



SIM Capital Alliance Value Fund

Market Review

During the quarter under review, President Goodluck Jonathan signed the 2012 budget into law, keeping all the key figures the same as approved by the National Assembly in March, 2012. Total Expenditure came to N4.88trn of which 27.5% was allocated to Capital expenditure. Foreign reserves also reached its highest point of \$36.53bn in over a year, while national subsidy repayments were resumed after authorities halted payments to investigate fraudulent claims which had cost the country \$6.8bn in three years.

Fixed Income Market: In Q2 2012, the Monetary Policy Committee (MPC) voted in favor of holding the Monetary Policy Rate (MPR) at 12%. This marked the fourth consecutive time the MPC would be leaving the policy rate unchanged. The Committee maintained that slow growth in credit, stable exchange rate and benign month on month inflation necessitated a hold on tightening. Cash reserve ratio was also maintained at 8% and the minimum liquidity ratio at 30%. A deposit rate of 10% and a lending rate of 16% was recommended.

Equity Market: The quarter started on an impressive note with the Nigerian All Share Index (ASI) rising to a nine-month high which was driven by impressive interim Q1 results released by companies in the Banking and Consumer sectors. The index closed at 21,599.57 and recorded a quarterly increase of 4.59%. This resulted to a YTD increase of 4.19% as at 30th June 2012. This could have been higher, however momentum slowed towards the end of May on the back of profit-taking and panic selling by investors.

Portfolio Review

In Q2 2012, the Fund Manager continued to invest the monies of the Value Fund, with a view to achieving its strategic asset allocation. The Fund increased its holdings in both listed and unlisted equity investments recording a quarter on quarter increase of over 10%.

Portfolio Performance: The asset value of the fund grew by 4.92% to close Q2 2012 with a gross asset value per unit of N113.3421 while the net asset value per unit grew by 4.63% closing the quarter with a net asset value per unit of N112.5466.

Outlook: The Fund Manager will continue to work towards aligning the asset allocation of the Value Fund to its strategic allocation. Selection of companies in which the Value Fund invests in is guided by parameters identified by the Fund Manager as consistent with the value philosophy of the Fund.

Sector holdings as at 30.06.12	Top 5 Holdings as at 30.06.12	
Banking	51.84%	First Bank
Conglomerates	21.14%	UACN
Telecommunications	18.06%	MTN
Consumer Goods	7.54%	Zenith Bank Plc
Insurance	1.43%	Guaranty Trust Bank Plc

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

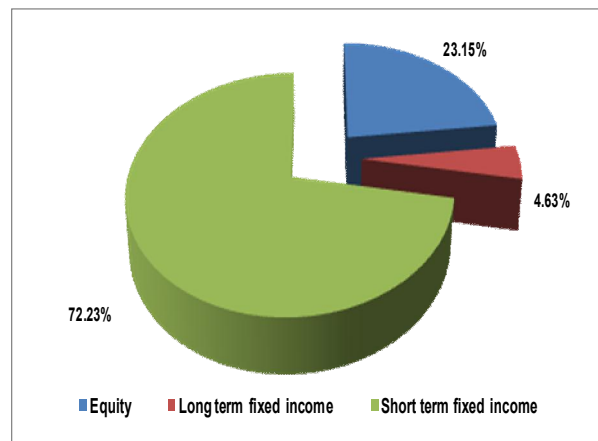
The fund pursues a pragmatic value philosophy. Thus, the fund invests in securities which are sufficiently undervalued relative to their intrinsic value. We seek securities with low earnings multiple, which are trading at a discount to their net asset value and at an acceptable margin of safety to our 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, 612.38 million
Nominal Value:	N100 per unit
Market Price:	N103.50 per unit
NAV/Unit:	N112.5466 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 30th June 2012



Manager Information:

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