VALUALLIANCE MONEY MARKET FUND

ANNUAL REPORT

31 May 2022

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Fund information

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	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*

Fund Manager:
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Email:info@valualliance.com
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Custodian:
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Trustee:
STL Trustees Limited
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Victoria Island,
Lagos.

Registrars:
First Registrars Nigeria Limited
Plot 2 Abebe Village Road
Iganmu Complex,
Lagos.

Auditor:
KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island,
Lagos.
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Bankers:
Stanbic IBTC Bank Plc
Union Bank of Nigeria Plc
Access Bank Plc
Fidelity Bank Plc
First City Monument Bank Limited
Sterling Bank Plc
Wema Bank Plc
Rand Merchant Bank Nigeria Limited
Coronation Merchant Bank Limited
FSDH Merchant Bank Limited

Company Secretary:
Alsec Nominees Limited
St. Nicholas House 10th /13th Floors
Catholic Mission Street,
Lagos.

Fund Manager's Report

For the year ended 31 May 2022

The Fund Manager presents its report on the affairs of the ValuAlliance Money Market Fund ("the Fund") together with the financial statements and independent auditor's report for the year ended 31 May 2022.

BACKGROUND INFORMATION

The Fund is a SEC registered open-ended collective investment scheme established in June 2020 . The Fund's primary objective is to provide investors with a steady return on capital, liquidity and capital preservation by investing in a diversified portfolio of high-quality short-term money market instruments which will include short-term government securities, unsubordinated short-term debt instruments such as commercial papers, bankers' acceptances, and fixed deposits.

This Fund targets individuals looking for a vehicle to conservatively grow and optimize their savings or seeking a flexible option for cashflow and liquidity management. The Fund is constituted and governed by a Trust Deed.

INVESTMENT STRATEGY

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

ASSET ALLOCATION

The Fund's asset allocation is detailed below;

Asset Class	31-May-22		31-May-21	
	Amount ₦	Percent	Amount ₦	Percent
Short Term Government Instruments	405,986,349	29%	523,212,967	27%
Placement with Banks	515,863,531	37%	613,365,676	31%
Other Money Markets Instruments	465,257,155	34%	695,073,327	36%
Cash & Cash equivalents	3,252,927	0%	114,549,819	6%
Total	**1,390,359,962**	**100%**	**1,946,201,788**	**100%**

DISTRIBUTION

The Fund distributes income received net of expenses to unitholders on a quarterly basis. The Fund distributed a total net income of ₦78,779,363.00 for the year ended 31 May 2022 (2021: ₦10,206,585.00).

FUND PERFORMANCE REVIEW

ValuAlliance Money Market Fund performance is benchmarked against the 90-day Nigerian Treasury Bill. This performance is tracked using 3 months Nigerian Interbank Treasury Bill True Yield (NITTY).

The Fund ended its financial year with a net yield of 5.37%. There has been an effective monitoring of the Fund's performance, ensuring the Fund's performance is not below, but rather above the 90-day Nigerian Treasury Bill rate. This was the situation of the Fund in the review period, performing above the 90-day Nigerian Treasury Bill which was at 3.58% (31 May 2022).
Given the interest rate environment over the review period, the Fund has shown strong resilence in perfomance and strong potential for maintaining an upward trend in yield.

NIGERIAN MACROECONOMIC REVIEW AND OUTLOOK

Real Economy:
The global economy rebounded strongly in 2021, delivering output growth of +6.1% y/y in the year against the contraction of 2020 (-3.1% y/y). This growth was supported by a broad-based recovery in emerging and developed economies, which reflected the magnitude of fiscal and monetary support deployed, progress with vaccination campaigns, and a release of pent-up demand as lockdown restrictions were gradually lifted in most of these regions. However, Russia's invasion of Ukraine in the first quarter of the year materially derailed global growth expectations for 2022.

Nigeria, like the global economy, recovered robustly in 2021 (from -1.9% y/y in FY-2020 to +3.4% y/y in FY-2021) amid the normalization of economic activity. The recovery was predicated on the expansion of activities in the non-oil sector while the oil sector remained in recession throughout the year . In the first five months of 2022, Nigeria's real economy sustained its expansion despite the unprecedented headwinds in the global economic environment (which included: higher commodity prices, supply chain disruptions, and geopolitical uncertainties). Notably, in Q1-2022, Nigeria's economy maintained its growth momentum for the sixth consecutive quarter, growing by 3.1% y/y (Q4-2021: +4.0% y/y and Q1-2021: +0.5% y/y).

The non-oil sector remained the key driver of the nation's growth (as has been the trend since the recovery in 2021) in Q1-2022, as it expanded by 6.1% y/y (outperforming its Q1-2021 growth rate of 0.8% y/y as well as its Q4-2021 growth rate of 4.7%). Meanwhile, the oil sector remained contractionary, declining by 26.04% y/y (Q4-2021: -8.06% y/y and Q1-2021: -2.21%) – the worst performance since the NBS started keeping the current data series. 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 as well as the shift to cleaner energy sources.

Looking ahead, we expect a softer global growth outcome in 2022 (relative to 2021) due to the first and second-order impact of the Russian-Ukraine crisis. Notably, the pass-through impact of the conflict on food and energy costs as well as general inflation levels would adversely impact consumer spending and economic output

Locally, we expect that the growth momentum recorded in Q1-2022 will 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 unlikely to be resolved over the short term. Accordingly, we expect output in the oil sector to remain under pressure in 2022.

Inflation:
A mix of demand-side (increased money supply amid CBN's expansionary monetary policy posture) and supply-side (insecurity challenges, FX volatility, and higher commodity prices - which was worsened by the Russia-Ukraine crisis in 2022) factors continued to pressure the Nigerian headline inflation rate in 2021 and so far in 2022. Consequently, Nigeria's headline inflation rate averaged 16.45% over the 12-month period ending May-2022 (May-2021: 15.50%).

Looking ahead, we see scope for sustained inflationary pressures over the next financial period, propelled by the impact of the prior year's low base. In addition, we see less respite for energy costs in the near term, with volatility in diesel and gas prices expected to persist through the year. Furthermore, signs of fiscal stress may suggest that PMS pump prices could be adjusted upwards from N165/litre as Independent Petroleum Marketers Association of Nigeria (IPMAN) members 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 16.45% recorded in the financial year under review.

Currency:
Despite its higher FX reserves balance shored up by a series of Eurobond issuances and an IMF facility, the CBN's FX intervention barely improved over the financial period under review (significantly below pre-pandemic levels). Across financial markets, the lack of liquidity in forex markets was a recurring theme of concern.

Notably, the naira remained rangebound in the official window, trading within the lower end of the N415-430/$ range, while in the parallel market, it stood within the N565-575/$ range at the end of December-2021 and crossed the N600/$ range in May-2022. The widening spread between the official rate and the parallel market rate is due to the limited FX supply from the official channels even as demand has risen, exacerbated by (1) pre-election activities, (2) speculative demand, and (3) elevated import prices.

