STANBIC IBTC BOND FUND

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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Fund Information

Management and Professional Advisors

* The Fund has no employees of its own.

Fund Manager:	Stanbic IBTC Asset Management Limited
Registered Address:	IBTC Place Walter Carrington Crescent Victoria Island Lagos
Principal Place of Business:	Stanbic IBTC Towers Walter Carrington Crescent Victoria Island Lagos Nigeria Tel: 234-1-2805595 E-Mail: mutualfunds@stanbicibtc.com Website: www.stanbicibtcassetmanagement.com
Postal Address:	P.O.Box 71707 Victoria Island Lagos
Auditor:	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island Lagos
Company Secretary to the Fund Manager:	Olugbenro Aju Email: Olugbenro.Aju@stanbicibtc.com
Registrar:	First Registrars & Investors Services Limited No.2 Abebe Village Road Iganmu Complex Lagos
Trustee:	FBNQuest Trustees Limited 10 Keffi Street Off Awolowo Road Ikoyi Lagos
Custodian:	UBA Global Investor Services UBA House 57 Marina Lagos
Directors of the Fund Manager	Demola Sogunle Busola Jejelowo Yinka Johnson Wunmi Ehis-Uzenabor Efe Omoduemuke Olufunke Amobi Olayinka David-West Ifeoma Esiri Olumide Oyetan Babatunde Majiyagbe Bridget Oyefeso-Odusami

Report of the Trustee for the financial year ended 31st December, 2023

The Trustees present their report on the affairs of the Stanbic IBTC Bond Fund, together with the audited financial statements for the year ended 31st December, 2023.

Principal activity: The principal activity of the Stanbic IBTC Bond Fund ("the Fund") is the subscription of funds from members of the public and companies and the investment of such funds in Fixed Income Securities and in the Money Market as determined by the Fund Manager in accordance with the Trustee Investments Act, the Investments and Securities Act, and the Securities and Exchange Commission's Rules and Regulations, The Trust Deed and Supplemental Deeds thereto ("the Applicable Regulations").

Results: The results for the year are set out on Pages 13-16.

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

Dr. Demola Sogunle	Chairman
Mrs. Busola Jejelowo	Chief Executive(Designate)
Mr. Efe Omoduemuke	Executive Director
Mrs. Yinka Johnson	Executive Director
Mrs. Wunmi Ehis-Uzenabor	Executive Director
Prof. Olayinka David-West	Independent Non- Executive Director
Mrs. Ifeoma Esiri	Non- Executive Director
Mrs. Olufunke Amobi	Non- Executive Director
Mrs. Bridget Oyefeso-Odusami	Non-Executive Director
Mr. Babatunde Majiyagbe	Non-Executive Director
Mr. Olumide Oyetan	Non-Executive Director

Directors' and related parties interest in the units of the Fund: None of the directors of Stanbic IBTC Asset Management Limited has any direct or indirect beneficial interest in the units of the Fund as at 31st December, 2023

None of the directors of FBNQuest Trustees Limited has any direct or indirect beneficial interest in the units of the Fund as at 31st December, 2023.

Responsibilities of the Fund Manager:

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

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

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- ensured that the applicable accounting standards have been followed, and in the case of any material departure, that it was fully disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis; since it was appropriate to assume that the Fund shall continue to exist.

The Fund Manager was responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any point in time, the financial position of the Fund, and enable the Fund Manager to ensure that the financial statements comply with the Applicable Regulations.

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

Responsibilities of the Trustee:

The responsibilities of the Trustee as provided by the Trust Deed and other Supplemental thereto, the Securities and Exchange Commission's Rules and Regulations made pursuant to the Investments and Securities Act, 2007 are as stated below:

- Monitoring of the activities of the Fund Manager and the custodian on behalf of and in the interest of the Unit Holders;
- Ensuring that the Custodian takes into custody all of the scheme's assets and holds it in trust for the holders in accordance with the Trust Deed and the Custodial Agreement;
- Monitoring the register of unit holders or contributors;
- Ascertaining the Fund Manager's compliance with the Applicable Regulations;
- Ascertaining that the monthly and other periodic returns/reports relating to the Fund are sent by the Fund Manager to the Commission;

- 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 unit holders of the scheme.

Administration of the Fund: During the year under review, the Fund was administered in accordance with the applicable regulations, taking into cognisance prevailing market conditions as well as preserving and minimising possible losses to unit holders' funds.

Charitable donations: The Fund did not make any charitable donations during the year (2022:Nil).

Auditors: Messrs KPMG Professional Services, Chartered Accountants, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Fund. In accordance with Section 184(1) of the Investment and Securities Act, 2007 therefore, the auditors will be re-appointed.

By Order of the Trustee

Adekunle Awojobi
FRC/ICAN/2013/00000002442
Managing Director
FBNQuest Trustees Limited
16 Keffi Street, Off Awolowo Road
Ikoyi, Lagos
28 March, 2024

Fund Manager's report

The Stanbic IBTC Bond Fund (“SIBOND”) opened the year with an offer price of ₦245.07 and closed the year with an offer price of ₦255.81. This represents a return of 4.38% for the year 2023.

Economic review

In the domestic landscape, the first half of the year was dominated by election uncertainties, cash crunch underpinned by currency redesign policy, rising general prices and persistent insecurity.

