

**Deloitte.**

**SIM CAPITAL ALLIANCE VALUE FUND**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS  
30 JUNE 2012**

# SIM CAPITAL ALLIANCE VALUE FUND

## Annual Report and Financial Statements For the year ended 30 June 2012

Content	Page
Corporate information	2
Fund Manager's Report	3
Statement of Fund Manager's Responsibility	8
Trustees' Report	10
Independent Auditors Report	12
Statement of significant accounting policies	13
Balance Sheet	15
Statement of income and expenditure	16
Statement of cash flows	17
Notes to the financial statements	18
Statement of value added	24
Portfolio Statement	25

# SIM CAPITAL ALLIANCE VALUE FUND

## Annual Report and Financial Statements For the year ended 30 June 2012

### Corporate Information

Names of Directors of the Fund Manager	Mr. Richard Kramer Mr. Okechukwu Enelamah Mrs. Margaret Dawes- (Appointed 6 March 2012) Mr. Thomas Schultz
Registered office	8th Floor C& C Towers, Plot 1684 Sanusi Fafunwa Street Victoria Island Lagos
Auditors	Akintola Williams Deloitte (Chartered Accountants) 235 Ikorodu Road, Ilupeju Lagos. Telephone: +234 1 271 7800
Bankers	Stanbic IBTC Plc Stanbic IBTC Place Walter Carrington Crescent Victoria Island Lagos
Trustees to the Fund	Leadway Capital and Trust Limited 121/123 Funso Williams Avenue Iponri Lagos
Custodian	Stanbic IBTC Plc Stanbic IBTC Place Walter Carrington Crescent Victoria Island Lagos
Company Secretary	Alsec Nominees Limited 10/13th floors St. Nicholas House Catholic Mission House Ikoyi, Lagos

# SIM CAPITAL ALLIANCE VALUE FUND

## Annual Report and Financial Statements For the year ended 30 June 2012

### Fund Manager's Report

For the year ended 30 June 2012

The Fund Manager presents their annual report on the affairs of SIM Capital Alliance Value Fund financial statements and auditor's report therein for the year ended 30 June 2012.

### Legal form and principal activity

The Fund is licensed by the Securities & Exchange Commission and registered in Nigeria as a Collective Investment Scheme.

The principal activity and objective of the Fund is to achieve long term capital growth by investing in Nigerian equities. The Fund will pursue this objective by investing in companies listed on the Exchange, thus enabling Investors gain exposure to a concentrated portfolio of value stocks. The Fund also invested in Fixed Income securities and unlisted equities.

### Operating Results

The following is a summary of the Fund's operating results and transfers to reserves for the year ended 30 June 2012.

	₦'000
Profit before taxation	342,133
Taxation	-
Profit after taxation transferred to retained earnings	<u>342,133</u>

The Fund intends to distribute income in the form of dividends at ₦7.59 per unit for year ended 30 June 2012. The total distribution for the year amounted to ₦243,614,605.74.

## SIM CAPITAL ALLIANCE VALUE FUND

### Annual Report and Financial Statements For the year ended 30 June 2012

#### Unit Capital and holdings

The Fund did not purchase its own units during the year. The issued and paid up units of the Fund is currently ₦3,209,678,600 made up of 32,096,786 units of ₦100 each

#### Analysis of Shareholding

Unit Range Analysis at 30 June 2012	No of Subscribers	% Holdings	Number Holdings
0-1,000,000	6	2	775,309
1,000,001-5,000,000	6	68	21,661,477
5,000,001-10,000,000	1	30	9,660,000
	<u>13</u>	<u>100%</u>	<u>32,096,786</u>

#### Investment Management

The investment management of the Fund is undertaken by a team of Analysts and Portfolio Managers working for SIM Capital Alliance Limited. The investment process is overseen by an Investment Committee made up of experienced portfolio management team with broad experience of operating in Nigeria. The Investment Committee members are as follows:

Name	Representing
a) Mr. Richard Kramer	African Capital Alliance
b) Mr. Okechukwu Enelamah	African Capital Alliance
c) Mr. Thomas Schultz	Sanlam Investment Management-South Africa
d) Mrs. Margaret Dawes	Sanlam Investment Management-South Africa
e) Mr. Femi Akinsanya	Independent Member
f) Mr. Ayo Wuraola	Leadway Capital & Trusts

#### Investment Structure

Members of the Board of SIM Capital Alliance and Investment Committee collectively have over 80 years of investment management, private equity and consulting experience gained locally and internationally. The Investment Committee makes the ultimate decision on the portfolio's composition. Portfolio managers present their recommendations to the Investment Committee which builds the portfolio based on fundamental value. Adjustments to this bottom-up portfolio are then made based on the macro-economic view of Nigeria and the levels of concentration across sectors.

# SIM CAPITAL ALLIANCE VALUE FUND

## Annual Report and Financial Statements For the year ended 30 June 2012

### Economic Review

For the period under review, several developments occurred in our market that affected the performance of companies operating in Nigeria as well as the opportunities available to investors. One of the notable developments was the increase of the Monetary Policy Rate (MPR) from 8.75% in July 2011 to 12%, effective October 2011 to date. In the same period, cash reserve ratio of the banking sector was increased from 4% to 8%.