In our view, while currency pressures exist, we think that pre-election year concerns 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. Elsewhere, the parallel market premium (at 35-45%) will likely remain elevated, weighed by the election-induced dollar demand and reduced FX supply by the CBN. According to the IMF, Nigeria's FX reserve is likely to close 2022 at $38.0 billion, aided by reduced CBN intervention, dollar demand restrictions, and higher oil prices.

Monetary Policy:

The Nigerian monetary policy environment was broadly accommodative in 2021, up until May-2022. Overall, the Monetary Policy Committee (MPC) of the CBN maintained its pro-growth stance by leaving all its key policy parameters at 2020 levels. Notably, the Monetary Policy Rate (MPR) was maintained at 11.5% and all other policy parameters (asymmetric corridor around the MPR was retained at +100bps/-700bps, CRR at 27.5% and liquidity ratio at 30%) were held stable to support the post-COVID-19 nascent recovery.

In May 2022, the CBN's MPC unanimously voted to increase the MPR by 150bps to 13.0%. According to the CBN Governor, the increase was necessitated by the need to (1) moderate the inflationary pressures, (2) narrow the negative real interest rate gap, (3) moderate the impact of capital flow reversals triggered by rising global yields, and (4) mitigate inflationary pressures. Nonetheless, the Committee judged that the rates on the CBN's development finance initiatives should remain at 5.0% until March 2023.

For the rest of 2022, our outlook for the MPR is centered around our expectations for the economy's growth trajectory, 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 Q1-2022 GDP growth (+3.11% y/y) outperformed market expectations. Additionally, growth is expected to remain positive over the rest of 2022, particularly as election-related spending in H2-2022 is expected to buoy economic activity. Thus, we believe positive GDP readings from Q2-2022 through Q4-2022 will provide comfort to the Committee that growth has solidified and that tightening of monetary policy will not materially dampen economic activity.

Also, as highlighted in our outlook for inflation, Nigeria's inflation environment is likely to remain elevated for the rest of 2022. We expect this to fuel a more hawkish CBN even as volatility in the FX market and the need to spur foreign investment in a world of rising interest rates further lends credence to a hawkish posture over the next financial year.

FIXED INCOME MARKET

Review and Outlook

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 yield moderation over H2-2021 and its continued moderation over the first five months of 2022 was fueled by the influx of sizable maturities in Q3-2021 and Q1-2022, as well as the Federal Government's commitment to bring down its borrowing costs.

Specifically, money market rates remained in single-digit territory, while inflation accelerated. The average stop rate on the NTBs sold in the review period came in at 4% (vs. 2.47% in the previous financial year and a range of between 11% to 16% over the last five years). In the secondary market, the average NTB yield came in at 3.84% at the end of May 2022 (vs. 4.73% and 4.43% at the end of May-2021 and Dec-2021 respectively).

Looking ahead, we expect factors such as a more hawkish monetary policy (in advanced climes and domestically), record FGN fiscal deficit/borrowing, domestic inflationary pressures, pre-election year uncertainty, and sparse liquidity conditions, to exert upward pressure on the interest rate environment.

Notably, we are of the view that tightening global financial conditions will compel the Federal Government to source most, if not all of its borrowing needs for FY-2022, domestically. With c. N3.93tn of N8.13tn budgeted borrowing (including the supplementary budget) raised thus far in 2022, we estimate that the FG now has a borrowing shortfall of N4.2tn for the remainder of 2022 (this is assuming that the FG meets its revenue target for the year). Juxtaposing the remaining net borrowing for the year with demand (measured by inflows expected from maturities over H2-2022 worth N3.9tn (excluding FAAC), we see room for an uptrend in the yield environment over H2-2022. However, we note that the c. N10.4tn CRR sitting with the CBN remains a major wildcard in the hands of the apex bank to control the pace of interest rate acceleration.

Disclosure on COVID-19

The COVID-19 pandemic which started in December 2019 and rapidly spread across the world is impacting all aspects of life in a manner that is unprecedented. The impact cuts across businesses, economies and social interactions. In a bid to curtail the spread of the virus, the Federal Government of Nigeria imposed movement restrictions in Lagos, Ogun, and the Federal Capital Territory, Abuja. As at the reporting date, most movement restrictions have been lifted. Employees are back to the office and operations are running at their full capacity. All our clients needs are attended to without compromising quality and the fund manager is able to report on financials on time and in full.

Assessment of Impact

(a) Impact of COVID-19 on Impairment of financial assets

The Fund does not see a significant impairment impact on its financial assets as a result of COVID-19. The Fund's financial assets are predominantly bank balances, fixed deposits, investment in sovereign securities, as well as commercial papers and money market funds of financial institutions with high credit-wortiness. The stage allocation remains unchanged as there is no significant increase in credit risk. The impact of forward-looking information has also been considered in assessing the impact of COVID-19 on impairment of financial assets. These include GDP growth, exchange rate, country rating, bank rating and inflation. Whilst COVID-19 has negatively impacted all of the forward-looking information, other variables in the computation ensured that the impact remains minimal.

(b) Going concern assessment

The Fund manager will continue to assess the status of the fight against the pandemic and its impact on the Fund's business. However, based on current assessment, the Directors of the Fund Manager are confident that the Going Concern of the Fund will not be threatened and would be able to continue to operate post COVID-19 and in the foreseeable future.

(c) Outlook

Management is confident that business operations of the Fund can continue uninterrupted with operational measures put in place. Notwithstanding, since we cannot reasonably estimate the length or severity of this pandemic, Management would continue to assess the material impact on the Fund's financial position, results of operations, and cash flows and would regularly make appropriate disclosures thereon to all stakeholders.

Events after reporting period

There were no events after the reporting period which could have had a material effect on the assets and liabilities of the Fund as at 31 May 2022 and its operating results for the year then ended which have not been adequately provided for or disclosed in these financial statements.

Auditor

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

BY ORDER OF THE BOARD OF DIRECTORS OF THE FUND MANAGER

ALSEC NOMINEES LIMITED
Company Secretaries

Alsec Nominees Limited
St. Nicholas House 10th /13th Floors
Catholic Mission Street.
P. O. Box 53123, Ikoyi, Lagos, Nigeria
FRC/2013/ICSAN/00000001651
5 August, 2022

Statement of Fund Manager's Responsibilities in Relation to the Financial Statements for the year ended 31 May 2022

The Fund Manager accepts responsibility for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Financial Reporting Council of Nigeria Act, 2011.

The Fund Manager further accepts responsibility for maintaining adequate accounting records as 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.

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

BY ORDER OF THE BOARD OF DIRECTORS OF THE FUND MANAGER

Samuel Oniovosa
Director
FRC/2013/ICAN/00000004911
05 August 2022

Eno Atoyebi
Managing Director
FRC/2017/ICAN/00000017680
05 August 2022

Certification of Accounts by Directors of the Fund Manager

The Directors of the Fund Manager accept responsibility for the preparation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Financial Reporting Council Act of Nigeria (FRC) Act, 2011 and hereby certify that neither the Fund Manager nor any other person acting on its behalf has:

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

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

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

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

Samuel Oniovosa
Director
FRC/2013/ICAN/00000004911
05 August 2022

Eno Atoyebi
Managing Director
FRC/2017/ICAN/00000017680
05 August 2022

TRUSTEE'S REPORT

The Trustees present their report on the affairs of the ValuAlliance Money Market Fund ("the Fund"), together with the audited financial statements for the year ended 31st May 2022.

