



ValuAlliance Value Fund

Market Review

Year on year ("YoY") inflation increased to 11.98% in December 2019 from 11.85% and 11.61% in November and October 2019 respectively. On a month on month basis, the National Bureau of Statistics reported that inflation rose by 0.85% in December 2019, relative to an increase of 1.02% and 1.07% in November and October 2019 respectively. As reported by the CBN, the Naira to Dollar rate closed the period at ₦307.00, recording a 0.16% YoY depreciation against the dollar. The Nigerian Autonomous Foreign Exchange Rate Fixing ("NAFEX") closed the period at ₦364.07, recording a YoY depreciation of 0.14%. A total of US\$16.07 billion was traded on the I&E FX window during the quarter, an increase of 3.14% from the previous quarter. Parallel market rates settled at about ₦362.00 to the dollar at the end of the period.

Fixed Income Market: During the quarter under review, the monetary policy rate, cash reserve ratio and liquidity ratio were maintained at 13.50%, 22.50% and 30% respectively. The 180-day Nigerian Inter-Bank Treasury bill True Yield (NITTY) declined by 797.26 bps over the quarter, to close at 4.99%. In the bond market, yield on the FGN 10-year bond declined by 272 bps over the quarter to close at 11.63%. The huge decline in yields was primarily driven by the impact of the ban on domestic investors from participating in CBN's Open Market Operation (OMO) Auction and purchasing OMO bills from the secondary market.

Equity Market: The NSE All Share Index declined by 2.85% over the quarter and 14.06% YoY to close at 26,842.07. All major sub-indices recorded negative year-to-date returns. Total value traded over the year was ₦1,928.09 billion, a decrease of 19.81% relative to the previous year.

Fund Review

During the quarter under review, the Fund's performance was positively impacted by the 9% return on its equity holdings during the quarter. Also during the quarter, the Fund distributed the sum of ₦11/unit (₦353,064,646) to its Unitholders.

Portfolio Performance: The Fund achieved a total return of 4.06% (net of fees and expenses) for the year 2019 to close at ₦148.33/unit. While the Fund's equity holdings recorded a total return of -3.09% for the calendar year, the Fund however benefited from income and capital gains on its exposure to local and foreign currency fixed income securities.

Portfolio Outlook: OPEC's December estimate of domestic oil production for Nigeria, shows that production reduced by c. 53,000 b/day during Q4 2019. According to OPEC, domestic production stood at c.1.79mb/d in Q4 2019. The domestic economy benefited from higher oil prices, with Brent price closing at \$67.77/b on the 31st of December 2019, an 11.12% increase quarter on quarter. In the near term, prices should be supported primarily by OPEC cuts amidst weak global growth. Downside risks to oil prices in the short to medium term include geopolitical and trade tension, impacts of natural disasters and disease outbreaks. On fiscal policy, we expect that the passing into law of the new finance bill will result in a friendlier tax environment, wider tax net, improved tax revenues and potentially stronger domestic economic growth. We expect that this will be supported by pro-growth actions of the Central Bank of Nigeria.

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 space and selectively increase the Fund's exposure to equities.

Top 5 Sector holdings -Equity - 31.12.19

Banking	26.21%
Oil & Gas	6.69%
Agriculture	5.77%
Insurance	4.19%
FMCG	3.28%
Industrials	2.10%
Conglomerate	1.16%

Top 5 Equity Holdings - 31.12.19

Seplat Petroleum Development
Zenith Bank
Access Bank
Guaranty Trust Bank
Custodian and Allied Plc

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:	N4.779 billion
NAV:	N4.760 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:	N148.33 per unit

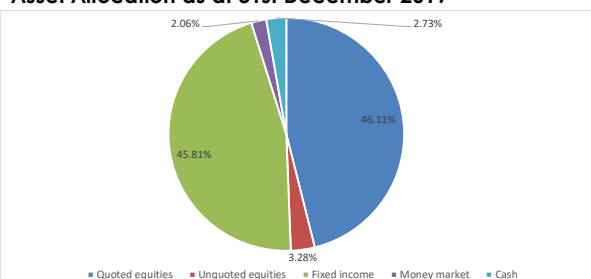
Key Statistics as at 31.12.19 (net of fees & expenses)

Calendar YTD	CAGR (since inception)	HPR (since inception)	*Total expense ratio	**Total expense ratio
4.06%	10.19%	128.16%	1.50%	1.50%

* Trailing 12 months exclusive of incentive fee

** Trailing 12 months inclusive of incentive fees

Asset Allocation as at 31st December 2019



Asset Class	Permissible range	Strategic Asset Allocation
Equity	25% - 85%	60.00%
Fixed Income	15% - 50%	35.00%
Money Market	0% - 30%	
Cash	0% - 5%	5.00%

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

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