



VETIVA

FUND MANAGERS LIMITED
RC: 981804

Tuesday, 31st January 2023



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

FUND DETAILS

Listing Date	24th October 2016
Listing Price	₦130.27
Domicile	Nigeria
Currency	Naira (NGN)
Stock Exchange	Nigerian Stock Exchange
NSE Code	VSPBONDETF
ISIN	NGVSPBNDETF1
Bloomberg	VSPBOND NL
Gross Expenses	0.40%
NAV/Unit (31.01.2023)	NGN 140.14
Units Outstanding	3,520,359 units
Rebalancing Frequency	Half-Yearly
Closing Price (31.01.2023)	₦ 163.43

DISTRIBUTION DETAILS

No. of Distributions	9
2016 (Total)	₦1.00
2017 (Total)	₦15.00
2018 (Total)	₦16.00
2019 (Total)	₦16.50
2020 (Total)	₦15.30
2021 (Total)	₦15.00
2022 (Interim)	₦7.00
Distribution Frequency	Semi - Annual

INDEX CHARACTERISTICS

Benchmark Index	S&P/FMDQ Nigeria Sovereign Bond Bond Index
Number of Holdings	16
Ticker	SPFINGU
S&P/FMDQ Nigeria Index	600.40
Benchmark Index	S&P/FMDQ Nigeria Sovereign Bond Bond Index

FUND DESCRIPTION

The Vetiva S&P Nigerian Sovereign Bond ETF is an optimized Bond ETF issued by Vetiva Fund Managers Limited ("VFM" or "Fund Manager"). The ETF seeks to track the S&P/FMDQ Nigerian Sovereign Bond Index.

INDEX DESCRIPTION

The S&P/FMDQ Nigeria Sovereign Bond Index tracks the performance of local currency denominated sovereign debt publicly issued by the government of Nigeria in its domestic market. The Index level is available through S&P Dow Jones Indices' Web site at www.spdji.com.

FIXED INCOME MARKET SUMMARY & OUTLOOK

It was a bearish month for the fixed income space, as investors reacted negatively to not only the expected Q1'23 borrowing plan of the government, but also by how much the Debt Management Office (DMO) oversold its January bond auction offer.

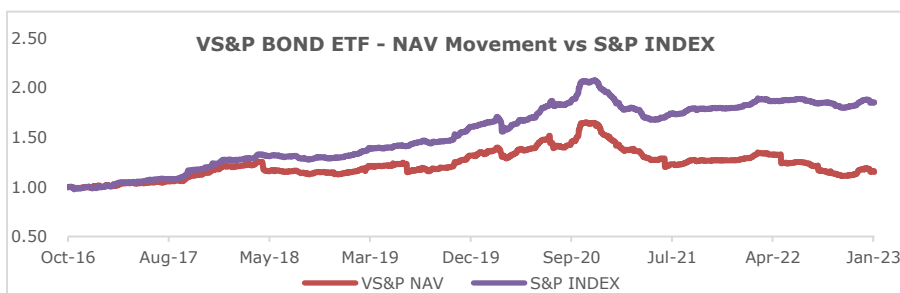
At the January bond auction, the DMO offered ₦360 billion across various tenors, including 10-year, 15-year, 20-year, and 30-year, and sold ₦662.17 billion at stop rates of 14.00%, 14.90%, 15.80%, and 15.90% respectively. As a result of this, we saw the secondary market react in line with the auction results. Investors sold off tenors across the bonds curve, as the bears drove trading in January. Conversely, in the primary market, on a m/m basis, government borrowing at NTB auctions rose c.50% m/m to ₦227 billion. With stop rates offered declining, the rate on the 91DTM NTB fell 171bps to 0.29%, while on the 182DTM and 364DTM NTBs, rates offered fell by 253bps and 252bps respectively to 1.80% and 4.79% (Previous: 2.00%, 4.33% and 7.30%).

Our initial Q1'23 projections for the bonds space were informed by expectations of robust system liquidity and a strong maturity profile. However, the recent interest rate hike by the Central Bank of Nigeria, along with elevated rates offered at the January bond auction and higher than expected borrowings, has prompted us to adjust our outlook. The impact of the interest rate hike, in combination with the rates printed at the auction, is likely to drive a surge in selling pressure in the bonds market as investors react to the central bank's decision. We anticipate a continuation of the trend as we move into February, as sell-side sentiment permeates the bonds space.

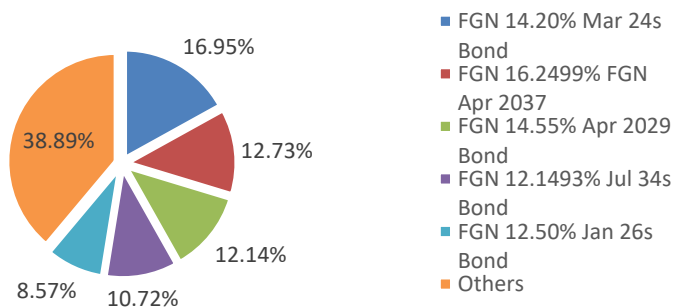
PERFORMANCE HISTORY¹

RETURN	ETF NAV*	S&P/FMDQ Nigerian Bond Index
Month to Date	-2.96%	-2.26%
Quarter to date	-2.96%	-2.26%
Year to Date	-2.96%	-2.26%
Return from Listing Date	79.65%	129.96%

*Performance inclusive of distribution to unitholder within period



HOLDINGS



*Holdings are subject to change.



1. *The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling +234(01) 2700658 or by visiting www.vetiva.com/funds.*
2. *The Fund is subject to tracking errors which is the risk that its returns may not correlate accurately to those of the Index. Tracking errors can be caused by the following: capital gains distribution, index changes, cash drag, fund management and trading fees.*

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