



# ValuAlliance Value Fund

## Market Review

Year on year inflation declined to 11.23% in June 2018 from 11.61% and 12.48% in May and April respectively. On a month on month basis, the NBS reported inflation increased by 1.24% in June, relative to 1.09% in May and 0.83% in April. As reported by the CBN, the Naira to Dollar rate closed the period at ₦305.75, recording a year to date appreciation of 0.08%. The Nigerian Autonomous Foreign Exchange Rate Fixing (NAFEX) closed the period at ₦361.08, recording a year to date depreciation of 0.30%. A total of US\$15.07 billion was traded on the I&E FX window during the quarter, a decrease of 0.86% 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 period under review, the MPC voted to maintain the monetary policy rate at 14%. The cash reserve ratio and liquidity ratio were maintained at 22.5% and 30% respectively. Yields on Treasury Bills declined by 151 basis points over the quarter, closing at 12.96% on average from 14.47% at the start of the quarter. The decline was experienced across all major Treasury Bill maturities. In the bond market, average yield on FGN bonds declined by 64bps over the quarter to close at 13.14%.

**Equity Market:** The NSE All Share Index declined by 7.77% over the quarter, closing at 38,278.55. Total value traded for the quarter was ₦359 billion, a decrease of 18.29% relative to the previous quarter.

## Fund Review

During the quarter under review, the Fund's performance was adversely impacted by the performance of the listed equity market, which witnessed net foreign portfolio outflow of c. N69bn during the quarter, relative to net foreign portfolio inflow of c. N31bn during the previous quarter, likely influenced by the continued interest rate hikes in the United States.

**Portfolio Performance:** The net asset value of the Fund closed the period at ₦171.31/unit, recording a quarter on quarter return and year to date return of -1.23% and 7.93% respectively. The performance of the Fund during the quarter under review was adversely affected by the performance of its listed equity holdings, which recorded price return and total return of -6.28% and -2.91% respectively during the quarter.

**Portfolio Outlook:** Elevated oil prices and stable domestic production continued to support oil revenues and the Federal Government's ("FG") finances. Yields on Government securities remained moderate across all tenors driven by the slowing inflation rate and sustained demand levels. Further interest rate hikes in the United States and CBN action to manage increased money supply on the back of the expected increase in spending may translate to an increase in the yield curve, however, downside risks to economic activity are becoming more pronounced. Such risks include the 2019 elections and insecurity to lives, property, crops and livestock, which may have material implications to business activity and ultimately the domestic capital markets. The Fund Manager believes the increased uncertainty will offer attractive entry opportunities in the equity markets for long-term value investors and will seek to take advantage of this by selectively increasing the Fund's equity exposure. Furthermore, the Fund will seek to diversify the fixed income portfolio both from an issue type as well as maturity profile perspective.

### Top 5 Sector holdings - 30.06.18

Banking	29.62%
Agriculture	9.56%
Oil & Gas	6.92%
Insurance	5.50%
Consumer Goods	3.28%

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

### Top 5 Security Holdings - 30.06.18

Zenith Bank
GT Bank
Okomu Oil Palm
Seplat
Presco

## 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

<b>Classification:</b>	Closed End Fund listed on the NSE
<b>Start Date:</b>	30th June 2011
<b>Trustees:</b>	Leadway Capital & Trusts Limited
<b>Custodian:</b>	Stanbic IBTC Bank Plc
<b>GAV:</b>	N5,523million
<b>NAV:</b>	N5,498million
<b>Total Distribution:</b>	N1,792 million (Inception till date)
<b>Total Distribution/unit:</b>	N55.83 per unit (Inception till date)
<b>Latest Distribution:</b>	N10.00 per unit (Paid in December 2017)
<b>Market Price:</b>	N103.2 per unit
<b>NAV/Unit:</b>	N171.31 per unit

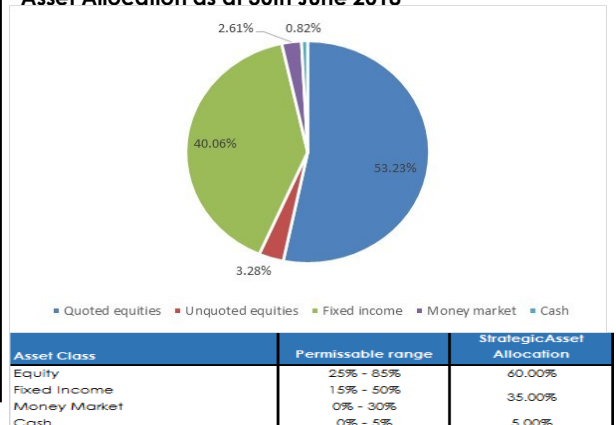
## Key Statistics as at 30.06.2018 (net of fees & expenses)

YTD	CAGR (since inception)	HPR (since inception)	*Total expense ratio	**Total expense ratio
7.93%	12.43%	127.14%	1.45%	1.48%

\* Trailing 12 months exclusive of incentive fee

\*\* Trailing 12 months inclusive of incentive fees

## Asset Allocation as at 30th June 2018



## Manager Information:

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