Major highlights for the year came with the inauguration of the new administration, as we saw a quick implementation of some pro-market reforms than the market had initially anticipated. Post inauguration, we witnessed some major policy pivots in the domestic economy, including partial removal of subsidy which helped to free up resources for the government, unification of the foreign exchange market which resulted in the devaluation of the country’s currency and change in composition of the Central Bank of Nigeria’s management team.

The policy pivots were regarded as necessary triggers for the nation’s growth, as they are expected to have a direct impact on stimulating exports, attracting foreign investors participation in the domestic market, and improving overall fiscal condition. However, the short-term impact on the domestic economy has been to the downside as it has resulted in further surge in inflation, underpinned by rising energy prices and surge in prices of imported items. In a bid to curb inflationary pressures, the Central Bank of Nigerian (CBN) hiked monetary policy rates by 225bps during the year to close the year at 18.75%.

Market Review
The domestic financial market was a tale of two halves, with the first half of the year characterized by election uncertainties and high liquidity, especially as the period received c. N4.30trn in coupon payments, Treasury Bill and Bond maturities. Consequently, average fixed income yields declined to 12.56% at the end of H1 2023, from c.14% at the start of the year. The second half, however, was characterized by improved supply of securities by the Debt Management Office and deployment of unorthodox measures to mop up liquidity in the system by the monetary authority. On the back of this, average yield trended northward, especially in the month of November, closing the month at 15.16%. Yields contracted to 13.87% in December 2023 as Federation Account Allocation Committee (“FAAC”) disbursements elevated system liquidity.

Historical Fund Performance:

	FY 2023	FY 2022	FY 2021	FY 2020	3-Years	5-Years
Return	4.38%	4.02%	4.79%	6.59%	13.77%	39.01%
Index	10.06%	8.79%	7.01%	4.50%	28.12%	47.03%

The Index is 70% Weighted Average 3 Year Bond; 30% 91 days Weighted Average Treasury Bill Rate

Fund Activity

The Fund maintained Bond allocation around 80% within the year with its investment activities biased toward short term investments whilst providing liquidity to investors.

Fig. 1: Asset Allocation as at 31 December 2023

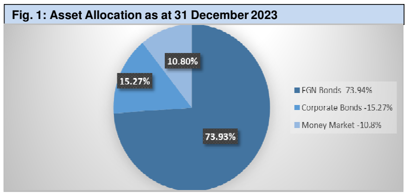
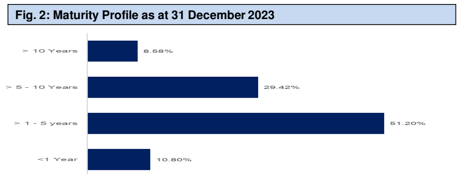


Fig. 2: Maturity Profile as at 31 December 2023



ON BEHALF OF THE FUND MANAGER

Olawunmi Ehis-Uzenabor
(FRC/2021/003/00000023363)
Executive Director
Stanbic IBTC Asset Management Limited
28 March 2024

Busola Jejelowo
(FRC/2023/PRO/DIR/003/022382)
Chief Executive (Designate)
Stanbic IBTC Asset Management Limited
28 March 2024

Statement of Fund Manager's responsibilities in relation to the financial statements for the year ended 31 December 2023

The Fund Manager accepts responsibility for the preparation of the annual financial statements that give a true and fair view 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.

The Fund Manager further accepts responsibility for maintaining adequate accounting records as required by the Trust Deed and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

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

ON BEHALF OF THE FUND MANAGER

Olawunmi Ehis-Uzenabor
(FRC/2021/003/00000023363)
Executive Director
Stanbic IBTC Asset Management Limited
28 March 2024

Busola Jejelowo
(FRC/2023/PRO/DIR/003/022382)
Chief Executive (Designate)
Stanbic IBTC Asset Management Limited
28 March 2024

Certification of accounts by the Fund Manager

We hereby certify the accounts and that neither the Fund Manager nor any other person acting on its behalf has:

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

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

iii disposed of units to another person for a price lower than the daily offer price; or

iv acquired units for a price higher than the daily bid price.

Olawunmi Ehis-Uzenabor
(FRC/2021/003/00000023363)
Executive Director
Stanbic IBTC Asset Management Limited
28 March 2024

Busola Jejelowo
(FRC/2023/PRO/DIR/003/022382)
Chief Executive (Designate)
Stanbic IBTC Asset Management Limited
28 March 2024

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Bishop Aboyade Cole Street
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Lagos

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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Stanbic IBTC Bond Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Stanbic IBTC Bond Fund ("the Fund"), which comprise:

- the statement of financial position as at 31 December 2023;
- the statement of 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 December 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 communicate 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 Fund Information, Trustee's Report, Fund Manager's Report, Statement of Fund Manager's Responsibilities in relation to the financial statements, Certification by the Fund Manager , Other Disclosures and Other National Disclosures, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Fund Manager.
- Conclude on the appropriateness of the 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 Audit Committee 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.

