



SIM Capital Alliance Value Fund

Market Review

Year on year Inflation increased to 17.9% in September from 17.6% and 17.1% in August and July respectively, with the NBS attributing the rising cost of energy as a key driver of the increasing rate. On a month on month basis, the NBS reported inflation increased by 0.8%, down from 1% in August and 1.3% in July. As reported by the CBN, the Naira to Dollar rate closed the period at N305.25, recording quarter on quarter and year to date declines of 7.86% and 54.95% respectively. Parallel market rates were substantially higher.

Fixed Income Market: During the period under review, the MPC voted to increase the monetary policy rate to 14% from 12%. The cash reserve ratio and liquidity ratio were maintained at 22.5% and 30% respectively. Interest rates increased across both the short and longer tenured instruments during the period under review. As reported by the FMDQ OTC, the Nigerian Interbank Treasury Bills True Yield closed at 18.46%, 19.78%, 22.48% for 91, 180 and 365 day tenors respectively, while yields on the longer tenured instruments closed at 18.75%, 15.03% and 15.33% for the 2, 5 and 10 year tenors.

Equity Market: At the end of Q3 2016, the NSE All Share Index closed at 28,335.4, representing a year to date depreciation of 1.07%. Equity market activity measured by value of turnover decreased by 7.36% relative to the previous quarter.

Fund Review

During the quarter under review, the Fund used the opportunity of the depressed equity markets to increase its holdings of listed equities, initiating a position in Total Nigeria Plc and making additional investments in Okomu Oil Palm Plc. The Fund took advantage of the high interest rate environment by re-investing proceeds from maturing fixed income investments, increasing the portfolio's weighted interest rate.

Portfolio Performance: The net asset value of the Fund recorded a year to date increase of 16.12%, to close the quarter at N126.8797. The increase was driven by appreciation in the Fund's listed equity holdings, as well as foreign exchange gains from the Fund's dollar denominated holdings on the back of the significant devaluation of the Naira.

Portfolio Outlook: The Nigerian economy remained challenged during the period under review due to a number of factors that included revenue constraints arising from disruptions in oil production due to increased pipeline vandalism and insecurity in the Niger Delta. This led to reduced supply of foreign exchange, thus increasing the pressure on the Naira. This was exacerbated by sustained concerns about policy direction and consistency, especially around foreign exchange. Equity market sentiment remained weak, while fixed income yields on shorter tenors recorded significant increases during the period under review. In Q4 2016, we expect the macro-environment to remain challenged, with nominal fixed income yields expected to remain elevated. In view of the current inflationary environment, the Fund Manager favors equity securities over longer dated fixed income instruments. We will continue to evaluate opportunities in both the listed and unlisted equity markets, in line with the Fund's value investing philosophy.

Top 5 Sector holdings - 30.09.16

Banking	23.18%
Oil & Gas	7.97%
Agriculture	6.06%
Insurance	5.65%
Telecommunications	5.36%

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

Top 5 Holdings - 30.09.16

GT Bank
MTN Nigeria
Zenith Bank
Total Nigeria Plc
Stanbic IBTC Holdings

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.

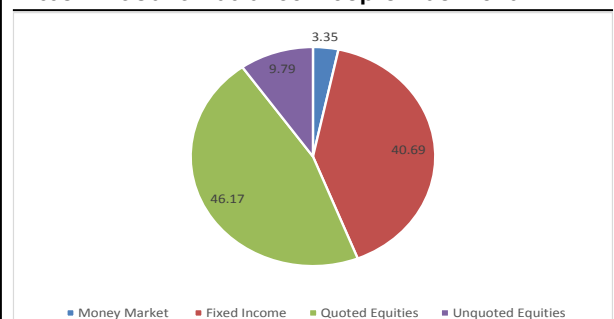
Fund Information

Classification:	Closed End Fund listed on the NSE
Start Date:	30th June 2011
Trustees:	Leadway Capital & Trusts Limited
Custodian:	Stanbic IBTC Bank Plc
GAV:	N4,091 million
NAV:	N4,072 million
Total Distribution:	N1,150 million (Inception till date)
Total Distribution/unit:	N35.83 per unit (Inception till date)
Latest Distribution:	N10.00 per unit (Paid in December 2015)
Market Price:	N103.24 per unit
NAV/Unit:	N126.8797 per unit

Fund Returns as at 30.09.2016 (net of fees & expenses)

	YTD	CAGR	HPR
Based on NAV/Unit	16.12%	9.72%	62.71%

Asset Allocation as at 30th September 2016



Asset Class	Permissible range	Strategic Asset Allocation
Equity	25% - 85%	60%
Fixed Income	15% - 50%	35%
Cash & cash equivalents	0% - 5%	5%

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.