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POSITIONED FOR GROWTH

ANNUAL REPORT 2015

POSITIONED FOR GROWTH

THE NIGERIA SOVEREIGN INVESTMENT AUTHORITY ("NSIA" OR "AUTHORITY") IS THE MANAGER OF NIGERIA'S SOVEREIGN WEALTH FUND. IT WAS ESTABLISHED AS AN INDEPENDENT INVESTMENT INSTITUTION BY AN ACT OF THE NATIONAL ASSEMBLY IN MAY 2011.

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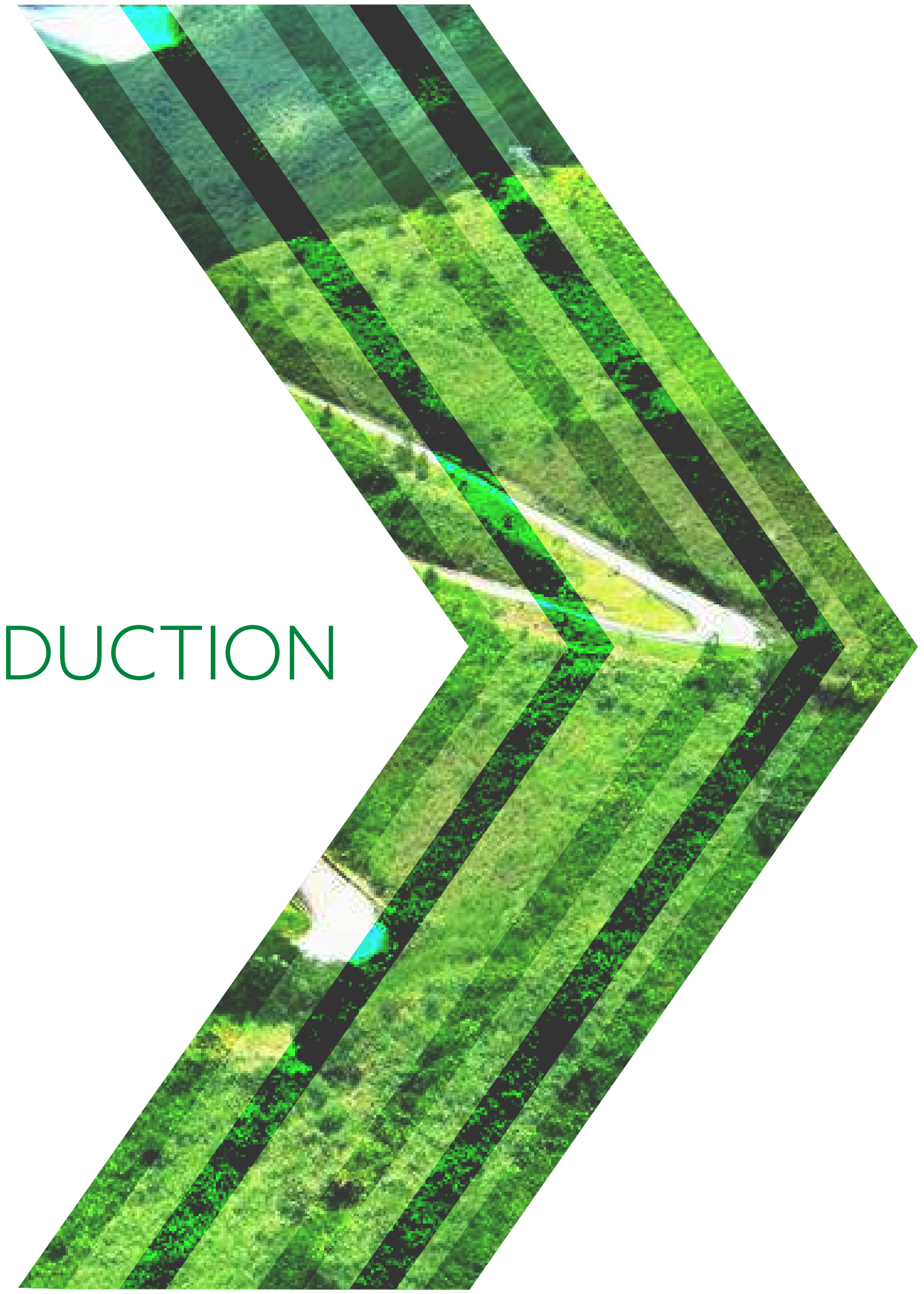


INTRODUCTION

THE NSIA IS AN INVESTMENT INSTITUTION OF THE FEDERATION SET UP TO MANAGE FUNDS IN EXCESS OF BUDGETED HYDROCARBON REVENUES

About the NSIA

The Nigeria Sovereign Investment Authority ("NSIA" or "The Authority") derives its mandate from the Nigeria Sovereign Investment Authority (Establishment, etc.) Act 2011 which was signed into law on 25 May 2011.

NSIA's core mandates is to receive, and manage funds on behalf of the three (3) tiers of government. NSIA invests the funds in a diversified portfolio of medium and long-term assets. The Authority also aims to catalyse co-investment from strategic investors, while also managing third-party funds on behalf of other government institutions.

Based on the mandates stipulated in the Act, the NSIA operates three (3) ring-fenced funds namely; the Stabilisation Fund, the Future Generations Fund and the Nigeria Infrastructure Fund. Through these funds, the Authority seeks to play a leading role in driving sustained economic development for the benefit of all Nigerians through building a savings base for the Nigerian people, enhancing the development of Nigeria's infrastructure and providing stabilisation support in times of economic stress.

The Authority manages three (3) ring-fenced funds:

- **Future Generations Fund (FGF):**
This fund was established to build a savings base for the Nigerian people. The objective of the FGF is to preserve and grow the value of assets transferred into it. This is done by investing in a diversified portfolio of growth assets.

- **Nigeria Infrastructure Fund (NIF):**
The aim of this fund is to enhance the development of infrastructure, primarily through investments in domestic infrastructure projects that meet targeted financial and social returns.

- **Stabilisation Fund (SF):**
This fund was created to provide stabilisation support in times of economic stress. The assets are invested conservatively to strike a balance between generating a modest positive return and preserving capital in nominal terms.

CHIEF EXECUTIVE'S REVIEW

It is my pleasure to present the 2015 Annual Report of the Nigeria Sovereign Investment Authority (NSIA).

As many would agree, 2015 was indeed challenging for both the Nigerian and global economies. On the global front, a steep decline in commodity prices, weak GDP growth and deflation in some advanced countries led to a slowdown in corporate earnings growth, a key driver of the equities market. To curtail the effects of these developments, some central banks such as the European Central Bank (ECB) and Bank of Japan (BOJ) reduced interest rates to record low levels. Some central banks such as the Swiss National Bank (SNB) cut rates into negative territories to stimulate their ailing economies.

Conversely, the US Federal Reserve indicated a possible hike in rates in the last quarter of the year which adversely affected many emerging markets due to the ensuing capital flight. These, along with general market apprehensions, fueled market volatility. Against this backdrop, equity markets witnessed significant sell-offs which impeded equity performance as investor apathy remained high throughout the year.

Headwinds arising from the global oil supply glut resulted in sharp declines in oil prices, which adversely affected Nigeria's revenues, stifling growth and fueling foreign exchange illiquidity.

In spite of these developments, NSIA's diversified asset strategy helped to mitigate the impact of weak market conditions. NSIA's strategy and its choice of managers shielded the its funds from significant losses. In view of this, I am pleased to report that in the year under review, the Authority recorded a moderately positive result. The following are some notable milestones:

- total comprehensive income increased to N26.3 billion, representing a 67% growth;
- investment income grew by 47% to close at N5.8 billion;
- total assets recorded a growth of 20% to N213.66 billion at year end;
- US$250 million additional capital was approved for allocation to the Authority.
- total commitment to private equity (PE) fund managers increased to 24 (with the on-boarding of five (5) private equity fund managers within the period; four (4) of whom are Nigeria-based); and
- co-investment collaborations with other institutional investors increased significantly and helped to strengthen the infrastructure intervention framework.

Transparency and Governance
In the year under review, the Authority upheld its strong commitment to the Santiago principles of transparency and governance. In this regard, the Authority retained its top quartile position on the Linaburg-Maduell Transparency Index.

Result in Detail
In accordance with the NSIA Act, the Stabilisation Fund, the Future Generations Fund and the Nigeria Infrastructure Fund continue to serve as the vehicles for the Authority's operations. The capital allocation ratio remains unchanged at 20:40:40, respectively.

Stabilisation Fund (SF)
Given that liquidity and capital preservation are the main objectives of the SF, NSIA retained an asset allocation mix of 36% growth assets and 64% in hedge assets. At year end 2015, the SF position remained unchanged as the fund is fully invested.

Future Generations Fund (FGF)
The objective of the FGF is to provide future generations of Nigerians with a solid savings base for such a time as when the country's hydrocarbon reserves are exhausted.

In line with the Authority's diversified asset strategy, the asset allocation of the FGF remained evenly apportioned across global public equities, private equity, hedge funds and 'other diversifiers' (which are investments designed to reduce correlation with other asset classes). The FGF has a long-term investment horizon with asset classes structured to generate higher risk adjusted returns, with the corresponding illiquidity in some cases.

Chart 1.1 Statement of Comprehensive Income

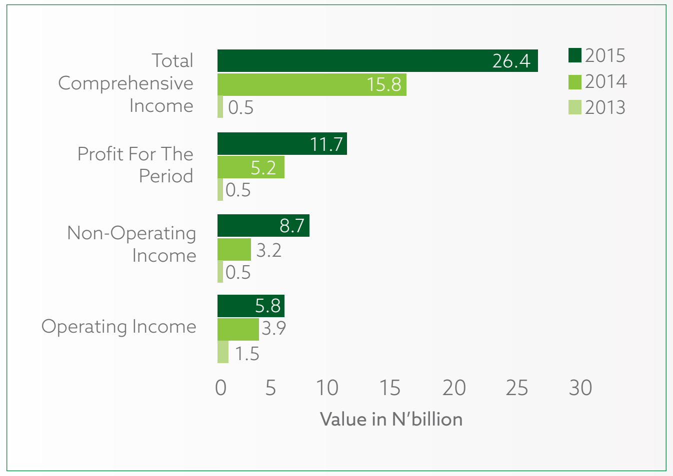
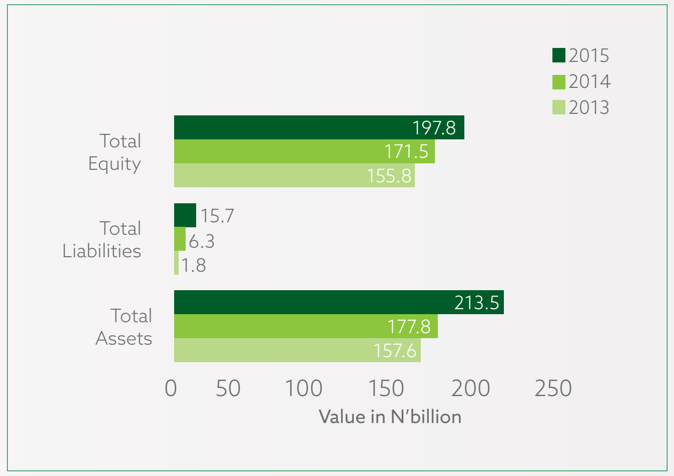


Chart 1.2 Statement of Financial Position



As of December 2015, the Authority had deployed 74.3% capital across all the strategic asset classes for the FGF. The Authority was successful in protecting its capital in what was considered a harsh and volatile market environment where equities and bonds in many leading economies suffered declines. The decision to invest in alternative asset classes proved beneficial in 2015 particularly because it ensured that the Authority's portfolio was relatively immune from market volatility at a time when traditional asset classes suffered significant declines. Alternative assets targeted by the FGF mainly included hedge funds and private equities, both of which in aggregate held up well during the period under review. During the year, five (5) additional private equity fund managers were approved, four (4) which are largely Nigeria/Africa focused. The new managers are; Africa Capital Alliance Limited, Actis GP LLP, Falko RAOF GP Limited, Synergy Private Equity Fund LP and Verod Capital Management.

Nigeria Infrastructure Fund (NIF)
For the NIF, the Authority continued to implement the five-year infrastructure investment rolling plan (the Five-Year Plan), which is now in its third year of execution. Having due regard for the need to balance the Authority's financial returns and national developmental objectives, NSIA concentrated its efforts on the five key focus sectors identified for infrastructure investments; namely, agriculture, healthcare, motorways, power and real estate. Investments were made with detailed multi-stage project due-diligence supervised by the Authority's investment professionals. Highlights of activities undertaken across these sectors are:

- **Agriculture**
  The Ogun State Government (Ogun State), in partnership with NSIA and Lafarge Africa Plc, signed a Memorandum of Understanding for the joint development of Ogun State Forest Landscape Restoration Project. The project's goal is to transform 108,000 hectares of heavily degraded land into an arable green area for agriculture and related opportunities. The project combines land restoration with business development objectives by applying the latest findings of agro-ecology and agro-forestry.

  In addition to the successes recorded by the Authority in co-sponsoring the Fund for Agricultural Finance in Nigeria (FAFIN), the NSIA has also committed to other agriculture funds to be launched in 2016.

- **Healthcare**
  Within the period under review, the Authority advanced its healthcare investment programme, which involves the development of five modern medical diagnostic centres and a specialist hospital across the six geopolitical regions of the country. NSIA has approached 14 federal healthcare institutions across the country and signed Memoranda of Cooperation (MOC) with seven (7). The Authority signed a binding agreement with a consortium of private sector diagnostic centre operators to develop, construct and operate the diagnostic centres. NSIA envisages that this will bring best-in-class technical expertise to the process and enhance overall service delivery.

  The first phase of the programme includes the Federal Medical Centre Umuahia (South-East) and Aminu Kano Teaching Hospital (North-West), which will commence in the second half 2016. Meanwhile, project development for the specialist hospital to be sited in the Lagos University Teaching Hospital (LUTH) (South-West) is also expected to commence construction in the second half of 2016.

- **Motorways/Second Niger Bridge (2NB)**
  In the year under review, Early Works III (EW3) commenced as part of the preliminary construction activities on the 2NB project site. Having successfully completed this phase, engagements toward facilitating financial close have been given added impetus. Once the Concession Agreement is executed, the project is expected to move to financial close.

- **Power**
  NSIA's strategy was anchored on three fundamental aspects of the power value chain, namely: power generation (grid and captive), renewable energy, and

supporting infrastructure such as gas to power.

- **Real Estate**
  The focus for 2015 was to partner with institutional investors and other sovereign funds to create a real estate co-investment vehicle that will develop real estate projects in Nigeria. NSIA has received interests from various institutional investors and expects the co-investment vehicle to be operational in 2016. In addition, the Authority is currently conducting due-diligence and negotiations on a number of large scale commercial real estate projects.

  In July 2015, the Nigeria Mortgage Refinance Company Plc (NMRC), of which NSIA is the largest shareholder, conducted its first bond issue and raised N8 billion to refinance mortgages. Approximately N1.8 billion worth of existing mortgages had been refinanced at year end.

Third Party Asset Management
The Authority continues to manage assets on behalf of the Nigeria Bulk Electricity Trading Company (NBET) and the Debt Management Office (DMO). While NBET's US$350 million remains fully invested, half of the funds managed on behalf of the DMO were recalled and redirected to other investments, which reduced the assets under management to US$100 million.

Nigeria Infrastructure Credit Enhancement Facility
The authority progressed work on the creation of the Nigeria Infrastructure Credit Enhancement Facility (NCEF), which is expected to be operational in the second half of 2016. During the period under review, a project lead was identified who will develop a strategy for the business and commence preliminary work on the facility. When operational, the facility will provide credit enhancement solutions to infrastructure project companies by raising senior debt in the form of bonds to finance vital infrastructure projects. NSIA is partnering with GuarantCo, an experienced credit enhancement provider to launch the facility.

Governance
Following the dissolution of the Board in July 2015, a search committee has been constituted to shortlist suitable individuals to serve as Directors on the Board of the NSIA. This process is expected to be completed in 2016.

Outlook
In 2016, NSIA expects commodity prices to remain low in the early parts of the year. However, we believe the most important factor will be the interest rate decisions of the US Federal Reserve and political changes as the USA enters another election year. We believe that these factors could lead to even more volatility in the markets and, as such, we will maintain a diversified strategy.

Furthermore, we expect to be more active in the domestic market as most of the projects in our infrastructure pipeline come to fruition, especially the co-investment funds and direct investments in power, housing and agriculture. These will constitute the core of our investment efforts as we re-align priorities in 2016.

Conclusion
I sincerely acknowledge the hard work, dedication and loyalty demonstrated by the staff and management during the year. Alongside the executive management team, I convey my gratitude to our employees for their support and commitment. Our staff remain our greatest asset.

I am grateful to the previous Board of the NSIA for their surport and service up until July 2015. The foundation of solid corporate governance laid by the Board led by Alhaji Rasheed Mahey (OFR) continues to guide the organisation.

I also want to thank the National Economic Council (NEC) for committing to an additional capital contribution of US$250 million in November of 2015. I would like to use this opportunity to assure the Council that the Authority will continue to work diligently to ensure that its interventions and investments in critical sectors of the economy justify the confidence accorded it by the Council.

As an entity of the federation, the NSIA has always sought to provide open and detailed information on our investments and operational activities to stakeholders. I believe this report offers stakeholders comprehensive and useful insights into our stewardship.

Thank you.

Mr. Uche Orji
Managing Director and Chief Executive Officer
FRC/2014/IODN/00000007036

CORPORATE PHILOSOPHY

Mission
To play a leading role in driving sustained economic development for the benefit of all Nigerians through:

- building a savings base for the Nigerian people;
- enhancing the development of Nigeria's infrastructure; and
- providing stabilisation support in times of economic stress.

Vision
To establish NSIA as a leading sovereign wealth fund globally; playing a role in promoting investments for Nigeria's economic development.

Values
Our core values shape culture, inform decision making and drive our quest to become the yardstick for regional and international best practices.

- Discipline:
  We apply ourselves diligently in all we do; observing the provisions of enabling laws on which our existence is anchored.

- Integrity:
  In all endeavours, we adhere to the highest ethical principles by reflecting probity, soundness of character and accountability.

- Transparency:
  Ours is an institution driven by vividly clear guidelines and, best-in-class business practices.

2015 MILESTONES

NSIA remains committed to its diversified asset management strategy which, along with the dedication of its team of professionals, enabled the Authority to overcome the headwinds of market fluctuations and record significant improvements in top-line performance.

MILESTONES

APRIL 2015

NSIA received Environmental and Social Impact Assessment (ESIA) approval for the Second Niger Bridge Project from the Federal Ministry of Environment

APRIL 2015

NSIA received a new mandate from the Federal Republic of Nigeria to manage 25% of funds accruing to the Federal Government's Naira denominated Stabilisation Accounts.

MAY 2015

The Board approved for NSIA to collaborate with GuarantCo to develop an Infrastructure Credit Enhancement Programme in a 50:50 co-operative agreement.

AUGUST 2015

The Authority advanced its healthcare investment programme by signing a service provision agreement with an experienced private sector operator to develop and manage medical diagnostic centres in selected cities across the country.

AUGUST 2015

NSIA signed a tripartite Memorandum of Understanding (MOU) with the Ogun State Government and Lafarge Africa Plc for the Ogun State Forest Landscape Restoration Project to transform 108,000 hectares of heavily degraded land in Ogun State into an arable green area.

NOVEMBER 2015

NSIA held its first Governing Council (GC) meeting with the National Economic Committee (NEC) under the Chairmanship of the Vice President, Prof. Yemi Osinbajo (SAN). At the meeting, US$250 million of additional capital was approved for allocation to the Authority by the members.

DECEMBER 2015

Completed Early Works III and advanced negotiation of the Concession Agreement for the Second Niger Bridge Project.

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MARKET OVERVIEW

The year 2015 was challenging on many fronts. It was characterised by the slowdown in China, and general market apprehension as the US Federal Reserve (the Fed) prepared for its first rate hike in nearly 10 years. The ensuing uncertainties in the global market precipitated sell-offs in 2015, bringing equity valuations to record lows. Earnings announcements were also not reassuring enough to rescue the market from investor apathy.

The International Monetary Fund (IMF) World Economic Outlook report estimated that the global economy grew by 3.1% in 2015, lower than the 3.4% recorded in 2014. Economic activities softened especially in the second half of the year, with annualised growth estimated at 2.8%, according to the IMF. The Organisation for Economic Co-operation and Development (OECD) continued to experience slow growth and emerging markets were under significant stress due to the decline in commodity prices and uncertainties over the health of the Chinese economy.

The US economy grew by 2.4% in 2015, the same rate recorded in 2014. Japan and the Eurozone grew marginally by 0.5% and 1.6%, respectively, in the same period as these economies struggled to revive growth amid high debt levels and sluggish demand. China grew by 6.9% in 2015, down from 7.3% growth recorded in the previous year as a result of the Chinese economy's ongoing rebalancing. Other Emerging Markets grew by 4.0% in 2015, slower than the 4.6% growth achieved in 2014, as they grappled with exchange rate depreciation, decreased earnings from exports and socio-political issues.

Commodities had another turbulent year in 2015 with prices falling significantly, led by the sharp decline in oil prices, industrial metals and agriculture products. The crude oil market was in a phase of oversupply exacerbated by increased shale oil production in North America and a slowing demand from China. Declining commodity prices have had mixed effects on economies. Whilst the earnings capacity of commodity producers took a hit, net importers benefited. Having dropped from US$147 in 2014 to a record low of US$27 in 2015, crude oil prices remain subdued as supply outpaced demand. In the event that low crude oil prices persist, consumer energy bills will decline, leading to an improvement in household consumption. Although, due to structural weaknesses in some countries, rising inflation might still weaken purchasing power.

The global economic conditions were particularly strained in 2015, demonstrated by slowing growth in advanced economies, recession in large emerging markets such as Russia and Brazil, and a general commodity price plunge. However, the current accommodative stance by global central banks and encouraging economic data coming from the US provide hope for the global economy.

Developed Market Equities

United States of America

US equities declined marginally in 2015 as severe upheavals hit major markets and capital spending fell to its lowest level since 2010. This was reflected in the S&P 500 which posted a 0.7% decline for the year. The Bloomberg US Dollar Index (DXY) strengthened by 9%, heightened by the anticipation of the Fed rate hike in December 2015. The combination of a strong dollar and credit and equity market weakness are expected to dissuade the Federal Reserve Bank from an aggressive rate hike. We believe the Fed will also keep a keen eye on events in the global market as it attempts to consolidate the US economic recovery. Also, in our opinion, US interest rates are unlikely to rise substantially in 2016 as inflationary pressures remain subdued.

Large capitalised companies were weighed down by flat earnings growth in 2015, an earnings trend which is expected to continue in 2016. US equity valuations are relatively expensive and above historical averages, making them less attractive compared to European and Japanese counterparts according to Cambridge Associates. Since US valuations are relatively expensive, focus is likely to turn to corporate earnings and dividends to drive market performance.

According to Cambridge Associates, analysts' consensus puts expected S&P 500 profit growth at 8%, partly due to the appreciation of the dollar and rising wages. The growth in profit should be driven by the IT sector, which is heavily reliant on foreign earnings and the consumer discretionary sector. The positive earnings outlook could be squeezed by low top line growth, higher debt servicing costs and weak earnings from the energy and financial sectors.

Europe

Some European equity markets, such as Italy's FTSE MIB index gained 13.8%, significantly outperformed the EuroStoxx 50 Index which was down 6% in US dollar terms. Domestic performance was mainly driven by improving consumer sentiment and an ultra-loose monetary policy supporting corporate profitability.

The European Central Bank (ECB) will most likely continue to ease monetary conditions as inflation trends below target and a large output gap remains a source of concern. We therefore expect the ECB to further adjust its asset purchase programme and possibly cut the deposit rate further.

Eurozone's large cap earnings have benefitted from recovering domestic growth and currency depreciation. This has been supported by policymakers' readiness to take measures to support business expansion. Corporate profits in the Eurozone are expected to rise in 2016 as companies benefit from a combination of healthier economic growth and lower interest rates. We expect this to reduce corporate borrowing costs as well as benefit consumer spending.

According to Cambridge Associates, analysts' consensus suggests that European equity valuations were cheaper than their US equivalents on a normalised basis; 15 times earnings in Europe versus 17 times in the US. Sustained depreciation of the euro would boost the value of foreign sales, as well as support a recovering financial sector. A possible upside for the European profits could come from any recovery in emerging markets, with an estimated 21% of European profits originating from this economic region.

Volatility and market uncertainty will increase in the build up to the UK's referendum on exiting the EU (Brexit). In addition, the surge of populist politics, ongoing terrorist threats and the refugee migration crisis could all create potential headwinds for 2016.

Japan

Although growth data has been weaker than anticipated, the overall trend for the Japanese economy remains positive. According to JP Morgan, private consumption declined by 1.2%, but business investment picked up by 1.4% in 2015. Despite the low growth and low inflation environment, we see the Japanese market being supported by firm corporate earnings growth, thereby increasing returns to shareholders. On the domestic front, Japanese companies' earnings grew at an impressive rate of 12.5% in 2015, according to data from Citibank. Despite the weak global picture, earnings are still expected to rack up positive year-on-year growth for the year 2016. This should be led by sectors that are driven by domestic demand.

Japanese Prime Minister Shinzo Abe, remains resolute in driving growth in the economy and we believe the Bank of Japan (BOJ) will continue to provide monetary stimulus to spur the economy. The monetary authority has made some progress in increasing inflation, but, in our opinion, is unlikely to reach the 2% target in 2016. Structural reforms in key sectors are having the desired effect as both employment and lending growth look healthy relative to prior years. Potential downsides include slowing inflation and rising debts levels.

Japanese equities performed better than the US and European equities, returning 8.5% in US dollar terms for 2015. It is unlikely that this performance will be matched in 2016 if the BOJ decides that the economy does not require further monetary easing. However, Japanese corporates have benefited from a strong US dollar and a low oil price and should continue to enjoy significant competitive advantage over other developed markets. Consequently, we maintain our exposure to Japanese equities.

