchange rate at which deals were consummated in the market.

In October, the Minister of Finance alluded to an expected inflow of $10 billion. While the inflows were allegedly expected from the securitization of future oil & gas revenues, this has yet to materialize. More so, foreign exchange inflows have reduced drastically, amounting to an average monthly inflow of $1.2 billion in 2023, compared to $2.4 billion in 2019 (pre-pandemic) and $3.7 billion in 2014 (pre-oil shock). According to the National Policy Council report, Nigeria needs at least $5 - $6 billion monthly to support its desired exchange rate target of ₦500 - ₦600/$. However, current levels are largely off the desired monthly inflows.

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Over FY'2024, we retain a bearish outlook on external reserves and the Naira due to huge off-balance sheet FX commitments of the CBN, lack of visible accretion to reserves despite subsidy reforms and higher oil production, as well as lack of clarity on existing crude-for-FX swap arrangements. While 2024 -2025 has a huge wall of debt maturities in the SSA region, regional debt vulnerabilities could keep access to the international debt market closed despite a possible pivot in the US Fed's policy stance in Q2'23.

Our baseline scenario sees the Naira slipping to above ₦1500/$ in the official window, assuming no external financing, minor recoveries in oil production, and continued strain of existing encumbrances on FX reserve. Upside risks to our outlook include a substantial inflow of c.$10 billion from multilateral sources, a favourable global interest rate environment that could pave the way for Eurobond issuances, material improvement in reserve levels as a result of domestic refining of crude, and increased dollar remittance from the NNPC.

Monetary Policy:
For the monetary policy review and overview, since the current administration came into power, the apex bank has deviated from the unorthodox policies under the previous regime. Under the chairmanship of Folashodun Shonubi, we witnessed a 25bps hike in the Monetary Policy Rate (MPR) and a 400bps increase in the Standing Deposit Facility (SDF) in 2023.

Under the leadership of the appointed Governor of the Central Bank of Nigeria, Dr. Olayemi Cardoso in 2023, two Monetary Policy Committee (MPC) meetings were rescheduled, citing a

Fund Manager's Report
For the year ended 31 December 2023

provision in the CBN Act that specifies the minimum required quorum of four meetings per year. However, the market anticipated the first meeting of the newly constituted committee. Nevertheless, the Central Bank is set to focus on the monetary policy objectives highlighted in a Policy Council report, which the current CBN Governor (Dr. Yemi Cardoso) co-authored in 2023. They include:

• the anchoring of money market rates to the Monetary Policy Rate,
• a review and transfer of quasi-fiscal roles of the CBN, and
• the transition to a unified and market-determined exchange rate system.

The Governor’s keynote address in 2023 at the Banker’s Committee shed some light on his policy outlook for 2024. According to the Governor, his team had critically reviewed the effectiveness of the Central Bank’s monetary policy tools and spent time fixing the transmission mechanism to ensure that the decisions of MPC meetings would result in desired objectives.

One of the measures was the alignment of money market rates with the Monetary Policy Rate. A key constraint to this misalignment was an existing cap on interest-bearing deposits in the SDF window, which was initially ₦7.5 billion (2014) before it was lowered further to ₦2 billion (2019) in a bid to discourage banks from packing cash with the apex bank. This invariably led to a deluge of system liquidity, a precipitous decline in rates, discouraging investments in local currency assets, and counteracting the passthrough effect of successive rate hikes. The removal of the cap on SDF deposits was one of the measures put in place to fix the transmission mechanism. Others are regular Open Market Operations (OMO) to mop up excess liquidity, the inauguration of a new liquidity management committee, sustained CRR debits, and issuance of Treasury Bills.

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The Central Bank announced the adoption of an inflation-targeting framework to enhance the effectiveness of monetary policy. Literature tells us that inflation targeting involves several elements, including the public announcement of medium-term targets for inflation, an information-inclusive approach with many variables (and not just monetary aggregates), increased transparency of monetary policy strategy through communication with the public and the markets about the plans and objectives of monetary policymakers, and increased accountability of the central bank in attaining its inflation targets. A key side effect of an inflation-targeting regime is output fluctuations as low economic growth could ensue from attempts to target inflation. This could invariably affect the ambitious fiscal goal of attaining a $1 trillion economy over the medium term.

FIXED INCOME MARKET
Review and Outlook
The global fixed-income market witnessed upward pressure through 2023, driven by inflationary pressure and concerns and substantial government borrowings which both shaped investor perspectives on global fixed-income assets in the year. Central bankers, such as the U.S. Federal Reserve and the European Central Bank, responded to inflationary pressures through interest rate hikes, pushing rates deeper into restrictive territory.

In alignment with global counterparts, the Central Bank of Nigeria implemented restrictive monetary policies to alleviate inflationary concerns. The CBN raised interest rates by 225bps to 18.75% in 2023 through four consecutive rate hikes. However, the efficacy of this tightening measure was largely insufficient in curbing the incessant rise in price levels as headline inflation rose to 28.9% y/y as of December 2023, primarily driven by the passthrough of the weaker naira and higher food and fuel prices. Fixed income instruments, however, responded to the increased benchmark rate with yields in the secondary market rising across the curve. Despite the CBN's efforts to rein in money supply, system liquidity remained robust through most of 2023 and we saw a notable uptick in investor demand for government bonds and securities.

Looking into H1'2024, investors will closely observe the policy auction under the new CBN Governor, Yemi Cardoso, for insights into rate direction. We anticipate further tightening measures as the CBN targets inflation reduction, following the latest statements from Governor Cardoso to the press. Locally, higher rates are expected to stimulate demand at auctions, with the amount the CBN sells likely driven by the government's borrowing requirements.

