VALUALLIANCE VALUE FUND

ANNUAL REPORT
30 June 2023

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FUND INFORMATION

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

FUND MANAGER'S REPORT

The Fund Manager presents its annual report on the affairs of the ValuAlliance Value Fund ("the Fund") together with the financial statements and independent auditors report for the year ended 30 June 2023.

Legal form and principal activity

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

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

Operating Results

The following is a summary of the Fund's operating results and transfers to reserves for the year ended 30 June 2023.

	2023 ₦'000	2022 ₦'000
Net operating income before taxation	1,790,858	1,312,201
Withholding tax expense	(30,906)	(28,691)
Profit after taxation transferred to retained earnings	1,759,952	1,283,510

The total distribution made during the year was N309,972,013. *(See note 21)*

Unit Capital Holdings

The Fund purchased 2,479,776 units of its own units from exisiting unitholders during the year. The issued and paid-up units of the Fund is currently ₦ 2.23 billion made up of 22,378,869 units of ₦100 each.

Analysis of Shareholding:

Unit range analysis as at 30 June 2023	No of subscribers	% Holdings	No of Holdings
0 - 1,000,000	21	17.23	3,855,177
1,000,001 - 10,000,000	7	82.77	18,523,692
	28	100.00	22,378,869

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

FUND MANAGER'S REPORT

Global Economy
The Fund Manager provides an update of the macroeconomic and financial market events that occurred during the review period (1st July 2022 to 30th June 2023) to provide context to the performance of the Value Fund.

The IMF revised the global growth forecast for 2023 to 2.8% y/y, compared to the initial expectation of 2.9% y/y at the beginning of the year. The weaker outlook was attributed to the tight policy stance required to pull inflation down closer to most central banks targets, deteriorating financial condition, the war in Ukraine, and growing geopolitical tensions.

To contain spiraling inflation, global central banks have embarked on aggressive policy tightening. Notably, the US Federal Reserve hiked rates by 125 bps in H1-22 as it changed course on its previous assessment that inflationary pressure was transitory. This has contributed to the reduction in global inflation. According to IMF, Inflation is easing in most countries but remains high, with divergences across economies and inflation measures. Following the buildup of gas inventories in Europe and weaker-than-expected demand in China, energy and food prices have dropped substantially from their 2022 peaks, although food prices remain elevated. global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024. Underlying (core) inflation is projected to decline more gradually, and forecasts for inflation in 2024 have been revised upward.

Concerns about banking crisis gained traction towards the quarter's end. This was underscored by the folding of some regional banks in the US and, elsewhere in Europe, the acquisition of Credit Suisse by UBS in a government-backed deal structured to prevent the bank from failing.

Domestic Economy
Nigeria’s Gross Domestic Product (GDP) grew by 2.51% (year-on-year) in real terms from July 2022 to June 2023, following a growth of 3.54% in the second quarter of 2022. The performance of the GDP in the second quarter of 2023 was driven mainly by the Services sector, which recorded a growth of 4.42% and contributed 58.42% to the aggregate GDP.
The agriculture sector grew by 1.50%, an improvement from the growth of 1.20% recorded in the second quarter of 2022. The growth of the industry sector was -1.94% relative to -2.30% recorded in the second quarter of 2022. In terms of share to the GDP, agriculture, and the industry sectors contributed less to the aggregate GDP in the second quarter of 2023 compared to the second quarter of 2022.

We expect GDP growth to be sustained supported by increased consumption and non-oil sector spending. We also foresees a moderate rebound in the oil sector due to completed maintenance work at key terminals, improved surveillance, and the effect of a low base in 2022.

Inflation
The elevated domestic price pressures remain entrenched, with inflation climbing over 22% y/y in Q2-23, attributable to persistent naira weakness, money supply growth, FX shortages, and higher energy costs.
The speed and magnitude of the President’s decision to remove PMS subsidy, revise electricity tariffs and review tax codes have added to inflationary pressures and raised our annual forecast to between 22-25% on average by FY-2023.We expect the headline inflation to remain elevated till the end of 2023, driven by a combination of the following existing factors: food shortages, high energy costs (an offshoot of subsidy removal), and currency pressures amid the recent abolishment of multiple FX windows.

Monetary Policy
The MPC raised the MPR by 800 bps over the review period to 18.5% by May 2023. The committee voted to keep the asymmetric corridor at +100 and -700 basis points around the MPR. The governor stated the slight increase is to mitigate the effect of inflation and other economic issues. The MPR has been on the rise since April 2022, when it was 11.50%. We hold the view that global monetary authorities would carry on with policy tightening in 2023 and 2024 to moderate decade-high inflation and restore FX market stability.

Currency
Nigeria's FX reserve balance declined by $1.59bn over Q1-23 to $34.19 billion, due to sustained FX intervention by the CBN, petrol subsidy payments and limited accretion despite slight improvement in crude oil production.
The Naira spiraled to N769.25/$1 in the official window as of June 2023, trading within the lower end of the N461.5-841/$ band. The significant increase is due to the declaration for unification of exchange rate windows by the President. Meanwhile, in the parallel market, the currency traded at N770/1$ as by financial year-end 2023.

FUND MANAGER'S REPORT

Fixed Income
The fixed income market was characterized by volatility in 2022. Interest rates dipped at the start of the year amid a liquidity glut in the financial system before picking up over the rest of the year on aggresive government borrowing and moderate liquidity conditions.In H1-2023, elevated system liquidity (stemming from the inflow of coupons and maturities, as well as the naira redesign policy which led to a material increase in deposits to DMBs) and the monetary policy committee’s sustained hawkish stance exerted the most influence on NTB yields.

As we approached the end of the Q1-2023, system liquidity thinned (due to a moderation in deposits of old naira notes with DMBs). This change in dynamics (i.e., lower demand) fueled the sudden jump in stop rates. In Q2-2023, bond prices edged up (yields contracted) on the back of elevated system liquidity particularly in the month of June.

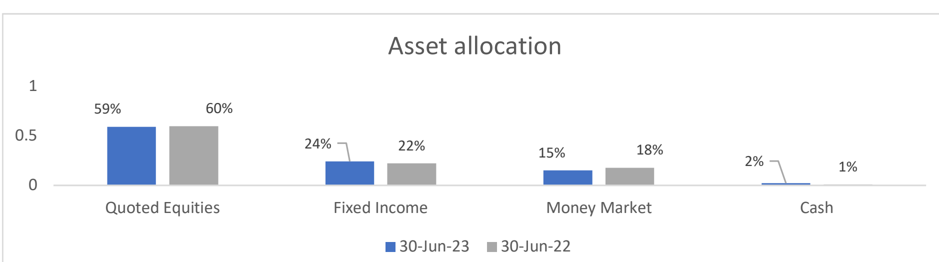
A change of guard at the CBN and an unwinding of the arbitrary CRR debit regime led to a buildup of system liquidity (through CRR refunds to banks). Average NTB yields are up relative to Q1-23 close, but they retraced following the marked increase in system liquidity. Going forward, we expect the degree of the CBN's hawkishness to be the primary driver of interest rates. the CBN's willingness to sterilize expected future liquidity, improve monetary transmission, and raise policy rates aggressively would determine the interest rate trajectory in the medium-term.

