

***AXA MANSARD DOLLAR BOND FUND***

***Managed by***

***AXA MANSARD INVESTMENTS LIMITED***

***FINANCIAL STATEMENTS***

***for the year ended***

***31<sup>ST</sup> DECEMBER, 2023***

# **AXA MANSARD DOLLAR BOND FUND**

**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

***Audited financial statements for the period ended 31<sup>st</sup> December, 2023***

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## **AXA MANSARD DOLLAR BOND FUND**

**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

### ***Corporate information***

#### ***Trustee to the Fund***

UTL Trust Management Services Limited  
2nd floor, ED building, 47 Marina.  
P.O. Box 5543, Marina, Lagos

#### ***Directors of the Fund***

Mrs. Rashidat Adebisi (Chairman)  
Ms. Denise Ntonta (Independent Non-Executive Director)  
Mr. Erick Decker  
Mr. Babatope Adeniyi  
Mrs. Ngozi Ola-Israel  
Mrs. Abisola Nwoboshi

#### ***Managing director***

Mr. Oladimeji Tunde-Anjous

#### ***Fund Manager***

AXA Mansard Investments Ltd  
Mansard Place  
Plot 927/928 Bishop Aboyade Cole Street  
Victoria Island  
Lagos

#### ***Independent Auditors to the Fund***

Crowe Dafinone  
Chartered Accountants  
15, Elsie Femi Pearse  
Victoria Island  
Lagos

#### ***Banker***

Standard Chartered Bank Nigeria Limited

#### ***Custodian of the Fund***

Standard Chartered Bank Nigeria Limited  
142, Ahmadu Bello Way  
Victoria Island  
Lagos

## REPORT OF THE TRUSTEE

The Trustees are pleased to present their annual report together with the audited financial statements on the affairs of Axa Mansard Investments Limited Dollar Bond Fund ("The Fund") for the period ended 31<sup>st</sup> December, 2023.

## PRINCIPAL ACTIVITY

The principal activity of the Axa Mansard Dollar Bond Fund ("The Fund") as authorized by the Securities and Exchange Commission is to provide investors with a well-diversified portfolio which comprise of Corporate and sovereign bonds and Nigerian USD denominated money market instruments.

During the period under review, the Fund was managed in accordance with the Investment and Securities Act 2007, the provisions of the Trust Deed, the rules and regulations of the Securities and Exchange Commission whilst taking into cognizance the prevailing market conditions for the purpose of preserving and minimizing possible losses of Unit holders funds.

## Results:

The results for the period are extracted from the financial records prepared by the Fund Manager and duly audited in accordance with the provision of Section 169(2) of the Investment and Securities Act of 2007.

The Net Asset Value of the Fund as of 31 December 2023 is as follows;

In Dollars	31 December 2023
Net Assets attributable to Unit Holders	6,770,855

The operating result for the year ended is as follows;

In Dollars	31 December 2023
Profit for the year	361,137

The Fund Manager has proposed a dividend payout of \$362,837 to unit holders.

## DIRECTORS

The Directors of the Fund Manager who served on the board of the Fund during the period under review were:

Mrs. Rashidat Adebisi	Chairman
Ms. Denise Ntonta	Independent Non-Executive Director
Mr. Erick Decker	Director
Mr. Babatope Adeniyi	Director
Mrs. Ngozi Ola-Isreal	Director
Mrs. Abisola Nwobosh	Director
Mr. Deji Tunde-Anjous	Managing Director

## DIRECTORS AND RELATED PARTIES' INTEREST IN THE UNITS OF THE FUND:

None of the Directors of the Axa Mansard Dollar Bond Fund has any direct or indirect beneficial interest in the units of the Fund as of 31 December 2023.

None of the directors of UTL Trust Management Services Limited held any direct or indirect beneficial interest in the units of the Fund as of 31 December 2023

## STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trustee's responsibilities to the Fund are as follows:

- To ensure that the basis on which the sale, issue repurchase or cancellation, as case may be, of participatory interests effected by or on behalf of the Fund is carried out in accordance with the Investment and Securities Act, SEC Rules and Regulations and the Trust Deed.
- To ensure that the selling or repurchase price or participatory interests is calculated in accordance with the Investment and Securities Act, SEC Rules and the Trust Deed.
- To carry out the instructions of the Fund Manager unless they are inconsistent with the Investment and Securities Act, any applicable law or the Trust Deed.
- To ensure appropriate internal control systems are maintained and that records clearly identify and value the Held Assets in trust, the ownership of each investment and the place where documents of title pertaining to each Investment are kept.
- To verify that the income accruals of the Fund are applied in accordance with the Investments and Securities Act, SEC Rules and Regulations and the Trust Deed.
- To enquire into and prepare a report on the administration of the Fund by the Manager during each annual accounting period, in which it shall be stated whether the Fund has been administered in accordance with the provisions of the Investment and Securities Act, the SEC Rules and Trust Deed.
- To enquire into and send report on the administration of the Fund to the Commission and to the Fund Manager in good time to enable the Fund Manager include a copy of the report in its annual report of the Fund.
- To ensure there is a legal separation of the Held assets in trust and that the legal entitlement of the Fund/Unitholders to such Held assets are assured.
- Monitoring of the activities of the Fund Manager on behalf of and in the interest of the Unitholders.
- To ensure that the management of the Fund is carried out in accordance with the Trust Deed and the Investment and Securities Act.
- To satisfy that every income statement, balance sheet or other return prepared by the Fund Manager is in line with section 169 of the Investment and Securities Act, SEC Rules and the Trust Deed.
- To monitor entries made by the Registrar in the register.
- To ascertain that monthly and other periodic returns/reports relating to the Fund are sent by the Fund Manager to the Commission.
- To exercise any voting right conferred on it as the registered holder of any investment.
- To act at all times in the interest of and for the benefit of the Unitholders.

## BY ORDER OF THE TRUSTEE

UTL Trust Management Services Limited



**Olufunke Aiyepola (Mrs.)**

FRC/2013/NBA/00000003285

UTL Trust Management Services Limited

## AXA MANSARD DOLLAR BOND FUND

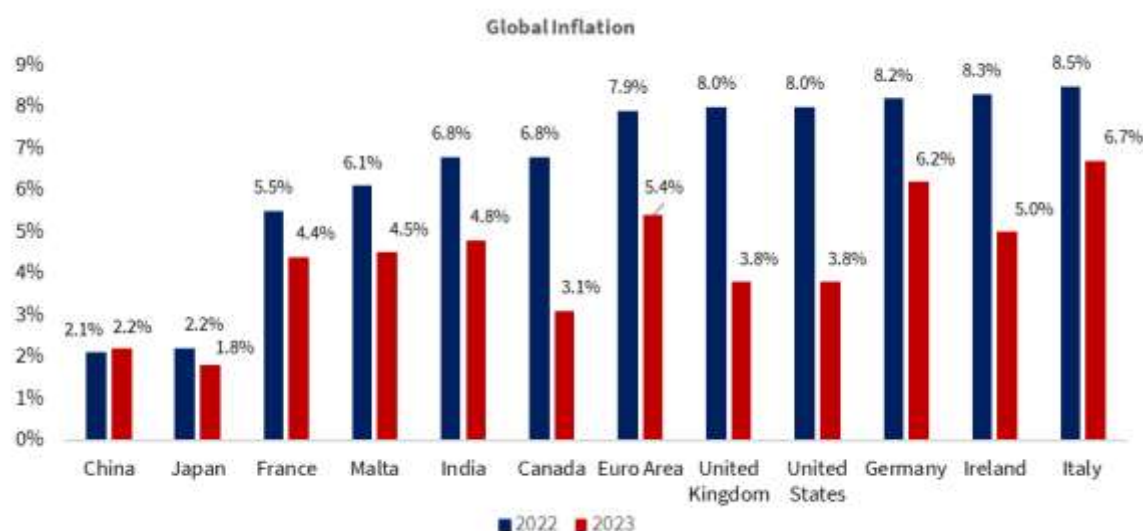
(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)

