



...We are value investors...unlocking value in Africa

SIM Capital Alliance Value Fund

Market Review

During the period under review, the National Bureau of Statistics (NBS) reported Q4 2015 YoY growth rate of real GDP as 2.11%, compared with 2.84% from the previous quarter. Inflation rose to 12.8% YoY in March, from 11.4% YoY in February. The NBS attributed the increased rate of inflation to upward pressures on the food index, brought about by increased transportation costs and foreign exchange constraints.

Fixed Income Market: In a return to a tighter liquidity stance, the CBN in March 2016, raised the private and public sector cash reserve ratio (CRR) by 250bps to 22.5%. Additionally, the Apex bank increased the monetary policy rate by 100bps, to 12%. Interest rates also observed an uptick for both the short and long tenured instruments, with The Nigerian Inter-Bank Treasury Bills True Yields closing at 8.26%, 9.31% and 10.08% for 91, 182 and 364 days respectively, while yields on the longer tenured instruments closed at 10.43%, 11.38% and 12.42% for 2Y, 5Y and 10Y tenors respectively.

Equity Market: At the end of Q1 2016, the NSE All Share Index closed at 25,306.22 representing a year to date decline of 8.90%, with The NSE Banking Index recording the weakest performance, declining by 19.75% year to date. Equity market activity measured by value of turnover decreased by 13.76% 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, by initiating positions in Presco Plc and Stanbic IBTC Holdings Plc. The Fund also added to its positions in Custodian & Allied Plc, Zenith Bank Plc and Guaranty Trust Bank Plc.

Portfolio Performance: The volatile market environment experienced in 2015 continued into Q1 2016, with the net asset value of the Fund recording a year to date decline of 2.99%, to close the quarter at N106.8859.

Portfolio Outlook: The Fund Manager is of the view that Nigeria continues to face cyclical challenges driven by fiscal challenges, volatility in oil prices and foreign exchange liquidity constraints. Given the disparity between interest and inflation rates, the Fund manager believes that in the fixed income space, the present era could portend a wealth transfer from Naira bond holders to issuers. Given the foregoing, the Fund Manager continues to favor equities and will therefore continue to evaluate opportunities in both the listed and unlisted equity markets, in line with its value investment philosophy.

Top 5 Sector holdings - 31.03.16

Banking	16.02%
Telecommunication	6.20%
Insurance	6.00%
Consumer Goods - Food	4.21%
Conglomerates	3.81%

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

Top 5 Holdings - 31.03.16

MTN
GT Bank
Friesland WAMCO
Zenith Bank
UACN

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 multiple, 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: N3,448 million

Latest Distribution: N10.00 per unit (December 2015)

Nominal Value: N100 per unit

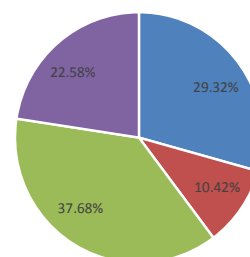
Market Price: N103.24 per unit

NAV/Unit: N106.8859 per unit

Fund Returns as at 31.03.2016 (net of fees & expenses)

	YTD	CAGR	HPR
Based on NAV/Unit	-2.99%	7.78%	42.72%

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



■ Listed ■ Unlisted ■ Fixed Income ■ Money Market & Cash

Manager Information:

SIM Capital Alliance 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@simcapitalalliance.com