From the matters communicated with /the Audit Committee of the Fund Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Kabir

Kabir Okunlola, *FCA*
FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
28 March 2024
Lagos, Nigeria

Statement of financial position
As at 31 December

		2023	2022
Assets	**Note**	**₦'000**	₦'000
Cash and cash equivalents	**14**	1,103,619	4,894,245
Investment securities	**15**	35,156,153	43,332,727
Accounts receivable	**16**	62,903	1,210
		36,322,675	48,228,182
Liabilities			
Accounts payable	**17**	683,245	979,401
		683,245	979,401
Net assets attributable to Unitholders		**35,639,430**	47,248,781
Represented by:			
Unitholders' interest at par	**19(b)**	17,838,915	19,077,347
Unit premium and retained earnings	**19(b)**	17,800,515	28,171,434
Unitholders' funds		**35,639,430**	47,248,781

These financial statements were prepared by the Fund Manager, approved by the Trustees of the Fund on 28 March 2024 and signed on behalf of the Fund Manager by the directors listed below:

Olawunmi Ehis-Uzenabor
(FRC/2021/003/00000023363)
Executive Director
Stanbic IBTC Asset Management Limited
28 March 2024

Busola Jejelowo
(FRC/2023/PRO/DIR/003/022382)
Chief Executive (Designate)
Stanbic IBTC Asset Management Limited
28 March 2024

Additionally certified by:

Kolawole Olaleye
FRC/2023/PRO/ICAN/001/598708
Chief Financial Officer
Stanbic IBTC Asset Management Limited
28 March 2024

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

Statement of comprehensive income
For the year ended 31 December

		2023	2022
Revenue	**Note**	**₦'000**	₦'000
Interest Income	8	**3,588,214**	5,456,245
Other Income	9	**7,039**	53,965
Net loss on investment securities	11	**(1,651,331)**	(1,748,366)
Total revenue		**1,943,922**	3,761,844
ECL impairment (charge)/writeback	10	**(48,219)**	1,610
Total revenue after impairment		**1,895,703**	3,763,454
Operating Expenses	12	**(852,608)**	(1,295,995)
Increase in net assets attributable to unitholders before tax		**1,043,095**	2,467,459
Withholding tax expense	13	**(63,354)**	-
Increase in net assets attributable to unitholders after tax		**979,741**	2,467,459
Earnings per Unit			
Basic and Dilluted Earning per Unit (Naira)		**5.53**	12.93

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

Statement of changes in net assets attributable to Unitholders
For the year ended 31 December 2023

	Unitholders' equity ₦'000	Unit premium and retained earnings ₦'000	Total equity ₦'000
Balance as at 1 January 2023	19,077,347	28,171,434	47,248,781
Increase in net assets attributable to unitholders before tax	-	1,043,095	1,043,095
Withholding tax expense		(63,354)	(63,354)
Increase in net assets attributable to unitholders after tax	-	979,741	979,741
Transactions with unitholders, recorded directly in equity:			
Subscriptions during the year	12,723,158	8,885,494	21,608,652
Redemptions during the year	(14,068,590)	(20,236,154)	(34,304,744)
Net redemptions and distributions to equity holders	(1,345,432)	(11,350,660)	(12,696,092)
Balance at 31 December 2023	**17,731,915**	**17,800,515**	**35,532,430**

For the year ended 31 December 2022

	Unitholders' equity ₦'000	Unit premium and retained earnings ₦'000	Total equity ₦'000
Balance as at 1 January 2022	36,120,057	49,415,523	85,535,580
Increase in net assets attributable to unitholders	-	2,467,459	2,467,459
Transactions with unitholders, recorded directly in equity:			
Subscriptions during the year	13,683,427	18,846,276	32,529,703
Redemptions during the year	(30,726,137)	(42,557,824)	(73,283,961)
Net redemptions and distributions to equity holders	(17,042,710)	(23,711,548)	(40,754,258)
Balance at 31 December 2022	**19,077,347**	**28,171,434**	**47,248,781**

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

Statement of cash flows
For the year ended 31 December 2023

	Note	2023 ₦'000	2022 ₦'000
Cash flow from operating activities:			
Increase in net assets attributable to unitholders		**979,741**	2,467,459
Adjustment for:			
Interest income	**8a**	**(3,588,214)**	(5,456,245)
Total		**(2,608,473)**	(2,988,786)
Changes in:			
- investment securities at amortised cost	**18**	**8,176,574**	31,201,849
- Accounts payable	**18**	**(296,156)**	7,995
- Accounts receivable	**18**	**(61,693)**	30,000
		5,210,252	28,251,058
Interest received		**3,588,214**	5,456,245
Net cash from/ (used in) operating activities		**8,798,466**	33,707,303
Cash flow from financing activities:			
- Cash paid on redemption	**19(b)**	**(34,304,744)**	(73,283,961)
- Cash received from subscription	**19(b)**	**21,608,652**	32,529,703
-Deposit for subcription	**19(b)**	**107,000**	-
Net cash generated from financing activities		**(12,589,092)**	(40,754,258)
Net increase/ (decrease) in cash and cash equivalents		**(3,790,626)**	(7,046,955)
Cash and cash equivalents as at beginning of the year		**4,894,245**	11,941,200
Cash and cash equivalents as at end of the year	**14**	**1,103,619**	4,894,245

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

Notes to the financial statements
For the year ended 31 December 2023

1 Reporting entity

Stanbic IBTC Bond Fund (the "Fund") is a unit trust scheme that operates in Nigeria. Units of the Fund were first allotted to subscribers in December 2009 at a par value of ₦100.00 each. The Fund, which is governed by a trust deed approved by the Securities & Exchange Commission ("the Commission"), has Stanbic IBTC Asset Management Limited as the Fund Manager and FBNQuest Trustees Limited as the Trustee of the Fund. The primary objective of the Fund is to achieve competitive returns on its assets with minimal risk. The Fund seeks to achieve its stated objective by investing at least 65% of its assets in high quality bonds and other fixed income securities, while a maximum of 35% of its assets is invested in quality money market instruments.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). Additional information required by local regulations is included where appropriate. The financial statements comply with the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

These financial statements were prepared by the Fund Manager and approved by the Trustee of the Fund on 28 March 2024.