### Report of the fund managers

#### FUND MANAGER REPORT - 2023

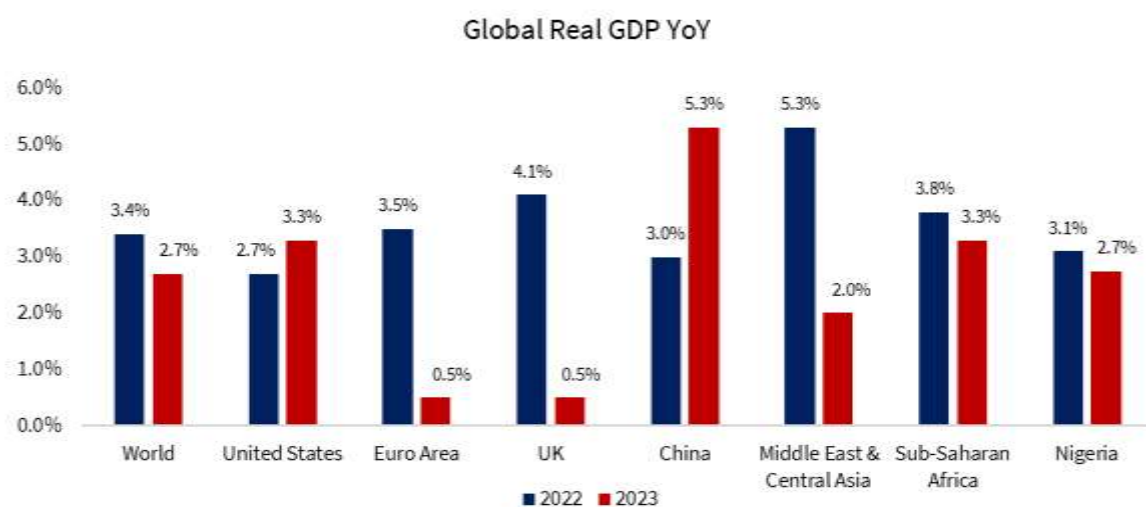
Geo-political tension escalated further in 2023 and weighed on global economic recovery as growth slowed to on the back of the high cost-of-living crisis that plagued consumer demand. In a reaction to the inflationary impact of higher commodity prices on cost-of-living, monetary policy authorities were quick to tighten even as price pressures moderated across key economies in the second half of the year.

**Figure 1: Global inflation across key countries**



Source: Bloomberg, AXA Mansard

**Figure 2: Global economic growth across key countries and Region**



## AXA MANSARD DOLLAR BOND FUND

(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)

### Report of the fund managers(continued)

Source: IMF, AXA Mansard

Nigeria transitioned to a new government to extend democratic rule to 25 years. Growth moderated from 3.1% YoY in 2022 to 2.74% YoY in 2023 on the back of several factors and not limited to subsidy removal, cash shortages, heightened insecurity, and currency depreciation. Consequently, non-oil sector growth slowed to 3.04% YoY in 2023 (2022: 4.84% YoY) – hinged on the slowdown in the services sector growth to 4.18% YoY (2022: 6.66% YoY). Additionally, growth in the agricultural sector slowed to 1.13% YoY (2022: 1.88%) but the industrial sector saw improvement following the 0.72% YoY growth (2022: -4.62%) over the review period.

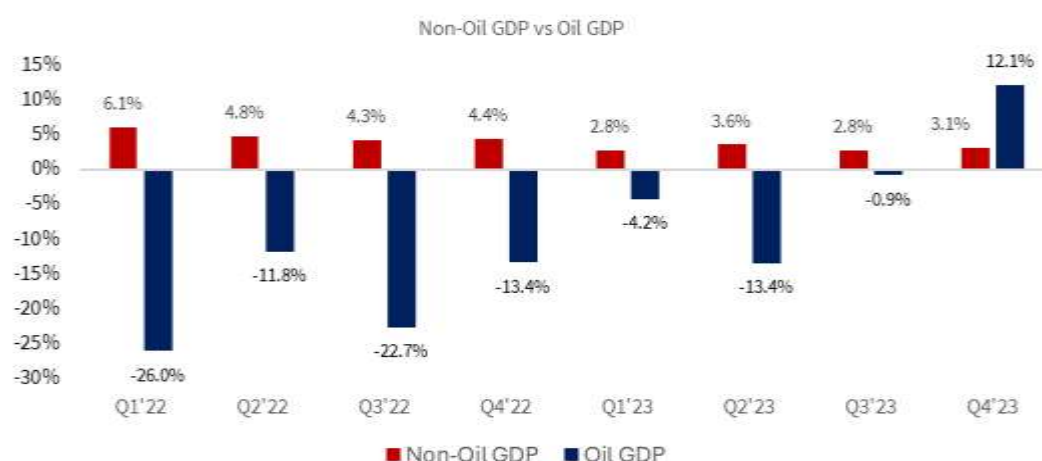
Table 1: Sectorial Contribution to Non-Oil Sector

Sector	2018	2019	2020	2021	2022	2023
Agriculture	21.2	21.91	24.14	25.88	25.58	25.18
Industry	25.73	27.38	28.22	20.56	19.02	18.65
Service	52.02	49.73	46.39	53.56	55.4	56.18

Source: NBS Nigeria, AXA Mansard

On the flipside, the oil sector improved as the decline slowed to -2.22% YoY relative to the 20% YoY dip the previous year. The benefits from the security measures put in place to curb the prolonged oil theft in the country began to yield the desired result, and reflected in the increase in average crude production to 1.55mbpd in 2023 from 1.34mbpd in 2022.

Figure 4: Oil and Non-Oil growth (QoQ)



Source: NBS Nigeria, AXA Mansard

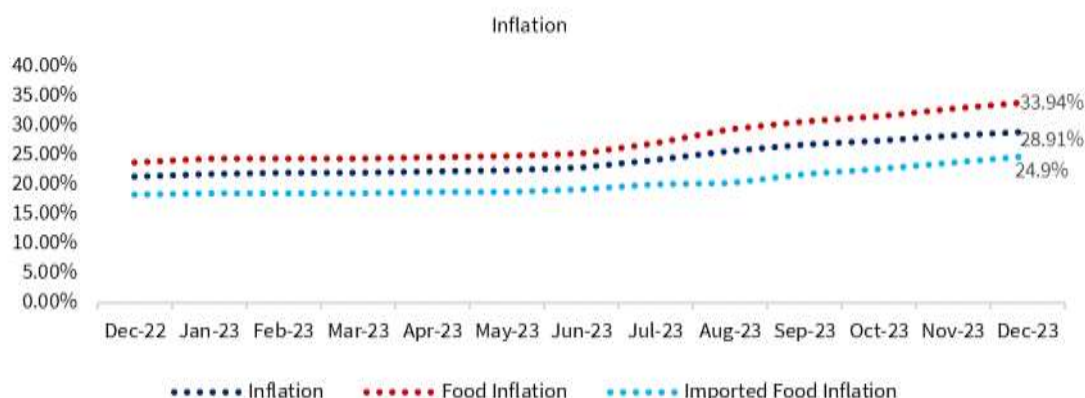
Headline inflation reached an all-time high of 28.92% YoY in 2023, averaging at 24.52% YoY (2022: 18.77% YoY) – mirroring an increase in both food and energy prices. The interpolation of an increase in retail petrol prices, currency depreciation, flooding and insecurity in the north and the implication for food supply led to the persistent rise in general price level. As a result, core inflation for the year averaged at 20.76% YoY (2022: 16.01% YoY), and the average food inflation increased to 27.8% YoY (2022: 20.83% YoY).

## AXA MANSARD DOLLAR BOND FUND

(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)

### Report of the fund manager (continued)

**Figure 5: Trend in Inflation rate (YoY)**



**Source: NBS Nigeria, AXA Mansard**

The sentiments towards the Nigerian Eurobond market were mixed in the review period. On a positive note, fiscal and monetary reforms were supportive for an upward review in Moody's outlook for Nigeria's sovereign rating from "stable" to "positive". The successful redemption of the country's \$500 million Eurobond in July, efforts to clear all FX backlogs as well as the rising crude production were supportive for investor confidence despite the heightened defaults in emerging markets. Additionally, the Eurobonds market was dominated by bullish sentiments in Q4 as better-than expected inflation data from the US signalled a slow-down in inflation pressure, spurring risk-on sentiments and demand for SAA Eurobonds.

On the negative side, the concerns around the low external reserves persisted in addition to worries around a possible policy summersault among other headwinds. Despite these challenges, the impact of the selloffs of Nigerian Eurobonds was limited as average yields on the FGN Eurobond declined by 2bps to 9.38%.

