

VALUALLIANCE MONEY MARKET FUND

ANNUAL REPORT

31 MAY 2023

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Fund information

Directors of the Fund Manager:

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

Custodian:

Stanbic IBTC Bank Plc.
Walter Carrington Crescent
Victoria Island, Lagos

Registrars:

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

Bankers:

Stanbic IBTC Bank Plc

Fund Manager:

ValuAlliance Asset Management Limited
12th floor, Alliance Place
33A Alfred Rewane (Kingsway) Road
Ikoyi, Lagos
Tel: +234 1 466 2000
[Email: info@valualliance.com](mailto:info@valualliance.com)
www.valualliance.com

Trustee:

STL Trustees Limited
Plot 183 Moshood Olugbani Street
Victoria Island,
Lagos.

Auditor:

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island,
Lagos.
www.kpmg.com/ng

Company Secretary:

Alsec Nominees Limited
St. Nicholas House 10th /13th Floors

Fund Manager's Report

For the year ended 31 May 2023

The Fund Manager presents its report on the affairs of the ValuAlliance Money Market Fund ("the Fund") together with the financial statements and independent auditor's report for the year ended 31 May 2023.

BACKGROUND INFORMATION

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

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

ASSET ALLOCATION

The Fund's asset allocation is detailed below;

Asset Class	31-May-23		31-May-22	
	Amount ₦	Percent	Amount ₦	Percent
Short Term Government Instruments	321,290,578	26%	405,986,349	30%
Placement with Banks	647,441,580	51%	515,863,531	37%
Other Money Markets Instruments	263,487,066	21%	465,257,155	33%
Cash & Cash equivalents	24,963,893	2%	3,252,927	0%
Total	1,257,183,117	100%	1,390,359,962	100%

DISTRIBUTION

The Fund distributes income received net of expenses to unitholders on a quarterly basis. The Fund distributed a total net income of ₦98,305,813 for the year ended 31 May 2023 (2022: ₦78,779,363).

FUND PERFORMANCE REVIEW

ValuAlliance Money Market Fund performance is benchmarked against the 90-day Nigerian Treasury Bill. The performance is tracked using 3 months Nigerian Interbank Treasury Bill True Yield (NITTY). The Fund ended its financial year with a net yield of 7.31%, performing above its benchmark, the 90-day Nigerian Treasury Bill which stood at 6.14% as at 31st May 2023.

NIGERIAN MACROECONOMIC REVIEW AND OUTLOOK

Real Economy:

Nigeria's Gross Domestic Product (GDP) grew by 2.51% (year-on-year) in real terms from June 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 foresee 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.

Looking forward, we believe that inflation in the next seven months can rise to 22-25% depending on the speed and magnitude of the new administration's decision on PMS subsidy and the unification of the exchange rate windows.

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 ₦769.25/\$1 in the official window as of June 2023, trading within the lower end of the ₦461.5-841/\$ band. The significant devaluation is due to the declaration for unification of exchange rate windows by the President. Meanwhile, in the parallel market, the currency traded at ₦770/1\$ as by financial year-end 2023.

Fund Manager's Report

For the year ended 31 May 2023

Monetary Policy:

The MPC raised the MPR by 800 bps over the review period to 18.5% by May 2023 as inflation reached to a decade high. The relatively hawkish monetary stance was adopted to restore price stability, however, the Committee opted to slow its pace of rate hikes towards the end of the period amidst concerns about the negative implications for growth. Considering our expectations for inflation to remain elevated in 2023, we expect the MPC to sustain a hawkish stance through the year. Favorable economic growth outturns will strengthen this position throughout the year.

FIXED INCOME MARKET

Review and Outlook

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 aggressive 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.

Events after reporting period

There were no events after the reporting period which could have had a material effect on the assets and liabilities of the Fund as at 31 May 2023 and its operating results for the year then ended which have not been adequately provided for or disclosed in these financial statements.

Auditor

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

BY ORDER OF THE BOARD OF DIRECTORS OF THE FUND MANAGER



Alsec Nominees Limited

St. Nicholas House 10th /13th Floors
Catholic Mission Street.
P. O. Box 53123, Ikoyi, Lagos, Nigeria
FRC/2013/ICSAN/0000001651
27 March 2024

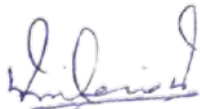
Statement of Fund Manager's Responsibilities in Relation to the Financial Statements for the year ended 31 May 2023

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 Commission.

The Fund Manager further accepts responsibility for maintaining adequate accounting records as required by the Financial Reporting Council of Nigeria Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

BY ORDER OF THE BOARD OF DIRECTORS OF THE FUND MANAGER



Samuel Oniovosa

Director
FRC/2013/ICAN/0000004911
27 March 2024



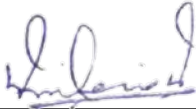
Eno Atoyebi

Managing Director
FRC/2017/ICAN/00000017680
27 March 2024

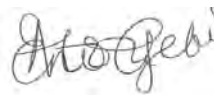
Certification of Accounts by Directors of the Fund Manager

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 Act of Nigeria (FRC) Act, 2011 and hereby certify that neither the Fund Manager nor any other person acting on its behalf has:

- i transferred units to another person for sale, or subsequent transfer to the Fund Manager for sale or
- 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
Director
FRC/2013/ICAN/00000004911
27 March 2024



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

Trustee's Report:

The Trustees present their report on the affairs of the ValuAlliance Money Market Fund ('the Fund'), together with the audited financial statements for the year ended 31st May 2023.