Principal Activity:

The principal activity of the ValuAlliance Money Market Fund ('The Fund') is to create an umbrella entity that would allow eligible investors to pool together their assets and resources for the purpose of collectively investing and re-investing in a diversified investment portfolio supervised and managed by a professional Fund Manager to achieve a balanced mix of income and capital appreciation.

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

Results:

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

	31 May 2022	31 May 2021
	₦	₦
Profit for the year	78,666,161	19,224,553
Net assets attributable to unit holders	1,381,794,703	1,992,170,123

Distribution:

The Fund Manager distributed to unit holders for the year ended 31 May 2022 the total sum of N78,779,363 (2021: N10,206,585).

Directors:

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

1. Dr. Okechukwu Enelamah
2. Mr. Samuel Oniovosa
3. Mrs. Eno Atoyebi
4. Mr. Obinnia Abajue
5. Mr. Kofi Kwakwa

Responsibilities of the Fund Manager:

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

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

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

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

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

Responsibilities of the Trustee:

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

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

Administration of the Fund:

During the year under review, we observed that the Net Asset Value of the Fund declined from N1,992,170,123 in the financial year ended May 31, 2021, to N1,381,794,703 in the year ended May 31, 2022. The Fund Manager however reported that the decline was due to a dip in rates and redemptions by some Unitholders.

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

Charitable donations:
The Fund did not make any charitable donations during the year (31 May 2021: Nil).

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

Funmi Ekundayo
FRC/2014/NBA/00000006946
Managing Director
STL Trustees Limited
Lagos, Nigeria
05 August 2022

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of ValuAlliance Money Market Fund

Report on the Audit of the Financial Statements

Opinion

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

- the statement of financial position as at 31 May 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 31 May 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.

Key Audit Matters

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

Other Information

The Board of Directors of the 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, Certification of Accounts by the Directors of the Fund Manager, 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 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 Fund Manager 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 are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Nneka

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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
1150634

Statement of Financial Position

As at 31 May

	Note	2022	2021
		₦	₦
Assets			
Cash and cash equivalents	12	519,116,458	727,915,495
Financial assets at amortised cost	13	666,767,215	897,575,452
Financial assets at fair value through profit or loss	14	204,476,289	320,710,842
Accounts receivable	15	-	50,393,884
Total assets		**1,390,359,962**	**1,996,595,673**
Liabilities			
Accounts payable	16	8,565,259	4,425,550
Total liabilities		**8,565,259**	**4,425,550**
Net assets attributable to unit holders		**1,381,794,703**	**1,992,170,123**
Represented by:			
Net subscriptions by unit holders	17(b)(ii)	1,372,889,937	1,983,152,155
Undistributed profit	17(b)(ii)	8,904,766	9,017,968
Total		**1,381,794,703**	**1,992,170,123**
Total liabilities and net assets		**1,390,359,962**	**1,996,595,673**

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

These financial statements were approved by the Board of Directors of the Fund Manager on 05 August 2022 and signed on its behalf by:

Samuel Oniovosa
FRC/2013/ICAN/00000004911
Director

Eno Atoyebi
FRC/2017/ICAN/00000017680
Managing Director

Additionally certified by:

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

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 May

	Note	2022	2021
		₦	₦
Interest income calculated using effective interest rate method	7	85,717,824	25,979,706
Net gain from financial assets at fair value through profit or loss	8	18,150,511	5,341,374
Total revenue		**103,868,335**	**31,321,080**
Operating expenses	9	(20,690,209)	(10,890,977)
Total expenses		**(20,690,209)**	**(10,890,977)**
Profit before tax		**83,178,126**	**20,430,103**
Withholding tax expense	10	(4,511,965)	(1,205,550)
Profit for the year		**78,666,161**	**19,224,553**
Other comprehensive income		-	-
Increase in net asset attributable to unit holders		**78,666,161**	**19,224,553**
Basic and diluted earnings per unit (kobo)	11	5.73	1.00

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

Statements of Changes in Net Assets Attributable to Unitholders

For the year ended 31 May 2022	Note	Unit holders' equity at par	Undistributed Profit	Total equity
		₦	₦	₦
Balance at 1 June 2021		1,983,152,155	9,017,968	1,992,170,123
Increase in net assets attributable to unit holders	17(b)(ii)	-	78,666,161	78,666,161
Total comprehensive income for the year		**-**	**78,666,161**	**78,666,161**
Transactions with unit holders, recorded directly in equity:				
Subscriptions to unit holder's equity	17(b)(ii)	596,455,980	-	596,455,980
Redemption of unit holder's equity	17(b)(ii)	(1,206,718,198)	-	(1,206,718,198)
Distribution paid to unit holders	17(b)(ii)		(78,779,363)	(78,779,363)
Total contribution and redemption by unit holders		**(610,262,218)**	**(78,779,363)**	**(689,041,581)**
Balance at 31 May 2022		**1,372,889,937**	**8,904,766**	**1,381,794,703**

For the year ended 31 May 2021	Note	Unit holders' equity at par	Undistributed Profit	Total equity
		₦	₦	₦
Balance at 1 June 2020		-	-	-
Increase in net assets attributable to unit holders	17(b)(ii)	-	19,224,553	19,224,553
Total comprehensive income for the year		**-**	**19,224,553**	**19,224,553**
Transactions with unit holders, recorded directly in equity:				
Subscriptions to unit holder's equity	17(b)(ii)	2,497,468,929	-	2,497,468,929
Redemption of unit holder's equity	17(b)(ii)	(514,316,774)	-	(514,316,774)
Distribution paid to unit holders	17(b)(ii)		(10,206,585)	(10,206,585)
Total contribution and redemption by unit holders		**1,983,152,155**	**(10,206,585)**	**1,972,945,570**
Balance at 31 May 2021		**1,983,152,155**	**9,017,968**	**1,992,170,123**