### Fund Performance

In 2023, the AXA Mansard Dollar Bond Fund returned 6.53%, c.122bps lower than the blended benchmark (composite of 3- year Federal Government of Nigeria Eurobond and 90D US treasury Bill). The ability of the fund to allocate to Eurobonds was constrained by negative liquidity investment, hence the increased allocation to fixed deposits in the review period.

### Outlook

We expect geo-political tension to persist in 2024 with contagion on commodity prices and inflation. However, we also anticipate that inflation would peak across many countries through H1 2024, including Sub-Saharan Africa as monetary policy tightening continue and base-effect kick-in. Our projection for disinflation is also supported by the IMF's estimate for a 270bps decline in the average inflation rate to 13.10% in 2024 from 15.80% in 2023.



***AXA MANSARD DOLLAR BOND FUND***

***(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)***

***Report of the fund manager (continued)***

**Outlook**

On the contrary, the default concerns within the SSA Eurobond investment universe could derail our projection especially as further currency depreciation remains a tailwind for inflation. Nonetheless, we anticipate USD yields will contract in 2024 - underpinned by the realization of the benefits from the monetary and fiscal policies alignment, in addition to a rate cut in the United State. A likely rating upgrade, especially for Nigeria, will have a significant impact for our bullish run expectations.

***REPORT OF THE INDEPENDENT AUDITORS TO THE UNIT HOLDERS OF AXA MANSARD DOLLAR BOND FUND (MANAGED BY AXA MANSARD INVESTMENTS LIMITED)******Opinion***

We have audited the financial statements of AXA Mansard Dollar Bond Fund (“the Fund”) which comprises, the statement of financial position as at 31<sup>st</sup> December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year ended, the significant accounting policies, other explanatory notes and the statement of value added. These financial statements are set out on pages 12 to 34 and have been prepared using the significant accounting policies set out on page 17 to 24.

In our opinion, the financial statements give a true and fair view of the financial position of Axa Mansard Dollar Fund (“the Fund”) as at 31<sup>st</sup> December, 2023 and of its financial performance and its cash flows for the year ended on that date, and comply with the Investments and Securities Act, 2007, and the applicable International Financial Reporting Standards in the manner required by the Financial Reporting Council of Nigeria Act 2011, the Investments and Securities Act 2007 Trust Deed, and the Securities and Exchange Commission’s Rules and Regulations.

***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs) in the manner required by the Nigerian Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

***Independence***

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA) Code. We have fulfilled our other ethical responsibilities in accordance with the IESBA code.

***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

There are no key audit matters to communicate in our report.

**REPORT OF THE INDEPENDENT AUDITORS TO THE UNIT HOLDERS OF AXA MANSARD DOLLAR BOND FUND (MANAGED BY AXA MANSARD INVESTMENTS LIMITED) (continued)**

***Other information other than the financial statements and auditors' report***

The Fund Manager's, the trustees' report and other information contained therein are the responsibilities of the fund managers, trustees and those charged with governance. Our opinion does not cover these reports and accordingly we do not express any form of assurance conclusion thereon. It is our responsibility to read the other information and in doing so, consider whether the information is materially inconsistent with the financial statements or with the knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work we conclude that there is a material misstatement of or within the other information, we are required to report that fact. We have nothing to report in this regard.

***Fund Manager and Trustees' responsibilities for the financial statements***

The Fund Managers and the Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards in the manner required by the Financial Reporting Council of Nigeria Act 2011, and the requirements of the Investment and securities Act, 2007, whilst the Trustee is responsible for ascertaining compliance with the provision of the Trust Deed and other relevant laws. The responsibility of the Fund Manager and Trustee includes the designing, implementing and maintaining internal controls that are relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error as well as selecting and applying appropriate significant accounting policies and making accounting estimates that are reasonable in the circumstances.

In preparing these financial statements, the Trustees and the Fund managers 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 Trustees and the Fund manager either intends to liquidate the Fund or cease operations, or have no realistic alternative but to do so.

***Auditors' responsibilities for the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error and to issue an auditor's report that include our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (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 International Standards on Auditing, we exercise professional judgment and maintain professional scepticism 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE UNIT HOLDERS OF AXA MANSARD DOLLAR BOND FUND (MANAGED BY AXA MANSARD INVESTMENTS LIMITED) (continued)**

***Auditors' responsibilities for the financial statements (continued)***

- 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 company's internal control.
- Evaluate the appropriateness of significant accounting policies used and the reasonableness of accounting estimates and related disclosures made by fund manager and trustee.
- Conclude on the appropriateness of fund management'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 to operate 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 the manner that achieves fair presentation.

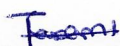
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

***Compliance with the relevant legislation and regulations***

In accordance with Section 169 (1) of the Investment and Security Acts, 2007. We confirm that the financial statements are in agreement with the accounting records, which have been properly kept.

In accordance with Section 169(3) of the Investments and Securities Act, 2007, we confirm that the Fund has been operating within the provisions of the Act.

**Lagos, Nigeria**  
**31<sup>st</sup> March, 2024**

  
**Oluwatosin Dare-Abel**  
**Engagement Partner**  
**FRC/2020/PRO/ICAN/004/00000021583**  
**For: Crowe Dafinone**  
**Chartered Accountants**



**AXA MANSARD DOLLAR BOND FUND**  
**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

**Statement of profit or loss and other comprehensive income for the year ended 31<sup>st</sup> December 2023**

	Notes	Year ended		Period ended	
		31 <sup>st</sup> December, 2023 ₦	31 <sup>st</sup> December, 2023 \$	31 <sup>st</sup> December, 2022 ₦	31 <sup>st</sup> December, 2022 \$
<b>Revenue</b>					
Income from financial assets	7	309,731,097	459,561	217,846,610	510,323
<b>Expenses</b>					
Operating expenses	8	(66,335,308)	(98,424)	(57,061,105)	(133,670)
<b>Profit before Taxation</b>		<b>243,395,789</b>	<b>361,137</b>	<b>160,785,505</b>	<b>376,653</b>
Taxation	9	-	-	-	-
<b>Profit for the year</b>		<b>243,395,789</b>	<b>361,137</b>	<b>160,785,505</b>	<b>376,653</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>243,395,789</b> =====	<b>361,137</b> =====	<b>160,785,505</b> =====	<b>376,653</b> =====
Basic earnings per unit	17	4,505.42 =====	6.68 =====	3,216.44 =====	7.53 =====

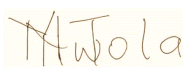
*The general information, significant accounting policies to the financial statements and the notes set out on pages 17 to 33 form integral parts of these financial statements.*


**AXA MANSARD DOLLAR BOND FUND**  
**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

**Statement of financial position as at 31<sup>st</sup> December, 2023**

		Year ended		Period ended	
		31 <sup>st</sup> December, 2023	31 <sup>st</sup> December, 2023	31 <sup>st</sup> December, 2022	31 <sup>st</sup> December, 2022
	Notes	₦	\$	₦	\$
<b>Non-current</b>					
Financial assets at amortised cost	10	4,569,544,918	5,080,699	2,197,581,482	4,765,954
<b>Current assets</b>					
Cash and cash equivalents	11	1,869,394,493	2,078,506	668,356,150	1,449,482
Other receivables	12	81,260,239	90,350	37,187,530	80,650
<b>Total assets</b>		<b>6,520,199,650</b>	<b>7,249,555</b>	<b>2,903,125,162</b>	<b>6,296,086</b>
Other payables	13	(430,539,924)	(478,700)	(45,081,461)	(97,769)
<b>Net assets</b>		<b>6,089,659,726</b>	<b>6,770,855</b>	<b>2,858,043,701</b>	<b>6,198,317</b>
<b>Financed by</b>					
Unit holders' Funds	14	2,872,171,856	6,395,902	2,485,151,809	5,821,664
Retained earnings		159,639,254	374,953	160,785,505	376,653
Translational reserve		3,057,848,616	-	212,106,387	-
		<b>6,089,659,726</b>	<b>6,770,855</b>	<b>2,858,043,701</b>	<b>6,198,317</b>
Net asset per unit	16	112,723.63	125.33	57,173.81	123.99

The financial statements were approved and authorised for issue by the Fund Manager on 31<sup>st</sup> March, 2024 and signed on its behalf by:

  
**Mrs. Ngozi Ola-Israel**  
**Director**  
**FRC/2017/ANAN/00000017349**

  
**Mr. Deji Tunde-Anjous**  
**Director**  
**FRC/2014/CISN/00000008235**

*The general information, significant accounting policies to the financial statements and the notes set out on pages 17 to 33 form integral parts of these financial statements.*

**AXA MANSARD DOLLAR BOND FUND**  
**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

**Statement of changes in equity for the year ended 31<sup>st</sup> December, 2023**

	Redeemable unit N	Translational reserve N	Surplus N	Total unit holder fund N
<b>As at 1<sup>st</sup> January, 2023</b>	<b>2,485,151,809</b>	<b>212,106,387</b>	<b>160,785,505</b>	<b>2,858,043,701</b>
Profit for the year	-	-	243,395,789	243,395,789
Other comprehensive income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	2,485,151,809	212,106,387	404,181,294	3,101,439,490
<b>Transactions with unit holders, recognised directly in equity</b>				
Contributions, redemptions and distributions to unit holders				
Units subscribed	3,006,184,501	-	-	3,006,184,501
Redemption of redeemable units	(2,619,164,454)	-	-	(2,619,164,454)
Dividend	-	-	(244,542,040)	(244,542,040)
Effect of exchange rate difference		2,845,742,229	-	2,845,742,229
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total transactions with unit holders</b>	<b>387,020,047</b>	<b>2,845,742,229</b>	<b>(244,542,040)</b>	<b>2,988,220,236</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>As at 31<sup>st</sup> December, 2023</b>	<b>2,872,171,856</b>	<b>3,057,848,616</b>	<b>159,639,254</b>	<b>6,089,659,726</b>
	=====	=====	=====	=====
	Redeemable unit \$	Translational reserve \$	Surplus \$	Total unit holder fund \$
<b>As at 1<sup>st</sup> January, 2023</b>	<b>5,821,664</b>	<b>-</b>	<b>376,653</b>	<b>6,198,317</b>
Profit for the year	-	-	361,137	361,137
Other comprehensive income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	5,821,664	-	737,790	6,559,454
<b>Transactions with unit holders, recognised directly in equity</b>				
Contributions, redemptions and distributions to unit holders				
Units purchased	4,460,403	-	-	4,460,403
Redemption of redeemable units	(3,886,165)	-	-	(3,886,165)
Dividend	-	-	(362,837)	(362,837)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total transactions with unit holders</b>	<b>574,238</b>	<b>-</b>	<b>(362,837)</b>	<b>211,401</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>As at 31<sup>st</sup> December, 2023</b>	<b>6,395,902</b>	<b>-</b>	<b>374,953</b>	<b>6,770,855</b>
	=====	=====	=====	=====

*The general information, significant accounting policies to the financial statements and the notes set out on pages 17 to 33 form integral parts of these financial statements.*

**AXA MANSARD DOLLAR BOND FUND**  
**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

**Statement of changes in equity for the year ended 31<sup>st</sup> December, 2023**

	Redeemable unit N	Translational reserve N	Surplus N	Total unit holder fund N
<b>As at 1<sup>st</sup> January, 2022</b>	-	-	-	-
Profit for the year	-	-	160,785,505	160,785,505
Other comprehensive income	-	-	-	-
<b>Transactions with unit holders, recognised directly in equity</b>	-	-	160,785,505	160,785,505
Contributions, redemptions and distributions to unit holders				
Units subscribed	6,682,566,105	-	-	6,682,566,105
Redemption of redeemable units	(4,197,414,296)	-	-	(4,197,414,296)
Effect of exchange rate difference	-	212,106,387	-	212,106,387
<b>Total transactions with unit holders</b>	<b>2,485,151,809</b>	<b>212,106,387</b>	<b>-</b>	<b>2,697,258,196</b>
<b>As at 31<sup>st</sup> December, 2022</b>	<b>2,485,151,809</b>	<b>212,106,387</b>	<b>160,785,505</b>	<b>2,858,043,701</b>
	Redeemable unit \$	Translational reserve \$	Surplus \$	Total unit holder fund \$
<b>As at 1<sup>st</sup> January, 2022</b>	-	-	-	-
Profit for the year	-	-	376,653	376,653
Other comprehensive income	-	-	-	-
	-	-	376,653	376,653
<b>Transactions with unit holders, recognised directly in equity</b>				
Contributions, redemptions and distributions to unit holders				
Units purchased	15,654,437	-	-	15,654,437
Redemption of redeemable units	(9,832,773)	-	-	(9,832,773)
<b>Total transactions with unit holders</b>	<b>5,821,664</b>	<b>-</b>	<b>-</b>	<b>5,821,664</b>
<b>As at 31<sup>st</sup> December, 2022</b>	<b>5,821,664</b>	<b>-</b>	<b>376,653</b>	<b>6,198,317</b>

*The general information, significant accounting policies to the financial statements and the notes set out on pages 17 to 33 form integral parts of these financial statements.*



**AXA MANSARD DOLLAR BOND FUND**  
**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

**Statement of cash flows for the year ended 31<sup>st</sup> December, 2023**

	Notes	Year ended		Period ended	
		31 <sup>st</sup> December, 2023	31 <sup>st</sup> December, 2023	31 <sup>st</sup> December, 2022	31 <sup>st</sup> December, 2022
		₦	\$	₦	\$
<b>Cash flows from operating activities</b>					
Profit for the year		243,395,789	361,137	160,785,505	376,653
<b>Adjustment for items not involving movement of fund:</b>					
Effect of exchange rate changes		2,845,742,229		212,106,387	-
<b>Changes in working capital:</b>					
Increase in other receivables	12	(44,072,709)	(9,700)	(37,187,530)	(80,650)
Increase in other payables	13	140,916,423	18,094	45,081,461	97,769
Cash generated from operations		3,185,981,732	369,531	380,785,823	393,772
Tax paid		-	-	-	-
<b>Net cash inflow from operating activities</b>		<b>3,185,981,732</b>	<b>369,531</b>	<b>380,785,823</b>	<b>393,772</b>
		=====	=====	=====	=====
<b>Cash flows from investing activities</b>					
Net movement in investments of financial assets at amortised cost	10	(2,371,963,436)	(314,745)	(2,197,581,482)	(4,765,954)
<b>Net cash outflows from investing activities</b>		<b>(2,371,963,436)</b>	<b>(314,745)</b>	<b>(2,197,581,482)</b>	<b>(4,765,954)</b>
		=====	=====	=====	=====
<b>Cash flows from financing activities</b>					
Increase in unitholders contribution	14	387,020,047	574,238	2,485,151,809	5,821,664
<b>Net cash inflow from financing activities</b>		<b>387,020,047</b>	<b>574,238</b>	<b>2,485,151,809</b>	<b>5,821,664</b>
		=====	=====	=====	=====
Net cash increase in cash and cash equivalents		1,201,038,343	629,024	668,356,150	1,449,482
Effect of exchange rate changes					
Cash at the beginning of the year		668,356,150	1,449,482	-	-
<b>Cash and cash equivalents at end of the year</b>	11	<b>1,869,394,493</b>	<b>2,078,506</b>	<b>668,356,150</b>	<b>1,449,482</b>
		=====	=====	=====	=====

*The general information, significant accounting policies to the financial statements and the notes set out on pages 17 to 33 form integral parts of these financial statements.*

**AXA MANSARD DOLLAR BOND FUND**  
**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

*Notes to the financial statements for the year ended 31<sup>st</sup> December, 2023*

**1. General information**

AXA Mansard Dollar Bond Fund (“the Fund”) is an open-ended Unit Trust Scheme authorised and registered by the Securities and Exchange Commission. The Fund’s principal office is located at Mansard Place, 927/928, Bishop Aboyade Cole Street, Victoria Island, Lagos, Nigeria.

The Fund is primarily involved in investments in well-diversified portfolio which comprise of Corporate and sovereign bonds and Nigerian USD denominated money market instrument.

The Fund is managed by AXA Mansard Investments Limited (“the Fund Manager”) and the trustee to the Fund is UTL Trust Management Services Limited (“the Trustee”).

**2. Basis of preparation**

**2.1 Statement of compliance**

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) in the manner required by the Financial Reporting Council of Nigeria Act 2011 and the Investments and Securities Act, 2007. Securities and Exchange Commission’s Rules and Regulations and provisions of the Trust Deed.

The financial statements were authorised for issue by the Trustee and Fund Manager on 31<sup>st</sup> March, 2024.