Equities
The Nigerian Exchange All Share Index (“NGX-ASI”) advanced by 18.96% over the fiscal year to close at 60,968.27pts. on 30th June 2023. The performance was largely driven by impressive earnings, corporate actions, and buying interest on dual-listed stocks amid lingering FX liquidity challenges. Relatively low fixed income yields over the fiscal period also supported performance in the fiscal year.

The Fund
The ValuAlliance Value Fund (“Value Fund”), which commenced operations on the 30th of June 2011, raised the sum of ₦3,209,678,600.00, made up of 32,096,786 units of ₦100 each through an Initial Public Offer. Consequently, the units of the Fund were listed on the Main Board of the Nigerian Stock Exchange, now known as the Nigerian Exchange Ltd (NGX) in July 2011.

As of 7th May 2021, the Value Fund was migrated from the Main Board of the Exchange to the Memorandum Quotation List of the NGX following the restructuring of the Fund from a listed closed-end Fund to an unlisted closed- end Fund (i.e., an Interval Fund). The Value Fund commenced the year under review, its 12th financial year, with a NAV per unit of ₦197.93 During the period, distribution of ₦12.50/unit was made to unitholders for the financial year ended 30th June 2022. The NAV per unit of the Value Fund closed at ₦276.84 as of 30th June 2023 (net of all fees and expenses). The Fund carried out one repurchase totaling 10% of its outstanding units on 23rd January 2023.

Fund Activity
As of 30th June 2023, equity investments accounted for 59% of gross asset value. Fixed income securities, money market instruments, and cash equivalents accounted for the balance of 41%. The chart below summarises the portfolio mix as of 30th June 2023, relative to the prior year.



As of June 30, 2023, the fixed income portfolio comprises 24% of the total portfolio. This allocation is mainly represented by investments in Eurobonds and FGN Bonds. In the equities segment, the portfolio experienced positive momentum, particularly in the service sectors, contributing to a sustained increase in the overall equity allocation.

FUND MANAGER'S REPORT

Fund Performance
The Fund achieved a year-on-year total return (net of all fees and expenses) of 41.75% in its 12th financial year. The total return is determined by comparing the total income for the year ended 30th June 2023 (₦1.786bn) with the opening net asset value (₦4.908bn). This performance results in a 289.17% return since inception of the Fund and a 12-year Internal Rate of Return ("IRR") of 15.35%. To date, the Value Fund has made a total distribution of ₦3.479bn to its unitholders.

Financial Year End (5-Year)	**30-Jun-23**	**30-Jun-22**	**30-Jun-21**	**30-Jun-20**	**30-Jun-19**
Opening Net Asset Value **(N'000)**	4,906,816	4,753,768	4,669,613	4,884,468	5,498,666
Closing Net Asset Value **(N'000)**	5,920,675	4,906,816	4,753,768	4,669,613	4,884,468
Net Income/(loss) **(N'000)**	1,759,952	1,283,510	984,018	50,304	(258,716)
Distribution **(N'000)**	309,972	288,870	320,968	353,065	417,258
Net Asset Value / Units **(N)**	264.58	197.88	164.56	145.49	152.18
Earnings/Unit **(N)**	78.65	51.76	34.06	1.57	(8.06)
Distribution/Unit **(N)**	12.50	12.50	10.00	10.00	11.00
Total Return (Net of fees and Expenses)	**41.75%**	**22.58%**	**20.84%**	**2.83%**	**-3.58%**

Conclusion
In the coming financial year, the pass-through impacts of the Russia-Ukraine War, global monetary tightening, and elevated commodity prices are key themes in the global operating environment. The Fund Manager expects that global headwinds and domestic uncertainties will catalyze market volatility, which in turn will present attractive investment opportunities in the equities and fixed-income markets over the coming fiscal year. The overall fixed-income strategy is to play in the short end of the curve and increase exposure to fixed-income securities as yields expectedly retrace higher on tighter monetary policy actions. For equity investments, the Fund will continue to seek opportunistic entry in fundamentally sound companies, while also seeking opportunities to trade out of overpriced positions.

Auditors
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
ALSEC NOMINEES LIMITED
Company Secretaries

ALSEC NOMINEES
Company Secretary

St Nicholas House
(10th & 13th Floors)
Catholic Mission Street
Lagos, Nigeria
FRC/2013/ICSAN/00000001651
27 March 2024

TRUSTEES' REPORT

For the year ended 30 June 2023

The Trustees present their annual report for the year ended 30 June 2023.

Principal Activity:

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

Operating Results:

The results for the year which are set out on the following pages, have been duly audited in accordance with section 169 (1) of the Investments and Securities Act CAP 124 LFN 2007, Section 354 (1) of the Companies and Allied Matters Act CAP C20 LFN 2004 and the Trust Deed establishing the Fund.

Directors:

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

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

Directors Interest in the Units of the Fund:

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

There is no direct or indirect beneficial interest in the units of the Fund by any of the Directors of Leadway Capital & Trusts Limited, the Trustee to the Fund.

Responsibilities of the Trustees:

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

- Monitoring of the activities of Valualliance Asset Management Limited on behalf of and in the interest of unit holders;

- Safe-keeping documents relating to the investment;
- Monitoring of the Register of unit holders;
- Ascertaining the profitability rationale for the investment decision making of Valualliance Asset Management Limited;
- Ascertaining compliance with the provisions of the Trustee Investment Act, CAP T22 LFN 2004, the Investment and Securities Act, 2007, and the Trust Deed by Valualliance Asset Management Limited;
- Ascertaining that monthly and other periodic returns/ reports relating to the Fund are sent by Valualliance Asset Management Limited to the Commission.

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

Opinion:

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

By Order of the Trustees

Leadway Capital & Trusts Limited

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

The Fund Manager accepts responsibility for the preparation of the annual financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), and in the manner required by the Financial Reporting Council (FRC) of Nigeria (Amendment) Act, 2023 and the Securities and Exchange Commisison.

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 has 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:

Mr. Sam Oniovosa	**Mrs. Eno Atoyebi**
FRC/2013/ICAN/00000004911	**FRC/2017/ICAN/00000017680**
27 March 2024	27 March 2024

Certification of Accounts by Directors of the Fund Manager

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

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

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 from another person for a price higher than the current offer price.

