VALUALLIANCE VALUE FUND

ANNUAL REPORT
30 June 2022

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FUND INFORMATION

Names of Directors of the Fund Manager	Mr. Samuel Oniovosa - Director Dr. Okechukwu Enelamah - Director Mrs. Eno Atoyebi - Managing Director Mr. Obinnia Abajue - Independent Director* Mr. Kofi Kwakwa - Independent Director** *Appointed 18 January 2021 and approved by the regulator (SEC) on 30 September 2021 **Appointed 21 January 2021 and approved by the regulator (SEC) on 30 September 2021
Registered office	33A Alfred Rewane Road Ikoyi Lagos
Auditors	KPMG Professional Services (Chartered Accountants) KPMG Tower Bishop Aboyade Cole Street, Victoria Island Lagos
Bankers	Stanbic IBTC Plc. Stanbic IBTC Place Walter Carrington Crescent Victoria Island Lagos
Trustees to the Fund	Leadway Capital and Trust Limited 121/123 Funso Williams Avenue Iponri Lagos
Custodian	Stanbic IBTC Plc Stanbic IBTC Place Walter Carrington Crescent Victoria Island Lagos
Registrars	First Registrars and Investor Services Limited Plot 2, Abebe Village Road, Iganmu Lagos
Company Secretary	Alsec Nominees Limited St. Nicholas House (10 & 13th floors) Catholic Mission Street Ikoyi, Lagos
Fund Manager	ValuAlliance Asset Management Limited Alliance Place (12th floor) 33A, Alfred Rewane street, Ikoyi, Lagos

STATEMENT OF FUND MANAGER'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Fund Manager accepts responsibility for the preparation of the financial statements that give a true and fair view in accordance with IFRS, and in a manner required by the Securities and Exchange Commission and the Financial Reporting Council.

The responsibilities include ensuring that:

(a) appropriate internal controls are established both to safeguard the assets of the Fund, prevent and detect fraud and other irregularities;

(b) the Fund keeps accounting records which disclose with reasonable accuracy the financial position of the Fund and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, (CAMA 2020) and the Investment and Securities Act CAP S124 LFN 2007.

(c) the Fund has used suitable accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed;

(d) it is appropriate for the financial statements to be prepared on a going concern basis.

The Fund Manager further accepts responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the Fund Manager determines 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 FUND MANAGER BY:

Mr. Sam Oniovosa	**Mrs. Eno Atoyebi**
FRC/2013/ICAN/00000004911	**FRC/2017/ICAN/00000017680**

FUND MANAGER'S REPORT

The Fund Manager presents its annual report on the affairs of the ValuAlliance Value Fund ("the Fund") together with the financial statements and independent auditors report for the year ended 30 June 2022.

Legal form and principal activity

The Fund is licensed by the Securities & Exchange Commission and registered as a Collective Investment Scheme.

The principal activity and objective of the Fund is to achieve long-term capital growth by investing in Nigerian equities. The Fund pursues its objective by investing in Companies listed on the Nigerian Exchange, which the Manager considers undervalued, thus enabling investors gain exposure to a concentrated portfolio of value stocks. The Fund also invests in fixed income securities, money market instruments and unlisted equities.

Operating Results

The following is a summary of the Fund’s operating results and transfers to reserves for the year ended 30 June 2022.

	2022 ₦'000	2021 ₦'000
Net operating income before taxation	1,312,201	1,006,494
Withholding tax expense	(28,691)	(22,476)
Profit after taxation transferred to retained earnings	1,283,510	984,018

The Fund proposes a distribution of ₦12.50 per unit for the year ended 30 June 2022. If approved by unitholders, the proposed total distribution for the year will amount to ₦309,972,013.

Unit Capital Holdings

The Fund purchased 4,199,660 units of its own units from exisiting unitholders during the year. The issued and paid-up units of the Fund is currently ₦2,479,776,100 made up of 24,797,761 units of ₦100 each.

Analysis of Shareholding:

Unit range analysis as at 30 June 2022	No of subscribers	% Holdings	No of Holdings
0 - 1,000,000	20	15.42	3,824,112
1,000,001 - 10,000,000	7	84.58	20,973,649
	27	100.00	24,797,761

Unit range analysis as at 30 June 2021	No of subscribers	% Holdings	No of Holdings
0 - 1,000,000	17	12.72	3,673,218
1,000,001 - 10,000,000	8	87.28	25,213,890
	25	100.00	28,887,108

Global Economy

The Fund Manager provides an update of the macroeconomic and financial market events that occurred during the review period (1st July 2021 to 30th June 2022) to provide context to the performance of the Value Fund.

The global economy weathered pandemic shocks in the last two years through a combination of accommodative monetary policies and rapid vaccine development and dissemination. However, just as easing movement and travel restrictions began to usher in a return to normalcy, Russia's invasion of Ukraine in Q1-22 presented another significant headwind to the global economy via food and energy supply disruption amidst the ensuing humanitarian crisis. Specifically, disruption of gas supply to Europe, reduced Russian oil exports in retaliation to western sanctions, and lower agricultural output from Russia and Ukraine weighed on energy and commodity prices over H1-22.

Higher global commodity prices coupled with ample money supply in the aftermath of easy monetary policy precipitated record inflation in both developed and developing countries. In the US and Europe, inflation rates printed at high single digits by H2-22, while developing nations saw double-digit inflation, exceeding 20% in some key African economies. .

To contain spiralling inflation, global central banks have embarked on aggressive policy tightening. Notably, the US Federal Reserve hiked rates by 125 bps in H1-22 as it changed course on its previous assessment that inflationary pressure was transitory.

Higher commodity prices and rising interest rates took a toll on global growth as the IMF reported that global output contracted in Q2-22 due to downturns in China and Russia, while US consumer spending fell below expectations. We expect the negative spillovers from the war in Ukraine, a slowdown in China due to COVID, and sustained rate hikes throughout the year to result in significantly lower growth realities in 2022 (vs 2021).

Domestic Economy

Nigeria, like the global economy, rebounded strongly in 2021 (from -1.9% y/y in FY-20 to +3.4% y/y in FY-21) amid the normalisation of economic activity. The recovery was predicated on the expansion of non-oil economic activities while the oil sector remained in recession throughout the year. In the first six months of 2022, Nigeria's real economy sustained its expansion despite global headwinds and oil production challenges.

Continued expansion in the non-oil sector propelled the nation's growth in Q1-22, as it expanded by 6.1% y/y (Q4-21: 4.7% and Q1-21: 0.8% y/y). Meanwhile, the oil sector remained contractionary, declining by 26.04% y/y (Q4-21: -8.06% y/y and Q1-21: -2.21%) – the worst performance since the NBS started tracking the data. The underwhelming oil sector performance reflects declining crude oil production predicated on (1) infrastructure decay, (2) massive oil theft and vandalism, and (3) divestments by IOCs, given the challenging business environment and amidst the shift to cleaner energy sources.

We expect the growth momentum recorded in Q1-2022 to be sustained over the rest of the year, underpinned mainly by the non-oil sector. Specifically, we expect the Services and Agriculture sectors to be the key growth drivers. Meanwhile, we expect crude oil production to remain pressured due to peculiar sector challenges, most of which we believe are expected to linger over the short term.

Inflation

The domestic price environment worsened over the period on higher food and energy prices. A combination of legacy challenges, such as insecurity and electricity tariff hikes, were compounded by global commodity price pressures and increased money supply by the CBN (through its intervention funds and FGN financing). Thus, headline inflation averaged 16.54% over the reporting period (vs Jun-21: 15.92%).

We see scope for sustained inflationary pressures over the next financial period, driven by the impact of the prior year's low base, lingering energy cost pressures with volatility in diesel and gas prices expected to persist through the year, and the possible upward revision of PMS pump prices as Independent Petroleum Marketers Association of Nigeria (IPMAN) bemoan the rising cost of operations. Overall, we forecast the average inflation rate for the next financial year to print within 17.0% - 19.0%, higher than the 16.54% recorded in the financial year under review.

Monetary Policy

The Monetary policy rate climbed by 150 bps in H1-22, following a relatively long period of stable rates (at 11.5%) as the CBN prioritised economic growth amid negative spillovers from the COVID-19 pandemic.

The MPC voted to increase the MPR by 150bps to 13.0% in May-22. According to the CBN Governor, the increase was necessitated by the need to moderate the inflationary pressures, narrow the negative real interest rate gap and moderate the impact of capital flow reversals triggered by rising global yields. Nonetheless, the Committee opted to maintain a concessionary interest rate of 5% on CBN's development finance initiatives till Mar-23.

For the rest of 2022, our outlook for the MPR is centred around our expectations for economic growth, inflation, and global interest rates. First, on growth, the MPC's tone at the May policy meeting suggests the Committee is satisfied with the growth momentum, given that the Q1-22 GDP growth (+3.11% y/y) outperformed market expectations. GDP growth is expected to remain positive over the rest of the year on the back of election-related spending in H2-22. Thus, we believe positive GDP readings from Q2-22 through Q4-22 will provide some comfort to the Committee that growth has solidified, and that policy tightening will not materially dampen economic activity.

Currency

Despite its higher FX reserve balance buoyed by a series of Eurobond issuances and an IMF facility, CBN's FX interventions remained paltry over the fiscal year under review significantly below pre-pandemic levels.

The Naira remained rangebound in the official window, trading within the lower end of the N415-430/$ band. Meanwhile, in the parallel market, the currency traded within the N565-575/$ range as of year-end 2021 and crossed the N600/$ mark in May-22. The widening spread between the official and the parallel market rate reflects limited FX supply from official channels even as demand surges due to (1) pre-election activities, (2) speculative demand, and (3) elevated import prices.

In the coming fiscal year, we expect lingering currency pressures to force a downward repricing at the official window. In contrast, we expect the parallel market spread to be maintained in the absence of substantial reforms before the 2023 general elections. Although we expect moderate currency repricing, muted political will amid upcoming elections and fears of negative pass-through to inflation will likely limit the magnitude of currency adjustment to be made in the official market in the current year while the parallel market premium (at 35-45%) will likely subsist amidst election-induced dollar demand and reduced FX supply by the CBN. According to the IMF, Nigeria's FX reserve will likely close the year at $38bn, aided by reduced CBN intervention, dollar demand restrictions, and higher oil prices.