**2.2 Functional and presentation currency**

The functional currency of the fund is the US Dollar (\$). The financial statements are presented in Naira and US Dollar.

**2.3 Use of estimates and judgments**

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

**3. Significant accounting policies**

**3.1 New and revised standards, interpretations and amendments in issue but not yet effective**

The following revisions to accounting standards and pronouncements that are applicable to the company have been issued but they are not yet effective as at 1<sup>st</sup> January, 2024. Where the IFRSs and IFRIC Interpretations listed below permits, early adoption is encouraged. The company has elected not to apply them in the preparation of these financial statements.

**AXA MANSARD DOLLAR BOND FUND**  
**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

*Notes to the financial statements for the year ended 31<sup>st</sup> December, 2023 (continued)*

**3. Significant accounting policies (continued)**

**3.1 New and revised standards, interpretations and amendments in issue but not yet effective (continued)**

The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the company, but none of these pronouncements are expected to result in any material adjustments to the financial statements.

<b>Pronouncement</b>	<b>Nature of change</b>	<b>Effective date</b>
<b><i>Amendment to IAS 1 – Non-current liabilities with covenants</i></b>	<p>These amendments seek to clarify how conditions that an entity must comply with within twelve months after the reporting period impact the classification of a liability.</p> <ul style="list-style-type: none"> <li>The amendments also aim to enhance the information provided by entities related to liabilities subject to these conditions.</li> </ul> <p>Classification of liabilities is influenced by conditions that must be met within twelve months after the reporting period.</p>	Annual periods beginning on or after 1 <sup>st</sup> January, 2024.
<b><i>Amendment to IAS 7 and IFRS 7 - Supplier Finance</i></b>	<p>These amendments introduce disclosure requirements to improve transparency regarding supplier finance arrangements and their impact on an entity's liabilities, cash flows, and exposure to liquidity risk.</p> <ul style="list-style-type: none"> <li>The changes respond to investors' concerns about the visibility of some companies' supplier finance arrangements.</li> </ul> <p>Enhanced transparency in reporting supplier finance arrangements</p>	Annual periods beginning on or after 1 <sup>st</sup> January, 2024, with transitional relief in the first year.
<b><i>Amendments to IAS 21-Lack of Exchangeability</i></b>	<p>These amendments impact entities with transactions or operations in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.</p> <ul style="list-style-type: none"> <li>Exchangeability is determined by the ability to obtain the other currency with a normal administrative delay and through a market or exchange mechanism that creates enforceable rights and obligations.</li> </ul> <p>Entities with non- exchangeable foreign currencies will be affected</p>	Annual periods beginning on or after 1 <sup>st</sup> January, 2025, with early adoption available.
<b><i>IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information</i></b>	<p>The objective of IFRS S1 is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity</p>	Annual periods beginning on or after 1 <sup>st</sup> January 2024

**AXA MANSARD DOLLAR BOND FUND**  
**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

*Notes to the financial statements for the year ended 31<sup>st</sup> December, 2023 (continued)*

**3. Significant accounting policies (continued)**

**3.1 New and revised standards, interpretations, and amendments in issue but not yet effective (continued)**

<b>Pronouncement</b>	<b>Nature of change</b>	<b>Effective date</b>
<b><i>IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information (continued)</i></b>	<p>It requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects').</p> <p>It sets out the requirements for disclosing information about an entity's sustainability-related risks and opportunities. In particular, an entity is required to provide disclosures about:</p> <ul style="list-style-type: none"> <li>• the governance processes, controls and procedures the entity uses to monitor, manage and oversee sustainability-related risks and opportunities.</li> <li>• the entity's strategy for managing sustainability-related risks and opportunities.</li> <li>• the processes the entity uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities; and</li> </ul> <p>the entity's performance in relation to sustainability-related risks and opportunities, including progress towards any targets the entity has set or is required to meet by law or regulation.</p>	Annual periods beginning on or after 1 <sup>st</sup> January 2024
<b><i>IFRS S2 – Climate-Related Disclosures</i></b>	<p>The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity.</p> <p>IFRS S2 requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects').</p> <p>IFRS S2 applies to:</p> <p>a.) climate-related risks to which the entity is exposed, which are:</p> <p>climate-related physical risks; and</p> <p>climate-related transition risks; and</p> <p>b.) climate-related opportunities available to the entity.</p>	Annual periods beginning on or after 1 <sup>st</sup> January, 2024

**AXA MANSARD DOLLAR BOND FUND**  
**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

*Notes to the financial statements for the year ended 31<sup>st</sup> December, 2023 (continued)*

**3. Significant accounting policies (continued)**

**3.2 Foreign currency transactions**

Transactions denominated in foreign currencies are recorded in Naira at the rate of exchange ruling at the date of each transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the income statement.

Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date; the resulting foreign exchange gain is recognised in the income statement while those on non-monetary items are recognised in other comprehensive income. For non-monetary financial investments, unrealised exchange differences are recorded directly in equity until the asset is disposed or impaired.

**3.3 Net gain/(loss) from financial instruments at fair value through profit or loss**

Net gain/(loss) from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences, but excludes finance and dividend income.

**3.4 Dividend income**

Dividend income is recognised when the right to receive income is established. Dividend income from equity securities designated at fair value through profit or loss and fair value through other comprehensive income is recognised in the “dividend income” line in the statement of comprehensive income.

**3.5 Interest income**

Interest income is recognised on a timely - proportionate basis using the effective interest method. It includes interest on cash and cash equivalents and debts securities at fair value through profit or loss.

**3.6 Taxation**

Dividend income and income from fixed interest investment received by the Fund is subject to withholding tax. Dividend income and income from financing and investing are therefore recorded gross of such taxes and the corresponding withholding tax is recognised as tax expense.

**3.7 Financial assets and liabilities**

**Recognition and measurements**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. These includes cash, deposits in other entities, trade receivables, loans to other entities, investments in debt instruments, investments in shares and other equity instruments.

The fund shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the fund becomes party to the contractual provisions of the instrument. A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

However, the fund may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

Except for trade receivables which do not contain a significant financing component, at initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**AXA MANSARD DOLLAR BOND FUND**  
**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

*Notes to the financial statements for the year ended 31<sup>st</sup> December, 2023 (continued)*

**3. Significant accounting policies (continued)**

**3.7 Financial assets and liabilities (continued)**

**Recognition and measurements (continued)**

**Subsequent measurement of financial assets**

After initial recognition, an entity shall measure a financial asset at:

- (a) amortised cost;
- (b) fair value through other comprehensive income; or
- (c) fair value through profit or loss.

**Gains and losses**

A gain or loss on a financial asset or financial liability that is measured at fair value shall be recognised in profit or loss unless:

- (a) it is part of a hedging relationship;
- (b) it is an investment in an equity instrument and the entity has elected to present gains and losses on that investment in other comprehensive income;
- (c) it is a financial liability designated as at fair value through profit or loss and the entity is required to present the effects of changes in the liability's credit risk in other comprehensive income; or
- (d) it is a financial asset measured at fair value through other comprehensive income.

A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, reclassified through the amortisation process or in order to recognise impairment gains or losses.

A gain or loss on a financial liability that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

**Impairment of financial assets**

Impairment of financial assets at each reporting date, the fund assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has a reasonably estimated impact on the estimated future cash flow of the financial asset or the group of financial assets.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulties, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial restructuring and where observable data indicate that there is a measurable decrease in the estimated future cash flow, such as changes in arrears or economic conditions that correlate with defaults.

**Financial assets carried at amortized cost**

Financial assets carried at amortized cost, first the fund assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

**AXA MANSARD DOLLAR BOND FUND**  
**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

*Notes to the financial statements for the year ended 31<sup>st</sup> December, 2023 (continued)*

**3. Significant accounting policies (continued)**

**3.7 Financial assets and liabilities (continued)**

**Recognition and measurements (continued)**

**Financial assets carried at amortized cost (continued)**

If the fund determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flow (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flow is discounted at the original effective interest rate of the financial asset. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of profit and loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the interest rate used to discount the future cash flow for the purpose of measuring the impairment loss.