(b) Basis of measurement

The financial statements have been prepared on a historical-cost basis, except financial instruments measured at fair value through profit or loss.

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

(c) Functional and presentation currency

The financial statements are presented in *Naira* which is the functional currency of the Fund. All financial information presented in *Naira* have been rounded to the nearest thousand except otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conforming with IFRS requires management to make judgements, estimates and assumptions that can 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. Revision to accounting estimates are recognised in the period which the estimates are revised and in any future periods affected. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas of estimation, uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 6 to the financial statements.

(e) Current/ non-current analysis for assets and liabilities

All assets and liabilities are deemed to be current as they are available for disposal or realization in the next 12 months.

3 Change in accounting policies

The accounting policies are consistent with those reported in the previous year as there is no change in standards that impact the fund.

4 Statement of material accounting policies

(a) Financial assets and liabilities

(i) Introduction

Financial instruments include all financial assets and liabilities. These instruments are typically held for liquidity, investment, or trading purposes. All financial instruments are initially recognized at fair value plus directly attributable transaction costs, except those carried at fair value through profit or loss where transaction costs are recognized immediately in profit or loss.

Financial instruments are recognized (derecognized) on the date the Fund commits to purchase (sell) the instruments (trade date accounting).

Classification and initial measurement

The Fund classifies its financial assets and liabilities into three categories - financial assets or liabilities at Amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVPL). Management determines the classification of its financial instruments at initial recognition.

(ii) Fair Value through Other Comprehensive Income (FVOCI)

Financial assets at fair value through Other Comprehensive Income includes:
• A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss):
— held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and
— The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basis lending arrangement, the financial asset is classified as fair value through profit or loss .

• Equity financial assets which are not held for trading and are irrevocably elected (on an instrument-by-instrument basis) to be presented at fair value through OCI.

(iii) Amortised cost

Amortised cost comprises a debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss):
• held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss.

The Fund has classified Receivables, Treasury Bills and other money market instruments and payables at amortised costs.

Notes to the financial statements (cont'd)

(iv) Fair Value through profit or loss (FVTPL)

A financial asset is classified and measured at FVTPL if the financial asset is:

— A held-for-trading financial asset;
— A debt instrument that does not qualify to be measured at amortised cost or FVOCI;
— An equity investment which the Fund has not elected to classify as at FVOCI.

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 documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile or realising cashflows 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 assets held within the business model and how those risks are managed; 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.

The Fund has determined that it has two business models.

— *Held-to-collect business model:* this includes cash and cash equivalents, receivables, Treasury bills and other money market investments. These financial assets are held to collect contractual cash flow.
— *Other business model:* this includes debt securities and equity investments. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

Subsequent measurement
Subsequent to initial measurement, financial assets are classified in their respective categories and measured at either amortised cost or fair value as follows:

(i) Fair value through OCI
Debt instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other gains and losses on financial instruments within non-interest revenue.
Interest income on debt financial asset is recognised in interest income in terms of the effective interest rate method.

(ii) Amortised cost
These assets are subsequently measured at amortised cost using effective interest method. Interest income is recognised in 'interest income calculated using the effective interest method', foreign exchange gains and losses are recognised in 'net foreign exchange loss' and impairment is recognised in 'impairment losses on financial instruments' in the statement of comprehensive income. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Fair Value through profit or loss
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income and expense and foreign exchange gains and losses, are recognised in profit or loss in 'net income from financial instruments at FVTPL' in the statement of comprehensive income.

During the financial year, bond investments were reclassified from Fair Value through profit or loss to Financial assets carried at amortized cost. Upon change of valuation model, the appreciation in the bond investment prior to the change was recognised in the Statement of Comprehensive Income as realized gain. Afterwards, bond investments were carried at amortized cost and the unamortized premium and discount were amortized.

(v) 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 a 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 best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Fund determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis during the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

(vi) 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.

(vii) Impairment of financial assets

Expected credit losses (ECL) are recognised on debt financial assets classified as either amortised cost or fair value through OCI, financial guarantee contracts that are not designated at fair value through profit or loss.

The measurement basis of the ECL of a financial asset includes assessing whether there has been a significant increase in credit risk (SICR) at the reporting date which includes forward-looking information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The measurement basis of the ECL, which is set out in the table that follows, is measured as the unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and forward looking information.

Notes to the financial statements (cont'd)

Stage 1	A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.
Stage 2	A lifetime ECL allowance is calculated for financial assets that are assessed to have displayed a SICR since origination and are not considered low credit risk.
Stage 3	A lifetime ECL is calculated for financial assets that are assessed to be credit impaired. The following criteria are used in determining whether the financial asset is impaired: • default • significant financial difficulty of borrower and/or modification • probability of bankruptcy or financial reorganisation • disappearance of an active market due to financial difficulties.

(viii) Financial liabilities

Nature

Held for trading	Those financial liabilities incurred principally for the purpose of re-purchasing in the near term, those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial liabilities are designated to be measured at fair value in the following instances: - to eliminate or significantly reduce an accounting mismatch that would otherwise arise - where the financial liabilities are managed and their performance evaluated and reported on a fair value basis - where the financial liability contains one or more embedded derivatives that significantly modify the financial asset's cash flows.
At amortised cost	All other financial liabilities not included the above categories.