Fixed Income

The domestic yield environment was a tale of two halves in 2021. Average fixed income yields rose significantly over the first half of 2021 before moderating in the second half of the year. The moderation from H2-21 through Q1-22 was supported by the influx of sizable maturities around Q3-21 and Q1-22 and the FGN's commitment to bring down its borrowing costs.

Looking ahead, we expect factors such as a more hawkish policy stance (in both advanced economies and domestically), record FGN fiscal deficit to be plugged by borrowing, domestic inflation, pre-election year uncertainties, and sparse liquidity conditions (which started in Q2-22), to pull up interest rates in the coming fiscal year

Equities

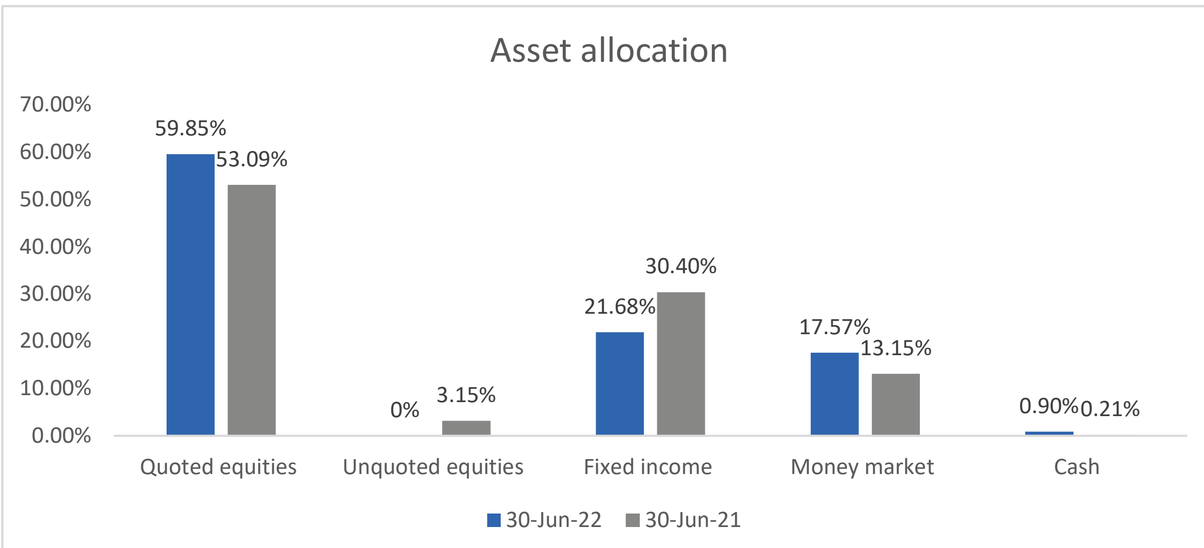
The Nigerian Exchange All Share Index ("NGX-ASI") advanced by 36.7% over the fiscal year to close at 51,817.59 points. on 30th June 2022. The performance was largely driven by impressive earnings, corporate actions, and buying interest on dual-listed stocks amid lingering FX liquidity challenges. Relatively low fixed income yields over the fiscal period also supported performance in the fiscal year.

The Fund

The ValuAlliance Value Fund ("Value Fund") commenced operations on the 30th of June 2011, having raised the sum of ₦3,209,678,600.00, made up of 32,096,786 units of ₦100 each through an Initial Public Offer. Consequently, the units of the Fund were listed on the Main Board of the Nigerian Stock Exchange, now known as the Nigerian Exchange Ltd. (NGX), in July 2011. As of 7th May 2021, the Value Fund was migrated from the Main Board to the Memorandum Quotation List of the NGX following the restructuring of the Fund from a listed closed-end fund to an unlisted closed-end fund (i.e., an Interval fund).

The Value Fund commenced the year under review, its 11th financial year, with a NAV per unit of ₦164.56. During the period, a distribution of ₦10.00/unit was made to unitholders for the financial year ended 30th June 2021. The NAV per unit of the Value Fund closed at ₦197.88 as of 30th June 2022 (net of all fees and expenses). The Fund carried out its two repurchases totalling 15% of its outstanding units on 28th January 2021 and 30th June 2022.

Fund Activity
As of 30th June 2022, equity investments accounted for 59.85% of gross asset value. Fixed income securities, money market instruments, and cash equivalents accounted for the balance of 40.15%. The chart below summarises the portfolio mix as of 30th June 2022, relative to the prior year.



As of 30th June 2022, the fixed income portfolio of the Fund had a duration and weighted yield of 1.12 years and 8.59%, respectively, relative to 1.03 years and 6.60% for 30th June 2021. The Fund Manager invested in short-dated fixed income securities for most of the review period amid its view of a potential normalisation of the Q4’21 and Q1’2022 low yield environment by Q2’22. Investments on this front were primarily in commercial paper, treasury bills and fixed deposit investments. For equities, the portfolio’s equities exposure benefitted from bullish sentiments in the oil and gas and agriculture sectors. The positive outturn in the equity portfolio partly lifted the fund’s equity allocation to 59.85% (from 53.09% last fiscal year) even as the fund manager trimmed the portfolio’s exposure to a few top performing stocks (to lock in profits).

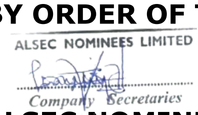
Fund Performance
The Fund achieved a total return (net of all fees and expenses) of 22.58% in its 11th financial year. The total return is determined by comparing the total comprehensive income for the year ended 30th June 2022 (₦1.247bn) with the opening net asset value (₦4.754bn). This performance results in a 197.76% return since the inception of the Fund and an 11-year Internal Rate of Return (“IRR”) of 13.57%. The Value Fund has made a total distribution of ₦3.17bn (₦99.83/unit) as of 30th June 2022.

Financial Year End (5-Year)	**30-Jun-22**	**30-Jun-21**	**30-Jun-20**	**30-Jun-19**	**30-Jun-18**
Opening Net Asset Value **(N'000)**	4,753,768	4,669,613	4,884,468	5,498,666	4,846,606
Closing Net Asset Value **(N'000)**	4,906,816	4,753,768	4,669,613	4,884,468	5,498,666
Net Income/(loss) **(N'000)**	1,283,510	984,018	50,304	(258,716)	1,044,248
Distribution **(N'000)**	309,972	288,871	320,968	353,065	417,258
Net Asset Value / Units **(N)**	197.88	164.56	145.49	152.18	171.32
Earnings/Unit **(N)**	51.76	34.06	1.57	(8.06)	32.53
Distribution/Unit **(N)**	12.50	10.00	10.00	11.00	13.00
Total Return (Net of fees and Expenses)	**22.58%**	**20.84%**	**2.83%**	**-3.58%**	**20.08%**

Conclusion
As the Value Fund enters its 12th financial year, the passthrough impacts of the Russia-Ukraine war, global monetary tightening and elevated commodity prices are key themes in the global operating environment. The Fund Manager expects that global headwinds and domestic uncertainties will catalyse market volatility, which will present attractive investment opportunities in the equities and fixed income markets over the coming fiscal year. The Fund Manager will cautiously take advantage of mispriced fixed income opportunities with solid credit fundamentals in domestic and international markets while ensuring that the Fund remains flexible enough to navigate the evolving fixed income market profitably. The Fund manager will also seek equity opportunities by selectively trading out of opportunities determined to be trading close to or at a premium to intrinsic value while increasing exposure to well-priced alternatives.

Auditors
Messrs. KPMG Professional Services was appointed as the External Auditor of the Fund by a Written Board Resolution of the Fund Manager dated October 22, 2021.

BY ORDER OF THE BOARD



ALSEC NOMINEES
Company Secretary

St Nicholas House
(10th & 13th Floors)
Catholic Mission Street
Lagos, Nigeria

TRUSTEE'S REPORT

The Trustee presents their annual report for the year ended 30 June 2022.

Principal Activity:

The principal activity of this Fund is to achieve long-term capital growth by investing in listed Nigerian equities which the Fund Manager has identified as being undervalued and offering above average growth potential and any other securities as approved by the Securities & Exchange Commission (SEC) from time to time. The Fund may also invest in fixed income securities.

Operating Results:

The results for the year which are set out on pages 11 to 52, have been duly audited in accordance with section 169 (1) of the Investments and Securities Act CAP 124 LFN 2007, and the Trust Deed establishing the Fund.

Directors

The Directors of ValuAlliance Asset Management Limited who served during the year under review are:

Mrs. Eno Atoyebi	-	Managing Director
Mr. Samuel Oniovosa	-	Director
Dr. Okechukwu Enelamah	-	Director
Mr. Obinnia Abajue	-	Independent Director
Mr. Kofi Kwakwa	-	Director

Directors Interest in the Units of the Fund

There is no Director of ValuAlliance Asset Management Limited who served during the year under review that has direct interest in the units of the Fund.

Responsibilities of the Trustees

The responsibilities of the Trustees as provided by the Securities and Exchange Commission (SEC)'s Rules and Regulations pursuant to the Investment and Securities Act, are as stated below:

- Monitoring activities of ValuAlliance Value Fund on behalf of and in the interest of unit holders;

- Safe-keeping documents relating to the investments of the Fund;
- Monitoring of the Register of unit holders;
- Ascertaining the profitability rationale for the investment decision making of ValuAlliance Asset Management Limited;

- Ascertaining compliance with the provisions of the Trustee Investment Act, CAP T22 LFN 2004, the Investment and Securities Act, 2007, and the Trust Deed by ValuAlliance Value Fund;

- Ascertaining that monthly and other periodic returns/ reports relating to the Fund are sent by ValuAlliance Asset Management Limited to the Commission.

Stanbic IBTC Bank Plc was appointed Custodian to the Fund effective July 2011 consequent to new Rules issued by the SEC and has since had responsibility for custody of the funds and certain documents relating to investments by the Fund.

Opinion:

The Trustees are of the opinion that the Fund was administered and managed in line with the provisions of the Trust Deed and the Investment and Securities Act, 2007.

By Order of the Trustees

Leadway Capital & Trusts Limited

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

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234 (1) 271 8599
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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of ValuAlliance Value Fund

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of ValuAlliance Value Fund (the Fund), which comprise:
- the statement of financial position as at 30 June, 2022;
- 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 significant 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 30 June, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Financial Reporting Council of Nigeria Act, 2011.

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.