Principal activity:

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

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

Results:

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

The Net Asset Value of the Fund as at 31 May, 2023 is as follows:

In thousands of Naira	31 May 23	31 May 22
Net Assets Value	<u>1,250,440,754</u>	<u>1,381,794,703</u>

The operating result for the year ended 31 May 2023, is as follows:

In thousands of Naira	31 May 23	31 May 22
Profit for the year/period	102,575,106	78,666,161

Distribution:

The Fund distributes income received net of expenses to unitholders on a quarterly basis. The Fund distributed a total net income of ~~N~~98,305,813 for the year ended 31 May 2023 (2022: ~~N~~78,779,363).

HEAD OFFICE

183, Moshood Olugbani Street,
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Tel: +234-1-6311264
+234-810-338-5944

STL Trustees Limited RC No. 162995

Email: stl@stltrustees.com
Website: www.stltrustees.com

ABUJA OFFICE

Plot 31 Aguiyi Ironsi Street (2nd floor),
Maitama District,
Abuja, Nigeria.

Tel: +234-805-550-2251

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

Administration of the Fund:

During the year under review, the Fund Manager amended the Fund's Trust Deed and same was approved by the Commission, further to which the Fund Manager held the Extraordinary meeting of the unitholders' accordingly. The executed copy of the Supplemental has been filed with the Commission for its final approval.

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

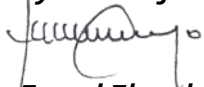
Charitable donations:

The Fund did not make any charitable donations during the year. (2023)

Auditors:

KPMG Professional Services, having indicated their willingness to continue in office, shall do so in accordance with Section 169(1) of the Investments and Securities Act, 2007.

By Order of the Trustees



Funmi Ekundayo
FRC/2014/NBA/00000006946
Managing Director
STL Trustees Limited
Lagos, Nigeria
February 14, 2023

HEAD OFFICE

183, Moshood Olugbani Street,
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KPMG Professional Services
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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of ValuAlliance Money Market Fund

Report on the Audit of the Financial Statements

Opinion

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

- the statement of financial position as at 31 May 2023;
- the statement of profit or loss and other comprehensive income;
- the statement of changes in net assets attributable to unitholders;
- the statement of cash flows for the year then ended; and
- the notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 May 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 the Directors of the Fund Manager, Trustee's Report and other National Disclosures included in the annual report but does not include the financial statements and our auditor's report thereon.



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the 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 Manager'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

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 31 May

		2023	2022
	Note	₦	₦
Interest income calculated using effective interest rate method	7	112,908,873	85,717,824
Net gain from financial assets at fair value through profit or loss	8	13,852,758	18,150,511
Total revenue		126,761,631	103,868,335
Operating expenses	9	(22,844,571)	(20,690,209)
Total expenses		(22,844,571)	(20,690,209)
Profit before tax		103,917,060	83,178,126
Withholding tax expense	10	(1,341,954)	(4,511,966)
Profit for the year		102,575,106	78,666,160
Other comprehensive income		-	-
Increase in net asset attributable to unit holders		102,575,106	78,666,160
Basic and diluted earnings per unit (kobo)	11	8.29	5.76

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

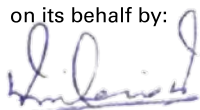
Statement of Financial Position

As at 31 May

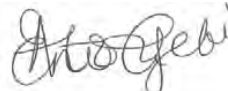
	Note	2023 ₦	2022 ₦
Assets			
Cash and cash equivalents	12	672,405,473	519,116,458
Financial assets at amortised cost	13	426,478,902	666,767,215
Financial assets at fair value through profit or loss	14	158,298,742	204,476,289
Total assets		1,257,183,117	1,390,359,962
Liabilities			
Accounts payable	15	6,742,361	8,565,260
Total liabilities		6,742,361	8,565,260
Net assets attributable to unit holders		1,250,440,756	1,381,794,702
Represented by:			
Net subscriptions by unit holders	16(b)(ii)	1,237,266,698	1,372,889,937
Undistributed profit	16(b)(ii)	13,174,058	8,904,765
Total		1,250,440,756	1,381,794,702
Total liabilities and net assets		1,257,183,117	1,390,359,962

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

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



Samuel Oniovosa
FRC/2013/ICAN/00000004911
Director



Eno Atoyebi
FRC/2017/ICAN/00000017680
Managing Director

Additionally certified by:



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

Statements of Changes in Net Assets Attributable to Unitholders

<i>For the year ended 31 May 2023</i>	Note	Unit holders' equity at par ₤	Undistributed Profit ₤	Total equity ₤
<i>Balance at 1 June 2022</i>		1,372,889,937	8,904,765	1,381,794,702
Increase in net assets attributable to unit holders	16(b)(ii)	-	102,575,106	102,575,106
Total comprehensive income for the year		-	102,575,106	102,575,106
Transactions with unit holders, recorded directly in equity:				
Subscriptions to unit holder's equity	16(b)(ii)	1,658,667,762	-	1,658,667,762
Redemption of unit holder's equity	16(b)(ii)	(1,794,291,001)	-	(1,794,291,001)
Distribution paid to unit holders	16(b)(ii)		(98,305,813)	(98,305,813)
Total contribution and redemption by unit holders		(135,623,239)	(98,305,813)	(233,929,052)
Balance at 31 May 2023		1,237,266,698	13,174,058	1,250,440,756