Emerging Markets

Emerging Market (EM) equities underperformed their developed market peers in 2014 and continued that trend in 2015. The MSCI Emerging Markets Index returned -17.0% versus -3.7% on the MSCI Developed Market Index. This is a further decline in performance from 2014 where the MSCI Emerging Markets Index returned -3.5% versus 3.9% on the MSCI Developed Market Index.

Several macro headwinds have been responsible for the weak performance of emerging markets. A commodity price bust, precipitated by weak demand from China as it grapples with slowing growth and a transition from an export-led to consumption-driven economic model, put the brakes on emerging markets growth. The surprise devaluation of the Chinese renminbi in August 2015 further weakened other emerging market currencies. This has been exacerbated by the beginning of the Fed tightening cycle, which has reduced the attractiveness of emerging market assets, triggered capital outflows from emerging markets, and increased market volatility.

The gloomy picture of emerging market performance and the risk of a further deterioration of conditions, provided ample opportunity for long-term investment. Emerging markets are cheap and attractively valued today. Currently, emerging markets have a price/earnings ratio of 11x, significantly below the historical median of 14.8x and historical high of 17x over the past 20 years, according to Cambridge Associates, a leading investment advisory firm.

Frontier Markets

Frontier markets are broadly developing economies at an early stage of economic development with nascent financial markets. Generally, these markets are located in Africa, Asia, the Gulf region and South America. They have higher growth rates, lesser degree of foreign investments and investment research coverage.

These markets were not immune from the volatility experienced in 2015, with most equity indices recording negative performances. Low commodity prices and slowing growth negatively impacted equity market performance. However, there are certain bright spots as ongoing market liberalisation and reform implementation make frontier markets attractive and offer superior growth relative to emerging and developed market equities.

This opportunity is magnified by market valuations for frontier markets that often stand below those of emerging and developed markets, trading at 9.3x price/earnings ratio, a discount to both emerging and developed markets, according to Cambridge Associates.

Favourable fundamentals - including strong economic growth, abundant natural and human resources, favourable demographic profiles, potential rapid technological progress, and potential benefits from improving infrastructure and standards of governance - all add up to make frontier markets an attractive proposition.

In 2015, the pace of growth in Nigeria slowed in light of lower foreign inflows from oil revenues and the resulting fiscal contraction. The World Bank reported that the national currency depreciated by 20% between November 2014 and March 2015, leading to a significant reduction of imports which, in turn, alleviated some of the pressure on the Naira. The depreciation of the Naira and successful conclusion of peaceful elections stabilised the external balance in the second quarter of 2015 according to the World Bank. The outlook remains constructive in our opinion as measures are being put in place for a more stable Naira and diversified economy.

THE FUTURE GENERATIONS FUND

The FGF was created by the NSIA Act 2011 and became operational in 2012. At its creation, 40% of the Authority's seed capital was allocated to the FGF. To mitigate the effects of volatility and uncertainty, diversification is used as a key risk management tool in furtherance of the investment objectives.

The FGF is a long term investor in various asset classes ranging from more traditional assets such as equities to alternatives such as hedge funds and private equity. The FGF has a Board Investment Committee approved strategy that outlines the guidelines in parallel with the risk and return objectives of the fund. The investment strategy is reviewed and updated regularly to address changes in economic and financial factors and expectations.

The NSIA Board has allocated 40% of its funding to the FGF. This Fund has an investment time horizon of greater than 20 years, and therefore, is expected to weather multiple economic and market cycles. In addition, the Fund's payout requirements allows management to gain exposure to certain illiquid asset classes thereby reducing short term volatility and achieving stronger risk adjusted returns. The asset allocation is based on long-term risk and return objectives, giving consideration to volatility and correlation levels across the Fund. The allocation is diversified across various asset classes and also ensures that risk is mitigated. While most of the asset allocation falls into Growth Drivers, Inflation Hedges and Deflation Hedges are also considered. External managers are used to gain exposure to these asset classes, due to the relatively early stage of NSIA's life cycle

Table 2.1: Target asset allocation for FGF

	Strategic Target	Benchmark
Growth Assets	80%	MSCI All Country World Index
Developed Equities	10%	MSCI World Index
Emerging & Frontier Equities	15%	MSCI Emerging Markets Index
Private Equity, VC and value-added Real Estate	25%	Cambridge Associates US Private Equity Index
Absolute Return	25%	HFR Event-Driven (Total) Index
Other Diversifiers	5%	TBD
Hedging Assets: Inflation	15%	Weighted Composite
Commodities	5%	S&P GSCI (Equal Weighted)
Hard Assets	10%	50% FTSE® EPRA/NAREIT Developed Real Estate Index /50% CA Private Natural Resources Benchmark
Hedging Assets: Deflation	5%	Citigroup World Government (Hedged)-$ Bond Index
Cash	5%	US T-Bill

Growth Drivers

Long Only Equity

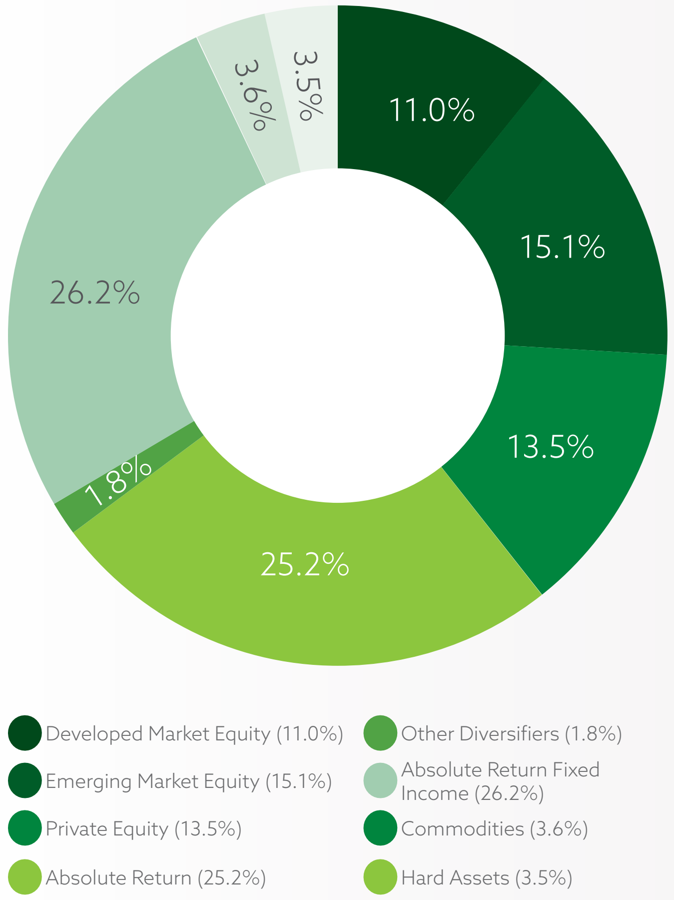
The long only equity portion of the asset allocation is 26.1%, and is a combination of developed market and emerging/ frontier markets. The developed market allocation was 11.0% of the Fund and returned 6.9% in US Dollar terms, outperforming the MSCI World Index by 7.8% in 2015. The three managers in this space provide regional diversification by focusing on the US, European and Japanese equity markets respectively. The Japan focused manager was the top performer for the year benefiting from investments in defensive sectors.

The emerging market allocation constituted 15.1% of the portfolio and posted a loss of 11.9% for the year, outperforming the MSCI Emerging Market Index by 3%. Despite the rout in emerging markets, the Fund displayed some resilience and exceeded the benchmark. This was due to a combination of selective risk taking and opportunistic allocations by the managers. Stock selection in core emerging markets like China and India worked well but this was offset by weaker performance in Middle East and African equities.

Absolute Return

This component occupies a 25.2% weight in the FGF. It returned +0.6% versus -0.9% by the HFRI event driven total return Index. The Managers in this asset class deploy strategies that seek to earn a positive return irrespective of market direction. Each of the four managers has the discretion to invest across different strategies and geographies and are expected to provide growth in times of stress in equity markets. The top performer for the year was JHL Capital, a bottom up equity long/short manager while Arbiter Partners, an opportunistic value oriented long/short equity hedge fund, underperformed.

Chart 2.1: FGF asset allocation at year end 2015



Private Equity

The private equity component made up 13.5% of the FGF while committed capital was 24.6% of the Fund allocation. This component is well diversified with a good mix of developed market private equity managers from Europe and the US, with significant exposure to Pan-African focused managers. These illiquid positions should protect the FGF from market volatility and provide superior long term returns.

Other Diversifiers

This component of the FGF was allocated capital of 7.5% of which 1.8% was deployed in 2015. One investment was made in Healthcare Royalty Partners, a strategy focused on the US healthcare sector. An additional investment was made in Falko Regional Aircraft, a specialist manager focused on aircraft leasing and is expected to generate stable returns, immune from market volatility. This component will allow the Fund to seek exposure to products such as direct lending, leasing or royalties, to seek returns uncorrelated to the rest of the portfolio.

Inflation Hedges

Hard Assets and Commodities

Commodities and the Hard Assets components represented 3.6% and 0.2% respectively, with 3.8% and 5.0% of the fund allocation already committed to managers. Commodities had a difficult year, led by declining energy prices. The manager, Jamison Koppenberg, continued to perform strongly in relative terms returning -3.1% in US Dollar terms versus -26.2% for the benchmark. This was led a by a strong performance in agriculture positions while energy positions detracted.

Deflation Hedge

The deflation hedge allocation represented 26.2% of the FGF. This portion was invested primarily with three Absolute Return Fixed Income managers. For 2015 as a whole, this allocation disappointed, returning -1.7% in US Dollars versus 1.3% for the benchmark. Various managers advanced different reasons for the underperformance, with credit and currency exposures being responsible for most of the decline. At year end, 3.5% of this allocation was in cash.

Year in Review

2015 was a remarkable year for the global economy with various twists and turns. In spite of the difficult market conditions, the FGF held up relatively well in this market environment. We saw an increase in deployments to private equity and hard assets, as most of these managers began to call capital.

In the private equity allocation, four more primary commitments were made to complement the secondary interests acquired in December 2014. The nature of these primary and secondary commitments has resulted in considerable diversification to the overall portfolio, while benefitting from the steady cash flows from the secondary interests which are already at their mature stage.

The absolute return allocation of the FGF as a whole contributed +0.6%, comfortably outperforming its benchmark, the HFRI event-driven total return Index. This was driven by some managers in this strategy who demonstrated strong performance in 2015 despite the market turmoil.

Developed market equities outperformed the index, this performance was outstanding in the light of the challenging market environment. The emerging markets equity allocation also outperformed its benchmark, the MSCI Emerging Market Index. Stock selection in core emerging markets worked well (notably China and India), but was off-set by weaker performance in other emerging and frontier markets.

By year end, approximately 27% of capital was held in three differentiated, absolute return, fixed income strategies as part of the overall cash management. These mandates were on boarded in order to mitigate the cash drag on the portfolio while also taking into account the low interest rate environment.

2016 Outlook

The primary objective in 2016 is to make further commitments in order to gain additional market exposure while executing an effective cash management strategy. Other objectives include, rebalancing of the absolute return and emerging market components. These tactical changes will provide further diversification opportunities and potentially increase returns even in a volatile market environment.

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THE NIGERIA INFRASTRUCTURE FUND

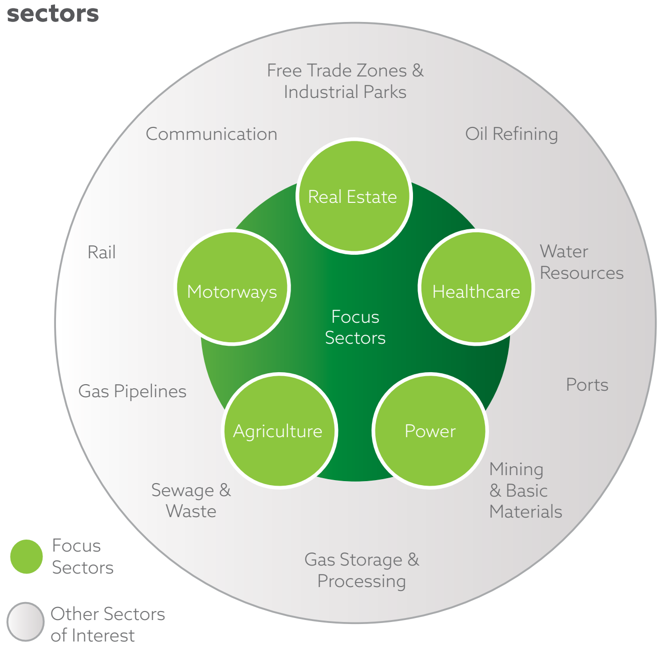
The Nigeria Infrastructure Fund (NIF) focuses on domestic infrastructure investments that meet the following four criteria; alignment with national priority, potential for attractive commercial returns and social benefits, ability to attract both domestic and foreign private sector participation and conducive regulatory environment.

The NIF is in its third year of strategic investment in key sectors of the Nigerian economy. In total, 15 investable sectors had been identified as early as 2013 when the 5-year infrastructure investment rolling plan was developed. Out of the fifteen sectors identified at the beginning of 2013, the core areas of initial focus are:

- Agriculture,
- Healthcare,
- Motorways,
- Power and
- Real Estate.

Other sectors will be addressed as assets under management increase or if compelling opportunities become available.

Figure 2.1: The Nigeria Infrastructure Fund target sectors



Infrastructure Investments

Real Estate

NSIA's interest in the real estate sector covers the retail, commercial and hospitality segments. Through our real estate subsidiary, NSIA Property Investment Company (NPIC), the Authority is working in partnership with other institutional investors and sovereign wealth funds to create a fund to develop and acquire real estate projects in Nigeria. NSIA is also in advanced stage discussions to invest in large, mixed-use developments.

Considering the estimated housing deficit of 17 million housing units, NSIA continues to view the affordable and mass housing segment as critical for Nigeria and seeks to create strategic partnerships with public and private institutions for the development of commercially viable but affordable housing real estate projects.

Healthcare

In 2015, NSIA focused on the establishment of diagnostic centers and specialist healthcare facilities to be co-located within federal hospitals across the six geo-political zones of the country.

NSIA engaged an experienced private sector operator to develop and manage these medical diagnostic centers in selected sites across the country. Two of these diagnostic centers have reached the final stages of project development and are scheduled to begin construction in the second half of 2016, subject to approvals from the Federal Ministry of Health.

Power

The NSIA's focus in the power sector is in 2 key areas, power generation and power distribution. We are currently exploring partnership opportunities within the brownfield space and have advanced conversations on a possible partnership in a greenfield power plant. These investments will be made through NSIA's subsidiary – NSIA Power Investment Company Ltd (NPIC). The aim is to contribute and improve power generation capacity in Nigeria.

We are currently negotiating a JV agreement with two international DFI's to develop a Solar Power Plant in Northern Nigeria, while also supporting the development of other renewable energy initiatives across the country.

Agriculture

NSIA in partnership with the Nigerian Federal Ministry of Agriculture and Rural Development (FMARD); and KfW, the German government-owned development bank, co-sponsored the Fund for Agricultural Finance in Nigeria (FAFIN). The Fund which is a US$100 million target agriculture focused fund was formally launched in December 2014 and has raised a total of US$34 million. The fund provides affordable, long-term capital and technical assistance solutions, for the development of commercially viable small and medium enterprises (SMEs) and intermediaries across the agriculture sector in Nigeria.

FAFIN has made investments in L & Z Integrated Farms Limited, an integrated dairy business and Diamond Pearls Agro, an edible oils business.

Motorways

NSIA is actively pursuing investment opportunities in the development of road infrastructure, which would attract private funding and support economic growth and job creation.

NSIA through its Motorways subsidiary, in partnership with Julius Berger Investment Limited and under a Public Private Partnership (PPP) with the Federal Government of Nigeria (FGN), is undertaking the development of a second bridge crossing over the Niger River through a design, finance, build, operate and maintain concession arrangement (DFBOM). The Project is an 11.9km greenfield road and toll bridge project connecting Delta and Anambra States through Asaba and Onitsha and will improve economic wcollaboration across the country.

Credit Enhancement

Nigeria Credit Enhancement Facility (NCEF)

The NCEF will provide credit enhancement solutions to project companies raising senior debt in the form of bonds to finance vital infrastructure projects. The primary objective behind setting up the NCEF is to encourage enhanced participation by Nigerian pension funds (and other institutional investors for which safety is paramount) in the provision of debt financing and thus introduce new sources of liquidity to the Nigerian infrastructure sector.

Following a favourable feasibility study on the establishment of NCEF, NSIA and GuarantCo each obtained board approvals to invest development capital to be applied towards setting up and operationalizing the project company and ensure financial close.

Second Niger bridge

THE STABILISATION FUND

The Stabilization Fund (SF) has an allocation of 20% among NSIA's pool of Funds and is structured to play a fundamental role in serving as a source of stability for government revenues in times of economic downturn.

The SF is intended to act as a buffer against short-term macroeconomic stress. The assets are therefore invested conservatively, striking a balance between generating a modest positive return and preserving capital in nominal terms.

Withdrawals from the SF can be made at the discretion of the Minister of Finance, provided the request satisfies the criteria set out in the NSIA Act.

Table 2.2: Fund Management Allocation

	Policy Target	Benchmark
Growth Assets	75%	MSCI All Country World Index
Investment Grade Corporate Bonds 1-3 years		Libor 3 Month US$
		91 Day Treasury Bill Index
		Barclays US Universal Bond Index
Hedge Assets	25%	Barclays 1-3 Year Treasury Bond
US T-Bill		91-Day Treasury Bill Index
US Treasuries 1-3 years		Barclays 1-3 Year Treasury Bond

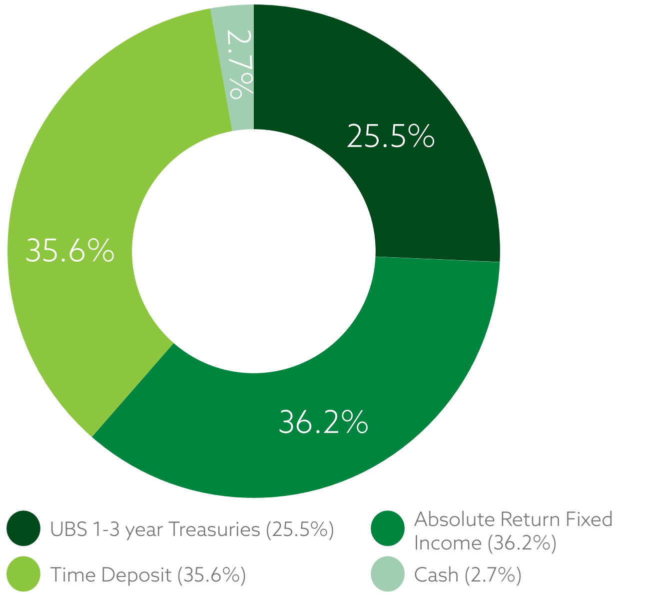
The SF is designed to smoothen the effect of shortfalls in government revenue by setting aside revenue during periods of rapid growth, which could be drawn on during periods of economic stress. The SF serves as a mechanism for tackling the challenges associated with short term volatility in oil revenues.

The SF has a short-term investment horizon and targets low returns. Under the SF, asset allocation is split between Hedge Assets and Growth Assets. Investments are made conservatively, with a focus on liquidity given the unpredictable nature of future capital calls that could be made on the Fund. During the 2015 financial year, the assets were allocated as shown in Chart 2.2.

Growth Assets

Absolute Return Fixed Income
The decision to allocate this segment of the SF to an Absolute Returns Fixed Income mandate was intended to achieve incremental returns while providing liquidity. Three Managers were selected to fulfil this segment of the SF and together constituted 36.2% of the Fund. The allocation returned -1.7% underperforming the benchmark which returned 1.3%. Exposure to these products was reduced due to the high market volatility experienced in 2015.

Chart 2.2: SF Asset Allocation as at Year End 2015



Hedge Assets

US Treasury Bills and US Treasury Bonds
This asset class made up 25.5% of the Fund and provided exposure to the highly rated, very liquid US Treasuries market. The underlying investment has a maturity range of between 1-3 years. The performance was flat when compared to the benchmark for the year.

Time Deposit
As of year-end, exposure to time deposits made up 35.6% of the Fund. As markets became increasingly volatile during the course of the year, a decision was made to seek secure returns by investing with credible counterparties and ultimately fulfilling the capital preservation goal of the Fund.

Year in Review

2015 saw the opportunistic and gradual unwinding of the Absolute Fixed Income Portfolio due to the high levels of volatility in global capital markets. Cash management products were used to preserve capital in a difficult market terrain. Despite the intent to increase allocations to the US Treasury portfolio, deployment of cash was delayed. This was due to continued pressure for the Fed to hike rates, whereby volatility and price levels became unpredictable.

2016 Outlook

Management will focus on the deployment of additional capital to US Treasuries while implementing exposure to Investment Grade Corporate Credit.

THIRD PARTY MANAGED FUNDS

The Debt Management Office Fund

In July 2013, the Federal Government of Nigeria issued a US$1 billion Eurobond through the Debt Management Office (DMO). NSIA was appointed to act as investment manager for US$200 million of this fund to be invested in gas-to-power and other power related projects.

NSIA's investment policy with regard to the DMO Fund mirrors that of the Nigeria Infrastructure Fund. NSIA has invested US$100 million in a private bond with Seven Energy to enable the completion of gas-to-power infrastructure.

In 2015, US$50 million of these funds were withdrawn by the DMO. As at the end of 2015, the funds under management for the DMO gas-to-power funds stood at US$150 million.

The Nigerian Bulk Electricity Trading Plc Fund

The NSIA manages a US$350 million Fund on behalf of the Nigeria Bulk Energy Trading Plc (NBET) by the Federal Government of Nigeria. The funds were allocated in 2014 and have been under management by the NSIA since then.

NSIA's investment policy for the NBET Fund is similar to that of the Stabilisation Fund, with the aim of balancing NBET's short-term liquidity needs, safety of the funds and driving returns above the benchmark set by NBET. The Authority continues to manage the funds along these guidelines.

To date, all funds have been invested with performance exceeding the benchmark.

CORPORATE GOVERNANCE

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OUR PEOPLE, DIVERSITY AND CULTURE

All NSIA staff are driven by a shared passion to add value. Working with our stakeholders, our employees strive to explore innovative and creative solutions to improve the quality of NSIA's output. Given that the underpinning signature of the 'NSIA way' is excellence, our employees work conscientiously to elevate every undertaking to reflect this communal value.

Employee Engagement

The prevailing management style in NSIA seeks to harness the potential and distinct talents of each employee. Layered on a flat structure, NSIA's deliberate lean staffing model was adopted to ensure all employees are fully engaged, empowered and driven. This workforce structure not only reflects current best practice across the sovereign wealth fund universe, but it also aligns with the peculiar needs of the organisation given its position on the growth curve. With limited layers of reporting, decision-making is faster while ensuring the Authority remains nimble and responsive.

Employee engagement occurs on many levels and through different channels. Formal engagements often help to streamline strategy and enhance levels of ownership. These formal lines allow open communication between employees and management. With this, employees are better able to offer input and support decisions constructively. To ensure employees are kept up-to-date with the objectives of the Authority, management engages with the team at a global level through periodic town-hall meetings. Divisional, group and unit meetings are held weekly/monthly while cross-functional meetings are held quarterly to discuss innovative ways of implementing winning ideas and concepts.

Employees socialised through extra-curricular activities during the 2015 employee week conceived to celebrate NSIA employees. The six day event provided everyone, irrespective of levels of seniority, the opportunity to work together and get to know each other outside the walls of the workplace. The activities created room for employees to share experiences and interact on a deeper level, resulting in stronger relationships at work.

Our Culture

Diversity

- Gender Equality

  We view gender equality as a pivotal consideration in NSIA's staffing strategy. The inclusive nature of our staffing model has led to significant shifts in the Authority's gender balance. As at year end 2015, the Authority recorded a positive progression in the distribution between genders across all levels. Women feature at both executive and non-executive levels.

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Chart 3.1: 2015 Gender Distribution Board and Staff

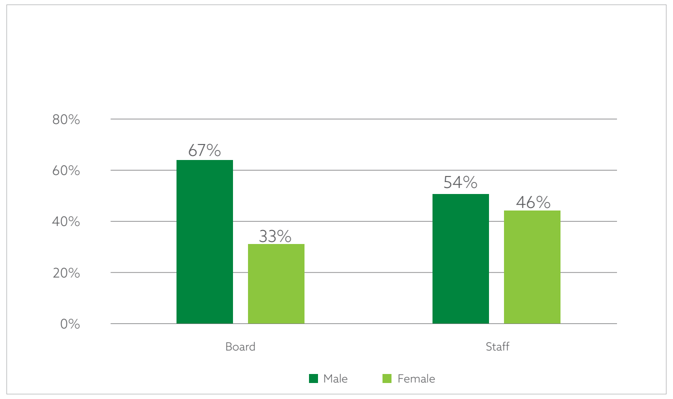
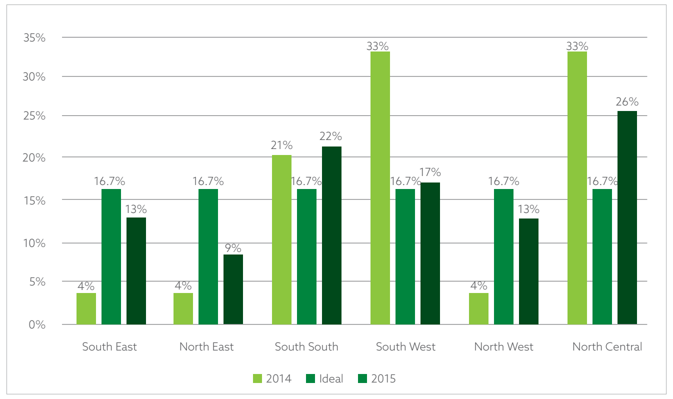


Chart 3.2: Y-O-Y Regional Staff Distribution



Inclusivity

Ours is an equal opportunity establishment in which every eligible individual is offered the same platform to compete. The Authority benefits from the principles of inclusivity as its diverse workforce continues to serve as a source of competitiveness. Therefore, the Authority strives to promote plurality and ensure fairness and equal opportunity.