Other Matter
The financial statements of the Fund as at and for the year ended 30 June 2021 were audited by another auditor who expressed an unmodified opinion on the financial statements on 30 September 2021.

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 be communicated in our report.

Other Information
The Board of Directors of the Trustees and the Board of Directors of the Fund Manager are responsible for the other information. The other information comprises the Fund Information, Fund Manager's Report, Statement of Fund Manager's Responsibilities, Trustee's Report and other National Disclosures 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

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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 IFRSs and in the manner required by the Financial Reporting Council of Nigeria Act, 2011, 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 of the Fund Manager are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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 of the Fund Manager.
- 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.

Nneka

Nneka Eluma, FCA
FRC/2013/ICAN/00000000785
For: KPMG Professional Services
Chartered Accountants
27 September 2022
Lagos, Nigeria

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED

	Note	30-Jun 2022 N'000	30-Jun 2021 N'000
Interest income	6	177,602	161,195
Dividend income	7	238,301	220,641
Net gain from financial instruments at fair value through profit or loss	8	959,349	762,138
Other (loss)/income	9	28,839	8,707
Total revenue		**1,404,091**	**1,152,681**
Operating expenses	10	(90,392)	(22,366)
Total expenses		**(90,392)**	**(22,366)**
Net operating income before Fund Manager's incentive fees		**1,313,699**	**1,130,315**
Fund Manager's incentive fees	24	(1,498)	(123,821)
Net operating income before taxation		**1,312,201**	**1,006,494**
Withholding tax expense	11	(28,691)	(22,476)
Profit after tax		**1,283,510**	**984,018**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent years:			
Fair value loss on unquoted equity investments at FVOCI	16.1	-	(6,367)
Net reclassification adjustment on disposed unquoted equity investments at FVOCI	21.1	33,989	-
Items that may be reclassified to profit or loss in subsequent years:			
Net changes in ECL allowance on FVOCI financial assets - fixed income securities	21.1	2,901	(60,465)
Net loss arising from revaluation of FVOCI financial assets - fixed income securities	21.1	(72,933)	27,733
Other comprehensive loss net of tax		(36,043)	(39,099)
Total comprehensive income for the year		**1,247,467**	**944,919**
Basic earnings per unit - (Naira)	22.1	51.76	34.06

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE

	Note	30-Jun 2022 N'000	30-Jun 2021 N'000
ASSETS			
Cash and cash equivalents	14	898,433	644,921
Financial assets at fair value through profit or loss	15	2,939,592	2,602,925
Financial assets at fair value through other comprehensive income - unquoted equities	16	-	154,350
Financial assets at fair value through other comprehensive income - fixed income securities	17	1,082,320	1,490,743
Other assets	18	12,694	10,263
TOTAL ASSETS		**4,933,039**	**4,903,202**
LIABILITIES			
Payables and accruals	19	26,223	149,434
TOTAL LIABILITIES		**26,223**	**149,434**
EQUITY			
Share capital	20	2,479,776	2,888,712
Share premium	20	12,902	1,827
Other reserves	21	83,527	119,570
Retained earnings	22	2,330,611	1,743,659
TOTAL EQUITY		**4,906,816**	**4,753,768**
TOTAL LIABILITIES & EQUITY		**4,933,039**	**4,903,202**

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

The financial statements were approved by the Board of Directors of the Fund Manager on 21st September 2022 and signed on its behalf by:

Samuel Oniovosa
Director
FRC/2013/ICAN/00000004911

Eno Atoyebi
Managing Director
FRC/2017/ICAN/00000017680

Additionally, certified by:

Ejakhaluse Omonkhogbe
Head of Finance
FRC/2020/001/00000021270

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED

	Note	Ordinary share capital	Share premium	Fair value reserve	Retained earnings	Total
		N'000	N'000	N'000	N'000	N'000
Balance as at 1 July 2020		3,209,679	1,827	158,669	1,299,438	4,669,613
Other comprehensive income for the year		-	-	(39,099)	-	(39,099)
Profit for the year	22	-	-	-	984,018	984,018
Repurchase of units held	20,22	(320,967)			(218,829)	(539,796)
Dividend paid	22	-	-	-	(320,968)	(320,968)
Balance as at 30 June 2021		**2,888,712**	**1,827**	**119,570**	**1,743,659**	**4,753,768**
Balance as at 1 July 2021		**2,888,712**	**1,827**	**119,570**	**1,743,659**	**4,753,768**
Other comprehensive income for the year	21.1	-	-	(36,043)	-	(36,043)
Profit for the year	22	-	-	-	1,283,510	1,283,510
Repurchase of units held	20,22	(419,966)	-	-	(373,699)	(793,665)
Subscriptions during the year	20.1	11,030	11,075	-	-	22,105
Net reclassification adjustment on disposed unquoted equity investments at FVOCI	22	-	-	-	(33,989)	(33,989)
Dividend paid	22	-	-	-	(288,870)	(288,870)
Balance as at 30 June 2022		**2,479,776**	**12,902**	**83,527**	**2,330,611**	**4,906,816**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED

	Note	30-Jun 2022 N'000	30-Jun 2021 N'000
Cash flows from operating activities			
Profit for the year	22	1,283,510	984,018
Adjustments for:			
Dividend income	7	(238,301)	(220,641)
Net gain from financial instruments at fair value through profit or loss	8	(959,349)	(762,138)
Impairment allowance/(reversal) on financial assets	21.1	2,901	(60,465)
		88,761	**(59,226)**
Movements in working capital:			
Net (decrease)/increase in payables and accruals	25(a)	(123,211)	128,924
Net decrease in financial assets at fair value through profit or loss	25(e)	622,682	-
Disposal of Unquoted Equities at fair value through other comprehensive income	16.1	154,350	-
Net decrease in fair value through other comprehensive income financial assets	17.1	335,490	1,071,214
Cash generated from operations		1,078,072	1,140,912
Dividend received	25(b)	235,870	214,936
Net cash generated by operating activities		**1,313,942**	**1,355,848**
Cash flows from financing activities			
Repurchase of units from holders during the year	25(c)	(793,665)	(539,796)
Subscriptions during the year	25(d)	22,105	-
Distribution made to unitholders	22	(288,870)	(320,968)
Net cash used in financing activities		**(1,060,430)**	**(860,764)**
Net increase in cash and cash equivalents		253,512	495,084
Cash and cash equivalents at start of year		644,921	149,837
Cash and cash equivalents at end of year	14	**898,433**	**644,921**

1 General Information

ValuAlliance Value Fund ('The Fund') (formerly SIM Capital Alliance Value Fund) was initially established as a closed-end collective investment scheme by a Trust Deed dated 6^{th} April, 2010 and the supplemental Trust Deeds dated 5^{th} February 2013 and 19^{th} December 2017.

On 17 February 2021, the Fund manager and Trustee decided that the nature and structure of the Fund be amended from a listed closed-end fund to an unlisted closed-end fund also known as an Interval Fund and that the Units be delisted from the official list of the Main Board of The Exchange (the "Restructuring") and in compliance with the Rules of the SEC, change the name of the Fund to ValuAlliance Value Fund (A Balanced Unlisted Closed-End Fund). The Parties have consolidated all amendments to the Initial Trust Deed. Hence, the Initial Trust Deed has been amended and restated accordingly.

The Fund is under the management of ValuAlliance Asset Management Limited with Leadway Capital and Trusts Limited as the Trustees. It commenced business on 1 July 2011.

1.1 Principal Activities

The principal activity of the Fund is to achieve long-term capital growth by investing in listed and unlisted Nigerian equities which the Fund Manager has identified as being undervalued and offering above average growth potential and any other securities as approved by the Securities and Exchange Commission from time to time. The Fund may also invest in fixed income securities.

1.2 Going Concern

These financial statements have been prepared on a going concern basis. Neither the Trustees nor the Fund manager have any intention or need to reduce substantially the operations of the Fund. The Fund manager and the Trustees believe that the going concern assumption is appropriate for ValuAlliance Value Fund as the Fund's investment objectives are feasible.

1.3 Asset Allocation

As at the report date, in accordance with clause 8.5.5 of the Trust Deed, the Fund did not invest in any investment that would cause the value of part of the Fund so invested in the shares of a particular company to exceed one twentieth of the total value of the Fund save in the case of a company with market capitalization of N50 billion or more, where investments in the shares of a particular company was not more than 10% of the Net Asset Value of the Fund.

In accordance with clause 8.6 of the Trust Deed, the Fund Manager notes that the Fund's investment in equity securities of each issuer did not exceed 10% of the outstanding issued shares of any issuer.

In accordance with clause 8.7 of the Trust Deed, the Fund's investment in Money market instruments (save for treasury bills) issued by any single issuer or fixed deposit with any single institution did not constitute more than 20% of the Net Asset Value of the Fund at any time during the period.

In accordance with clause 8.8 of the Trust Deed, the Fund's investment in bonds issued by the Federal Government of Nigeria, bonds issued by any single issuer or one group of companies did not constitute more than 30% of the Net Asset Value of the Fund at any time during the period.

In accordance with clause 8.10 of the Trust Deed, the Fund's investment in units/shares of other collective investment schemes did not constitute more than 20% of the Net Asset Value of the Fund at any time during the period.

2 Basis of Preparation

2.1 Statement of Compliance

The financial statements of the Fund has been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). International Financial Reporting Standards (IFRS) are Standards and Interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were authorized for issue by the Board of Directors of the Fund on 21st September 2022.

2.2 Basis of Measurement

The financial statements have been prepared on a historical cost basis, except financial instruments at fair value through profit or loss and those measured at fair value through other comprehensive income.

The Fund applies the accrual method of accounting where all income is recognized when earned and all expenses recognized once incurred.

2.3 Functional and Presentation Currency

These financial statements are presented in Naira which is the Fund's functional currency. Except as otherwise indicated, financial information presented in Naira has been rounded to the nearest thousand.

2.4 Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that can affect the application of 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 on-going basis. Revision to accounting estimates are recognized in the period which the estimate is revised and in any future periods affected. Revisions to estimates are recognized prospectively.

3 Standards Issued, Adopted and Significant Policies

3.1 Standards Adopted

There were no new standards/interpretations adopted by the Fund during the year ended 30 June 2022.

3.2 Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied by the Fund and to all periods presented in the financial report. The accounting policies relating to financial instruments are described below.

A Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities resulting from foreign currency transactions are subsequently translated at the spot rate at reporting date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different to those at which they were initially recognized or included in a previous financial report, are recognized in the income statement in the period in which they arise.

Translation differences on non-monetary items, such as derivatives measured at fair value through profit or loss, are reported as part of the fair value gain or loss on these items.

Translation differences on non-monetary items measured at fair value through equity, such as equities classified as fair value through other comprehensive income financial assets, are included in the fair value through other comprehensive income reserve in equity.

B Interest

Interest income and expense are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all fees and costs paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense presented in the statement of comprehensive income include:
Interest on financial assets measured at amortised cost calculated on an effective interest basis.

C Fair Value Changes

i Net gains from financial instruments at fair value through profit or loss

Net gains from financial instruments at fair value through profit or loss comprises gains less losses relating to trading assets and includes all realized and unrealized fair value changes during the year on financial instruments categorized as being at fair value through profit or loss.

ii Net gains from financial instruments classified as fair value through other comprehensive income

Net gains from financial assets classified as fair value through other comprehensive income comprises gains less losses relating to unrealized fair value changes during the year from unquoted equity investments. This is reported under the other comprehensive income and accumulated under the heading of other reserves.

D Fees and Commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission expense including Fund Manager fees, Trustee fees, Custodian fees, Registrar fees, Fund Manager’s incentive fees etc., are recognized as the related services are performed.

E Distributions

Distributions are at the discretion of the Fund. A distribution to the Fund’s unit holders is accounted for as a deduction from retained earnings. A proposed distribution is recognized as a liability in the period in which it is approved by the annual general meeting of unit holders.

F Dividend Income

Dividend income is recognized when the right to receive income is established. Usually, this is the ex-dividend date for equity securities. Dividend income is stated on the face of the profit or loss statement.

G Financial Assets and Financial Liabilities

i Initial recognition and measurement of financial assets

Financial assets are recognized when the entity becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets are recognized on trade-date, the date on which the Fund commits to purchase or sell the asset.

At initial recognition, Value Fund measures a financial asset at its fair value plus transaction costs (such as fees and commissions) that are incremental and directly attributable to the acquisition or issue of the financial asset (where the financial asset is not at fair value through profit or loss).

Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an Expected Credit Loss Allowance ("ECL") is recognized for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI which may result in an accounting loss being recognized in profit or loss when an asset is newly originated.

When the fair value of financial assets differ from the transaction price on initial recognition, the entity recognizes the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.

(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

ii De-recognition of financial assets

The Fund derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset 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 the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Fund is recognized as a separate asset in the statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss.

iii Classification and initial recognition of financial liabilities

The Fund will classify all financial liabilities at amortized cost using the effective interest rate method except when specifically designated by the Fund as being at fair value through profit or loss.

Financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as fair value through profit or loss, which are initially recognized at fair value alone (i.e. transaction costs are immediately expensed in the profit or loss).

iv De-recognition of financial liabilities

The Fund derecognizes financial liabilities when, and only when its obligations are discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

v Financial assets

(i) Classification and subsequent measurement

From 1 July 2018, the Fund has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Amortised cost.
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FTVPL);

The classification requirements for debt and equity instruments are described below:

vi Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as, government treasury bills and bonds, corporate bonds and trade receivables.

Classification and subsequent measurement of debt instruments depend on:

(i) the Fund's business model for managing the asset; and
(ii) the cash flow characteristics of the asset.

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Based on these factors, the Fund classifies its debt instruments at fair value through other comprehensive income (FVOCI).

Business Model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Fund in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Solely Payments of Principal and Interest (SPPI): Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Fund reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

vii Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

All equity investments in scope of IFRS 9 are to be measured at fair value in the statement of financial position, with value changes recognized in profit or loss, except for those equity investments for which the entity has elected to present value changes in 'other comprehensive income'. There is no 'cost exception' for unquoted equities.

Value Fund subsequently measures all equity instruments at fair value through profit or loss, except for unquoted equity instruments where management has elected, at initial recognition, to irrevocably designate at fair value through other comprehensive income. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Fund's right to receive payments is established.

Gains and losses on equity investments at FVTPL are included in the net gain/ (loss) on financial instruments at fair value through profit or loss line in the statement of comprehensive income.

viii Financial liabilities

Classification and subsequent measurement

In future periods, financial liabilities of the Fund will be classified as, and subsequently measured at amortised cost.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

ix Measurement of Expected Credit Losses

Value Fund assesses on a forward-looking basis the Expected Credit Losses ('ECL') associated with its debt instrument assets carried at FVOCI. The Fund recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and

- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- **Financial assets that are not credit-impaired at the reporting date:** 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);

- **Financial assets that are credit-impaired at the reporting date:** as the difference between the gross carrying amount and the present value of estimated future cash flows;

x Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:
- **Financial assets measured at amortised cost:** as a deduction from the gross carrying amount of the assets;
- **Debt instruments measured at FVOCI:** the loss allowance is charged to profit or loss and recognised in Other Comprehensive Income (OCI).

xi Write-off

Debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Fund determines that the counterparty does not have assets or sources of income that could generate sufficient cash flow to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Fund's procedures for recovery of amounts due.

xii Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- Financial assets that are credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortized cost (i.e. net of the expected credit loss provision).

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

H Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held on call with other financial institutions, other short-term, highly liquid investments with original terms to maturity of less than six months that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

I Provisions

Provisions are recognized 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 onerous contracts is recognized 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.

Contingent liabilities are possible obligations that arise from past events 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; or present obligations that have arisen from past events but are not recognized because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured. Contingent liabilities are not recognized in the financial statements but are disclosed unless the probability of settlement is remote.

J Taxation

The Fund is domiciled in Nigeria. Under the current income tax laws of Nigeria, the Fund is liable to withholding tax on certain income. Such income or gains are recorded gross of withholding taxes in the statement of profit or loss. Withholding taxes are shown as a separate item in the statement of profit or loss.

K Payables and Accruals

Accrued expenses are recognized initially at fair value and subsequently stated at amortized cost using the effective interest method.

4 New standards and interpretations not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2022 and earlier application is permitted; however, the fund has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Fund's financial statements:

Standard/Interpretation		**Date Issued by ISAB**	**Effective date** ***Periods beginning on or after***	**Summary of the requirements and impact assessment**
IFRS 17 including amendments Initial application of IFRS 17 and IFRS 9 – Comparative Information	Insurance contracts	May 2017, June 2020 and December 2021 for the amendments	1 January 2023	IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as: • Reinsurance contracts held; • Direct participating contracts; and • Investment contracts with discretionary participation features. Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI. The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements. The standard is effective for annual periods beginning on or after 1 January 2023. This standard has no impact on the Fund.
Amendments to IAS 1	Classification of liabilities as current or non-current	January 2020	1 January 2023	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 twelve 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. There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement. The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. 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 The standard is effective for annual periods beginning on or after 1 January 2023. Early adoption is permitted. The standard will be applicable once it becomes effective.
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure Initiative: Accounting Policies	February 2021	1 January 2023	The amendments were issued to assist companies provide useful accounting policy disclosures. The key amendments to IAS 1 include: • requiring companies to disclose their material accounting policies rather than their significant accounting policies; • clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and • clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements; The amendments are consistent with the refined definition of material: "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements". The amendments are effective from 1 January 2023. This standard will be applicable once it becomes effective.

Amendment to IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	May 2021	1 January 2023	The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition arising from these transactions. The standard is effective for annual periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If an entity previously accounted for deferred tax on these transactions using the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability. The standard has no impact on the Fund.
Amendments to IAS 8	Definition of Accounting Estimates	February 2021	1 January 2023	This amendment provides clarifications to companies on how to distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendment introduces a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarifies the following: • an entity develops an accounting estimate to achieve the objective set out by an accounting policy. • developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique. • a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. • a change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods. The definition of accounting policies remains unchanged. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. This standard will be applicable once it becomes effective
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014	The effective date of this amendment has been deferred indefinitely by the IASB.	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. This standard is not expected to have any impact on the Fund.

5 Financial risk

This note presents information about Value Fund's exposure to risks and how they are mitigated. The following are the key risks the Fund is exposed to:

i) Credit risk
ii) Liquidity risk
iii) Market risk
iv) Interest rate risk
v) Operational risk
vi) Foreign Exchange risk

Risk Management Framework

The funds investment portfolio comprises listed and unlisted equity and debt securities including government issued bonds and treasury bills.

5.1 Credit risk

Credit is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from debt securities held, and also from derivative financial assets, cash and cash equivalents, balances due from brokers and receivables from reverse repurchase agreements. For risk management reporting purposes, the Fund considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

(i) Management of credit risk

Value Fund's policy on credit risk is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting the credit standards set out in the Fund's investment strategy document. The Fund's exposure to the corporate bonds sector will be restricted to investment grade issues. High yield issues will be considered provided sufficient compensation for additional risk is obtainable. Overall, the Fund will not allocate more than 10% of the portfolio to any one issuer.

Credit risk is monitored on a weekly basis by the investment manager in accordance with policies and procedures in place. The balances held in instruments that are exposed to credit risk are measured against the asset value of the portfolio to ensure it is within the limits. If it is found to be outside of the limit, steps are taken to bring the holding in line with policy. In addition, on an annual basis, credit rating of the financial institutions the Fund invests in, is monitored on a regular basis by the investment committee. Where the credit risk is not in accordance with the investment policy or guidelines of the Fund, the investment manager is obliged to rebalance the portfolio within 30 to 90 days of each determination that the portfolio is not in compliance with the stated investment parameters.

(ii) Exposure to credit risk

The Fund's maximum credit risk exposure at the reporting date is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

5.1.1 Credit quality analysis

Credit risk grading

For debt securities in the Fund, external rating agency credit grades are used. These published grades are continuously monitored and updated. The Probability of Default (PD) associated with each grade are determined based on realized default rates over the prior 12 months, as published by the rating agency.

Credit Rating of Counterparty/Obligor

Counterparties are subject to the Fund's internal rating process as part of its credit approval and review process. All risk ratings for counterparties are reviewed and validated periodically to ensure relevance to business realities. External ratings may also be obtained where such is available.

