



ValuAlliance Value Fund

Market Review

Year on year inflation declined to 11.25% in March 2019 from 11.31% and 11.37% in February and January 2019 respectively. On a month on month basis, the NBS reported that inflation increased to 0.79% in March 2019, relative to 0.73% and 0.74% in February and January 2019 respectively. As reported by the CBN, the Naira to Dollar rate closed the period at ₦306.45, recording a year to date appreciation of 0.02%. The Nigerian Autonomous Foreign Exchange Rate Fixing (NAFEX) closed the period at ₦360.47, recording a year to date appreciation of 1.02%. A total of US\$20.29 billion was traded on the I&E FX window during the quarter, an increase of 41.89% from the previous quarter. Parallel market rates settled at about ₦360.00 to the dollar at the end of the period.

Fixed Income Market: During the period under review, the MPC voted to reduce the monetary policy rate by 50 bps to 13.50%. The cash reserve ratio and liquidity ratio were however maintained at 22.50% and 30% respectively. The 180-day Nigerian Inter-Bank Treasury bill True Yield (NITTY) rose by 64 basis points over the quarter, to close at 14.05%. In the bond market, yield on the FGN 10-year bond declined by 119 bps over the quarter to close at 14.35%.

Equity Market: The NSE All Share Index declined by 1.24% over the quarter and 25.21% year-on-year, to close at 31,041.42. Total value traded over the quarter was ₦208.77 billion, an increase of 7.30% relative to the previous quarter.

Fund Review

During the quarter under review, the Fund's performance was adversely impacted by a price return of -2.03% on its listed equity holdings. The Fund also reduced its exposure to Diamond Bank following significant increase in Diamond's share price. The price rally was influenced by the announcement of what was, at the time, a potential merger with Access Bank.

Portfolio Performance: The Fund achieved a quarter on quarter and year-to-date total return of 2.18% (net of fees and expenses) to close the period at ₦156.46/unit. The positive performance was driven by interest income, valuation gains on the Fund's fixed income portfolio and dividend income on equity investments.

Portfolio Outlook: Driven by the re-introduction of OPEC's Declaration of Cooperation, the price of Brent crude oil increased by c.34% during the quarter under review to close at \$67.93/b. The domestic macroeconomic environment continued to be positively impacted by stable production which is expected to have positive impact on Government revenue if the stability in oil prices is sustained. In addition, the US Fed's projection of no further rate hikes in 2019 led to increased portfolio flows and demand for higher yielding investments in emerging markets like Nigeria. This demand contributed to moderating domestic interest rates in Q1 2019. We expect the accommodative monetary stance by the Fed to persist through 2019. Other themes likely to impact the economy in the near term include inflationary pressures from Government spend, as well as political and regulatory risks.

In consideration of these themes and their impacts, as well as the long-term potential of the Nigerian economy, the Fund Manager will continue to evaluate investment opportunities in the listed and unlisted equity with the intent to selectively increase the Fund's exposure to equities. Furthermore, the Fund Manager will take advantage of high yielding fixed income opportunities at acceptable risk levels.

Top 5 Sector holdings -Equity - 31.03.19 Top 5 Equity Holdings - 31.03.19

Banking	26.52%	Zenith Bank
Agriculture	7.53%	Guaranty Trust Bank
Oil & Gas	6.96%	Seplat
Insurance	7.53%	WAMCO
FMCG	4.21%	Custodian and Allied PLC
Conglomerate	1.02%	

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

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

Classification:	Closed End Fund listed on the NSE
Start Date:	30th June 2011
Trustees:	Leadway Capital & Trusts Limited
Custodian:	Stanbic IBTC Bank Plc
GAV:	₦5,037 billion
NAV:	₦5,021 billion
Total Distribution:	₦2,209 million (Inception till date)
Total Distribution/unit:	₦68.83 per unit (Inception till date)
Latest Distribution:	₦13.00 per unit (Paid in December 2018)
Market Price:	₦103.20 per unit
NAV/Unit:	₦156.46 per unit

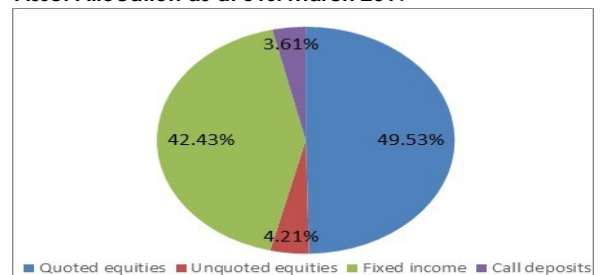
Key Statistics as at 31.03.19 (net of fees & expenses)

Calendar YTD	CAGR (since inception)	HPR (since inception)	*Total expense ratio	**Total expense ratio
2.18%	11.05%	125.29%	1.49%	1.45%

* Trailing 12 months exclusive of incentive fee

** Trailing 12 months inclusive of incentive fees

Asset Allocation as at 31st March 2019



Asset Class	Permissible range	Strategic Asset Allocation
Equity	25% - 85%	60.00%
Fixed Income	15% - 50%	35.00%
Money Market	0% - 30%	
Cash	0% - 5%	5.00%

Manager Information:

ValuAlliance Asset Management Limited. Physical Address: 12th Floor, Alliance Place, 33A Alfred Rewane Road, Ikoyi, Lagos
Tel: + 234 1 466 2000; Email: info@valualliance.com