



SIM Capital Alliance Value Fund

Market Review

During the period under review, the National Bureau of Statistics (NBS) concluded the GDP rebasing exercise, with estimates for GDP revised upwards by 89.2% to \$509.9bn making Nigeria the largest economy in Africa. Year on year inflation stood at 8% in May 2014, up from 7.9% in the previous month. The NBS attributed the 0.1% uptick to increase in food prices.

Fixed Income Market: During Q2 2014, the CBN maintained its tight monetary stance; retained the benchmark lending rate fixed at 12%, and maintained the Cash Reserve Ratio (CRR) for private and public sector deposits at 15% and 75% respectively. The quarter witnessed declining interest rates, with the Nigerian Inter-Bank Treasury Bills True Yields closing at 10.99%, 11.00% and 11.22% for 91, 182 and 364 days respectively. FGN Bond yields closed the quarter at 11.38%, 11.42% and 12.25% for 2Y, 5Y and 10Y tenors respectively.

Equity Market: As at the end of Q2 2014, the NSE All Share Index closed at 42,482.48 resulting in a QoQ and YTD increase of 9.64% and 2.79% respectively. Market Capitalization recorded a QoQ and YTD growth of 12.69% and 6.08% respectively closing Q2 2014 at N14.03trn. Market activity measured by value recorded a QoQ growth of 11.62% over the activity in the previous quarter. As reported by the NSE, total transactions for the period ended 31st May 2014, stood at N933.55bn with 37.11% and 62.89% representing Domestic and Foreign investors respectively.

Fund Review

As indicated in the Q1 2014 portfolio outlook, the Fund Manager increased its holding of listed equities with an investment in Seplat Petroleum Development Co. Plc, an exploration and production company. The portion of the Fund held in fixed income instruments was correspondingly reduced.

Portfolio Performance: For Q2 2014, the gross asset value of the Fund recorded a growth of 7.41%. The net asset value per unit closed the quarter at N152.5475 recording a growth of 7.32% for the 2nd quarter of 2014. At the close of Q2 2014, the Fund has recorded a year to date growth of 9.86%. The YTD growth can be attributed to the performance of unlisted securities as well as some listed equity securities held by the Fund.

Portfolio Outlook: The Fund Manager continues to evaluate opportunities for the Fund. The Fund Manager expects that this may result in a reduction of some of its existing holdings in Q3 2014 while seeking to make equity investments as buying opportunities arise.

Top 5 Sector holdings - 30.06.14

| | |
|--------------------------|--------|
| Banking | 14.88% |
| Consumer Goods - Food | 13.58% |
| Conglomerates | 8.10% |
| Telecommunications | 6.26% |
| Exploration & Production | 5.34% |

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

Top 5 Holdings - 30.06.14

| |
|-----------------|
| Friesland WAMCO |
| UACN Plc |
| MTN |
| First Bank Plc |
| Seplat |

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, low price to book ratio, and which are trading 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: N4,896.28million

Latest Distribution: N8.24 per unit (December 2013)

Nominal Value: N100 per unit

Market Price: N103.24 per unit

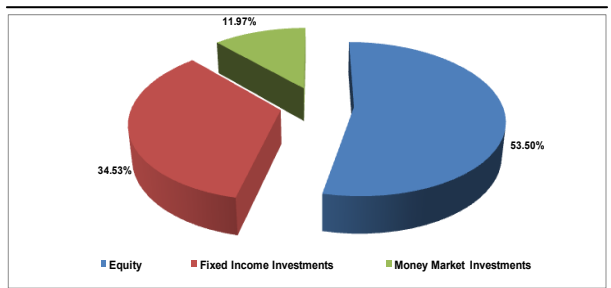
NAV/Unit: N152.5475 per unit

Fund Returns as at 30.06.2014 (net of fees & expenses)

| | YTD | CAGR | HPR |
|-------------------|-------|--------|--------|
| Based on NAV/unit | 9.86% | 18.97% | 68.38% |

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

Asset Allocation as at 30th June 2014



Manager Information:

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