The culture of the organization has remained consistent as NSIA's pioneer staff continue to sustain and lead a learning workforce. This has further contributed to the sustenance of the NSIA culture.

Employee Volunteering

The Authority created this unique form of corporate giving to afford a direct bridge between employees and the needy in society. It encourages NSIA's employees and consultants to become champions of humanitarian causes through opportunities ranging from a single day of volunteer service to long-term partnerships with non-profits.

In 2015, the NSIA Employee Volunteering Programme provided employees with the opportunity to give personal resources, express care and support victims of mishaps in the country. Employees offered time, money, consumables and household items to alleviate the plight of displaced persons living in an Internally Displaced Person's (IDP) camp.

Specifically, volunteers visited the IDP camp in Nasarawa State to deliver the items, interact with residents of the camp and offer assistance. Following the visit, some employees have, through personal efforts, also reached out to other well-meaning Nigerians who assisted in addressing specific requests made by the camp coordinators.

Committed to humanitarian causes, staff of NSIA spent time with internally displaced people at the Nasarawa IDP Camp and also gave the residents basic provisions.

GOVERNANCE

The culture of good corporate governance has been enshrined in the Authority. It provides a clear frame of reference for decision making and operations, and sustains long-term, sustainable corporate growth.

Recognising that good corporate governance is at the heart of every successful enterprise, NSIA lays great emphasis on good corporate governance in line with international best practices and the provisions of its enabling law. The extensive requirements in the NSIA Act in relation to governance form the bedrock of the practices and processes in the Authority and these are strictly adhered to by the Governing Council, the Board of Directors, Executive Management and the staff. This ensures that although a public sector organization, NSIA is also run along the best principles and philosophy applicable to the private sector.

Governance Framework

NSIA strives to develop a robust, strong and transparent corporate governance framework, in line with the provisions of the NSIA Act. The Act sets out clearly the purpose, obligations, responsibilities, standards and procedures of each of the functions that make up NSIA governance (Governing Council, Board of Directors and Executive Management).

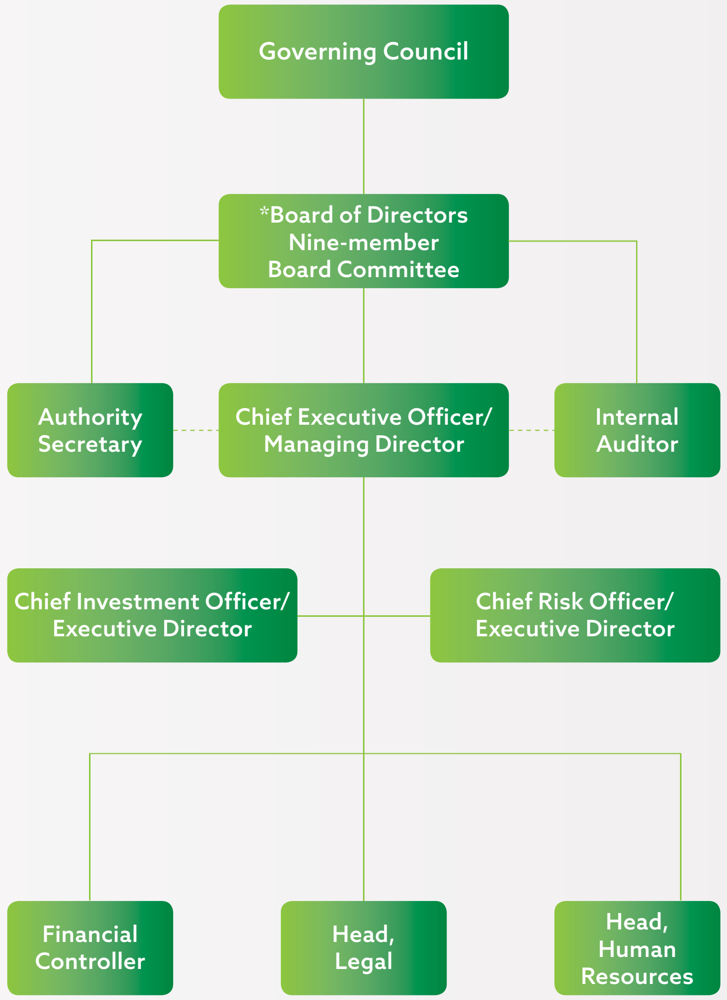
These obligations are reinforced by NSIA's commitment to international best practices such as the Santiago Principles. The principles are established to define the operational framework for sovereign wealth funds worldwide. The Principles uphold independence of the Authority's governing bodies and Management from the Authority's major stakeholders, the Nigerian government. This separation of functions enables the operational independence required to implement investment strategies without fear of any outside intervention.

NSIA's Board has developed a framework that allows it to conduct strategic oversight of operations. This is in line with its responsibility to ensure compliance with legal and regulatory requirements within acceptable parameters of risk tolerance. The Board approved the Board of Director's Charter that sets out the roles and procedures of the Board and its committees.

The development of corporate governance policies and practices is a continuous process. The Board will continue to focus on improving corporate governance in accordance with Nigerian law as well as international best practices.

The chart below depicts the governance structure of NSIA:

Figure 3.1: NSIA Governance Structure



**On July 16, 2015, a presidential directive resulted in the dissolution of the Boards of all Federal Government parastatals, agencies, institutions and government-owned companies in Nigeria. All Non-Executive Directors on the Board of the NSIA were affected by this directive.*

GOVERNING COUNCIL

The Governing Council constitutes the 'Advisory Body' of NSIA, which gives counsel to the Board of Directors. It consists of His Excellency, the President of the Federal Republic of Nigeria (who may also be represented by His Excellency, the Vice President), the 36 Governors and the Honorable Minister of the Federal Capital Territory (FCT).; Other members of the Governing Council are the Honourable Minister of Finance; the Attorney General of the Federation; the Honourable Minister of Budget and National Planning; Governor of Central Bank of Nigeria (CBN); Chief Economic Adviser to the President, Chairman of Revenue Mobilisation, Allocation and Fiscal Commission; and 12 Members of the public appointed by the President on the recommendation of the Honourable Minister of Finance.

The Governing Council is charged with the responsibility to raise questions on the operations and performances of the NSIA, obtain clarifications and give guidance and counsel to the Board, whilst observing the independence of the Board and management.

The Governing Council holds its annual meeting following the publication of NSIA's Annual Report. In 2015, the Governing Council held its annual meeting on 19 November 2015. Highlights of the discussions and decisions of the meeting were as follows:

i. the Governing Council approved additional funding of US$250 million for NSIA;

ii. the Governing Council expressed its commitment to the growth of the funds and the independence of the operations of NSIA so as to allow it to effectively deliver its mandate; and

iii. in line with section 16 of the NSIA Act, the Council directed the Hon. Minister of Finance to constitute an Executive Search Committee and work in consultation with the National Economic Council (NEC) to identify appropriate persons to serve on the Board of Directors* of the Authority.

His Excellency, President Muhammadu Buhari and His Excellency, Vice President Yemi Osibajo with NSIA's executive management team during NSIA's inaugural meeting with the presidency in 2015.

BOARD OF DIRECTORS

The NSIA is stipulated by the NSIA Act to have a nine-member Board of Directors consisting of a Non-Executive Chairman, three Executive Directors (Chief Executive Officer/Managing Director, Chief Investment Officer and Chief Risk Officer) and five Non-Executive Directors. The Board is charged with the responsibility for the attainment of the objectives of the Authority, policymaking and general supervision of the management and affairs of the Authority. In the exercise of its responsibilities under the NSIA Act, the Board is independent, which thus ensures a focus at all times on the best interest of the Authority and the nation.

The NSIA Board is comprised of highly qualified professionals with proven credentials and globally tested market experience. This has been consistently demonstrated by the excellence in the performance of its functions. Attention is paid to world-class standards as it provides overall strategic direction with a view to delivering value - both in the short and long-term - to all stakeholders. Policies in respect of whistleblowing, Board appraisal and training, and conflict of interest declaration, amongst others, serve to emphasise the Board's stance on accountability and transparency. The same dedication and good governance is extended to the subsidiaries of the Authority.

NSIA's Board is the highest decision-making body responsible for governance and financial policy. It monitors and supervises NSIA's financial performance through:

- review of the performance of each of the funds;
- review and approval of NSIA's operating and capital budgets as well as investments; and
- review and approval of quarterly and year-end financial statements.

Furthermore, the Board is expected to work with management to identify principal investment risks, and ensure that systems are in place to manage those risks. It must also monitor NSIA's performance against agreed goals and objectives, and approve or ratify NSIA's policies.

The members of the NSIA Board of Directors bring a diverse range of skills and competences from a mixture of financial, industry-related and entrepreneurial backgrounds. This has contributed to NSIA's success. Members of the Board were:

- Alhaji Mahey Rasheed, OFR, Chairman, Board of Directors*
- Mr. Uche Orji, Managing Director & Chief Executive Officer
- Mr. Hanspeter Ackermann, Executive Director & Chief Investment Officer
- Mrs. Stella Ojekwe-Onyejeli, Executive Director & Chief Risk Officer
- Mrs. Ibukun Awosika, Non-Executive Director*
- Mr. Arnold Ekpe, Non-Executive Director*
- Mrs. Olabisi Soyebo, Non-Executive Director*
- Mr. Hassan Musa Usman, Non-Executive Director*
- Mr. Jide Zeitlin, Non-Executive Director*

On July 16, 2015, a presidential directive resulted in the dissolution of the Boards of all Federal Government parastatals, agencies, institutions and government-owned companies in Nigeria. All Non-Executive Directors on the Board of the NSIA were affected by this directive.

From left to right (sitting):
Mrs. Ibukun Awosika, Alhaji Mahey Rasheed, OFR (Chairman, Board of Directors),
Mr. Uche Orji (Managing Director & Chief Executive Officer), Mrs. Olabisi Soyebo

From left to right (standing):
Mr. Hanspeter Ackermann, Mrs. Stella Ojekwe-Onyejeli,
Mr. Jide Zeitlin, Mr. Hassan Musa Usman

Board Member Mr. Arnold Ekpe was unavailable at the time of photo shoot

Alhaji Mahey Rasheed, OFR
Chairman of the Board of Directors

- Alhaji Rasheed is a former Deputy Governor of the Central Bank of Nigeria (CBN). Prior to his retirement in 2004, he led the External Reserve Management operations of the CBN for more than a decade. For about 20 years, he was at the forefront of formulating and implementing monetary and financial policies, risk management strategies and corporate governance.
- Alhaji Rasheed is a former Chairman of Nigerian Security Printing and Minting Plc (NSPMC), and a pioneer Director of the National Insurance Supervisory Board (now known as the National Insurance Commission (NAICOM)), which is the apex insurance sector regulator in Nigeria. He is also a former Chairman of Legacy Pension Managers Ltd (a Pension Fund Management Company).
- Alhaji Rasheed was Chairman of the Clearing Exchange Committee of the West African Clearing House (WACH) between 1992-1993 (the committee that handled all trade transactions in the West African sub-region). During this time he worked hard to transform the body into today's West African Monetary Agency (WAMA), responsible for regional monetary integration in West Africa.
- In 1999, Alhaji Rasheed was appointed by the IMF to represent Africa on the Fund's panel of experts on Safeguards Assessment. The Panel advises IMF on fiduciary assessment for member countries.
- Alhaji Rasheed has served on the boards of a number of other public and private sector companies, as well as influential national and international committees representing the Federal Government of Nigeria, Central Bank of Nigeria and the New Nigeria Development Company (the development finance institution where he began his career).
- Alhaji Rasheed recently retired from the Board of First Bank of Nigeria where he had served as Chairman, Board Audit Committee.
- Alhaji Rasheed attended Ahmadu Bello University, Zaria and Harvard University, USA where he obtained a BSc. Economics and MPA Public Policy, respectively. He is an Edward Mason Fellow of Harvard University.
- In 2004, Alhaji Rasheed was bestowed with a national honour as an Officer of the Federal Republic (OFR) by the Federal Government of Nigeria.

Mr. Uche Orji
Managing Director and Chief Executive Officer

- Uche Orji is the pioneer Managing Director & Chief Executive Officer of Nigeria Sovereign Investment Authority (NSIA). He brings a wealth of global experience in the financial services sector, which spans over two and half decades, to his role as NSIA's Chief Executive. He joined NSIA in October 2012 from Switzerland's largest bank, UBS Securities, where he was Managing Director in the New York branch of its Equities Division.
- Mr. Orji was the lead semiconductor analyst and global coordinator for semiconductor research at UBS, New York, covering more than 35 technology companies in the US and more than 100 investor clients globally. He also led a semi-conductor research team at JP Morgan. In recognition of Mr. Orji's strategic perspectives on semi-conductors markets, the JP Morgan team was ranked #1 in Europe by the Thomson/Extel magazine in 2003 and #1 by Institutional Investor magazine in 2006, out of more than 60 semiconductor equity research investment banks in Europe. After his move from Europe to the United States, Institutional Investor magazine ranked the UBS Securities team he was leading #3 in the United States, and Forbes magazine ranked him #5 globally in the semiconductor sector in 2012 out of more than 150 semiconductor equity analysts in 2012.
- Prior to his time at UBS Securities, where he spent six years, Uche Orji also spent six years at JP Morgan Securities in London, UK, from 2001-2006, where he left as a Managing Director within the Equities Division. Previously, Uche Orji worked at Goldman Sachs Asset Management in London from 1998-2001 as an Analyst/Portfolio Manager. Whilst at Goldman Sachs he was a member of the team managing the pan-European Equity Fund and Global Technology Fund. He was also an equity analyst covering the chemical, pulp and paper, communication equipment and technology sectors across a wide range of companies such as BASF, Bayer, Ericsson, Nokia, Philips Electronics, Siemens, ARM Holdings, etc.
- Mr. Orji was a regular commentator for all major publications and provided strategic advice to the management of companies such as Intel Electronics, Taiwan Semiconductor Manufacturing Company, Samsung Electronics and Texas Instruments. He also advised several global portfolio management firms and sovereign wealth funds in his role as global coordinator of semiconductors equity research in the Equities Division. Uche authored/co-authored more than 500 research pieces in the semiconductor sector and broader technology investment sectors.
- Uche Orji studied chemical engineering at the University of Port Harcourt, Nigeria, graduating in 1990, and also obtained an MBA from Harvard Business School in 1998. Prior to his Harvard MBA programme, Uche Orji worked at Diamond Bank Plc, where he left as Ag. Financial Controller, Lagos, Nigeria. He also worked at Arthur Andersen & Co. Lagos.

Mr. Hanspeter Ackermann
Executive Director and Chief Investment Officer

- Mr. Ackermann joined NSIA in August 2013, bringing with him over 30 years of investment experience.
- Between 2010 and 2013, he served as Assistant General Manager at Samba Capital in Riyadh, Saudi Arabia. In his role as Chief Investment Officer (CIO) and Head of Asset Management, he was responsible for managing an asset pool of approximately US$10 billion invested across multiple asset classes.
- Before joining Samba Capital, Hanspeter was co-founder and Principal of Monteverdi International Management PLC, in New York, USA. From 1996-2004, he was President and Managing Director of Deutsche Bank Investment Management Inc. in New York. He also served as CIO and Senior Portfolio Manager for several closed-end mutual funds listed on the New York Stock Exchange.
- From 1993 – 1996, Hanspeter served as President and Managing Partner of Eiger Asset Management, New York. He was Managing Director and CIO, and previously Senior Portfolio Manager at UBS, where he built the institutional fund management business for Swiss Bank Corporation (UBS) in New York from 1983-93.
- He began his career with Banque de L'Indochine et Suez in Paris, France. He holds a BSc in Business Administration from the Handelsschule Kaufmaennischer Verein in Basel, Switzerland. He is a Chartered Financial Analyst (CFA).

Mrs. Stella Ojekwe-Onyejeli
Executive Director and Chief Risk Officer

- Mrs Ojekwe-Onyejeli brings more than 20 years of financial advisory, risk, governance and controls management experience to the Board of NSIA.
- She joined the Authority on 15 October 2012, following a distinguished tenure as Director and Head of Operational Risk and Control at Barclays, where she covered 15 countries spanning Africa, Middle East and Asia.
- She served as Vice President and Head of Quality Assurance, Africa, at Citibank, with direct oversight of the enterprise risk and control environment in 14 countries across Africa.
- Mrs Ojekwe-Onyejeli is a qualified Chartered Financial and Tax Accountant. She spent over a decade at professional services firms Arthur Anderson and KPMG in Nigeria and South Africa, providing financial advisory and business assurance services.
- She holds a first degree in chemistry from the University of Lagos, and an MBA from Cranfield School of Management in the UK.
- Mrs Ojekwe-Onyejeli is also a Fellow of the Institute of Chartered Accountants of Nigeria.

Mrs. Ibukun Awosika
Chair, Finance and General Purpose and Compensation Committees

- Mrs. Awosika is the founder and CEO of The Chair Centre Group. The companies in the group include The Chair Centre Limited, Sokoa Chair Centre Limited, Furniture Manufacturers Mart, TCC Security Systems, and Cubes and Boxes Limited. The companies are involved in furniture manufacturing, retail and bank-way security systems services.
- She serves on a number of corporate and not-for-profit boards including Cadbury Nigeria Plc. and Convention on Business Integrity (CBi). She chairs the boards of First Bank of Nigeria Limited, Kakawa Discount House Limited, Afterschool Graduate Development Centre (AGDC) (a facility which she promoted to help address youth employability and enterprise issues in Nigeria) and was past Chairman of FBN Life Assurance Limited.
- She is a graduate of chemistry from University of Ife, Nigeria, an alumna of the Chief Executive Programme of Lagos Business School, the Global Executive MBA of IESE Business School, Barcelona, Spain, and Global CEO Programme of Wharton, IESE and CEIBS Business Schools.
- With particular interest in social issues, including women, she is a co-founder and past Chairperson of Women in Business and Management, and Public Service (WIMBIZ). An ordained Pastor and founder of the Christian Missionary Fund, Mrs. Awosika, through this faith-based organisation works with hundreds of missionaries spread across Nigeria to change lives through provision of medical, educational and other supplies.
- As a fellow of the African Leadership Initiative and Aspen Global Leadership network, Mrs. Awosika, through her projects, aspires to use her opportunities in life to further the greatness of her dear country by raising entrepreneurs to create jobs for the large unemployed youthful population. She is a member of the Nigerian Economic Summit Group (NESG), served on the National Job Creation Committee, and sits on the International Advisory Board of IESE Business School, Barcelona-Spain.
- A multiple award-winning entrepreneur, Mrs. Awosika is the first Nigerian recipient of the prestigious International Women Entrepreneurial Challenge Award (IWEC) as a nominee of the US Department of State in 2008.
- She loves to watch investigative and legal series in her leisure time. She is married to Abiodun Awosika and they are blessed with three wonderful sons.

Mr. Arnold Ekpe
Chair, Risk Committee

- Mr. Ekpe has a proven track record in banking, finance and investments in Africa.
- He has served as Chief Executive of Ecobank and UBA, two of Africa's leading financial institutions. As the longest-serving CEO of Ecobank (where he was CEO twice), he was responsible for the transformation of the group from a West African bank to the first truly pan-African banking group. He was also responsible for turning around UBA in the early 2000s.
- Mr. Ekpe previously established and headed Citibank's Structured and Corporate Finance business in sub-Sahara Africa and was a partner at Capital Alliance, the leading private equity firm in West Africa.
- He is currently the Chairman of Atlas Mara, a UK listed pan-African banking group and Honorary President of the Business Council for Africa.
- Mr. Ekpe holds a first class BA (Hons) in mechanical engineering from Manchester University and an MBA from Manchester Business School.

Mrs. Olabisi Soyebo
Chair, Audit Committee

- Mrs. Soyebo is a Partner in the law firm Abdullahi Ibrahim & Co, where she heads its Abuja office.
- She is a Securities and Exchange Commission (SEC) approved capital market consultant and a fellow of the Chartered Institute of Arbitrators (UK).
- Mrs. Soyebo focuses on complex civil/criminal appellate litigation. She advises on commercial transactions including conveyance, corporate finance, capital markets, banking, labour, employment and oil and gas.
- She was called to the Nigerian Bar in 1988, appointed a Notary Public in 1998, and was admitted to the Inner Bar as a Senior Advocate of Nigeria (SAN) in 2008.
- Mrs. Soyebo obtained a BA (Hons) in sociology at the College of St. Elizabeth New Jersey, USA in 1985. She then went on to study at the University of Buckingham, England, where she graduated with an LLB (Hons) in law in 1987.

› Board of Directors

Mr. Hassan Musa Usman
Board Member

- Mr. Usman was the Managing Director/Chief Executive Officer of ASO Savings and Loans Plc. A Chartered Accountant, he possesses a relevant, winning career spanning over 20 years in finance and investment advisory and privatisation services, covering various sectors and global regions.
- Prior to becoming MD/CEO of ASO, he served as Executive Director (Investments) at Abuja Investment and Property Development Company Ltd., the Federal Capital Territory's premier development agency in Nigeria. He has also headed key units of the Bureau of Public Enterprises, including Petrochemicals and Gas, Transport Sector Reform and Telecommunications. At Citibank Nigeria, where he worked for seven years until 2000, Hassan headed the Structured and Cross-border Finance Team within its Corporate Finance Group. This followed stints managing Capital Markets and Corporate Banking relationships.
- He worked for three years within the Financial Markets Division of Arthur Andersen S.C. London, and before that as Research Assistant in the International Economic and Monetary Relations department of the Central Bank of Nigeria, Lagos. He has served on the boards of major corporations including NITEL and Nigerian Mortgage Refinance Company (NMRC), and on the Council of the Nigerian Stock Exchange.
- Mr. Usman graduated with a BA in economics from the University of Sussex, and an M.Phil in development economics from Darwin College, University of Cambridge. He is an Associate of the Institute of Chartered Accountants in England and Wales. He is also a registered US National Association of Securities Dealers Series 7 Investment Banking Representative. Hassan speaks English and Hausa and is married with four children. In his free time he plays football, basketball and listens to jazz.

Mr. Jide Zeitlin

Chair, Investment Committee

- Mr Zeitlin is an investor primarily focused on life sciences, natural resources and financial services in the Middle East and Africa. He was a Partner at Goldman Sachs where he held a number of senior management positions in the Investment Banking division, including that of Global Chief Operating Officer. He also served in the firm's Executive office. Mr Zeitlin joined Goldman Sachs in 1987, became a Partner in 1996 and retired from the firm in 2005.

- He is Chairman of the Board of Coach, Inc. (included in the S&P 500 and the Fortune 500 composites) and serves on the Board of Directors of Affiliated Managers Group Inc. (included in the S&P 500 and with over US$650 billion in assets under management). Jide is Chairman Emeritus of Amherst College and serves or has served as a member of the Boards of various organisations, including Harvard Business School Board of Dean's Advisors, Teach for America, Doris Duke Charitable Foundation, Milton Academy, Montefiore Medical Centre, Playwrights Horizons, Saint Ann's School, and Common Ground Community.

- Mr Zeitlin holds an AB degree, Magna Cum Laude, in economics and English from Amherst College and an MBA degree from Harvard University.

- He was nominated by President Obama to represent the United States of America as an ambassador with responsibility for financial reforms at the United Nations. He was also a member of President Obama's economic transition team.

› BOARD COMMITTEES

The NSIA Act provides for a minimum of three Committees, the Board however, set up an additional two in order to ensure that sufficient attention is paid to all aspects of the Authority's business activities.

The Committees are: Audit, Compensation, Finance and General Purpose, Risk and Investment. The members are made up of three Non-Executive Directors, with the Executive Directors in attendance as non-voting members. Each Committee has a Board approved Charter which guides its operations.

Table 3.1: NSIA Board Committee

	Audit	Compensation	Finance & General Purpose	Investment	Risk
Chair	Bisi Soyebo SAN	Ibukun Awosika	Ibukun Awosika	Jide Zeitlin	Arnold Ekpe
Members	Hassan Usman	Bisi Soyebo SAN	Hassan Usman	Bisi Soyebo SAN	Hassan Usman
	Ibukun Awosika	Hassan Usman	Bisi Soyebo SAN	Hassan Usman	Ibukun Awosika

Functions of the Board Committees

Investment Committee

Assists the Board in fulfilling its oversight responsibility for the investment assets of NSIA. This includes investment processes, strategies and policies employed with respect to the investment assets.

Risk Committee

Assists the Board in fulfilling its oversight responsibilities for the identification and management of risks arising from the investment strategies pursued by NSIA, and to ensure that appropriate risk management controls are implemented, monitored and regularly assessed.

Audit Committee

Assists the Board in fulfilling its oversight responsibilities relating to NSIA's accounting and financial reporting policies and practices, compliance programmes, internal controls and general compliance with applicable laws and regulations.

Compensation Committee

Assists the Board in fulfilling its oversight responsibility of ensuring that the compensation structure for NSIA's employees is consistent with NSIA's long-term objectives.

Finance & General Purpose Committee (F&GP)

Oversees the financial, operational and administrative functions of NSIA and acts as the authority's tender board.

Attendance at Meetings

A total of two meetings were held by the Board and its Committees except for the Investment Committee which held 3 meetings in the year under review. In addition, the Board held a three-day retreat in the first half of the year.

Table 3.2: Committee Attendance

	Board Meetings/ Retreat	Audit	Compensation	Finance & General Purpose	Investment	Risk
Date of Meetings	February 7 February 8 February 9 March 24 June 18	March 23 June 17	March 23 June 17	March 24 June 17	March 23 June 17 June 18	March 23 June 17
Number of Meetings	5	2	2	2	3	2
Alhaji Mahey Rasheed*	5	-	-	-	-	-
Uche Orji	5	2	2	2	3	2
Hanspeter Ackermann	5	2	2	2	3	2
Stella Ojekwe-Onyejeli	5	2	2	2	3	2
Ibukun Awosika*	5	-	2	2	-	2
Arnold Ekpe*	5	-	-	-	-	2
Olabisi Soyebo SAN*	5	2	2	2	3	-
Hassan Usman*	5	2	2	2	3	2
Jide Zeitlin*	5	-	-	-	3	-

**Affected by the Federal Government's Board dissolution pronouncement which took effect on 16th July 2016.*

RISK MANAGEMENT

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RISK MANAGEMENT

Global Risk Review

Global political developments and economic conditions presented many challenges to Nigeria and NSIA's operations in 2015. However, the Authority's embedded investment and risk management strategies worked to limit the impact of the downside risks as they arose.

