

UBA Bond Fund

annual report & accounts 2008

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Notice of Meeting

NOTICE IS HEREBY GIVEN that the 1st Annual General Meeting of the UBA Bond Fund will be held at the Protea Hotel, Lekki, Lagos, Lagos State on July 09, 2009 at 10.30am to transact the following ordinary business:

1. To receive and consider the Audited Financial Statements for the period ended 31 March 2008 and the report of the Manager thereon.
2. To declare a distribution.
3. To authorize the Managers to appoint and fix the remuneration of the Auditors for the ensuing year.

AND THE FOLLOWING SPECIAL BUSINESS

To consider and if thought fit pass the following resolutions to be proposed and passed as Special Resolutions:

That the Trust Deed dated 23 May 2006 between UBA Asset Management Limited and Union Trustees Limited ("The Trust Deed") shall be amended as follows:

- (i.) By the replacement of clause 16 (C) of the Trust Deed with a new clause 16(C) as stated below:

Old Clause

"The value of the part of the Fund so invested in the shares of a particular company to exceed one-twentieth of the total value of the Fund"

New Clause

"The value of the part of the Fund so invested in the shares of a particular company to exceed one-tenth of the total value of the Fund"

- (ii) The amendment of the text of clause 27.4.2 of the Trust Deed (which relates to incentive fee payable to the manager) such that the sub-clause shall after amendment read as follows:

Clause 27.4.2

"an annual incentive fee of not exceeding 20% of the total returns in excess of 10% of the Funds net asset value.

- (iii.) By the replacement of clause 4.2 and 12.1 of the Trust Deed (which relates to proportions of asset allocation) with a new clause 4.2 and 12.1 as shown in the table hereunder:

Asset Class	Allocation Proportion
Federal, State Government	
And Corporate Bonds	Min: 60% Max: 90%
Money Market Instruments	Min: 10% Max: 40%

Dated this 18th day of June, 2009

BY ORDER OF THE MANAGER

Sam Adikamkwu

Company Secretary
57 Marina, Lagos.

Notes:

1. A Unit-holder entitled to attend and vote may appoint a proxy to attend and vote instead of himself/herself/itself. A proxy need not be a Unit-holder.
2. All proxies should be stamped by the Commissioner of Stamp Duties and should be deposited at the office of the Fund Manager, UBA Asset Management Limited, UBA House (9th Floor) 57 Marina, Lagos not less than 48 hours before the time fixed for the meeting.

Distribution Warrants:

If the distribution proposed by the fund Manager is approved at the meeting, distribution warrant will be distributed to Unit-holders whose names appear on the Register of Unit-holders as at close of business on 3 July 2009.

STATEMENT OF TOTAL RETURNS

For the period ended 31 March 2008

	N'000
Interest Income	501,821
Other Income	1,999
Total Investment Income	503,820
Operating Expenses	(128,586)
Net Income	375,234
Proposed Distribution	201,353

Closure of Register:

The register of Unit-holders and Transfer Books of the UBA Bond Fund will be closed on 29 June to 3 July 2009 for the purpose of ascertaining the Unit-holders that qualify for the proposed distribution for the period ended 31 March 2008.



FUND MANAGER'S REPORT

BACKGROUND INFORMATION OF THE FUND

The UBA Bond Fund is an actively managed open-ended unit trust scheme whose main objective is to achieve consistent income streams through investment in a select portfolio of securities and instruments by investing a minimum of 80% of the assets in Federal, State and corporate bonds. The Fund invests a maximum of 20% of total assets in high quality money market securities to enhance liquidity.

The UBA Bond Fund which was launched in September 2006 is registered with the Securities and Exchange Commission and is listed by memorandum on the Nigerian Stock Exchange.

The UBA Bond Fund is managed by UBA Asset Management Limited (UAML), a wholly owned subsidiary of United Bank for Africa Plc.

REVIEW OF THE BONDS MARKET

The bond market witnessed a major growth in all its parameters following the commencement of trading in the secondary market for FGN bonds to create and develop vibrant and liquid bond market.

The Debt Management Office on behalf of the FGN offered a total of N592 billion worth of FGN bonds in 2007 up by 47% from a total of N402.65 billion offered in 2006. Comparing tenor to tenor, the bonds issued in 2007 received lower coupon than the bonds issued in 2006. The ten-year tenored bond introduced during the period under review also received huge subscription levels from both local and foreign investors.

