



SIM Capital Alliance Value Fund

Market Review

Year on year inflation declined to 15.37% in December from 15.90% and 15.91% in November and October respectively. On a month on month basis, the NBS reported that inflation increased by 0.59% in December, relative to 0.78% in November and 0.76% in October. As reported by the CBN, the Naira to Dollar rate closed the period at ₦306, recording a 0.33% depreciation in 2017. The Nigerian Autonomous Foreign Exchange Rate Fixing (NAFEX) closed the period at ₦360.00 to the dollar, recording an appreciation of 0.02% for the quarter and 4.06% since its inception in April 2017. Parallel market rates remained closely in line with the NAFEX during 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. Compared to the previous quarter, interest rates decreased across instruments during the period under review. As reported by the FMDQ OTC, the Nigerian Interbank Treasury Bills True Yield closed at 11.29%, 15.12%, 17.60% for 90, 181 and 335 day tenors respectively, while yields on the longer tenured instruments closed at 14.11%, 14.03% and 14.12% for the 2, 4 and 9 year tenors.

Equity Market: At the end of Q4 2017, the NSE All Share Index closed at 38,243.19, representing a year to date and quarter on quarter gain of 42.30% and 7.91% respectively. Equity market activity measured by value of turnover increased by 23.12% relative to the previous quarter.

Fund Review

During the quarter under review, the Fund benefited from the rally witnessed across the listed equity markets. The Fund also fully exited its holdings in MTN Nigeria Limited in accordance with an earlier directive from the Securities & Exchange Commission. In December 2017, the Fund made a distribution of N10/unit for the Financial Year Ended 30th June 2017.

Portfolio Performance: The net asset value of the Fund closed the period at ₦158.73/unit, recording a year to date and quarter on quarter increase of 43.92% and 9.14% respectively. The performance of the Fund during the period under review was driven by the strong performance of its listed equity holdings, which recorded an appreciation of 14.53% in Q4 2017.

Portfolio Outlook: Government's fiscal situation improved during the quarter, on the back of stable production, buoyed by relative peace in oil producing regions and higher oil prices. On the back of slowing inflation and increased demand, interest rates for fixed income securities declined. This, coupled with improved equity market sentiments, growing investor confidence, and a more positive near term outlook on economic activity, led to the strong performance recorded in the listed equity markets. We expect to see relatively stronger corporate earnings supported by the improving but fragile macro-environment. Therefore, in line with the Fund's investment philosophy, the Fund Manager will selectively add to the equity holdings of the Fund as it identifies suitable opportunities in both the listed and unlisted equity space. Also, the Fund Manager will continue to review its current equity portfolio holdings and may trade out of positions that are determined to be overvalued relative to intrinsic value.

Top 5 Sector holdings - 31.12.17

Banking	30.65%
Agriculture	8.42%
Oil & Gas	7.55%
Insurance	5.05%
Consumer Goods	3.70%

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

Top 5 Holdings - 31.12.17

Zenith Bank
GT Bank
Seplat
Presco Plc
Okomu Oil Palm

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:	N5,112million
NAV:	N5,094million
Total Distribution:	N1,792 million (Inception till date)
Total Distribution/unit:	N55.83 per unit (Inception till date)
Latest Distribution:	N10.00 per unit (Paid in December 2017)
Market Price:	N103.24 per unit
NAV/Unit:	N158.73 per unit

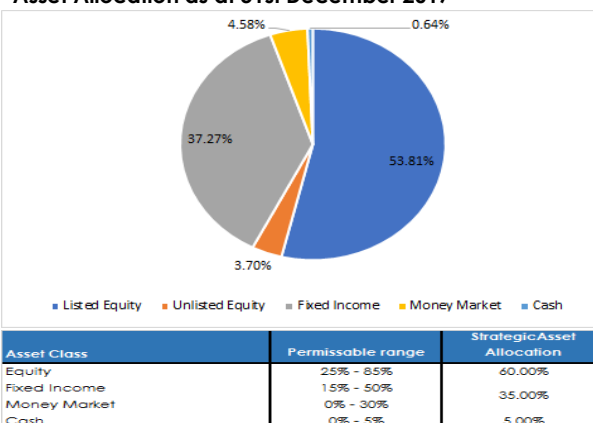
Key Statistics as at 31.12.2017 (net of fees & expenses)

YTD	CAGR (since inception)	HPR (since inception)	*Total expense ratio	**Total expense ratio
43.92%	12.46%	114.6%	1.20%	2.57%

* Trailing 12 months exclusive of incentive fee

** Trailing 12 months inclusive of incentive fees

Asset Allocation as at 31st December 2017



Manager Information:

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