



SIM Capital Alliance Value Fund

Market Review

Q3 2011 witnessed the setting up of the executive cabinet by President Goodluck Jonathan with the inclusion of Ngozi Okonjo-Iweala as the coordinating minister for the economy; the activities of the Asset Management Corporation of Nigeria (AMCON) towards the asset quality clean up and recapitalization in the banking sector, and the conclusion of the banking intervention process by the CBN which commenced in 2009.

Equity Market: In line with the bearish sentiments experienced in global equity markets, the equity market in Nigeria saw significant sell off during the course of Q3. The NSE index, which opened the quarter 24,980.20 points shed 18.44% to close the quarter at 20,373 points, reversing the gains from the previous quarters of the year. For year to date 30th September 2011, the NSE Index has shed 17.75%.

Fixed Income Market: Q3 2011 saw the Central Bank of Nigeria increase the Monetary Policy Rate (MPR) twice in the quarter from 8% to 8.75% and then to 9.25% setting the stage for an upward trend in fixed income yields. By the end of the quarter, interbank call rates averaged 11.38% up from 10.79% with 91 day T-Bill yield closing the quarter at 10.23% up from 8.6901% at the start of the quarter.

FX Market: Q3 2011 witnessed increasing demand for the US Dollar. Market demand for US Dollar increased from US\$497.1m at the start of the quarter to US\$1.25bn by the end of the quarter. Efforts by the CBN to strengthen the Naira was evident at the auctions as it tried to meet the demand for the better part of the quarter. The Naira closed the quarter at N154.60/US\$1 in the Official market from N147.6/US\$1.

Portfolio Review

The Value Fund commenced investing activities in July 2011 following conclusion of capital raising. Monies raised were invested in money market instruments pending buying opportunities in the equity and fixed income markets. The bearish sentiments in the equity market provided the opportunity to pick up units of shares trading below the intrinsic value determined by the manager. In addition, monies were invested in unlisted equity and in fixed income instruments which met the desired return requirement of the fund manager.

Portfolio Performance: The asset value of the fund grew by 1.30% to close the quarter with a gross asset value per unit of N102.12 while the net asset value per unit grew by 0.97% closing the quarter with net asset value per unit of N101.79 .

Outlook: With the upward trend in fixed income yields, we expect to see reallocation from the equity investments to fixed income instruments. This we expect will provide a buying opportunity for some of the stocks we consider as undervalued. Thus, we expect to increase our allocation to equity investments in Q4 2011. 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

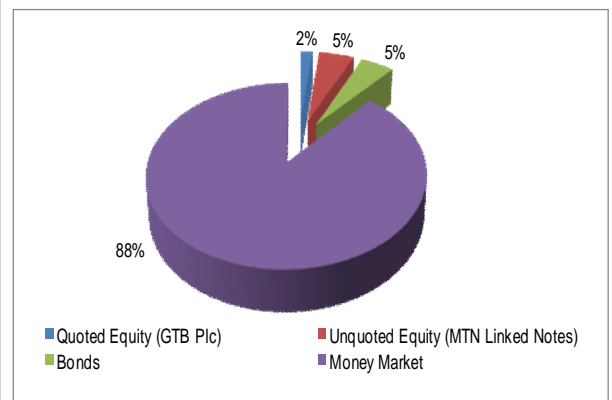
The fund pursues a pragmatic value philosophy. Thus, the fund invests in securities which are sufficiently undervalued relative to their intrinsic value. We seek securities with low earnings multiple, which are trading at a discount to their net asset value and at an acceptable margin of safety to our 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, 267.1 million
Nominal Value	N100 per unit
Market Price	N103.50 per unit
NAV/Unit:	N101.79

Asset Class	Permissible range	Strategic Asset Allocation
Quoted equity	25% - 85%	40%
Unquoted equity		20%
Fixed Income	15% - 50%	35%
Cash & cash equivalents	0% - 5%	5%

Asset Allocation as at 30th September 2011



Manager Information:

SIM Capital Alliance Limited. Physical Address: 8th Floor, C & C Towers, Plot 1684 Sanusi Fafunwa Street V/I Lagos
Tel: + 234 1 279 9366; +234 1 277 0340 Fax: +234 1 271 0564 Email: info@simcapitalalliance.com Website: www.sim.sanlam.com