<i>For the year ended 31 May 2022</i>	Note	Unit holders' equity at par ₤	Undistributed Profit ₤	Total equity ₤
<i>Balance at 1 June 2021</i>		1,983,152,155	9,017,968	1,992,170,123
Increase in net assets attributable to unit holders	16(b)(ii)	-	78,666,160	78,666,160
Total comprehensive income for the year		-	78,666,160	78,666,160
Transactions with unit holders, recorded directly in equity:				
Subscriptions to unit holder's equity	16(b)(ii)	596,455,980	-	596,455,980
Redemption of unit holder's equity	16(b)(ii)	(1,206,718,198)	-	(1,206,718,198)
Distribution paid to unit holders	16(b)(ii)		(78,779,363)	(78,779,363)
Total contribution and redemption by unit holders		(610,262,218)	(78,779,363)	(689,041,581)
Balance at 31 May 2022		1,372,889,937	8,904,765	1,381,794,702

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

Statement of cash flows

For the year ended 31 May 2023

		2023	2022
		₹	₹
Cash flows from operating activities	Note		
Profit after tax		102,575,106	78,666,160
Add: withholding tax expense	10	1,341,954	4,511,966
Profit before tax		103,917,060	83,178,126
<i>Adjustment for:</i>			
- Interest income	7	(112,908,873)	(85,717,824)
- Net gain from financial assets at fair value through profit or loss	8	(13,852,758)	(18,150,511)
		(22,844,571)	(20,690,209)
<i>Changes in:</i>			
Accounts receivable	21(b)	-	50,393,884
Accounts payable	21(c)	2,602,651	4,139,710
		(20,241,920)	33,843,385
Interest received	21(g)	104,961,305	107,079,884
Withholding tax paid	10	(1,341,954)	(4,511,966)
Net cash generated from operating activities		83,377,431	136,411,303
<i>Cashflows from financing activities:</i>			
Proceeds from subscription	16(b)(ii)	1,658,667,762	596,455,980
Distribution to unit holders	16(b)(ii)	(98,305,813)	(78,779,363)
Redemption by unit holders	16(b)(ii)	(1,794,291,001)	(1,206,718,198)
Net cash used in financing activities		(233,929,052)	(689,041,581)
<i>Cashflows from Investing activities:</i>			
Investments in financial assets at FVTPL	21(a)	60,030,305	134,385,064
Investments in financial assets at amortised cost	21(d)	246,805,093	209,634,083
Net cash generated from investing activities		306,835,398	344,019,147
Net increase in cash and cash equivalents		156,283,777	(208,611,131)
Cash and cash equivalents at the beginning of the year		516,497,508	725,108,639
Cash and cash equivalents at the end of the year	21(f)	672,781,285	516,497,508

Notes to the Financial Statements

1 Reporting entity

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

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

2 Basis of preparation

(a) Statement of compliance

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

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

(b) Basis of measurement

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

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

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

(c) Functional and presentation currency

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

(d) Reporting period

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

(e) Use of estimates and judgments

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

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

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

3 Material accounting policies

3.1 Applicable standards and accounting policies

(a) Financial assets and liabilities

(i) Recognition and Initial recognition

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

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

Notes to the Financial Statements

(ii) Classification and subsequent measurement

Classification of financial assets

On initial recognition, the Fund classifies all its financial assets as measured at amortised cost or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flow; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Business Model Assessment

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

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

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

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

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

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

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

Reclassification

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

Financial assets - Subsequent measurement and gain and losses

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

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

Financial assets at amortized cost

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

Financial liabilities - Classification, subsequent measurement and gains and losses

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

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

Notes to the Financial Statements

(iii) Fair value measurement

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

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

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

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

(iv) Amortised cost measurement

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

(v) Impairment of financial assets

The Fund recognizes loss allowance for ECLs on financial assets measured at amortised cost. The Fund measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date: and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Fund considers a financial asset to be in default when:

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

The Fund considers a financial asset to have a low credit risk when the credit rating of the counterparty is equivalent to the globally accepted definition of investment grade.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

Measurement of ECLs

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

Credit-impaired financial assets

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Notes to the Financial Statements

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

(vi) Derecognition

Financial assets

The Fund derecognises its financial assets when:

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

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

Financial liabilities

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

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

(vii) Offsetting

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

(viii) Specific instruments

Cash and cash equivalents

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

(b) Interest income and interest expense

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

(c) Operating expenses

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

(d) Taxation

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

(e) Capital

(i) Subscriptions

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

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

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

Notes to the Financial Statements

- It entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- It is in the class of instruments that is subordinate to all other classes of assets of instruments;
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- Apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial assets, the instruments does not include any other features that would require classification as a liability; and
- The total expected cash flows attributable to the instruments over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

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

(ii) Repurchase of units

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

(f) Earnings per unit

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

(g) Net asset per unit

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

(h) Distribution of profit

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

(i) Undistributed profit

Undistributed profit is the result generated from the investing activities of the Fund inclusive of other income, net of all expenses which have not been distributed to the unit holders.

