



ValuAlliance Value Fund

Market Review

Year on year Inflation declined to 11.28% in September 2018 from 11.23% and 11.14% in August and July respectively. On a month on month basis, the NBS reported that inflation increased by 0.84% in September, relative to 1.05% in August and 1.13% in July. As reported by the CBN, the Naira to Dollar rate closed the period at ₦306.35, recording a year to date depreciation of 0.11%. The Nigerian Autonomous Foreign Exchange Rate Fixing (NAFEX) closed the period at ₦363.72, recording a year to date depreciation of 1.03%. A total of US\$15.5 billion was traded on the I&E FX window during the quarter, an increase of 4.77% from the previous quarter. Parallel market rates settled at about ₦361.00 to the dollar at the end of the period.

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. Yields on Treasury Bills increased by an average of 22 basis points over the quarter, closing at 13.19% on average from 12.97% at the start of the quarter. The increase was more pronounced for the longer Treasury Bill maturities. In the bond market, average yield on FGN bonds increased by 134bps over the quarter to close at 14.48%.

Equity Market: The NSE All Share Index declined by 14.40% over the quarter, closing at 32,766.37. Total value traded for the quarter was ₦205 billion, a decrease of 42.81% relative to the previous quarter.

Fund Review

During the quarter under review, the Fund's performance was adversely impacted by the performance of the listed equity market, which witnessed significant diminution in value following increased domestic macro and political uncertainty. Furthermore, the Fund reduced its exposure to Okomu Oil Palm Plc during the quarter from 5.26% to 3.35% of the Fund's Net Asset Value (NAV).

Portfolio Performance: The net asset value of the Fund closed the period at ₦161.13/unit, recording a quarter on quarter return and year to date return of -5.94% and 1.51% respectively. The performance of the Fund during the quarter under review was adversely affected by the performance of its listed equity holdings, which recorded a QoQ and Ytd price return of -14.01% and -8.68% respectively.

Portfolio Outlook: Although the macroenvironment has been positively impacted by higher oil prices and largely stable production, we believe it remains vulnerable. Some global and domestic themes that will impact the economy in the near term include monetary policies in advanced economies; ongoing trade tensions, demand and supply dynamics in the global oil market, inflationary pressures from budget implementation, heightened political and regulatory risks and rising domestic debt levels.

In consideration of these themes and their impacts, as well as the long term potential of the Nigerian economy, the Fund Manager will continue to evaluate investment opportunities in the listed and unlisted equity using top-down and bottom-up approaches with the intent to selectively increase the Fund's exposure to equities. Furthermore, the Fund Manager will take advantage of the rising interest rate environment in domestic and foreign market to improve the weighted yield of the portfolio.

Top 5 Sector holdings - 30.09.18

Banking	26.49%
Oil & Gas	6.87%
Agriculture	6.79%
Insurance	5.82%
Consumer Goods	3.71%

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

Top 5 Security Holdings - 30.09.18

Zenith Bank
GT Bank
Seplat
Friesland Campina WAMCO
Stanbic IBTC Holdings

Investment Objective

The ValuAlliance 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:	₦5,195million
NAV:	₦5,172million
Total Distribution:	₦1,792 million (Inception till date)
Total Distribution/unit:	₦55.83 per unit (Inception till date)
Latest Distribution:	₦10.00 per unit (Paid in December 2017)
Market Price:	₦103.2 per unit
NAV/Unit:	₦161.13 per unit

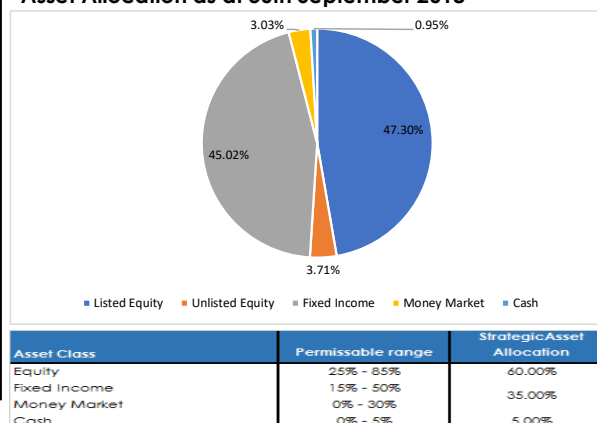
Key Statistics as at 30.09.2018 (net of fees & expenses)

YTD	CAGR (since inception)	HPR (since inception)	*Total expense ratio	**Total expense ratio
1.51%	11.27%	116.96%	1.53%	1.49%

* Trailing 12 months exclusive of incentive fee

** Trailing 12 months inclusive of incentive fees

Asset Allocation as at 30th September 2018



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