Fund Manager's Report
For the year ended 31 December 2023

Auditors

Messrs KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Fund.

BY ORDER OF THE BOARD OF DIRECTORS OF THE FUND MANAGER

Chuka Eseka
Chairman
(FRC/2013/ICAN/00000003262)
26 March 2024

Oyelade Eigbe
Managing Director
(FRC/2023/PRO/DIR/003/739840)
26 March 2024

Statement of Fund Manager's Responsibilities in Relation to the Financial Statements for the year ended 31 December 2023

The Fund Manager accepts responsibility for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Financial Reporting Council of Nigeria Act, (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 have no reason to believe the Fund will not remain a going concern in the year ahead.

BY ORDER OF THE BOARD OF DIRECTORS OF THE FUND MANAGER

Chuka Eseka	**Oyelade Eigbe**
Chairman	Managing Director
(FRC/2013/ICAN/00000003262)	(FRC/2023/PRO/DIR/003/739840)
26 March 2024	26 March 2024

Certification of Accounts by Directors of the Fund Manager

The Directors of the Fund Manager accept responsibility for the preparation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Financial Reporting Council Act of Nigeria (FRC) Act, (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, or subsequent transfer to the Fund Manager for sale or resale; or

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

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

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

Chuka Eseka
Chairman
(FRC/2013/ICAN/00000003262)
26 March 2024

Oyelade Eigbe
Managing Director
(FRC/2023/PRO/DIR/003/739840)
26 March 2024

Trustee's Report:

The Trustees present their report on the affairs of the Vetiva Money Market Fund (the Fund), together with the audited financial statements for the year ended 31st December 2023.

Principal activity:

The principal activity of the **VETIVA MONEY MARKET FUND** ('The Fund') is to create a pool of funds that would allow eligible investors to pool together their assets and resources for the purpose of collectively investing the funds with the primary objective to provide investors/participants in the Fund with capital preservation and steady streams of income derived from investments in money market instruments issued by the Federal Government and in highly rated instrument from financial and non-financial institutions rated by a registered rating agency as may be specified from time to time by the Commission.

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

Results:

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

The Net Asset Value of the Fund as at 31 December 2023 is as follows:

In thousands of Naira	31 December 23	31 December 22
Net Assets Value	1,037,497,922	612,025,139

The operating result for the year ended 31 December 2023, is as follows:

In thousands of Naira	31 December 23	31 December 22
Profit for the year	101,245,840	49,251,574

Distribution:

The Fund Manager distributed the total sum of ₦95,258,733 to Unitholders for the year 2023.

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Directors:

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

- Mr Chuka Eseka (Chairman)
- Mr. Olutade Olaegbe (Non-Executive Director)
- Mr. Damilola Ajayi. Non-Executive Director)
- Oyelade Eigbe. Managing Director/CEO
- Abiodun Adediran (Non-Executive Director)

Responsibilities of the Fund Manager:

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

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

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

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

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

Responsibilities of the Trustee:

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

- Monitoring of the activities of the Fund Manager and the custodian on behalf of and in the interest of the Unitholders';
- Ensuring that the Custodian takes into custody all of the scheme's assets and holds it in trust for the holders in accordance with the Trust Deed and the Custodial Agreement;
- Monitoring the register of Unitholders' or contributors;
- Ascertaining the Fund Manager's compliance with the Applicable Regulations;
- Ascertaining that the monthly and other periodic returns/reports relating to the Fund are sent by the Fund Manager to the Commission;
- Taking all steps and executing all documents which are necessary to secure acquisitions or disposals properly made by the Fund Manager in accordance with the Trust Deed and Custodial Agreement;
- Exercising any right of voting conferred on it as the registered holder of any investment and/or forward to the fund manager within a reasonable time all notices of meetings, reports, circulars, proxy solicitations and any other document of a like nature for necessary action;
- Ensuring that fees and expenses of the fund is within the prescribed limits; and
- Acting at all times in the interest and for the benefit of Unitholders' of the scheme.

Administration of the Fund:

The Fund was administered in accordance with the Applicable Regulations, taking into cognisance the prevailing market conditions as well as the goal of preserving and minimising possible losses to Unitholders' funds.

Charitable donations:
The Fund did not make any charitable donations during the year. (2023: Nil)

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

By Order of the Trustees

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

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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Vetiva Money Market Fund.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vetiva Money Market Fund (the Fund), which comprise:

- the statement of financial position as at 31 December 2023;
- the statement of profit or loss and other comprehensive income;
- the statement of changes in net assets attributable to unitholders;
- the statement of cash flows for the year then ended; and
- the notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

KPMG

Other Information

The Board of Directors of the Fund Manager are responsible for the other information. The other information comprises the Fund Information, Fund Managers' Report, Statement of Fund Managers' Responsibilities, Certification of Account by Directors of the Fund, Trustees Report, Other National Disclosures and Five year financial summary included in the annual report but 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 express any form of assurance conclusion thereon.

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

The Board of Directors of the Fund Manager are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of 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.

Ashade J. Akinyemi, FCA
FRC/ICAN/2013/00000000786
For: KPMG Professional Services
Chartered Accountants
30 March, 2024
Lagos, Nigeria.

