Vetiva S&P Nigerian Sovereign Bond ETF

Annual Report

31 December, 2023

Contents

Fund information

Directors of the fund manager
Chuka Eseka (Chairman)
Oyelade Eigbe (Managing Director)
Damilola Ajayi (Non- Executive Director)
Abiodun Adeniran (Non-Executive Director)
Olutade Olaegbe (Non-Executive Director)

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Fund manager's report
For the year ended 31 December, 2023

The Fund Manager presents its report on the affairs of Vetiva S&P Nigerian Sovereign Bond Exchange Traded Fund ("the Fund") together with the financial statements and the independent auditor's report for the period ended *31 December, 2023*.

BACKGROUND INFORMATION

The Vetiva S&P Nigerian Sovereign Bond ETF is an open-ended Fund issued by Vetiva Fund Managers Limited ("VFML" or "Fund Manager") and listed on the Nigerian Stock Exchange on 24 October 2016. The ETF seeks to track the FMDQ/S&P Nigerian Sovereign Bond Index ("the Index") and to replicate, to the extent possible, the price and yield performance of the FGN Bond securities constituting the Index, net of expenses.

INVESTMENT OBJECTIVE

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

INVESTMENT STRATEGY

The Vetiva S&P Nigerian Sovereign Bond ETF seeks to replicate, to the extent possible, the price and yield performance of the FGN Bond securities constituting the FMDQ/S&P Nigerian Sovereign Bond Index, net of expenses. Hence, the Vetiva S&P Nigerian Sovereign Bond ETF employs an indexing investment approach and is structured as an optimized ETF investing in only a representative sample comprising the most liquid and actively traded securities in the Index. The Fund Manager pursues the objective of replicating, as far as practicable, the price and yield performance of the FMDQ/S&P Nigerian Sovereign Bond Index, by holding a market-value-weighted portfolio of securities on behalf of unit holders that substantially represents the component securities of the benchmark Index. The Fund Manager has introduced a filter such that the ETF will majorly consist of on-the-run FGN Bonds and FGN Bonds that have been off-the-run for a maximum of 2 years to mitigate the risk of holding illiquid securities. There is no guarantee or assurance of exact or identical replication at any time of the performance of the FMDQ/S&P Nigerian Sovereign Bond Index.

Operating results
The Net Asset Value of the Fund

	31 December, 2023	31 December, 2022
	NGN	NGN
Net Assets Value	480,695,312	504,871,898

The operating result for the year ended is as follows:

	31 December, 2023	31 December, 2022
	NGN	NGN
Profit for the year	48,746,905	51,502,631

PROPOSED DISTRIBUTION
The Board of Directors of the Fund Manager has recommended a final distribution of 6.85 Naira per unit holding for the year ended 31 December, 2023 having paid an interim distribution of 7.00 Naira per unitholding (2023 Total distribution: 13.85 Naira per unit). Withholding tax will be deducted at the time of payment.

Fund manager's report

For the year ended 31 December, 2023

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.

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.

Fund manager's report

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.

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 N459/litre. Our baseline scenario suggests a PMS price average of N700/litre in 2024 (Oct'23: N626/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.

Fund manager's report

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 - $6 billion monthly to support its desired exchange rate target of N500 - N600/$. However, current levels are largely off the desired monthly inflows.

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 N1500/$ 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.

In the parallel market, we estimate further depreciation to N1,900/$. This forecast is hinged on money supply expansion, and limited accretion to reserves despite the incorporation of Bureau de Change operators into the official exchange rate market. Upside risks to our outlook include a significant rise in external reserves, a material increase in foreign exchange inflows, and a reduction in Money Supply.

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 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 N7.5 billion (2014) before it was lowered further to N2 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.

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 & MONEY MARKETS

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. Notably, the FGN 2-Year, FGN 5-Year, and FGN 10-Year rose by 350bps, 136bps, and 164bps to 15.1%, 15.2%, and 15.4%, respectively in the year. We note that the DMO raised rates at the monthly bond auctions with rates on the FGN 5-year and FGN 10-year bonds climbing 110bps and 300bps between the initial January auction to the last auction in the year. 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.

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

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 statement for the year ended 31 December, 2023

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

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

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

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

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

i) transferred units to another person for sale, resale or subsequent transfer to the fund manager for sale or resale; or

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

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

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

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

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TRUSTEE'S REPORT

The Trustee presents their report on the affairs of the Vetiva S&P Nigerian Sovereign Bond Exchange Traded Fund ("the Fund"), together with the audited financial statements for the year ended 31 December 2023.

