



SIM Capital Alliance Value Fund

Market Review

During the quarter under review, international rating agency, Fitch upgraded its outlook on Nigeria from negative to stable. Fitch affirmed Nigeria's long term foreign currency Issuer Default Rating (IDR) at BB-q long term local currency IDR at BBq short term rating at Bq and Country Ceiling at BBq . The revision was done on the back of increased likelihood of implementing the much required reforms by the current administration given the appointment of a strong economic team. The agency noted that the stable outlook anticipates continued progress on reforms, a tighter budget for 2012, including progress towards the removal of the petroleum subsidy and making the Sovereign Wealth Fund operational.

Fixed Income Market: In Q4 2011, the Central Bank of Nigeria increased the Monetary Policy Rate (MPR) by 275bps to 12%, the Cash Reserve Ratio (CRR) of banks by 400bps to 8% and reduced the foreign exchange Net Open Position limit of banks by 200bps to 3% of shareholders funds. The hike in MPR, in addition to a dearth in liquidity largely caused by the delay in the release of September & October Federation Accounts Allocation Committee (FAAC) allocations as well as interventions by the CBN through OMO and forex auctions, resulted in upward shift in the yield curve.

Equity Market: On the back of some corporate earnings released by some quoted companies, market activity increased by 15.44% in Q4 2011 from Q3 2011, as some investors chose to take positions ahead of full year results. The increased interest in the equities market in Q4 2011 resulted in a 1.77% growth of the NSE Index to 20,732.63 points in Q4 2011. For full year 2011, the Nigerian Equity Market recorded a loss of 16.30%.

Portfolio Review

In Q4 2011, the Fund Manager continued to invest the monies of the Value Fund, with a view to achieving its strategic asset allocation. As we expected, upward trending fixed income yields provided a buying opportunity in the equity market space, as some investors reallocated from equity investments to fixed income investments. Thus, the Fund increased its investment in quoted equities 5x over its position in Q3 2011. In addition, the Fund invested in higher yielding fixed income investments.

Portfolio Performance: The asset value of the fund grew by 2.73% to close the quarter with a gross asset value per unit of N104.9384 while the net asset value per unit grew by 2.71% closing the quarter with a net asset value per unit of N104.5440.

Outlook: Guided by our pragmatic value philosophy, the Fund Manager will continue to work towards aligning the asset allocation of the Value Fund to its strategic allocation over the course of 2012. We expect to achieve the strategic asset allocation for the Fund within 12 -18 months from its start date.

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. We seek securities with low earnings multiple, which are trading at a discount to their net asset value and at an acceptable margin of safety to our 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

Fund Size: N3, 368.18 million

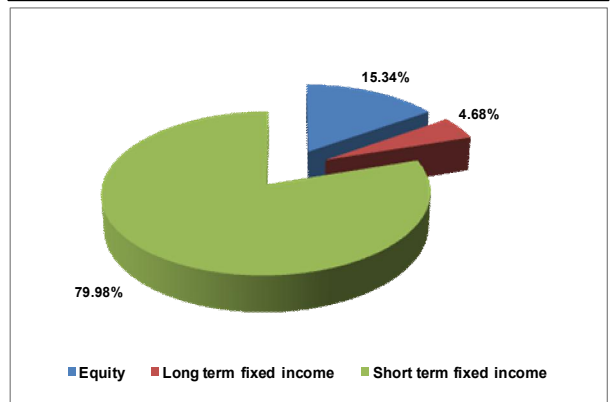
Nominal Value: N100 per unit

Market Price: N103.50 per unit

NAV/Unit: N104.5440 per unit

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 31st December 2011



Manager Information:

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