



SIM Capital Alliance Value Fund

Market Review

Year on year inflation declined to 15.98% in September from 16.01% and 16.05% in August and July respectively. On a month on month basis, the NBS reported inflation of 0.78% in September, relative to 0.97% in August and 1.21% in July. As reported by the CBN, the Naira to Dollar rate closed the period at ₦305.75, recording a year to date decline of 0.25%. The Nigerian Autonomous Foreign Exchange Rate Fixing (NAFEX) closed the period at ₦360.08 to the dollar, recording an appreciation of 1.73% for the quarter and 4.06% since its inception in April 2017. Parallel market rates also declined during the period and have become close to NAFEX in recent times.

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 closed at 19.12%, 18.39%, 19.69% for 90, 181 and 356 day tenors, representing a decline of 1.73%, 1.36% and 4.23% respectively. Yields on the longer tenured instruments closed at 15.98%, 15.83% and 15.61% for the 2, 5 and 10 year tenors, representing a decline of 1.96%, 1.36% and 1.31% respectively.

Equity Market: The NSE All Share Index closed the period at 35,439.98, representing a year to date and quarter on quarter gain of 31.87% and 7.01% respectively. Equity market activity measured by value of turnover increased by 49.86% relative to the previous quarter.

Fund Review

During the quarter under review, the Fund took advantage of the rally in the equity market to reduce its holdings in Guaranty Trust Bank Plc and Stanbic IBTC Holdings Plc. The proceeds of the sales were invested in fixed income securities, with the Fund taking advantage of the sustained elevated interest rate environment witnessed during the period. The Fund will continue to review its current equity portfolio holdings and may trade out of positions that are determined to be trading at close to or at a premium to intrinsic value.

Portfolio Performance: The net asset value of the Fund closed the period at ₦154.60/unit, recording a year to date and quarter on quarter increase of 31.87% and 2.38%. The year to date performance of the Fund was due to the strong performance of its listed equity holdings and Eurobond holdings, driven by price appreciation and foreign exchange revaluation gains.

Portfolio Outlook: Government's fiscal situation continued to improve during the quarter, but revenue remains vulnerable to security threats in the Niger Delta and commodity price volatility. Equity market sentiments and investor confidence continue to improve, driven by the positive near term outlook on economic activity. Interest rates for fixed income securities remain elevated but have witnessed a decline driven by slowing inflation, CBN activities and increased interest by foreign portfolio investors. 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 where it is deemed appropriate.

Top 5 Sector holdings - 30.09.17

Banking	26.59%
Agriculture	7.66%
Oil & Gas	6.37%
Insurance	5.11%
Telecommunications	4.33%

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

Top 5 Holdings - 30.09.17

Zenith Bank
GT Bank
MTN Nigeria
Okomu Oil Palm
Presco 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. 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:	₦5,047million
NAV:	₦4,962million
Total Distribution:	₦1,471 million (Inception till date)
Total Distribution/unit:	₦45.83 per unit (Inception till date)
Latest Distribution:	₦10.00 per unit (Paid in December 2016)
Market Price:	₦103.24 per unit
NAV/Unit:	₦154.60 per unit

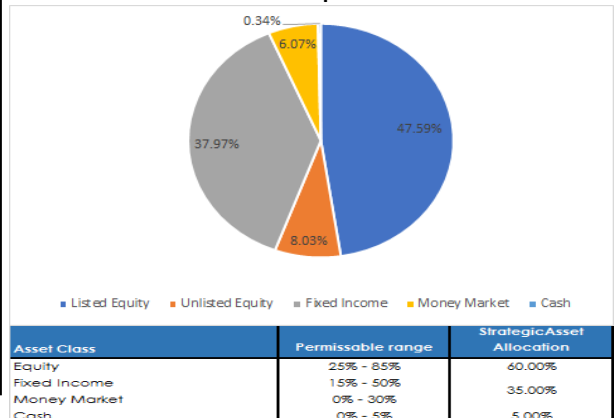
Key Statistics as at 30.09.2017 (net of fees & expenses)

YTD	CAGR (since inception)	HPR (since inception)	*Total expense ratio	**Total expense ratio
31.87%	11.77%	104.3%	1.29%	2.71%

* Trailing 12 months exclusive of incentive fee

** Trailing 12 months inclusive of incentive fees

Asset Allocation as at 30th September 2017



Manager Information:

ValuAlliance Asset Management Limited. Physical Address: 8th Floor, C&C Towers, Plot 1684 Sanusi Fafunwa Street V/I Lagos
Tel: +234 1 277 7000; Fax: +234 1 271 0564 Email: info@valualliance.com

This newsletter is for information purposes only; it neither presents a conclusive perspective on the topics discussed nor provides investment, financial or other advice. Prior results do not guarantee a similar outcome in the future.