Principal Activity:

The Fund was registered under the Collective Investment Scheme by the Securities and Exchange Commission in accordance with the provisions of Section 160 of the Investment and Securities Act (2007). The Fund was designed to replicate the price and yield performance of the S&P Nigerian Sovereign Bond Index as far as is practicable, by holding a market-value-weighted portfolio of securities that substantially represents all of the component securities of the S&P Nigerian Sovereign Bond Index as specified in Clause 14.1 of the Trust Deed dated 15 July 2016.

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

Results:

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

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

In thousands of Naira	31 December 23	31 December 22
Net Assets Value	480,695,312	504,871,897

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

In thousands of Naira	31 December 23	31 December 22
Profit/ (Loss) for the year	48,746,905	51,502,630

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

None of the Directors of Vetiva Fund Managers Limited held any direct or in direct beneficial interest in the units of the Fund as at 31 December 2023.

None of the directors of UTL Trust Management Services Limited has any direct or in direct beneficial interest in the units of the Fund.

Olufunke Aiyepola (Mrs.)
FRC/2013/NBA/00000003285
UTL Trust Management Services Limited
March 2024

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...Since 1966

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Statement of Trustees' responsibilities

The Trustees' responsibilities to the Fund are as follows:

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

BY ORDER OF THE TRUSTEE
UTL Trust Management Services Limited

Olufunke Aiyepola (Mrs.)
FRC/2013/NBA/00000003285
UTL Trust Management Services Limited
March 2024

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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Vetiva S&P Nigeria Sovereign Bond Exchange Traded Fund.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vetiva S&P Nigeria Sovereign Bond Exchange Traded 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

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.

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.

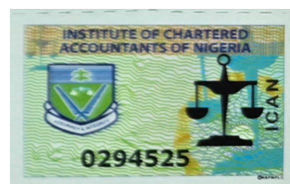
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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	31-Dec-23 NGN	31-Dec-22 NGN
Assets			
Cash and cash equivalents	11	26,273,548	29,221,647
Account receivables	12	3,879,900	1,614,998
Investment securities	13	455,501,984	478,174,783
Total assets		**485,655,432**	**509,011,428**
Liabilities			
Accounts payable	14	4,960,120	4,139,530
Total liabilities		**4,960,120**	**4,139,530**
Net assets attributable to unitholders		**480,695,312**	**504,871,898**
Represented by:			
Unitholders' equity	15(b)(ii)	448,512,527	448,512,527
Retained earnings	15(b)(ii)	46,067,639	48,717,972
Fair value reserve	15(b)(ii)	(13,884,854)	7,641,399
Total		**480,695,312**	**504,871,898**

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
Chairman
FRC/2013/ICAN/00000003262

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

Additionally certified by:

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

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

	Note	2023 NGN	2022 NGN
Interest income at effective interest rate	7	64,666,427	65,099,334
Total income		**64,666,427**	**65,099,334**
Other operating expenses	8	(15,721,185)	(13,524,060)
Total expenses		**(15,721,185)**	**(13,524,060)**
Profit before tax		**48,945,242**	**51,575,274**
Income tax expense	9	(198,337)	(72,643)
Profit for the year		**48,746,905**	**51,502,631**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Net change in fair value of FVOCI financial assets	13(b)	(21,526,253)	(29,156,889)
Total comprehensive income for the year		**27,220,652**	**22,345,742**
Earnings per unit (kobo) (basic and diluted)	10	**1,385**	**1,463**

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

Statement of changes in net assets attributable to unitholders
As at 31 December, 2023

In Naira	Note	Unitholders' equity at par	Retained earnings	Fair value reserves	Total equity
Balance as at 1 January		448,512,527	48,717,971	7,641,399	504,871,897
Total comprehensive income for the year:					
Profit for the year		-	48,746,905	-	48,746,905
Fair value changes on OCI financial assets					
- net change	15(b)(ii)	-	-	(21,526,253)	(21,526,253)
Total comprehensive income for the year		**-**	**48,746,905**	**(21,526,253)**	**27,220,652**
Transactions with owners, recorded directly in equity:					
Distributions to unitholders	15(b)(ii)	-	(51,397,238)	-	(51,397,238)
Total contribution and distributions to unit holders		**-**	**(51,397,238)**	**-**	**(51,397,238)**
Balance at 31 December, 2023		**448,512,527**	**46,067,638**	**(13,884,854)**	**480,695,311**