Samuel Oniovosa
FRC/2013/ICAN/00000004911
27 March 2024

Eno Atoyebi
FRC/2017/ICAN/00000017680
27 March 2024

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

To the Unitholders of ValuAlliance Value Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ValuAlliance Value Fund ("the Fund"), which comprise:

- the statement of financial position as at 30 June 2023;
- the statement of profit or loss and other comprehensive income;
- the statement of changes in net assets attributable to unitholders;
- the statement of cash flows for the year then ended; and
- the notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

Basis for Opinion

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

Key Audit Matters

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

Other Information

The Directors of the Fund Manager and the Directors of the Trustee 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 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 Directors for the Financial Statements
The Directors of the Fund Manager are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Financial Reporting Council of Nigeria (Amendment) Act, 2023, and for such internal control as the Directors of the Fund Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Nneka Eluma, FCA
FRC/2013/ICAN/00000000785
For: KPMG Professional Services
Chartered Accountants
31 March 2024
Lagos, Nigeria

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

	Note	30-Jun 2023 N'000	30-Jun 2022 N'000
Interest income	6	168,222	177,602
Dividend income	7	296,344	238,301
Net gain from financial instruments at fair value through profit or loss	8	997,126	959,349
Other income	9	718,056	28,839
Total revenue		**2,179,748**	**1,404,091**
Operating expenses	10	(83,487)	(87,491)
Impairment loss on financial assets	10.1	(31,893)	(2,901)
Total expenses		**(115,380)**	**(90,392)**
Net operating income before Fund Manager's incentive fees		**2,064,368**	**1,313,699**
Fund Manager's incentive fees	23	(273,510)	(1,498)
Net operating income before taxation		**1,790,858**	**1,312,201**
Withholding tax expense	11	(30,906)	(28,691)
Profit after tax		**1,759,952**	**1,283,510**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent years:			
Net reclassification adjustment on disposed unquoted equity investments at FVOCI	20.1	-	33,989
Items that may be reclassified to profit or loss in subsequent years:			
Net changes in ECL allowance on FVOCI financial assets - fixed income securities	20.1	31,893	2,901
Net loss arising from revaluation of FVOCI financial assets - fixed income securities	20.1	4,357	(72,933)
Reclassified to profit or loss on disposal of FVOCI financial assets- fixed income securities	20.1	(9,427)	-
Other comprehensive income/(loss) net of tax		**26,823**	**(36,043)**
Total comprehensive income for the year		**1,786,775**	**1,247,467**
Basic earnings per unit - (Naira)	19	78.65	51.76

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE

	Note	2023 N'000	2022 N'000
ASSETS			
Bank balances	12	123,373	31,760
Due from other financial institutions	13	648,059	866,673
Financial assets at fair value through profit or loss	15	3,663,345	2,939,592
Financial assets at fair value through other comprehensive income - fixed income securities	16	1,785,324	1,082,320
Other assets	17	-	12,694
TOTAL ASSETS		**6,220,101**	**4,933,039**
LIABILITIES			
Payables and accruals	18	299,426	26,223
TOTAL LIABILITIES		**299,426**	**26,223**
EQUITY			
Share capital	19	2,237,889	2,479,776
Share premium	19	19,811	12,902
Other reserves	20	110,350	83,527
Retained earnings	21	3,552,625	2,330,611
TOTAL EQUITY		**5,920,675**	**4,906,816**
TOTAL LIABILITIES & EQUITY		**6,220,101**	**4,933,039**

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

The financial statements were approved by the Board of Directors of the Fund Manager on 27 March 2024 and signed on its behalf by:

Samuel Oniovosa
Director
FRC/2013/ICAN/00000004911

Eno Atoyebi
Managing Director
FRC/2017/ICAN/00000017680

Additionally, certified by:

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

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE YEAR ENDED

	Note	Ordinary share capital	Share premium	Fair Value Reserve	Retained earnings	Total
		N'000	N'000	N'000	N'000	N'000
Balance as at 1 July 2021		2,888,712	1,827	119,570	1,743,659	4,753,768
Other comprehensive income for the year	20.1	-	-	(36,043)	-	(36,043)
Profit for the year	21	-	-	-	1,283,510	1,283,510
Repurchase of units held	19,21	(419,966)	-	-	(373,699)	(793,665)
Subscriptions during the year	19	11,030	11,075	-	-	22,105
Net reclassification adjustment on disposed unquoted equity investments at FVOCI		-	-	-	(33,989)	(33,989)
Dividend paid	21	-	-	-	(288,870)	(288,870)
Balance as at 30 June 2022		**2,479,776**	**12,902**	**83,527**	**2,330,611**	**4,906,816**
Balance as at 1 July 2022		**2,479,776**	**12,902**	**83,527**	**2,330,611**	**4,906,816**
Other comprehensive income for the year	20.1	-	-	26,823	-	26,823
Profit for the year	21	-	-	-	1,759,952	1,759,952
Repurchase of units held	19,21	(247,978)	-	-	(227,966)	(475,944)
Subscriptions during the year	19	6,091	6,909	-	-	13,000
Dividend paid	21	-	-	-	(309,972)	(309,972)
Balance as at 30 June 2023		**2,237,889**	**19,811**	**110,350**	**3,552,625**	**5,920,675**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED

	Note	30-Jun 2023 N'000	30-Jun 2022 N'000
Cash flows from operating activities			
Profit for the year	21	1,759,952	1,283,510
Adjustments for:			
Dividend income	7	(296,344)	(238,301)
Net gain from financial instruments at fair value through profit or loss	8	(997,126)	(959,349)
Impairment charge on financial assets	20.1	31,893	2,901
		498,375	**88,761**
Movements in working capital:			
Net increase/ (decrease) in payables and accruals	24(a)	273,203	(123,211)
Net increase in financial assets at fair value through profit or loss	24(e)	273,373	622,682
Disposal of Unquoted Equities at fair value through other comprehensive income	24(f)	-	154,350
Net (decrease)/increase in fair value through other comprehensive income financial assets	16.1	(708,074)	335,490
Cash generated from operations		336,877	1,078,071
Dividend received	24(b)	309,038	235,870
Net cash generated from operating activities		**645,915**	**1,313,941**
Cash flows from financing activities			
Repurchase of units from holders during the year	24(c)	(475,944)	(793,665)
Subscriptions during the year	24(d)	13,000	22,105
Distribution made to unitholders	21	(309,972)	(288,870)
Net cash used in financing activities		**(772,916)**	**(1,060,430)**
Net (decrease)/ increase in cash and cash equivalents		(127,001)	253,511
Cash and cash equivalents at start of year		898,433	644,922
Cash and cash equivalents at end of year	14	**771,432**	**898,433**

Notes to the Financial Statements

1 General Information

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

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

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

1.1 Principal Activities

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

1.2 Going Concern

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

1.3 Asset Allocation

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

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

Notes to the Financial Statements

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

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

2 Basis of Preparation

2.1 Statement of Compliance

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

The financial statements were authorized for issue by the Board of Directors of the Fund on 27 March 2024.

