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# SIM Capital Alliance Value Fund

## Market Review

During the period under review, the National Bureau of Statistics (NBS) reported Q1 2015 real GDP YoY growth rate at 3.96%, compared with 5.94% from the previous quarter. For the seventh consecutive month, YoY inflation rose in June to 9.2% from 9.0% the previous month. The NBS attributes the increasing rate of inflation to the irregular supply of premium motor spirit, which has impacted food prices and transportation costs.

**Fixed Income Market:** In Q2 2015, the CBN maintained its tight monetary stance; harmonizing private and public sector CRR at 31%. Yields for the shorter tenured instruments observed declines, with the Nigerian Inter-Bank Treasury Bills True Yields closing at 13.35%, 13.73% and 14.06% for 91, 182 and 364 days respectively. Likewise, yields on the longer tenured instruments declined, closing at 14.75%, 14.89% and 14.64% for 2Y, 5Y and 10Y tenors respectively.

**Equity Market:** At the end of Q2 2015, the NSE All Share Index closed at 33,456.83, representing a YTD decline of 3.54%. The NSE Consumer Goods Index and the Oil & Gas Index were the worst performers, recording 8.37% and 5.26% YTD declines respectively. Equity market activity measured by value of turnover decreased by 0.51% relative to the previous quarter.

## Fund Review

During the quarter under review, the Fund used the opportunity of depressed markets to increase its holdings of listed equities by adding to its positions in Custodian & Allied Plc and Fidelity Bank Plc.

**Portfolio Performance:** Despite the volatile market environment experienced in Q2 2015, the net asset value of the Fund recorded a year to date growth of 5.12%, closing the quarter with NAV/Unit of N136.1898. The listed securities held in the portfolio recorded a year to date total return of 7.25%, whilst unlisted securities held in the portfolio recorded a year to date total return of 0.13%

**Portfolio Outlook:** Given the Fund Manager's expectation of a volatile interest rate environment, the Fund Manager will seek to cautiously manage the portfolio's duration in its fixed income portfolio, and take advantage of opportunities that present. The Fund Manager will restrict fixed income investments to FGN securities and investment grade issuers. The Fund Manager will also continue to evaluate opportunities to increase the Fund's allocation to listed and unlisted equity securities, in keeping with the Fund's disciplined Value Philosophy.

### Top 5 Sector holdings - 30.06.15

|                          |        |
|--------------------------|--------|
| Banking                  | 16.18% |
| Consumer Goods - Food    | 8.82%  |
| Telecommunication        | 8.75%  |
| Conglomerates            | 6.22%  |
| Exploration & Production | 2.91%  |

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

### Top 5 Holdings - 30.06.15

|                 |
|-----------------|
| MTN             |
| Friesland WAMCO |
| UACN            |
| GTB             |
| Zenith Bank     |

## Manager Information:

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## 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

**GAV:** N4,386 million

**Latest Distribution:** N10.00 per unit (December 2014)

**Nominal Value:** N100 per unit

**Market Price:** N103.24 per unit

**NAV/Unit:** N136.1898 per unit

## Fund Returns as at 30.06.2015 (net of fees & expenses)

|                         | YTD               | CAGR                       | HPR    |
|-------------------------|-------------------|----------------------------|--------|
| Based on NAV/Unit       | 5.12%             | 12.82%                     | 62.02% |
| 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 2015