In Naira	Note	Unitholders' equity at par	Retained earnings	Fair value reserve	Total equity
Balance as at 1 January 2022		448,512,527	74,663,239	36,798,288	559,974,054
Total comprehensive income for the year:					
Profit for the year		-	51,502,631	-	51,502,631
Fair value changes on OCI financial assets					
- net change	15(b)(ii)	-	-	(29,156,889)	(29,156,889)
Total comprehensive income for the year		**-**	**51,502,631**	**(29,156,889)**	**22,345,742**
Transactions with owners, recorded directly in equity:					
Distributions to unitholders	15(b)(ii)	-	(77,447,898)	-	(77,447,898)
Total contribution and distributions to unit holders		**-**	**(77,447,898)**	**-**	**(77,447,898)**
Balance at 2022		**448,512,527**	**48,717,971**	**7,641,399**	**504,871,897**

Statement of cash flows

For the year ended

	Note	2023 NGN	2022 NGN
Cash flows from operating activities			
Profit for the year		48,746,905	51,502,631
Income tax expense	9	198,337	72,643
Profit before tax		**48,945,242**	**51,575,274**
Adjustment for:			
- Interest income at effective interest rate	7	(64,666,427)	(65,099,334)
		(15,721,185)	**(13,524,060)**
Changes in:			
Investing activities	13(c)	1,146,545	33,076,069
Account receivables	12	(2,264,902)	852,772
Accounts payable	14	820,590	(3,467,557)
		(16,018,952)	**16,937,224**
Interest received	13(c)	64,666,426	65,099,333
Tax paid	9	(198,337)	(72,643)
Net cash generated from operating activities		**48,449,137**	**81,963,914**
Cashflows from financing activities			
Distribution paid to unitholders	15(b)(ii)	(51,397,238)	(77,447,898)
Net cashflow used in financing activities		**(51,397,238)**	**(77,447,898)**
Net increase in cash and cash equivalents		(2,948,100)	4,516,016
Cash and cash equivalents as at 1 January		29,221,648	24,705,632
Cash and cash equivalents at the end of the year	11	**26,273,548**	**29,221,648**

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

1. Reporting entity

The Vetiva S&P Nigerian Sovereign Bond Exchange Traded Fund ("the Fund") is an open ended exchange traded fund domiciled in Nigeria. It was approved by the Securities and Exchange Commission ("SEC") on 22 March 2016 and was officially launched on 6 September 2016. The Fund is not a legal entity but is constituted and exists under the Trust Deed with Union Trustees Limited as its Trustees. The address of the Fund's registered office is 266b Kofo Abayomi Street, Victoria Island Lagos.

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

2. Basis of preparation

(a) Statement of compliance

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

The financial statements were authorized for issue by the Board of Directors of the Fund Manager on 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 for the year ended 31 December 2023, except financial instruments measured at fair value through profit or loss, other financial instruments that are initially measured at fair value and subsequently at amortised cost. The Fund applies the accrual method of accounting where all income is recognized when earned and all expenses recognized once incurred.

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

(c) Functional and presentation currency

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

(d) Reporting period

The financial statements have been prepared for the year ended 31 December, 2023.

(e) Use of estimates of judgements

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 (continued)
For the year ended 31 December, 2023

3. Statement of significant accounting policies
3.1 Applicable standards and accounting policies

(a) Financial assets and liabilities
(i) Recognition and initial recognition
The fund initially recognises regular-way transactions in financial assets and financial liabilities at fair value through profit or loss (FVTPL) on the trade date, which is the date on which the Fund beoomes 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 outfuws or realising cash tlows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's Management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sates of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

The Fund has determined that it has two business models.
- Held-to-collect business model: this includes cash and cash equivalents. These financial assets are held to collect contractual cash flow.
- Other business model: this includes the fund's investments in quoted equity investments.

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

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

Notes to the financial statements (continued)
For the year ended 31 December, 2023

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. ln making this assessment. the Fund considers:
- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

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

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

Financial assets at fair value through Other comprehensive income (FVOCI)
A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. Interest income is recognised in profit or loss 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 proftt or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Notes to the financial statements (continued)
For the year ended 31 December, 2023

(iii) Financial liabilities at FVTPL:

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

(iv) Financial liabilities at amortised cost

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

(v) Fair value measurement

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

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

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

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

Amortised cost measurement

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

(vi) Impairment of financial assets

The Fund recognises loss allowance for ECLs on finandal 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.

Notes to the financial statements (continued)

For the year ended 31 December, 2023

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.

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.