(j) Contingent liabilities

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

3.2 Changes in accounting policies

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

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

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3).

3.3 New standards and interpretations not yet effective

A number of new standards are effective for annual periods beginning after 1 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:

Notes to the 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	<p>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.</p> <p>The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted.</p> <p>This standard will be applicable once it becomes effective</p>
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback	September 2022	1 January 2024	<p>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.</p> <p>The amendments confirm the following.</p> <ul style="list-style-type: none"> • 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. <p>A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.</p> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2024.</p> <p>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.</p> <p>This standard is not expected to have any impact on the Fund.</p>

Notes to the Financial Statements

Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	May 2023	1 January 2024	<p>The amendments apply to supplier finance arrangements that have all the following characteristics.</p> <ul style="list-style-type: none"> • 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. <p>The amendments do not apply to arrangements for financing receivables or inventory.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
Amendments to IAS 21	Lack of Exchangeability	August 2023	1 January 2025	<p>The amendments clarifies:</p> <ul style="list-style-type: none"> • when a currency is exchangeable into another currency; and • how a company estimates a spot rate when a currency lacks exchangeability. <p>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.</p> <p>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.</p> <p>Therefore, when estimating a spot rate a company can use:</p> <ul style="list-style-type: none"> • an observable exchange rate without adjustment; or • another estimation technique.

Notes to the Financial Statements

				<p>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:</p> <ul style="list-style-type: none"> • 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 <p>The amendments apply for annual reporting periods beginning on or after 1 January 2025, with early application permitted.</p> <p>This standard is not expected to have any impact on the Fund.</p>
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.	<p>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. 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.</p> <p>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.</p> <p>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.</p> <p>In either case, the loss is recognised in full if the underlying assets are impaired.</p> <p>The IASB has decided to defer the effective date for these amendments indefinitely.</p> <p>This standard is not expected to have any impact on the Fund, 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.</p>

Notes to the Financial Statements

4 Financial risk management and fair value disclosures

Introduction and overview

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

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

Risk management framework

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

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

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

a Market risk

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

(i) Foreign exchange risk

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

(ii) Interest rate risk

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

31 May 2023	Notes	Non-Interest ₦	Fixed Interest ₦	Carrying Amount ₦
Assets				
Cash and cash equivalents	12	-	672,405,473	672,405,473
Financial assets at amortised cost	13(a)	-	426,478,902	426,478,902
Financial assets at fair value through profit or loss	14(a)	158,298,742	-	158,298,742
		158,298,742	1,098,884,375	1,257,183,117
Liabilities				
Account Payable	15	6,742,361	-	6,742,361
		6,742,361	-	6,742,361
Income for the year	7,8	13,852,758	112,908,873	126,761,631
Average percentage of interest income to total exposure		8.8%	10.3%	10.1%
31 May 2022				
Assets				
Cash and cash equivalents	12	-	519,116,458	519,116,458
Financial assets at amortised cost	13(a)	-	666,767,215	666,767,215
Financial assets at fair value through profit or loss	14(a)	204,476,289	-	204,476,289
Account Receivables	15	-	-	-
		204,476,289	1,185,883,673	1,390,359,962
Liabilities				
Account Payable	15	8,565,260	-	8,565,260
		8,565,260	-	8,565,260
Interest income for the year	7,8	18,150,511	85,717,824	103,868,335
Average percentage of interest income to total exposure		8.9%	7.2%	7.5%

Notes to the Financial Statements

Sensitivity Analysis

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

	Gross Amount	Weighted average interest rate	Interest due at current weighted average rate	100 bps	(100 bps)
31 May 2023					
Non-trading assets subject to rate sensitivity	1,098,884,375	10%	112,908,873	123,897,717	101,920,029
31 May 2022					
Non-trading assets subject to rate sensitivity	1,185,883,673	7%	85,717,824	97,576,661	73,858,987

(iii) Market price risk

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

A breakdown of the Fund's investment portfolio as at 31 May 2023 is shown in notes 13(b) and 14(b).

b Credit risk

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

The Fund is subject to credit risk from the following:

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

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

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

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

Analysis of credit risk:

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

	Notes	31 May 2023	31 May 2022
		₦	₦
Cash and cash equivalents	12	672,405,473	519,116,458
Treasury bills	13(a)	321,290,578	405,986,349
Commercial papers	13(a)	105,188,324	260,780,866
Money market fund investments	14(a)	158,298,742	204,476,289
Total credit risk exposure		1,257,183,117	1,390,359,962

Notes to the Financial Statements

c Concentration risk

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

Concentration of credit risk

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

	% of concentration	31 May 2023	% of concentration	31 May 2022
		₦		₦
Government	26%	321,290,578	29%	405,986,349
Manufacturing	8%	105,188,324	0%	-
Financial services	66%	830,704,215	67%	927,580,244
Telecommunication	0%	-	4%	56,793,369
Total exposure	100%	1,257,183,117	100%	1,390,359,962

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

The Fund's investment in financial services represents:

- short term placements with Access bank, Sterling bank, FCMB, Fidelity bank, Wema bank, Coronation Merchant Bank, Union Bank and Rand Merchant bank
- commercial papers issued by Dangote Cement and Nigerian Bottling Company (2022: FCMB, Rand Merchant Bank, FSDH, Dangote Cement and Nigerian Brewries)
- investments (units subscription) to the ARM, AXA Mansard, FBNQuest and Stanbic IBTC money market funds.

