



ValuAlliance Value Fund

Market Review

Year on year ("YoY") inflation increased to 12.26% in March from 12.20% and 12.13% in February and January 2020 respectively. On a month on month basis, the National Bureau of Statistics reported that inflation rose by 0.84% in March 2020, relative to an increase of 0.79% and 0.87% in February and January 2020 respectively. As reported by the CBN, the Naira to Dollar rate closed the period at ₦361.00, recording a 14.96% YoY depreciation against the dollar. The Nigerian Autonomous Foreign Exchange Rate Fixing ("NAFEX") closed the period at ₦386.51, recording a YoY depreciation of 5.64%. A total of US\$23.08 billion was traded on the I&E FX window during the quarter, an increase of 43.61% from the previous quarter. Parallel market rates settled at about ₦415.00 to the dollar at the end of the period.

Fixed Income Market: During the quarter under review, the monetary policy rate and liquidity ratio were maintained at 13.50% and 30% respectively while the Central Bank of Nigeria (CBN) increased the Cash Reserve Ratio for banks from 22.50% to 27.50%. The 180-day Nigerian Inter-Bank Treasury bill True Yield (NITTY) declined by 64 bps over the quarter, to close at 4.35%. In the bond market, yield on the FGN 10-year bond increased by 112 bps over the quarter to close at 12.75%. The increase in yields was primarily driven by increased risk sentiments caused by the impact of COVID-19 pandemic on economies around the world and worsened by the collapse of oil prices.

Equity Market: The NSE All Share Index declined by 20.65% over the quarter and 31.38% YoY to close at 21,300.47. All major sub-indices recorded negative year-to-date returns. Total value traded during the quarter was ₦321.41 billion, an increase of 44.27% relative to the fourth quarter of 2019.

Fund Review

During the quarter under review, the Fund's performance was adversely impacted by the decline in equity and Eurobond prices as risk sentiments heightened.

Portfolio Performance: The Fund achieved a financial year-to-date return of -5.14% (net of fees and expenses) as at 31st March 2020 to close at ₦133.51/unit. While the Fund's equity holdings recorded a total return of -15.56% in Q1 2020, the Fund benefited from interest income and capital gains on its local currency fixed income securities as well as interest income and exchange gains on its foreign currency fixed income securities.

Portfolio Outlook: We expect that global and domestic growth will weaken significantly in Q2 2020, especially if COVID-19 remains broadly uncontained and/or strict containment measures persist. While health, monetary and fiscal authorities – globally and domestically – continue to take measures to mitigate risks from COVID-19, it remains uncertain if these measures will be able to adequately limit the impact of the pandemic on lives and the economy.

Despite the April 2020 OPEC+ deal to cut c.9.7 mbpd of oil production, downside risks to oil prices persist in the near term as global activity and oil demand are expected to remain very muted. Additionally, Nigeria's oil production is expected to fall to c.1.4 mb/d under the April 2020 OPEC+ deal. We expect lower oil receipts to put pressure on Government revenue, FX reserves and exchange rates and believe Government borrowings will increase significantly as fiscal deficit widens and foreign currency borrowings are revalued.

While taking cognizance of the risks in these uncertain times, the Fund Manager will continue to evaluate investment opportunities across the equities and fixed income space, and in a measured manner, take advantage of opportunities as they arise. The Fund Manager will particularly focus on quality issuers and issues that will contribute to the long-term growth of the Value Fund.

Top 5 Sector holdings -Equity - 31.03.2020

Sector	Percentage	Company
Banking	18.80%	Seplat Petroleum Development
Oil & Gas	6.22%	Custodian and Allied Plc
Agriculture	5.57%	Zenith Bank
Insurance	4.58%	Access Bank
FMCG	3.65%	Guaranty Trust Bank
Industrials	2.13%	
Conglomerate	1.08%	

Top 5 Equity Holdings - 31.03.2020

Company	Percentage
Seplat Petroleum Development	18.80%
Custodian and Allied Plc	6.22%
Zenith Bank	5.57%
Access Bank	4.58%
Guaranty Trust Bank	3.65%

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:	N4.30 billion
NAV:	N4.28 billion
Total Distribution:	N2.56 billion (Inception till date)
Total Distribution/unit:	N79.83 per unit (Inception till date)
Latest Distribution:	N11.00 per unit (Paid in December 2019)
Market Price:	N103.20 per unit
NAV/Unit:	N133.51 per unit

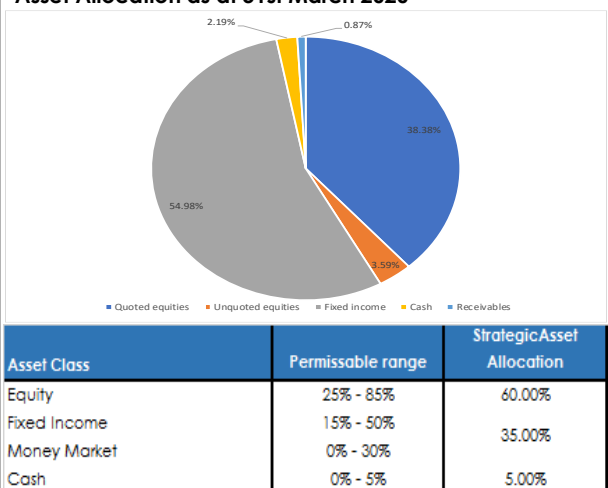
Key Statistics as at 31.03.2020 (net of fees & expenses)

Calendar YTD	CAGR (since inception)	HPR (since inception)	*Total expense ratio	**Total expense ratio
-9.99%	9.05%	113.34%	1.49%	1.49%

* Trailing 12 months exclusive of incentive fee

** Trailing 12 months inclusive of incentive fee

Asset Allocation as at 31st March 2020



Manager Information:

ValuAlliance Asset Management Limited. Physical Address: 12th Floor, Alliance Place, 33A Alfred Rewane Road, Ikoyi, Lagos
Tel: + 234 1 466 2000; 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.