



SIM Capital Alliance Value Fund

Market Review

On May 11 2016, the Federal Government through the NNPC announced a more than 70% increase in the PMS price to N145/liter. Year on year Inflation surged to 16.5% in June from 15.6% and 13.7% in May and April respectively, with the NBS attributing the rising cost of energy and imports as the key drivers of the increase. On June 20 2016, the CBN implemented its new exchange rate framework: a single market structure through the Nigeria Interbank Foreign Exchange Market ("NIFEM"), with prices driven by demand and supply. This led to a more than 43% year to date devaluation in the Naira, with the Naira to Dollar rate closing the period at N283 as reported by the CBN. The extent to which the NIFEM rate will be freely determined by market forces remains to be seen.

Fixed Income Market: The MPC in May voted to retain the cash reserve ratio (CRR) and monetary policy rate at 22.5% and 12% respectively. Interest rates increased across both the short and longer tenured instruments during the period under review. The Nigerian Interbank Treasury Bills True Yield closed at 9.55%, 10.08%, 13.18% for 91, 180 and 365 day tenors respectively, while yields on the longer tenured instruments closed at 13.4%, 13.93% and 14.12% for the 2, 5 and 10 year tenors.

Equity Market: At the end of Q2 2016, the NSE All Share Index closed at 29,597.79, representing a year to date appreciation of 3.34% buoyed by the 6.96% appreciation in the month of June. The NSE Banking Index recording the strongest performance, increasing by 11.29% year to date. Equity market activity measured by value of turnover increased by 9.75% relative to the previous quarter.

Fund Review

During the quarter under review, the Fund used the opportunity of the depressed equity markets to increase its holdings of listed equities, making additional investments in existing positions as well as initiating positions in Banking and Agricultural stocks.

Portfolio Performance: The net asset value of the Fund recorded a year to date increase of 16.22%, to close the quarter at N126.9994. The increase was driven by an appreciation in the Fund's listed and unlisted equity holdings, as well as foreign exchange gains from the Fund's dollar denominated holdings on the back of the devaluation of the Naira.

Portfolio Outlook: The Nigerian economy may remain challenged during the second half of 2016 on the back of weak global and domestic economic growth and depressed commodity prices. In many cases, market sentiment also remains very weak relative to fundamentals. Given these themes, the Fund manager is of the view that there will be opportunities to acquire securities at attractive valuations and will continue to evaluate opportunities in both the listed and unlisted equity markets, in line with its value investment philosophy.

Top 5 Sector holdings - 30.06.16

Banking	24.91%
Telecommunication	7.80%
Insurance	5.88%
Consumer Goods - Food	4.99%
Conglomerates	3.14%

** percentages represent equity holdings relative to Gross Asset Value of Fund

Top 5 Holdings - 30.06.16

MTN
GT Bank
Zenith Bank
Friesland Campina WAMCO
Stanbic IBTC Holdings

Investment Objective

The SIM Capital Alliance Value Fund aims to provide investors with capital growth over the long-term by investing in listed and unlisted Nigerian equities and other securities as approved by SEC. The Fund pursues a total return objective.

Investment Strategy

The Fund pursues a pragmatic value philosophy. Thus, the Fund invests in securities which are sufficiently undervalued relative to their intrinsic value. It seeks securities with low earnings multiples, low price to book ratio, and which are trading at an acceptable margin of safety to the Fund Manager's assessment of fair value.

Fund Information

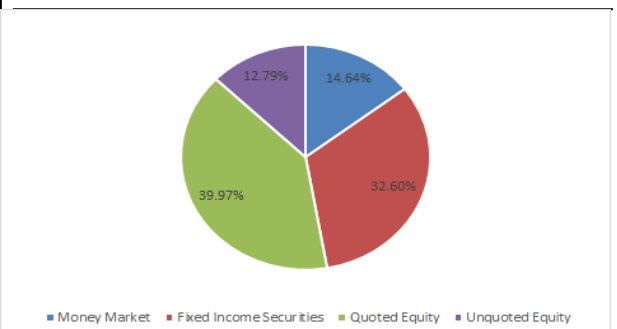
Classification:	Closed End Fund listed on the NSE
Start Date:	30th June 2011
Trustees:	Leadway Capital & Trusts Limited
Custodian:	Stanbic IBTC Bank Plc
GAV:	N4,080 million
Latest Distribution:	N10.00 per unit (Paid in December 2015)
Total Distribution:	N35.83 per unit (Inception till date)
Nominal Value:	N100 per unit
Market Price:	N103.24 per unit
NAV/Unit:	N126.9994 per unit

Fund Returns as at 30.06.2016 (net of fees & expenses)

	YTD	CAGR	HPR
Based on NAV/Unit	16.22%	10.24%	62.83%

Asset Class	Permissible range	Strategic Asset Allocation
Equity	25% - 85%	60%
Fixed Income	15% - 50%	35%
Cash & cash equivalents	0% - 5%	5%

Asset Allocation as at 30th June 2016



Manager Information:

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