The lowest coupon rate on 3-year bonds issued in 2006 was 12%. The decline in the coupon rates in 2007 compared with the coupon rates on bonds issued in 2006 can be attributed to the declining interest rate in the economy. The drop and stability in inflation rate also helped to increase real yield on the bonds and therefore a drop in the coupon rates.

However, the coupon rates on the bonds issued in the third quarter of 2007 earned relatively higher coupon rates because of CBN's effort to make bonds more attractive to investors and thereby reduce liquidity injection.

REVIEW OF MONEY MARKET

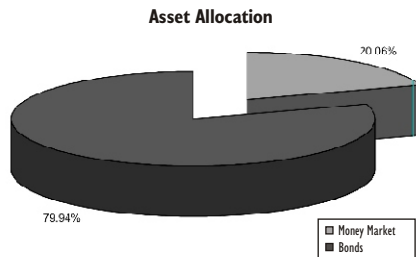
During the period under review, interest rates on money market securities moved in tandem with the inflow of funds and the Monetary Policy Rate. As part of liquidity management strategy, the CBN in its first meeting of 2008, retained the MPR at 9.5% in order to drive core inflation down to single digit. Interest rates across all tenors hovered around 18% at the close of first quarter 2008.

At the foreign exchange market, the value of the Naira appreciated steadily due to the country's favourable balance of payment position and the lower demand pressure on foreign exchange. The Naira

exchange rates for the Dollar ranged from N116 - N118 at the official market.

ASSET ALLOCATION OF THE FUND

As at March 31, 2008, 79.94% of the funds were invested in bonds while the balance of 20.06% was invested in money market securities.



PERFORMANCE OF THE FUND

The Fund recorded a net income of ₦= 375.2 million for the period. Net income per unit holder stood at 19kobo/share. The Fund achieved a return of 12.67% per annum compared to 14.83% projected for 2008.

BONDS MARKET OUTLOOK

We expect the DMO to continue with the issuance of FGN bonds of various tenors with improved coupon rates in anticipation of a rise in inflation rate. We project the coupon rates for the bonds to range from 9% - 15%.

The OTC bond market is expected to remain active as a result of increased patronage by local and foreign investors.

MONEY MARKET OUTLOOK

We expect an upward review of the MPR from 9% to 10% as an attempt by the CBN to bring down the inflationary pressure in the economy.

Interest rates are expected to trend upward as banks compete aggressively to mobilize funds in preparation for the December year-end.

We project a stable exchange rate of N116 - N117 for the Dollar at the official market.

STATEMENT OF FUND MANAGER'S RESPONSIBILITIES

The responsibilities of the Manager to the Fund are as follows:

1. To carry on and conduct the business of the Fund in a proper and efficient manner and in particular, to diligently carry out the purpose for which Units are issued.
2. To act with prudence in relation to all moneys and accounts kept for the purpose of the Fund.
3. To keep proper books of accounts and prepare financial statements for the Fund and therein make true and proper entries of all affairs.
4. To issue jointly with the Trustees, certificates evidencing the purchase of Units of the Fund.
5. To invest the portfolio pool in a manner consistent with the investment objective of the Fund and investment guidelines.
6. To pay out of the Fund all expenses incurred or to be met in connection with the management of the Fund.
7. To appoint, with the consent of the Trustees, the Auditors to the Fund.
8. To make periodic returns to the Securities and Exchange Commission as may be specified from time to time.
9. To periodically avail unit-holders with information relating to the performance of the Fund
10. To convene Annual General Meeting of the Fund.

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trustees responsibilities to the Fund are as follows:

1. To jointly issue (with the Manager) certificates evidencing ownership of units of the Fund.
2. To ensure there is a legal separation of the Funds assets and that the legal entitlement of investors to such assets is assured.
3. To ensure that the management of the Fund is carried out in accordance with the Trust Deed and the Investment and Securities Act.
4. To enquire into and prepare a report on the administration of the Fund by the Manager during each accounting year.
5. To grant its consent to the appointment of the Auditors for the Fund.
6. To send copies of the Annual Accounts of the Fund to all unit-holders.
7. To make the Trust Deed available for inspection by the unit-holders during normal business hours at its Head Office.
8. To consent to the convening of General Meeting of the Fund.
9. To Chair or nominate the Chairman at every General Meeting convened for the Fund.
10. To approve the Form of Proxy used for Meetings.