Statement of financial position
As at 31 December

	Note	2023	2022
		₦	₦
Assets			
Cash and cash equivalents	13	364,255,637	165,058,714
Financial assets at fair value through profit or loss	14	678,448,559	449,728,125
Accounts receivable	15	2,494,314	2,526,243
Total assets		**1,045,198,510**	**617,313,082**
Liabilities			
Accounts payable	16	7,700,588	5,287,943
Total liabilities		**7,700,588**	**5,287,943**
Net assets attributable to unitholders		**1,037,497,922**	**612,025,139**
Represented by:			
Equity attributable to unitholders at par	**17(b)(ii)**	1,011,658,134	592,147,456
Retained earnings	**17(b)(ii)**	25,839,788	19,877,683
Total		**1,037,497,922**	**612,025,139**

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 26 March 2024 and signed on its behalf by:

Chuka Eseka
FRC/2013/ICAN/00000003262
Chairman

Oyelade Eigbe
FRC/2023/PRO/DIR/003/739840
Managing Director

Additionally certified by:

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

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

	Note	2023	2022
		₦	₦
Interest Income calculated using effective interest rate method	7	126,800,892	59,706,592
Other operating income	8	-	507
Gain/(Loss) from financial assets at fair value through profit or loss	9	4,372,521	3,260,555
Total revenue		**131,173,413**	**62,967,654**
Other operating expenses	10	(24,629,969)	(13,716,080)
Total expenses		**(24,629,969)**	**(13,716,080)**
Profit before tax		**106,543,444**	**49,251,574**
Income tax expense	11	(5,297,604)	-
Profit for the year		**101,245,840**	**49,251,574**
Other comprehensive income		-	-
Total comprehensive income for the year		**101,245,840**	**49,251,574**
Basic and diluted earnings per unit (kobo)	12	10	8

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

Statements of changes in net assets attributable to unit holders

For the year ended 31 December 2023	**Note**	**Unit holders' equity at par**	**Retained earnings**	**Total equity**
In Naira				
Balance at 1 January 2023		592,147,456	19,877,683	612,025,139
Profit for the year		-	101,245,840	101,245,840
Total comprehensive income for the year		**-**	**101,245,840**	**101,245,840**
Transactions with unit holders, recorded directly in equity:				
Subscriptions to unit holder's equity	17(b)(ii)	419,510,678	-	419,510,678
Redemption of unit holder's equity (after conversion)	17(b)(ii)	-	-	-
Distribution paid to unit holders	17(b)(ii)	-	(95,283,733)	(95,283,733)
Total contribution and redemption by unitholders		**419,510,678**	**(95,283,733)**	**324,226,946**
Balance at 31 December 2023		**1,011,658,134**	**25,839,790**	**1,037,497,925**

For the year ended 31 December 2022	**Note**	**Unit holders' equity at par**	**Retained earnings**	**Total equity**
In Naira				
Balance at 1 January 2022		720,648,543	13,671,890	734,320,433
Profit for the year		-	49,251,574	49,251,574
Total comprehensive income for the year		**-**	**49,251,574**	**49,251,574**
Transactions with unit holders, recorded directly in equity:				
Subscriptions to unit holder's equity	17(b)(ii)	95,677,549	-	95,677,549
Redemption of unit holder's equity (after conversion)	17(b)(ii)	(224,178,636)	-	(224,178,636)
Distribution paid to unit holders	17(b)(ii)	-	(43,045,781)	(43,045,781)
Total contribution and redemption by unitholders		**(128,501,087)**	**(43,045,781)**	**(171,546,868)**
Balance at 31 December 2022		**592,147,456**	**19,877,683**	**612,025,139**

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

Statement of cash flows
For the year ended 31 December

	Note	2023 ₦	2022 ₦
Cash flows from operating activities	**Note**		
Profit after tax		101,245,840	49,251,574
Add: tax expense	11	5,297,604	-
Profit before tax		**106,543,444**	**49,251,574**
Adjustment for:			
- Interest income	7	(126,800,892)	(59,706,592)
- Dividend income	8	-	(507)
- Net loss/(gain) on financial assets at fair value through profit or loss	9	(4,372,521)	(3,260,555)
		(24,629,969)	**(13,716,080)**
Changes in:			
Accounts receivable	22(b)	31,929	-
Accounts payable	22(c)	2,412,645	552,977
		(22,185,395)	**(13,163,103)**
Interest received	22(g)	126,800,890	59,706,590
Dividend received	22(b)	-	507
Tax paid	11	(5,297,604)	-
Net cash generated/(used in) operating activities		**99,317,891**	**46,543,994**
Cashflows from financing activities			
Proceeds from subscription	22(d)	419,510,678	95,677,549
Distribution to unit holders	17(b)(ii)	(95,283,733)	(43,045,781)
Redemption by unitholders (after conversion)	22(e)	-	(224,178,636)
Net cash used in financing activities		**324,226,946**	**(171,546,868)**
Cashflows from Investing activities			
Investment securities	22(a)	(224,347,913)	106,703,068
Net cash generated from/(used in) investing activities		**(224,347,913)**	**106,703,068**
Net increase in cash and cash equivalents		199,196,924	(18,299,806)
Cash and cash equivalents at the beginning of the year		165,058,714	183,358,519
Cash and cash equivalents at the end of the year	**22(f)**	**364,255,637**	**165,058,714**

Notes to the financial statements
For the year ended 31 December 2023

1 Reporting entity

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

The underlying objective of the Fund is to provide investors a safe medium through which they can invest in easily accessible, secure, and highly liquid cash-equivalent debt-based assets using smaller investment amounts. It is characterised as a low-risk, low return investments.

The investment activities of the Fund are managed by Vetiva Fund Management Limited (the Fund Managers)

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, (Ammended) 2023.