Geographical sectors

All credit risk exposures are maintained within Nigeria.

Expected Credit Loss assessment

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

d Liquidity risk

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

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

31 May 2023	Note	Carrying amount	Contractual cash flows			
			Gross nominal value	Less than 3 months	3 - 12 months	Above 1 year
		₦	₦	₦	₦	₦
Cash and cash equivalents	12	672,405,473	717,306,049	717,306,049	-	-
Treasury bills	13(a)	321,290,578	327,002,000	227,000,000	100,002,000	-
Commercial papers	13(a)	105,188,324	106,816,000	106,816,000	-	-
Money market fund investments	14(a)	158,298,742	158,298,741	158,298,741	-	-
Total financial assets		1,257,183,117	1,309,422,790	1,209,420,790	100,002,000	-
Accounts payable	15	6,742,361	6,742,361	6,742,361	-	-
Total financial liabilities		6,742,361	6,742,361	6,742,361	-	-
Gap (assets-liabilities)		1,250,440,756	1,302,680,429	1,202,678,429	100,002,000	-
Cumulative liquidity gap				1,202,678,429	1,302,680,429	1,302,680,429

Notes to the Financial Statements

31 May 2022	Note	Carrying amount	Contractual cash flows			
			Gross nominal value	Less than 3 months	3 - 12 months	Above 1 year
		₹	₹	₹	₹	₹
Cash and cash equivalents	12	519,116,458	519,116,459	519,116,459	-	-
Treasury bills	13(a)	405,986,349	408,070,000	61,000,000	347,070,000	-
Commercial papers	13(a)	260,780,866	268,575,000	95,315,000	173,260,000	-
Money market fund investments	14(a)	204,476,289	204,476,289	204,476,289	-	-
Accounts receivable	15	-	-	-	-	-
Total financial assets		1,390,359,962	1,400,237,748	879,907,748	520,330,000	-
Accounts payable	15	8,565,260	8,565,260	8,565,260	-	-
Total financial liabilities		8,565,260	8,565,260	8,565,260	-	-
Gap (assets-liabilities)		1,381,794,702	1,391,672,488	871,342,488	520,330,000	-
Cumulative liquidity gap				871,342,488	1,391,672,488	1,391,672,488

5 Uses of estimates and judgments

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

(i) Financial asset and liability classification

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

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

(b) Critical accounting estimates

(i) Valuation of financial instruments

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

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

- (i) Level 1 : Quoted market price (unadjusted) in an active market for an identical instrument.
- (ii) Level 2 : Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- (iii) Level 3 : Valuation techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments' valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

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

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

Notes to the Financial Statements

31 May 2023

	Note	Level 1 ₹	Level 2 ₹	Level 3 ₹	Total ₹
Investment securities:					
Money market fund investments (see note	14(a)	-	158,298,742	-	158,298,742
		-	158,298,742	-	158,298,742

31 May 2022

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

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

(b) Financial instruments not measured at fair value

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

31 May 2023	Note	Fair Value		Fair value ₹
		Hierarchy	Carrying amount ₹	
Cash and cash equivalents	12 Level 2		672,405,473	672,405,473
Treasury bills	13(a) Level 1		321,290,578	406,156,921
Commercial papers	13(a) Level 1		105,188,324	260,543,836
			1,098,884,375	1,339,106,230
Accounts payable	15		6,742,361	6,742,361
			1,105,626,736	1,345,848,591

31 May 2022	Note	Fair Value		Fair value ₹
		Hierarchy	Carrying amount ₹	
Cash and cash equivalents	12 Level 2		519,116,458	519,116,458
Treasury bills	13(a) Level 1		405,986,349	523,251,217
Commercial papers	13(a) Level 1		260,780,866	371,933,603
			1,185,883,673	1,414,301,278
Accounts payable	15		8,565,260	-
			1,194,448,933	1,414,301,278

6 Classification of financial assets and liabilities

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

31 May 2023	Note	At fair value		Total carrying amount ₹
		through profit or		
		loss	Amortized cost ₹	
Cash and cash equivalents	12	-	672,405,473	672,405,473
Financial assets at amortised cost	13	-	426,478,902	426,478,902
Financial assets at fair value through	14	158,298,742	-	158,298,742
		158,298,742	1,098,884,375	1,257,183,117
Accounts payable	15	-	6,742,361	6,742,361
		-	6,742,361	6,742,361

31 May 2022	Note	At fair value		Total carrying amount ₹
		through profit or		
		loss	Amortized cost ₹	
Cash and cash equivalents	12	-	519,116,458	519,116,458
Financial assets at amortised cost	13	-	666,767,215	666,767,215
Financial assets at fair value through	14	204,476,289	-	204,476,289
Accounts receivable	15	-	-	-
		204,476,289	1,185,883,673	1,390,359,962
Accounts payable	15	-	8,565,260	8,565,260
		-	8,565,260	8,565,260

Notes to the Financial Statements

7 Interest income calculated using effective interest rate method	31-May-23	31-May-22
<i>Interest income on financial instruments at amortised cost:</i>		
Treasury bills	35,916,077	28,081,819
Commercial papers	15,916,309	12,527,150
	51,832,386	40,608,969
<i>Interest income on cash and cash equivalents:</i>		
Short term placements	61,076,487	45,108,855
	112,908,873	85,717,824