**Financial Liabilities**

**Classification and subsequent measurement of financial liabilities**

The fund shall classify all financial liabilities as subsequently measured at amortised cost, except for:

- a) financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.
- b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.
- c) financial guarantee contracts. After initial recognition, an issuer of such a contract shall (unless (a) or (b) applies) subsequently measures it at the higher of:
  - i. the amount of the loss allowance (impairment) and
  - ii. the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with
- d) commitments to provide a loan at a below-market interest rate. An issuer of such a commitment shall (unless (a) applies) subsequently measure it at the higher of:

**Liabilities designated as at fair value through profit or loss**

An entity shall present a gain or loss on a financial liability that is designated as at fair value through profit or loss as follows:

- a. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income and
- b. The remaining amount of change in the fair value of the liability shall be presented in profit or loss unless the treatment of the effects of changes in the liability's credit risk described in (a) would create or enlarge an accounting mismatch in profit or loss.

**AXA MANSARD DOLLAR BOND FUND**  
**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

*Notes to the financial statements for the year ended 31<sup>st</sup> December, 2023 (continued)*

**3. Significant accounting policies (continued)**

**3.7 Financial assets and liabilities (continued)**

**Financial Liabilities (continued)**

**Classification and subsequent measurement of financial liabilities (continued)**

**Assets measured at fair value through other comprehensive income**

A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified.

When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. If the financial asset is reclassified out of the fair value through other comprehensive income measurement category, the entity shall account for the cumulative gain or loss that was previously recognised in other comprehensive income in accordance with the provisions on reclassification of financial assets. Interest calculated using the effective interest method is recognised in profit or loss

**3.8 Cash and cash equivalents**

Cash and cash equivalents include notes and coins in hand, operating accounts with banks and highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Fund in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

**3.9 Provisions**

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

A provision for restructuring is recognised when the Fund has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

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



**AXA MANSARD DOLLAR BOND FUND**  
**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

*Notes to the financial statements for the year ended 31<sup>st</sup> December, 2023 (continued)*

**3. Significant accounting policies (continued)**

**3.10 Contingencies**

**(i) Contingent asset**

Contingent asset is a possible asset 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 entity.

A contingent assets is disclosed when an inflow of economic benefit is probable. When the realisation of income is virtually certain, then the related asset is not a contingent and its recognition is appropriate. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

**(ii) Contingent liability**

Contingent liability is a possible obligation that arises from past event 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 entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are assessed continually to determine whether an outflow of economic benefit has become probable.

**3.11 Unit holders balances**

Unit holder balances are redeemable on demand at an amount equal to a proportionate share of the unit portfolio's net asset value. The balances are carried at the redemption amount that is payable at the balance sheet date if the holder exercised their right to redeem the balances. The Fund's redeemable units meet conditions and are classified as equity. All transactions relating to the issue and redemption of redeemable units as well as distributions to holders of redeemable units are recognised in equity.

**3.12 Investment restrictions and allocations**

The Fund Manager shall ensure that all assets of the Fund be invested 100% in permissible instruments. The Fund's assets allocation is as follows:

Asset class	Percentage allocated (%)
Nigerian Sovereign and Corporate	70 – 90
Other Money Market investment	0 – 30
Cash	0 – 10

**3.13 Dividend distribution and reinvestment**

The net income (if any) of the Fund shall be distributed for the unitholders in line with the provisions of the trust deed and in accordance with applicable law and SEC rules and regulations.

Unitholders who elect to have the distributions reserves led in new units shall be entitled to an issue of new unit that shall be equal in value to the amount they otherwise would have received in cash as a distribution.

**AXA MANSARD DOLLAR BOND FUND**  
**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

*Notes to the financial statements for the year ended 31<sup>st</sup> December, 2023 (continued)*

**4. Financial risk management**

**Risk management objectives**

The Fund Manager adopts an encompassing Enterprise Risk Management (ERM) framework that considers risk from a comprehensive and integrated standpoint.

In carrying out the Fund's investment activities, the fund is exposed to a number of key risks, among which are:

- Market and Investment risk
- Liquidity risk
- Counterparty credit risk
- Regulatory and Compliance risk
- Operational risk
- Foreign exchange risk

The Fund Manager has an independent risk function which oversees risk exposure across the Group. The Group Risk Management function works closely with all business managers in order to address identified issues in a timely manner. In addition, the importance of risk management is stressed through periodic group-wide awareness activities, which include all members of staff, as well as a zero tolerance for violations of risk management guidelines.

**Market and Investment Risk**

Market risk is the risk of loss occurring as a result of unfavourable changes in market rates, such as foreign exchange rates, interest rates, equity prices, commodity prices, credit and implied volatilities of the market rates.

The Fund is exposed to market and investment risk through the Fund Manager's investing activities, which is carried out in accordance with approved investment guidelines and within strategic asset allocation as contained in the trust deed. Also an Investment Committee, which includes an independent member who serves as the Chairman, meets on a quarterly basis to review fund activities and performance as well as set operational strategy for each succeeding quarter. Identified exceptions are reported to the fund managers and the Fund Investment Committee in a timely manner.

The Fund's performance is assessed periodically and compared to relevant benchmarks and peer funds.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

**Foreign exchange risk:**

The Fund is not exposed to foreign exchange risk, all transactions are done in dollar USD, the non availability of forex impacted on the number of subscribers in the fund.

**Interest rate risk:**

Interest rate exposure is generated from investment in interest bearing securities such as bonds as well as placements with financial institutions, most of which are fixed rate instruments. The Fund Manager maintains relationships that help seek the best bargains with allowable counterparties and within allowable investment limits.

The Fund's exposure to interest rate risk is shown in its holdings in fixed income securities as reflected in note 11.

**AXA MANSARD DOLLAR BOND FUND**  
**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

*Notes to the financial statements for the year ended 31<sup>st</sup> December, 2023 (continued)*

**4. Financial risk management (continued)**

**Liquidity risk:**

Liquidity risk is the risk that the fund will be unable to efficiently meet its financial obligations as they fall due and without adversely affecting realisable amount on the fund's assets. Liquidity risk is managed on a daily basis by the Portfolio Manager. In order to meet client redemption requests, asset allocations are carefully and appropriately structured to ensure that the Fund is liquid at all times and that it has enough cash or cash equivalent that can be converted to cash immediately without any loss in the value when there is a new investment opportunities to exploit or an obligation to fulfil. In other to achieve the above ultimate objective, the fund invests principally in highly liquid equities that are quoted on the Nigeria Stock Exchange such that the Fund can convert those equities into cash as quickly as possible.

	Year ended		Period ended	
	31 <sup>st</sup> December, 2023	31 <sup>st</sup> December, 2023	31 <sup>st</sup> December, 2022	31 <sup>st</sup> December, 2022
	₦	\$	₦	\$
Cash and cash equivalents	1,869,394,493	2,078,506	668,356,150	1,449,482
Other financial assets	4,569,544,918	5,080,699	2,197,581,482	4,765,954
	<u>6,438,939,411</u>	<u>7,159,205</u>	<u>2,865,937,632</u>	<u>6,215,436</u>
	=====	=====	=====	=====

**Counterparty credit risk**

Credit risk is the risk of loss arising from a counter party's inability or unwillingness to fulfil contractual obligations to the Fund. Credit risk arises from cash placements and cash equivalent positions held in financial institutions, as well as other interest bearing investments in treasury bills and bonds.

Counterparties are chosen with utmost care following an assessment of their financial positions and other measures, such as available market information, so as to ascertain that these institutions are of sound financial health.

None of the balances were past due or impaired as at 31<sup>st</sup> December, 2023.

**Regulatory and Compliance risk**

Compliance risk is the risk from violations of, or non-conformance with laws, rules, regulations, prescribed practices, internal policies and procedures or ethical standards.

The Fund Managers operate strictly within the fund's risk profile as stipulated within the Trust Deed, and has a dedicated compliance unit as well as a registered Compliance Officer, so as to ensure that strict compliance with regulatory requirements as well as internal investment guidelines are enforced and monitored at all times. In addition, regulatory returns and disclosures are made as and when due.

**AXA MANSARD DOLLAR BOND FUND**  
**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

*Notes to the financial statements for the year ended 31<sup>st</sup> December, 2023 (continued)*

**4. Financial risk management (continued)**

**Operational Risk**

Operational risk is the risk of loss arising from inadequate or failed internal processes, people, systems and external events.