According to the Global Risks 2015 insight report published by the World Economic Forum (WEF), the top risks of 2015 in terms of likelihood of occurrence and impact were: geopolitical risks - interstate conflicts with regional consequences; failure of national governance,; State collapse or crisis; environmental risks -- extreme weather, water crisis and spread of infectious diseases; and economic risk -- high structural unemployment or underemployment. Many of these risks and threats crystallized in 2015 with the on-going civil war in Syria, influx of refugees into Europe, increase in terrorist attacks in Europe, Islamic State's occupation of large swathes of territory in Iraq and Syria, economic sanctions against Russia, and the drop in oil and other commodity prices that resulted in a general contraction in global growth.

Global growth decelerated from 2.6% at the end of 2014 to 2.4% in 2015, according to the World Bank. Economic growth was uneven across the world, which resulted in heightened global market risks. For example, there was relative stability in the United States during the year, while Japan experienced economic vacillations. China's economy and that of many emerging economies slowed, while the trend in Europe was that of a slide towards recession. Russia's economy on the other hand was faced with significant stress arising from the effects of sanctions and a sharp decline in oil prices. The economic risks arising from a precipitous fall in the price of commodities led by oil, associated stress on currencies, as well as a sell-off on emerging markets (led by China) had the most direct impact on our portfolios and operations.

Nigeria Risk Review

We witnessed Brent crude going from an all year high of US$71.91 on 5 May 2015 to close at US$39.40 on December 31, 2015. Given the negative trend in oil prices vis-à-vis the oil benchmark price of US$53 per barrel for the 2015 budget, there was no allocation to the Authority from the Federation Account. The Stabilisation Fund (SF) and Future Generation Fund (FGF), which are invested in a broad spectrum of fixed income, equities and alternatives were not immune to the global volatility affecting markets. Whilst the negative trends impacted on portfolio US dollar values, the diversification effects of the respective asset classes in both funds enabled them to outperform global benchmarks.

In Nigeria, geopolitical risk, security and environmental risks were heightened as the country went through Presidential, Gubernatorial and National Assembly elections in the first half of the year, continued to battle the Boko Haram terrorist group, and experienced a quickly contained outbreak of lassa fever toward the end of the year. Heightened sensitivities in the period leading up to the elections and through the transition saw business activities generally decelerate, whilst international domestic interest and activity was significantly curtailed. This, combined with the impact of low oil prices and pressure on the naira (resulting in a further devaluation early in the year), generated macroeconomic risks that impacted on portfolio performance of fixed income and infrastructure investments held in Nigeria.

As the impact of low oil prices filtered through with increasing stress on the naira, a number of new policies and regulations were issued by the Central Bank of Nigeria (CBN) targeted at stabilising the naira and managing the national reserves. In June 2015, the CBN, announced the exclusion of 41 items from accessing foreign exchange at the official foreign exchange market. Items affected included Eurobonds and foreign currency shares, among others. For NSIA, the impact of these policies were moderate, largely because the Authority is not directly involved in or dependent upon imported items. However, through the Nigeria Infrastructure Fund (NIF), the Authority is involved in projects that require importation of some of these items. As such, the Authority saw an increase in costs for one motorways project with up to 50% foreign content.

During the year, the Authority complied with the August 2015 directive of the Federal Government requiring relevant organs of government to implement the Treasury Single Account (TSA) and e-Collection of government receipts. The directive impacted the Authority's investment activities by limiting opportunities for local currency investments with Nigerian financial institutions.

Overall, NSIA's portfolio benefited from appropriate levels of diversification and proactive risk-off tactical strategies that were applied to mitigate downside impact arising from various risk events that occurred during the year.

Risk Management

At NSIA, we believe that a sound risk management system is the foundation for building a vibrant and viable institution.

Risk Management Approach

NSIA's risk universe is categorised broadly under investment, operational, political and strategic risks to facilitate effective risk management and reporting.

Our strategy for managing risk is to identify, study and understand different dimensions of risks within our investment universe and the externalities that can affect it, with the aim of monitoring, controlling and mitigating against undesired events. Accordingly, our highly-experienced risk management team has developed a comprehensive risk management process through which we monitor, evaluate and manage the risks in conducting our activities (both internally and externally).

Objectives of Risk Management

The Authority's risk management objectives are to:

- ensure that all risks facing NSIA are identified and effectively managed and that returns are commensurate with the risks taken;
- protect NSIA against unexpected losses and reduce the volatility of our earnings;
- negate any threat to the value of the funds available to support the Nigerian people in times of economic stress;
- support the sustainable development of Nigeria's infrastructure by ensuring projects are selected based on careful identification and assessment of inherent risks;
- ensure that the Authority's investment plans are consistent, aligned with the defined risk appetite, and supported by an effective and efficient risk management function;
- optimise the Authority's risk and return trade-offs by ensuring that every member of staff acts as a primary risk manager while establishing strong risk management protocols complemented by independent review and oversight structures;
- contribute to building a risk-smart workforce and business environment that allows for innovation and responsible risk-taking, while ensuring that cost-effective precautions are taken to protect stakeholders' interest; and
- obtain assurance on the effectiveness of the Authority's risk management processes through comprehensive and regular reporting processes.

Risk Management Governance Structure

Our approach to risk governance balances the demands for growth, control and transparency while supporting our objectives with an efficient decision-making process. Risk management governance starts with our Board, which plays an important role in reviewing and approving risk management policies and practices. The management of risk in NSIA is primarily guided and monitored by the Board Risk Committee. The Chief Risk Officer regularly advises the Risk Committee of the Board about relevant risk metrics and material exposures. The Risk Committee in turn advises the Investment Committee and the Board as appropriate. Details regarding the composition and main responsibilities of our Board of Directors and the Board Risk Committees regarding risk management oversight are contained in the respective charters

Three Lines of Defence

Our risk management framework is based on the 'Three Lines of Defence' model.

First Line of Defence: Fund Managers

All fund managers are charged with the primary responsibility of managing the risks inherent in the various portfolios they manage. In the case of funds managed by external parties, the engaging investment team is responsible for directly monitoring the performance of the external managers and ensuring that they adhere to pre-determined control measures. Processes required to assess, measure and manage risks inherent in all portfolios (whether managed internally or not) are integrated in the activities of the office of the Chief Investment Officer.

Second Line of Defence: Risk Management and Compliance Functions

The second line of defence comprises all units and functions responsible for providing overarching risk oversight at NSIA. As part of its duties, NSIA's risk management team provides independent risk oversight by monitoring and challenging the effectiveness of NSIA's fund management and general operating practices. The Risk management team is also tasked with monitoring risks across the entire organisation, ensuring compliance with regulations, established policies and procedures.

Third Line of Defence: Internal Audit

The third line of defence is internal audit. The audit unit's primary responsibility includes assessing and providing independent assurance on the adequacy, appropriateness and effectiveness of NSIA's overall risk management framework, policy and practices.

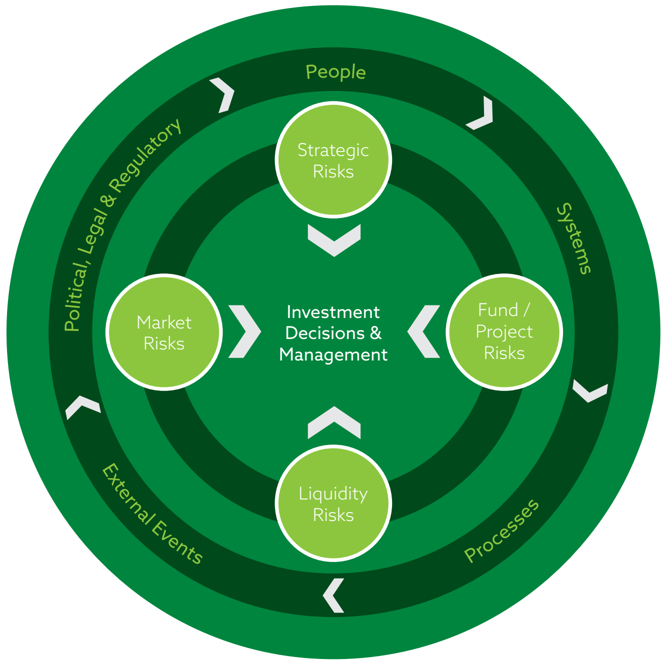
Risk Appetite

NSIA's risk appetite, articulated by the Board, expresses the level of risk the Authority is willing to accept or tolerate in the achievement of its strategic objectives. NSIA's risk appetite is set at a level that minimises the erosion of earnings or fund value owing to avoidable losses in the Authority's investment transactions, or as a result of fraud and operational inefficiencies. The risk management function periodically recommends specific measures to the Board (or its committees) for approval as may be required. Executive Management defines the process for setting the risk appetite and makes recommendations to the Board for approval annually or as may be required.

Risk Universe

We have analysed and outlined mitigation steps for risks groups identified across all facets of our operations. These risks include strategic, market, project and liquidity risks. Our strategies for addressing and limiting the impact of the occurrence are as follows:

Figure 4.1: Risk Management Universe



Investment Risk

The Investment Risk Management team is independent of the Investment Unit and reports to the Authority's Chief Risk Officer. It has the primary responsibility for assessing, monitoring and managing investment risk at the Authority. The investment risk management portfolio covers: market risk, credit risk, portfolio risk, liquidity risk and infrastructure risk.

Figure 4.2: Risk Exposure

Investment Risk	Operational Risk	Strategic & Political Risk
• Market Risk • Credit Risk • Portfolio Risk • Liquidity Risk • Infrastructure Risk	• Legal & Regulatory Compliance • Systems Risk • Outsourcing Risk • Fraud • People Risk • Physical Security Risk • External Events • Internal Processes	• Strategic Objectives Implementation • Political Risk (Domestic & international)

Market Risk

These include interest rates, exchange rates, capital market and commodity price volatility. The market value of the financial instruments in NSIA is exposed to potential losses as a result of changes in market conditions.

We manage our market risk by diversifying exposures and managing the Authority's asset allocation to balance risk and reward. Risk management produces risk measures and monitors them to ensure that portfolios remain within the risk appetite approved by the Authority's Risk Committee. We use a variety of risk measures to estimate the size of potential losses for both moderate and more extreme market moves over short and long-term horizons. Risk measures used for shorter-term periods include value at risk and sensitivity metrics. For longer-term horizons, our primary risk measures are stress tests.

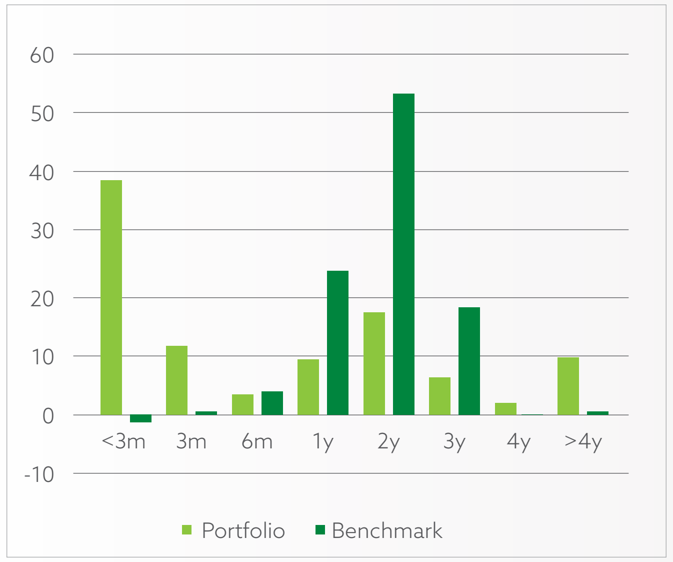
Our assessments of these risks and their impact on our portfolio are outlined below.

- *Commodity Price Risk:* This results from exposures to changes in spot prices, forward prices and volatilities of commodities, such as grains, metals, crude oil, natural gas etc. At the end of December 2015, approximately 3.6% of the Future Generations Fund had direct exposure to commodities.

- *Interest Rate Risk:* Interest rate movements directly affect the price of fixed-income instruments.

The Stabilisation Fund is exposed to interest rate risk and its average duration was reduced significantly from 2 years at the end of 2014 to 0.7 years at the end of 2015, with most of the instruments having term to maturity of less than three years as shown below.

Chart 4.1: Investment Duration Distribution



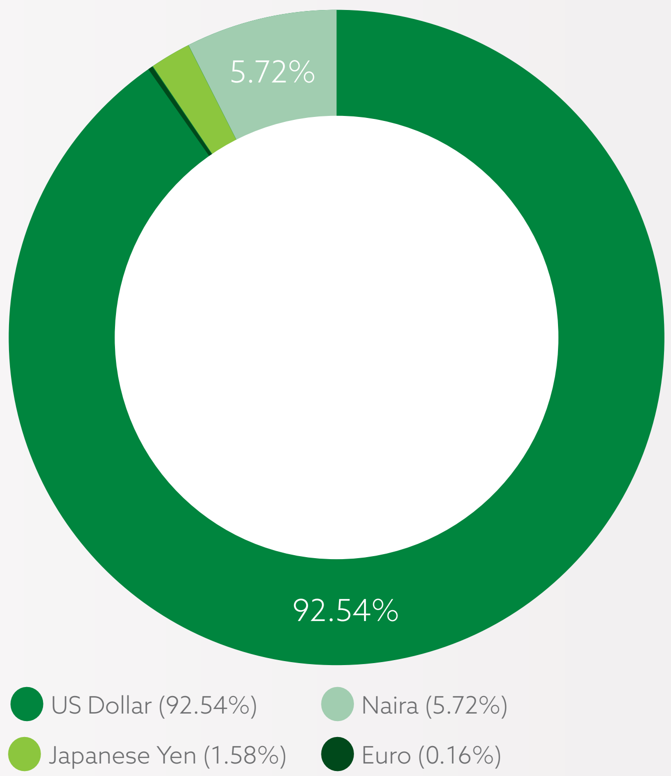
- *Equity Price Risk:* This results from exposures to changes in prices and volatilities of individual equities, baskets of equities and equity indices. At the end of December 2015, NSIA had approximately 26% of the Future Generations Fund invested in the global equity markets.

- *Currency Rate Risk:* The value of the Funds under NSIA management is significantly affected by exchange rate movements that result from exposures to changes in spot prices, forward prices and volatilities of currency rates. The effective currency of NSIA is US dollars. However, due to statutory reporting requirements, the reporting currency is Naira. We are, therefore, significantly affected by the Nigerian Naira/US dollar exchange rate.

The Stabilisation, Future Generations and Infrastructure Funds are mostly held in US dollars. This is not expected to change going forward for the Stabilisation Fund and Future Generations Fund. We, however, expect this to change significantly in the Infrastructure Fund as implementation of the fund mandate progresses. Investments in the Infrastructure Fund are made in US dollars while returns are primarily expected in Naira which would increase the currency risk in the Infrastructure Fund over time.

The direct currency position is the effective currency of the portfolio. The direct currency positions held by NSIA as at the end of December 2015 are approximately 5.72% Naira, 1.58% Japanese Yen, 0.16% Euro and 92.54% US dollars as shown in the pie chart below:

Chart 4.2: Currency Risk Exposure



However, the funds' investments are exposed to different currencies through the underlying assets, the exposure here is termed as the absolute currency exposure. Further analysis into the absolute currency exposure of assets held by the various portfolio managers at the end of December 2015 shows exposure to a swathe of global currencies; some of which are detailed in the table below:

Table 4.1: NSIA Absolute Currency Exposure as at December 2015

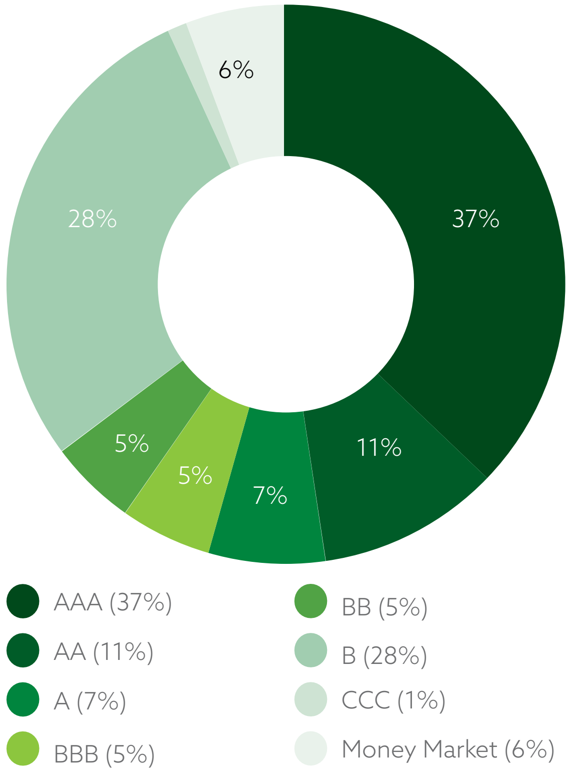
Currency	Portfolio Weight	Currency	Portfolio Weight
US Dollar	97.05%	Russia Ruble	0.18%
Swedish Krona	0.96%	British Pounds	0.06%
Hungarian Florint	0.78%	Canadian Dollar	0.01%
Brazilian Real	0.77%	UAE Dirham*	-0.08%
New Zealand Dollar	0.66%	Singaporean Dollar*	-1.06%
Norwegian Krone	0.52%	Japanese Yen*	-3.61%
Polish Zloty	0.48%	Euro*	-3.96%
Australian Dollar	0.44%	Others	6.78%

**These reflect the net short currency positions in the portfolio.*

Credit Risk

Credit risk represents the potential for loss due to the default or deterioration in credit quality of a counterparty, an issuer of securities or other instruments we hold. Our credit risk exposures are limited to deposits with banks and our holdings of fixed income securities. We have defined our counterparty risk limits with Nigerian banks and use this as a guide to manage our credit risk exposures to these counterparties. A snapshot of the credit risk profile of NSIA's funds is shown below.

Chart 4.3: Credit rating profile



Portfolio Risk

Portfolio risk represents the possibility that an investment portfolio may not achieve its objectives. There are a number of factors that contribute to portfolio risk. While we take steps to minimise them, they can never be fully eliminated. We monitor portfolio risk using a number of metrics including value at risk, exposure limits, beta to benchmark tracking, scenario analysis to monitor the impact of trades on risk exposures prior to exposure, and stress testing of portfolio with risk scenaerios.

Liquidity Risk

Liquidity risk represents the potential for loss arising from the Authority's inability to meet its current or future commitments in total or when they are due, which could lead to the unplanned sale of securities in order to cover cash-flow needs. This risk is exacerbated during times of economic uncertainty, when some investments could be substantially discounted due to lack of demand or market depth.

In the Stabilisation Fund, this risk is mitigated by maintaining a high percentage of liquid short-term assets with a term to maturity of less than three years.

The Future Generations Fund is designed for the long term and as such, it holds a high percentage of illiquid long-term assets, such as private equity investments. However, the Fund seeks to maintain up to 50% of its assets in instruments redeemable within one year.

There are allocations in the Future Generations Fund and the Nigeria Infrastructure Fund which are yet to be deployed. The yet-to-be-deployed allocations are held mostly in liquid instruments limiting the authority's liquidity risk. As the Authority continues to invest in more sophisticated and illiquid products and infrastructure projects throughout 2016 and beyond, liquidity risk will play a more prominent role. This is especially true for the Infrastructure Fund.

Infrastructure Risk

Infrastructure risk represents the potential for loss arising from the Authority's investment in infrastructure projects. Infrastructure investments often involve complex, large, and long-term undertakings. The complex nature of infrastructure projects in Nigeria pose various challenges for NSIA.

The issues here are quite significant and include, but are not limited to: regulatory matters, legal issues, community matters, security, long-term funding, project development risk, construction risk, viability risk, revenue risk, demand risk and various market risks.

Infrastructure projects are thoroughly analysed. They are taken through rigorous due diligence and an internal risk framework that guides investment decisions. Once a project has been approved for investment, the secondary goal is to de-risk the project as much as possible to ensure a sustainable return on investment.

Operational Risk

NSIA defines operational risk as the risk of loss or other outcome arising as a result of failed or inadequate internal processes, people, systems, or external factors that are outside NSIA's control.

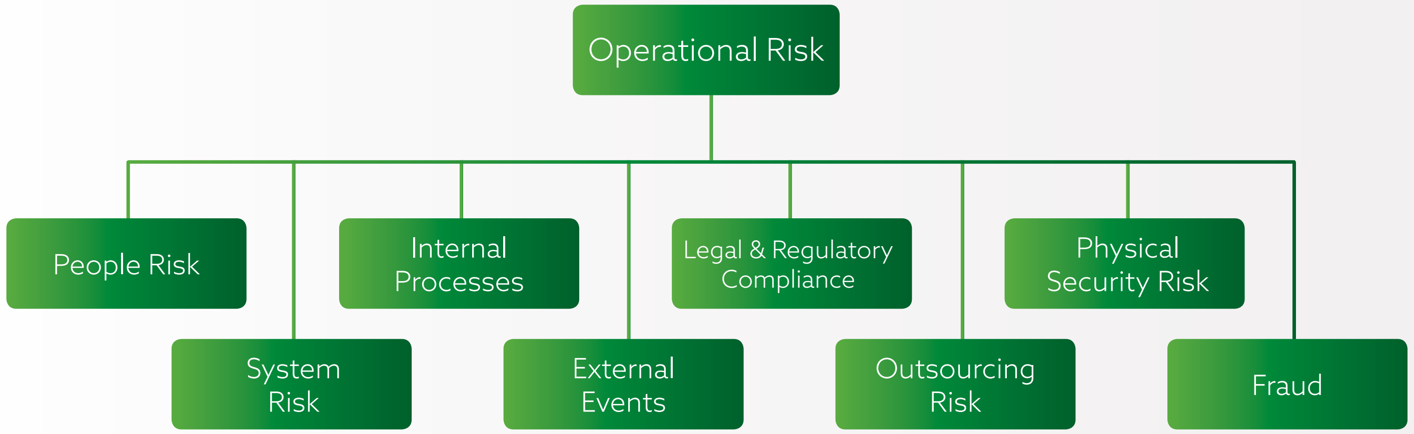
We have defined eight key operational risk categories as depicted below for more detailed and effective management. We seek to manage our operational risk through:

- active participation of all employees in proactively identifying and mitigating key operational risks across the Authority;

- instituting appropriate policies and procedures in compliance with applicable local and international standards and implementing controls designed to prevent the occurrence of operational risk events; and
- independent monitoring of operational risk indicators and profile.

Our end goal is to provide early warning signals of any deterioration in the Authority's system of internal controls, and ultimately to minimise and, where possible, eliminate the occurrence of negative financial and non-financial impacts on our business. NSIA has adopted the use of three key framework methodologies and tools; namely, the Risk and Control Self-Assessment Process, Risk Events and Incident Management and Key Risk Indicator Monitoring. These frameworks aid the authority in monitoring and reporting on operational risk run by the Authority.

Figure 4.3: Operational Risk Management Structure



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DIRECTORS, OFFICERS AND PROFESSIONAL ADVISORS

Chairman	Alhaji Mahey Rasheed (OFR)*
Directors	Mr. Uche Orji (Managing) Mr. Hanspeter Ackermann (Executive) Mrs. Stella Ojekwe-Onyejeli (Executive) Mrs. Ibukun Awosika (Non- Executive)* Mr. Arnold Ekpe (Non- Executive)* Mrs. Olabisi Soyebo (SAN) (Non- Executive)* Mr. Hassan Usman (Non- Executive)* Mr. Jide Zeitlin (Non- Executive)*
Secretary to the Authority	Mrs. Ezinwa Okoroafor
Registered office	The Clan Place, 4th floor Plot 1386A, Tigris Crescent Maitama Abuja
Auditors	**PricewaterhouseCoopers** Landmark Towers 5B, Water Corporation Road Victoria Island Lagos
Banker	**Central Bank of Nigeria (CBN)** Plot 33, Abubakar Tafawa Balewa Way Central Business District Cadastral Zone Abuja, Federal Capital Territory Nigeria
Fund Custodians	**JP Morgan Chase & Co (Global Custodian)** 25 Bank Street Canary Wharf London, E14 5JP **Stanbic IBTC Bank Limited (Local Custodian)** IBTC Place 2, Walter Carrington Crescent Victoria Island Lagos, Nigeria

**The Board of the Authority was dissolved via a pronouncement of the Federal Government of Nigeria with effect from 16 July 2015. Consequently, the Non-Executive Directors of the Authority ceased being Directors from that date.*

MANAGEMENT'S REPORT

1. Financial Statements

The management of the Authority present their annual report on the affairs of Nigeria Sovereign Investment Authority ('the Authority' or 'NSIA'), together with the financial statements and independent auditor's report for the year ended 31 December 2015.

2. Principal Activities

The Authority was established by the Nigeria Sovereign Investment Authority (Establishment etc.) Act, 2011 to manage excess funds from the country's sale of crude oil. This is performed through three (3) funds; Stabilisation Fund (SF), Nigeria Infrastructure Fund (NIF) and the Future Generation Fund (FGF). The Authority commenced operations in October 2012.