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

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

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

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

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

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

Notes to the financial statements (continued)
For the year ended 31 December, 2023

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

(viii) Offsetting

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

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

(ix) Specific instruments

Cash and cash equivalents

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

Accounts receivable

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

Accounts payable

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

(b) Interest income and interest expense

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

(c) Dividend income

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

(d) Fair value gains/losses on financial instruments

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

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

(e) Expenses

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

Notes to the financial statements (continued)

For the year ended 31 December, 2023

(f) Transaction costs

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

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

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

(g) Taxation

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

(h) Capital

(i) Equity attributable to unitholders

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

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

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

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

Notes to the financial statements (continued)

For the year ended 31 December, 2023

(i) 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.

(j) Net asset per unit

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

(k) Contingent liabilities

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

(l) Provisions

A provision is recognised if, as a result of a past event, the fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the fund has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the fund from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the fund recognizes any impairment loss on the assets associated with that contract.

3.2 Standards issued but not yet effective

A number of new Standards, Amendments to Standards, and Interpretations are effective for annual periods beginning after 1 January 2024 and have not been applied in preparing these financial statements. Those Standards, Amendments to Standards and Interpretations which may be relevant to the fund are set out below.

Notes to the financial statements (continued)

For the year ended 31 December, 2023

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 January 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. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.	1 January 2024

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 payments from finance providers. Companies may need to obtain this information from their finance providers directly.	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 (continued)
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

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 allocation 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 and equity prices will adversely affect the Fund’s income or the fair value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Fund’s market risk is affected by changes in actual market prices.

(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 is the risk that the fair value or future cashflows of its financial instruments will fluctuate as a result of changes in market interest rates. In respect of the Fund's interest-bearing financial instrumants, the fund manager's policy is to transact in financial instruments that mature or re-price in the short term - i.e no longer than 12 months. Accordingly, the Fund is subject to limited exposure to fair value or cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates.

Exposure to interest rate risk

A summary of the Fund’s interest rate gap position, analysed by the earlier of maturity date, is as follows.

In Naira	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**Over 1 year**	**Total**
31 December, 2023					
Assets					
Cash and cash equivalents (Note 11)	26,273,548	-	-	-	26,273,548
Account receivables (Note 12)	3,879,900	-	-	-	3,879,900
Financial assets at FVTOCI:					
FGN bonds (Note 13)	-	-	-	455,501,984	455,501,984
	30,153,448	**-**	**-**	**455,501,984**	**481,775,532**

Notes to the financial statements (continued)

For the year ended 31 December, 2023

In Naira	Less than 1 month	1 to 3 months	3 months to 1 year	Over 1 year	Total
31 December, 2022					
Assets					
Cash and cash equivalents (Note 11)	29,221,647	-	-		29,221,647
Account receivables (Note 12)	1,614,998	-	-		1,614,998
Financial assets at FVTOCI:					
FGN bonds (Note 13)	-	-	-	478,174,782	478,174,782
	30,836,645	**-**	**-**	**478,174,782**	**507,396,429**

(iii) Market price risk

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

A breakdown of the Fund's investment portfolio as at 31 December, 2023 is shown in note 13(d).

The Fund does not have equity investments as at end of the year and is therefore not exposed to market price risk.

(b) Credit risk

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

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

The Fund limits this exposure to credit loss by placing funds with banks and investing in securities issued by entities with high credit quality. As at 31 December, 2023, the Fund had placements N10.5 million (31 December, 2022: N15,415,603).

The Fund’s current account is domiciled in UBA Plc, who doubles as the fund custodian. Recent credit ratings carried out on the custodian by Global Credit Rating, Augusto & Co and Fitch revealed an "B/B-" rating.

The credit risk exposure on FGN bonds and treasury bills is also deemed minimal. This is because there is no recorded case of default on repayment of obligations due on the securities.

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

Notes to the financial statements(continued)
For the year ended 31 December, 2023

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	13	455,501,984	478,174,783
Banks/financial services	11	26,273,548	29,221,647
Total exposure		**481,775,532**	**507,396,430**

The investments in government debt securities are in Naira-denominated bonds and treasury bills which are deemed to have low credit risk.
The Fund's investment in banks/fiinancial services represents placements with UBA which was rated Aa/Aa- by Augusto & Co.

(c) Liquidity risk

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

As at 31 December, 2023, 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.