(ix) Derecognition

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

The Fund enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfer of assets with retention of all or substantially all risks and rewards include securities lending and repurchase transactions.

The Fund derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

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.

(b) Interest income

Interest income, 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. Together with dividend income and net gain/loss on investments, interest income make the revenue for the Fund

(c) Dividend income and expense

Dividend income is recognised in profit or loss on the date in which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the unitholders approve the payment of a dividend.

The Fund incurs expenses on short positions in equity securities equal to the dividends due on these securities. Such dividend expense is recognised in profit or loss as operating expense when the unitholders' right to receive payment is established.

(d) Net gain/(loss) on investments

Net gain from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences, but excludes interest and dividend income, and dividend expense.
The cost of sales used in computing the net realised gain from financial instruments at fair value through profit or loss is calculated using the weighted average cost method.

(e) Operating Expenses

Fee expense comprising management fees, custodian fees, registrar fees, trustee's fees, incentive fees, auditor's fees, and other expenses are recognised over the period in which the services are rendered, and are computed as a percentage of the daily Net Asset Value. Other expenses are recognized as incurred in accordance with the substance of the Trust Deed and other relevant agreements.

(f) Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities. They include the bid-ask spread, fees and commissions paid to agents, financial advisers, brokers and dealers, levies by regulatory agencies and securities exchanges.
Transaction costs incurred on financial assets or liabilities recorded at amortised cost are part of the amortised cost value and amortised over the life of the financial instrument.

Transaction costs incurred for other assets and liabilities including those classified as fair value through profit or loss are expensed when incurred.

(g) Taxation

Dividend income received by the Fund is subject to withholding tax. Dividend income and income from financing and investing activities are therefore recorded gross of such taxes and the corresponding withholding tax is recognised as tax expense. The withholding tax borne on dividend is treated as final tax.

(h) Capital

(i) Equity attributable to unitholders

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. 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 daily redemption date and also in the event of the Fund's liquidation.

Notes to the financial statements contd

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

- it entitles the holder to a *pro rata* share of the Fund's net assets in the event of the Fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of assets of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other feature 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. Incremental costs directly attributable to the issue or redemption of units are recognised directly in equity as a deduction from the proceeds or part of the acquisition cost.

(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 as an adjustment to retained earnings.

(i) 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 or the Fund has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation, or the amount cannot be reliably estimated.

(j) Statement of cash flows

The statement of cash flow is prepared using the indirect method in accordance with IAS 7.

(k) Standards, amendments and interpretations issued but not yet effective

The following standards and interpretations applied for the first time to financial reporting periods commencing on or after 01 January 2023

Title	Key requirements	Effective Date
IFRS 17 Insurance Contracts	IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires	1 January 2023 (deferred from 1 January 2021)
	• Discounted probability-weighted cash flows	
	• An explicit risk adjustment, and	
	• A contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage year.	
	The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.	
	An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.	
	There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model.	
	The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. However, this standard is not applicable to the fund.	
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.	1 January 2023 (possibly deferred from 1 January 2022)
	The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.	
	They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.	
	In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.	

Disclosure of Accounting Policies Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is material accounting policy information and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	01/01/2023
Definition of Accounting Estimates - Amendments to IAS 8	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	01/01/2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: • Right-of-use assets and lease liabilities, and • Decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments. However, this standard is not applicable to the fund.	01/01/2023

New standards and interpretations not yet effective

Key requirements
A number of new standards are effective for the year beginning after 1 January 2023 and earlier application is permitted; however, the Fund has not early adopted the new or amended
standards in preparing this financial statements

Title	Key requirements	Effective Date
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be applied prospectively and are not expected to have a material impact on the Group's financial statements.	Effective date of this standard deferred indefinitely
Non-current Liabilities with Covenants (Amendments to	This standard seek to clarify the conditions on determining whether a liability is current or non-current, and requires new disclosures for the non-current liabilities that are subject to future convenants.	1 January 2024.
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendment will be applied retrospectively. The impact on the annual financial statements has not yet been fully determined.	1 January 2024.
Amendment to IAS 7 and IFRS 17 (Supplier Finance Agreements)	The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangemens on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk.	1 January 2024.
Amendment to IAS 21 (Lack of Exchanageability)	The amendments require disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.	1 January 2025.

(I) **Early adoption of standards**
The Fund did not early adopt any standards.

(j) **Earnings per unit**
The Fund presents basic and diluted earnings per unit (EPU) for its outstanding units. Basic EPU is calculated by dividing the profit for the year by the units outstanding as at the year end. Where there are units that could potentially affects the numbers of units issued, those units are considered in calculating the diluted earnings per unit. There are currently no unit that could potentially dilute the total units issued.

Notes to the financial statements (cont'd)

5 Financial Risk Management

Risk Management Framework

The Fund maintains positions in a variety of financial assets in line with its investment management strategy which is to have a minimum of 70% of the Fund's assets in select bonds and a maximum of 30% in money market instruments. The Fund's investment portfolio comprises money market instruments and debt securities. As a result, the Fund has exposure to various types of risk that are associated with its investment strategies, financial instruments and markets in which it invests. These risks include market risk, credit risk, and liquidity risk. This note presents information about the Fund's exposure to each of these risks and how they are managed.

The fundamental investment objective of the Fund is to achieve consistent income streams through investment in select portfolio of securities.

a Market risk

Market risk is the risk that changes in market prices, such as interest rates, credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Fund's income or the fair value of its holding of financial instruments. The Fund's market risk is affected by one main component: change in interest rates.

i. Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instrument.