3. Operating Results

The following is a summary of the Authority's operating results:

	Group 31 December 2015 N'000	Authority 31 December 2015 N'000
Investment income	5,821,745	5,811,617
Net foreign exchange gains and other fee income	8,774,693	8,770,524
Profit for the period	11,775,578	12,205,881
Total comprehensive income for the period	26,355,356	25,944,238
Retained earnings for the year	17,466,251	17,738,425

4. Objective

NSIA is an autonomous entity established under the laws of the Federal Republic of Nigeria with a broad mandate to:

a) Build a savings base for the Nigerian people;
b) enhance the development of Nigerian infrastructure;
c) provide stabilisation support in times of economic stress, and
d) carry out such other matters as may be related to the above objects

5. Governance and Management

The Act establishes a Governing Council (the Council) for the Authority. The Council comprises the following:

a) The President of Nigeria (who may be represented by the Vice-President),
b) Governors of Nigeria's 36 States, and
c) Eighteen other appointees, including:
   i. Attorney-General of the Federation,
   ii. Minister of Finance,
   iii. Minister in charge of the National Planning Commission

6. Employment of disabled persons

The Authority has a policy of fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The Authority's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Authority continues and that appropriate training is arranged.

7. Employee health, safety and welfare

The Authority enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. The Authority provides medical insurance for its employees through designated hospitals and clinics. Fire prevention and fire-fighting equipment are installed at strategic locations within the Authority's premises.

Mrs. Ezinwa Okoroafor
General Counsel

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

In relation to the financial statements for the year ended 31 December 2015

The management of the Authority accept responsibility for the preparation of annual financial statements that give a true and fair view of the state of the financial affairs of the Authority.

The management further accept responsibility for maintaining adequate accounting records and for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

Signed on behalf of Management by:

Mr. Uche Orji
Managing Director & Chief Executive Officer
FRC/2014/IODN/00000007036

Mr. Hanspeter Ackermann
Executive Director & Chief Investment Officer
FRC/2015/IODN/00000012315

Mrs. Stella Ojekwe-Onyejeli
Executive Director & Chief Risk Officer
FRC/2014/ICAN/00000005766

pwc

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF THE NIGERIA SOVEREIGN INVESTMENT AUTHORITY

Report on the financial statements

We have audited the accompanying financial statements of the Nigeria Sovereign Investment Authority ("the Authority") and its subsidiaries (together, "the Group"). These financial statements comprise the statement of financial position as at 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Nigeria Sovereign Investment Authority Act and for such internal control, as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the 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 our audit to obtain reasonable assurance that 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 auditor's 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 auditor considers internal control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 opinion.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the Authority and the Group at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Nigeria Sovereign Investment Authority Act and the Financial Reporting Council of Nigeria Act.

For:
PricewaterhouseCoopers
Chartered Accountants Lagos, Nigeria
Engagement partner: Daniel Asapokhai
FRC/2013/ICAN/00000000946

31 March 2016

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 1012772

PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B, Water Corporation Road, Victoria Island, Lagos, Nigeria

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

		Group	Group	Authority	Authority
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
	Note	N '000	N '000	N '000	N '000
Investment income	8	5,673,284	3,920,787	5,700,019	3,774,168
Interest income	9	148,461	20,606	111,598	17,232
Total operating income		**5,821,745**	**3,941,393**	**5,811,617**	**3,791,400**
Investment management fees		(492,781)	(293,762)	(492,781)	(293,762)
Local custodian fees		(12,251)	(16,988)	(12,251)	(16,988)
Global custodian fees		(91,627)	(33,581)	(91,627)	(33,581)
Total investment management & custodian fees		**(596,659)**	**(344,331)**	**(596,659)**	**(344,331)**
Total operating profit		**5,225,086**	**3,597,062**	**5,214,958**	**3,447,069**
Net foreign exchange gain and other fee income	10	8,774,693	3,239,795	8,770,524	3,239,795
Total other income		**8,774,693**	**3,239,795**	**8,770,524**	**3,239,795**
Operating and administrative expenses	11	(2,333,619)	(1,644,388)	(1,770,993)	(1,644,388)
Total operating and administrative expenses		**(2,333,619)**	**(1,644,388)**	**(1,770,993)**	**(1,644,388)**
Share of profit of investments in associates	21	124,914	16,364	-	-
Profit before tax		11,791,074	5,208,833	12,214,489	5,042,476
Taxation	14	(15,496)	(42,907)	(8,608)	(35,090)
Profit for the period		11,775,578	5,165,926	12,205,881	5,007,386
Profit for the period is attributable to:					
Owners of NSIA		11,775,728	5,165,926	-	-
Non-controlling interests		(150)	-	-	-
		11,775,578	**5,165,926**	-	-
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
Fair value gains on available for sale investments					
Net change in fair value	24	12,654,237	10,489,666	13,738,357	8,877,356
Currency translation differences	24	1,537,219	116,981	-	-
Share of other comprehensive income of investments in associates	21	388,322	-	-	-
Other comprehensive income for the period		**14,579,778**	**10,606,647**	**13,738,357**	**8,877,356**
Total comprehensive income for the period		**26,355,356**	**15,772,573**	**25,944,238**	**13,884,742**
Total comprehensive income for the period is attributable to:					
Owners of NSIA		26,355,143	15,772,573	-	-
Non-controlling interests		213	-	-	-
		26,355,356	**15,772,573**	-	-

The accompanying notes on pages 60 to 101 form an integral part of these consolidated and separate financial statements

STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

		Group	Group	Authority	Authority
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
	Note	N '000	N '000	N '000	N '000
Assets					
Cash and cash equivalents	15	37,983,532	49,903,739	32,913,468	43,098,473
Advances	16	4,756	16,800	4,756	16,800
Investment securities	17	164,382,547	117,746,679	154,152,447	108,471,837
Other assets	18	1,467,752	4,769,933	3,839,847	4,769,621
Investment in subsidiaries	21	-	-	7,066,155	11,994,482
Investment in associate	21	2,129,600	1,616,364	1,600,000	1,600,000
Property and equipment	19	7,700,860	3,772,873	104,603	185,378
Intangible assets	20	5,739	12,168	5,739	12,168
Total assets		**213,674,786**	**177,838,556**	**199,687,015**	**170,148,759**
Liabilities					
Trade and other payables	22	15,788,509	6,310,289	4,102,341	508,323
Borrowings	23	-	-	-	-
Total liabilities		**15,788,509**	**6,310,289**	**4,102,341**	**508,323**
Equity and reserves					
Contribution by Government	24	155,250,000	155,250,000	155,250,000	155,250,000
Retained earnings	24	17,466,251	5,691,084	17,738,425	5,532,544
Fair value reserves	24	23,513,074	10,470,202	22,596,249	8,857,892
Currency translation reserves	24	1,653,739	116,981	-	-
Total equity and amount attributable to equity contributors of the parent (Government)		**197,883,064**	**171,528,267**	**195,584,674**	**169,640,436**
Non-controlling interests	24	3,213	-	-	-
Total equity		**197,886,277**	**171,528,267**	**195,584,674**	**169,640,436**
Total equity and liabilities		**213,674,786**	**177,838,556**	**199,687,015**	**170,148,759**

The financial statements on pages 54 to 55 were approved for issue by management on 30 March 2016 and signed on its behalf by:

Mr. Uche Orji
Managing Director
FRC/2014/IODN/00000007036

Mr. Hanspeter Ackermann
Executive Director
FRC/2015/IODN/00000012315

Mrs. Stella Ojekwe-Onyejeli
Executive Director
FRC/2014/ICAN/00000005766

Mrs. Olubisi Makoju
Financial Controller
FRC/2014/ICAN/00000005765

The accompanying notes on pages 60 to 101 form an integral part of these consolidated and separate financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Contribution by Government	Retained earnings	Fair value reserves	Translation reserves	Non-controlling interests	Total
Group	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Balance at 1 January 2015	**155,250,000**	**5,691,084**	**10,470,202**	**116,981**	**-**	**171,528,267**
Total comprehensive income						
Profit for the year	-	11,775,728	-	-	(150)	11,775,578
	-	11,775,728	-	-	(150)	11,775,578
Other comprehensive income for the year						
Net changes in fair value reserve of financial assets (available for sale)	-	-	13,042,872	-	(313)	13,042,559
Currency translation differences	-	-	-	1,536,758	461	1,537,219
Total other comprehensive income for the year	**-**	**-**	**13,042,872**	**1,536,758**	**148**	**14,579,778**
Total comprehensive income for the year	**-**	**11,775,728**	**13,042,872**	**1,536,758**	**(2)**	**26,355,356**
Transaction with owners:						
Contributions made	-	-	-	-	3,000	3,000
Transactions within equity	-	(561)	-	-	561	-
Distributions	-	-	-	-	(346)	(346)
Total transactions with owners	**-**	**(561)**	**-**	**-**	**3,215**	**2,654**
Balance at 31 December 2015	**155,250,000**	**17,466,251**	**23,513,074**	**1,653,739**	**3,213**	**197,886,277**

	Contribution by Government	Retained earnings	Fair value reserves	Translation reserves	Total
Group	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Balance at 1 January 2014	**155,250,000**	**525,158**	**(19,464)**	**-**	**155,755,694**
Total comprehensive income					
Profit for the year	-	5,165,926	-	-	5,165,926
	-	5,165,926	-	-	5,165,926
Other comprehensive income for the year					
Net changes in fair value reserve of financial assets (available for sale)	-	-	10,489,666	-	10,489,666
Currency translation differences	-	-	-	116,981	116,981
Total other comprehensive income for the year	**-**	**-**	**10,489,666**	**116,981**	**10,606,647**
Total comprehensive income for the year	**-**	**5,165,926**	**10,489,666**	**116,981**	**15,772,573**
Balance at 31 December 2014	**155,250,000**	**5,691,084**	**10,470,202**	**116,981**	**171,528,267**

The accompanying notes on pages 60 to 101 form an integral part of these consolidated and separate financial statements

Statement of Changes in Equity

For the year ended 31 December 2015

	Contribution by Government	Retained earnings	Fair value reserves	Total
Authority	**N'000**	**N'000**	**N'000**	**N'000**
Balance at 1 January 2015	**155,250,000**	**5,532,544**	**8,857,892**	**169,640,436**
Total comprehensive income				
Profit for the year	-	12,205,881	-	12,205,881
	-	12,205,881	-	12,205,881
Other comprehensive income for the year				
Net changes in fair value reserve of financial assets (available for sale)	-	-	13,738,357	13,738,357
Total other comprehensive income for the year	**-**	**-**	**13,738,357**	**13,738,357**
Total comprehensive income for the year	-	**12,205,881**	**13,738,357**	**25,944,238**
Transactions with owners	-	-	-	-
Balance at 31 December 2015	**155,250,000**	**17,738,425**	**22,596,249**	**195,584,674**

	Contribution by Government	Retained earnings	Fair value reserves	Total
Authority	**N'000**	**N'000**	**N'000**	**N'000**
Balance at 1 January 2014	**155,250,000**	**525,158**	**(19,464)**	**155,755,694**
Total comprehensive income				
Profit for the year	-	5,007,386	-	5,007,386
	-	5,007,386	-	5,007,386
Other comprehensive income for the year				
Net changes in fair value reserve of financial assets (available for sale)	-	-	8,877,356	8,877,356
Currency translation differences	-	-	-	-
Total other comprehensive income for the year	**-**	**-**	**8,877,356**	**8,877,356**
Total comprehensive income for the year	**-**	**5,007,386**	**8,877,356**	**13,884,742**
Transactions with owners	-	-	-	-
Balance at 31 December 2014	**155,250,000**	**5,532,544**	**8,857,892**	**169,640,436**

The accompanying notes on pages 60 to 101 form an integral part of these consolidated and separate financial statements

STATEMENT OF CASH FLOWS
For the year ended 31 December 2015

	Note	Group 12 months ended 31 December 2015 N '000	Group 12 months ended 31 December 2014 N '000	Authority 12 months ended 31 December 2015 N '000	Authority 12 months ended 31 December 2014 N '000
Cash flows from operating activities					
Profit before tax		11,791,074	5,208,833	12,214,489	5,042,476
Adjustments for:					
Depreciation	19	82,526	78,507	80,868	78,507
Amortisation of intangible assets	20	8,104	7,609	8,104	7,609
Withholding tax deducted from income received	14	(15,496)	(42,907)	(8,608)	(35,090)
Share of (profit) from associate	21	(124,914)	(16,364)	-	-
Loss on sale of property and equipment		767	-	767	-
Movements in operating assets/liabilities					
Increase in investment securities	17	(41,180,707)	(65,130,410)	(40,674,377)	(57,584,859)
Decrease/(increase) in other assets	18	3,302,181	(4,479,421)	929,774	(4,479,109)
Decrease in advances		12,044	11,968	12,044	11,968
Increase in trade and other payables	22	9,478,220	5,870,612	3,592,018	67,646
Net cash used in operating activities		**(16,646,201)**	**(58,491,573)**	**(23,844,921)**	**(56,890,852)**
Cash flows from investing activities					
Purchase of property and equipment	19	(4,020,489)	(3,605,191)	(10,071)	(17,696)
Purchase of intangible assets	20	(1,675)	-	(1,675)	-
Investment in subsidiaries	21	-	-	-	(11,993,482)
Investment in associate	21	-	(1,600,000)	-	(1,600,000)
Distributions from subsidiary		-	-	4,930,327	-
Proceeds from sale of property and equipment		9,211	-	9,211	-
Net cash (used in)/generated from investing activities		**(4,012,953)**	**(5,205,191)**	**4,927,792**	**(13,611,178)**
Cash flows from financing activities					
Repayment of loan		-	(1,400,000)	-	(1,400,000)
Transactions with Non Controlling interest ("NCI")		3,000	-	-	-
Distributions to equity holders - NCI		(346)	-	-	-
Net cash generated from/(used in) financing activities		**2,654**	**(1,400,000)**	**-**	**(1,400,000)**
Net cash movement for the year		(20,656,500)	(65,096,764)	(18,917,129)	(71,902,030)
Cash and cash equivalents at beginning of period		49,903,739	111,895,419	43,098,473	111,895,419
Net exchange gains on cash and cash equivalents		8,736,293	3,105,084	8,732,124	3,105,084
Cash and cash equivalents at year end		**37,983,532**	**49,903,739**	**32,913,468**	**43,098,473**
Cash and cash equivalents comprise:					
Cash in hand		133	70	133	70
Bank balances		24,099,268	12,076,261	22,826,036	6,871,656
Placements with financial institutions		13,884,131	37,827,408	10,087,299	36,226,747
Total cash and cash equivalents		**37,983,532**	**49,903,739**	**32,913,468**	**43,098,473**

The accompanying notes on pages 60 to 101 form an integral part of these consolidated and separate financial statements

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
For the year ended 31 December 2015

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Notes to the consolidated and separate financial statements
For the year ended 31 December 2015

1. General information

Nigeria Sovereign Investment Authority ('NSIA' or 'the Authority') was established to receive, manage and invest the excess funds from the country's sale of crude oil in a diversified portfolio of medium and long-term investments. The Authority was set up by the Nigeria Sovereign Investment Authority Act, which was signed in May 2011 and was allocated an initial US$1 billion in seed capital. The Authority commenced operations in October 2012.

The Authority is domiciled in Nigeria and its registered address is the Clan Place, 4th floor, Plot 1386A, Tigris Crescent, Maitama, Abuja.

To actualize its mandate, the Authority has established three separate "ring-fenced" funds. They are the Stabilisation Fund (SF), Future Generations Fund (FGF) and Nigeria Infrastructure Fund (NIF).

The investment activities of the funds are managed as follows:

Fund	Investment managers
Stabilisation Fund (SF)	Legg Mason Global Asset Management, Goldman Sachs Asset Management, JP Morgan Asset Management and UBS.
Nigeria Infrastructure Fund (NIF)	In-house Management Team, Fund for Agricultural Finance in Nigeria (FAFIN), Goldman Sachs Asset Management, JP Morgan Asset Management and Legg Mason Global Asset Management.
Future Generations Fund (FGF)	Cevian Capital UK LLP, Blue Mountain Capital Management, JHL Capital Group LLP, Edgbaston Investment Partners, Capital Group, Arbiter Offshore Limited, Somerset Capital Management LLP, Marathon Asset Management LLP, Chieftain Capital, Prince Street, JP Morgan Asset Management, Goldman Sachs Asset Management, Jamison Capital Partners, Xenon Private Equity, Z Capital Partners, Helios Investment Partners, Healthcare Royalty Partners, AQR Capital Management, Actis Capital, Africa Capital Alliance and Legg Mason Global Asset Management.

2. Basis of preparation

2.1 Statement of compliance

The consolidated and separate financial statements of Nigeria Sovereign Investment Authority (NSIA) have been prepared in accordance with International Financial Reporting Standards (IFRS), including International Accounting Standards and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. Further standards may be issued by the International Accounting Standards Board (IASB) and may be subject to the interpretations issued by the IFRIC.

The consolidated and separate financial statements were approved by management on 30 March 2016.

The Group has adopted the liquidity approach in the presentation of the statement of financial position as this best represents the nature of its activities.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Available-for-sale financial assets are measured at fair value
- Fair value through profit or loss financial assets are measured at fair value
- Trade and other receivables, held to maturity financial assets and financial liabilities are measured at amortised cost.

2.3 Functional and presentation currency

These financial statements are presented in Naira. All financial information presented in Naira has been rounded to the nearest thousands, except otherwise indicated.

The currency of the primary economic environment of the Authority (that is, functional currency) is the Nigerian Naira.

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Naira', which is the group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'net exchange gains'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measured at fair value, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
ii. income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
iii. all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(d) Composition of the Group

The Group is made up of a number of subsidiaries. The Group re-assesses the function performed by each type of subsidiary to determine its treatment under the IFRS 10 exemption from consolidation. The types of subsidiaries and their treatment under IFRS 10 are as follows:

NSIA Motorways Investment Company (NMIC): wholly-owned subsidiary investing in road infrastructure within Nigeria. Its results have been consolidated in the Group's financial statements.

KG Brussels LP: a 99.97% owned subsidiary domiciled in the United States of America. The subsidiary was set-up to invest in other investee funds.

KG Acquisition I LLC: wholly-owned subsidiary domiciled in the United States of America. The subsidiary was set-up to act as a General Partner to KG Brussels LP.

FGF Private Equity Co: wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities.

FGF Investments Limited: wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities and other investments.

2.4 Structure and content

The financial statement comprises:

(a) A statement of financial position at the end of the period;
(b) A statement of comprehensive income for the period;
(c) A statement of changes in equity for the period;
(d) A statement of cash flows for the period;
(e) Notes, comprising a summary of significant accounting policies and other explanatory information.

2.5 Changes in accounting policy

There were no changes in the accounting policies of the Authority during the period.

(a) New standards, amendments and interpretations adopted by the Group.

All the standards effective as at the reporting date have been adopted by the Company for the financial period beginning on or after 1 January 2015

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated and separate financial statements. None of these is expected to have a significant effect on the consolidated and separate financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact. The Group intends to adopt this standard on 1 January 2018.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of IFRS 15. The Group intends to adopt this standard on 1 January 2018.

IFRS 16, 'Leases' requires lessees in a finance lease to recognise a right to use an asset and a corresponding liability. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. The Group is assessing the impact of IFRS 16.The Group intends to adopt this standard on 1 January 2019.

Amendments to IAS 27 on equity method in ''Separate Financial Statements'
The amendment allows an option to use the equity method in separate financial statements. The changes will need to be applied retrospectively and there is no relief for first-time adopted. The amendment is effective for annual periods beginning on or after 1 January 2016. The Group is yet to assess the impact of this amendment. The Group intends to adopt this standard on 1 January 2016.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

3. Significant accounting policies

The accounting policies set out below were adopted by the Authority and the Group in the presentation of these consolidated and separate financial statements.

3.1 Consolidation

(a) Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without loss of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries
When the Group ceases to have control over any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post- acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

(e) Joint arrangements
The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Authority has assessed the nature of its joint arrangements and determined them to be joint operations. Joint operations are accounted for by recognising the entity's share of the assets, liabilities, revenues and expenses of the joint operation.

3.2 Interest income and interest expense
Interest income and expense, including interest income from non-derivative financial assets at fair value through profit or loss, are recognised in profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

When calculating the effective interest rate, the Authority estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. The calculation of the effective interest rate includes all fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

3.3 Dividend income
Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividend income from equity securities designated at fair value through profit or loss is recognised in the "dividend income" line in the statement of comprehensive income.

3.4 Transaction costs
All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss where transaction costs are expensed in the income statement. They include fees and commissions paid to agents, custodians and advisers.

3.5 Net gain from financial instruments at fair value through profit or loss
Net gain from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences, but excludes interest and dividend income, and dividend expense on short positions.

3.6 Fees and Commissions
Fees, commission and other expenses that are not integral to the effective interest rate computation are recognised in profit or loss on an accrual basis as the related services are performed.

3.6.1 Fiduciary activities
The Authority provides investment management and custody services to the Debt Management Office and Nigerian Bulk Electricity Company Plc. ("NBET") which involve the Authority making allocation, purchase and sale decisions in relation to a wide range of financial instruments and investments. Those assets and income that are held in a fiduciary capacity are not included in these financial statements as they are not assets of the Authority. Some of these arrangements involve the

Authority accepting targets for benchmark levels of returns for the assets under the Authority's care. The fees and commissions which relates mainly to these investment management transactions and other fiduciary activity fees are recognised under non-operating income in profit or loss as the related services being provided are performed.

From May 2015, the Authority started receiving 25% of funds accruing to the Federal Government of Nigeria Stabilisation Account on a regular basis and is required to invest the funds in varied financial instruments.

3.7 Income tax expense

The Authority and its wholly-owned subsidiaries and wholly affiliates in Nigeria shall be exempt from the provisions of any and all taxes, fees, imports or similar fiscal laws or regulations of the Federal Government, State Government, Federal Capital Territory, Local Government and Area councils of the Federal Republic of Nigeria, including without limitation, the Companies Income Tax Act Cap. C21 LFN 2004, the Capital Gains Tax Act Cap. Cl LFN 2004, the Stamp Duties Act Cap. S8 LFN 2004, the Value Added Tax Act Cap. V1 LFN 2004 or other imports, taxes on interest and dividends or any similar law or regulation.

The NSIA Act exempts the Authority from the provisions of any and all taxes, fees, imports or similar fiscal laws or regulations of the Federal Government, State Government, Federal Capital Territory, Local Government and Area councils of the Federal Republic of Nigeria. The Authority is however mandated to pay tax on behalf of its employees and suppliers.

Dividend and interest income received by the Authority may be subject to withholding tax imposed in the country of origin. Thus the investment income accruing to the Authority is gross of such taxes and the related withholding tax expense is recorded as such in the income statement.

3.8 Financial assets and financial liabilities

3.8.1 Recognition and initial measurement

All financial instruments are initially recognized at fair value at the trade date, which includes transaction costs for financial instruments not classified as fair value through profit or loss. Financial instruments are derecognized when the rights to receive cash flows from the financial instruments have expired or where the Authority has transferred substantially all risks and rewards of ownership.

3.8.2 Classification

The Authority has adopted the following classifications for financial assets and financial liabilities:

Financial assets:

- loans and receivables;
- held to maturity;
- available-for-sale; or
- fair value through profit or loss and within the category as:
- held for trading; or
- designated at fair value through profit or loss.

Financial liabilities:
The Authority classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

3.8.3 Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classification.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Authority as fair value through profit or loss or available-for-sale. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Transaction costs that are integral to the effective rate are capitalised to the value of the loan and amortised through interest income as part of the effective interest rate. All of the Authority's advances are included in the loans and receivables category.

Held-to-maturity
Held-to-maturity investments are non-derivative financial assets with fixed determinable payments and fixed maturities that management has both the positive intent and ability to hold to maturity, and which are not designated as fair value through profit or loss or as available for sale. Where the Authority is to sell more than an insignificant amount of held-to- maturity assets, the entire category would be tainted and reclassified as available-for-sale assets and the difference between amortised cost and fair value will be accounted for in other comprehensive income. Held-to-maturity investments are carried at amortised cost, using the effective interest method, less any provisions for impairment.

Available-for-sale
Financial assets classified by the Authority as available-for-sale financial assets are generally those that are not designated as another category of financial assets, or strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in fair value reserve in other comprehensive income until the financial asset is derecognised or impaired. When available-for-sale financial assets are disposed of, the fair value adjustments accumulated in other comprehensive income are recognised in profit or loss. Interest income, calculated using the effective interest method, is recognised in profit or loss. Dividends received on available-for-sale financial instruments are recognised in profit or loss when the Authority's right to receive payment has been established.

Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading, and those designated at fair value through

profit or loss at inception. A financial asset is classified as held-for-trading if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held-for-trading unless they are designated as hedges.

Financial assets may be designated at fair value through profit or loss when:
The designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on different basis; or

A group of financial assets is managed and its performance evaluated on a fair value basis.

Subsequent to initial recognition, the fair values are remeasured at each reporting date. All gains and losses arising from changes therein are recognised in profit or loss in 'trading income' for trading assets. Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in net trading income. Trading assets are not reclassified subsequent to their initial recognition.

Financial liabilities
The Authority classifies its financial liabilities as measured at amortised cost.

3.8.4 Derecognition

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

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

3.8.5 Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the authority has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.8.6 Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

3.8.7 Fair value measurement

Fair value is the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When available, the authority measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the authority establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the authority, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The authority calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different from its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

Subsequent to initial recognition, the fair values of financial instruments are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. If the market for a financial asset is not active or the instrument is unlisted, the fair value is determined by using applicable valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and valuation techniques commonly used by market participants.

Where discounted cash flow analyses are used, estimated cash flows are based on management's best estimates and the discount rate is a market-related rate at the reporting date from a financial asset with similar terms and conditions. Where pricing models are used, inputs are based on observable market indicators at the reporting date and profits or losses are only recognised to the extent that they relate to changes in factors that market participants will consider in setting a price.

3.8.8 Identification and measurement of impairment

At each reporting date the Authority assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is (are) impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise fixed deposits with banks, and highly liquid financial instruments with original maturities of less than three months from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Authority in the management of its short-term commitments.

