



ValuAlliance Value Fund

Market Review

Year on year (YoY) inflation increased to 15.75% in December from 14.89% and 14.23% in November and October 2020, respectively. This was driven by a 1.61% jump in the month-on-month changes in general prices (vs. 1.60% and 1.54% m/m in Nov and Oct-2020). As reported by the CBN, the Naira to Dollar exchange rate closed the period at ₦379.00/\$, a 19.00% YoY depreciation against the dollar. The Nigerian Autonomous Foreign Exchange Rate Fixing ("NAFEX") closed the period at ₦400.33/\$, recording a YoY depreciation of 8.90%. A total of US\$7.71 billion was traded on the I&E FX window during the quarter, an increase of 103.09% from the previous quarter, driven by the CBN's resumption of FX sales. Meanwhile, the Parallel market rates settled at about ₦470.00/\$ at the end of the period.

Fixed Income Market: During the quarter under review, the monetary policy rate, cash reserve ratio, and liquidity ratio were maintained at 11.50%, 27.50% and 30.00%, respectively. The 180-day Nigerian Inter-Bank Treasury-bill True Yield (NITTY) declined by 454 bps over the year, to close at 0.44%. Yield on the FGN 10-year bond decreased by 444 bps over the year to close at 7.19%. The decrease in yields was primarily driven by the low supply of fixed income securities relative to the sizable liquidity available in the financial system.

Equity Market: The NSE All Share Index appreciated by 50.03% year on year and 50.05% over the quarter to close at 40,270.72 points. This was as all major sub-indices recorded positive quarter-on-quarter returns. Total value traded during the quarter was ₦357.02 billion, an increase of 10.73% relative to the same period in 2019.

Fund Review

During the year under review, the Fund's performance was positively impacted by the year-on-year increase in equity prices.

Portfolio Performance: The Fund closed the year ended 31st December 2020 with a Net Asset Value of ₦161.41/unit (unaudited) and a financial year-to-date return of 17.82%. During the year, the Fund benefited from a 21.34% return on its equity holdings, as well as interest income and capital gains on its fixed income holdings. During the quarter, the Fund distributed the sum of ₦10/unit (₦320,967,860) to its Unitholders.

Portfolio Outlook: We expect that global and domestic economic growth will remain weak in Q1 2021 as the impact of COVID-19 lingers. Accordingly, we are of the view that monetary and fiscal authorities will continue to take measures to manage the negative impact of the COVID-19 pandemic. Further out, we believe the potential for global success around COVID-19 vaccination portends a recovery in global economic activities in 2021.

Brent crude oil price rallied in Q4 2020 to close at \$51.17/barrel. This was on the back of the general optimism around the possibility of a faster than expected global economic recovery amid distribution of the first set of approved COVID-19 vaccines during the review period. Looking ahead, we believe the outlook for crude oil price remains largely dependent on developments around COVID-19. Notably, the IMF's recent projection that the global economy will grow by 5.5% in 2021 (vs. -3.5% estimated for 2020) strengthens the hope for a relatively high crude oil price in 2021. Domestically, we expect the increase in crude oil prices, if sustained, to support FGN's oil revenue. This optimism is further strengthened by the expectation for a relaxation of the OPEC quota in 2021, relative to 2020. However, general macroeconomic weaknesses are likely to contribute to weaker non-oil revenue performance. Thus, the actual fiscal deficit performance is likely to widen. Elsewhere, the reopening of the land borders is expected to ease pressure on food inflation. However, if the situation around the porosity of the border is not managed, we expect to see increase competition from cheaper smuggled products, which are likely to negatively impact the earnings of some listed players. Domestic interest rates are likely to remain depressed in Q1 2020, driven by sizable liquidity in the financial system amid limited investment outlets.

While staying cognizant of the volatile and uncertain operating environment, the Fund Manager will continue to evaluate investment opportunities across the quoted/unquoted equities and fixed income space, as well as take advantage of opportunities as they arise (albeit in a measured manner). The Fund Manager will particularly focus on quality issuers

Top 5 Sector holdings -Equity - 31.12.2020

Banking	22.49%
Agriculture	7.06%
Oil & Gas	4.34%
FMCG	3.65%
Insurance	3.52%

Top 5 Equity Holdings - 31.12.2020

Access Bank Plc
Okomu Oil Plc
Presco Plc
Guaranty Trust Bank Plc
Zenith Bank Plc

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:	₦5.19 billion
NAV:	₦5.18 billion
Total Distribution:	₦2.88 billion (Inception till date)
Total Distribution/unit:	₦89.83 per unit (Inception till date)
Latest Distribution:	₦10.00 per unit (Paid in December 2020)
Market Price:	₦115.05 per unit
NAV/Unit:	₦161.41 per unit

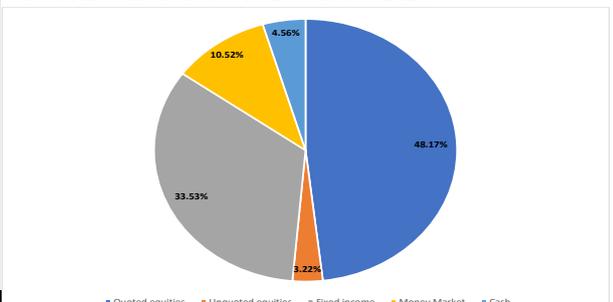
Key Statistics as at 31.12.2020 (net of fees & expenses)

Calendar YTD	IRR (since inception)	HPR (since inception)	*Total expense ratio	**Total expense ratio
15.56%	12.53%	151.24%	1.40%	1.40%

* Trailing 12 months exclusive of incentive fee

** Trailing 12 months inclusive of incentive fee

Asset Allocation as at 31st December 2020



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:

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