As at 31 December 2023, the Fund's exposure to interest rate risk was in relation to debt instruments such as bonds and treasury bills. This means that a change in relevant interest rates will also yield a change in the fair value of the investments, which translates in either a profit or loss recognised in the financial statements.

Sensitivity analysis conducted on the debt instruments reveal that a 1% rise in interest rate, with all other variables remaining constant, would lead to a drop in net asset value by about N854.87m. In practice, actual changes in interest rate may differ from 1% and the impact on the Fund's net asset value could be material.

The table below summarizes the Fund's direct exposure to interest rate risk based on its financial assets:

	2023	2022
	₦'000	₦'000
Less than 1 year	1,103,619	4,894,245
More than 1 year	35,156,153	43,332,727
	36,259,772	48,226,972

b Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund resulting in a financial loss to the Fund. The Fund is subject to credit risk from its holdings in bonds. The Fund limits this exposure to credit loss by investing in securities with high credit quality and by diversifying among a number of issuers.

The Fund invests in financial assets with investment grade rating from rating agencies approved by the Securities and Exchange Commission ('SEC'). The exposures per rating category as at 31 December 2023 are noted below:

	2023	2022
Debt Securities by rating	Exposure as a % of securities	Exposure as a % of securities
AAA	79.16%	75.39%
AA	0.34%	0.22%
A	15.19%	18.50%
BBB	5.32%	5.88%
Total	**100%**	**100%**

The Fund does not have total exposure to any corporate entity that exceeds internal risk management limit as at 31 December 2023 (2022: Nil).

For over-the-counter trades, communications with counterparties are properly trailed and archived in emails and on recorded lines and where there is a dispute or default, it is referred to the Financial Market Dealers Assosiation for resolution, the risk of default is therefore considered minimal.

The Fund's cash is held with the custodian, UBA Global Investor Services, a subsidiary of United Bank for Africa PLC which is rated 'A+' by Fitch Ratings. The Securities and Exchange Commission ("the Commission") rule 454 (2e) also requires the Custodian to take up insurance cover for all assets under custody.

All financial assets of the Fund are neither past due nor impaired.

Notes to the financial statements (cont'd)

c Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty 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 of. In addition, the Fund retains sufficient cash and cash equivalent positions to maintain liquidity.

For net assets attributable to the unitholders, the Fund has a contractual obligation to redeem within five days of the redemption requests. However, where a significant proportion (25%) of the Fund is being redeemed, the redemption process could exceed five days. Historical experience indicates that these units are held by unitholders on a medium- or long-term basis, that is, greater than one year.

As at 31 December 2023, the Fund's investments are considered readily realizable and highly liquid; therefore, the Fund's exposure to liquidity risk is considered minimal.

31 December 2023	Note	Carrying amount	Contractual cash flows < 3 months	3 - 6 months	6 months - 1 year	> 1 year	Total
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Accounts payable	17	683,245	683,245	-	-	-	683,245

31 December 2022	Note	Carrying amount	Contractual cash flows < 3 months	3 - 6 months	6 months - 1 year	> 1 year	Total
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Accounts payable	17	979,401	979,401	-	-	-	979,401

The table above shows the undiscounted cash flows of the Fund's financial liabilities on the basis of their earliest possible contractual maturity.

6 Use of estimates and judgements

(i) Determining fair value

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.

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

Notes to the financial statements (cont'd)

7 Classification and fair value of financial assets and liabilities

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

31 December 2023

	Note	Total	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Amortized cost (assets)	Amortized cost (liabilities)	Fair value
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents	14	1,103,619	-	-	1,103,619	-	1,103,619
Investment securities	15	35,156,153	-	-	35,156,153	-	64,702,748
Accounts receivable	16	62,903	-	-	62,903.00	-	62,903
		36,322,675	**-**	**-**	**36,322,675**	**-**	**65,869,270**
Accounts payable	17	683,245	-	-	-	683,245	683,245
		683,245	**-**	**-**	**-**	**-**	**683,245**

31 December 2022

	Note	Total	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Amortized cost (assets)	Amortized cost (liabilities)	Fair value
Cash and cash equivalents	14	4,894,245	-	-	4,894,245	-	4,894,245
Investment securities	15	43,332,727	-	-	43,332,727	-	96,714,395
Accounts receivable	16	1,210	-	-	1,210	-	1,210
		48,228,182	**-**	**-**	**48,226,972**	**-**	**101,609,850**
Accounts payable	17	979,401	-	-	-	979,401	979,401
		979,401	**-**	**-**	**-**	**979,401**	**979,401**

The fair values of financial instruments such as cash and cash equivalents, trade and other receivables and trade and other payables are not materially sensitive to shifts in market return rate because of the short term to maturity of these instruments. As such, the carrying values of these financial assets and liabilities at financial position date approximate their fair values.