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

3.10 Property and equipment

3.10.1 Initial Recognition

All items of property and equipment are initially recognised at cost. Cost includes the value of consideration exchanged, or fair value in the case of donated or subsidised assets, and those costs directly attributable to bringing the item to working condition for its intended use.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

3.10.2 Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Authority and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

3.10.3 Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The estimated useful lives for the current and comparative period are as follows:

Assets	Annual depreciation rate
Leasehold improvements	Over the shorter of the useful life of item or lease period
Leasehold land	Over the lease period
Buildings	40 years
Computer hardware	3.3 years
Furniture and fittings	5 years
Office equipment	4 years
Motor vehicles	4 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

3.10.4 Derecognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

3.11 Intangible assets - Software

Software acquired by the Authority is stated at cost less accumulated amortisation and accumulated impairment losses. Software is recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the software can be measured reliably. Expenditure that forms part of the cost of software that meets the recognition criteria are

capitalized as part of the software. Software is accounted for using the cost model. After initial recognition, the software is carried at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of 3 years, from the date that it is available for use. The amortisation method and useful life of software are reassessed at each financial year end and adjusted if appropriate.

3.12 Trade receivables

Trade receivable are amounts due from the sale of securities in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

3.13 Leased assets – lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases in terms of which the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

3.14 Impairment of non-financial assets

The carrying amounts of the Authority's non-financial assets other than investment property and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows, which are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

3.15 Provisions

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

3.15.1 Restructuring

A provision for restructuring is recognised when the Authority 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.

3.16 Trade payables

Trade payables are obligations to pay for securities that have been acquired in the ordinary course of business from the secondary market. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.17 Contingencies

3.17.1 Contingent assets

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 asset 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.

3.17.2 Contingent liabilities

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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 obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. A provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable is recognised, except in the extremely rare circumstances where no reliable estimate can be made. Contingent liabilities are assessed continually to determine whether an outflow of economic benefit has become probable.

3.18 Employee benefits

3.18.1 Post-employment benefits

Defined contribution plans
Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss when they are due.

Pension Scheme
The Authority operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014. The employee and the employer contributions are 8% and 10% respectively each of the qualifying employee's salary.

Obligations for contributions to defined contribution plans shall be recognised as an employee benefit expense in profit or loss in the period when the employees have rendered service entitling them to the contributions.

Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service shall be discounted to their present value at the reporting date.

3.18.2 Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Authority has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director/CEO that makes strategic decisions.

Segment results that are reported to the Managing Director / CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Authority's headquarters), head office expenses.

3.20 Capital commitments

The term 'commitments' is not defined in any of the standards but may be referred to as the intention to commit to an outflow from the Group of resources embodying economic benefits.

Generally, a commitment arises when a decision is made to incur a liability in the form of a purchase contract (or similar documentation). Such a contractual commitment would be accompanied by, but not limited to, actions taken to determine the amount of the eventual resource outflow or a reliable estimate e.g. a quote, and conditions to be satisfied to establish an obligation e.g. delivery schedules.

These preconditions ensure that the information relating to commitments is relevant and capable of reliable measurement. The Group may enter into a contract on or before the reporting date for expenditure over subsequent accounting periods e.g. a contract for construction of infrastructure assets, the purchase of major items of plant and equipment or significant consultancy contracts. In these events, a commitment exists at the reporting date as the Group has contracted for expenditure but work has not commenced and no payments have been made.

3.21 Financial guarantees

Financial guarantee contracts are contracts that require the Authority (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor (wholly-owned subsidiaries) fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, which is the premium received, and then amortised over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the present value of any expected payment, when a payment under the guarantee has become probable, and the unamortised premium. Financial guarantees are included within other liabilities.

3.22 Determination of fair values

A number of the Authority's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

3.22.1 Investments in equity and debt securities

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date. The fair value of held-to-maturity investments

(which are the Federal Government of Nigeria Treasury bills) is determined for disclosure purposes only and are determined by reference to the quoted closing bid price at the reporting date.

3.22.2 Investments in private equity funds

The fair value of the investments held in one of the Group's subsidiaries are recognised at fair value determined using the net asset valuation method. This is done by obtaining

i. the valuation of the Investee Fund's underlying investments;
ii. the value date of the net asset value (NAV) provided;
iii. cash flows (calls/distributions) since the latest value date; and
iv. the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the Investee Fund's General Partner. If necessary, adjustments to the NAV are made to the various Investee Funds to obtain the best estimate of fair value.

3.22.3 Receivables

The fair value of short term receivables is measured at its carrying amount. Where the receivables are material; it is at estimated at the present value of future cash flows, discounted at the market rate of return at the reporting date.

3.23 Impairment of financial assets

Financial assets carried at amortised cost
At each end of the reporting date, the Authority assesses whether there is objective evidence that a financial asset or portfolio of financial assets is impaired. A financial asset or portfolio of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or portfolio of financial assets that can be reliably estimated. Some objective evidence that a financial asset or portfolio of assets is impaired includes observable data that comes to the attention of the Authority on the following events:

Significant financial difficulty of the issuer or debtor; are expected to be useful for more than one period;

- A breach of contract, such as a default or delinquency in payments;
- It becomes probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a portfolio/group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio/group.

The Authority first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Authority determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a portfolio of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original 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 recognised in the income statement. As a practical expedient, the Authority may measure impairment on the basis of an instrument's fair value using an observable market price.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income.

4. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and in any future periods affected. Management discusses with the Board of Directors the development, selection and disclosure of the Authority's critical accounting policies and estimates, and the application of these policies and estimates. These disclosures supplement the commentary on financial risk management (see note 5).

4.1 Critical accounting judgements in applying the Authority's accounting policies

Critical accounting judgements made in applying the Authority's accounting policies include:

4.1.1 Valuation of financial instruments
The Authority's accounting policy on fair value measurements is discussed under Note 3.8.7. The Authority measures fair values using the following fair value hierarchy that reflects the nature and process 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 inputs that are not based on observable market data. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could 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.

4.1.2 Financial assets and liabilities classification
The Authority's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances: Details of the Authority's classification of financial assets and liabilities are given in Note 3.8.

4.1.3 Depreciation and carrying value of property and equipment
The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

4.1.4 Determination of impairment of property and equipment, and intangible assets.
Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Authority applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

4.1.5 Joint arrangements
The Authority's subsidiary, NSIA Motorways Investment Company (NMIC) has a joint arrangement with Julius Berger Investment Ltd (JBI) to design, build, operate and transfer a bridge over the river Niger.

Joint arrangement constitutes a joint operation with each party holding 50% rights. NMIC together with JBI have joint control over the arrangement as under the contractual agreements, unanimous consent is required from both parties for all relevant activities.

4.1.6 Impairment of available-for-sale equity investments
The Group follows the guidance of IAS 39 Financial instruments: recognition and measurement to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. There has been no impairment loss recognised in these financial statements.

4.2 Critical accounting estimates and assumptions
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4.2.1 Fair value of investments classified as available-for-sale
The fair values of quoted available-for-sale investments are determined by reference to prices quoted in an active market. For available for sale equity investments which are unquoted, the Authority carries these investments at cost due to unavailability of inputs to determine their fair values.

4.2.2 Fair value of private equity investments
The fair values of the private equity investments held by one of the Group's subsidiaries has been determined at the reporting date using the net asset valuation method. This takes into account the net asset values as obtained from the different private equity investee funds' most recent available financial information, considering contributions and distributions between the last net asset valuation date and the reporting period. These private equity investments are unquoted and comparable market information was not available as at the end of

the reporting period. Determining the fair values based on this valuation approach assumes that the investment will be realised at the reporting date at these values. The sensitivity of the fair values to changes in the assumptions made is disclosed in Note 6.

5. Financial risk management
The Group's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

5.1 Approach to risk management
With a global outlook, the Group's strategy for managing risks is to understand risk within the invested universe and the externalities that can affect this, with the aim of monitoring, controlling and mitigating against undesired events.

The Group has adopted, wherever possible, recommended best practice in the identification, evaluation and cost effective control of risks to ensure, as far as possible, that they are eliminated or reduced to a level that is acceptable to the Authority. The Group's Risk Framework seeks to explain the Authority's underlying approach to risk management, documents the roles and responsibilities of the Board of Directors, Risk Management department and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.

5.2 Credit risk
Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group, resulting in a financial loss to the Group. It arises principally from debt securities held, trade receivables and advances, and also from cash and cash equivalents.

5.2.1 Management of credit risk
The Authority's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting the credit standards.

5.2.2 Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure.

As at 31 December 2015, all financial assets are neither past due nor impaired. The credit quality of these financial assets are disclosed in the table below.

5.2.3 Credit quality of financial assets
The credit quality of financial assets that are neither past due nor impaired is assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

(i) Money market placements

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N '000	N '000	N '000	N '000
Counterparties with external credit ratings (S&P), Fitch & Moody				
A+	-	9,244,786	-	9,244,786
AA-	-	8,516,656	-	8,516,656
B+ (S&P)	10,002,396	10,843,730	10,002,396	9,243,069
B	926,612	4,191,373	-	4,191,373
BB-		5,030,863	-	5,030,863
B2*- (Moody)	2,955,123		84,903	
Counterparties without external credit ratings				
Local banks	-	-	-	-
Total money market placements	**13,884,131**	**37,827,408**	**10,087,299**	**36,226,747**

(ii) Cash at bank

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N '000	N '000	N '000	N '000
Counterparties with external credit ratings (S&P)				
AAA	-	23,104	-	23,104
A+	-	9,725	-	9,725
A	386,164	6,566,647	-	6,566,647
A- (S&P)	19,953,063	4,590,105	19,953,063	-
B+ (Moody, S&P)	3,760,042	886,681	2,872,974	272,180
B	-		-	
Not rated	-	-	-	-
Total cash at bank balances	**24,099,269**	**12,076,262**	**22,826,037**	**6,871,656**

(iii) Trade receivables and advances

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N '000	N '000	N '000	N '000
Counterparties without external credit ratings				
Trade receivables	930,118	4,521,599	1,559,198	4,521,287
Advances	4,756	16,800	4,756	16,800
	934,874	**4,538,399**	**1,563,954**	**4,538,087**

The credit quality of trade receivables and advances which are neither past due nor impaired is assessed by reference to historical information about counterparty default rates. The counterparties have historically not defaulted on past obligations and there is no expectation of default as at the end of the reporting period. Counterparties with respect to the trade receivables relates to a hedge fund portfolio, while counterparties with respect to advances are the Group's employees.

(iv) Investment securities

All investment securities are subject to credit risk except the private equity investments.

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N '000	N '000	N '000	N '000
Counterparties with external credit ratings				
A (S&P)	-	58,404,050	-	58,404,050
A+ (Fitch)	3,951,124		3,951,124	-
A- (S&P)	55,332,342		55,332,342	-
B+ (S&P)	38,835,850	14,483,914	38,835,850	14,483,914
B- (S&P)	6,994,927		6,994,927	-
	105,114,243	**72,887,964**	**105,114,243**	**72,887,964**

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N '000	N '000	N '000	N '000
Counterparties without external credit ratings				
Local financial institutions	3,543,288	-	3,543,288	-
	3,543,288	-	3,543,288	-
Total investment securities (subject to credit risk)	**108,657,531**	**72,887,964**	**108,657,531**	**72,887,964**

5.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Group.

5.3.1 Management of liquidity risk

The Group's approach to managing liquidity is to have sufficient funds to meet its liabilities, as and when due, without incurring undue losses or risking damage to the Group's reputation.

5.3.2 Exposure to liquidity risk

The table below analyses the group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group					
31 December 2015					
In thousands of Naira	**Up to 3 months**	**4 - 6 months**	**Between 6 months and 1 year**	**Between 1 and 2 years**	**Total**
Non-derivative financial liabilities					
Trade payables	916,571	-	4,528	-	921,099
Accruals	-	295,757	-	-	295,757
Other payables	2,718,978	8,118	286,691	-	3,013,787
Payables to related parties	-	-	11,560,866	-	11,560,866
Total liabilities	**3,635,549**	**303,875**	**11,852,085**	**-**	**15,791,509**

Group					
31 December 2014					
In thousands of Naira	Up to 3 months	4 – 6 months	Between 6 months and 1 year	Between 1 and 2 years	Total
Non-derivative financial liabilities					
Trade payables	49,913	-	10,728	965,951	1,026,592
Accruals	-	113,616	-	-	113,616
Other payables	-	-	157,297	-	157,297
Payables to related parties	-	-	5,012,784	-	5,012,784
Total liabilities	**49,913**	**113,616**	**5,180,809**	**965,951**	**6,310,289**

Authority					
31 December 2015					
In thousands of Naira	Up to 3 months	4 – 6 months	Between 6 months and 1 year	Between 1 and 2 years	Total
Non-derivative financial liabilities					
Trade payables	916,571	-	4,528	-	921,099
Accruals	282,221	-	5,787	-	288,008
Other payables	2,718,978	10,118	164,138	-	2,893,234
Total liabilities	**3,917,770**	**10,118**	**174,453**	**-**	**4,102,341**

Authority					
31 December 2014					
In thousands of Naira	Up to 3 months	4 – 6 months	Between 6 months and 1 year	Between 1 and 2 years	Total
Non-derivative financial liabilities					
Trade payables	49,913	-	10,728	175,769	236,410
Accruals	-	113,616	-	-	113,616
Other payables	-	-	158,297	-	158,297
Total liabilities	**49,913**	**113,616**	**169,025**	**175,769**	**508,323**

5.4 Market risk

Market risk is the risk of loss from unfavourable changes in the fair values of financial instruments caused by adverse moves in market variables, such as foreign exchange rates, interest rates, equity prices, commodity prices, credit spreads and implied volatilities of the market rates. Market risk losses could result in a loss of earning and/or capital to the Group. The Group is exposed to market risk through its proprietary investments and can experience capital erosion from its own direct investments in the market.

With regards to investments in certain asset classes, the Group's potential exposure can be categorised into two: namely, traditional investments and alternative investments. Traditional investments include cash, listed equity and fixed income instruments. Alternative investments are the real estate assets, private equity, hedge funds, unquoted securities and equities, hospitality, and are generally less liquid than traditional investments. Currently, the asset classes being referred to as alternative investments are the real estate assets, private equity, hospitality and infrastructure projects.

The Group's Market risk Framework includes:

- Market risk - comprising equity, interest rate, interest basis and currency risks;
- Valuation risk - which derives from the valuation methodology chosen for unlisted assets. A critical associated risk is that which relates to the valuation model. The Group has exposure to valuation risk through its investments in real estate assets, private equity investments as well as other alternative instruments and project development.

The Group manages market risk by actively controlling positions taken by investment managers in accordance with the investment strategy for each fund. The investment strategy outlines permissible asset classes, asset allocation limits and other position limits according to the portfolio risk appetite and risk profile. Exceptions are escalated and investment managers are expected to provide a plan of action that would bring portfolios within limits.

The identification, measurement and management of market risk is categorised as follows:

5.4.1 Trading assets/ Financial assets

Trading assets are carried at fair value using publicly available market rates for traded securities. Positions are monitored regularly and performance measured to relevant benchmarks.

5.4.2 Non-trading / Non-financial assets

Key performance measures are set and a robust monitoring and reporting framework is put in place to monitor performance of the Authority's investment in alternative and unlisted securities.

5.4.3 Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency.

The Group has an investment in a foreign operation, whose net assets are exposed to foreign currency translation risk as a result of the translation of its financial statements from the operation's functional currency to the Group's presentation currency. Currency exposure arising from the net assets of the Group's foreign subsidiary is managed primarily through cash and cash equivalents denominated in the relevant foreign currencies.

The table below summarises the Group's financial assets and liabilities, which are denominated in a currency other than the Nigerian Naira.

	Group	Group	Authority	Authority
Concentration of foreign currency exposure	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N '000	N '000	N '000	N '000
Cash and cash equivalents	20,524,313	49,231,354	20,138,149	43,040,588
Investment securities (loans & receivables)	30,230,299	5,947,040	30,230,299	5,947,040
Other assets (excluding prepayments)	822,392	4,202,255	822,392	4,202,255
Net foreign currency exposure impacting profit or loss	**51,577,004**	**59,380,649**	**51,190,840**	**53,189,883**
Investment securities - available-for-sale	**113,479,673**	**97,315,725**	**103,249,573**	**88,040,883**

There were no foreign currency liabilities as at the end of the reporting period (2014: Nil).

The table below summarises the sensitivity of the Group's monetary and non-monetary assets and liabilities to changes in foreign exchange movements at the end of the reporting periods. The analysis is based on the assumptions that the relevant foreign exchange rate increased/decreased by the percentage disclosed in the table below, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates. The increase or decrease in profit or loss arises mainly from a change in the foreign exchange gains/losses on translation of US dollar-denominated cash and cash equivalents, and other assets. The increase or decrease in other comprehensive income arises mainly from a change in the fair value of US Dollar denominated investment securities classified as available for sale.

There were no foreign currency liabilities as at the end of the reporting period (2014: Nil).

(All amounts are in thousands of Naira)	Impact on	Exchange rates (USD to Naira)	Net exposure translation	Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Group					
31 December 2015	Profit or loss	196.5	51,577,004	(2,578,850)	2,578,850
	Other comprehensive income	**196.5**	**113,479,673**	**(5,673,984)**	**5,673,984**

(All amounts are in thousands of Naira)	Impact on	Exchange rates (USD to Naira)	Net exposure translation	Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Group					
31 December 2014	Profit or loss	167.5	59,380,649	(2,969,032)	2,969,032
	Other comprehensive income	**167.5**	**97,315,725**	**(4,865,786)**	**4,865,786**
Authority					
31 December 2015	Profit or loss	196.5	51,190,840	(2,559,542)	2,559,542
	Other comprehensive income	**196.5**	**103,249,573**	**(5,162,479)**	**5,162,479**
Authority					
31 December 2014	Profit or loss	167.5	53,189,883	(2,659,494)	2,659,494
	Other comprehensive income	**167.5**	**88,040,883**	**(4,402,044)**	**4,402,044**

Profit is more sensitive to movement in Naira/US Dollar exchange rates in 2015 than 2014 because of the devaluation of the Naira against the US Dollar during the reporting period.

5.4.4 Interest risk management

Interest rate risk is the risk of loss to net interest income (NII) arising from changes in market interest rates on rate sensitive assets and liabilities.

Net interest income sensitivity

The Group is not exposed to interest rate risk i.e. the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There are two types of scenarios that gives rise to interest rate risk. These are where the Group holds variable rate instruments susceptible to cash flow interest rate risk due to a change in market interest rates or the Group holds debts instruments measured at fair value which will be exposed to fair value interest rate risk. As at the end of the reporting period, the Group's financial assets or liabilities are neither exposed to cash flow or fair value interest rate risk. Hence, no interest rate sensitivity analysis is required.

5.4.5 Equities securities price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as available-for-sale. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The table below summarises the impact of increases/decreases on the Group's other comprehensive income and equity. The analysis is based on the assumption that the equity prices had increased/decreased by 5% with all other variables held constant:

		Group	Group	Authority	Authority
		As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
	Sensitivity	N'000	N'000	N'000	N'000
Available for sale equities	5% increase	943,093	81,697	431,588	81,697
	5% decrease	(943,093)	(81,697)	(431,588)	(81,697)

Other comprehensive income would increase/(decrease) as a result of gains/(losses) on equity securities classified as available for sale by the amounts shown above.

6. Fair value hierarchy

The Group classifies financial instruments measured at fair value in the investment portfolio according to the following hierarchy

Level	Fair value input description	Financial instruments
Level 1	Quoted prices (unadjusted) from active markets	Quoted instruments
Level 2	Inputs other than quoted prices included in Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)	Equity instruments quoted in over-the-counter (OTC) markets
Level 3	Inputs that are not based on observable market data (that is, unobservable inputs)	Unquoted equity instruments and debt instruments

Unquoted equity instruments and debt instruments are measured in accordance with the International Private Equity and Venture Capital valuation guidelines with reference to the most appropriate information available at the time of measurement.

The following table analyses within the fair value hierarchy the Authority's financial assets (by class) measured at fair value at 31 December 2015. All fair value measurements disclosed are recurring fair value measurements.

Group					
31 December 2015					
In thousands of Naira	Note	Level 1	Level 2	Level 3	Total
		N'000	N'000	N'000	N'000
Available for sale investment securities	17	57,912,400	2,422,316	53,144,957	113,479,673
		57,912,400	**2,422,316**	**53,144,957**	**113,479,673**
Group					
31 December 2014					
In thousands of Naira	Note	Level 1	Level 2	Level 3	Total
		N'000	N'000	N'000	N'000
Available for sale investment securities	17	57,087,718	2,676,133	37,551,874	97,315,725
		57,087,718	**2,676,133**	**37,551,874**	**97,315,725**
Authority					
31 December 2015					
In thousands of Naira	Note	Level 1	Level 2	Level 3	Total
		N'000	N'000	N'000	N'000
Available for sale investment securities	17	57,912,400	2,422,316	42,914,857	103,249,573
		57,912,400	**2,422,316**	**42,914,857**	**103,249,573**
Authority					
31 December 2014					
In thousands of Naira	Note	Level 1	Level 2	Level 3	Total
		N'000	N'000	N'000	N'000
Available for sale investment securities	17	57,087,718	2,676,133	28,277,032	88,040,883
		57,087,718	**2,676,133**	**28,277,032**	**88,040,883**

There were no transfers between levels during the year.

(a) Financial instruments in level 1
The fair value of financial instruments traded in active markets is based on quoted market prices as at 31 December 2015. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily DAX, FTSE 100 and Dow Jones equity investments classified as available for sale.

(b) Financial instruments in level 2
Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. They include investments in equity securities that are not traded in an active market but for which a trading platform exists on which a price can be determined for which market participants would pay in order to purchase the asset as at the reporting date i.e.at the Over-the-Counter alternative markets.

These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques used to value financial instruments include quoted market prices or dealer quotes for similar instruments.

(c) Financial instruments in level 3
Level 3 inputs are unobservable inputs that have been applied in valuing the respective asset or liability.
The determination of what constitutes `observable' requires significant judgement by the Authority. The Authority considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. There were no transfers between levels during the year.

Available-for-sale (Investments in other investee funds)
Level 3 is comprised of Investee Funds held by its subsidiaries that are not quoted in active markets. In determining the fair value of the Investee Funds, the Companies rely on the valuation as reported in the latest available financial statements and/or capital account statements provided by the Investee Funds' general partner, unless the Companies are aware of reasons that such a valuation may not be the best approximation of fair value. In such cases, the Companies reserve the right to assign a fair value to such investments which differs from the one reported by the Investee Funds' general partner.

These differences may arise because a number of reasons including but not limited to:
a.) The report received from the Investee Fund's general partner may be non-coterminous with the Companies' reporting date;
b.) The report received by the Investee Fund's general partner may be based on principles that are not aligned with the fair value principles set out in IFRS 13 or that of the Company; and
c.) The Companies may have other observable or unobservable data that would indicate that amendments are required to particular portfolio company investment fair values presented in the report from Investee Funds' general partner.

The NAV as at 31 December 2015 was as stated in the Authority or the Subsidiary's Capital Account statement provided by the General Partner on each of the funds. The General Partner receives such recommendations from the Investment Adviser and is responsible for approving the final valuation of the underlying investee fund positions.

Available-for-sale (Investments in hedge funds and private equity funds)
Level 3 is comprised of investments in hedge funds and private equity funds held by the Authority that are not quoted in active markets. In determining the fair value of these investments, the Authority relies on the valuation as reported in the latest available financial statements and/or capital account statements provided by the investment manager, unless the Authority is aware of reasons that such a valuation may not be the best approximation of fair value. In such cases, the Authority reserves the right to assign a fair value to such investments which differs from the one reported by the investment manager.

The following table presents the changes in Level 3 instruments for the year ended 31 December 2015 for available for sale financial assets.

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Available-for-sale financial assets				
Opening balance	37,551,874	-	28,277,032	-
Additions	14,529,162	37,133,225	12,786,105	29,149,849
Distributions received	602,440	(428,346)	(779,326)	-
Disposals, repayments and write-offs	(3,498,413)	(4,202,255)	(2,296,672)	(4,202,255)
Fair value movement	(2,425,950)	5,049,250	(1,458,126)	3,329,438
Exchange gain/ (loss)	6,385,844	-	6,385,844	-
Closing balance	**53,144,957**	**37,551,874**	**42,914,857**	**28,277,032**

The table below shows the sensitivity analysis of fair value movements for available-for-sale financial assets:

			Group	Authority
			31 December 2015	31 December 2015
			N'000	N'000
Available-for-sale financial assets	**5% change in fair value inputs**	**Inputs**	**Difference**	**Difference**
Fair value movement	Increase	NAV adjusted	(121,297)	(72,906)
	Decrease		121,297	72,906

			Group	Authority
			31 December 2014	31 December 2014
			N'000	N'000
Available-for-sale financial assets	**5% change in fair value inputs**	**Inputs**	**Difference**	**Difference**
Fair value movement	Increase	NAV adjusted	252,462	166,472
	Decrease		(252,462)	(166,472)

6.1 Financial assets and financial liabilities

The financial instruments by category for the Group and the Authority are shown in the tables below:

Group

31 December 2015

In thousands of Naira	Note	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total carrying amount	Fair value
Cash and cash equivalents	15	-	37,983,532	-	-	37,983,532	37,983,532
Advances	16	-	4,756	-	-	4,756	4,756
Investment securities:	17						
Measured at fair value	-	-	-	113,479,673	-	113,479,673	113,479,673
Measured at amortised cost	-	20,672,575	30,230,299	-	-	50,902,874	45,580,808
Other assets	18	-	1,467,752	-	-	1,467,752	1,467,752
		20,672,575	**69,686,339**	**113,479,673**	**-**	**203,838,587**	**198,516,521**
Trade and other payables	22	-	-	-	15,788,509	15,788,509	15,788,509
		-	**-**	**-**	**15,788,509**	**15,788,509**	**15,788,509**

Group

31 December 2014

In thousands of Naira	Note	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total carrying amount	Fair value
Cash and cash equivalents	15	-	49,903,739	-	-	49,903,739	49,903,739
Advances	16	-	16,800	-	-	16,800	16,800
Investment securities:	17						
Measured at fair value	-	-	-	97,315,725	-	97,315,725	97,315,725
Measured at amortised cost	-	14,483,914	5,947,040	-	-	20,430,954	20,454,759
Other assets	18	-	4,769,933	-	-	4,769,933	4,769,933
		14,483,914	**60,637,512**	**97,315,725**	**-**	**172,437,151**	**172,460,956**
Trade and other payables	22	-	-	-	6,310,289	6,310,289	6,310,289
		-	**-**	**-**	**6,310,289**	**6,310,289**	**6,310,289**

› Notes to the consolidated and separate financial statements
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Authority

31 December 2015

In thousands of Naira	Note	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total carrying amount	Fair value
Cash and cash equivalents	15	-	32,913,468	-	-	32,913,468	32,913,468
Advances	16	-	4,756	-	-	4,756	4,756
Investment securities:	17						
Measured at fair value	-	-	-	103,249,573	-	103,249,573	103,249,573
Measured at amortised cost	-	20,672,575	30,230,299	-	-	50,902,874	45,580,808
Other assets	18	-	3,839,847	-	-	3,839,847	3,839,847
		20,672,575	**66,988,370**	**103,249,573**	**-**	**190,910,518**	**185,588,452**
Trade and other payables	22	-	-	-	4,102,341	4,102,341	4,102,341
		-	**-**	**-**	**4,102,341**	**4,102,341**	**4,102,341**

Authority

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In thousands of Naira	Note	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total carrying amount	Fair value
Cash and cash equivalents	15	-	43,098,473	-	-	43,098,473	43,098,473
Advances		-	16,800	-	-	16,800	16,800
Investment securities:	17						
Measured at fair value	-	-	-	88,040,883	-	88,040,883	88,040,883
Measured at amortised cost	-	14,483,914	5,947,040	-	-	20,430,954	20,454,759
Other assets	18	-	4,769,621	-	-	4,769,621	4,769,621
		14,483,914	**53,831,934**	**88,040,883**	**-**	**156,356,731**	**156,380,536**
Trade and other payables	22	-	-	-	508,323	508,323	508,323
		-	**-**	**-**	**508,323**	**508,323**	**508,323**

7. Segment information

Management has determined the operating segments based on the information reviewed by the board of directors for the purposes of allocating resources and assessing performance.