REPORT OF THE TRUSTEES

For the Period Ended 31 March, 2008

The Trustees present their report on the affairs of the UBA Bond Fund ("the Fund") together with the Auditors Report and Financial Statements for the period ended 31 March 2008.

Principal Activities and Business Review:

The Fund opened for subscription on 5th June 2006 and commenced investment activities in October 2006.

The Fund was registered under the Collective Investment Scheme by the Securities and Exchange Commission in accordance with the provisions of Section 160 of the Investments and Securities Act [2007] to provide investors and/or their beneficiaries and dependants with long-term capital appreciation and income distribution through investment in a select portfolio of securities and instruments specified in Clause 4.2 of the Trust Deed.

The Fund is listed by memorandum on the floor of the Nigerian Stock Exchange and maintains its assets separate from the assets of the Manager.

Performance of the Fund:

The performance of the Fund as a function of its net asset value is as follows:

31 March 2008
N '000

Net Asset Value 2,180,224

There were 21 additional investors to the Fund while 291 Unit-holders withdrew their investments from the pool. A total 9,153,313 Units were allocated while 59,700,424 Units were redeemed during the period.

Operating Results:

31 March 2008
N '000

Net Income for the period 375,234

Proposed Dividend 201,353

The proposed dividend translates to 10K per unit.

Parties to the Fund:

The following are the parties to the Fund:

Union Trustees Limited	-	Trustees
UBA Asset Management Limited	-	Managers
UBA Registrars Limited	-	Registrars
Akintola Williams Deloitte	-	Auditors

BY ORDER OF THE TRUSTEES

Union Trustees Limited
160/162 Broad Street
Lagos Island
Lagos.



Henry Onyemem
June 2009

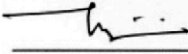


CERTIFICATION OF THE ACCOUNTS

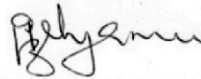
BY THE DIRECTORS OF THE FUND MANAGER

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

1. Transferred units to another person for sale, resale or subsequent transfer to the Manager for sale or resale;
2. Acquired or disposed of investments for account of the Trust otherwise than through a recognized Stock Exchange except where such Investment consist of money market instruments or cash deposits; or
3. Acquired units for a price higher than the prevailing bid price; or
4. Disposed of units for a price lower than the prevailing offer price.



Director
UBA Asset Management Limited



Director
UBA Asset Management Limited

REPORT OF THE INDEPENDENT AUDITORS TO THE UNIT HOLDERS OF UBA BOND FUND

We have audited the financial statements of **UBA Bond Fund** as at 31 March 2008 on pages 2 to 9 which have been prepared on the basis of the significant accounting policies set out on page 2 and other explanatory notes on pages 7 to 9.

Fund Managers' Responsibility for the Financial Statements

The Fund Managers are responsible for the preparation and fair presentation of these financial statements in accordance with the Investments and Securities Act CAP S124 LFN 2007. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

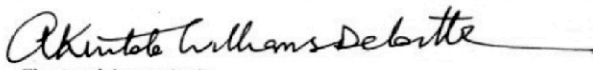
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by fund managers, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the Fund has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Investments and Securities Act CAP S124 LFN 2007. The financial statements give a true and fair view of the financial position of **UBA Bond Fund** as at 31 March 2008, and of its financial performance and its cash flows for the period then ended in accordance with the Statement of Accounting Standards issued by the Nigerian Accounting Standards Board, the rules and regulations issued by the Securities and Exchange Commission, and the Trust Deed.



Chartered Accountants
Lagos, Nigeria

12 February, 2009



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Member of Deloitte Touche Tohmatsu

STATEMENT OF TOTAL RETURN

For the period ended 31 March 2008

	Notes	18 Months to 31-Mar 2008 N'000
Interest income	2	501,821
Other Income		<u>1,999</u>
Total Income		503,820
Operating expenses	3	<u>(128,586)</u>
Net income before taxation		375,234
Taxation	4	<u>-</u>
Net income after taxation		375,234
Proposed Distribution	5	<u>(201,353)</u>
Net increase in Unitholders' funds from investment activities		<u>173,881</u>

STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the period ended 31 March 2008

		2008 N'000
Net assets as at 1 October 2006	9	2,064,076
Amounts received on creation of units		11,222
Amounts paid on cancellation of units		<u>(68,956)</u>
		2,006,342
Net increase in Unitholders' funds from investment activities		<u>173,881</u>
Net assets as at 31 March 2008	9	<u>2,180,224</u>

The accounting policies on page -- and the notes on pages -- to -- form an integral part of these financial statements.