Notes to the financial statements (cont'd)

	Dec. 2023	Dec. 2022
8 Investment income	**₦'000**	₦'000
Interest income from local banks and tenured placements	**632,022**	1,071,067
Interest income on money market investments	**58,268**	-
Interest income on bond investments	**2,897,924**	4,385,178
	3,588,214	5,456,245

	Dec. 2023	Dec. 2022
	₦'000	₦'000
9 Other income	**7,039**	53,965

10 Impairment Charge on Financial Assets	**Dec. 2023**	Dec. 2022
	₦'000	₦'000
ECL impairment (charge)/writeback please see note 15	**(47,009)**	1610
Impairment of receivable	**(1,210)**	-
	(48,219)	1,610

11 Net (loss)/gain on investment securities:	**Dec. 2023**	Dec. 2022
	₦'000	₦'000
Realised loss on bonds	**(1,651,331)**	(1,748,366)
	(1,651,331)	(1,748,366)

12 Operating expenses	**Dec. 2023**	Dec. 2022
	₦'000	₦'000
Management Fees	**668,604**	1,016,908
Registrar fees	**2,516**	1,924
Trustee fees	**16,746**	25,529
Custody fees	**35,659**	54,235
SEC fees	**82,928**	132,112
Auditor's remuneration	**5,343**	4,452
Other expenses	**40,812**	60,835
	852,608	1,295,995

No non audit fees were paid to KPMG Professional services in 2023 and 2022

13 Tax expense	**Dec. 2023**	Dec. 2022
	₦'000	₦'000
WHT on Fixed Income Securities	**63,354**	**-**

14 Cash and cash equivalents

Cash and cash equivalents comprise:

	Dec. 2023	Dec. 2022
	₦'000	₦'000
Cash at bank	**221,384**	216,797
Placement with banks	**882,235**	4,677,448
	1,103,619	4,894,245

15 Investment securities:	**Dec. 2023**	Dec. 2022
	₦'000	₦'000
Investment securities at amortised cost:		
Bond Investments	**32,183,956**	43,336,082
Placement with banks above 3months	**723,284.84**	-
Treasury bills	**2,648,578**	-
Deferred Income	**(349,301)**	-
Expected credit loss impairment allowance	**(50,365)**	(3,355)
	35,156,153	43,332,727

Notes to the financial statements (cont'd)

The movement in impairment allowance on financial asset is analysed below:

	Dec. 2023	Dec. 2022
	₦'000	₦'000
At 1 January	**(3,356)**	(4,966)
(Charge)/Writeback made during the year (see note 10)	**(47,009)**	1,610
At 31 December	**(50,365)**	(3,356)

16 Accounts receivable

	Dec. 2023	Dec. 2022
	₦'000	₦'000
Coupon Receivable	**62,903**	-
Other Receivables	**1,210**	1,210
Impairment on receivable (see note 10)	**(1,210)**	-
Total	**62,903**	1,210

17 Accounts payable

	Dec. 2023	Dec. 2022
	₦'000	₦'000
Accrued expenses	**683,015**	979,172
Distribution payable	**26**	25
Deferred Expenses	**204**	204
	683,245	979,401

18 Statement of cash flow notes

Changes in	Dec. 2023	Dec. 2022	Movement
	₦'000	₦'000	₦'000
Accounts payable	**683,245**	979,401	(296,156)
Accounts receivable	**62,903**	1,210	(61,693)
Investment securities at amortised cost	**35,156,153**	43,332,727	8,176,574

19 Net assets attributable to unitholders

The units of the Fund have a par value of ₦100 per unit. These units carry equal voting rights, are entitled to distributions and are entitled to a proportionate share of the net assets attributable to unit holders of the Fund. All issued units are fully paid. The Fund's units are subject to a minimum holding and subscription amount. The Fund has no limit on cash redemptions except where the cash redemption request is up to 25% of the net assets value of the Fund. In this case, the Fund Manager may require a longer period depending on the market conditions.
Under extraordinary circumstances, the Fund Manager also has the ability to suspend redemptions if this is deemed to be in the best interest of all unitholders.
The relevant movements are shown on the statement of changes in net assets attributable to holders of authorized units. In accordance with the objectives outlined in note 1 and the risk management policies in note 5, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of listed securities where necessary.

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

	Dec. 2023	Dec. 2022
(a) Number of units	₦'000	₦'000
Balance as at 1 January	**190,773**	361,200
Additional subscription of units during the year	**127,232**	136,834
Redemption of units during the year	**(140,686)**	(307,261)
Balance as at 31 December	**177,319**	190,773

Notes to the financial statements (cont'd)

(b) Net assets attributable to unitholders

	Unitholders' equity at par ₦'000	Share premium and retained earnings ₦'000	Total ₦'000
Balance as at 1 January 2023	**19,077,347**	**28,171,434**	**47,248,781**
Increase in net assets attributable to unitholders	**-**	**979,741**	**979,741**
	19,077,347	**29,151,175**	**48,228,522**
Subscriptions during the year	**12,723,158**	**8,885,494**	**21,608,652**
Redemptions during the year	**(14,068,590)**	**(20,236,154)**	**(34,304,744)**
Deposit for subcription	**107,000**		
As 31 December 2023	**17,838,915**	**17,800,515**	**35,532,430**
Net assets value per unit (see note (d) below)			200.39

	Unitholders' equity at par ₦'000	Share premium and retained earnings ₦'000	Total ₦'000
Balance as at 1 January 2022	36,120,057	49,415,523	85,535,580
Increase in net assets attributable to unitholders	-	2,467,459	2,467,459
	36,120,057	51,882,982	88,003,039
Subscriptions during the year	13,683,427	18,846,276	32,529,703
Redemptions during the year	(30,726,137)	(42,557,824)	(73,283,961)
As 31 December 2022	**19,077,347**	**28,171,434**	**47,248,781**
Net assets value per unit (see note (d) below)			247.67

c) Distribution paid to unitholders

Any distribution for the Fund is made in accordance with the Trust Deed of the Fund. No distribution was made during the year (2022: Nil).

d) Net assets value per unit

The calculated net assets value (NAV) per unit as disclosed above is based on the final assets and liabilities as presented in these financial statements. This NAV differs from the offer/ bid price as at 31 December 2023 enumerated in the Fund Manager's report and made available to the public as at that date.