The credit quality of the debt securities that are neither past due nor impaired is detailed below:

	Note	30-Jun 2022 ₦'000	30-Jun 2021 ₦'000
Counterparties with international credit rating (S&P, Fitch, Moody's)			
Investment grade (AAA to B-)	17	1,082,320	1,490,743
Others (CCC+ to D)		-	-
		1,082,320	**1,490,743**
Total unimpaired nor past due debt securities		1,082,320	1,490,743
Past due but not impaired		-	-
Total debt securities		**1,082,320**	**1,490,743**

5.1.2 Expected credit loss measurement

From 1 July 2018, in accordance with IFRS 9, Value Fund records the allowance for expected credit losses for all debt securities not classified as held at FTVPL. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. The Fund's policies for determining if there has been a significant increase in credit risk are set out in Note 5.1.2.1.

The 12-month ECL is the portion of lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both lifetime ECL and 12 months ECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying financial instruments.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

· A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by Value Fund.

· If a Significant Increase in Credit Risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to note 5.1.2.1 for a description of how Value Fund determines when a significant increase in credit risk has occurred.

· If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 5.1.2.1 and 5.1.2.2 for a description of how Value Fund defines credit-impaired and default.

▪ Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 5.1.2.3 for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

· A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 5.1.2.4 includes an explanation of how Value Fund has incorporated this in its ECL models.

· Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Further explanation is also provided of how the Fund determines appropriate groupings when ECL is measured on a collective basis.

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	**Stage 2**	**Stage 3**
(initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12 month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

5.1.2.1 Significant increase in credit risk

Value Fund considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following qualitative or backstop criteria have been met:

Qualitative criteria:

Forward transitions: Credit Ratings

Value Fund allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of counterparty. Notch differences between the current rating grade and initial rating grade can be indicative of significant increase in credit risks.

The Fund specifies that a two-notch deterioration in speculative grade and a deterioration in investment grade to speculative grade will be viewed as a significant increase in credit risk since origination. Assuming an instrument is currently classified as Stage 1, if the current credit rating for speculative deteriorates by two or more notches and deteriorates from investment grade to speculative grade since origination, the instrument is classified as Stage 2. An instrument that is non-performing is classified as Stage 3.

Forward transitions: Classification

Transition to various stages is based on its classification of performing, watchlist, substandard,doubtful and lost. The table below summarises the Stage classification based on the days past due.

Stage	Days Past Due
1	0 to 30
2	30 to 90
3	90+

Forward transitions: Restructure

All debt securities that have been restructured or the term extended, are assumed to have significantly increased credit risk since origination and are thus classified as Stage 2, if not already classified as Stage 2 or Stage 3. Thus, all accounts flagged as forbearance are classified as Stage 2. However, if the Fund has evidence that not all of these accounts' credit risk has significantly increased since initial recognition, then these accounts can be re-classified as Stage 1.

5.1.2.2 *Definition of default*

Value Fund considers a financial asset to be in default which is fully aligned with the credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The counterparty is more than 90 days past due on its contractual payments .

Qualitative criteria

The counterparty meets unlikeliness to pay criteria, which indicates the counterparty is in significant financial difficulty. These are instances where:

- The counterparty is in long-term forbearance
- The counterparty is deceased
- The counterparty is insolvent
- The counterparty is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the counterparty's financial difficulty
- It is becoming probable that the counterparty will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by Value Fund and are consistent with the definition of

5.1.2.3 Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a counterparty defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the instrument.

- EAD is based on the amounts Value Fund expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

- Loss Given Default (LGD) represents Value Fund's expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

12-month PD

The 12-month PDs utilised are aligned to the credit ratings generated by the Fitch credit rating system, which is derived by dividing the number of accounts that have defaulted by the total number of accounts, for each obligor rating. For the purposes of this model, to be point-in-time estimates; however, a macro-economic adjustment is applied to account for differences in the current economic conditions and those underlying the PDs.

As IFRS 9 requires PDs to allow for macro-economic expectations as at the reporting date, the PDs were adjusted to allow for macro-economic forecasts.

<u>Lifetime PD</u>

Lifetime PD curves are required to calculate expected credit losses for Stage 2 accounts. The Lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile should ordinarily look at how defaults develop from the point of initial recognition throughout the lifetime of the securities. It should be based on historical observed data. Alternatively, lifetime PD curves can be obtained from external credit rating agencies. Lifetime PD's from Fitch's "2016 Annual Global Corporate Transition and Default Study" have been used in the Fund's "ECL" model.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by instrument.

For amortising debt instruments products, this is based on the contractual repayments owed by the counterparty over a 12-month or lifetime basis.B130

The LGDs were estimated based on Moody's recovery rate for senior secured bonds. The LGD determined from Moody's recovery rate was deemed to be the average LGD. For the downturn scenario, the Fund's LGDs are transformed through the use of the Federal Reserve Formula:
Downturn LGD = 0.92 × Average LGD + 0.08

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer to note 5.1.2.4 for an explanation of forward- looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation (such as how the maturity profile of the PDs and how collateral values change etc) are monitored and reviewed on a quarterly basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

5.1.2.4 Forward-looking information incorporated in the ECL models

The assessment of Significant increase in Credit Risk ("SICR") and the calculation of ECL both incorporate forward-looking information. Value Fund has performed historical analysis and identified a key economic variable impacting credit risk and expected credit losses for its investment securities. The economic variable used is GDP growth rate.

The economic variable and its associated impact on the PD, EAD and LGD vary by financial instrument. Judgment has also been applied in this process.

The assessment of SICR is performed using qualitative and backstop indicators (see note 5.1.2.1). This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, Value Fund measures ECL as either a probability weighted 12-month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs). As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.

Economic variable assumptions

The most significant period-end assumptions used for the ECL estimate as at 30 June 2022 are set out below. The scenarios "base", "optimistic" and "downturn" were used for the Fund.

		2022	**2023**	**2024**	**2025**
GDP growth rate	Base	3.30	3.40	3.40	3.50
	Optimistic	3.80	3.90	3.90	3.90
	Downturn	2.80	2.90	2.90	2.80

Source:
2021 Base, Optimistic & Downturn Data – AFDB's publication on Africa's Economic Performance & Outlook Amid COVID-19
2022-2024 Base, Optimistic & Downturn Data – The Economic Intelligence Unit (EIU) Country Forecast Report

5.2 Liquidity risk

Liquidity risk is the risk that a financial instrument cannot be purchased or sold without a significant concession in price because of the market's potential inability to efficiently accommodate the desired trading size.

Management of liquidity risk

The Fund's policy and the investment manager's approach to managing liquidity is to ensure the Fund uses position limits to ensure that the Fund is not overly exposed to any single security particularly those considered to be illiquid.

Maturity analysis for financial assets and liabilities

The following are the contractual maturities of financial liabilities, including estimated interest payments.

In thousands of Naira	Note	Carrying amount	Gross nominal value	Less than 3 months	3- 12 months	Above 1 year
30-Jun-22		**₦,000**	**₦,000**	**₦,000**	**₦,000**	**₦,000**
Cash and Cash Equivalents	14	898,433	902,560	902,560	-	-
Quoted Equities	15	2,939,592	2,939,592	-	-	2,939,592
Bonds	17	1,011,734	1,525,675	25,235	62,533	1,437,907
Commercial Papers	17	70,586	72,800	-	72,800	-
Total financial assets		**4,920,345**	**5,440,627**	**927,795**	**135,333**	**4,377,499**
Payable to Fund Parties	19	15,372	15,372	15,372	-	-
Other payables	19	9,683	9,683	9,683	-	-
Total financial liabilities		**25,055**	**25,055**	**25,055**	-	-
Gap (assets-liabilities)		**4,895,290**	**5,415,572**	**902,740**	**135,333**	**4,377,499**
Cumulative liquidity gap				**902,740**	**1,038,073**	**5,415,572**

In thousands of Naira	Note	Carrying amount	Gross nominal value	Less than 3 months	3-12 months	Above 1 year
30-Jun-21		**₦,000**	**₦,000**	**₦,000**	**₦,000**	**₦,000**
Cash and Cash Equivalents	14	644,921	649,522	649,522	-	-
Quoted Equities	15	2,602,925	2,602,925	-	-	2,602,925
Bonds	17	1,281,341	1,745,632	125,325	82,445	1,537,862
Commercial Papers	17	209,402	220,500	-	220,500	-
Total financial assets		**4,738,589**	**5,218,579**	**774,847**	**302,945**	**4,140,787**
Fund Parties	19	15,458	15,458	15,458	-	-
Other payables	19	132,824	132,824	132,824	-	-
Total financial liabilities		**148,282**	**148,282**	**148,282**	-	-
Gap (assets-liabilities)		**4,590,307**	**5,070,297**	**626,565**	**302,945**	**4,140,787**
Cumulative liquidity gap				**626,565**	**929,510**	**5,070,297**

5.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Fund's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Management of market risk

The Fund's strategy for the management of market risk is driven by the Fund's investment objective. The Fund's market positions are monitored on a regular basis by the Investment Committee.

5.4 Interest rate risk

The Fund is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates.

The distribution of the Fund's Fixed income portfolio is shown below:

	2022		2021	
Tenor	**% of Net Assets**	**Weighted Yield (%)**	**% of Net Assets**	**Weighted Yield (%)**
< 1 Year	4.86%	8.25%	13.14%	11.96%
1 - 3 Years	6.48%	8.88%	12.41%	8.47%
> 3 Years	10.72%	9.79%	5.80%	9.60%
	22.06%		**31.35%**	

30-Jun-22	Notes	Non-Interest ₦,000	Fixed Interest ₦,000	Carrying Amount ₦,000
Assets				
Cash and Cash Equivalents	**14**	-	898,433	898,433
Financial assets at fair value through profit or loss	**15**	2,939,592	-	2,939,592
Financial assets at fair value through other comprehensive income	**17**	-	1,082,320	1,082,320
Other assets	**18**	12,694	-	12,694
		2,952,286	**1,980,753**	**4,933,039**
Liabilities				
Other Liabilities	**19**	26,223	-	26,223
		26,223	**-**	**26,223**
Income for the year	**6**	238,301	177,602	415,903
Average percentage of income to total exposure		**8.07%**	**8.97%**	**8.43%**

30-Jun-21	Notes	Non-Interest ₦,000	Fixed Interest ₦,000	Carrying Amount ₦,000
Assets				
Cash and Cash Equivalents	**14**	-	644,921	644,921
Financial assets at fair value through profit or loss	**15**	2,602,925	-	2,602,925
Financial assets at fair value through other comprehensive income	**17**	-	1,490,743	1,490,743
Other assets	**18**	10,263	-	10,263
		2,613,188	**2,135,664**	**4,748,852**
Liabilities				
Other Liabilities	**19**	149,434	-	149,434
		149,434	**-**	**149,434**
Income for the year	**6**	220,641	161,195	381,836
Average percentage of income to total exposure		**8.44%**	**7.55%**	**8.04%**

5.5 Equity price risk

The Fund's policy for concentration of its investment portfolio profile is as follows:

Equity investments listed on the Nigerian Stock Exchange	20%-60% of net assets
Unlisted equity investments	0%-20% of net assets
Fixed income securities	20%-60% of net assets
Money Market Instruments	0%-40% of net assets
Cash	0%-5% of net assets

The internal procedures require the investment manager to manage price risk on a daily basis. The Fund's procedures require price risk to be monitored on a regular basis by the Investment Committee.