The financial statements were authorized for issue by the Board of Directors of the Fund Manager on 26 March 2024.

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

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

(c) Functional and presentation currency

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

(d) Reporting period
The financial statements have been prepared for the year ended 31 December 2023.

(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 recognized in the period which the estimates are revised and in any future periods affected.

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

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

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 recognizes 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 realising cash inflows 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.
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).

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

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, equity investments, 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 amortized cost

These assets are subsequently measured at amortised cost using the effective interest method. Interest income is recognised in profit or loss account 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.

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 profit 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.

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

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
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 recognizes 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 recognizes 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 a edit 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 credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:
-significant financial difficulty of the borrower or issuer:
-a bread, 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.

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

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.

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.

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.

viii. 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.

(c) 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.

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

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) Taxation

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

(i) Capital

(i) Equity attributable to unitholders

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

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

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

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

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

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

(ii) Repurchase of units

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

(j) Earnings per unit

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

(k) 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.

(l) 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.

3.2 New standards and interpretations not applicable to Funds

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Fund has not early adopted the new or amended standards in preparing these financial statements.

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

Standard/ Interpretation	Summary of Requirements and Impact Assessment	**Effective Date** Periods beginning on or after
Amendments to IAS 1 - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current Liabilities	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. In addition a company will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. Such right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option, which could either be recognised as either equity or liability separately from the liability component under IAS 32 Financial Instruments: Presentation	1 Janaury 2024
Amendment to IFRS 16 - Lease Liability in a Sale and Leaseback	Amendments to IFRS 16 Leases requires a seller-lessee impacts how a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendment also requires the seller-lessee to include variable lease payments when it measures a lease liability arising from a sale and-leaseback transaction. The amendments confirm the following. • On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. • After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16.	1-Jan-24

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements	The amendments apply to supplier finance arrangements that have all the following characteristics. • A finance provider pays amounts a company (the buyer) owes it suppliers. • A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid. • The company is provided with extended payment terms or supplier benefit from early payment terms, compared with the related invoice payment due date. The amendments do not apply to arrangements for financing receivables or inventory. The amendments introduce two new disclosure objectives- one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect if non-cash changes in the carrying amount of its financial liabilities that are part of supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. Companies needs to start collating additional information to meet the new disclosure requirements because some information may not always be readily available such as the carrying amount of financial liabilities for which suppliers have already received	The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial
Amendments to IAS 21 - Lack of Exchangeability	The amendments clarifies: • when a currency is exchangeable into another currency; and • how a company estimates a spot rate when a currency lacks exchangeability. Assessing exchangeability: When to estimate a spot rate A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate. Estimating a spot rate: Meeting the estimation objective A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements on how to estimate a spot rate. Therefore, when estimating a spot rate a company can use: • an observable exchange rate without adjustment; or • another estimation technique. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. This may include: • the nature and financial impacts of the currency not being exchangeable • the spot exchange rate used; • the estimation process; and • risks to the company because the currency is not exchangeable	The amendments apply for annual reporting periods beginning on or after 1 January 2025, with early application permitted.

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised. When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting. Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or JV. In either case, the loss is recognised in full if the underlying assets are impaired. The IASB has decided to defer the effective date for these amendments indefinitely.	The effective date of this amendment has been deferred indefinitely by the IASB.

Notes to the financial statements (cont'd)
For the year ended 31 December 2023

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 objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Fund's market risk is affected by changes in actual market prices.

(i) *Foreign exchange risk*

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

(ii) *Interest rate risk*

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

In Naira	**31-Dec-23**	**31-Dec-22**
Cash and cash equivalents	364,255,637	165,058,714
Commercial papers	320,651,047	272,621,179
Treasury bills	303,646,054	158,046,846
Other money market investments	50,314,761	18,440,585
Long term placements	3,836,697	619,516
Total exposure	**1,042,704,196**	**614,786,839**
Interest income for the year	126,800,892	59,706,592
Percentage of interest income to total exposure	12.2%	9.7%
Impact of interest rate movement on profit and net assets attributable to unitholders:		
+ 1%	10,427,042	6,147,868
+ 2%	20,854,084	12,295,737
+ 5%	52,135,210	30,739,342
- 1%	(10,427,042)	(6,147,868)
- 2%	(20,854,084)	(12,295,737)
- 5%	(52,135,210)	(30,739,342)

(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.

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. However, the Fund liquidated all its investments in equities from prior before converting to a money market fund during the year and is therefore not exposed to market risk.

Notes to the financial statements (cont'd)
For the year ended 31 December 2023

b Credit risk

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

The Fund is subject to credit risk from the following:
- its holdings in money market placements
- current account balances with local banks
- investments in FGN bonds and treasury bills
- dividend receivable

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

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

Analysis of credit risk:

As at the reporting date, the Fund's credit risk exposures is analysed as shown below:

