



# SIM Capital Alliance Value Fund

## Market Review

Year on year Inflation declined to 16.10% in June from 16.25% and 17.24% in May and April respectively. On a month on month basis, the NBS reported inflation increased by 1.58% in June, relative to 1.88% in May and 1.60% in April. As reported by the CBN, the Naira to Dollar rate closed the period at ₦305.9, recording a year to date depreciation of 0.30%. During the period, the CBN also introduced the Investors and Exporters ("I&E") Foreign Exchange ("FX") Window, with the Nigerian Autonomous Foreign Exchange Rate Fixing ("NAFEX") as its benchmark rate. As reported by the FMDQ OTC, the closing rate of the I&E FX window was ₦366.44/\$. Parallel market rates which opened the quarter at N390/\$ declined substantially during the period on the back of greater FX availability, closing at N367/\$

**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. As reported by the FMDQ OTC, the Nigerian Interbank Treasury Bills True Yield for 90, 181 and 349 day tenors closed the quarter at 19.53%, 20.48%, 22.05% respectively, in comparison to 18.97%, 20.31% and 22.45% the previous quarter. Yields for the 2, 5 and 10 year tenors closed at 16.56%, 16.12% and 16.19% in comparison to 15.80%, 15.64% and 15.93% the previous quarter.

**Equity Market:** At the end of Q2 2017, the NSE All Share Index closed at 33,117.48, representing a year to date and quarter on quarter gain of 23.23% and 29.79% respectively. Equity market activity measured by value of turnover increased by 5.79% relative to the previous quarter.

## Fund Review

During the quarter under review, the Fund continued to take advantage of the high interest rate environment, cautiously increasing the duration of its fixed income portfolio by re-investing proceeds from maturing fixed income investments in longer-term duration fixed income securities. Following the sale of some of the portfolio's Euro-bond securities in the previous quarter, the Fund disposed of a portion of the US dollar cash proceeds received, exiting through the I&E FX window.

**Portfolio Performance:** The net asset value of the Fund recorded a year to date increase of 28.8%, with the NAV closing the quarter at ₦151.00/unit. The year to date increase was largely driven by the performance of its listed equity holdings. US dollar cash holdings and Eurobond securities also recorded gains following revaluation at closing rate of the I&E FX window, which closed the period at N366.44/\$.

**Portfolio Outlook:** Government's fiscal situation improved during the quarter, with the force majeure lifted on the Forcados export terminal. Equity market sentiments improved significantly, driven by increased interest from foreign investors following the introduction of the I&E FX window by the CBN. Interest rates for fixed income securities remained elevated. In line with the Fund's value investment philosophy, the Fund Manager continues to review the Fund's equity holdings and maintains the view that the current environment continues to offer selected attractive opportunities in the equity markets for longer-term value investors. The Fund will also continue to take advantage of the elevated interest rate environment.

## Top 5 Sector holdings - 30.06.17

Banking	32.58%
Agriculture	8.53%
Oil & Gas	7.36%
Insurance	4.63%
Telecommunications	4.48%

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

## Top 5 Holdings - 30.06.17

GT Bank
Stanbic IBTC Holdings
Zenith Bank
Presco Plc
MTN Nigeria

## 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

<b>Classification:</b>	Closed End Fund listed on the NSE
<b>Start Date:</b>	30th June 2011
<b>Trustees:</b>	Leadway Capital & Trusts Limited
<b>Custodian:</b>	Stanbic IBTC Bank Plc
<b>GAV:</b>	N4,937million
<b>NAV:</b>	N4,846million
<b>Total Distribution:</b>	N1,471 million (Inception till date)
<b>Total Distribution/unit:</b>	N45.83 per unit (Inception till date)
<b>Latest Distribution:</b>	N10.00 per unit (Paid in December 2016)
<b>Market Price:</b>	N103.24 per unit
<b>NAV/Unit:</b>	N151.00 per unit

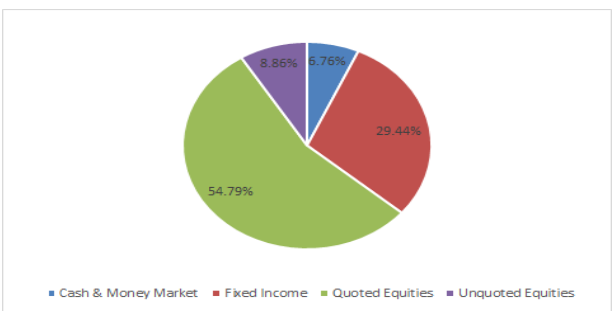
## Key Statistics as at 30.06.2017 (net of fees & expenses)

YTD	CAGR (since inception)	HPR (since inception)	*Total expense ratio	**Total expense ratio
28.8%	11.95%	96.83%	1.28%	2.73%

\* Trailing 12 months exclusive of incentive fee

\*\* Trailing 12 months inclusive of incentive fees

## Asset Allocation as at 30th June 2017



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

## Manager Information:

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