2.2 Basis of Measurement

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

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

2.3 Functional and Presentation Currency

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

2.4 Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that can affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognized in the period which the estimate is revised and in any future periods affected. Revisions to estimates are recognized prospectively.

3 Standards Issued, Adopted and Significant Policies

3.1 Standards Adopted

There were no new standards/interpretations adopted by the Fund during the year ended 30 June 2023.

Notes to the Financial Statements

3.2 Material Accounting Policies

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

A Foreign Currency Transactions

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

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

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

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

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

B Interest

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

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

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

C Fair Value Changes

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

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

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

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

Notes to the Financial Statements

D Fees and Commission

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

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

E Distributions

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

F Dividend Income

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

G Financial Assets and Financial Liabilities

i **Initial recognition and measurement of financial assets**

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

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

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

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

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

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

Notes to the Financial Statements

ii **De-recognition of financial assets**

The Fund derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Fund is recognized as a separate asset in the statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss.

iii **Classification and initial recognition of financial liabilities**

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

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

iv **De-recognition of financial liabilities**

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

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

v **Financial assets**

(i) Classification and subsequent measurement

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

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

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

vi **Debt instruments**

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

Classification and subsequent measurement of debt instruments depend on:

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

Notes to the Financial Statements

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

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

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

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

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

vii **Equity instruments**

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

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

Notes to the Financial Statements

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

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

viii Financial liabilities

Classification and subsequent measurement

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

Derecognition

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

ix Measurement of Expected Credit Losses

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

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

- The time value of money; and

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

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

- **Financial assets that are not credit-impaired at the reporting date:** as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive);

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

Notes to the Financial Statements

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

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

xi Write-off

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

xii Interest income

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

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

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

Notes to the Financial Statements

H Cash and Cash Equivalents

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

I Provisions

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

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

Contingent liabilities are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the Fund; or present obligations that have arisen from past events but are not recognized because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured. Contingent liabilities are not recognized in the financial statements but are disclosed unless the probability of settlement is remote.

J Taxation

The Fund is exempt from paying income taxes under the current system of taxation in Nigeria. However, interest income on fixed interest 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%.

K Payables and Accruals

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

Notes to the Financial Statements

4 New standards and interpretations not yet effective

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

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**
Amendments to IAS 1	Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current Liabilities	October 2022	1 January 2024	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. In addition a company will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. Such right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option, which could either be recognised as either equity or liability separately from the liability component under IAS 32 Financial Instruments: Presentation. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted. This standard will be applicable once it becomes effective. This standard is not expected to have any impact on the Fund
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback	September 2022	1 January 2024	Amendments to IFRS 16 Leases requires a seller-lessee impacts how a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendment also requires the seller-lessee to include variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. The amendments confirm the following. • On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and leaseback transaction. • After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a sellerlessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. This standard is not expected to have any impact on the Fund.
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	May 2023	1 January 2024	The amendments apply to supplier finance arrangements that have all the following characteristics. • A finance provider pays amounts a company (the buyer) owes it suppliers. • A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid. • The company is provided with extended payment terms or supplier benefit from early payment terms, compared with the related invoice payment due date. The amendments do not apply to arrangements for financing receivables or inventory. The amendments introduce two new disclosure objectives- one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

Notes to the Financial Statements

Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	May 2023	1 January 2024	Under the amendments, companies also need to disclose the type and effect if non-cash changes in the carrying amount of its financial liabilities that are part of supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. Companies needs to start collating additional information to meet the new disclosure requirements because some information may not always be readily available such as the carrying amount of financial liabilities for which suppliers have already received payments from finance providers. Companies may need to obtain this information from their finance providers directly. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial. The standard has no impact on the Fund.
Amendments to IAS 21	Lack of Exchangeability	August 2023	1 January 2025	The amendments clarifies: • when a currency is exchangeable into another currency; and • how a company estimates a spot rate when a currency lacks exchangeability. Assessing exchangeability: When to estimate a spot rate A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate. Estimating a spot rate: Meeting the estimation objective A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements on how to estimate a spot rate. Therefore, when estimating a spot rate a company can use: • an observable exchange rate without adjustment; or • another estimation technique. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. This may include: • the nature and financial impacts of the currency not being exchangeable • the spot exchange rate used; • the estimation process; and • risks to the company because the currency is not exchangeable The amendments apply for annual reporting periods beginning on or after 1 January 2025, with early application permitted. This standard is not expected to have any impact on the Fund.
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.

Notes to the Financial Statements

5 Financial risk

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

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

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

5.1 Credit risk

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

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

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

(ii) Exposure to credit risk

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

5.1.1 Credit quality analysis

Credit risk grading

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

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

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

	Note	**30-Jun 2023** ₦'000	**30-Jun 2022** ₦'000
Counterparties with international credit rating (S&P, Fitch, Moody's)			
Investment grade (AAA to B-)	16	1,785,324	1,082,320
Others (CCC+ to D)		-	-
		1,785,324	**1,082,320**
Total unimpaired not past due debt		1,785,324	1,082,320
Past due but not impaired		-	-
Total debt securities		**1,785,324**	**1,082,320**

Notes to the Financial Statements

5.1.2 Expected credit loss measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

Change in credit quality since initial recognition

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

5.1.2.1 Significant increase in credit risk

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

Qualitative criteria:

Forward transitions: Credit Ratings

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

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

Forward transitions: Classification

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

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

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Forward transitions: Restructure

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

5.1.2.2 ***Definition of default***

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

Quantitative criteria

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

Qualitative criteria

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

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

The criteria above have been applied to all financial instruments held by Value Fund and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout Value Fund's expected loss calculations.