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

Statement of cash flows
For the year ended 31 May

		2022	2021
		₦	₦
Cash flows from operating activities	**Note**		
Profit after tax		78,666,161	19,224,553
Add: withholding tax expense	10	4,511,965	1,205,550
Profit before tax		**83,178,126**	**20,430,103**
Adjustment for:			
- Interest income	7	(85,717,824)	(25,979,706)
- Net gain from financial assets at fair value through profit or loss	8	(18,150,511)	(5,341,374)
- Loss on disposal of financial asset- treasury bill	9	-	930,531
		(20,690,209)	**(9,960,446)**
Changes in:			
Accounts receivable	22(b)	50,393,884	(50,092,506)
Accounts payable	22(c)	4,139,709	4,425,550
		33,843,384	**(55,627,402)**
Interest received	22(h)	107,079,884	13,268,871
Withholding tax paid	10	(4,511,965)	(1,205,550)
Net cash generated from/(used in) operating activities		**136,411,303**	**(43,564,081)**
Cashflows from financing activities:			
Proceeds from subscription	17(b)(ii)	596,455,980	2,497,468,929
Distribution to unit holders	17(b)(ii)	(78,779,363)	(10,206,585)
Redemption by unit holders	17(b)(ii)	(1,206,718,198)	(514,316,774)
Net cash (used in)/generated from financing activities		**(689,041,581)**	**1,972,945,570**
Cashflows from Investing activities:			
Investments in financial assets at FVTPL	22(a)	134,385,064	(315,369,468)
Investments in financial assets at amortised cost	22(d)	209,634,083	(988,050,455)
Proceeds from sale of treasury bill	22(f)	-	99,147,074
Net cash generated from/(used in) investing activities		**344,019,147**	**(1,204,272,849)**
Net increase in cash and cash equivalents		(208,611,131)	725,108,640
Cash and cash equivalents at the beginning of the year		725,108,640	-
Cash and cash equivalents at the end of the year	**22(g)**	**516,497,509**	**725,108,640**

1 Reporting entity

The ValuAlliance Money Market Fund (“the Fund”) is an open-ended collective investment scheme established in June 2020 . The Fund is a SEC registered open-ended Collective Investment Scheme, whose primary objective is to provide investors with a steady return on capital, liquidity and capital preservation by investing in a diversified portfolio of high-quality short-term money market instruments which will include short term government securities, unsubordinated short-term debt instruments such as commercial papers, bankers’ acceptances, and fixed deposits. As an open-ended fund, registered units of the Fund will be continuously issued to investors and the units held by investors will be redeemable through the Fund Manager, ValuAlliance Asset Management Limited. The Fund targets individuals looking for a vehicle to conservatively grow and optimize their savings or seeking a flexible option for cashflow and liquidity management. The Fund is constituted and governed by a Trust Deed.

The investment activities of the Fund are managed by ValuAlliance Asset Management Limited ("the Fund Manager").

2 Basis of preparation

(a) Statement of compliance

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

The financial statements were authorized for issue by the Board of Directors of the Fund Manager on 05 August 2022.

(b) Basis of measurement

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

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

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

(c) Functional and presentation currency

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

(d) Reporting period

The financial statements have been prepared for the year ended 31 May 2022.

(e) Use of estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

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

3 Statement of significant accounting policies

3.1 Applicable standards and accounting policies

(a) Financial assets and liabilities

(i) Recognition and Initial recognition

All financial assets (except account receivables) and financial liabilities are initially recognised when the Fund becomes a party to the contractual provisions of the instrument. Account receivable is initially recognised when they are originated.

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

(ii) Classification and subsequent measurement

Classification of financial assets

On initial recognition, the Fund classifies all its financial assets as measured at amortised cost or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- It is held within a business model whose objective is to hold assets to collect contractual cash flow; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

All other financial assets of the Fund are measured at FVTPL and includes only its investments in money market fund.

Business Model Assessment

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

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

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

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

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

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features)

Reclassification

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

Financial assets - Subsequent measurement and gain and losses

Financial assets at fair value through profit or loss (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses including any investment income are recognised in profit or loss. Only the Fund investments in money market fund are included in this category.

Financial assets at amortized cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such, on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

All the Fund's financial liabilities are at amortised cost and includes balances due to the fund manager, custodian, trustees, auditors and other counterparties.

(iii) Fair value measurement

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

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

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

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

(iv) Amortised cost measurement

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

(v) Impairment of financial assets

The Fund recognizes loss allowance for ECLs on financial assets measured at amortised cost. The Fund measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
- financial assets that are determined to have low credit risk at the reporting date: and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

The Fund considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Fund considers a financial asset to have a low credit risk when the credit rating of the counterparty is equivalent to the globally accepted definition of investment grade.
Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.
12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).
The maximum period considered when estimating ECLs is the maximum contractual period over which the fund is exposed to credit risk.

Measurement of ECLs

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

Credit-impaired financial assets

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer:
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

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

(vi) Derecognition

Financial assets

The Fund derecognises its financial assets when:
- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the assets (or the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

The Fund enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(vii) Offsetting

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

(viii) Specific instruments

Cash and cash equivalents

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

(b) Interest income and interest expense

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

(c) Operating expenses

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

(d) Taxation

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

(e) Capital

(i) Subscriptions

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

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

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

- It entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- It is in the class of instruments that is subordinate to all other classes of assets of instruments;
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;

- Apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial assets, the instruments does not include any other features that would require classification as a liability; and
- The total expected cash flows attributable to the instruments over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

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

(ii) Repurchase of units

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

(f) Earnings per unit

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

(g) Net asset per unit

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

(h) Distribution of profit

Income earned by the Fund are distributed to all unitholders in proportion to their investment at the end of every calendar quarter. However, a unitholder may elect to re-invest their dividend/income by indicating so in the account opening form.

(i) Undistributed profit

Undistributed profit is the result generated from the continuing principal revenue - investing activities of the Fund as well as other income net of all expenses, that is not distributed to the unit holders.

(j) Contingent liabilities

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

3.2 Changes in accounting policies
Except as noted below, the Fund has consistently applied the accounting policies as set out below to all periods presented in its separate financial statements.

The following new and amended standards and interpretations are effective during the year but not expected to have a significant impact on the Fund’s financial statements:
– Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
– Annual Improvements to IFRS Standards 2018-2020
– Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
– Reference to the Conceptual Framework (Amendments to IFRS 3).

3.3 New standards and interpretations not yet effective
A number of new standards are effective for annual periods beginning after 1 June 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.

4 Financial risk management and fair value disclosures

Introduction and overview

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

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

Risk management framework

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

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

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

a Market risk

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

(i) *Foreign exchange risk*

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

(ii) *Interest rate risk*

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

31 May 2022	**Notes**	**Non-Interest**	**Fixed Interest**	**Carrying Amount**
		₦	₦	₦
Assets				
Cash and cash equivalents	12	-	519,116,458	519,116,458
Financial assets at amortised cost	13(a)	-	666,767,215	666,767,215
Financial assets at fair value through profit or loss	14(a)	204,476,289	-	204,476,289
		204,476,289	**1,185,883,673**	**1,390,359,962**
Liabilities				
Account Payable	16	8,565,259	-	8,565,259
		8,565,259	**-**	**8,565,259**
Income for the year	7	18,150,511	85,717,824	103,868,335
Average percentage of interest income to total exposure		8.9%	7.2%	7.5%

31 May 2021	**Notes**	**Non-Interest**	**Fixed Interest**	**Carrying Amount**
		₦	₦	₦
Assets				
Cash and cash equivalents	12	-	727,915,495	727,915,495
Financial assets at amortised cost	13(a)	-	897,575,452	897,575,452
Financial assets at fair value through profit or loss	14(a)	320,710,842	-	320,710,842
Account Receivables	15	50,393,884	-	50,393,884
		371,104,726	**1,625,490,947**	**1,996,595,673**
Liabilities				
Account Payable	16	4,425,550	-	4,425,550
		4,425,550	**-**	**4,425,550**
Income for the year	7	5,341,374	25,979,706	31,321,080
Average percentage of interest income to total exposure		1.4%	1.6%	1.6%