An overview of the Fund's investment portfolio as at 31 December, 2023 is shown in note 13(d)

31 December, 2023

	Notes	**Carrying amount**	**Gross national value**	**Less than 3 months**	**4-12 months**	**Above 1 year**
Assets						
Cash and cash equivalents	11	26,273,548	26,273,548	26,273,548	-	-
Account receivables	12	3,879,900	3,879,900	3,879,900	-	-
Investment in bonds	13	455,501,984	455,501,984	-	-	455,501,984
Total financial assets		**485,655,432**	**485,655,432**	**30,153,448**	**-**	**455,501,984**
Accounts payable	14	(4,960,120)	(4,960,120)	(4,960,120)	-	-
Total financial liabilities		**(4,960,120)**	**(4,960,120)**	**(4,960,120)**	**-**	**-**
Gap (assets-liabilities)		**480,695,312**	**480,695,312**	**25,193,328**	**-**	**455,501,984**

Notes to the financial statements (continued)

For the year ended 31 December, 2023

31 December,2022

	Notes	Carrying amount	Gross national value	Less than 3 months	4-12 months	Above 1 year
Assets						
Cash and cash equivalents	11	29,221,647	29,221,647	29,221,647	-	-
Account receivables	12	1,614,998	1,614,998	1,614,998	-	-
Investment in bonds	13	478,174,783	478,174,782	-	-	478,174,782
Total financial ssets		**509,011,428**	**509,011,427**	**30,836,645**	**-**	**478,174,782**
Accounts payable	14	(4,139,530)	(4,139,530)	(4,139,530)	-	-
Total financial liabilities		(4,139,530)	(4,139,530)	(4,139,530)	-	-
Gap (assets-liabilities)		**504,871,898**	**504,871,897**	**26,697,115**	**-**	**478,174,782**

5. Uses of estimates and judgements

(a) Critical accounting judgements in applying the funds's accounting poilicies

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.

- 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 3.1(h).

(b) Estimates

Valuation of financial instruments

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

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

(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.

Notes to the financial statements (continued)

For the year ended 31 December, 2023

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 product and the 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	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
In Naira					
FGN Bonds	13	455,501,984	-	-	455,501,984
		455,501,984	**-**	**-**	**455,501,984**

31 December, 2022	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
In Naira					
FGN Bonds	13	478,174,783	-	-	478,174,783
Treasury bill	13	-	-	-	-
Commercial papers	13	-	-	-	-
		478,174,783	**-**	**-**	**478,174,783**

(c) 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**	**FVOCI**	**Amortized cost**	**Other financial liabilities**	**Total carrying amount**
Cash and cash equivalents	11	-	26,273,548	-	26,273,548
Investing activities	13	455,501,984	-	-	455,501,984
		455,501,984	**26,273,548**	**-**	**481,775,532**
Accounts payable	14	-	-	(4,960,120)	(4,960,120)
		-	**-**	**(4,960,120)**	**476,815,412**

Notes to the financial statements (continued)
For the year ended 31 December, 2023

31 December, 2022

	Note	FVOCI	Amortized cost	Other financial liabilities	Total carrying amount
Cash and cash equivalents	11	-	29,221,647	-	29,221,647
Investing activities	13	478,174,783	-	-	478,174,783
		478,174,783	**29,221,647**	**-**	**507,396,430**
Accounts payable	14	-	-	(4,139,530)	(4,139,530)
		-	**-**	**(4,139,530)**	**503,256,900**

7. Interest income at effective interest rate

	31-Dec-23	31-Dec-22
Treasury bills	-	550,356
FGN bonds	62,374,591	62,921,496
Placements	2,291,836	726,435
Commercial papers	-	901,047
	64,666,427	**65,099,334**

The amounts reported above were calculated using the effective interest method.

8. Other operating expenses

	31-Dec-23	31-Dec-22
Auditors fees	1,320,000	1,320,000
Custodian fees	197,961	216,610
Bank charges	-	-
Trustees fees	344,883	375,122
Registrars/Transfer agent fees	335,938	335,938
Listing fees	914,288	914,288
FMDQ listing fees	614,401	631,468
SEC fees	987,143	1,073,693
Index licensing fees	8,287,400	5,644,780
Other miscellaneous fees	596,813	703,720
Management fees	2,122,358	2,308,441
	15,721,185	**13,524,060**

9. 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
In thousands of naira		
Withholding tax on interest income	198,337	72,643
	198,337	**72,643**

Notes to the financial statements (continued)
For the year ended 31 December, 2023

10. 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	**48,746,905**	**51,502,631**
Number of units as at year end (See note 15(bi))	**3,520,359**	**3,520,359**
Earnings per unit (kobo)	**1,385**	**1,463**

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.