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

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

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

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

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

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

<u>12-month PD</u>

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

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

<u>Lifetime PD</u>

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

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

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

Notes to the Financial Statements

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

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

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

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

5.1.2.4 Forward-looking information incorporated in the ECL models

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

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

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

Economic variable assumptions

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

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

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

5.2 Liquidity risk

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

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

Maturity analysis for financial assets and liabilities

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

In thousands of Naira	Note	Carrying amount	Gross nominal value	Less than 3 months	3- 12 months	Above 1 year
30-Jun-23		**₦,000**	**₦,000**	**₦,000**	**₦,000**	**₦,000**
Cash and Cash Equivalents	14	771,432	771,432	771,432	-	-
Quoted Equities	15	3,663,345	3,663,345	-	-	3,663,345
Bonds	16	1,501,906	1,855,565	217,787	328,270	1,309,508
Total financial assets		**5,936,683**	**6,290,342**	**989,219**	**328,270**	**4,972,853**
Payable to Fund Parties	18	14,657	14,657	14,657	-	-
Other payables	18	284,769	284,769	284,769	-	-
Total financial liabilities		**299,426**	**299,426**	**299,426**	-	-
Gap (assets-liabilities)		**5,637,257**	**5,990,916**	**689,793**	**328,270**	**4,972,853**
Cumulative liquidity gap				**689,793**	**1,018,063**	**5,990,916**

Notes to the Financial Statements

In thousands of Naira	Note	Carrying amount	Gross nominal value	Less than 3 months	3-12 months	Above 1 year
30-Jun-22		**₦,000**	**₦,000**	**₦,000**	**₦,000**	**₦,000**
Cash and Cash Equivalents	14	898,433	898,433	898,433	-	-
Quoted Equities	15	2,939,592	2,939,592	-	-	2,939,592
Bonds	16	1,011,734	1,745,632	125,325	82,445	1,537,862
Commercial Papers	16	70,586	220,500	-	220,500	-
Total financial assets		**4,920,345**	**5,804,157**	**1,023,758**	**302,945**	**4,477,454**
Fund Parties	18	15,372	15,372	15,372	-	-
Other payables	18	10,851	10,851	10,851	-	-
Total financial liabilities		**26,223**	**26,223**	**26,223**	-	-
Gap (assets-liabilities)		**4,894,122**	**5,777,934**	**997,535**	**302,945**	**4,477,454**
Cumulative liquidity gap				**997,535**	**1,300,480**	**5,777,934**

5.3 Market risk

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

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5.4 Interest rate risk

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

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

	2023		**2022**	
Tenor	**% of Net Assets**	**Weighted Yield (%)**	**% of Net Assets**	**Weighted Yield (%)**
< 1 Year	2.67%	18.50%	13.14%	11.96%
1 - 3 Years	21.36%	10.94%	12.41%	8.47%
> 3 Years	1.33%	10.91%	5.80%	9.60%
	25.36%		**31.35%**	

30-Jun-23	**Notes**	**Non-Interest**	**Fixed Interest**	**Carrying Amount**
		₦,000	**₦,000**	**₦,000**
Assets				
Cash and Cash Equivalents	**14**	-	771,432	771,432
Financial assets at fair value through profit or loss	**15**	3,663,345	-	3,663,345
Financial assets at fair value through Other comprehensive income	**16**	-	1,785,324	1,785,324
Other assets	**17**	-	-	-
		3,663,345	**2,556,756**	**6,220,101**
Liabilities				
Other Liabilities	**18**	299,426	-	299,426
		299,426	**-**	**299,426**
Interest Income for the year	**6**	296,344	168,222	464,566
Average percentage of interest income to total exposure		**8.09%**	**6.58%**	**7.47%**

Notes to the Financial Statements

30-Jun-22	Notes	Non-Interest ₦,000	Fixed Interest ₦,000	Carrying Amount ₦,000
Assets				
Cash and Cash Equivalents	**14**	-	898,433	898,433
Financial assets at fair value through profit or loss	**15**	2,939,592	-	2,939,592
Financial assets at fair value through Other comprehensive income	**16**	-	1,082,320	1,082,320
Other assets	**17**	12,694	-	12,694
		2,952,286	**1,980,753**	**4,933,039**
Liabilities				
Other Liabilities	**18**	26,223	-	26,223
		26,223	**-**	**26,223**
Interest Income for the year	**6**	238,301	177,602	415,903
Average percentage of interest income to total exposure		**8.07%**	**8.97%**	**8.43%**

5.5 Equity price risk

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

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

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

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

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

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

	2023 % of net assets	2022 % of net assets
Equity investments:		
Quoted equity investments	61.87%	59.91%
Unlisted equity investments	0.00%	0.00%
Total equity investments	61.87%	59.91%
Total debt securities	30.15%	22.06%
Total investment assets	92.03%	81.97%
Total investment liabilities	-4.81%	-0.53%

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

	2023 % of Total Assets	2022 % of Total Assets
Banking sector	27.81%	24.40%
Agric	11.54%	13.46%
Oil & Gas	8.84%	9.44%
Insurance	4.02%	4.74%
Building materials	3.23%	3.93%
Food and beverages	0.00%	2.39%
Conglomerates	1.12%	1.45%
Real Estate	0.09%	0.10%
Telecommunications	2.25%	0.00%
	58.92%	**59.91%**

Notes to the Financial Statements

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

5.5 Operational risk

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

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

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

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

5.6 Foreign Exchange risk

Foreign exchange risk is the risk of loss of capital or earnings due to adverse movements in the exchange rates of the Fund's foreign currency assets or liabilities.
The Fund is exposed to the financial risk related to the fluctuation of foreign exchange rates. This is because the Fund has Eurobonds denominated in foreign currency. The Fund had the following balances as at year end:

30 June 2023

In thousands of naira	Note	Total	Naira	USD
Assets				
Fixed Income Securities	16	1,785,324	957,690	827,634
		1,785,324	**957,690**	**827,634**

30 June 2022

In thousands of naira	Note	Total	Naira	USD
Assets				
Fixed Income Securities	16	1,082,320	324,887	757,433
		1,082,320	**324,887**	**757,433**

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

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

	30 June 2023			**30 June 2022**		
In thousands of naira	**Carrying amount**	**10% increase in the value of the Naira against USD**	**10% decrease in the value of the Naira against USD**	**Carrying amount**	**10% increase in the value of the Naira against USD**	**10% decrease in the value of the Naira against USD**
Fixed Income Securities	827,634	82,763	(82,763)	757,433	75,743	(75,743)
	827,634	**82,763**	**(82,763)**	**757,433**	**75,743**	**(75,743)**

5.7 Credit risk exposure

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

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

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

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

	Fixed income securities					
					30 Jun 2023	**30 June 2022**
ECL staging	**Stage 1** 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Purchased credit-impaired**	**Total**	**Total**
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Credit grade						
Investment grade	1,785,324	-	-	-	1,785,324	1,082,320
Speculative grade	-	-	-	-	-	-
Carrying amount	**1,785,324**	**-**	**-**	**-**	**1,785,324**	**1,082,320**
Loss allowance/(writeback)	**31,893**	**-**	**-**	**-**	**31,893**	**(2,901)**