Sensitivity Analysis

Sensitivity analysis is usually used to measure interest rate risk by estimating what the effect of changes in interest rates will have on net interest income positions. The management of interest rate risk against interest rate gaps limits is supplemented by monitoring the sensitivity of the fund's financial assets and liabilities to various standard and non-standards interest rate scenarios. Sensitivity analysis has been used to measure the effect of a rise/drop in interest rate on the interest bearing financial assets position. This analysis assumes that all other variables remain constant. See sumarised analysis below:

	Gross Amount	**Weighted average interest rate**	**Interest due at current weighted average rate**	**100 bps**	**(100 bps)**
31 May 2022					
Non-trading assets subject to rate sensitivity	1,185,883,673	7%	85,717,824	97,576,661	73,858,987
31 May 2021					
Non-trading assets subject to rate sensitivity	1,625,490,947	2%	25,979,706	42,234,615	9,724,797

(iii) ***Market price risk***

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

A breakdown of the Fund's investment portfolio as at 31 May 2022 is shown in notes 13(b) and 14(b).

b Credit risk

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

The Fund is subject to credit risk from the following:

- its holdings in money market placements
- current account balances with local banks
- investments in commercial papers and treasury bills
- account receivables

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

The Fund’s cash is held with the custodian, the Stanbic IBTC Bank. The credit risk is considered minimal as the counterparty has always maintained high credit ratings as assigned by international credit rating agencies. Similarly, the fund has investments with issuers (financial institutions and the government) as listed in note 13(c) . These issuers are considered to have low credit risk as they have always maintained quality credit ratings.

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

Analysis of credit risk:

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

	Notes	31 May 2022	31 May 2021
		₦	₦
Cash and cash equivalents	12	519,116,458	727,915,495
Treasury bills	13(a)	405,986,349	523,212,967
Commercial papers	13(a)	260,780,866	374,362,485
Money market fund investments	14(a)	204,476,289	320,710,842
Account receivable	15	-	50,393,884
Total credit risk exposure		**1,390,359,962**	**1,996,595,673**

c 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	31 May 2022	% of concentration	31 May 2021
		₦		₦
Government	29%	405,986,349	35%	688,849,463
Manufacturing	0%	-	9%	179,244,114
Financial services	67%	927,580,244	55%	1,099,020,221
Telecommunication	4%	56,793,369	1%	29,481,875
Total exposure	**100%**	**1,390,359,962**	**100%**	**1,996,595,673**

The investments in government debt securities are in Naira-denominated treasury bills which are deemed to have low credit risk.

The Fund's investment in telecommunication services represents commercial papers from MTN Nigeria Communications Plc which was rated A1+ by Global Credit Ratings (GCR).

The Fund's investment in financial services represents:

- short term placements with Access bank, Sterling bank, FCMB, Fidelity bank, Wema bank and Rand Merchant bank
- commercial papers issued by FCMB, Rand Merchant bank, Coronation Merchant Bank and FSDH Merchant bank
- investments (units subscription) to the ARM, AXA Mansard, FBNQuest and Stanbic IBTC money market funds.

Geographical sectors

All credit risk exposures are maintained within Nigeria.

Expected Credit Loss assessment

The loss rates on all the financial assets held during the year have been assessed as zero. As a result, no expected credit losses have been recognised on the balances as the majority of the balances are held by banks in Nigeria who meet the cash and liquidity thresholds set by the Central Bank of Nigeria and, at least, have an Investment Grade rating by one of the recognised rating agencies in Nigeria or abroad.

d Liquidity risk

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

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

				Contractual cash flows		
31 May 2022	Note	Carrying amount	Gross nominal value	Less than 3 months	3 - 12 months	Above 1 year
		₦	₦	₦	₦	₦
Cash and cash equivalents	12	519,116,458	519,116,459	519,116,459	-	-
Treasury bills	13(a)	405,986,349	408,070,000	61,000,000	347,070,000	-
Commercial papers	13(a)	260,780,866	268,575,000	95,315,000	173,260,000	-
Money market fund investments	14(a)	204,476,289	204,476,289	204,476,289	-	
Total financial assets		**1,390,359,962**	**1,400,237,748**	**879,907,748**	**520,330,000**	**-**
Accounts payable	16	8,565,259	8,565,259	8,565,259	-	-
Total financial liabilities		**8,565,259**	**8,565,259**	**8,565,259**	**-**	**-**
Gap (assets-liabilities)		**1,381,794,703**	**1,391,672,489**	**871,342,489**	**520,330,000**	**-**
Cumulative liquidity gap				**871,342,489**	**1,391,672,489**	**1,391,672,489**

				Contractual cash flows		
31 May 2021	Note	Carrying amount	Gross nominal value	Less than 3 months	3 - 12 months	Above 1 year
		₦	₦	₦	₦	₦
Cash and cash equivalents	12	727,915,495	731,102,560	731,102,560	-	-
Treasury bills	13(a)	523,212,967	542,125,000	252,264,000	289,861,000	-
Commercial papers	13(a)	374,362,485	376,454,000	244,054,000	132,400,000	-
Money market fund investments	14(a)	320,710,842	320,710,842	320,710,842		
Accounts receivable	15	50,393,884	50,393,884	50,393,884	-	-
Total financial assets		**1,996,595,673**	**2,020,786,286**	**1,598,525,286**	**422,261,000**	**-**
Accounts payable	16	4,425,550	4,425,550	4,425,550	-	-
Total financial liabilities		**4,425,550**	**4,425,550**	**4,425,550**	**-**	**-**
Gap (assets-liabilities)		**1,992,170,123**	**2,016,360,736**	**1,594,099,736**	**422,261,000**	**-**
Cumulative liquidity gap				**1,594,099,736**	**2,016,360,736**	**2,016,360,736**

5 Uses of estimates and judgments

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

(i) Financial asset and liability classification

The Fund's accounting policies provide a guide for assets and liabilities to be classified at inception into different accounting categories in certain circumstances.

- In classifying financial assets at fair value through profit or loss, the Fund has determined that it has met the criteria for this classification as set
- The unit holders interest is classified as equity, as the Fund has determined that it has met the criteria for this classification as set out in *note 3(e)(i)* .

(b) Critical accounting estimates

(i) Valuation of financial instruments

The Fund's accounting policy on fair value measurement is disclosed in note 3(a)(iii).

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

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

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

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

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

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

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

31 May 2022

	Note	Level 1	Level 2	Level 3	Total
		₦	₦	₦	₦
Investment securities:					
Money market fund investments *(see note (a) below)*	14(a)	-	204,476,289	-	204,476,289
		-	204,476,289	-	204,476,289

31 May 2021

	Note	Level 1	Level 2	Level 3	Total
		₦	₦	₦	₦
Investment securities:					
Money market fund investments *(see note (a) below)*	14(a)	-	320,710,842	-	320,710,842
		-	320,710,842	-	320,710,842

(a) The fair value of the money market fund investments has been measured using the net assets value per unit as reported by the investee. This is then applied on the number of units held by the Fund with the respective money market funds.