No exposure to any individual issuer of equity and bond instruments exceeded 10% and 30% of the net assets attributable to the unit holders respectively.

Where the price risk is not in accordance with the investment policy or guidelines of the Fund, the Portfolio manager is required to rebalance the portfolio within 60 days of the determination of such occurrence.

The following table sets out concentration of the investment assets and liabilities of the Fund

	2022 % of net assets	**2021 % of net assets**
Equity investments:		
Quoted equity investments	59.91%	54.75%
Unlisted equity investments	0.00%	3.25%
Total equity investments	59.91%	58.00%
Total debt securities	22.06%	31.36%
Total investment assets	81.97%	89.36%
Total investment liabilities	-0.53%	-3.05%

The investment manager further monitors concentration of risk based on counterparties and industries. The Fund's equity investments are concentrated in the following industries:

	2022 % of net assets	**2021 % of net assets**
Banking sector	24.40%	27.24%
Agric	13.46%	9.87%
Oil & Gas	9.44%	7.23%
Insurance	4.74%	4.12%
Building materials	3.93%	3.18%
Telecommunications	2.39%	0.00%
Conglomerates	1.45%	1.27%
Real Estate	0.10%	0.00%
Food and beverages	0.00%	3.15%
	59.91%	**56.06%**

No impairment losses have been recognized for the years presented relating to listed equities classified as fair value through profit or loss and unlisted equities investments classified as fair value through other comprehensive income investments. For more information see note 16 on fair value through other comprehensive income investments.

5.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities with financial instruments either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to investors. The primary responsibility for the development and implementation of controls over operational risk rests with the Investment Committee. This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

· Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
· Requirements for the reconciliation and monitoring of transactions;
· Compliance with regulatory and other legal requirements;
· Documentation of controls and procedures;
· Requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified;
· Contingency plans;
· Ethical and business standards; and
· Risk mitigation, including insurance if this is effective.

The Fund Manager's and Investment Committee's assessment over the adequacy of the controls and processes in place at the service providers with respect to operational risk is carried out via ad-hoc discussions with the service providers.

5.7 Foreign exchange risk

Foreign exchange risk is the risk of loss of capital or earnings due to adverse movements in the exchange rates of the Fund's foreign currency assets or liabilities.

The Fund is exposed to the financial risk related to the fluctuation of foreign exchange rates. This is because the Fund has Eurobonds denominated in foreign currency. The Fund had the following balances as at year end:

30 June 2022 *In thousands of naira*	**Note**	**Total**	**Naira**	**USD**
Assets				
Fixed Income Securities	17	1,082,320	324,887	757,433
		1,082,320	**324,887**	**757,433**

30 June 2021 *In thousands of naira*	**Note**	**Total**	**Naira**	**USD**
Assets				
Fixed Income Securities	17	1,490,743	761,978	728,765
		1,490,743	**761,978**	**728,765**

The analysis details the Fund's sensitivity to a 10% increase and decrease in the value of the Naira against the United States Dollars (USD) as the Fund is mainly exposed to USD.

The impact of a change of 10% in the closing exchange rate is analysed below for assets. The analysis assumes all other variables remain constant. The carrying amount of the Fund's foreign currency denominated assets are as follows:

	30 June 2022			**30 June 2021**		
In thousands of naira	**Carrying amount**	**10% increase in the value of the Naira against USD**	**10% decrease in the value of the Naira against USD**	**Carrying amount**	**10% increase in the value of the Naira against USD**	**10% decrease in the value of the Naira against USD**
Fixed Income Securities	757,433	75,743	(75,743)	728,765	72,877	(72,877)
	757,433	**75,743**	**(75,743)**	**728,765**	**72,877**	**(72,877)**

5.8 Credit risk exposure

5.8.1 Maximum exposure to credit risk – Financial instruments subject to impairment

For ECL purposes, the fund's debt securities are segmented into sub-portfolios as listed below:

- Fixed income securities
- Bank balances
- Due from financial institutions

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Value Fund's maximum exposure to credit risk on these assets.

	Fixed income securities					
					30 June 2022	**30 June 2021**
ECL staging	**Stage 1** 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Purchased credit-impaired**	**Total**	**Total**
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Credit grade						
Investment grade	1,082,320	-	-	-	1,082,320	1,490,743
Speculative grade	-	-	-	-	-	-
Carrying amount	**1,082,320**	-	-	-	**1,082,320**	**1,490,743**
Loss (allowance) / writeback	**(2,901)**	-	-	-	**(2,901)**	**60,456**

5.8.2 Loss allowance

Loss allowance is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;

- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;

- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;

- Impact on the measurement of ECL due to changes made to models and assumptions;

- Discount unwound within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

The following tables explain the changes in the loss allowance between the beginning and the end of the curernt period due to these factors:

Investment securities	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	₦'000	₦'000	₦'000	₦'000
Corporate Eurobonds	21,356	-	-	21,356
Sovereign Eurobonds	4,173	-	-	4,173
Federal Government of Nigeria Bonds	5,710	-	-	5,710
Loss allowance as at 1 July 2021	**31,239**	**-**	**-**	**31,239**
Movements with P&L impact				
Based on changes in forward looking information:				
Corporate Eurobonds	11,975	-	-	11,975
Sovereign Eurobonds	(3,650)	-	-	(3,650)
Federal Government of Nigeria Bonds	(5,424)	-	-	(5,424)
Total net P&L charge during the year	**2,901**	**-**	**-**	**2,901**
Other movements with no P&L impact				
Loss allowance as at 30 June 2022	**34,140**	**-**	**-**	**34,140**

5.8.3 Write-off policy

Value Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where Value Fund's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

There were no assets written off during the year ended 30 June 2022 (30 June 2021:nil).

5.8.4 Concentration risk

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

Concentration of credit risk

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

	% of concentration	30 June 2022	% of concentration	30 June 2021
		₦		₦
Government	29%	573,772	36%	830,131
Manufacturing	0%	-	7%	154,350
Real Estate	0%	-	0%	-
Oil and Gas	0%	-	0%	-
Financial services	71%	1,375,223	57%	1,305,423
Telecommunication	0%	-	0%	-
Total exposure	**100%**	**1,948,995**	**100%**	**2,289,904**

6 Interest income calculated using the effective interest method	30-Jun 2022 ₦'000	30-Jun 2021 ₦'000
Interest on bonds	85,783	105,254
Interest on treasury bills	-	28,428
Interest on commercial papers	36,471	11,218
Interest on promissory notes	-	3,604
Interest on short term placements	55,348	12,691
Interest income	**177,602**	**161,195**

7 Dividend income	30-Jun 2022 ₦'000	30-Jun 2021 ₦'000
Quoted securities	238,301	211,972
Unquoted securities	-	8,669
Total dividend income	**238,301**	**220,641**

8 Net gain from financial instruments at fair value through profit or loss	30-Jun 2022 ₦'000	30-Jun 2021 ₦'000
Access Bank Plc	18,945	44,993
MTNN	31,223	-
Custodian & Allied Plc	31,711	18,358
Dangote Cement Plc	38,082	66,290
UPDCREIT	(3,691)	-
First City Monument Bank Plc	1,650	21,300
FBN Holdings Plc	68,524	41,102
Fidelity Bank Plc	57,676	29,617
Guaranty Trust Holding Company (GTCO) Plc	(69,534)	58,068
Okomu Oil Palm Company Plc	227,626	73,332
Presco Plc	291,038	92,829
Seplat Petroleum Dev. Co. Plc	226,849	114,000
Stanbic IBTC Holdings	(4,373)	39,459
TotalEnergies Marketing Nigeria Plc	58,981	31,302
United Africa Company of Nigeria (UACN) Plc	8,671	11,240
United Bank for Africa Plc	2,848	19,950
Zenith Bank Plc	(26,877)	100,298
Net total fair value changes	**959,349**	**762,138**

9 Other income	30-Jun 2022 ₦'000	30-Jun 2021 ₦'000
Exchange gain	20,109	1,462
Income from investment in money market funds	44	7,245
UACN unbundled shares (see note (a))	8,686	-
Total	**28,839**	**8,707**

(a) The Board of Directors of UACN announced its decision to unbundle its 24.34% interest in UPDC Real Estate Investment Trust (649 million units valued at N3.6 billion) to UAC shareholders. The allocation ratio of 0.2254 was used to allocate the UPDC REIT units to UAC shareholders as at 11 November 2021 (being the qualifying date). As at the qualifying date, ValuAlliance Value Funds received 1,447,739units (Value of N8,685,744.00) of UPDC REIT shares based on the 6,422,977units of UACN shares held.

		30-Jun 2022	30-Jun 2021
10	**Operating expenses**	**₦'000**	**₦'000**
	Fund Manager fees	50,897	51,244
	Trustee fees	3,563	3,587
	Custodian fees	3,809	4,656
	Registrar fees	735	495
	Audit fees*	4,500	4,500
	Exchange loss	-	133
	Impairment loss/(reversal) on financials assets	2,901	(60,465)
	Listing fees to Nigerian Exchange Group (NGX)	-	6,796
	Domiciliary and other fees to CSCS	2,684	542
	VAT on fees	4,733	4,799
	Brokerage Fees	2,381	-
	SEC Supervisory Fees	5,615	-
	Stamp Duties	706	3
	NSE charges for acquisition/disposal of shares	2,751	-
	Sitting Allowance	500	400
	Dividend Payment Expense	-	240
	Stationery and Printing	122	184
	AGM Related Cost	1,337	1,003
	Professional fees	2,956	1,075
	Bank Charges	202	218
	Legal fees	-	2,956
		90,392	**22,366**

* During the year, the Fund's Auditor, KPMG Professional services did not render any non-audit services to the Fund. (2021:Nil).