In Naira	Notes	31-Dec-23	31-Dec-22
Commercial papers	14(a)	320,651,047	272,621,179
Treasury bills	14(a)	303,646,054	158,046,846
Other money market investments	14(a)	50,314,761	18,440,585
Long term placements	14(a)	3,836,697	619,516
Total credit risk exposure		**678,448,559**	**449,728,125**

c Liquidity risk

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

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

			Contractual cash flows			
31 December 2023	Note	Carrying amount	Gross nominal value	Less than 3 months	3 - 12 months	Above 1 year
In Naira						
Cash and cash equivalents	13	364,255,637	364,255,637	364,255,637	-	-
Commercial papers	14	320,651,047	320,651,047	320,651,047	-	-
Treasury bills	14	303,646,054	303,646,054	303,646,054	-	-
Other money market investments	14	50,314,761	50,314,761	50,314,761	-	-
Long term placements	14	3,836,697	3,836,697	3,836,697	-	-
Accounts receivables (*excluding prepayment*)	15	26,928	26,928	26,928	-	-
Total financial assets		**1,042,731,124**	**1,042,731,124**	**1,042,731,124**	**-**	**-**
Net assets attributable to	17(b)(ii)	(1,037,497,925)	(1,037,497,925)	(1,037,497,925)	-	-
Total financial liabilities		**(1,045,198,513)**	**(1,045,198,513)**	**(1,045,198,513)**	**-**	**-**
Cumulative liquidity gap				**(2,467,389)**	**(2,467,389)**	**(2,467,389)**

Notes to the financial statements (cont'd)
For the year ended 31 December 2023

31 December 2022	Note	Carrying amount	Gross nominal value	Less than 3 months	3 - 9 months	> 9 months
In Naira						
Cash and cash equivalents	13	165,058,714	165,058,714	165,058,714	-	-
Commercial papers	14	272,621,179	272,621,179	272,621,179	-	-
Treasury bills	14	158,046,846	158,046,846	158,046,846	-	-
Promissory notes	14	-	-	-	-	-
Other money market investments	14	18,440,585	18,440,585	18,440,585	-	-
Long term placements	14	619,516	619,516	619,516	-	-
Accounts receivables (*excluding prepayment*)	15	26,928	26,928	26,928	-	-
Total financial assets		**614,813,767**	**614,813,767**	**614,813,767**	**-**	**-**
Accounts payable *(excluding VAT payable)*	16	(5,287,943)	(5,287,943)	(5,287,943)	-	-
Net assets attributable to	17(b)(ii)	(612,025,139)	(612,025,139)	(612,025,139)	-	-
Total financial liabilities		**(617,313,083)**	**(617,313,083)**	**(617,313,083)**	**-**	**-**
Cumulative liquidity gap				**(2,499,316)**	**(2,499,316)**	**(2,499,316)**

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.

Concentration of credit risk
As at the reporting date, the Fund's debt securities exposures were concentrated as follows:

In Naira	31-Dec-23	31-Dec-22
Government	303,646,054	158,046,846
Manufacturing	64,703,888	64,134,090
Financial services	195,774,573	171,408,848
Foods	114,324,044	56,138,342
Total exposure	**678,448,559**	**449,728,125**

The investments in government debt securities are in Naira-denominated Treasury bills (2022: Treasury bills and promissory notes) which are deemed to have low credit risk.
The Fund's investment in manufacturing services represents commercial papers from Eunisell Limited (2022: Eunisell Limited), which was rated Aa by Agusto
The Fund's investment in financial services represents money market investment from ARM Money market Fund, FBN Money Market Fund, commercial papers from FSDH Merchant bank and Placements with Access Bank.

5 Uses of estimates and judgments

(a) Key sources of estimation uncertainty

Determining fair value
The determination of the fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in note 3(a)(iv). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

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

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

Notes to the financial statements (cont'd)

For the year ended 31 December 2023

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

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

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

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

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

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

31 December 2023

In thousands of Naira	***Note***	**Level 1**	**Level 2**	**Level 3**	**Total**
Commercial papers	14	320,651,047	-	-	320,651,047
Promissory notes	14	-	-	-	-
Treasury bills	14	303,646,054	-	-	303,646,054
Other money market investments	14	50,314,761	-	-	50,314,761
Long term placements	14	3,836,697	-	-	3,836,697
		678,448,559	**-**	**-**	**678,448,559**

31 December 2022

	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities:					
Commercial papers	14	272,621,179	-	-	272,621,179
Promissory notes	14	-	-	-	-
Treasury bills	14	158,046,846			158,046,846
Other money market investments	14	18,440,585	-	-	18,440,585
Long term placements	14	619,516	-	-	619,516
		449,728,125	**-**	**-**	**449,728,125**

(b) Financial instruments not measured at fair value

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

6 Classification of financial assets and liabilities

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

31 December 2023	Note	**At fair value through profit or loss**	**Amortized cost**	**Other financial liabilities**	**Total carrying amount**
Cash and cash equivalents	13	-	364,255,637	-	364,255,637
Financial assets at fair value through profit or	14	678,448,559	-	-	678,448,559
Dividend receivable	15	-	26,928	-	26,928
		678,448,559	364,282,565	-	1,042,731,124
Accounts payable	16	-	-	(7,700,588)	(7,700,588)
		-	-	(7,700,588)	1,035,030,536

31 December 2022	Note	**At fair value through profit or loss**	**Amortized cost**	**Other financial liabilities**	**Total carrying amount**
Cash and cash equivalents	13	-	165,058,714	-	165,058,714
Financial assets at fair value through profit or	14	449,728,125	-	-	449,728,125
Dividend receivable	15	-	26,928	-	26,928
		449,728,125	165,085,642	-	614,813,767
Accounts payable	16	-	-	(5,287,943)	(5,287,943)
		-	-	(5,287,943)	609,525,824

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

7	**Interest Income calculated using effective interest rate method**	**31-Dec-23**	**31-Dec-22**
	Interest income on financial instruments at fair value through profit or loss:		
	Treasury bills	27,608,836	13,138,327
	FGN Bonds	-	-
	Commercial papers	60,936,123	30,154,039
	Other money market investments	3,740,853	1,624,294
		92,285,811	**44,916,660**
	Interest income on bank balances and placements		
	Bank balances	-	-
	Placement with banks	34,515,081	14,789,932
		34,515,081	**14,789,932**
	Total interest income	**126,800,892**	**59,706,592**