(b) Financial instruments not measured at fair value
The financial assets not measured at fair value include cash and cash equivalent, treasury bills, commercial papers, account receivables and payables. The fair values of these instruments are presented in the table below. For cash and cash equivalents, account receivables and payables, their carrying amounts approximate fair value, because of their short-term nature and the high credit quality of counterparties.

31 May 2022	Note	Carrying amount	Fair value
		₦	₦
Cash and cash equivalents	12	519,116,458	519,116,458
Treasury bills	13(a)	405,986,349	406,156,921
Commercial papers	13(a)	260,780,866	260,543,836
		1,185,883,673	**1,185,817,215**
Accounts payable	16	8,565,259	8,565,259
		1,194,448,932	**1,194,382,474**

31 May 2021	Note	Carrying amount	Fair value
		₦	₦
Cash and cash equivalents	12	727,915,495	727,915,495
Treasury bills	13(a)	523,212,967	523,251,217
Commercial papers	13(a)	374,362,485	371,933,603
Accounts receivable	15	50,393,884	50,393,884
		1,675,884,831	**1,673,494,199**
Accounts payable	16	4,425,550	-
		1,680,310,381	**1,673,494,199**

6 Classification of financial assets and liabilities

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

31 May 2022	Note	At fair value through profit or loss	Amortized cost	Total carrying amount
		₦	₦	₦
Cash and cash equivalents	12	-	519,116,458	519,116,458
Financial assets at amortised cost	13		666,767,215	666,767,215
Financial assets at fair value through profit or loss	14	204,476,289	-	204,476,289
		204,476,289	**1,185,883,673**	**1,390,359,962**
Accounts payable	16	-	8,565,259	8,565,259
		-	**8,565,259**	**8,565,259**

31 May 2021	Note	At fair value through profit or loss	Amortized cost	Total carrying amount
		₦	₦	₦
Cash and cash equivalents	12	-	727,915,495	727,915,495
Financial assets at amortised cost	13		897,575,452	897,575,452
Financial assets at fair value through profit or loss	14	320,710,842	-	320,710,842
Accounts receivable	15	-	50,393,884	50,393,884
		320,710,842	**1,675,884,831**	**1,996,595,673**
Accounts payable	16	-	4,425,550	4,425,550
		-	**4,425,550**	**4,425,550**

7 Interest income calculated using effective interest rate method	31-May-22	31-May-21
Interest income on financial instruments at amortised cost:		
Treasury bills	28,081,819	7,727,073
Commercial papers	12,527,150	6,256,248
	40,608,969	**13,983,321**
Interest income on cash and cash equivalents:		
Short term placements	45,108,855	11,695,007
Interest income on matured placement - accounts receivable	-	301,378
	85,717,824	**25,979,706**

8 Net gain on financial assets at fair value through profit or loss	31-May-22	31-May-21
	₦	₦
Income from money market fund investments	18,150,511	5,341,374
	18,150,511	**5,341,374**

9 Operating expenses	31-May-22	31-May-21
	₦	₦
Registrar's fees	806,250	806,250
Auditor's remuneration*	2,500,000	2,250,000
Custodian's fees	995,610	922,025
Trustee's fees	806,300	684,707
Management fees**	5,998,869	5,094,218
Loss on disposal of financial asset- treasury bill	-	930,531
Bank charges	142,328	34,496
SEC Fees	1,598,659	-
Rating Fees	3,799,315	-
Issue Costs***	2,873,640	-
Sitting Allowance	667,778	-
Other Operating Expenses****	313,960	-
VAT expenses on audit fees	187,500	168,750
	20,690,209	**10,890,977**

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

** In the 2020/2021 financial year, the Fund manager sought and obtained the approval of the trustee to defer a portion of its own fees (fund manager's management fees) due from the Fund. In light of the low interest rate environment which has been in existence since the inception of the Fund, the Fund manager thought it appropriate to make a downward adjustment to the management fees due from the Fund (1%). Fees charged was 0.4% (gross of VAT). The portion of fees not charged (0.6%) to the Fund but deferred would not be accrued but tracked and recouped at a later time (when yields improve). The deferred fees as at 31 May 2022 is N16.6million (2021: N7.6million). The objective of the proposal is to make the Fund profitable and achieve a net return for unitholders which would be above the current market yields and benchmark set by the regulator (SEC) at any point in time. Since the inception of the fund in June 2020, the net returns made by the fund have been above the benchmark set by the regulator. For the 2021/2022 financial year, the above stance was still maintained.

*** In the 2020/2021 financial year, the Fund manager incurred a total of N11.5million as issue/setup costs to launch the Fund. Per the SEC rules, this total amount is recoverable from the Fund. To enable the Fund meet its regulatory performance benchmark, the Fund Manager has spread out the costs over 4 financial years. For the first calendar year starting 01-June-2021 and ending 31-May-2022, a total of N2.87million has been accrued in the Fund's books leaving a balance of N8.63million to be accrued over the next 3 financial years of the Fund.

**** Other operating expenses include transaction costs, printing, out of pocket expenses reimbursed to custodian, cost of design & newspaper publishing of the abridged version of prior years audited financial statements.

10 Withholding tax expense

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

	31-May-22	31-May-21
	₦	₦
Withholding tax on interest income	4,511,965	1,205,550
Total tax expense	**4,511,965**	**1,205,550**

11 Earnings per unit (basic and diluted)

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

	31-May-22	31-May-21
	₦	₦
Increase in net assets attributable to unitholders (see note 17(b)(ii))	78,666,161	19,224,553
Number of units as at year end (see note 17(b)(i))	1,372,889,937	1,983,152,155
Earnings per unit (kobo) (basic and diluted)	5.73	1.00

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.

12 Cash and cash equivalents

Cash and cash equivalents comprise:	31-May-22	31-May-21
	₦	₦
Bank balances	3,252,927	114,549,819
Short term placements*	515,863,531	613,365,676
	519,116,458	**727,915,495**

* Short term placements includes interest receivable as at year end. See note 22(g) for further analysis of cash and cash equivalents for cashflow purposes.