The Authority has three reportable segments being the Stabilisation Fund (SF), Future Generations Fund (FGF) and Nigeria Infrastructure Fund (NIF). Each of the Funds is managed separately as they entail different investment objectives and strategies and contain investments in different products.

For each of the Funds, the board of directors review the internal management report on a quarterly basis. The objective and principal investment products of the respective reportable segments are as follows:

Stabilisation Fund (SF)	To provide stabilisation support to the Federation in times of economic stress.
Future Generations Fund (FGF)	To invest in a diversified portfolio of appropriate growth investments in order to provide future generation of Nigerians a solid savings base for such a time as the hydrocarbon reserves in Nigeria are exhausted.
Nigeria Infrastructure Fund (NIF)	To invest in infrastructure projects in Nigeria that meet our targeted financial returns and contribute to the development of essential infrastructure in Nigeria.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit as included in the internal management reports that are reviewed by the board of directors. Segment profit is used to measure performance as management believes that such information is most relevant in evaluating the profitability of each segment.

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Information about reportable segments

Group	Stabilisation Fund	Future Generations Fund	Nigeria Infrastructure Fund	Total
31 December 2015	**N'000**	**N'000**	**N'000**	**N'000**
Investment and interest income	335,052	1,207,619	4,270,307	5,812,978
Total operating segment income	**335,052**	**1,207,619**	**4,270,307**	**5,812,978**
Investment management expenses	72,120	362,707	57,954	492,781
Local custodian fees	-	-	12,251	12,251
Global custodian fees	12,274	65,259	14,094	91,627
Total segment investment management & custodian fees	**84,394**	**427,966**	**84,299**	**596,659**
Total operating segment profit	**250,658**	**779,653**	**4,186,008**	**5,216,319**
Other non-operating income	3,750,201	951,948	3,994,913	8,697,062
Professional expenses	-	528,636	18,084	546,720
Other operating expenses	351	134,205	62,788	197,344
Total segment operating & administrative expenses	**351**	**662,841**	**80,872**	**744,064**
Segmented profit/ (loss) for the period	**4,000,508**	**1,068,760**	**8,100,049**	**13,169,317**
Reportable segment assets	**40,091,992**	**80,061,915**	**89,918,960**	**210,072,867**
Reportable segment liabilities	**821,835**	**2,750**	**11,690,342**	**12,514,927**

Group	Stabilisation Fund	Future Generations Fund	Nigeria Infrastructure Fund	Total
31 December 2014	**N'000**	**N'000**	**N'000**	**N'000**
Investment and interest income	128,833	903,453	2,909,018	3,941,304
Total operating segment income	**128,833**	**903,453**	**2,909,018**	**3,941,304**
Investment management expenses	45,036	210,955	37,770	293,761
Local custodian fees	-	-	16,988	16,988
Global custodian fees	8,608	18,068	5,575	32,251
Total segment investment management & custodian fees	**53,644**	**229,023**	**60,333**	**343,000**
Total operating segment profit	**75,189**	**674,430**	**2,848,685**	**3,598,304**
Other non-operating income	875,053	1,700,098	519,075	3,094,226
Professional expenses	7,598	151,241	36,619	195,458
Other operating expenses	2,189	6,784	62,335	71,308
Total segment operating & administrative expenses	**9,787**	**158,025**	**98,954**	**266,766**
Segmented profit/ (loss) for the period	**940,455**	**2,216,503**	**3,268,806**	**6,425,764**
Reportable segment assets	**33,860,471**	**70,168,175**	**73,130,468**	**177,159,114**
Reportable segment liabilities	**-**	**35,281**	**5,807,407**	**5,842,688**

Authority	Stabilisation Fund	Future Generations Fund	Nigeria Infrastructure Fund	Total
31 December 2015	**N'000**	**N'000**	**N'000**	**N'000**
Investment and interest income	335,052	1,197,429	4,270,307	5,802,788
Total operating segment income	**335,052**	**1,197,429**	**4,270,307**	**5,802,788**
Investment management expenses	72,120	362,707	57,954	492,781
Local custodian fees	-	-	12,251	12,251
Global custodian fees	12,274	65,259	14,094	91,627
Total segment investment management & custodian fees	**84,394**	**427,966**	**84,299**	**596,659**
Total operating segment profit	**250,658**	**769,463**	**4,186,008**	**5,206,129**
Other non-operating income	3,750,201	951,948	3,994,913	8,697,062
Professional expenses	-	79,668	18,084	97,752
Other operating expenses	351	23,542	59,788	83,681
Total segment operating & administrative expenses	**351**	**103,210**	**77,872**	**181,433**
Segmented profit/ (loss) for the period	**4,000,508**	**1,618,201**	**8,103,049**	**13,721,758**
Reportable segment assets	**40,091,992**	**78,249,863**	**77,635,721**	**195,977,576**
Reportable segment liabilities	**821,835**	**-**	**3,925**	**825,760**

Authority	Stabilisation Fund	Future Generations Fund	Nigeria Infrastructure Fund	Total
31 December 2014	**N'000**	**N'000**	**N'000**	**N'000**
Investment and interest income	128,833	743,459	2,909,018	3,781,310
Total operating segment income	**128,833**	**743,459**	**2,909,018**	**3,781,310**
Investment management expenses	45,036	210,955	37,770	293,761
Local custodian fees	-	-	16,988	16,988
Global custodian fees	8,608	18,068	5,575	32,251
Total segment investment management & custodian fees	**53,644**	**229,023**	**60,333**	**343,000**
Total operating segment profit	**75,189**	**514,436**	**2,848,686**	**3,438,311**
Other non-operating income	875,053	1,700,098	519,075	3,094,226
Professional expenses	7,598	151,241	36,619	195,458
Other operating expenses	2,189	6,784	62,335	71,309
Total segment operating & administrative expenses	**9,787**	**158,025**	**98,954**	**266,766**
Segmented profit/ (loss) for the period	**940,455**	**2,056,509**	**3,268,807**	**6,265,771**
Reportable segment assets	**33,860,471**	**68,296,708**	**67,328,503**	**169,485,682**
Reportable segment liabilities	**-**	**35,281**	**3,441**	**38,722**

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Reconciliation of reportable segment revenues, profit or loss and assets and liabilities

	Group	Group	Authority	Authority
In thousands of Naira	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Revenues				
Total revenue for reportable segments	5,812,978	3,941,304	5,802,788	3,781,310
Unallocated amounts	8,767	89	8,829	10,090
Total revenue for the year	**5,821,745**	**3,941,393**	**5,811,617**	**3,791,400**
Profit or loss				
Total profit or loss for reportable segments	13,169,317	6,425,764	13,721,758	6,265,771
Unallocated amounts	(1,393,739)	(1,259,838)	(1,515,877)	(1,258,385)
Total profit for the period	**11,775,578**	**5,165,926**	**12,205,881**	**5,007,386**
Assets				
Total assets for reportable segments	210,072,867	177,159,114	195,977,576	169,485,682
Other unallocated amounts	3,601,919	679,442	3,709,439	663,077
Total assets for the period	**213,674,786**	**177,838,556**	**199,687,015**	**170,148,759**
Liabilities				
Total liabilities for reportable segments	12,514,927	5,842,688	825,760	38,722
Other unallocated amounts	3,273,582	467,601	3,276,581	469,601
Total liabilities for the period	**15,788,509**	**6,310,289**	**4,102,341**	**508,323**

7a Entity-wide information

The breakdown of investment income from external customers are as follows:

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Attributable to the Authority's country of domicile	4,409,646	3,223,724	4,409,646	3,223,724
Attributable to foreign countries	1,263,638	697,063	1,290,373	550,444
Total investment income	**5,673,284**	**3,920,787**	**5,700,019**	**3,774,168**

8. Investment income

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Investment in treasury bills	1,788,940	1,847,888	1,788,940	1,847,888
Investment in fixed deposits	1,779,195	1,147,734	1,779,195	1,147,734
Dividend income	136,650	431,991	136,650	429,887
Interest from MMDA and DDA*	-	90,522	-	90,522
Investments in other financial instruments	1,545,665	402,652	1,572,400	258,137
Investment in Eurobonds	422,834	-	422,834	-
	5,673,284	**3,920,787**	**5,700,019**	**3,774,168**

*MMDA – Money market deposit account and DDA – Demand deposit account

9. Interest income

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Interest earned on bank balances	148,461	20,606	111,598	17,232
Total interest income	**148,461**	**20,606**	**111,598**	**17,232**

Interest income represents income earned on balances with banks.

10. Net foreign exchange gains and other fee income

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Fund management fee income	38,400	134,711	38,400	134,711
Net exchange gains	8,736,293	3,105,084	8,732,124	3,105,084
Total other income	**8,774,693**	**3,239,795**	**8,770,524**	**3,239,795**

11. Operating and administrative expenses

		Group	Group	Authority	Authority
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
		N'000	N'000	N'000	N'000
Personnel expenses	12	1,066,260	852,479	1,066,260	852,479
Depreciation and amortisation		87,162	86,116	87,162	86,116
Professional fees	11a	669,136	278,092	216,421	278,092
Directors remuneration and expenses		56,541	84,681	56,541	84,681
Other operating expenses	13	454,520	343,020	344,609	343,020
		2,333,619	**1,644,388**	**1,770,993**	**1,644,388**

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11a. This represents professional fees and expenses for general consulting services and other specific activities such as investment advisory services, legal advisory and consulting, recruitment and risk advisory services. Included in the professional expenses are amounts paid for audit and non-audit services as shown below:

	Group	Group	Authority	Authority
Analysis of fees payable to the group's auditor and its associates for:	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Auditing of subsidiaries, pursuant to legislation	7,750	-	-	-
Other services supplied pursuant to legislation (Quarterly reviews and risk management services)	38,255	10,500	38,255	10,500
Services relating to corporate finance transactions	-	2,429	-	2,429
Fees payable to the group's auditor for auditing of the parent company's annual accounts	15,000	15,000	15,000	15,000
	61,005	**27,929**	**53,255**	**27,929**

12. Personnel expenses

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Salaries	675,979	550,828	675,979	550,828
Contributions to defined contribution plans	61,208	45,705	61,208	45,705
Other allowances	329,073	255,946	329,073	255,946
	1,066,260	**852,479**	**1,066,260**	**852,479**

The average number of persons employed by the Authority during the period including executive directors was as follows:

	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	Number	Number	Number	Number
Executive management staff & senior staff	11	9	11	9
Non- management staff	16	14	16	14
	27	**23**	**27**	**23**

13. Other operating expenses

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
General and administrative expenses	289,226	149,438	179,315	149,437
Office rent and other expenses	94,448	86,651	94,448	86,652
Travel expenses	70,846	106,931	70,846	106,931
	454,520	**343,020**	**344,609**	**343,020**

14. Taxation

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Income tax	-	-	-	-
Withholding tax expense (WHT)	15,496	42,907	8,608	35,090
Total tax expense	**15,496**	**42,907**	**8,608**	**35,090**

Withholding tax is deducted at source on certain dividend and investment income due to the Group.

Effective tax rate reconciliation:		Group		Authority
		31 December 2015		31 December 2015
		N '000		N '000
Profit before tax		11,791,074		12,214,489
Tax calculated at domestic tax rates applicable to profits in Nigeria (0%)	0%	-	0%	-
Withholding tax	1%	(15,496)	1%	(8,608)
Tax charge	1%	(15,496)	1%	(8,608)

Effective tax rate reconciliation:		Group		Authority
		31 December 2014		31 December 2014
		N '000		N '000
Profit before tax		5,208,833		5,042,476
Tax calculated at domestic tax rates applicable to profits in Nigeria (0%)	0%	-	0%	-
Withholding tax	1%	(42,907)	1%	(35,090)
Tax charge	1%	(42,907)	1%	(35,090)

15. Cash and cash equivalents

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Cash	133	70	133	70
Bank balances	24,099,268	12,076,261	22,826,036	6,871,656
Money market placements	13,884,131	37,827,408	10,087,299	36,226,747
Total cash and cash equivalents	**37,983,532**	**49,903,739**	**32,913,468**	**43,098,473**
Maturity analysis:				
Current	37,983,532	49,903,739	32,913,468	43,098,473
	37,983,532	**49,903,739**	**32,913,468**	**43,098,473**

16. Advances

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Staff advances	4,756	16,800	4,756	16,800
	4,756	**16,800**	**4,756**	**16,800**
Maturity analysis:				
Current	4,756	16,800	4,756	16,800
	4,756	**16,800**	**4,756**	**16,800**

This relates to advances given to staff.

17. Investment securities

		Group	Group	Authority	Authority
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
		N'000	N'000	N'000	N'000
Held to maturity investments	17.1	20,672,575	14,483,914	20,672,575	14,483,914
Loans and receivables	17.2	30,230,299	5,947,040	30,230,299	5,947,040
Available for sale investments	17.3	113,479,673	97,315,725	103,249,573	88,040,883
		164,382,547	**117,746,679**	**154,152,447**	**108,471,837**

17.1 Analysis of HTM investment securities

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Nigerian marketable securities and Eurobonds	20,672,575	14,483,914	20,672,575	14,483,914
	20,672,575	**14,483,914**	**20,672,575**	**14,483,914**
Maturity analysis:				
Current	11,177,085	14,483,914	11,177,085	14,483,914
Non current	9,495,490	-	9,495,490	-
	20,672,575	**14,483,914**	**20,672,575**	**14,483,914**

17.2 Loans and receivables

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Sub-Investment Grade bonds	30,230,299	5,947,040	30,230,299	5,947,040
	30,230,299	**5,947,040**	**30,230,299**	**5,947,040**
Maturity analysis:				
Current	30,230,299	5,947,040	30,230,299	5,947,040
	30,230,299	**5,947,040**	**30,230,299**	**5,947,040**

17.3 Analysis of available for sale investment securities

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
US treasury bills	9,952,654	8,424,874	9,952,655	8,424,874
Available-for-sale equities	16,981,113	3,535,769	6,751,012	3,535,769
Available-for-sale securities	45,379,687	44,032,136	45,379,687	44,032,136
Hedge funds and long only equity managers	41,166,219	41,322,946	41,166,219	32,048,104
	113,479,673	**97,315,725**	**103,249,573**	**88,040,883**
Maturity analysis:				
Non-current	113,479,673	97,315,725	103,249,573	88,040,883
	113,479,673	**97,315,725**	**103,249,573**	**88,040,883**

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Reconciliation of available for sale financial assets				
Opening balance	97,315,725	7,753,765	88,040,883	7,753,765
Additions/(disposals):				
US treasury bills	69,146	1,050,664	69,146	1,050,664
US treasury bonds	-	(399,019)	-	(399,019)
Available-for-sale equities	2,453,991	3,535,769	414,612	3,535,769
Available-for-sale securities	(3,925,925)	33,561,934	(3,925,925)	35,174,244
Hedge funds and long only equity managers	4,912,500	41,322,946	4,912,500	32,048,104
Fair value gains/(losses):				
Net gains/(losses) transfer to equity	(4,194,541)	2,404,576	(3,110,420)	792,266
Foreign currency translation:				
Net exchange gains	16,848,777	8,085,090	16,848,777	8,085,090
Closing balance	**113,479,673**	**97,315,725**	**103,249,573**	**88,040,883**

18. Other assets

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Trade receivables	930,118	4,521,599	1,559,198	4,521,287
Prepayment	537,634	248,334	537,591	248,334
Deposit for shares	-	-	1,743,058	-
	1,467,752	**4,769,933**	**3,839,847**	**4,769,621**
Maturity analysis:				
Current	1,467,752	4,769,933	3,839,847	4,769,621
	1,467,752	**4,769,933**	**3,839,847**	**4,769,621**

19. Property and equipment

Group	Motor vehicles	Computer equipment	Office equipment	Furniture and fittings	Assets under construction	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Cost						
Balance at 1 January 2015	**140,812**	**89,625**	**1,191**	**75,044**	**3,587,495**	**3,894,167**
Additions	10,554	4,775	270	1,364	4,003,526	4,020,489
Disposals	(22,735)	-	(390)	(380)	-	(23,505)
Balance at 31 December 2015	**128,631**	**94,400**	**1,071**	**76,028**	**7,591,021**	**7,891,151**
Accumulated depreciation						
Balance at 1 January 2015	**53,079**	**43,570**	**422**	**24,223**	**-**	**121,294**
Charge for the year	36,212	30,775	288	15,251	-	82,526
Disposals	(13,274)	-	(82)	(173)	-	(13,529)
Balance at 31 December 2015	**76,017**	**74,345**	**628**	**39,301**	**-**	**190,291**
Net book values						
At 31 December 2015	**52,614**	**20,055**	**443**	**36,727**	**7,591,021**	**7,700,860**
At 31 December 2014	**87,733**	**46,055**	**769**	**50,821**	**3,587,495**	**3,772,873**

Authority	Motor vehicles	Computer equipment	Office equipment	Furniture and fittings	Total
	N '000	N '000	N '000	N '000	N '000
Cost					
Balance at 1 January 2015	**140,812**	**89,625**	**1,191**	**75,044**	**306,672**
Additions	3,662	4,775	270	1,364	10,071
Disposals	(22,735)	-	(390)	(380)	(23,505)
Balance at 31 December 2015	**121,739**	**94,400**	**1,071**	**76,028**	**293,238**
Accumulated depreciation					
Balance at 1 January 2015	**53,079**	**43,570**	**422**	**24,223**	**121,294**
Charge for the year	34,554	30,775	288	15,251	80,868
Disposals	(13,272)	-	(82)	(173)	(13,527)
Balance at 31 December 2015	**74,361**	**74,345**	**628**	**39,301**	**188,635**
Net book values					
At 31 December 2015	**47,378**	**20,055**	**443**	**36,727**	**104,603**
At 31 December 2014	**87,733**	**46,055**	**769**	**50,821**	**185,378**

Maturity analysis:	Group		Authority	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N '000	N '000	N '000	N '000
Non current	7,700,860	3,772,873	104,603	185,378
	7,700,860	**3,772,873**	**104,603**	**185,378**

20. Intangible assets

	Software	Total
Group & Authority	**N '000**	**N '000**
Cost		
Balance at 1 January 2015	**22,828**	**22,828**
Additions	1,675	1,675
Balance at 31 December 2015	**24,503**	**24,503**
Amortisation		
Balance at 1 January 2015	**10,660**	**10,660**
Charge for the year	8,104	8,104
Balance at 31 December 2015	**18,764**	**18,764**
Net book value		
At 31 December 2015	**5,739**	**5,739**
At 31 December 2014	**12,168**	**12,168**

Maturity analysis:

	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N '000	N '000	N '000	N '000
Non current	5,739	12,168	5,739	12,168
	5,739	**12,168**	**5,739**	**12,168**

21. Investments

The amounts recognised in the statement of financial position are as follows:

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Subsidiaries	**N'000**	**N'000**	**N'000**	**N'000**
At the beginning of the year	-	-	11,994,482	-
Additions during the year	-	-	2,000	11,994,482
Return of capital	-	-	(4,930,327)	-
At the end of the year	-	-	7,066,155	11,994,482
Maturity analysis:				
Non current	-	-	7,066,155	11,994,482
	-	-	7,066,155	11,994,482

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Associate	**N'000**	**N'000**	**N'000**	**N'000**
At the beginning of the year	1,616,364	-	1,600,000	-
Additions during the year	-	1,600,000	-	1,600,000
Share of profit/(loss) of associate	124,914	16,364	-	-
Share of fair value reserves of associate	388,322	-	-	-
At the end of the year	2,129,600	1,616,364	1,600,000	1,600,000
Maturity analysis:				
Non current	2,129,600	1,616,364	1,600,000	1,600,000
	2,129,600	**1,616,364**	**1,600,000**	**1,600,000**

The amounts recognised in the statement of comprehensive income are as follows:

Associates	
At 31 December 2015	529,600
Associates	
At 31 December 2014	16,364

21.1 Investment in associate

Set out below is the associate of the Group as at 31 December 2015. The associate as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business. The nature of investment in associate :

Name of entity	Place of business	% of ownership interest	Nature of the relationship	Measurement method
Nigeria Mortgage Refinance Company (NMRC)	Nigeria	22.7	Note 21.1a	Equity

21.1a

NMRC is a government business entity and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in the associate.

Set out below are the summarised financial information for NMRC which is accounted for using the equity method.

	31 December 2015	31 December 2014
Summarised balance sheet	N '000	N '000
Assets		
Cash and cash equivalents	21,526,554	10,424,950
Prepayments	92,776	62,334
Other assets	86,433	96,091
Property and equipment	149,029	71,165
AFS Investment securities	16,825,209	-
Intangible assets	1,870,564	-
Total assets	**40,550,565**	**10,654,540**
Liabilities		
Accounts payable	198,592	72,138
Accruals	-	206,072
Deferred income on term loan	-	1,614,008
Term loan	23,303,888	1,807,930
NMRC Fixed Rate Bonds	7,730,039	-
Total liabilities	**31,232,519**	**3,700,148**
Capital and reserves		
Share capital	6,944,290	6,882,288
Retained earnings	497,590	72,104
Statutory reserves	165,121	-
Available for sale reserves	1,711,045	-
Total equity	**9,318,046**	**6,954,392**
Total liabilities and equity	**40,550,565**	**10,654,540**
Summarised statement of comprehensive income	**31 December 2015**	**31 December 2014**
	N '000	N '000
Interest income	3,163,592	591,465
Interest expense	(1,074,663)	(115,609)
Depreciation and amortisation	(47,230)	(18,843)
Personnel expenses	(592,499)	(12,392)
Operating expenses	(898,797)	(372,516)
Profit for the period	**550,403**	**72,105**
Other comprehensive income	**1,711,045**	**-**
Total comprehensive income	**2,261,448**	**72,105**

The information above reflects the amounts presented in the financial statements of the associate (and not NSIA's share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

Reconciliation of summarised financial information
Reconciliation of the summarised financial information presented to the carrying amount of its interest in associate.

	Group	Group	Authority	Authority
Summarised financial information	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Opening net assets				
1 January	6,954,393	-	7,050,000	-
Additional capital	55,401	7,050,000	-	7,050,000
Equity raising fees	-	(167,712)	-	-
Retained earnings	2,373,756	72,105	-	-
Closing net assets	**9,383,550**	**6,954,393**	**7,050,000**	**7,050,000**
Adjusted for:				
Equity raising fees	-	167,712	-	-
Adjusted net assets	**9,383,550**	**7,122,105**	**7,050,000**	**7,050,000**
Carrying values (22.7%)	**2,129,600**	**1,616,364**	**1,600,000**	**1,600,000**

21.2 Investment in subsidiaries

The group had the following subsidiaries at 31 December 2015

				Authority	Authority
				31 December 2015	31 December 2014
Name of entity	**Place of business/country of incorporation**	**Nature of the relationship**	**% of ownership interest**	**N '000**	**N '000**
NSIA Motorways Investment Corporation (NMIC)	Nigeria	Investment holding	100	1,000	1,000
KG Brussels LP	United States of America	Investment holding	99.97	7,063,155	11,993,482
KG Acquisition I LLC	United States of America	Investment holding	100	-	-
FGF Private Equity Co. Ltd	Nigeria	Investment holding	100	1,000	-
FGF Investments Ltd	Nigeria	Investment holding	100	1,000	-
				7,066,155	**11,994,482**

The carrying value of the investment represents the cost of shares of NMIC and/or the cash value of investment in the limited partnership (KG Brussels LP)/(KG Acquisition I LLC). All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

KG Brussels LP is a Partnership that holds a portfolio of investments in other private equity investee funds. The General Partner of the Partnership is KG Acquisition I LLC, which is owned by NSIA. NSIA is a limited partner in KG Brussels LP.

FGF Private Equity Co. Ltd is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities.

FGF Investments Ltd is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities and other investments.