		30-Jun 2022	30-Jun 2021
11	**Withholding tax expense**	**₦'000**	**₦'000**
	Withholding tax on interest income earned	4,980	525
	Withholding tax on dividend income earned	23,711	21,951
	Total withholding tax expense	**28,691**	**22,476**

12 Bank balances

	30-Jun 2022 ₦'000	30-Jun 2021 ₦'000
Bank balances	**31,760**	**111**

Bank balance of the Fund represents balance in the Call account with Stanbic IBTC Bank Plc which qualify for recognition as cash & cash equivalents in accordance with IAS 7. The Call account is an interest earning account with Stanbic IBTC Bank Plc.

Current	31,760	111
Non-current	-	-
	31,760	**111**

13 Dues from other financial institutions

	30-Jun 2022 ₦'000	30-Jun 2021 ₦'000
Wema Bank	427,625	262,380
Sterling Bank	152,916	-
FCMB	4,000	-
Fidelity Bank Plc	110,580	284,808
Access Bank	171,552	97,622
	866,673	**644,810**

This amount represents amounts placed in various Nigerian banks. The tenors of the placements vary between 30 to 90 days and at different rates.

Current	866,673	644,810
Non-current	-	-
	866,673	**644,810**

14 Cash and cash equivalents

	30-Jun 2022 ₦'000	30-Jun 2021 ₦'000
Bank balance (see note 12)	31,760	111
Due from other financial institutions (see note 13)	866,673	644,810
	898,433	**644,921**

Current	898,433	644,921
Non-current	-	-
	898,433	**644,921**

15 **Financial assets at fair value through profit or loss**	30-Jun 2022	30-Jun 2021
	N'000	**N'000**
Investment in quoted equity instruments:		
Access Bank Plc	219,049	200,104
Custodian & Allied Plc	233,656	201,945
Dangote Cement Plc	193,934	155,852
First City Monument Bank Plc	51,900	50,250
FBN Holdings Plc	22,700	143,859
Fidelity Bank Plc	177,704	120,028
Guaranty Trust Holding Company (GTCO) Plc	151,643	221,177
Okomu Oil Palm Company Plc	349,002	247,439
Presco Plc	314,774	236,436
Seplat Petroleum Dev. Co. Plc	296,173	258,750
Stanbic IBTC Holdings	154,451	158,824
Total Energies Marketing Nigeria Plc	154,536	95,555
United Africa Company of Nigeria (UACN) Plc	71,295	62,624
United Bank for Africa Plc	141,550	138,700
Zenith Bank Plc	284,505	311,382
MTN Nigeria	117,726	-
UPDCREIT	4,994	-
Total	**2,939,592**	**2,602,925**
	245,341	
Current	-	-
Non-current	2,939,592	2,602,925
	2,939,592	**2,602,925**

Quoted equity securities are securities that are traded on the Nigerian Exchange. These securities, which were identified as undervalued with an above average growth potential when purchased, are carried at fair value with fair value changes recorded in the statement of profit or loss.

Fair value heirachy	Level 1	Level 2	Level 3	**Total**
Quoted equities	2,939,592	-	-	2,939,592

16 Financial assets measured at fair value through other comprehensive income (FVOCI) - Unquoted Equity Securities

Investment in unquoted equity securities:

	30-Jun 2022	30-Jun 2021
	N'000	**N'000**
Friesland Campina WAMCO Nigeria Plc	-	154,350
Total	-	**154,350**
Current	-	-
Non-current	-	154,350
	-	**154,350**

Unquoted equity securities are classified as financial assets measured at fair value through other comprehensive income. Differences in fair valuation of financial assets measured at fair value through other comprehensive income securities are reported in the fair value through other comprehensive income reserve.

Unquoted equity securities are carried at fair value as required by IFRS 9. Fair value is determined as the latest transaction price at which the most recent trade on the Over the Counter platform was carried out. The Fund Manager believes this captures the fair value of these holdings at the reporting date.

16.1 Movements in financial assets measured at fair value through other comprehensive income

	30-Jun 2022 N'000	30-Jun 2021 N'000
Balance brought forward	154,350	160,717
Net loss arising from revaluation of FVOCI financial assets - unquoted equities	-	(6,367)
Disposal of FVOCI financial assets- unquoted equities	(154,350)	-
Fair value of unquoted equity investments at year end	**-**	**154,350**

17 Financial Assets at fair value through other comprehensive income - Fixed Income Securities

	30-Jun 2022 N'000	30-Jun 2021 N'000
Eurobonds	757,433	728,765
Treasury bills	-	-
Federal Government of Nigeria Bonds	254,301	552,576
Commercial Papers	70,586	209,402
	1,082,320	**1,490,743**
Current	324,462	829,100
Non-current	757,858	661,643
	1,082,320	**1,490,743**

Fair Value Through Other Comprehensive Income - Fixed Income Securities of the Fund as at the reporting date consist of Bonds issued by the Federal Government of Nigeria as medium-term debt instruments, as well as those issued by private financial institutions with high credit worthiness.

The Fund also holds Commercial Papers issued by Nigerian Corporates. Coupon for all bonds held by the Fund are paid bi-annually. Principal for the FGN Bonds and Eurobonds held by the Fund is to be repaid at maturity.

17.1 Movements in financial assets measured at fair value through other comprehensive income

	Notes	30-Jun 2022 N'000	30-Jun 2021 N'000
Opening balance of fixed income securities		1,490,743	2,534,224
Net proceeds on matured/disposed securities during the year		(335,490)	(1,071,214)
Net fair value (loss)/gain during the year	21.1	(72,933)	27,733
Fair value of assets at year end - fixed income securities		**1,082,320**	**1,490,743**

18	**Other assets**	**30-Jun 2022 ₦'000**	**30-Jun 2021 ₦'000**
	Dividend receivable from Okomu Oil palm Plc	-	1,571
	Dividend receivable from First City Monument Bank Plc	-	1,755
	Dividend receivable from Dangote Cement Plc	12,694	-
	Dividend receivable from UACN Plc	-	6,937
		12,694	**10,263**
	Current	12,694	10,263
	Non-current	-	-
		12,694	**10,263**

19	**Payables & accruals**	**30-Jun 2022 ₦'000**	**30-Jun 2021 ₦'000**
	Due to Fund Manager	12,440	12,567
	Trustee fees payable	1,830	1,874
	Custody fees payable	1,102	1,017
	VAT on fees payable	1,168	1,150
	Audit fees	4,838	4,838
	Unclaimed dividend	627	627
	Reimbursable expenses payable to fund manager	2,720	3,538
	Incentive fee Payable	1,498	123,821
	Reimbursable expenses payable to fund custodian	-	2
		26,223	**149,434**
	Current	26,223	149,434
	Non-current	-	-
		26,223	**149,434**

These account balances represents fees payable to entities that rendered various services to the Fund during the year. They are unpaid portion of cost of services rendered. The fees are computed monthly. The fee due to the Trustees are payable semi-annually while that of the Fund Manager are payable quarterly. The Custodian fees are payable monthly based on the term of the safe custody agreement. Financial liabilities of the Fund are measured at amortised cost except when specifically designated as being at fair value through profit or loss.

		30-Jun 2022 N'000	30-Jun 2021 N'000
20	**Share capital**		
	Authorized, issued and fully paid:		
	Opening units (28,887,108 units of N100 each)	2,888,712	3,209,679
	Units repurchased during the year (4,199,660 units of N100 each)	(419,966)	(320,967)
	Subscriptions during the year	11,030	-
	Closing units (24,797,761 units at N100 each)	2,479,776	2,888,712

		30-Jun 2022 N'000	30-Jun 2021 N'000
20.1	**Share Premium**		
	Opening Balance	1,827	1,827
	Premium on issue of units	11,075	-
	Closing Balance	**12,902**	**1,827**

		30-Jun 2022	30-Jun 2021
20.2	**Movement in units**		
	In thousands of units		
	Authorized, issued and fully paid:		
	Opening units	28,887	32,097
	Units repurchased during the year	(4,200)	(3,210)
	Subscriptions during the year	110	-
	Closing units	24,797	28,887

		30-Jun 2022 N'000	30-Jun 2021 N'000
21	**Fair value through other comprehensive income reserves**		
	Balance brought forward	119,570	158,669
	Net changes in FVOCI financial assets (see note 21.1)	(36,043)	(39,099)
		83,527	**119,570**

		30-Jun 2022 N'000	30-Jun 2021 N'000
21.1	**Net changes in FVOCI financial assets**		
	Net changes arising from revaluation of FVOCI financial assets - fixed income securites	(72,933)	27,733
	Net loss arising from revaluation of FVOCI financial assets - unquoted equities -(see note 16.1)	-	(6,367)
	Impairment charge/(writeback)	2,901	(60,465)
	Net reclassification adjustment on disposed unquoted equity investments at FVOCI (see note 22)	33,989	-
		(36,043)	**(39,099)**

		30-Jun 2022 N'000	30-Jun 2021 N'000
22	**Retained earnings**		
	Opening Balance	1,743,659	1,299,438
	Net reclassification adjustment on disposed unquoted equity investments at FVOCI (see note 21.1)	(33,989)	-
	Profit for the year	1,283,510	984,018
	Repurchase of unitholding during the year	(373,699)	(218,829)
	Dividend payment during the year	(288,870)	(320,968)
	Closing Balance	**2,330,611**	**1,743,659**

		30-Jun 2022 N'000	30-Jun 2021 N'000
22.1	**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.

	30-Jun 2022 N'000	30-Jun 2021 N'000
Increase in net assets attributable to unitholders (see note 22)	1,283,510	984,018
Number of units as at year end (see note 20.2)	24,797	28,887
Earnings per unit (kobo) (basic and diluted)	51.76	34.06

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.

23 Use of estimates and judgments

(a) Key sources of estimation uncertainty

(i) Determining fair values

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

(b) Critical accounting judgments in applying the Fund's accounting policies

(i) Valuation of financial instruments

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

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

- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted 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 for which all significant inputs are directly or indirectly observable from market data.