11. Cash and cash equivalents

	31-Dec-23	31-Dec-22
Cash balances with banks	15,755,947	13,806,044
Short term placements	10,517,601	15,415,603
	26,273,548	**29,221,647**

12. Account receivables

	31-Dec-23	31-Dec-22
Prepaid index licensing fee	3,221,141	1,570,640
FMDQ Listing fee	658,759	44,358
	3,879,900	**1,614,998**

Movement in other asset

	31-Dec-23	31-Dec-22
Opening balance	1,614,998	2,467,770
Changes in account receivables	(2,264,902)	852,772
Closing balance	**3,879,900**	**1,614,998**

	31-Dec-23	31-Dec-22
Current	3,879,900	1,614,998
Non current	-	-
Balance, end of year	**3,879,900**	**1,614,998**

13. Investment securities

		31-Dec-23	31-Dec-22
(a)	Analysis of investment securities		
	At fair value through other comprehensive income:		
	FGN bonds (See note (d) below)	455,501,984	478,174,783
	Treasury bills (See note (d) below)	-	-
	Commercial papers	-	-
		455,501,984	**478,174,783**

	31-Dec-23	31-Dec-22
Current	-	-
Non current	455,501,984	478,174,782
Balance, end of year	**455,501,984**	**478,174,783**

(b) The movement in fair value changes was as folows:

	31-Dec-23	31-Dec-22
Balance, beginning of the year	7,641,399	36,798,288
Change in the year:		
- net change	(21,526,253)	(29,156,889)
- transfer to profit or loss on disposal	-	-
Balance, end of year	**(13,884,854)**	**7,641,399**

(c) **Cashflow movement**	**31-Dec-23**	**31-Dec-22**
Opening balance	478,174,782	540,407,740
Interest income at effective interest rate	64,666,427	65,099,334
Interest received	(64,666,427)	(65,099,334)
Net fair value changes in OCI	(21,526,253)	(29,156,889)
Net changes in financial assets	(1,146,545)	(33,076,069)
Closing balances	**455,501,984**	**478,174,782**

(d) Analyis of investment portfolio

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

			31 December, 2023	
		Fair value of securities	% of total FGN Bonds	% of total investments
FGN Bond -	14.20%MAR24 BOND PUR STBC	74,301,043	16.31	16.31
FGN Bond -	12.5%JAN26 BOND PUR STBC	40,770,838	8.95	8.95
FGN Bond -	12.1493%JUL34 BOND PUR STBC	51,473,070	11.30	11.30
FGN Bond -	12.4%MAR36 BOND PUR STBC	29,896,925	6.56	6.56
FGN Bond -	FGN 16.2499% FGN Apr 2037	59,236,870	13.00	13.00
FGN Bond -	FGN 16.2499% FGN Apr 2037	32,311,020	7.09	7.09
FGN Bond -	16.2884% FGN Mar 2027	19,826,778	4.35	4.35
FGN Bond -	13.98% FGN Feb 2028	37,561,520	8.25	8.25
FGN Bond -	14.55% FGN April 2029	54,823,108	12.04	12.04
FGN Bond -	FGN 12.50% Mar 2035	22,499,580	4.94	4.94
FGN Bond -	FGN 12.98% Mar 2050	19,344,317	4.25	4.25
FGN Bond -	FGN 12.98% Mar 2050	13,456,916	2.95	2.95
		455,501,985	**100**	**100**

Notes to the financial statements (continued)
For the year ended 31 December, 2023

			31 December, 2022	
		Fair value of securities	% of total FGN Bonds	% of total investments
FGN Bond -	14.20%MAR24 BOND PUR STBC	74,766,818	15.64	16.41
FGN Bond -	12.5%JAN26 BOND PUR STBC	42,316,083	8.85	9.29
FGN Bond -	12.1493%JUL34 BOND PUR STBC	56,019,932	11.72	12.30
FGN Bond -	12.4%MAR36 BOND PUR STBC	32,594,680	6.82	7.16
FGN Bond -	FGN 16.2499% FGN Apr 2037	62,091,975	12.99	13.63
FGN Bond -	FGN 16.2499% FGN Apr 2037	33,868,350	7.08	7.44
FGN Bond -	16.2884% FGN Mar 2027	19,704,204	4.12	4.33
FGN Bond -	13.98% FGN Feb 2028	38,855,587	8.13	8.53
FGN Bond -	14.55% FGN April 2029	56,108,638	11.73	12.32
FGN Bond -	FGN 12.50% Mar 2035	24,323,356	5.09	5.34
FGN Bond -	FGN 12.98% Mar 2050	22,130,222	4.63	4.86
FGN Bond -	FGN 12.98% Mar 2050	15,394,937	3.22	3.38
		478,174,782	**100**	**105**