PORTFOLIO STATEMENT

As at 31 March 2008

	Market value N'000	Percentage of net assets
Fixed Income Securities	1,853,125	79.94%
Money market investments	465,000	20.1%
Total Investment	2,318,125	100%



BALANCE SHEET

As at 31 March 2008

	Notes	2008 N'000
Bank balance		32,917
Money market investments	6	465,000
Fixed Income Securities		1,853,125
Debtors	7	<u>83,094</u>
Total assets		2,434,136
Creditors	8	<u>(253,912)</u>
Net assets		<u>2,180,224</u>
Represented by:		
Unitholders' equity		2,006,342
Retained earnings	9	<u>173,881</u>
Unitholders' funds		<u>2,180,224</u>

The accounting policies on page -- and the notes on pages -- to -- form an integral part of these financial statements.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below:

a. **Basis of accounting**

The financial statements are prepared in compliance with Nigerian Statements of Accounting Standards (SAS). The financial statements are presented in the functional currency, Nigerian Naira (N) rounded to the nearest thousand and prepared under the historical cost convention.

b. **Income recognition**

- i. Interest
Interest income is recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

1 THE UBA BOND FUND

The operation of the UBA Bond Fund ("The Fund") commenced in September 2006. The Fund is an open-ended unit trust or mutual fund scheme, which provides unit holders access to Investment in approved portfolio. It is under the management of UBA Asset Management Limited with Union Trustees Limited as Trustees.

	2008
	N,000
2 INTEREST INCOME	
Bankers Acceptance	12,838
Commercial Papers	49,934
Call deposit	4,684
Bond	433,845
Bank interest	520
	<u>501,821</u>
3 OPERATING EXPENSES	
Manager's fees (See note 14)	38,302
Trustee fee	750
Registrar's fees	616
Auditors' remuneration	1,000
Initial Public Offer expenses	86,113
Others	1,805
	<u>128,586</u>
4 TAXATION	
Tax attributable to franked investment income	<u>0</u>
The Fund is exempt from paying capital gains tax.	
5 DISTRIBUTION	
Number of units as at 31 March	<u>2,013,528,888</u>
Distribution per unit (N/unit)	<u>0.10</u>
Total distribution (N'000)	<u>201,353</u>

The Fund intends to distribute income in the form of dividends at N0.10 per unit. The profit after distribution will be reinvested in the Fund.

NOTES TO THE FINANCIAL STATEMENTS

6 MONEY MARKET INVESTMENT

These comprise of short term money market investment with Nigerian banks and financial institutions.

7 DEBTORS

Balance represents interest receivable on Federal Government Bonds as at period ended.

	2008 N'000
8 CREDITORS	
Accrued expenses	49,344
Due to Fund Manager	106
Distribution payable	201,353
Taxation Payable	16
Other creditors	3,095
	253,912

9 UNITHOLDERS' FUNDS

	No of units	Unitholders Bond N'000	Retained earnings N'000	Total N'000
Balance as at 1st September 2006	2,064,076,000	2,064,076	-	2,064,076
Amounts received on creation of units	9,153,313	11,222	-	11,222
Amounts paid on cancellation of units	(59,700,424)	(68,956)	-	(68,956)
Transfer from statement of total return	-	-	173,881	173,881
	2,013,528,888	2,006,342	173,881	2,180,224

10 STATISTICAL INFORMATION

	2008
Gross income (N'000)	503,820
Number of units	2,013,528,888
Gross income per Unit (N)	0.25

11 RELATED PARTY TRANSACTIONS

During the period, the following related party activities existed:

UBA Asset Management Limited (UAML) acted as the Fund Manager during the period.

UBA Plc provided banking services to the Fund.

Units held by related parties:

Parties related to the manager held units in the Fund as at the end of the period are as follows:

	Number of Units
UBA Global Market Limited	200,000,000
UBA Staff Pension Fund	124,000,000

These transactions were done at arm's length.