22. Trade and other payables

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Trade payables	921,099	1,026,592	921,099	236,410
Accruals	295,757	113,616	290,008	113,616
Other payables	3,010,787	157,297	2,891,234	158,297
Payables to related parties (Note 25)	11,560,866	5,012,784	-	-
	15,788,509	6,310,289	4,102,341	508,323
Maturity analysis:				
Current	15,788,509	6,310,289	4,102,341	508,323
	15,788,509	**6,310,289**	**4,102,341**	**508,323**

23. Borrowings

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Opening balance	-	1,400,000	-	1,400,000
Loan by Federal Government of Nigeria	-	-	-	-
Repaid during the period	-	(1,400,000)	-	(1,400,000)
	-	-	-	-

24. Equity and reserves

		Group	Group	Authority	Authority
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
		N'000	N'000	N'000	N'000
Contribution by Government		155,250,000	155,250,000	155,250,000	155,250,000
Retained earnings	24.1	17,466,251	5,691,084	17,738,425	5,532,544
Fair value reserves	24.2	23,513,074	10,470,202	22,596,249	8,857,892
Currency translation reserves	24.3	1,653,739	116,981	-	-
Non-controlling interests	24.4	3,213	-	-	-
		197,886,277	171,528,267	195,584,674	169,640,436
Maturity analysis:					
Non current		197,886,277	171,528,267	195,584,674	169,640,436
		197,886,277	**171,528,267**	**195,584,674**	**169,640,436**

24.1 Retained earnings

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Opening balance	5,691,084	525,158	5,532,544	525,158
Profit for the year	11,775,728	5,165,926	12,205,881	5,007,386
Contribution to NCI	(561)	-	-	-
Closing balance	**17,466,251**	**5,691,084**	**17,738,425**	**5,532,544**
Maturity analysis:				
Non current	17,466,251	5,691,084	17,738,425	5,532,544
	17,466,251	**5,691,084**	**17,738,425**	**5,532,544**

24.2 Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired. The amounts presented within other comprehensive income are the gross amounts as the Authority is exempted from income taxes.

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Items that may subsequently be reclassified to profit or loss				
Opening balance	10,470,202	(19,464)	8,857,892	(19,464)
Change in value of available- for- sale financial assets	12,654,550	10,489,666	13,738,357	8,877,356
Share of change in value of available- for- sale financial assets - (associate)	388,322	-	-	-
Closing balance	**23,513,074**	**10,470,202**	**22,596,249**	**8,857,892**
Maturity analysis:				
Non current	23,513,074	10,470,202	22,596,249	8,857,892
	23,513,074	**10,470,202**	**22,596,249**	**8,857,892**

24.3 Currency translation reserve

The currency translation reserve includes the net cumulative change in the foreign gains or (losses) arising from translation of the financial statements of the foreign subsidiary, KG Brussels LP, into the Group's presentation currency. The amounts presented within other comprehensive income are the gross amounts as the Company is exempted from income taxes.

	Group	Group
	31 December 2015	31 December 2014
	N'000	N'000
Opening balance	116,981	-
Net changes in foreign currency	1,536,758	116,981
Closing balance	**1,653,739**	**116,981**
Maturity analysis:		
Non current	1,653,739	116,981
	1,653,739	**116,981**

24.4 Non-controlling interests (NCI)

This reserve shows the amount of profit or loss and other comprehensive income attributable to the non-controlling interests of the group. NCI arises as a result of an interest in K.G. Brussels L.P.

	Group
	31 December 2015
	N'000
Opening balance	-
Capital contributions made by NCI	3,000
(Loss)/profit attributable to NCI	(150)
Contribution to NCI	561
Return of capital to NCI	(346)
Other comprehensive income attributable to NCI:	
Fair value reserves	(313)
Currency translation differences	461
Closing balance	**3,213**

"In March 2015, the 2nd limited partner in the K.G. Brussels L.P subsidiary contributed their share of capital commitment thereby reducing the Authority's holding from 100% to 99.97%. There were no transactions with non-controlling interests in 2014.

25. Capital management

The Authority is to maintain a strong capital base in order to retain the confidence of the Nigerian people and the market with a bid to sustain future developments for the business. Management monitors the return on capital.

The management of the Authority seek to maintain a balance between the higher return that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Authority monitors capital using a ratio of adjusted net debt to adjusted equity. For this purpose, adjusted net debt is defined as total liabilities, comprising payables to counterparties and other obligations, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Authority's adjusted net debt to equity ratio at 31 December 2015 was as follows:

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Total liabilities	15,788,509	6,310,289	4,102,341	508,323
Less: cash and cash equivalents	37,983,532	49,903,739	32,913,468	43,098,473
Net debt	**(22,195,023)**	**(43,593,450)**	**(28,811,127)**	**(42,590,150)**
Total equity	197,883,064	171,528,267	195,584,674	169,640,436
Adjusted equity	**197,883,064**	**171,528,267**	**195,584,674**	**169,640,436**
Net debt to adjusted equity ratio	**-11%**	**-25%**	**-15%**	**-25%**

26. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. NSIA is the ultimate parent of the Group.

As disclosed in note 21, NMIC, KG Brussels LP, FGF Private Equities Co. Ltd and FGF Investments Ltd. are subsidiaries of the Authority and are therefore related parties. NMRC is an associate of the Authority and is also a related party. The Second Niger Bridge Company Ltd is a related party to NMIC and as a consequence, the Authority.

The following are the transactions with related parties during the period:

(i) Payables to related parties

Notes to the consolidated and separate financial statements
For the year ended 31 December 2015

	Group	Group	Authority	Authority
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
In thousands of Naira	N'000	N'000	N'000	N'000
Payable to the Second Niger Bridge Company Ltd	11,560,866	5,012,784	-	-
	11,560,866	**5,012,784**	**-**	**-**

26.1 Compensation of key management personnel

The Authority's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercise control.

The key management personnel have been identified as the management of the Authority. The management of the Authority did not hold any shares in the Authority during or as at the end of the period.

The compensation paid or payable to key management for employee services is shown below:

Directors' remuneration and expenses	12 months ended 31 December 2015	12 months ended 31 December 2014
	N '000	N '000
Short-term employee benefits	523,069	416,265
Fees as directors	25,000	50,000
Other allowances	184,471	167,196
Defined contribution plan	32,183	27,834
Total	**764,723**	**661,295**

27 Other contracts

The investment activities of the three separate funds established by the Authority were managed by various investment managers engaged during the year:

27.1 Stabilisation Fund

The Authority engaged the following investment managers through their global custodian JP Morgan for the management of the Stabilisation Fund. The list of investment managers at as at year end are as follows:

27.1.1 UBS Global Asset Management (UK) LTD

Engagement and Service

The Authority engaged UBS Global Asset Management Company as its agent and delegate to manage the investment and reinvestment of certain monies and assets, deposited from time to time by the Authority and held by JP Morgan.

Reports on Investments

UBS Global Asset Management Company provides the Authority with reports containing the transactions, valuations and portfolio performance of the account on a monthly, quarterly and annual basis.

27.1.2 JP Morgan Asset Management

Engagement and Service

The Authority subscribed to X Class Shares of the sub-fund "JPM Income Opportunity X, of JPMorgan Investment Funds.

Reports on Investments

JPM Asset Management Company provides the Authority with reports containing the transactions, valuations and portfolio performance of the account on a monthly, quarterly and annual basis.

27.1.3 Goldman Sachs Asset Management

Engagement and Service

The Authority subscribed to Class IO Shares of Goldman Sachs Global Strategic Income Bond Portfolio of Goldman Sachs SICAV (the "Fund"), (the "Shares")

Reports on Investments

Goldman Sachs provides the Authority with reports containing the holdings, valuations and performance of the account on a monthly basis.

27.1.4 Legg Mason Global Asset Management

Engagement and Service

The Authority subscribed to LM Class shares as stated in the Investment Manager Agreement.

Reports on Investments
Legg Mason provides quarterly performance statements and monthly valuation reports to the global custodian.

27.2 Future Generations Fund

27.2.1 Hedge fund

The hedge fund managers in which the Future Generations Fund is invested as at year end are stated below:

1. JHL Capital Group LLP
2. Blue Mountain Capital Management
3. Arbiter Offshore Ltd
4. AQR Capital Management

27.2.2 Commodity managers

The commodity manager in which the Future Generations Fund is invested as at year end is:

1. Jamison Capital Partners

27.2.3 Long Only Equity Managers

The long only equity managers in which the Future Generations Fund is invested as at year end are stated below:

1. Cevian Capital UK LLP
2. Edgbaston Investment Partners
3. Somerset Capital Management LLP
4. Marathon Asset Management LLP
5. Capital Group
6. Prince Street Institutional Ltd
7. Prince Street Opportunities Ltd
8. Chieftain Capital

27.2.4 Private equity partners

The private equity fund in which the Future Generations Fund is invested as at year end are stated below:

1. Z Capital Partners
2. Healthcare Royalty Partners
3. Xenon Private Equity
4. Helios Investment Partners
5. Africa Capital Alliance
6. Actis Capital

27.2.5 Income opportunity fund

The income opportunity fund managers in which the Future Generations Fund is invested as at year end are stated below:

1. Goldman Sachs Asset Management
2. JP Morgan Asset Management
3. Legg Mason Global Asset Management

27.3 Nigeria Infrastructure Fund

27.3.1 Private equity Partners

The private equity fund in which the Infrastructure Fund invested as at year end are stated below:

1. Fund for Agricultural Finance in Nigeria

27.3.2 Income opportunity fund

The income opportunity fund managers in which the Infrastructure Fund is invested as at year end are stated below:

1. Goldman Sachs Asset Management
2. JP Morgan Asset Management
3. Legg Mason Global Asset Management

27.4 Nigerian equities

A portion of the Infrastructure Fund was invested in the following Nigerian equities:
MTN Nigeria Communications Limited

1. MTN Nigeria Communications Limited
2. Nigeria Mortgage Refinance Company

27.5 Custodians

Custodians	JP Morgan
	Stanbic IBTC

Engagement and Service
The Authority engaged these firms to provide custody services, as well as accounting, performance and compliance services to capital managed by the Authority.

Reports on Investments
The custodians provide reports to the Authority on the performance of the capital custodied by said firms on a monthly basis.

28 Commitments

(a) Capital commitments:
The Authority's unfunded commitments with private equity fund managers are as follows:

› Notes to the consolidated and separate financial statements
For the year ended 31 December 2015

	Authority	Authority
	31 December 2015	31 December 2014
Capital commitments - US$:	$'000	$'000
HealthCare Royalty Partners (HCRP)	14,777	14,727
Z Capital Partners	9,476	9,932
Fund for Agricultural Finance in Nigeria (FAFIN)	4,007	4,803
Helios Investors	5,902	6,801
Africa Capital Alliance	8,799	-
Actis Africa Real Estate	9,296	-
Total	**52,257**	**36,263**
	Authority	**Authority**
	31 December 2015	**31 December 2014**
Capital commitments - Euro:	Euro '000	Euro '000
Xenon Private Equity	3,482	4,579

As disclosed above, the Authority has committed to provide capital to various collective investment vehicles. The total of these commitments at the statement of financial position date is US$52.3 million and Euro 3.5 million (2014: US$36.3 million and Euro 4.6 million). The Authority's commitment obligations, being capital calls, are set out in the various underlying subscription documents. Whilst the actual timing of the capital calls to be made by the managers of these vehicles is uncertain, as it is dependent on the managers sourcing suitable investment opportunities, the Authority has recorded the commitments as being current in accordance with the underlying legal documents. The Authority has appropriate liquidity planning in place to ensure a suitable allocation of resources will be available to cover these future commitments of capital.

(b) Operating Lease Commitments - Group Company as Lessee:

The Group leases its head office under non-cancellable operating lease agreements. The lease terms are between 1 and 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. These lease payments are payments made in advance and thus no minimum lease payments are required to be shown.

29 Other fiduciary activities

The sums of US$200 million and US$350 million ("the Funds") were received from the Debt Management Office ("DMO") and Nigerian Bulk Electricity Company Plc. ("NBET") respectively under an Investment Management Agreement ("the Agreement"). NSIA acts as a manager of the Fund while the DMO and NBET act as customers. In addition to being a manager, NSIA also acts as a custodian and the Funds are managed in a fiduciary relationship. The agreement provides for the Authority to invest the Funds in gas, power and other related projects. Consideration will be paid to the Authority after certain milestones have been met and the customers' share of return has been paid. The assets and liabilities of the Funds have been excluded from these financial statements as they are not assets and liabilities of the Authority. The fees and commissions which relates mainly to these investment management agreement have been recognised in the income statement. The total fair value of the Fund as at 31 December 2015 was US$525 million (2014: US$553.22 million) while income of N38 million (2014: N57 million) has been accrued by the Authority from the fiduciary agreement as of 31 December 2015. The Authority returned US$50 million of monies received from the DMO.

From May 2015, the Authority received 25% of funds accruing to the Federal Government of Nigeria Stabilisation Account on a regular basis for investment on its behalf. Total receipts as at 31 December 2015 stood at N4.28 billion. The Authority is required to invest the funds in varied financial instruments.

30 Events after the reporting period

Subsequent to the reporting date, the sum of US$250million that was approved at the National Economic Council meeting of November 2015 was received by the Authority in February 2016 as additional capital contribution by the three tiers of government.

VALUE ADDED STATEMENT

For the year ended 31 December 2015

	Group		Group		Authority		Authority	
	31 December 2015		31 December 2014		31 December 2015		31 December 2014	
	N '000	%	N '000	%	N '000	%	N '000	%
Revenue	5,821,745		3,941,393		5,811,617		3,791,400	
Administrative expenses	(2,930,278)		(1,988,719)		(2,367,652)		(1,988,719)	
Other non-operating income	8,774,693		3,239,795		8,770,524		3,239,795	
Value added	**11,666,160**	100%	**5,192,469**	100%	**12,214,489**	100%	**5,042,476**	100%
Applied as follows:								
To pay employees								
Salaries and wages	1,066,260	9%	852,479	16%	1,066,260	9%	852,479	17%
Maintenance of assets								
Depreciation	82,526	1%	78,507	2%	80,868	1%	78,507	2%
To pay government								
Taxation	15,496	0%	42,907	1%	8,608	0%	35,090	1%
Retained for growth and expansion								
Profit for the year	10,501,878	90%	4,218,576	81%	11,058,753	90%	4,076,400	80%
	11,666,160	100%	**5,192,469**	100%	**12,214,489**	100%	**5,042,476**	100%

Value added is the wealth created by the efforts of the Authority and its employees and its allocation between employees, shareholders, government and re-investment for the future creation of further wealth.

THREE YEAR FINANCIAL SUMMARY

For the year ended 31 December 2015

	Group	Group	Authority	Authority	Authority
Statement of financial position	12 months ended 31 December 2015	12 months ended 31 December 2014	12 months ended 31 December 2015	12 months ended 31 December 2014	15 months ended 31 December 2013
	N '000	N '000	N '000	N '000	N '000
Asset					
Cash and cash equivalents	37,983,532	49,903,739	32,913,468	43,098,473	111,895,419
Advances	4,756	16,800	4,756	16,800	28,768
Investment securities	164,382,547	117,746,679	154,152,447	108,471,837	45,114,706
Other assets	1,467,752	4,769,933	3,839,847	4,769,621	290,512
Investment in subsidiary	-	-	7,066,155	11,994,482	-
Investment in associate	2,129,600	1,616,364	1,600,000	1,600,000	-
Property and equipment	7,700,860	3,772,873	104,603	185,378	246,189
Intangible assets	5,739	12,168	5,739	12,168	19,777
Total assets	**213,674,786**	**177,838,556**	**199,687,015**	**170,148,759**	**157,595,371**
Liabilities					
Trade and other payables	15,788,509	6,310,289	4,102,341	508,323	439,677
Borrowings	-	-	-	-	1,400,000
Total liabilities	**15,788,509**	**6,310,289**	**4,102,341**	**508,323**	**1,839,677**
Equity and reserves					
Contribution by Government	155,250,000	155,250,000	155,250,000	155,250,000	155,250,000
Retained earnings	17,466,251	5,691,084	17,738,425	5,532,544	525,158
Fair value reserves	23,513,074	10,470,202	22,596,249	8,857,892	(19,464)
Currency translation reserves	1,653,739	116,981	-	-	-
Total equity and amount attributable to equity contributors (Government)	**197,883,064**	**171,528,267**	**195,584,674**	**169,640,436**	**155,755,694**
Non-controlling interests	3,213	-	-	-	-
Total equity	**197,886,277**	**171,528,267**	**195,584,674**	**169,640,436**	**155,755,694**
Total equity and liabilities	**213,674,786**	**177,838,556**	**199,687,015**	**170,148,759**	**157,595,371**

Nigeria Sovereign Investment Authority commenced operations in October 2012 and these are its third set set of financial statements as at 31 December 2015. Therefore, no other comparative historical information is required to be presented beyond the years shown above.

THREE YEAR FINANCIAL SUMMARY

For the year ended 31 December 2015

	Group	Group	Authority	Authority	Authority
Statement of comprehensive Income	**12 months ended 31 December 2015**	**12 months ended 31 December 2014**	**12 months ended 31 December 2015**	**12 months ended 31 December 2014**	**15 months ended 31 December 2013**
	N '000	**N '000**	**N '000**	**N '000**	**N '000**
Investment income	5,673,284	3,920,787	5,700,019	3,774,168	1,395,718
Interest income	148,461	20,606	111,598	17,232	70,467
Total operating income	**5,821,745**	**3,941,393**	**5,811,617**	**3,791,400**	**1,466,185**
Investment management fees	(492,781)	(293,762)	(492,781)	(293,762)	(9,575)
Local custodian fees	(12,251)	(16,988)	(12,251)	(16,988)	(8,131)
Global custodian fees	(91,627)	(33,581)	(91,627)	(33,581)	(4,199)
Total investment management & custodian fees	**(596,659)**	**(344,331)**	**(596,659)**	**(344,331)**	**(21,905)**
Total operating profit	**5,225,086**	**3,597,062**	**5,214,958**	**3,447,069**	**1,444,280**
Net foreign exchange gain and other fee income	8,774,693	3,239,795	8,770,524	3,239,795	495,017
Total other income	**8,774,693**	**3,239,795**	**8,770,524**	**3,239,795**	**495,017**
Operating and administrative expenses	(2,333,619)	(1,644,388)	(1,770,993)	(1,644,388)	(1,414,139)
Total operating and administrative expenses	**(2,333,619)**	**(1,644,388)**	**(1,770,993)**	**(1,644,388)**	**(1,414,139)**
Share of profit of investments in associates	124,914	16,364	-	-	-
Profit before tax	**11,791,074**	**5,208,833**	**12,214,489**	**5,042,476**	**525,158**
Withholding tax expense	(15,496)	(42,907)	(8,608)	(35,090)	-
Profit for the period	**11,775,578**	**5,165,926**	**12,205,881**	**5,007,386**	**525,158**
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Fair value gains on available for sale investments					
Net change in fair value	12,654,237	10,489,666	13,738,357	8,877,356	(19,464)
Currency translation differences	1,537,219	116,981	-	-	-
Share of other comprehensive income of investments in associates	388,322	-	-	-	-
Other comprehensive income for the period	**14,579,778**	**10,606,647**	**13,738,357**	**8,877,356**	**(19,464)**
Total comprehensive income for the period	**26,355,356**	**15,772,573**	**25,944,238**	**13,884,742**	**505,694**

Nigeria Sovereign Investment Authority commenced operations in October 2012 and these are its third set set of financial statements as at 31 December 2015. Therefore, no other comparative historical information is required to be presented beyond the years shown above.

GLOSSARY OF TERMS

Alpha: The excess return of an investment over its benchmark. Frequently this term is used as a measure of a manager's skill.

Alternative assets: Includes investment types such as private equity, hedge funds and real estate.

Arbitrage: A trading strategy which requires no capital commitment or risk bearing on the part of the trader. The strategy is designed to generate profit from a price inconsistency in more than one market of a commodity, currency, or security.

Arithmetic average: An arithmetic average is the sum of a series of numbers divided by the count of that series of numbers.

Asset allocation policy: The target weights assigned to a broad range of asset classes, this largely defines the expected risk/return characteristics of an investment portfolio.

Beta: A measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. Beta can be thought of as the tendency of a portfolio's returns to respond to swings in the market. A beta of 1 indicates that the security's price will move with the market. A beta of less than 1 means that the security will be less volatile than the market. The 'market' is normally the equity market, broadly defined (as represented by the MSCI All Country World index (ACWI)), but can also be defined as other measures, e.g. inflation, interest rates. In these cases beta is purely a measure of sensitivity to these measures, as determined through a regression analysis on the returns.

Capitalisation: The capitalisation of a company is equal to the total number of shares outstanding times the current share price. A portfolio should include exposure to small, mid and large capitalisation stocks to ensure adequate diversification. Different size companies tend to perform differently at different points in the market cycle.

Cash equivalent investments: Highly liquid debt instruments with maturities of less than one year (e.g. Treasury bills, commercial paper, certificates of deposit, and nonconvertible bonds). Composite benchmark: This is calculated by weighting a group of indices and calculating the composite return over time. The benchmark is typically weighted using asset class policy targets or actual portfolio weights. Composite benchmark can be used to evaluate actual historic portfolio performance.

Commingled fund: A pool of money made up of contributions from a number of different investors.

Core manager: A manager whose tracking error does not deviate significantly from that of the benchmark. The level of deviation will vary by asset class.

Derivatives: Derivatives are financial instruments whose value changes in response to an underlying variable. Often these instruments require little or no net initial investment and are settled at a future date.

DFBOM: Design, Finance, Build, Operate and Maintain

Disclosure forms: Forms in which conflicts of interest should be disclosed.

Distressed securities: Securities of companies that are currently in default, bankruptcy, financial distress, or a turnaround situation.

Dollar cost averaging: The process of buying or selling securities according to a regular schedule, over a period of time. The aim is to mitigate market risk by avoiding buying or selling at one specific point in the market cycle (e.g. buying at the peak of the market).

Frontier markets: Equity markets of smaller and less accessible countries in the emerging world. The precise definition of 'frontier markets' depends on which benchmark is used.

Fund of funds: A "fund of funds" (FoF) is an investment strategy which invests in a portfolio of investment funds rather than investing directly in shares, bonds or other securities.

Hedging: A hedge is a position established in an attempt to offset exposure to price fluctuations in an opposing position with the goal of minimising one's exposure to unwanted risk.

Gtp: Gas-to-Power.

Inflation sensitive: An unexpected spike in inflation negatively impacts equity and bond investments. Inflation sensitive assets are included in a diversified portfolio to protect portfolio performance during this economic scenario. Real assets (such as commodities and property) and inflation linked bonds may be included in a diversified basket of inflation sensitive assets.

Investment management agreement: A bespoke mandate agreed between an investor and a fund manager setting out the terms of reference for an investment in a segregated mandate.

Investment Policy Statement (IPS): A document detailing the policy which controls how an institution invests.

Investment style: The investment philosophy and approach of a manager.

Letter stock: A Letter Stock or Letter Security is not tradable in public markets because it has not been registered with the SEC (Securities Exchange Commission). The name comes from the SEC requirement for an investment letter from the purchaser, stating that the purchase is for investment purposes and not intended for resale.

Long/short hedge funds: A fund which maintains both long and short positions in investments in an attempt to create value.

Manager structure: This defines the target number and type of managers by asset class. A successful manager structure diversifies across manager styles and approaches.

Mandate: The terms of an investment, setting out its objectives and restrictions/constraints.

Normal distribution: This is the most used statistical distribution. It assumes returns are evenly distributed in a bell curve. The distribution is characterised by two parameters, the mean and the standard deviation.

Opportunistic strategies: An approach that seeks to produce the greatest possible returns by making investments in the most attractive strategies at any given time.

Private equity: Equity investments which are not quoted on public markets.

Proxy voting: Proxy voting and delegated voting are procedures for the delegation to another member of a voting body of that member's power to vote on shareholder resolutions in his absence.

Real return: The return adjusted for changes in the purchasing power of money.

Real terms: Figures in real terms have been adjusted for changes in the purchasing power of money (inflation).

Recession hedges: High quality, non-callable sovereign bonds are held in the portfolio to protect value when there is a prolonged economic contraction. Equities tend to fare very badly during this type of environment. The amount of protection a bond allocation provides is a function of quality and duration.

Return drivers: Includes equity-related asset classes; global listed equities, equity hedge funds (directional) and private market investments. Equities have historically outperformed other asset classes and can be thought of as the "growth engine" of a diversified portfolio.

Satellite manager: A manager whose tracking error is likely to deviate meaningfully from that of the benchmark. The level of deviation will vary by asset class.

Sharpe ratio: The Sharpe ratio is a measure of the 'efficiency' of an investment or a portfolio, i.e. the amount of returns being generated per unit of risk. It is calculated by subtracting the risk-free rate – such as that of the 10-year U.S. Treasury bond – from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns.

Standard deviation: This is a measure of volatility. It quantifies the variability of a returns stream by measuring the extent to which returns vary from their historical average. The larger the standard deviation, the wider the range of likely returns and the greater the level of risk. Standard deviation is commonly used to describe the probability of a return occurring within a certain range. For normally distributed data, there is a 68% probability that returns will fall within +/- 1 standard deviation of the mean and a 95% probability that returns will fall within +/- 2 standard deviations.

Strategic investing: Investments that serve a core defined role in the portfolio and for which there should be a permanent allocation. The strategic targets are defined in the SIP.

Tactical investing: Opportunistic investing based on shorter term market factors, for example adding an allocation to high yield bonds when credit spreads are uncommonly wide.

TBD: To be Determined.

Tracking error: A divergence between the price behaviour of a position or a portfolio and the price behaviour of a benchmark. Tracking error is reported as a "standard deviation percentage" difference. This measure reports the difference between the return an investor receives and that of the benchmark the investor was attempting to imitate.

Traditional asset classes: These are typically thought of as Equities, Fixed Income and Cash. Commodities are increasingly included in this category.

US T-Bills: United States Treasury Bills.

Venture capital: Investments in non-marketable securities of new companies or companies considered to be in the early stages of growth; these investments are high risk and have the potential for high return.

Volatility reducers: These investments have a low level of variability in returns, for example non-directional hedge fund strategies and cash. An allocation to "volatility reducers" tempers the level of volatility in the portfolio, which is largely driven by equity related assets.

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