14. Accounts payable

	31-Dec-23	**31-Dec-22**
Management fees payable	513,924	524,782
Audit fee payable	1,320,000	1,320,000
Custodian fee payable	528,474	330,514
Trustee fee payable	344,883	375,122
Payable to registrar	891,725	891,726
NSE Listing fee payable	23,814	23,814
Other miscellaneous fees	851,089	429,490
SEC fees	486,211	244,082
	4,960,120	**4,139,530**

	31-Dec-23	**31-Dec-22**
Current	4,960,120	4,139,530
Non current	-	-
Balance, end of year	**4,960,120**	**4,139,530**

Notes to the financial statements (continued)

For the year ended 31 December, 2023

Cashflow movement	**31-Dec-23**	**31-Dec-22**	**Changes**
Management fees payable	513,924	524,782	(10,858)
Audit fee payable	1,320,000	1,320,000	-
Custodian fee payable	528,474	330,514	197,960
Trustee fee payable	344,883	375,122	(30,239)
Payable to registrar	891,725	891,726	(1)
NSE Listing fee payable	23,814	23,814	-
Other miscellaneous fees	851,089	429,490	421,599
SEC fees	486,211	244,082	242,129
	4,960,120	**4,139,530**	**820,590**

Movement in account payable	**31-Dec-23**	**31-Dec-22**
Opening balance	4,139,530	7,607,087
Changes in account payable	820,590	(3,467,557)
Reversal of over provision	-	-
Closing balance	**4,960,120**	**4,139,530**

15. Unitholders' equity

(a) The Vetiva S&P Nigerian Sovereign Bond ETF is authorised and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act (ISA). The Fund is governed by a Trust Deed with Union Trustees Nigeria Limited as Trustees. The Fund’s total unit capital as at year end 31 December, 2023 was 3,520,359 units (31 December, 2022: 3,520,359 units)

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) Number of units

	31-Dec-23	**31-Dec-22**
Balance at beginning of year	3,520,359	3,520,359
Subscriptions during the year (units)	-	-
Redemptions during the year (units)	-	-
Balance at 31 December (units)	**3,520,359**	**3,520,359**

(ii) Net assets attributable to unitholders

31 December, 2023	**Unitholders' equity at par**	**Retained earnings**	**Fair value reserves**	**Total**
In Naira				
Opening balance	448,512,527	48,717,972	7,641,399	504,871,898
Fair value changes on investment securities	-	-	(21,526,253)	(21,526,253)
Distributions to unit-holders	-	(51,397,238)	-	(51,397,238)
Profit for the period	-	48,746,905	-	48,746,905
As at 31 December, 2023	**448,512,527**	**46,067,639**	**(13,884,854)**	**480,695,312**
Net asset value per unit (Naira)				**136.55**

Notes to the financial statements (continued)
For the year ended 31 December, 2023

31 December, 2022	Unitholders' equity at par	Retained earnings	Fair value reserves	Total
In Naira				
Opening balance	448,512,527	74,663,239	36,798,288	559,974,054
Fair value changes on investment securities	-	-	(29,156,889)	(29,156,889)
Distributions to unitholders	-	(77,447,898)	-	(77,447,898)
Profit for the period	-	51,502,631	-	51,502,631
As at 31 December, 2022	**448,512,527**	**48,717,972**	**7,641,399**	**504,871,898**
Net asset value per unit (Naira)				**143.41**

Fair value reserves warehouses cummulative fair value gains/(losses) on financial assets classified as fair value through other comprehensive income. These gains/(losses) are reclassified to the profit or loss account when the corresponding assets are disposed.

(c) Net assets per unit

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

	31-Dec-23	31-Dec-22
Net assets at end of the year (See Note 15(b)(ii))	**480,695,312**	**504,871,898**
Number of units as at year end (See Note 15(b)(i))	**3,520,359**	**3,520,359**
Net assets per unit (Naira)	**136.55**	**143.41**

(d) Distribution paid to unitholders

The amount paid to unitholders of the fund is payable semi-annually in accordance with the Trust Deed of the Fund. The total amount distribution for 2023 is 51.40 million (2022: N52.80million). The unitholding price at 31 December 2023 is 136.5 per unit holding (2022: 143.41)

16. Related parties

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

The following summarizes the total unit holding of related parties:

Name	Units held as at 31-Dec-23	Units held as at 31-Dec-22
Vetiva Capital Management Limited	110	110
Vetiva Securities Limited	54,805	54,805
Vetiva Fund Managers Limited	496,879	496,879
Vetiva Nominees	25,264	25,264
Vetiva Exxon Mobil ESP	2,794,267	2,794,267
Vetiva Trustees Limited - EFL Trust	142,566	142,566