NOTES TO THE FINANCIAL STATEMENTS

15 MANAGEMENT AND INCENTIVE FEES

Management Fees	2008 N'000
1st Quarter	8,587
2nd Quarter	5,342
3rd Quarter	5,669
4th Quarter	5,914
5th Quarter	6,360
6th Quarter	6,430
Total	<u>38,302</u>

Management & Incentive Fees

The management fee for the period ended 31 March 2008 is calculated as 1% of the net asset value of the fund based on the offer price, payable quarterly in arrears. The total quarterly Management fees earned for the period is N 38.30 Million. This represents 5% of the Gross income for the year.

STATEMENT OF VALUE ADDED

	2008 N'000	%
Net earnings	503,820	
Value added	503,820	100
Applied as follows:		
Fund manager and other parties to the fund	128,586	26
Government as taxes	-	-
Unit holders dividend	201,353	40
Retained earnings	173,881	35
Value added	503,820	100

MANAGEMENT AND ADMINISTRATION

The Fund has no employees of its own

Directors of the Fund manger

Tony Elumelu
Abdulrahman Yinusa
Chika Mordi
Suzanne Iroche
Godwin Ize-Iyamu
Emmanuel Nnorom

Manager

UBA Asset Management Limited
Head Office/ Lagos Office
9th Floor, UBA House
57 Marina, Lagos.
P. O. Box 75524, Victoria Island,
Lagos
Telephone: (01) - 2807437; 2807774
E-Mail: ubaassetmgt@ubagroup.com
Website: www.ubaassetmgt.com

Auditors

Akintola Williams Deloitte
(Chartered Accountants)
235, Ikorodu Road
Ilupeju
Lagos.

Registrars

UBA Registrars Limited
97/105, Broad Street
Lagos Island
Lagos

Trustees

Union Trustees Limited
160/162, Broad Street
Lagos Island
Lagos







**UBA BOND FUND
MANAGED BY UBA ASSET MANAGEMENT LIMITED**

PROXY CARD

I/We
of
Being a holder/holders of Units in UBA Bond Fund hereby appoint of
..... or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our
behalf as he deems fit or as specified in the boxes below in relation to the resolutions to be submitted to the unitholders at the Annual General Meeting of
the Fund to be held on Thursday, the 9th of July, 2009 and at any adjournment thereof:
Dated this day of, 2009.
Signature(s) of Unitholder(s) No. of Units:

That the Trust Deed dated 23 May 2006 between UBA Asset Management Limited and Union Trustees Limited ("The Trust Deed") be amended as follows:

S/N	Resolutions	For	Against								
1	<p>The replacement of clause 16(C) of the Trust Deed with a new clause 16(C) as stated below;</p> <p>Old Clause "the value of the part of the Fund so invested in the shares of a particular company to exceed one-twentieth of the total value of the fund".</p> <p>New Clause "the value of the part of the Fund so invested in the shares of a particular company to exceed one-tenth of the total value of the fund".</p>										
2	<p>The amendment of the text of clause 27.4.1 and 27.4.2 of the Trust Deed (which relates to management and incentive fee payable to the manager) such that the sub-clause shall after amendment read as follows:</p> <p>Clause 27.4.1 "an annual management fee of 1.5% of the Net Asset Value of the Fund. The Management Fee shall be subject to any increase consented to by the Trustee and the commission; and"</p> <p>Clause 27.4.2 "an annual incentive fee of not exceeding 20% of the total returns in excess of 10% of the Funds net asset value.</p>										
3	<p>The replacement of clause 4.2 and 12.1 of the Trust Deed (which relates to proportions of asset allocation) with a new clause 4.2 and 12.1 as shown in the table below:</p> <table border="1"> <thead> <tr> <th colspan="2">UBA Bond Fund</th> </tr> <tr> <th>Asset Class</th> <th>Proportion of Asset Allocation</th> </tr> </thead> <tbody> <tr> <td>Federal and State Government and Corporate Bonds</td> <td>Min: 60% Max: 90%</td> </tr> <tr> <td>Money Market Instruments</td> <td>Min: 10% Max: 40%</td> </tr> </tbody> </table>	UBA Bond Fund		Asset Class	Proportion of Asset Allocation	Federal and State Government and Corporate Bonds	Min: 60% Max: 90%	Money Market Instruments	Min: 10% Max: 40%		
UBA Bond Fund											
Asset Class	Proportion of Asset Allocation										
Federal and State Government and Corporate Bonds	Min: 60% Max: 90%										
Money Market Instruments	Min: 10% Max: 40%										