13 Financial assets at amortised cost

	31-May-22	31-May-21
	₦	₦
(a) Financial assets at amortised cost comprise:		
Treasury bills	405,986,349	523,212,967
Commercial papers	260,780,866	374,362,485
	666,767,215	**897,575,452**
Current	666,767,215	897,575,452
Non Current	-	-
Balance, end of year	**666,767,215**	**897,575,452**

(b) **Analysis of investment portfolio**

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

	31 May 2022		31 May 2021	
Commercial Papers:	**Carrying amount**	**% of total investment**	**Carrying amount**	**% of total investment**
	₦		₦	
FSDH Merchant Bank	34,783,824	5%	100,018,497	11%
Dufil Prima Series 3	-	0%	90,364,018	10%
Nigerian Breweries Plc	-	0%	49,890,391	6%
Dangote Cement	-	0%	38,989,705	4%
Coronation Merchant Bank XI	58,985,857	9%	24,925,685	3%
Coronation Merchant Bank XII	44,842,527	7%	24,732,774	3%
Total Nigeria Plc	-	0%	29,481,875	3%
Stanbic IBTC	-	0%	15,959,540	2%
FCMB	44,937,676	7%	-	0%
MTNN	56,793,369	8%	-	0%
RAND Merchant Bank	20,437,613	3%	-	0%
	260,780,866	**39%**	**374,362,485**	**42%**

Treasury bills	**Carrying amount**	**% of total investment**	**Carrying amount**	**% of total investment**
	₦		₦	
365 Days Tbill (26 May 2022)	-	0%	160,876,123	18%
91 Days Tbill (15 Jul 2021)	-	0%	89,783,014	10%
360 days Tbill (29 Jul 2020)	-	0%	55,397,952	6%
364 days Tbill (12 Aug 2021)	-	0%	49,705,417	6%
365 days Tbill (09 Sep 2021)	-	0%	49,590,381	6%
342 days Tbill (28 Oct 2021)	-	0%	40,027,304	4%
108 Days Tbill (10 Jun 2021)	-	0%	31,592,208	4%
101 days Tbill (10 June 2021)	-	0%	24,990,137	3%
364 Days Tbill (29 Apr 2022)	-	0%	21,250,431	2%
120 days Tbill (9 June 2022)	60,941,173	9%	-	0%
161 days Tbill (25 Aug 2022)	67,058,597	10%	-	0%
111 days Tbill (25 Aug 2022)	99,301,370	15%	-	0%
49 days Tbill (25 Aug 2022)	104,118,360	16%	-	0%
73 days Tbill (25 Aug 2022)	74,566,849	11%	-	0%
	405,986,349	**61%**	**523,212,967**	**58%**
Total investments	**666,767,215**	**100%**	**897,575,452**	**100%**

14 Financial assets at fair value through profit or loss

	31-May-22	31-May-21
	₦	₦
(a) Financial assets at fair value through profit or loss comprise:		
Money market fund investments	204,476,289	320,710,842
	204,476,289	**320,710,842**

	31-May-22	31-May-21
	₦	₦
Current	204,476,289	320,710,842
Non Current	-	-
Balance, end of year	**204,476,289**	**320,710,842**

(b)

	31-May-22		31-May-21	
Money market fund investments	**Market value**	**% of total investment**	**Market value**	**% of total investment**
	₦		₦	
Stanbic IBTC Money Market Fund	24,384,464	12%	60,146,412	19%
AXA Mansard Money Market Fund	41,575,099	20%	60,176,586	19%
FBN Money Market Fund	69,271,811	34%	100,435,243	31%
ARM Money Market Fund	69,244,915	34%	99,952,601	31%
Total money market fund investments	**204,476,289**	**100%**	**320,710,842**	**100%**

15 Accounts receivable

	31-May-22	31-May-21
	₦	₦
Matured placement - Rand Merchant Bank	-	50,393,884
Total	**-**	**50,393,884**

Current	-	50,393,884
Non Current	-	-
	-	**50,393,884**

16 Accounts payable

	31-May-22	31-May-21
	₦	₦
Management fees payable	936,059	1,388,025
Audit fee payable	2,687,500	2,418,750
Trustee fee payable	125,814	186,602
Payables to registrar	134,743	202,392
Custodian fee payable	159,763	229,781
SEC supervisory fee payable	468,147	-
Issue costs payable to fund manager (see note 9)	2,873,640	-
Other payables*	1,179,593	-
	8,565,259	**4,425,550**

	31-May-22	31-May-21
	₦	₦
Current	8,565,259	4,425,550
Non Current	-	-
	8,565,259	**4,425,550**

* Other payables include;
- sitting allowance (payable to the Fund's IC member) for the last quarter of the Fund's financial year
- rating fees (payable to the rating firm) for the 2022/2023 financial year.

17 Unitholders' Equity

(a) The ValuAlliance Money Market Fund is authorised and registered in Nigeria as a Collective Unit Trust Scheme under Section 160 of the Investment and Securities Act (ISA). The Fund is governed by a Trust Deed dated 05 May 2020 with STL Trustees Limited as Trustees to the Fund.

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

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

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

(i) Movement in units

	31-May-22	31-May-21
Balance at 1 June	1,983,152,155	-
Subscription to unit holders' equity	596,455,980	2,497,468,929
Redemption of unit holders' equity	(1,206,718,198)	(514,316,774)
Balance (units)	**1,372,889,937**	**1,983,152,155**

(ii) Net assets value attributable to unitholders

31-May-22	Unitholders' equity at par	Undistributed Profit		Total
	₦	₦		₦
Balance at 1 June 2021	1,983,152,155	9,017,968	-	1,992,170,123
Subscription to unit holder's equity	596,455,980	-		596,455,980
Redemption of unit holder's equity	(1,206,718,198)	-		(1,206,718,198)
Profit for the year		78,666,161		78,666,161
Distribution paid to unit holders		(78,779,363)		(78,779,363)
Balance at 31 May 2022	**1,372,889,937**	**8,904,766**	**-**	**1,381,794,703**

31-May-21	Unitholders' equity at par	Undistributed Profit		Total
	₦	₦		₦
Balance at 1 June 2020	-	-		-
Subscription to unit holder's equity	2,497,468,929	-		2,497,468,929
Redemption of unit holder's equity	(514,316,774)	-		(514,316,774)
Profit for the year	-	19,224,553		19,224,553
Distribution paid to unit holders	-	(10,206,585)		(10,206,585)
Balance at 31 May 2021	**1,983,152,155**	**9,017,968**	**-**	**1,992,170,123**

(c) Net assets value per unit

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

	31-May-22	31-May-21
	₦	₦
Net assets at end of the year (see note 17(b)(ii))	1,381,794,703	1,992,170,123
Number of units as at year end (see note 17(b)(i))	1,372,889,937	1,983,152,155
Net assets per unit	1.01	1.00

(e) Distribution paid to unitholders

The distribution paid for the financial year ended 31 May 2022 was N78,779,363.00 (2021: N10,206,585.00)

18 Related parties

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

The following summarize the total unit holding of related parties:

Name	Nature of relationship	Units held as at 31-May-22	Units held as at 31-May-21
		₦	₦
ValuAlliance Asset Management Limited	Fund manager	129,000,000	61,000,000
STL Trustees Limited	Trustee	50,000,000	50,000,000
Mrs. Eno Atoyebi	Managing director of the Fund manager	10,760,199	1,569,829

Key management personnel

Key management personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of a business - directly or indirectly.

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

(i) Fund manager

The Fund appointed ValuAlliance Asset Management Limited, an investment management company incorporated in Nigeria, to implement the investment strategy as specified in the prospectus. The Fund Manager was appointed by way of the Fund's trust deed dated 5 May 2020. Under the terms of the Trust Deed, the Fund manager receives a management fee at an annual rate of 1% of the net assets value attributable to the unitholders of the Fund, accrued daily and payable quarterly. The Fund Manager is also entitled to an incentive fee equivalent to 20% of total returns in excess of the benchmark yield (being average yield of 91-day FGN treasury bills).