Key management personnel	Nil

Notes to the financial statements (continued)
For the year ended 31 December, 2023

Transactions with related parties

i. Management fees

The Fund is managed by Vetiva Fund Managers Limited ("the Fund Manager"), an investment management company incorporated in Nigeria and domiciled in Lagos. Under the terms of the management agreement , the Fund appointed Vetiva Fund Managers Limited as an Investment Manager to provide Fund management services to the Fund. Vetiva Fund Managers Limited receives a fee based on an annual rate of 0.4% of the net asset value of the Fund accrued daily and payable quarterly. Total management fees for the year amounted to N2.1 million (2022: N2.3 million).

ii. Custodian fees

UBA Plc (Global investor Services) remains the Fund's custodian. Under the custodial service agreement, the custodian fee shall be 0.0375% of the net assets value under custody. These fees shall be paid out of the Fund. Total custodian fees for the year was N 0.2 million (2022: N 0.22 million).

iii. Trustees fees

UTL Trust Management Services Limited remains the Funds' trustees. Under the Trust deed, the trustee is entitled to an annual fee of 0.065% of the asset under custody, accrued on a daily basis, and payable semi-annually in arrears. The annual fees shall accrue on a daily basis. Total Trustee fees for the year was N0.3 million (2022: N0.3 million).

17. Contingencies

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

18. Clamis and litigations

There were no claims and litigations as at 2023 (2022: Nil)

19. Events after reporting date

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 2023.

20. Capital commitments after reporting date

There were no capital commitments as at 2023 (2022: Nil)

Other national disclosures

Other national disclosures
Value added statement

	31-Dec-23 NGN	%	31-Dec-22 NGN	%
Total revenue	64,666,427		65,099,334	
Value added	**64,666,427**	**100**	**65,099,334**	**100**
Applied to pay:				
Government as taxes	198,337	-	72,643	-
Fund Manager and other parties to the Fund	15,721,185	24	13,524,060	21
Retained in the Fund to augment reserves	48,746,905	75	51,502,631	79
Value added	**64,666,427**	**99**	**65,099,334**	**100**

Five-year financial summary
Statement of financial position

	31-Dec-23 NGN	31-Dec-22 NGN	31-Dec-21 NGN	31-Dec-20 NGN	31-Dec-2019 NGN
Assets					
Cash and cash equivalents	26,273,548	29,221,647	24,705,632	74,074,753	35,768,920
Investment securities	455,501,984	478,174,783	540,407,740	655,620,939	567,900,961
Account receivables	3,879,900	1,614,998	-	-	1,596,255
Total assets	**485,655,432**	**509,011,428**	**565,113,372**	**729,695,692**	**605,266,136**
Liabilities					
Accounts payable	(4,960,120)	(4,139,530)	(7,607,087)	(9,328,975)	(5,498,221)
Total liabilites	**(4,960,120)**	**(4,139,530)**	**(7,607,087)**	**(9,328,975)**	**(5,498,221)**
Net assets attributable to unitholders	**480,695,312**	**504,871,898**	**557,506,285**	**720,366,717**	**599,767,915**
Represented by:					
Unit holders' funds	480,695,312	504,871,898	557,506,285	720,366,717	599,767,915
Total	**480,695,312**	**504,871,898**	**557,506,285**	**720,366,717**	**599,767,915**

Statement of profit or loss and other comprehensive income

	31-Dec-23 NGN	31-Dec-22 NGN	31-Dec-21 NGN	31-Dec-20 NGN	31-Dec-19 NGN
Interest income at effective interest rate	64,666,427	65,099,334	65,931,574	66,721,515	73,950,115
Other income	-	-	-	-	-
Total revenue	**64,666,427**	**65,099,334**	**65,931,574**	**66,721,515**	**73,875,520**
Other operating expenses	(15,721,185)	(13,524,060)	(12,646,709)	(12,671,582)	(11,079,099)
Total expenses	**(15,721,185)**	**(13,524,060)**	**(12,646,709)**	**(12,671,582)**	**(11,079,099)**
Profit before tax	**48,945,242**	**51,575,274**	**53,284,865**	**54,049,933**	**62,871,016**
Income tax expense	(198,337)	(72,643)	-	(23,596)	(16,206)
Profit for the year	**48,746,905**	**51,502,631**	**53,284,865**	**-**	**62,854,810**

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