



Sanlam
Investment Management

SIM Capital Alliance Value Fund

Market Review

The Federal Executive Council (FEC) presented the 2013 budget during the course of Q3 2012. The budget which is tagged, "Fiscal Consolidation and Growth", is expected to focus on job creation, power supply, agriculture and infrastructure. The size of the budget which is put at NGN4.929trn (\$30.8bn), is an increase of 5% over the 2012 budget. The budget reflects a reduction in deficit from 2.85% of GDP in 2012 to 2.17% in 2013. In Q3 2012, Nigeria's YOY headline inflation declined to 11.7% in August from 12.8% recorded in July.

Fixed Income Market: In the quarter under review, the Monetary Policy Committee (MPC) voted in favor of maintaining the Monetary Policy Rate (MPR) at 12%, and retaining cash reserve requirement and net foreign exchange open position at 12% and 1% respectively. The quarter witnessed declining yields in the fixed income market due to increased activity on the back of JP Morgan's disclosure of the inclusion of the FGN Bonds in its Emerging Markets Government Bond Index.

Equity Market: The NSE All Share Index achieved a quarter on quarter increase of 20.43% to close Q3 2012 at 26,011.64 points resulting in a year to date growth of 25.46%. The performance of the Nigerian Capital Market was largely driven by a combination of factors - renewed confidence in the banking sector due to impressive H1 2012 results; strong demand for stocks in the FMCG sector by foreign investors; declining yields in the fixed income sector and the expected commencement of market making and security lending programme of the NSE in the third week of September.

Portfolio Review

In Q3 2012, the Fund Manager continued to invest the monies of the Value Fund, with a view to achieving its strategic asset allocation. The quoted equity investment position was increased by about 9% over its position in the previous quarter.

Portfolio Performance: The asset value of the fund grew by 7.69% to close the quarter with a gross asset value per unit of N122.0620 while the net asset value per unit grew by 7.30% closing the quarter with a net asset value per unit of N120.7600. As at close of Q3 2012, year to date growth of NAV/unit stood at 15.51% while holding period return stood at 20.76%.

Outlook: In Q4 2012, the Fund Manager expects to increase the allocation of unquoted and quoted equity investments with securities which meet our pragmatic value investing philosophy with a view to aligning the asset allocation of the Value Fund to its strategic allocation.

Sector holdings as at 30.09.12	Top 5 Holdings as at 30.09.12	
Banking	53.00%	First Bank
Conglomerates	20.18%	UACN
Telecommunications	14.69%	MTN
Insurance	6.14%	Guaranty Trust Bank Plc
Consumer Goods	5.99%	Zenith Bank Plc

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

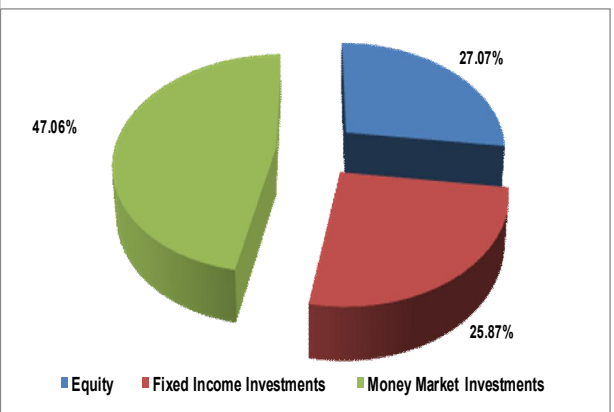
The fund pursues a pragmatic value philosophy. Thus, the fund invests in securities which are sufficiently undervalued relative to their intrinsic value. We seek securities with low earnings multiple, which are trading at a discount to their net asset value and at an acceptable margin of safety to our 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:	N3, 876.008 million
Nominal Value:	N100 per unit
Market Price:	N103.50 per unit
NAV/Unit:	N120.7600 per unit

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 September 2012



Manager Information:

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