



# SIM Capital Alliance Value Fund

## Market Review

During the period under review, the National Bureau of Statistics (NBS) reported Q2 2014 YoY growth rate for real GDP as 6.54%, representing a 0.33% increase from the previous quarter. Year on year inflation eased in September to 8.3% from 8.5% in the previous month of August. The NBS attributed the decline to a slowdown in the prices of food items.

**Fixed Income Market:** During Q3 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. During the quarter, interest rates observed a marginal decline across the shorter tenured instruments, with the Nigerian Inter-Bank Treasury Bills True Yields closing at 10.96%, 10.97% and 11.56% for 91, 182 and 364 days respectively. The longer tenured instruments observed an uptick in rates with FGN Bond yields closing the quarter at 11.87%, 12.00% and 12.40% for 2Y, 5Y and 10Y tenors respectively.

**Equity Market:** As at the end of Q3 2014, the NSE All Share Index closed at 41,210.10 resulting in QoQ and YTD declines of 3.00% and 0.29% respectively. Market Capitalization recorded a QoQ decline of 2.98% but a YTD growth of 2.90% closing Q3 2014 at N13.61trn. Equity market activity measured by value recorded growth of 44.31% over the activity in the previous quarter.

## Fund Review

During the quarter under review, the Fund Manager increased its holdings in listed equities by initiating a position in Diamond Bank Plc. In addition, the Fund Manager reduced the Fund's exposure to WAMCO by disposing of some units held by the Fund.

**Portfolio Performance:** As at Q3 2014, the net asset value of the Fund has recorded a year to date growth of 8.58%, closing the quarter with NAV/Unit at N150.7657. The Year to date growth can be attributed mainly to the performance of unlisted securities held in the portfolio, with WAMCO and Consolidated Breweries recording 61.59% and 10.59% Ytd capital appreciation respectively

**Portfolio Outlook:** Given the Fund Manager's expectations of a rising interest rate environment in Q4 2014 and possibly beyond, the Fund Manager will seek to cautiously manage the duration of the fixed income portfolio of the Fund and to take advantage of opportunities that present. The Fund Manager will continue to evaluate opportunities for the Fund in the listed and unlisted equity space. Investments will be made in keeping with the Fund's Value Philosophy.

### Top 5 Sector holdings - 30.09.14

|                          |        |
|--------------------------|--------|
| Banking                  | 16.42% |
| Consumer Goods - Food    | 12.36% |
| Conglomerates            | 7.60%  |
| Telecommunications       | 6.31%  |
| Exploration & Production | 4.96%  |

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

### Top 5 Holdings - 30.09.14

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

## 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:** N4,839million

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

**Nominal Value:** N100 per unit

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

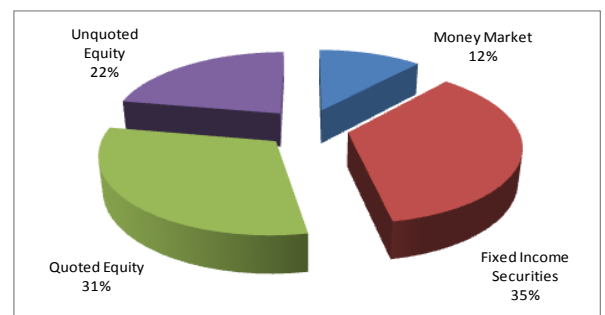
**NAV/Unit:** N150.7657 per unit

## Fund Returns as at 30.09.2014 (net of fees & expenses)

|                   | YTD   | CAGR   | HPR    |
|-------------------|-------|--------|--------|
| Based on NAV/Unit | 8.58% | 17.00% | 66.60% |

| 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 2014



## Manager Information:

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