The Fund Manager manages operational risk using a well-established control framework, and tools such as Risk and Control Self-Assessment (RCSA) sessions, Internal Loss Data Collection (LDC), Issues Management and Whistle blowing. The Fund Manager uses a bespoke system, Operation Risk Manager, as well as other excel based templates for collecting, managing, monitoring and reporting operational risk.

Operational risk loss events are escalated and managed using a four-level escalation matrix depending on the amount of loss that may occur.

The ultimate aim of the Fund Manager's operational risk management activities is to improve operational efficiency as well as the quality of its service delivery to investors through:

- Improved processes and operational guidelines
- Minimising occurrence of avoidable risk events
- Creating group-wide risk awareness that guides behaviours and creates a careful approach to transaction handling and execution.

**5. Critical accounting estimates and judgements**

These disclosures supplement the commentary on financial risk management (see note 4) .

**(a) Key sources of estimation uncertainty**

**(i) *Determining fair value***

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

**(ii) *Allowance for impairment losses***

Financial assets accounted for at amortised cost are evaluated for impairment on a basis described in the significant accounting policy (note 3.7). The specific component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counter party's financial situation and the net realisable value on any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Investment and Risk Management function.

**AXA MANSARD DOLLAR BOND FUND**  
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*Notes to the financial statements for the year ended 31<sup>st</sup> December, 2023 (continued)*

**5. Critical accounting estimates and judgements (continued)**

**(a) Critical accounting judgements in applying the Fund's significant accounting policies**

**(i) Valuation of financial instruments**

The Fund's accounting policy on fair value measurements is discussed in note 3.6.

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

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted 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.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments 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 market prices or dealer price quotations. For all other financial instruments, the Fund determines fair values using valuation techniques.

**6. Financial assets and liabilities**

The Fund's significant accounting policies provide scope for financial assets and liabilities to be designated on inception into different accounting categories in certain circumstances as set out in note 3.7. Details of the Fund's classification of financial assets and liabilities are given below. The significance of the inputs used in making the measurements.

Indication, measurement basis and fair value. The table on page 29 sets out the Fund's classification of each class of financial assets and liabilities, and their fair values.

**AXA MANSARD DOLLAR BOND FUND**  
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*Notes to the financial statements for the year ended 31<sup>st</sup> December, 2023 (continued)*

**6. Financial assets and liabilities (continued)**

	Notes	Financial assets at amortised cost N	Other financial liabilities N	Total carrying amount N
Financial assets at amortised cost	10	4,569,544,918	-	4,569,544,918
Cash and cash equivalents	11	1,869,394,493	-	1,869,394,493
Other receivables	12	81,260,239	-	81,260,239
	13	6,520,199,650	-	6,520,199,650
Other payables		-	(430,539,924)	(430,539,924)
<b>31<sup>st</sup> December, 2023</b>		<b>6,520,199,650</b> =====	<b>(430,539,924)</b> =====	<b>6,089,659,726</b> =====
	Notes	Financial asset at amortised cost \$	Other financial liabilities \$	Total carrying amount \$
Financial assets at amortised cost	10	5,080,699	-	5,080,699
Cash and cash equivalents	11	2,078,506	-	2,078,506
Other receivables	12	90,350	-	90,350
		7,249,555	-	7,249,555
Other payables	16	-	(478,700)	(478,700)
<b>31<sup>st</sup> December, 2023</b>		<b>7,249,555</b> =====	<b>(478,700)</b> =====	<b>6,770,855</b> =====
	Notes	Financial assets at amortised cost N	Other financial liabilities N	Total carrying amount N
Financial assets at amortised cost	10	2,197,581,482	-	2,197,581,482
Cash and cash equivalents	11	668,356,150	-	668,356,150
Other receivables	12	37,187,530	-	37,187,530
		2,903,125,162		2,903,125,162
Other payables	13		(45,081,461)	(45,081,461)
<b>31<sup>st</sup> December, 2022</b>		<b>2,903,125,162</b> =====	<b>(45,081,461)</b> =====	<b>2,858,043,701</b> =====
	Notes	Financial asset at amortised cost \$	Other financial liabilities \$	Total carrying amount \$
Financial assets at amortised cost	10	4,765,954	-	4,765,954
Cash and cash equivalents	11	1,449,482	-	1,449,482
Other receivables	12	80,650	-	80,650
		6,296,086	-	6,296,086
Other payables	16	-	(97,769)	(97,769)
<b>31<sup>st</sup> December, 2022</b>		<b>6,296,086</b> =====	<b>(97,769)</b> =====	<b>6,198,317</b> =====

**AXA MANSARD DOLLAR BOND FUND**  
**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

*Notes to the financial statements for the year ended 31<sup>st</sup> December, 2023 (continued)*

**6. Financial assets and liabilities (continued)**

The fair value of the Fund's financial instruments comprising cash and cash equivalents, other receivables and un-invested fund deposits are not materially sensitive to changes in the market return rate because of the limited term to maturity of these instruments. As such, the carrying value of these financial assets and liabilities as at the reporting date approximate to their fair values.

The fair values of other financial instruments are based on the following methodologies and assumptions:

Financial assets at fair value through profit or loss and amortised cost.

The estimated fair values are generally based on quoted and observable market prices. Where there is no ready market in certain securities, fair values have been estimated by reference to market indicative yields or net tangible asset backing of the investee.

	Year ended		Period ended	
	31 <sup>st</sup>	31 <sup>st</sup>	31 <sup>st</sup>	31 <sup>st</sup>
	December,	December,	December,	December,
	2023	2023	2022	2022
	₦	\$	₦	\$
<b>7. Income from financial assets</b>				
Interest income from fixed deposit	41,509,372	61,589	5,391,605	12,630
Interest income from sovereign	158,750,341	235,545	106,700,953	249,956
Interest income from corporate bonds	99,908,888	148,239	105,754,052	247,737
Net discount on bonds	9,562,496	14,188	-	-
	<u>309,731,097</u>	<u>459,561</u>	<u>217,846,610</u>	<u>510,323</u>
	=====	=====	=====	=====

**8. Operating expenses**

Audit fees	3,572,049	5,300	2,280,726	5,343
SEC supervisory fee expenses	8,500,216	12,612	6,642,402	15,560
Other Expenses	5,147,741	7,638	3,570,224	8,364
Trustee fees	1,599,105	2,373	1,249,602	2,927
Custodian fees	1,827,548	2,711	1,428,114	3,345
Management fees	45,688,649	67,790	26,777,179	62,728
Net premium on bonds	-	-	15,112,858	35,403
	<u>66,335,308</u>	<u>98,424</u>	<u>57,061,105</u>	<u>133,670</u>
	=====	=====	=====	=====

**9. Taxation**

The Fund is exempt from paying income taxes under the current legislation for Taxation in Nigeria.

**AXA MANSARD DOLLAR BOND FUND**  
**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

*Notes to the financial statements for the year ended 31<sup>st</sup> December, 2023 (continued)*

	Year ended		Period ended	
	31 <sup>st</sup> December, 2023	31 <sup>st</sup> December, 2023	31 <sup>st</sup> December, 2022	31 <sup>st</sup> December, 2022
	₦	\$	₦	\$
<b>10. Financial assets at amortised cost</b>				
Sovereign bond	2,240,771,347	2,491,426	1,423,842,730	3,087,926
Corporate bond	2,328,773,571	2,589,273	773,738,752	1,678,028
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 <sup>st</sup> December,	4,569,544,918	5,080,699	2,197,581,482	4,765,954
	=====	=====	=====	=====

\* The financial assets at amortised cost represents Corporate and Sovereign bond.

	Year ended		Period ended	
	31 <sup>st</sup> December, 2023	31 <sup>st</sup> December, 2023	31 <sup>st</sup> December, 2022	31 <sup>st</sup> December, 2022
	₦	\$	₦	\$
<b>11. Cash and cash equivalents</b>				
Balances in current account	310,097,512	344,785	88,815,901	192,617
<b>Fixed income securities:</b>				
Fixed deposit*	1,559,296,981	1,733,721	579,540,249	1,256,865
	<hr/>	<hr/>	<hr/>	<hr/>
	1,869,394,493	2,078,506	668,356,150	1,449,482
	=====	=====	=====	=====

\* This represents funds placement with other financial institutions with an interest rate range between 5.75% to 7.00% and their placement with less than 90 days to maturity as at reporting date.