8	**Other operating income**	**31-Dec-23**	**31-Dec-22**
	Other income	-	507
		-	**507**

9	**Net (loss) /gain on financial assets at fair value through profit or loss**	**31-Dec-23**	**31-Dec-22**
		₦	**₦**
	Realised gain/(loss) on disposal of quoted equities investments	-	-
	Fair value gain/ (loss) on commercial paper	-	1,845,221
	Fair value gain/ (loss) on treasury bills	4,372,521	1,415,335
		4,372,521	**3,260,555**

10	**Other operating expenses**	**31-Dec-23**	**31-Dec-22**
		₦	**₦**
	Registrar's fees	475,414	387,489
	Auditor's fees	709,500	780,450
	Custodian's fees	1,542,409	976,291
	Trustee's fees	1,130,386	674,356
	SEC fees	2,103,045	1,254,617
	Management fees	11,303,865	5,914,344
	Penal charge on bank placements	167,644	-
	Bank charges	54,375	26,243
	Administrative expense	4,455,831	1,014,790
	Rating agency fees	2,687,500	2,687,500
		24,629,969	**13,716,080**

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-23	**31-Dec-22**
Withholding tax on divdend and interest income	5,297,604	-
Total tax expense	**5,297,604**	**-**

12 Earnings per unit (basic and diluted)

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

	31-Dec-23	**31-Dec-22**
Profit for the year	101,245,840	49,251,574
Number of units as at year end (see note 17(b))	1,011,658,134	592,147,456
Earnings per unit (kobo) (basic and diluted)	10	8

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

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

13 Cash and cash equivalents

Cash and cash equivalents comprise:

	31-Dec-23	31-Dec-22
	₦	₦
Bank balances	7,365,459	2,599,011
Short term placements	356,890,178	162,459,703
	364,255,637	**165,058,714**

14 Financial assets at fair value through profit or loss

	31-Dec-23	31-Dec-22
	₦	₦
(a) Financial assets at fair value through profit or loss comprise:		
Commercial papers	320,651,047	272,621,179
Treasury bills	303,646,054	158,046,846
Other money market investments	50,314,761	18,440,585
Long term placements	3,836,697	619,516
	678,448,559	**449,728,125**

	31-Dec-23	31-Dec-22
Current	678,448,559	449,728,125
Non Current	-	-
Balance, end of year	**678,448,559**	**449,728,125**

(b) **Analysis of investment portfolio**

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

		31 December 2023
Commercial Papers:	**Market value**	**% of total investment**
183 days Cardinal Stone Series 3 Commercial Paper	80,447,185	11.86%
270 Days VFD Group Series 2 Commercial Paper	61,175,930	9.02%
182 Days Series 5 United Capital Commercial Paper	64,703,888	9.54%
180 Days DLM Series 12 CP	47,948,169	7.07%
182 Days Robust Commodities Series 12 Commercial Paper	66,375,876	9.78%
	320,651,047	**47.26%**
Treasury bills	**Market value**	**% of total investment**
FGN Treasury Bill (November 21, 2024)	31,662,197	4.67%
FGN Treasury Bill (June 27, 2024)	96,290,984	14.19%
FGN Treasury Bill (November 21, 2024)	34,376,099	5.07%
FGN Promissory Note (March 25, 2024)	74,263,212	10.95%
FGN Treasury Bill (June 27, 2024)	30,813,115	4.54%
FGN Promissory Note (March 25, 2024)	36,240,447	5.34%
	303,646,054	**45%**
Other money market investments		
ARM Money Market Investment	153,265	0.02%
FBN Money Market investment	50,161,496	7.39%
	50,314,761	**7%**
Placement	**Market value**	**% of total investment**
Placement - Access	1,053,902	0.16%
Placement - Access	967,763	0.14%
Placement - Access	351,370	0.05%
Placement - Polaris	771,326	0.11%
Placement - Access	216,178	0.03%
Placement - Access	232,397	0.03%
Placement - Wema	198,904	0.03%
Placement - Access	21,452	0.00%
Placement - Polaris	23,404	0.00%
	3,836,697	**0.57%**
Total investments	**678,448,559**	**100.00%**

Notes to the financial statements (cont'd)

For the year ended

		31 December 2022
Commercial Papers:	**Market value**	**% of total investments**
270 Days Eunisell Limited Series 2 CP	64,134,090	14.26%
180 Days Trustbanc Series 9 CP	49,708,252	11.05%
184 days MTN Series 3 Cp Investment	7,738,000	1.72%
184 days MTN Series 3 Cp Investment	29,340,242	6.52%
180 days FSDH Series 10 Cp Investment	90,778,925	20.19%
269 Days Trustbanc Series 9 CP	30,921,670	6.88%
	272,621,179	**60.62%**
Treasury bills	**Market value**	**% of total investment**
FGN Treasury Bills (Feb 23, 2023)	26,842,346	5.97%
FGN Promissory Note (March 25, 2023)	131,204,500	29.17%
	158,046,846	**35%**
Other money market investments	**Market value**	**% of total investment**
ARM Money Market Investment	174,197.87	0.04%
FBN Money Market investment	18,266,386.85	4.06%
	18,440,585	**4%**
Placement	**Market value**	**% of total investment**
Coronation Bank	619,516	0.14%
Total investments	**449,728,126**	**100%**