For the 2020/2021 and 2021/2022 financial years, the management fee rate was modified. Please see disclosure notes in note 9 for details.

(ii) Trustees

The Fund appointed STL Trustees Limited, a trust services company incorporated in Nigeria, to provide trust services to the fund on behalf of its subscribers. Under the terms of the Trust Deed, the trustee is entitled to an annual fee of 0.05% of the net asset value of the fund, accrued on a daily basis, and payable quarterly in arrears.

(iii) Custodians

The Fund appointed Stanbic IBTC to provide custodial services to the fund. Under the terms of the Trust Deed, the custodian is entitled to an annual fee as set out below, which shall be accrued daily and be payable quarterly in arrears:

Value of Net Assets (₦)	**Fees**
Nil to ₦5 billion	0.125%
Above ₦5 billion- ₦10 billion	0.10%
Above ₦10 billion	0.075%

(b) *Transactions with related parties*

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

(i) *Fees to related parties*

	Note	**31-May-22**	**31-May-21**
		₦	**₦**
ValuAlliance Asset Management Limited - Management fee	9	5,998,869	5,094,218
ValuAlliance Asset Management Limited - Issue Costs	9	2,873,640	-
STL Trustees Limited- Trustee fee	9	806,300	684,707
Stanbic IBTC Bank- Custodian fee	9	995,610	922,025
		10,674,419	**6,700,950**

(ii) *Payables to related parties*

	Note	**31-May-22**	**31-May-21**
		₦	**₦**
ValuAlliance Asset Management Limited - Management fee	16	936,059	1,388,025
ValuAlliance Asset Management Limited - Issue Costs	16	2,873,640	-
STL Trustees Limited- Trustee fee	16	125,814	186,602
Stanbic IBTC Bank- Custodian fee	16	159,763	229,781
		4,095,276	**1,804,408**

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

19 Contingencies

There were no contingent liabilities as at 31 May 2022 (2021: Nil).

20 Events after the reporting period

There were no events after the reporting period which could have had a material effect on the assets and liabilities of the Fund as at 31 May 2022 and its operating results for the year then ended which have not been adequately provided for or disclosed in these financial statements.

21 Capital commitments after reporting date

The Fund had no capital commitments as at 31 May 2022 (2021: Nil).

22 Reconciliation notes to the statement of cash flows

(a) Financial assets at fair value through profit or loss

	Notes	31-May-22	31-May-21
		₦	₦
Balance at the start of the year		320,710,842	-
Earned income from money market fund investment	8	18,150,511	5,341,374
Received income from money market fund investment		-	-
Balance at the end of the year	14	(204,476,289)	(320,710,842)
Cash outflow		**134,385,064**	**(315,369,468)**

(b) Accounts receivable

		31-May-22	31-May-21
		₦	₦
Balance at the start of the year		50,393,884	-
Interest income earned	7	-	301,378
Balance at the end of the year	15	-	(50,393,884)
Net decrease/(increase) in accounts receivable		**50,393,884**	**(50,092,506)**

(c) Accounts payable

		31-May-22	31-May-21
		₦	₦
Balance at the start of the year		4,425,550	-
Balance at the end of the year	16	8,565,259	4,425,550
Net increase in accounts payable		**4,139,709**	**4,425,550**

(d) Financial assets at amortised cost

		31-May-22	31-May-21
		₦	₦
Balance at the start of the year		897,575,452	-
Interest income earned	7	40,608,969	13,983,321
Interest income received		(61,783,123)	(4,380,719)
Disposal of treasury bill	22(f)	-	(100,077,605)
Balance at the end of the year	13(a)	(666,767,215)	(897,575,452)
Cash inflow/(outflow)		**209,634,083**	**(988,050,455)**

(e) Redemption of unit holders' equity

		31-May-22	31-May-21
		₦	₦
Redemption at par value	17(b)(ii)	(1,206,718,198)	(514,316,774)
Distribution paid to unitholders	17(b)(ii)	(78,779,363)	(10,206,585)
Cash outflow on redemption		**(1,285,497,561)**	**(524,523,359)**

(f) Disposal of Treasury bill investment

		31-May-22	31-May-21
		₦	₦
Carrying amount of asset disposed		-	100,077,605
Loss on disposal borne by the Fund	9	-	(930,531)
Proceed from disposal		**-**	**99,147,074**

(g) Reconciliation of cash and cash equivalent to statement of cash flows

	Notes	31-May-22	31-May-21
		₦	₦
Balance at the start of the year		727,915,495	-
Interest income earned for the year	7	45,108,855	11,695,007
Interest income received		(45,296,761)	(8,888,152)
Balance at the end of the year	12	(519,116,458)	(727,915,495)
Net Increase in cash and cash equivalent		**(208,611,131)**	**725,108,640**
Cash and cash equivalents*	12	519,116,458	727,915,495
Opening interest receivable on short term placements		(2,806,855)	-
Interest income earned for the year	22(g)	(45,108,855)	(11,695,007)
Interest income received	22(g)	45,296,761	8,888,152
For cashflow purpose		**516,497,509**	**725,108,640**

* Cash and cash equivalents includes interest receivable on short term placements as at year end.

(h) Total interest income received

		31-May-22	31-May-21
		₦	₦
Interest income received on assets at amortised cost	22(d)	61,783,123	4,380,719
Interest income received on cash and cash equivalents		45,296,761	8,888,152
Interest income received		**107,079,884**	**13,268,871**

OTHER NATIONAL DISCLOSURES

Value Added Statement

For the year ended

	31-May-22	%	31-May-21	%
	₦		₦	
Total revenue	103,868,335	125%	31,321,080	153%
Bought in goods and services- Local	(20,690,209)	-25%	(10,890,977)	-53%
Value added	**83,178,126**	**100%**	**20,430,103**	**100%**
Applied to pay:				
Government as taxes (Withholding taxes)	4,511,965	5%	1,205,550	6%
Distributed to Unitholders	78,779,363	95%	10,206,585	50%
Retained in the Fund	(113,202)	0%	9,017,968	44%
Value added	**83,178,126**	**100%**	**20,430,103**	**100%**

Financial Summary

As at 31 May

	2022	**2021**
	₦	₦
Assets		
Cash and cash equivalents	519,116,458	727,915,495
Financial assets at amortised cost	666,767,215	897,575,452
Financial assets at fair value through profit or loss	204,476,289	320,710,842
Accounts receivable	-	50,393,884
Total assets	**1,390,359,962**	**1,996,595,673**
Liabilities		
Accounts payable	8,565,259	4,425,550
Total liabilities	**8,565,259**	**4,425,550**
Net Assets	**1,381,794,703**	**1,992,170,123**
Unitholders' funds	**1,381,794,703**	**1,992,170,123**
Statement of Comprehensive Income		
Revenue	**103,868,335**	**31,321,080**
Net income after tax	**78,666,161**	**19,224,553**
Distribution	78,779,363	10,206,585

The Fund has not presented a five year financial summary as it is was launched in June 2020.