8 Net gain on financial assets at fair value through profit or loss	31-May-23	31-May-22
	₦	₦
Income from money market fund investments	13,852,758	18,150,511
	13,852,758	18,150,511

9 Operating expenses	Note	31-May-23	31-May-22
		₦	₦
Registrar's fees		806,249	806,250
Auditor's remuneration*		2,938,737	2,500,000
Custodian's fees	17(b)(i)	991,379	995,610
Trustee's fees	17(b)(i)	752,572	806,300
Management fees**	17(b)(i)	5,744,388	5,998,869
Bank charges		1,461,311	142,328
SEC Fees		2,800,269	1,598,659
Rating Fees		3,418,113	3,799,315
Issue Costs	17(b)(i)	2,873,640	2,873,640
Sitting Allowance		400,366	667,778
Other Operating Expenses***		437,141	313,960
VAT expenses		220,406	187,500
		22,844,571	20,690,209

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

** In the 2020/2021 financial year, the Fund manager sought and obtained the approval of the trustee to defer a portion of its own fees (fund manager's management fees) due from the Fund. In light of the low interest rate environment which has been in existence since the inception of the Fund, the Fund manager thought it appropriate to make a downward adjustment to the management fees due from the Fund(1%). Fees charged was 0.4% (gross of VAT). The portion of fees not charged (0.6%) to the Fund but deferred would not be accrued but tracked and recouped at a later time (when yields improve). The deferred fees as at 31 May 2023 is N23.8million (2022: N16.6million). At the commencement of the Fund, the Fund Manager incurred N11.5 million in issue costs. As at the reporting date, there remains a balance of N5.8 million in issue costs recoverable from the Fund by the Fund Manager.

**Other operating expenses printing, cost of design & newspaper publishing of the abridged version of prior years audited financial statements.

10 Withholding tax expense

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

	31-May-23	31-May-22
	₦	₦
Withholding tax on interest income	1,341,954	4,511,966
Total tax expense	1,341,954	4,511,966

11 Earnings per unit (basic and diluted)

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

	31-May-23	31-May-22
	₦	₦
Increase in net assets attributable to unitholders (see note 16(b)(ii))	102,575,106	78,666,160
Number of units as at year end (see note 16(b)(i))	1,237,266,698	1,372,889,937
Earnings per unit (kobo) (basic and diluted)	8.29	5.76

The Fund does not have any dilutive potential units. Therefore, basic earnings per unit and diluted earnings per unit are the same for the Fund.

Notes to the Financial Statements

12 Cash and cash equivalents

Cash and cash equivalents comprise:	31-May-23	31-May-22
	₦	₦
Bank balances	24,963,893	3,252,927
Short term placements*	647,441,580	515,863,531
	672,405,473	519,116,458

* Short term placements includes interest receivable as at year end. See note 21(f) for further analysis of cash and cash equivalents for cashflow purposes.

13 Financial assets at amortised cost

	31-May-23	31-May-22
	₦	₦
(a) Financial assets at amortised cost comprise:		
Treasury bills	321,290,578	405,986,349
Commercial papers	105,188,324	260,780,866
	426,478,902	666,767,215
Current	426,478,902	666,767,215
Non Current	-	-
Balance, end of year	426,478,902	666,767,215

(b) Analysis of investment portfolio

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

	31 May 2023		31 May 2022	
	Carrying amount ₦	% of Financial Assets at amortized cost	Carrying amount ₦	% of Financial Assets at amortized cost
Commercial Papers:				
FSDH Merchant Bank	-	0%	34,783,824	5%
Dangote Cement	52,378,997	12%	-	0%
Coronation Merchant Bank XI	-	0%	58,985,857	9%
Coronation Merchant Bank XII	-	0%	44,842,527	7%
FCMB	-	0%	44,937,676	7%
MTNN	-	0%	56,793,369	9%
RAND Merchant Bank	-	0%	20,437,613	3%
Nigerian Breweries Plc	52,809,327	13%	-	0%
	105,188,324	25%	260,780,866	40%
Treasury bills				
120 days Tbill (9 June 2022)	-	0%	60,941,173	9%
161 days Tbill (25 Aug 2022)	-	0%	67,058,597	10%
111 days Tbill (25 Aug 2022)	-	0%	99,301,370	15%
49 days Tbill (25 Aug 2022)	-	0%	104,118,360	16%
73 days Tbill (25 Aug 2022)	-	0%	74,566,849	10%
364 days Tbill (28 Sept 2023)	48,289,322	11%	-	0%
364 days Tbill (26 Oct 2023)	47,282,454	11%	-	0%
103 days Tbill (7 Aug 2023)	29,581,479	7%	-	0%
101 days Tbill (21 Aug 2023)	989,349	0%	-	0%
101 days Tbill (21 Aug 2023)	54,414,136	13%	-	0%
54 days Tbill (24 July 2023)	140,733,838	33%	-	0%
	321,290,578	75%	405,986,349	60%
Total Financial Assets at amortized cost	426,478,902	100%	666,767,215	100%

14 Financial assets at fair value through profit or loss

	31-May-23	31-May-22
	₦	₦
(a) Financial assets at fair value through profit or loss comprise:		
Money market fund investments	158,298,742	204,476,289
	158,298,742	204,476,289