15 Accounts receivable

	31-Dec-23	31-Dec-22
Dividend receivable	26,928	26,928
Prepaid rating fees	2,499,315	2,499,315
Other receivables	(31,929)	-
Total	**2,494,314**	**2,526,243**

Current	2,494,314	2,526,243
Non Current	-	-
	2,494,314	**2,526,243**

16 Accounts payable

	31-Dec-23	31-Dec-22
Management fees payable	2,574,472	1,630,655
Audit fee payable	709,500	744,975
Trustee fee payable	257,448	163,066
Payables to registrar	2,029,655	1,890,179
Custodian fee payable	150,493	86,101
SEC fee payable	1,074,346	303,379
Publishing fees payable	904,674	469,589
	7,700,588	**5,287,943**

Current	7,700,588	5,287,943
Non Current	-	-
	7,700,588	**5,287,943**

Notes to the financial statements (cont'd)

For the year ended

17 Unitholders' Equity

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

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

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

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

(i) Movement in units

	31-Dec-23	**31-Dec-22**
Balance at 1 January	592,147,456	720,648,543
Subscription to unit holders' equity	419,510,678	95,677,549
Redemption of unit holders' equity (after conversion)	-	(224,178,636)
Balance at 31 December (units)	**1,011,658,134**	**592,147,456**

(ii) Net assets value attributable to unitholders

31 December 2023	**Unitholders' equity at par**	**Retained earnings**	**Total**
	₦	**₦**	**₦**
Balance at 1 January 2023	592,147,456	19,877,683	612,025,139
Subscription to unit holder's equity	419,510,678	-	419,510,678
Redemption of unit holder's equity	-	-	-
Distribution paid to unit holders	-	(95,283,733)	(95,283,733)
Profit for the year	-	101,245,840	101,245,840
Balance at 31 December 2023	**1,011,658,134**	**25,839,790**	**1,037,497,925**

31 December 2022	**Unitholders' equity at par**	**Retained earnings**	**Total**
	₦	**₦**	**₦**
Balance at 1 January 2022	720,648,543	13,671,890	734,320,433
Subscription to unit holder's equity	95,677,549	-	95,677,549
Redemption of unit holder's equity	(224,178,636)	-	(224,178,636)
Distribution paid to unit holders	-	(43,045,781)	(43,045,781)
Profit for the year	-	49,251,574	49,251,574
Balance at 31 December 2022	**592,147,456**	**19,877,683**	**612,025,139**

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

	31-Dec-23	**31-Dec-22**
	₦	**₦**
Net assets at end of the year (see note 17(b)(ii))	1,037,497,922	612,025,139
Number of units as at year end (see note 17(b)(i))	1,011,658,134	592,147,456
Net assets per unit	1.03	1.03

(d) Distribution paid to unitholders
The distribution paid in 2023 was N95,283,733 (31 December 2022: N43,045,781).

Notes to the financial statements (cont'd)

For the year ended

18 Related parties

(a) Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes associates, joint ventures, as well as key management personnel.

The following summarize the total unit holding of related parties:

Name	Units held as at 31-Dec-23	Units held as at 31-Dec-22
Vetiva Fund Managers Limited	102,812,673	102,812,673
STL Trustees Limited	20,000,000	20,000,000

Key management personnel

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

(i) Fund manager

The Fund appointed Vetiva Fund Managers Limited, an investment management company incorporated in Nigeria, to implement the investment strategy as specified in the prospectus. The Fund Manager was appointed by way of the Fund's trust deed dated 20 March 2014. Under the terms of the Trust Deed, the Fund manager receives a management fee at an annual rate of 1% (2022: 1%) of the net assets value attributable to the unitholders of the Fund, accrued daily and payable quarterly. The Fund Manager is also entitled to an incentive fee equivalent to 20% of total returns in excess of the benchmark yield (being average yield of 91-day FGN treasury bills) where total annual return is above 100 basis point (i.e. 1%) of the benckmark.

(ii) Trustees

The Fund appointed STL Trustees Limited, a trust services company incorporated in Nigeria, to provide trust services to the fund on behalf of its subscribers. Under the terms of the Trust Deed, the trustee is entitled to an annual fee of 0.1% (2022: 0.1%) of the net asset value of the fund, accrued on a daily basis, and payable annually.

(iii) Custodians

The Fund appointed Citibank to provide custodial services to the fund. Under the terms of the Trust Deed, the custodian is entitled to an annual fee of 0.15% (2022: 0.15%) of the net asset value of the fund, accrued on a daily basis, and payable annually.

(b) ***Transactions with related parties***

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

(i) *Fees to related parties*

	Note	31-Dec-23	31-Dec-22
		₦	₦
Vetiva Fund Managers Limited - Management fee	10	11,303,865	5,914,344
STL Trustees Limited- Trustee fee	10	1,130,386	674,356
Citibank custodians- Custodian fee	10	1,542,409	976,291
		13,976,660	**7,564,991**

(ii) *Payables to related parties*

	Note	31-Dec-23	31-Dec-22
		₦	₦
Vetiva Fund Managers Limited - Management fee	16	2,574,472	1,630,655
STL Trustees Limited- Trustee fee	16	257,448	163,066
Citibank custodians - Custodian fee	16	150,493	86,101
		2,982,413	**1,879,822**

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

19 Contingencies

There were no contingent assets and liabilities as at 31 December 2023 (2022: Nil).

Notes to the financial statements (cont'd)

For the year ended

20 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 2023.

21 Capital commitments after reporting date

The Fund had no capital commitments as at 31 December 2023 (2022: Nil).