5.7.2 Loss allowance

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

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

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

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

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

- Discount unwound within ECL due to the passage of time, as ECL is measured on a present value basis;

- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and

- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

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

Investment securities	**Stage 1**	**Stage 2**	**Stage 3**	
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Corporate Eurobonds	33,406	-	-	33,406
Sovereign Eurobond	259	-	-	259
Federal Government of Nigeria Bonds	475	-	-	475
Loss allowance as at 1 July 2022	**34,140**	**-**	**-**	**34,140**
Movements with P&L impact				
Based on changes in forward looking information:				
Corporate Eurobonds	30,174	-	-	30,174
Sovereign Eurobonds	1,472	-	-	1,472
Federal Government of Nigeria Bonds	247	-	-	247
Total net P&L charge during the year	**31,893**	**-**	**-**	**31,893**
Other movements with no P&L impact				
Loss allowance as at 30 June 2023	**66,033**	**-**	**-**	**66,033**

Investment securities	**Stage 1**	**Stage 2**	**Stage 3**	
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Corporate Eurobonds	21,431	-	-	21,431
Sovereign Eurobond	3,909	-	-	3,909
Federal Government of Nigeria Bonds	5,899	-	-	5,899
Loss allowance as at 1 July 2021	**31,239**	**-**	**-**	**31,239**
Movements with P&L impact				
Based on changes in forward looking information:				
Corporate Eurobonds	11,975	-	-	11,975
Sovereign Eurobonds	(3,650)	-	-	(3,650)
Federal Government of Nigeria Bonds	(5,424)	-	-	(5,424)
Total net P&L charge during the year	**2,901**	**-**	**-**	**2,901**
Other movements with no P&L impact				
Loss allowance as at 30 June 2022	**34,140**	**-**	**-**	**34,140**

5.7.3 Write-off policy

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

There were no assets written off during the year ended 30 June 2023 (30 June 2022:nil).

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		30-Jun 2023 ₦'000	30-Jun 2022 ₦'000
6	**Interest income calculated using the effective interest method**		
	Interest on bonds	96,498	85,783
	Interest on treasury bills	3,863	-
	Interest on commercial papers	8,801	36,471
	Interest on short term placements	59,060	55,348
	Interest income	**168,222**	**177,602**

		30-Jun 2023 ₦'000	30-Jun 2022 ₦'000
7	**Dividend income**		
	Quoted securities	296,344	238,301
	Total dividend income	**296,344**	**238,301**

		30-Jun 2023 ₦'000	30-Jun 2022 ₦'000
8	**Net gain from financial instruments at fair value through profit or loss**		
	Access Bank Plc	174,056	18,945
	MTNN	22,225	31,223
	Custodian & Allied Plc	16,689	31,711
	Dangote Cement Plc	7,052	38,082
	UPDCREIT	435	(3,691)
	First City Monument Bank Plc	24,600	1,650
	FBN Holdings Plc	10,665	68,524
	Fidelity Bank Plc	157,941	57,676
	Guaranty Trust Holding Company (GTCO) Plc	107,260	(69,534)
	Okomu Oil Palm Company Plc	29,123	227,626
	Presco Plc	24,800	291,038
	Seplat Petroleum Dev. Co. Plc	22,736	226,849
	Stanbic IBTC Holdings	94,144	(4,373)
	TotalEnergies Marketing Nigeria Plc	76,114	58,981
	United Africa Company of Nigeria (UACN) Plc	(1,927)	8,671
	United Bank for Africa Plc	91,200	2,848
	Zenith Bank Plc	140,013	(26,877)
	Net total fair value changes	**997,126**	**959,349**

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		30-Jun 2023 ₦'000	30-Jun 2022 ₦'000
9	**Other income**		
	Exchange gain	693,477	20,109
	Income from investment in money market funds	12,418	44
	UPDCREIT shares unbundling by UACN	-	8,686
	Realised gain on disposal of debt securities	9,427	-
	Realised gain on disposal of equity	2,734	-
	Total	**718,056**	**28,839**

		30-Jun 2023 ₦'000	30-Jun 2022 ₦'000
10	**Operating expenses**		
	Fund Manager fees	48,763	50,897
	Trustee fees	3,333	3,563
	Custodian fees	3,430	3,809
	Registrar fees	982	735
	Audit fees**	5,573	4,500
	Domiciliary and other fees to CSCS	-	2,684
	VAT on fees	4,283	4,733
	Brokerage Fees	688	2,381
	SEC Supervisory Fees	-	5,615
	Stamp Duties	220	706
	NSE charges for acquisition/disposal of shares	887	2,751
	Sitting Allowance	400	500
	Stationery and Printing	187	122
	AGM Related Cost	1,630	1,337
	Professional fees- Common Reporting Standards	1,129	-
	Bank Charges	390	202
	SEC Supervisory Fees	9,458	-
	CSCS Fees	887	-
	Other operating expenses	1,247	2,956
		83,487	**87,491**

** During the year, the Fund's Auditor, KPMG Professional services did not render any non-audit services to the Fund. (2022:Nil).

10.1	Impairment loss on financials assets *(See 5.7.2)*	**31,893**	**2,901**

		30-Jun 2023 ₦'000	30-Jun 2022 ₦'000
11	**Withhoding Tax expense**		
	Withholding Tax on interest income earned	1,373	4,980
	Withholding Tax on dividend income earned	29,533	23,711
	Total withholding tax expense	**30,906**	**28,691**

Notes to the Financial Statements

	30-Jun 2023 ₦'000	30-Jun 2022 ₦'000
12 Bank balances		
Bank balances	**123,373**	**31,760**

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

Current	123,373	31,760
Non-current	-	-
	123,373	**31,760**

	30-Jun 2023 ₦'000	30-Jun 2022 ₦'000
13 Dues from other financial institutions		
Wema Bank	167,290	427,625
Sterling Bank	336,440	152,916
FCMB	144,329	4,000
Fidelity Bank Plc	-	110,580
Access Bank	-	171,552
	648,059	**866,673**

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

Current	648,059	866,673
Non-current	-	-
	648,059	**866,673**

	30-Jun 2023 ₦'000	30-Jun 2022 ₦'000
14 Cash and cash equivalents for cashflow purposes		
Bank balance (see note 12)	123,373	31,760
Due from other financial institutions (see note 13)	648,059	866,673
	771,432	**898,433**