The tightening strategy of the Central Bank of Nigeria on liquidity led to a rise in the yields in the fixed income market, largely led by increase in yields on Government instruments. During the period, yield on treasury bills was as high as 19%, whilst yields on medium to longer tenor bonds peaked at 16%. This led to a reduction in the interest of investors in the equity market as investors preferred to invest in the risk free Government instruments as against taking on equity risks. Similarly, the high yields offered by the Government instruments led to slow growth of credit as the banks preferred to invest in Government Securities.

Another key development was the conclusion of the banking intervention process by the CBN which commenced in 2009. The conclusion was driven largely by the successful purchase of the bad loans in the banking sector by Asset Management Company of Nigeria (AMCON) and sale of some of the nationalized Banks to other banks and/or core investors. This led to a reduction in the average non-performing loans in the sector, coupled with the low risk appetite of the banks to lending. The banking sector experienced significant growth in earnings as a result of the returns on risk free instruments and reduced non-performing loans. Based on the published half year results as at 30 June, 2012, the sector has achieved slightly over 80% of the total profits earned for 2011 accounting year. This led to a rally in the share prices of the sector in general and more specifically, some of the better run banks with low pool rates.

Over the period under review, inflation increased from 10.20% in June 2011 to 10.50% in December 2011 and 12.90% as at 30 June, 2012. This was largely attributable to increase in food prices as well as the partial removal of the subsidy on petroleum products. Exchange rates were fairly stable for the period with external reserves as at June 2012 at US\$36.8bn up from US\$33.1bn in December 2011. The increase in foreign reserves over the period was largely due to high crude oil prices where the average price for the year is above the budget price.

In the period under review, the NSE All Share Index which commenced at 24,969 points, closed the period at 21,599.57 points shedding 13.53% for the 1 year period ended 30th June 2012. Market capitalization for the same period dropped from N7.90trillion to N6.89trillion. The loss in the Index was due to investor apathy for the equity market and attractive opportunities in fixed income securities. With the publication of the half year results of the banking sector and the improved returns in other sectors including building materials and FMCGs, interest in the equity market increased significantly post Q2 2012.

In conclusion, with the several reforms underway in key sectors of the economy such as the energy, power and agricultural sectors, as well as continuous improvement in infrastructure through public/private partnerships, the country is poised to strengthen its position as a leading economy in Sub-Saharan Africa.

# SIM CAPITAL ALLIANCE VALUE FUND

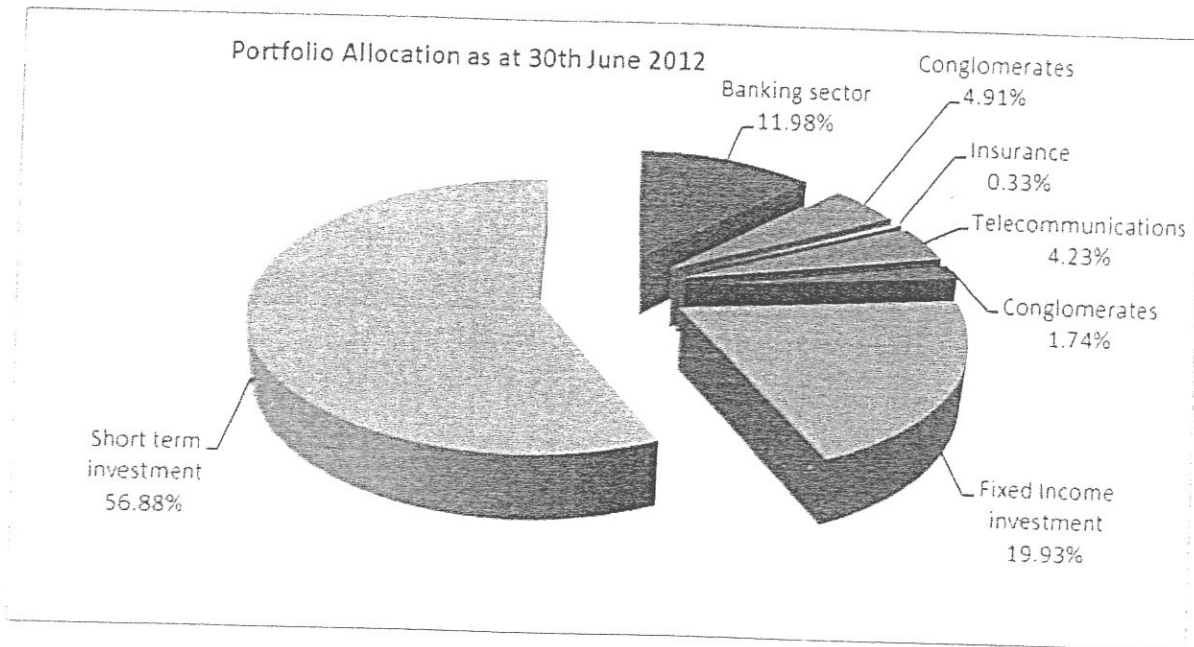
## Annual Report and Financial Statements For the year ended 30 June 2012

### The Fund

In 2010, the SIM Capital Alliance Value Fund ( Value Fund ) offered to the public, 50,000,000 units of the Fund at N103.50. By June 2011, the SEC approved the allotment proposal of 32,096,786 units to 13 investors made up of 8 institutional and 5 individual investors.