20 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both. The definition includes associates, joint ventures as well as key management personnel. The Fund's key related party is its Fund Manager, Stanbic IBTC Asset Management Limited. Others are entities in the Stanbic IBTC Group and the key management personnel of the Fund Manager.

The following summarize the Fund's transactions with its related parties:

Notes to the financial statements (cont'd)
For the year ended 31 December 2023

a) *Fees*

i. Management fee

The Fund is managed by Stanbic IBTC Asset Management Limited (the 'Fund Manager'), an investment management company incorporated in Lagos. Under the terms of the management agreement, the Fund appointed Stanbic IBTC Asset Management Limited as a Fund Manager to provide fund management services to the Fund. Stanbic IBTC Asset Management Limited receives a fee based on annual rate of 1.5% on the weighted average net asset value of the Fund accrued daily payable quarterly. The Fund Manager is also entitled to an incentive fee of 10% of the amount by which the returns of the Fund exceed the benchmark value as determined in the Trust Deed. Total management fees for the year amounted to ₦668.6 million (2022: ₦1.02 billion).

ii. Incentive fee

The Fund Manager is entiltled to an annual incentive fee not exceeding 30% of total returns in excess of 10% of the net asset value of the Fund in the relevant year. There was no incentive fee in the current year (2022: nil)

b) *Related parties holding*

The beneficial interest of related parties in the units of the fund was:

	31-Dec-23	31-Dec-22
Stanbic IBTC Pension Managers Ltd	3,770	1,892,202
Stanbic IBTC Ventures Ltd	-	5,609,277
Stanbic IBTC Trustees Ltd	2,763	2,048,688
Stanbic IBTC Insurance Ltd	-	3,066,976

No Key management personnel held units of the fund as at 31 December 2023:

21 Contingencies

There were no contingent assets and liabilities as at 31 December 2023 (2022: Nil).

22 Litigations and claims

There were no litigations and claims as at 31 December 2023 (2022: Nil).

23 Events after the reporting period

There was no event known to management which could have a material effect on the financial statements of the Fund for the year ended 31 December 2023 that have not been adequately recognised and/or disclosed in the financial statements.

24 Capital commitments

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

25 Assets Under Management

The total assets under management in 2023 amounted to ₦36.1 billion (2022: ₦47.2 billion).

26 Earnings Per Unit

Basic earnings per unit (EPU) is calculated by dividing the profit after tax by the number of outstanding units in issue at the end of the year.

	2023	2022
Profit for the year (₦'000)	**979,741**	2,467,459
Number of unitss in issue at end of the year ('000)	177,319	190,773
Basic and diluted earnings per unit (Naira)	5.53	12.93

Basic and diluted earnings per unit are the same, as the fund has no potentially dilutive units.

OTHER DISCLOSURES

Other national disclosures:
Portfolio statement

	31 December 2023		31 December 2022	
	Market Value	**Percentage of total investment**	Market Value	Percentage of total investment
Investment securities	**₦'000**	**%**	₦'000	%
Bond investments	**32,133,591**	**97**	43,332,727	90
Placement with Banks	**882,235**	**3**	4,677,448	10
Total debt securities	**33,015,826**	**100**	48,010,175	100

OTHER NATIONAL DISCLOSURES

Other national disclosures:
Value Added Statement
For the year ended 31 December

	2023		2022	
	₦'000	%	₦'000	%
Total revenue	1,943,922		3,761,844	
Bought in goods and services - Local	(94,374)		(63,677)	
Value added	**1,849,548**	**100**	3,698,167	100
Applied to pay:				
Government as taxes	63,354	3	-	-
Fund Manager and other parties to the Fund	806,453	44	1,230,708	33
Retained in the Fund to augment reserves	979,741	53	2,467,459	67
Value added	**1,849,548**	**100**	3,698,167	100

This statement represents the distribution of the wealth created through the use of the Fund's assets by the Fund Manager.

Other national disclosures:
Financial summary
For the year ended 31 December

	2023	2022	2021	2020	2019
	₦'000	₦'000	₦'000	₦'000	₦'000
Statement of Financial Position:					
Cash and cash equivalents	**1,103,619**	4,894,245	11,941,200	50,919,376	3,277,679.14
Financial assets at fair value through profit or loss	**35,156,153**	43,332,727	74,534,576	109,273,689	10,418,882.75
Accounts receivable	**62,903**	1,210	31,210	1,210	-
Total assets	**36,322,675**	48,228,182	86,506,986	160,194,275	13,696,561.89
Liabilities	**(683,245)**	(979,401)	(971,406)	(806,350)	(447,669)
Net assets	**35,639,430**	47,248,781	85,535,580	159,387,925	13,248,893
Unitholders' funds	**35,639,430**	47,248,781	85,535,580	159,387,925	13,248,893
Statement of Comprehensive Income:					
Revenue	**1,943,922**	3,761,844	6,812,554	7,901,919	281,145
Profit after tax	**979,741**	2,467,459	4,485,930	6,581,760	220,807
Distribution	**-**	-	-	-	32,943