<i>In thousands of Naira</i>	31-May-23	31-May-22
	₦	₦
Current	158,298,742	204,476,289
Non Current	-	-
Balance, end of year	158,298,742	204,476,289

Notes to the Financial Statements

(b) Money market fund investments	31-May-23		31-May-22	
	Market value ₦	% of Financial Assets at FVTPL	Market value ₦	% of Financial Assets at FVTPL
Stanbic IBTC Money Market Fund	35,268,058	22%	24,384,464	12%
AXA Mansard Money Market Fund	31,048,417	20%	41,575,099	20%
FBN Money Market Fund	44,877,430	28%	69,271,811	34%
ARM Money Market Fund	47,104,837	30%	69,244,915	34%
Total money market fund investments	158,298,742	100%	204,476,289	100%

15 Accounts payable

<i>In thousands of Naira</i>	Note	31-May-23 ₦	31-May-22 ₦
Management fees payable	17(b)(ii)	914,278	936,059
Audit fee payable		3,159,142	2,687,500
Trustee fee payable	17(b)(ii)	114,285	125,814
Payables to registrar		134,743	134,743
Custodian fee payable	17(b)(ii)	147,473	159,764
SEC supervisory fee payable		425,248	468,147
Issue costs payable to fund manager	17(b)(ii)	480,253	2,873,640
Other payables*		1,366,939	1,179,593
		6,742,361	8,565,260
<i>In thousands of Naira</i>		31-May-23 ₦	31-May-22 ₦
Current		6,742,361	8,565,260
Non Current		-	-
		6,742,361	8,565,260

* Other payables include;

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

16 Unitholders' Equity

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

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

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

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

(i) Movement in units <i>In thousands of Units</i>	31-May-23	31-May-22
Balance at 1 June	1,372,889,937	1,983,152,155
Subscription to unit holders' equity	1,658,667,762	596,455,980
Redemption of unit holders' equity	(1,794,291,001)	(1,206,718,198)
Balance (units)	1,237,266,698	1,372,889,937

Notes to the Financial Statements

(ii) Net assets value attributable to unitholders

31-May-23	Unitholders' equity at par	Undistributed Profit	Total
	₦	₦	₦
Balance at 1 June 2022	1,372,889,937	8,904,765	1,381,794,702
Subscription to unit holder's equity	1,658,667,762	-	1,658,667,762
Redemption of unit holder's equity	(1,794,291,001)	-	(1,794,291,001)
Profit for the year	-	102,575,106	102,575,106
Distribution paid to unit holders	-	(98,305,813)	(98,305,813)
Balance at 31 May 2023	1,237,266,698	13,174,058	1,250,440,756

31-May-22	Unitholders' equity at par	Undistributed Profit	Total
	₦	₦	₦
Balance at 1 June 2021	1,983,152,155	9,017,968	1,992,170,123
Subscription to unit holder's equity	596,455,980	-	596,455,980
Redemption of unit holder's equity	(1,206,718,198)	-	(1,206,718,198)
Profit for the year	-	78,666,160	78,666,160
Distribution paid to unit holders	-	(78,779,363)	(78,779,363)
Balance at 31 May 2022	1,372,889,937	8,904,765	1,381,794,702

(c) **Net assets value per unit**

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

	31-May-23	31-May-22
	₦	₦
Net assets at end of the year (see note 17(b)(ii))	<u>1,250,440,756</u>	<u>1,381,794,702</u>
Number of units as at year end (see note 17(b)(i))	<u>1,237,266,698</u>	<u>1,372,889,937</u>
Net assets per unit	<u>1.01</u>	<u>1.01</u>

(e) **Distribution paid to unitholders**

The distribution paid for the financial year ended 31 May 2023 was N43,304,513.76 (2022: N78,779,363)

17 Related parties

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

The following summarize the total unit holding of related parties:

Name	Nature of relationship	Units held as at 31-May-23	Units held as at 31-May-22
		₦	₦
ValuAlliance Asset Management Limited	Fund manager	229,038,724	129,000,000
STL Trustees Limited	Trustee	50,009,048	50,000,000
Mrs. Eno Atoyebi	Managing director of the Fund	22,406,140	10,760,199

Key management personnel

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

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

(i) **Fund manager**

The Fund appointed ValuAlliance Asset Management Limited, an investment management company incorporated in Nigeria, to implement the investment strategy as specified in the prospectus. The Fund Manager was appointed by way of the Fund's trust deed dated 5 May 2020. Under the terms of the Trust Deed, the Fund manager receives a management fee at an annual rate of 1% of the net asset value attributable to the unitholders of the Fund, accrued daily and payable quarterly.

Notes to the Financial Statements

(ii) Trustees

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

(iii) Custodians

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

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

(b) Transactions with related parties

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

(i) Fees to related parties

In thousands of Naira

	Note	31-May-23	31-May-22
		₦	₦
ValuAlliance Asset Management Limited - Management fee	9	5,744,388	5,998,869
ValuAlliance Asset Management Limited - Issue Costs	9	2,873,640	2,873,640
STL Trustees Limited- Trustee fee	9	752,572	806,300
Stanbic IBTC Bank- Custodian fee	9	991,379	995,610
		10,361,979	10,674,419

(ii) Payables to related parties

	Note	31-May-23	31-May-22
		₦	₦
ValuAlliance Asset Management Limited - Management fee	15	914,278	936,059
ValuAlliance Asset Management Limited - Issue Costs	15	480,253	2,873,640
STL Trustees Limited- Trustee fee	15	114,285	125,814
Stanbic IBTC Bank- Custodian fee	15	147,473	159,764
		1,656,289	4,095,277

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

18 Contingencies

There were no contingent liabilities as at 31 May 2023 (2022: Nil).