Current	771,432	898,433
Non-current	-	-
	771,432	**898,433**

Notes to the Financial Statements

		30-Jun 2023 ₦'000	30-Jun 2022 ₦'000
15	**Financial assets at fair value through profit or loss**		
	Investment in quoted equity instruments:		
	Access Bank Plc	393,105	219,049
	Custodian & Allied Plc	250,345	233,656
	Dangote Cement Plc	200,986	193,934
	First City Monument Bank Plc	76,500	51,900
	FBN Holdings Plc	33,365	22,700
	Fidelity Bank Plc	172,289	177,704
	Guaranty Trust Holding Company (GTCO) Plc	258,903	151,643
	Okomu Oil Palm Company Plc	378,125	349,002
	Presco Plc	339,574	314,774
	Seplat Petroleum Dev. Co. Plc	318,909	296,173
	Stanbic IBTC Holdings	248,595	154,451
	Total Energies Marketing Nigeria Plc	230,650	154,536
	United Africa Company of Nigeria (UACN) Plc	69,368	71,295
	United Bank for Africa Plc	232,750	141,550
	Zenith Bank Plc	314,443	284,505
	MTN Nigeria	140,009	117,726
	UPDCREIT	5,429	4,994
	Total	**3,663,345**	**2,939,592**
	Current	-	-
	Non-current	3,663,345	2,939,592
		3,663,345	**2,939,592**

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

30-Jun-23

Fair value heirachy	Level 1	Level 2	Level 3	**Total**
Quoted equities	3,663,345	-	-	3,663,345

30-Jun-22

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

Notes to the Financial Statements

		30-Jun 2023 N'000	30-Jun 2022 N'000
16	**Financial Assets at fair value through other comprehensive income - Fixed Income Securities**		
	Eurobonds	827,634	757,433
	Treasury bills	283,418	-
	Federal Government of Nigeria Bonds	674,272	254,301
	Commercial Papers	-	70,586
		1,785,324	**1,082,320**
	Current	283,418	324,462
	Non-current	1,501,906	757,858
		1,785,324	**1,082,320**

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

Coupon for all bonds held by the Fund are paid bi-annually. Principal for the FGN Bonds and Eurobonds held by the Fund is to be repaid at maturity.

			30-Jun 2023 N'000	30-Jun 2022 N'000
16.1	**Movements in financial assets measured at fair value through other comprehensive income**			
	Opening balance of fixed income securities		1,082,320	1,490,743
	Net sales during the year		708,074	(335,490)
	Reclassified to profit or loss on disposal	20.1	(9,427)	-
	Net fair value gain/(loss) during the year	20.1	4,357	(72,933)
	Fair value of assets at year end - fixed income securities		**1,785,324**	**1,082,320**

Notes to the Financial Statements

		30-Jun 2023	30-Jun 2022
17	**Other assets**	**₦'000**	**₦'000**
	Dividend receivable from Dangote Cement Plc	-	12,694
		-	**12,694**
	Current	-	12,694
	Non-current	-	-
		-	**12,694**

		30-Jun 2023	30-Jun 2023
18	**Payables & accruals**	**₦'000**	**₦'000**
	Due to Fund Manager	12,074	12,440
	Trustee fees payable	1,749	1,830
	Custody fees payable	834	1,102
	VAT on fees payable	1,047	1,168
	Audit fees	6,002	4,838
	Unclaimed dividend	627	627
	Reimbursable expenses payable to Fund manager	910	2,720
	Incentive fee Payable	273,510	1,498
	SEC Supervisory Fees Payable	2,428	-
	Registrars Fees Payable	245	-
		299,426	**26,223**
	Current	299,426	26,223
	Non-current	-	-
		299,426	**26,223**

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

Notes to the Financial Statements

		30-Jun 2023 N'000	30-Jun 2022 N'000
19	**Share capital**		
	Issued and fully paid:		
	Opening balance	2,479,776	2,888,712
	Units repurchased during the year	(247,978)	(419,966)
	Subscriptions during the year	6,091	11,030
	Closing Balance	2,237,889	2,479,776
a	**Basic earnings per unit - (Naira)**	78.65	51.76

Earnings per unit is calculated based on earnings after tax and the number of issued and fully subscribed units at 30 June of every year.

19.1	**Share Premium**		
	Opening Balance	12,902	1,827
	Premium on issue of units	6,909	11,075
	Closing Balance	**19,811**	**12,902**

19.2	**Movement in units** *(In thousands of units)*		
	Authorized, issued and fully paid:		
	Opening units	24,797	28,887
	Units repurchased during the year	(2,479)	(4,200)
	Subscriptions during the year	60	110
	Closing units	**22,378**	**24,797**

20	**Fair value through other comprehensive income reserves**		
	Balance brought forward	83,527	119,570
	Net changes in FVOCI financial assets (see note 20.1)	26,823	(36,043)
		110,350	**83,527**

20.1	**Net changes in FVOCI financial assets**		
	Net changes arising from revaluation of FVOCI financial assets - fixed income securites	4,357	(72,933)
	Impairment charge	31,893	2,901
	Reclassified to profit or loss on disposal of FVOCI financial assets- fixed income securities	(9,427)	-
	Net reclassification adjustment on disposed unquoted equity investments at FVOCI (see note 21)	-	33,989
		26,823	**(36,043)**

21	**Retained earnings**		
	Opening Balance	2,330,611	1,743,659
	Net reclassification adjustment on disposed unquoted equity investments at FVOCI (see note 20.1)	-	(33,989)
	Profit for the year	1,759,952	1,283,510
	Repurchase of unitholding during the year	(227,966)	(373,699)
	Dividend payment during the year	(309,972)	(288,870)
	Closing Balance	**3,552,625**	**2,330,611**

Notes to the Financial Statements

22 Use of estimates and judgments

(a) Key sources of estimation uncertainty

(i) Determining fair values

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

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

(i) Valuation of financial instruments

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

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

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

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

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

Notes to the Financial Statements

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

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

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

	Level1	**Level2**	**Level3**	**Total**
30-Jun-23				
Financial assets at fair value				
Equity investments	3,663,345	-	-	3,663,345
Debt Instruments	1,785,324	-		1,785,324
	5,448,669	**-**	**-**	**5,448,669**

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

Notes to the Financial Statements

		30-Jun 2023 N'000	30-Jun 2022 N'000
23	**Fund Manager's incentive fees**		
	Opening Net asset value	4,959,211	4,928,833
	Closing NAV before incentive fees Gross of management fee)	6,244,113	4,959,211
	Units repurchased during the period	475,944	793,665
	Dividend paid during the year	309,972	288,870
	Total return (i.e. Growth in NAV) %	41.76%	22.58%
	Relevant Benchmark**	14.18%	22.43%
	Return in excess of benchmark (%)	27.58%	0.15%
	Return in excess of benchmark (₦)	1,367,549	7,488
	Incentive fee due to the Fund Manager	273,510	1,498
	Total incentive fee charged for the year	273,510	1,498

