



SIM Capital Alliance Value Fund

Market Review

Year on year Inflation increased to 18.55% in December from 18.48% and 18.33% in November and October respectively. On a month on month basis, the NBS reported inflation increased by 1.08% in December, relative to 0.78% in November and 0.83% in October. As reported by the CBN, the Naira to Dollar rate closed the period at N305.00, recording a year to date decline of 54.82%. Parallel market rates were substantially higher.

Fixed Income Market: During the period under review, the MPC voted to maintain the monetary policy rate at 14%. The cash reserve ratio and liquidity ratio were maintained at 22.5% and 30% respectively. Compared to the previous quarter, interest rates decreased across both the shorter and longer tenured instruments during the period under review. As reported by the FMDQ OTC, the Nigerian Interbank Treasury Bills True Yield closed at 13.49%, 19.35%, 22.42% for 90, 181 and 356 day tenors respectively, while yields on the longer tenured instruments closed at 15.87%, 15.76% and 16.11% for the 2, 5 and 10 year tenors.

Equity Market: At the end of 2016, the NSE All Share Index closed at 26,874.62, representing a year to date and quarter on quarter decline of 6.17% and 5.16% respectively. Equity market activity measured by value of turnover decreased by 25.75% relative to the previous quarter.

Fund Review

During the quarter under review, the Fund took advantage of the high interest rate environment by re-investing proceeds from maturing fixed income investments, increasing the portfolio's weighted interest rate. The Fund also used the opportunity of the depressed equity markets to increase its holdings in listed equities; increasing its position in Access Bank Plc.

Portfolio Performance: The net asset value of the Fund recorded a year to date increase of 16.44%. It closed the quarter at ₦117.23 after a distribution of ₦10 per unit on 28 December 2016. The year to date increase was driven by appreciation in the Fund's listed equity holdings and foreign exchange gains from the Fund's dollar denominated holdings on the back of the significant devaluation of the Naira.

Portfolio Outlook: The Nigerian economy remained challenged during the period under review for a number of reasons that included; uncertainty around policy direction, persistent foreign exchange scarcity which led to increased pressure on the Naira. There however was some improvement in revenue generation arising from fewer disruptions in oil production and an increase in oil prices. Equity market sentiment remained weak, while fixed income yields on shorter tenors recorded material decreases during the period under review. In view of the current inflationary environment, the Fund Manager continues to favor equity securities over longer dated fixed income instruments and will evaluate opportunities in both the listed and unlisted equity markets, in line with the Fund's value investing philosophy.

Top 5 Sector holdings - 31.12.16

Banking	25.51%
Oil & Gas	8.99%
Agriculture	6.72%
Insurance	5.84%
Telecommunications	5.33%

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

Top 5 Holdings - 31.12.16

GT Bank
MTN Nigeria
Total Nigeria Plc
Zenith Bank
FrieslandCampina WAMCO

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.

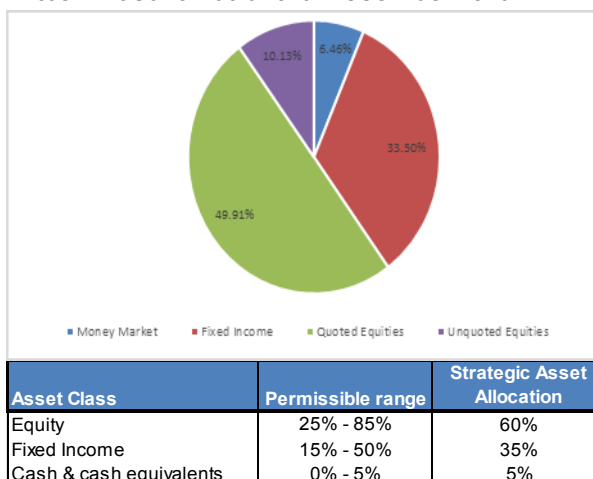
Fund Information

Classification:	Closed End Fund listed on the NSE
Start Date:	30th June 2011
Trustees:	Leadway Capital & Trusts Limited
Custodian:	Stanbic IBTC Bank Plc
GAV:	N3,778 million
NAV:	N3,763 million
Total Distribution:	N1,471 million (Inception till date)
Total Distribution/unit:	N45.83 per unit (Inception till date)
Latest Distribution:	N10.00 per unit (Paid in December 2016)
Market Price:	N103.24 per unit
NAV/Unit:	N117.2337 per unit

Key Statistics as at 31.12.2016 (net of fees & expenses)

YTD	CAGR (since inception)	HPR (since inception)	Annual Expense ratio
16.43%	9.30%	63.06%	1.57%

Asset Allocation as at 31st December 2016



Manager Information:

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