	Year ended		Period ended	
	31 <sup>st</sup> December, 2023	31 <sup>st</sup> December, 2023	31 <sup>st</sup> December, 2022	31 <sup>st</sup> December, 2022
	₦	\$	₦	\$
<b>12. Other receivables</b>				
Interest receivable on Sovereign bond	48,649,544	54,092	27,638,658	59,940
Interest receivable on Corporate bond	32,610,695	36,258	9,548,872	20,710
	<hr/>	<hr/>	<hr/>	<hr/>
	81,260,239	90,350	37,187,530	80,650
	=====	=====	=====	=====

<b>13. Other payables</b>				
Audit fee	4,766,783	5,300	2,463,556	5,343
Trustee fee	2,438,803	2,712	1,349,774	2,927
Management fee	60,970,013	67,790	28,923,719	62,728
Custodian fee	2,133,954	2,373	1,542,596	3,345
Other liabilities	6,869,492	7,638	3,626,939	7,866
SEC supervisory fee	3,024,964	3,363	7,174,877	15,560
Outstanding Settlement Debt	24,002,533	26,687	-	-
Dividend Payable	326,333,382	362,837	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	430,539,924	478,700	45,081,461	97,769
	=====	=====	=====	=====



**AXA MANSARD DOLLAR BOND FUND**  
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*Notes to the financial statements for the year ended 31<sup>st</sup> December, 2023 (continued)*

	31 <sup>st</sup> December, 2023 ₦	31 <sup>st</sup> December, 2023 \$	Period ended 31 <sup>st</sup> December, 2022 ₦	31 <sup>st</sup> December, 2022 \$
<b>14. Unitholders' fund</b>				
As at 1 <sup>st</sup> January	2,485,151,809	5,821,664	-	-
Subscription during the year	3,006,184,501	4,460,403	6,682,566,105	15,654,437
Redemption during the year	(2,619,164,454)	(3,886,165)	(4,197,414,296)	(9,832,773)
	<u>2,872,171,856</u> =====	<u>6,395,902</u> =====	<u>2,485,151,809</u> =====	<u>5,821,664</u> =====

**15. Retained Earnings**

In accordance with section 23 of the trust deed, net income of the fund shall be distributed to unit holders as dividend or reinvested in line with the provisions of the trust deed and in accordance with applicable law and sec rule and regulation

	31 <sup>st</sup> December, 2023 ₦	31 <sup>st</sup> December, 2023 \$	Period ended 31 <sup>st</sup> December, 2022 ₦	31 <sup>st</sup> December, 2022 \$
As at 1 <sup>st</sup> January	160,785,505	376,653	-	-
Profit for the year	243,395,789	361,137	160,785,505	376,653
Dividend	(244,542,040)	(362,837)		
As at 31 <sup>st</sup> December	<u>159,639,254</u> =====	<u>374,953</u> =====	<u>160,785,505</u> =====	<u>376,653</u> =====

**16. Net assets per unit:**

The net assets per unit is computed using the net asset value as at the reporting date divided by the 54,022.92 (2022: 49,988.69. ) units in existence as at the reporting date.

**17. Basic earnings per unit**

Basic earnings per unit is calculated by using the profit for the year divided by the 54,022.92 (2022: 49,988.69) units in existence at the end of the reporting year.

	31 <sup>st</sup> December, 2023 ₦	31 <sup>st</sup> December, 2023 \$	Period ended 31 <sup>st</sup> December, 2022 ₦	31 <sup>st</sup> December, 2022 \$
Basic earnings	4,505.42 =====	6.68 =====	3,216.44 =====	7.53 =====

**18. Related parties and other key contracts**

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

**(a) Management fee**

The Fund is managed by AXA Mansard Investments Limited ("The Fund Manager"), an investment management company incorporated in Nigeria and it is responsible for the investment decisions of the fund. The fund manager receives a management fee at an annual rate of 1% of the net assets value in line with the trust deed, however, 0.75% of net asset value was charged for the year. The management fee incurred during the year amounted to ₦ 45,688,649 (\$67,790) (2022: ₦ 26,777,179 (\$62,728)). The outstanding fee payable as at year end is ₦ 60,970,013 (\$ 67,790) (2022: ₦ 28,923,719(\$62,728)).

**AXA MANSARD DOLLAR BOND FUND**  
**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

*Notes to the financial statements for the year ended 31<sup>st</sup> December, 2023 (continued)*

**18. Related parties and other key contracts (continued)**

**(b) Trustee fee**

The Fund has engaged the services of UTL Trust Management Services ("the trustee") as the trustee to the Fund to provide trustee services to the Fund for a fee.

The Trustee's fee for the year ended 31<sup>st</sup> December, 2023 is based on 0.035% of the fund's net asset value subject to review with the consent of the trustee and the fund manager in accordance with the provision of the trust deed. This amounted to ₦ 1,599,105 (\$ 2,373) (2022: ₦ 1,249,602 (\$2,927)) for the period under review. The outstanding fee payable as at 31<sup>st</sup> December, 2023 is ₦ 2,438,803 (\$ 2,712) (2022: ₦ 1,349,774 (\$2,927))

**(c) Custodian fee**

The Fund engaged the services of Standard Chartered Nigeria limited as Custodian for a fee. Total custodian fees for the year under review amounted to ₦ 1,827,548 (\$2,712) (2022: ₦ 1,428,114 (\$3,345)). The outstanding fee payable as at year end is ₦ 2,133,954 (\$2,373) (2022: ₦ 1,542,596 (\$3,345)).

**(d) Fund manager – AXA Mansard Investments Limited**

In line with the rule of Securities and Exchange Commission, the Fund Manager, AXA Mansard Investments Limited holds 674.72 (2022: 2,185.26) units of the fund as 31<sup>st</sup> December, 2023.

**(e) Sec annual supervisory fees**

This relates to an annual supervisory fee of 0.2% of the net asset value of the fund payable to the Securities and Exchange Commission (SEC). The charge for the year was ₦ 8,500,216 (\$ 12,612) (2022: ₦ 6,642,402 \$ 15,560) and the amount payable as at 31<sup>st</sup> December 2023 was ₦ 3,024,964 \$ 3,363 (2022: ₦ 7,174,877 \$ 15,560).

**19. Compliance with regulatory bodies**

The Fund did not contravene any regulation of the Investment and Securities Act or relevant circulars issued by the Securities and Exchange Commission.

**20. Events after the reporting period**

There was no significant event after the reporting date which would have any material effect on the financial statement of the fund as at 31<sup>st</sup> December 2023 that have not been taken into account in the preparation of the financial statements.

**AXA MANSARD DOLLAR BOND FUND**  
**(MANAGED BY AXA MANSARD INVESTMENTS LIMITED)**

**Statement of value added for the year ended 31<sup>st</sup> December, 2023**

	31 <sup>st</sup> December, 2023 N	Year ended %	31 <sup>st</sup> December, 2023 \$	%
Gross income	309,731,097		459,561	
Less: Bought in materials and services	(8,719,790)		(12,938)	
	<u>301,011,307</u> =====	<u>100</u> ===	<u>446,623</u> =====	<u>100</u> ===
Applied in the following ways:				
<b>To pay related and other contract:</b>				
Management fees	45,688,649	15	67,790	14
Trustee fees	1,599,105	1	2,711	1
Custodian fees	1,827,548	1	2,373	1
SEC supervisory fees	8,500,216	3	12,612	3
<b>To provide for the maintenance of the capital:</b>				
Profit retained for the year	243,395,789	80	361,137	81
	<u>301,011,307</u> =====	<u>100</u> ===	<u>446,623</u> =====	<u>100</u> ===
	31 <sup>st</sup> December, 2022 N	Period ended %	31 <sup>st</sup> December, 2022 \$	%
Gross income	217,846,610		510,323	
Less: Bought in materials and services	(20,963,808)		(44,392)	
	<u>196,882,802</u> =====	<u>100</u> ===	<u>465,931</u> =====	<u>100</u> ===
Applied in the following ways:				
<b>To pay related and other contract:</b>				
Management fees	26,777,179	14	67,446	14
Trustee fees	1,249,602	1	2,927	1
Custodian fees	1,428,114	1	3,345	1
SEC supervisory fees	6,642,402	3	15,560	3
<b>To provide for the maintenance of the capital:</b>				
Profit retained for the period	160,785,505	81	376,653	81
	<u>196,882,802</u> =====	<u>100</u> ===	<u>465,931</u> =====	<u>100</u> ===