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

	%
50% of Nigerian Exchange Group (NGX) All Share Index return	9%
35% of weighted average return of 3-year Sovereign Bond	4%
15% of weighted average return on 91-day Nigerian Treasury Bill (NTB)	1%
Relevant benchmark rate	**14%**

Notes to the Financial Statements

24 Cash flow workings

(a) ***Payables and accruals***

		2023	2022
		N'000	N'000
Opening balance	18	(26,223)	(149,434)
Closing balance	18	299,426	26,223
Net increase/(decrease) in payables and accruals		273,203	(123,211)

(b) ***Dividends received***

		2023	2022
		N'000	N'000
Opening balance of dividends receivable	17	12,694	10,263
Dividend income for the year	7	296,344	238,301
Closing balance of dividends receivable	17	-	(12,694)
Dividends received during the year		309,038	235,870

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

		2023	2022
		N'000	N'000
Par value of units repurchased during the period	19	(247,978)	(419,966)
Cumulative return to unitholders on repurchase	21	(227,966)	(373,699)
Total consideration paid to holders on repurchase		(475,944)	(793,665)

(d) ***Subscription of units during the year***

		2023	2022
		N'000	N'000
Par value of units subscribed to during the period	19	6,091	11,030
Premium on issue of new units	19.1	6,909	11,075
Total consideration received on subscription		13,000	22,105

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

		2023	2022
		N'000	N'000
Opening balance	15	2,939,592	2,602,925
Fair value gain during the year	8	997,126	959,349
Closing balance	15	(3,663,345)	(2,939,592)
Net increase in financial assets at FVTPL		273,373	622,682

(f) ***Movement in Unquoted Equities at FVOCI***

	2023	2022
	N'000	N'000
Opening balance	-	154,350
Fair value gain during the year	-	-
Closing balance	-	-
Net decrease in Unquoted Equities at FVOCI	-	(154,350)

25 Related parties and other key contracts

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

Name	Nature of relationship	Units held as at 30-Jun-23	Units held as at 30-Jun-22
ValuAlliance Asset Management Limited	Fund manager	4,998,000	4,998,000

Notes to the Financial Statements

Fund manager and other parties
The Fund is managed by ValuAlliance Asset Management Limited (formerly SIM Capital Alliance Limited), an investment management company incorporated in Nigeria, to implement the investment strategy as specified in the prospectus. Under the Trust deed, the Fund Manager receives a management fee at an annual rate of 1% of the net asset value of the Fund. In addition, the Fund Manager earns an annual incentive fee of 20% of the excess total annualised returns in excess of the Relevant Benchmark of the Fund, in line with the amended Trust deed agreement (see note 25).

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

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

The fees earned by the Fund Manager and other parties to the Fund during the year are disclosed on the face of the statement of profit or loss. The amount payable as at the end of year on these fees to these related parties is disclosed in note 18.

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

(i) ***Fees to related parties***

	Note	30-Jun-23	30-Jun-22
		₦	₦
ValuAlliance Asset Management Limited - Management fee	10	48,763	50,897
Leadway Capital and Trust Limited- Trustee fee	10	3,333	3,563
Stanbic IBTC Bank- Custodian fee	10	3,430	3,809
		55,526	**58,269**

(ii) ***Payables to related parties***

	Note	30-Jun-23	30-Jun-22
		₦	₦
ValuAlliance Asset Management Limited - Management fee	18	12,074	12,440
Leadway Capital and Trust Limited- Trustee fee	18	1,749	1,830
Stanbic IBTC Bank- Custodian fee	18	834	1,102
		14,657	**15,372**

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

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

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

26 Events after the reporting period

Change In financial year end
The Financial Year End of the Fund was changed from 30 June to 31 December in other to align with the year end of the Fund Manager.

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 30 June 2023 and its operating results for the year then ended which have not been adequately provided for or disclosed in these financial statements.

27 Approval of financial statements

The financial statements were approved by the board of directors of the Fund Manager and authorised for issue on 27 March 2024.

Other National Disclosures

STATEMENT OF VALUE ADDED
AS AT 30 JUNE

	2022 N'000	%	2021 N'000	%
Gross earnings	2,179,748		1,404,091	
Bought-in goods and services - local	(388,890)		(91,890)	
Value added	**1,790,858**	**100**	**1,312,201**	**100**
Applied to pay:				
Government as taxes (Withholding taxes)	30,906	2	28,691	2
Retained in the Fund	1,759,952	98	1,283,510	98
Value added	**1,790,858**	**100**	**1,312,201**	**100**

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

FINANCIAL SUMMARY
AS AT 30 JUNE

	NOTE	2023 N'000	2022 N'000	2021 N'000	2020 N'000	2019 N'000
ASSETS						
Bank balances	12	123,373	31,760	111	29,692	12,148
Due from other financial institutions	13	648,059	866,673	644,810	120,145	277,672
Financial assets at fair value through profit or loss	15	3,663,345	2,939,592	2,602,925	1,840,787	2,202,043
Financial assets at fair value through other comprehensive income - unquoted equities	16	-	-	154,350	160,717	200,552
Financial assets at fair value through other comprehensive income - fixed income securities	16	1,785,324	1,082,320	1,490,743	2,534,224	2,013,377
Other assets	17	-	12,694	10,263	4,558	199,706
TOTAL ASSETS		**6,220,101**	**4,933,039**	**4,903,202**	**4,690,123**	**4,905,498**
LIABILITIES						
Payables and accruals	18	299,426	26,223	149,434	20,510	21,030
TOTAL LIABILITIES		**299,426**	**26,223**	**149,434**	**20,510**	**21,030**
EQUITY						
Share capital	19	2,237,889	2,479,776	2,888,712	3,209,679	3,209,679
Share premium	19	19,811	12,902	1,827	1,827	1,827
Other reserves	20	110,350	83,527	119,570	158,669	70,763
Retained earnings	21	3,552,625	2,330,611	1,743,659	1,299,438	1,602,199
TOTAL EQUITY		**5,920,675**	**4,906,816**	**4,753,768**	**4,669,613**	**4,884,468**
TOTAL LIABILITIES AND EQUITY		**6,220,101**	**4,933,039**	**4,903,202**	**4,690,123**	**4,905,498**
Gross earnings		1,182,622	444,742	390,543	520,449	472,204
Profit/(loss) before taxation		1,790,858	1,312,201	1,006,494	70,242	(242,221)
Taxation		(30,906)	(28,691)	(22,476)	(19,938)	(16,495)
Profit after taxation		**1,759,952**	**1,283,510**	**984,018**	**50,304**	**(258,716)**
Earnings/(loss) per unit -basic (₦)		78.65	51.76	34.06	1.57	(8.06)
Net assets per unit (₦)		238.76	197.88	164.56	145	152

Note:

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

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