19 Events after the reporting period

Change in financial year end

The Financial Year End of the Fund was changed from 31 May to 31 December in order 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 31 May 2023 and its operating results for the year then ended which have not been adequately provided for or disclosed in these financial statements.

20 Capital commitments after reporting date

The Fund had no capital commitments as at 31 May 2023 (2022: Nil).

21 Reconciliation notes to the statement of cash flows

(a) Financial assets at fair value through profit or loss	Notes	31-May-23	31-May-22
		₦	₦
Balance at the start of the year		204,476,289	320,710,842
Earned income from money market fund investment	8	13,852,758	18,150,511
Balance at the end of the year	14	(158,298,742)	(204,476,289)
Cash inflow		60,030,305	134,385,064

Notes to the Financial Statements

(b) Accounts receivable		31-May-23	31-May-22
		₺	₺
Balance at the start of the year		-	50,393,884
Interest income earned	7	-	-
Balance at the end of the year		-	-
Net decrease in accounts receivable		-	50,393,884

(c) Accounts payable		31-May-23	31-May-22
		₺	₺
Balance at the start of the year		4,139,710	4,425,550
Balance at the end of the year	15	6,742,361	8,565,260
Net increase in accounts payable		2,602,651	4,139,710

(d) Financial assets at amortised cost		31-May-23	31-May-22
		₺	₺
Balance at the start of the year		666,767,215	897,575,452
Interest income earned	7	51,832,386	40,608,969
Interest income received		(45,315,606)	(61,783,123)
Balance at the end of the year	13(a)	(426,478,902)	(666,767,215)
Cash inflow		246,805,093	209,634,083

(e) Redemption of unit holders' equity		31-May-23	31-May-22
		₺	₺
Redemption at par value	16(b)(ii)	(1,794,291,001)	(1,206,718,198)
Distribution paid to unitholders	16(b)(ii)	(98,305,813)	(78,779,363)
Cash outflow on redemption		(1,892,596,814)	(1,285,497,561)

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

	Notes	31-May-23	31-May-22
		₺	₺
Balance at the start of the year		519,116,458	727,915,495
Interest income earned for the year	7	61,076,487	45,108,855
Interest income received		(61,264,393)	(45,296,761)
Balance at the end of the year	12	(672,405,473)	(519,116,458)
Net Increase/(decrease) in cash and cash equivalent		153,476,921	(208,611,131)
Cash and cash equivalents*	12	672,405,473	519,116,458
Opening interest receivable on short term placements		187,906	(2,806,855)
Interest income earned for the year	21(f)	(61,076,487)	(45,108,855)
Interest income received	21(f)	61,264,393	45,296,761
For cashflow purpose		672,781,285	516,497,509

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

(g) Total interest income received		31-May-23	31-May-22
		₺	₺
Interest income received on assets at amortised cost	21(d)	45,315,606	61,783,123
Interest income received on cash and cash equivalents	21(d)	59,645,700	45,296,761
Interest income received		104,961,305	107,079,884

OTHER NATIONAL DISCLOSURES

Value Added Statement

For the year ended

	31-May-23		31-May-22	
	₪	%	₪	%
Total revenue	126,761,631	122%	103,868,335	125%
Bought in goods and services- Local	(22,844,571)	(22%)	(20,690,209)	(25%)
Value added	103,917,060	100%	83,178,126	100%
Applied to pay:				
Government as taxes (Withholding taxes)	1,341,954	1%	4,511,966	5%
Distributed to Unitholders	98,305,813	95%	78,779,363	95%
Retained in the Fund	4,269,293	4%	(113,203)	0%
Value added	103,917,060	100%	83,178,126	100%

Financial Summary
As at 31 May

	2023	2022	2021
	N	N	N
Assets			
Cash and cash equivalents	672,405,473	519,116,458	727,915,495
Financial assets at amortised cost	426,478,902	666,767,215	897,575,452
Financial assets at fair value through profit or loss	158,298,742	204,476,289	320,710,842
Accounts receivable	-	-	50,393,884
Total assets	<u>1,257,183,117</u>	<u>1,390,359,962</u>	<u>1,996,595,673</u>
Liabilities			
Accounts payable	6,742,361	8,565,260	4,425,550
Total liabilities	<u>6,742,361</u>	<u>8,565,260</u>	<u>4,425,550</u>
Net Assets	<u>1,250,440,756</u>	<u>1,381,794,702</u>	<u>1,992,170,123</u>
Unitholders' funds	<u>1,250,440,756</u>	<u>1,381,794,702</u>	<u>1,992,170,123</u>

Statement of Comprehensive Income

Revenue	<u>126,761,631</u>	<u>103,868,335</u>	<u>31,321,080</u>
Net income after tax	102,575,106	78,666,160	19,224,553
Distribution	98,305,813	78,779,363	10,206,585

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