22 Reconciliation notes to the statement of cash flows

(a) Financial assets at fair value through profit or loss	31-Dec-23	31-Dec-22
	₦	₦
Balance at the start of the year	449,728,125	553,170,638
Interest income earned	92,285,811	44,916,660
Interest income received	(92,285,811)	(44,916,660)
Net fair value (loss)/gain (see note 9)	4,372,521	3,260,555
Balance at the end of the year	(678,448,559)	(449,728,125)
Cash outflow/(inflow)	**224,347,913**	**(106,703,068)**

(b) Accounts receivable	31-Dec-23	31-Dec-22
	₦	₦
Balance at the start of the year	2,526,243	2,526,243
Dividend income	-	507
Dividend received	-	(507)
Balance at the end of the year	(2,494,314)	(2,526,243)
Change in accounts receivable	**31,929**	**-**

(c) Accounts payable	31-Dec-23	31-Dec-22
	₦	₦
Balance at the start of the year	5,287,943	4,734,966
Balance at the end of the year	(7,700,588)	(5,287,943)
Change in accounts payable	**2,412,645**	**552,977**

(d) Proceeds from subscription	31-Dec-23	31-Dec-22
	₦	₦
Gross subscription value during the year (at par)	419,510,678	95,677,549
Conversion of units from DV Balanced fund to money market	-	-
Cash inflow on subscription	**419,510,678**	**95,677,549**

(e) Redemption of unit holders' equity	31-Dec-23	31-Dec-22
	₦	₦
Redemption at par value	-	224,178,636
Fair value gain/ (loss) on redemption	-	-
Cash outflow on redemption	**-**	**224,178,636**

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

	31-Dec-23	31-Dec-22
	₦	₦
Balance at the start of the year	165,058,714	183,358,519
Interest income earned	(34,515,081)	(14,789,932)
Interest income received	34,515,079	14,789,932
Balance at the end of the year	(364,255,637)	(165,058,714)
Net Increase in cash and cash equivalent	**(199,196,925)**	**18,299,804**
Cash and cash equivalent (see note 13)	364,255,637	165,058,714
Interest receivable	-	-
Net cash movement	**364,255,637**	**165,058,714**

(g) Total interest income received

		31-Dec-23	31-Dec-22
		₦	₦
Interest income received on assets at FVTPL	22	92,285,811	44,916,660
Interest income received on cash and cash equivalents	22	34,515,079	14,789,930
Net Increase in cash and cash equivalent		**126,800,890**	**59,706,590**

OTHER NATIONAL DISCLOSURES

Other National Disclosures

Value added statement

	31-Dec-23	%	31-Dec-22	%
	₦		₦	
Total revenue	131,173,413		62,967,654	
Bought in goods and services- Local	(24,629,969)		(13,716,080)	
Value added	**106,543,444**	**100%**	**49,251,574**	**100%**
Applied to pay:				
Government as taxes	5,297,604	4.97%	-	0.00%
Retained in the Fund	101,245,840	95.03%	49,251,574	100.00%
Value added	**106,543,444**	**100%**	**49,251,574**	**100%**

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

	31-Dec-23	31-Dec-22	31-Dec-21	31-Dec-20	31-Dec-19
	₦	₦	₦	₦	₦
Assets					
Cash and cash equivalents	364,255,637	165,058,714	183,358,519	309,209,279	3,201,061
Financial assets at fair value through profit or lo	678,448,559	449,728,125	553,170,638	872,494,539	1,216,455,591
Accounts receivable	2,494,314	2,526,243	2,526,243	2,526,243	2,486,517
Total assets	**1,045,198,510**	**617,313,082**	**739,055,400**	**1,184,230,061**	**1,222,143,169**
Liabilities					
Accounts payable	7,700,588	5,287,943	4,734,966	5,157,239	4,176,097
Total liabilities	**7,700,588**	**5,287,943**	**4,734,966**	**5,157,239**	**4,176,097**
Net assets attributable to unitholders	**1,037,497,922**	**612,025,139**	**734,320,433**	**1,179,072,822**	**1,217,967,072**
Represented by:					
Equity attributable to unitholders at par	1,011,658,134	592,147,456	720,648,543	1,172,684,236	1,190,098,983
Retained earnings	25,839,788	19,877,683	13,671,890	6,388,586	27,868,089
Total	**1,037,497,922**	**612,025,139**	**734,320,433**	**1,179,072,822**	**1,217,967,072**

Statement of profit or loss and other comprehensive income

	31-Dec-23	31-Dec-22	31-Dec-21	31-Dec-20	31-Dec-19
	₦	₦	₦	₦	₦
Interest income	126,800,892	59,706,592	44,213,861	71,827,100	31,634,187
Dividend income	-	507	1,882	-	2,068,627
Early redemption fees	-	-	-	-	-
Net (loss)/(gain from financial assets at fair value through profit or loss	4,372,521	3,260,555	1,388,445	(8,739,856)	755,712
Total revenue	**131,173,413**	**62,967,654**	**45,604,188**	**63,087,244**	**34,458,526**
Other operating expenses	(24,629,969)	(13,716,080)	(10,927,342)	(20,269,087)	(6,389,745)
Total expenses	**(24,629,969)**	**(13,716,080)**	**(10,927,342)**	**(20,269,087)**	**(6,389,745)**
Profit before tax	**106,543,444**	**49,251,574**	**34,676,846**	**42,818,157**	**28,068,781**
Income tax expense	(5,297,604)	-	(152,445)	(187,670)	(188,189)
Profit for the year	**101,245,839**	**49,251,574**	**34,524,401**	**42,630,487**	**27,880,592**

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