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

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted prices or dealer price quotations. For all other financial instruments the Fund determines fair values using valuation techniques or obtains market values of the assets in OTC markets. Valuation techniques include net present value and discounted cash flow models, and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premier used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm’s length. The Fund uses widely recognized valuation models for determining the fair value of common and more simple financial instruments that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity investments.

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

For more complex instruments the Fund uses proprietary valuation models, which usually are developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Examples of instruments involving significant unobservable inputs include certain over-the-counter securities for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and selection of appropriate discount rates. 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 categorized:

	Level1	**Level2**	**Level3**	**Total**
30-Jun-22				
Financial assets at fair value				
Equity investments	2,939,592	-	-	2,939,592
Debt Instruments	1,082,320	-		1,082,320
	4,021,912	**-**	**-**	**4,021,912**

In thousands of Naira	**Level1**	**Level2**	**Level3**	**Total**
30-Jun-21				
Financial assets at fair value				
Equity investments	2,602,925	154,350	-	2,757,275
Debt Instruments	1,490,743	-		1,490,743
	4,093,668	**154,350**	**-**	**4,248,018**

24	**Fund Manager's incentive fees**	**30-Jun 2022 N'000**	**30-Jun 2021 (Post-deed amendmen N'000**	**30-Jun 2021 (Pre-deed amendment) N'000**
	Opening net asset	4,928,833	5,278,514	4,669,613
	Closing NAV (before incentive fees Gross of management fee)	4,959,211	4,928,833	5,278,514
	Units repurchased during the period	793,665	539,796	-
	Dividend paid during the year	288,870	-	320,968
	Total return (i.e. Growth in NAV) %	22.58%	3.60%	19.91%
	Relevant Benchmark**	22.43%	-1.71%	12.66%
	Return in excess of benchmark (%)	0.15%	5.31%	7.25%
	Return in excess of benchmark (₦)	7,488	280,296	338,811
	Incentive fee due to the Fund Manager	1,498	56,059	67,762
	Incentive fee charged to profit or loss	-	56,059	67,762
	Total incentive fee charged for the year	1,498	123,821	-

** The Relevant Benchmark for the Fund has been determined in line with the Securities and Exchange Commission's (SEC) regulations, as well as section 1.1.31 of the amended Trust deed of the Fund as follows:

	%
50% of Nigerian Exchange Group (NGX) All Share Index return	18.35
35% of weighted average return of 3-year Sovereign Bond	3.55
15% of weighted average return on 91-day Nigerian Treasury Bill (NTB)	0.53
Relevant benchmark rate	**22.43**

25 Cash flow workings

(a) *Payables and accruals*

		2022	2021
		N'000	N'000
Opening balance	19	(149,434)	(20,510)
Closing balance	19	26,223	149,434
Net increase/(decrease) in payables and accruals		(123,211)	128,924

(b) *Dividends received*

		2022	2021
		N'000	N'000
Opening balance of dividends receivable	18	10,263	4,558
Dividend income for the year	7	238,301	220,641
Closing balance of dividends receivable	18	(12,694)	(10,263)
Dividends received during the year		235,870	214,936

(c) *Repurchase of units from holders during the year*

		2022	2021
		N'000	N'000
Par value of units repurchased during the period	20	(419,966)	(320,967)
Cumulative return to unitholders on repurchase	22	(373,699)	(218,829)
Total consideration paid to holders on repurchase		(793,665)	(539,796)

(d) *Subscription of units during the year*

		2022	2021
		N'000	N'000
Par value of units subscribed to during the period	20	11,030	-
Premium on issue of new units		11,075	-
Total consideration received on subscription		22,105	-

(e) *Net movement in Financial assets at FVPTL*

		2022	2021
		N'000	N'000
Opening balance	15	2,602,925	1,840,787
Fair value gain during the year	8	959,349	762,138
Closing balance	15	(2,939,592)	(2,602,925)
Net increase in financial assets at FVTPL		622,682	-

26 Related parties and other key contracts

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

Name	Nature of relationship	Units held as at 30-Jun-22	Units held as at 30-Jun-21
ValuAlliance Asset Management Limited	Fund manager	4,998,000	4,998,000

Fund manager and other parties

The Fund is managed by ValuAlliance Asset Management Limited (formerly SIM Capital Alliance Limited), an investment management company incorporated in Nigeria, to implement the investment strategy as specified in the prospectus. Under the Trust deed, the Fund Manager receives a management fee at an annual rate of 1% of the net asset value of the Fund. In addition, the Fund Manager earns an annual incentive fee of 20% of the excess total annualised returns in excess of the Relevant Benchmark of the Fund, in line with the amended Trust deed agreement (see note 24).

The Trustees, Leadway Capital and Trusts Limited, under the Trust deed receives 0.07% of the net asset value of the Fund per annum as Trustees' fee.

Under the safe custody agreement, the Custodian, Stanbic IBTC Bank Plc, receives a fee of 0.125% of the value of securities in its custody if the value of securities is between Nil and N5 billion; a fee of 0.10% if the value of securities is between N5 billion and N10 billion and a fee of 0.075% if the value of securities exceeds N10 billion.

The fees earned by the Fund Manager and other parties to the Fund during the year are disclosed on the face of the statement of profit or loss. The amount payable as at the end of year on these fees to these related parties is disclosed in note 19.

Transactions with related parties

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

(i) *Fees to related parties*

	Note	30-Jun-22	30-Jun-21
		₦'000	**₦'000**
ValuAlliance Asset Management Limited - Management fee	10	50,897	51,244
Leadway Capital and Trust Limited- Trustee fee	10	3,563	3,587
Stanbic IBTC Bank- Custodian fee	10	3,809	4,656
		58,269	**59,487**

(ii) *Payables to related parties*

	Note	30-Jun-22	30-Jun-21
		₦'000	**₦'000**
ValuAlliance Asset Management Limited - Management fee	19	12,440	12,567
Leadway Capital and Trust Limited- Trustee fee	19	1,830	1,874
Stanbic IBTC Bank- Custodian fee	19	1,102	1,017
		15,372	**15,458**

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

Unit holding

One of the requirements of the Securities and Exchange Commission of Nigeria, regarding collective investment schemes is for the Fund manager to invest 5% of the offer size. ValuAlliance Asset Management Limited complied with this law by virtue of its investment in the Value Fund.

Stanbic IBTC Pension Managers Limited is an investor in the Value Fund, whilst Stanbic IBTC Bank Plc provides custodian and banking services to the Value Fund.

27 Events after the end of the reporting period

Dividend: Subsequent to the end of the reporting period, the Fund manager proposed a dividend of ₦12.50 each on the 24,797,761 units of ₦100 each issued capital as at 30 June 2022.

There are no other post balance sheet events that requires disclosure in these financial statements.

28 Approval of financial statements

The financial statements were approved by the board of directors of the Fund Manager and authorised for issue on 21 September 2022.

Other National Disclosures

STATEMENT OF VALUE ADDED
AS AT 30 JUNE

	2022 N'000	%	2021 N'000	%
Gross earnings	1,404,091		1,152,681	
Bought-in goods and services - local	(91,890)		(146,187)	
Value added	**1,312,201**	**100**	**1,006,494**	**100**
Applied to pay:				
Government as taxes (Withholding taxes)	28,691	2	22,476	2
Retained in the Fund	1,283,510	98	984,018	98
Value added	**1,312,201**	**100**	**1,006,494**	**100**

Value added represents the additional wealth the Fund has been able to create on its own through the efforts of the Fund manager. This statement shows the allocation of that wealth among the unitholders, government and the portion re-invested for the creation of more wealth.

FINANCIAL SUMMARY
AS AT 30 JUNE

	NOTE	2022 N'000	2021 N'000	2020 N'000	2019 N'000	2018 N'000
ASSETS						
Bank balances	14	898,433	111	29,692	12,148	39,404
Due from other financial institutions	13	-	644,810	120,145	277,672	144,082
Financial assets at fair value through profit or loss	15	2,939,592	2,602,925	1,840,787	2,202,043	2,939,981
Available-for-sale financial assets- unquoted equities		-	-	-	-	181,361
Available-for-sale financial assets- fixed income securities		-	-	-	-	2,212,599
Financial assets at fair value through other comprehensive income - unquoted equities	16	-	154,350	160,717	200,552	-
Financial assets at fair value through other comprehensive income - fixed income securities	17	1,082,320	1,490,743	2,534,224	2,013,377	-
Other assets	18	12,694	10,263	4,558	199,706	5,723
TOTAL ASSETS		**4,933,039**	**4,903,202**	**4,690,123**	**4,905,498**	**5,523,150**
LIABILITIES						
Payables and accruals	19	26,223	149,434	20,510	21,030	24,484
TOTAL LIABILITIES		**26,223**	**149,434**	**20,510**	**21,030**	**24,484**
EQUITY						
Share capital	20	2,479,776	2,888,712	3,209,679	3,209,679	3,209,679
Share premium	20	12,902	1,827	1,827	1,827	1,827
Other reserves	21	83,527	119,570	158,669	70,763	(82)
Retained earnings	22	2,330,611	1,743,659	1,299,438	1,602,199	2,287,242
TOTAL EQUITY		**4,906,816**	**4,753,768**	**4,669,613**	**4,884,468**	**5,498,666**
TOTAL LIABILITIES AND EQUITY		**4,933,039**	**4,903,202**	**4,690,123**	**4,905,498**	**5,523,150**
Gross earnings		444,742	390,543	520,449	472,204	1,147,048
Profit/(loss) before taxation		1,312,201	1,006,494	70,242	(242,221)	1,062,388
Taxation		(28,691)	(22,476)	(19,938)	(16,495)	(18,140)
Profit after taxation		**1,283,510**	**984,018**	**50,304**	**(258,716)**	**1,044,248**
Earnings/(loss) per unit -basic (₦)		51.76	34.06	1.57	(8.06)	32.53
Net assets per unit (₦)		197.88	164.56	145.49	152.18	171.32

Note:

Basic and diluted (loss)/ earnings per unit are calculated based on earnings after tax and the number of issued and fully subscribed units at 30 June of every year.

Net assets per unit are calculated based on the net assets and the number of issued and fully subscribed units at 30 June of every year.