On the 30th of June 2011, the Fund commenced operations with a Net Asset Value (NAV) per Note of N100.81 after deductions of IPO expenses. As at the 30th of June 2012, the first anniversary of the Fund, the NAV per note stood at N112.5466 representing an 11.6% appreciation in the value of the Fund.

The figure below shows a composition of the investments of the Fund as at the 1st anniversary of the Fund. Equity investments accounted for 23% of the Fund investments.



In keeping with the value investing philosophy of the Value Fund, and with uttermost skill, care and diligence, the Fund Manager has sought to invest the monies of the Value Fund in securities trading below their intrinsic worth. The Fund Manager will continue to invest in equities over the second year of the Fund with a view to attaining strategic asset allocation of 60% in equities.

# SIM CAPITAL ALLIANCE VALUE FUND

## Annual Report and Financial Statements For the year ended 30 June 2012

### Fund Activity

Over the period under review, the Fund invested in shares of companies in the banking, conglomerates, telecommunications, consumer goods and insurance sectors. Investments in the banking sector accounted for over 50% of the equity portfolio. This was closely followed by the conglomerate sector at 21% of the equity portfolio. As at 30th of June 2012, the quoted equity represented 80% of the equity portfolio while the unquoted equity investments represented 20% of the equity portfolio.

The Fund took advantage of the high interest rate regime over the period to lock in decent interest rates while seeking buying opportunities in line with the pragmatic value investing philosophy of the Fund. This resulted in the growth of 11.65% as at the 1st anniversary of the Fund.

This is summarized in the schedule below.

Market Statistics	30-Jun-2012	31-Mar-2012	30-Dec-2012	YTD Growth (%)	30-Jan-2011	HPR (%)
Market Capitalisation (N' bn)	6,895	6,342	6,533	5.54%	7,987	-13.67%
Market Capitalisation (\$' bn)	44.22	41	42	5.51%	53	-15.97%
NSE Index	21,599.57	20,123.51	20,732.63	4.18%	24,980.20	-13.53%
Fund Statistics						
NAV per Note	112.55	107.57	104.54	7.65%	100.81	11.65%



# SIM CAPITAL ALLIANCE VALUE FUND

Annual Report and Financial Statements  
For the year ended 30 June 2012

## STATEMENT OF FUND MANAGER'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

In accordance with the provision of the Companies and Allied Matters Act CAP C20 LFN 2004, the Fund Manager is responsible for the preparation of annual financial statements which give a true and fair view of the state of affairs of the Fund and of the profit and loss for the financial year.

The responsibilities include ensuring that:

- (a) appropriate internal controls are established both to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities;
- (b) the Fund keeps accounting records which disclose with reasonable accuracy the financial position of the Fund and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004 and the Investment and Securities Act CAP S124 LFN 2007.
- (c) the Fund has used suitable accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- (d) it is appropriate for the financial statements to be prepared on a going concern basis.

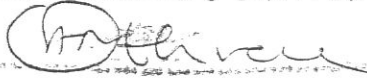
### Auditors

The Fund Manager appointed Akintola Williams Deloitte as the Auditors of the Fund. The appointment will be ratified at the 1st Annual General Meeting of the Fund.

In accordance with Section 357(2) of the Companies and Allied Matters Act CAP C20 LFN 2004, Akintola Williams Deloitte have indicated their willingness to continue in office as auditors of the Fund.

BY ORDER OF ~~THE BOARD~~

ALSEC NOMINEES LIMITED



Company Secretary

ALSEC NOMINEES  
Company Secretary

St Nicholas House  
(10th/13th Floors)  
Catholic Mission House  
P. O. Box 53123, Ikoyi  
Lagos, Nigeria

## SIM CAPITAL ALLIANCE VALUE FUND

Annual Report and Financial Statements  
For the year ended 30 June 2012

Statement of Fund Manager's Responsibilities in Relation  
to the Financial Statements for the year ended 30 June 2012

The Fund Manager accepts responsibility for the preparation of the annual financial statements set out on pages 13 to 24 that give a true and fair view in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act CAP C20 LFN 2004, the Investment and Securities Act CAP S124 LFN 2007 and other applicable guidelines issued by the Securities and Exchange Commission.

The Fund Manager further accepts responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the Fund Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

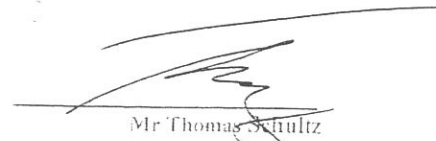
The Fund Manager has made an assessment of the Fund's ability to continue as a going concern and have no reason to believe the Fund will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE FUND MANAGER BY:



Mr. Richard Kramer

12 December 2012



Mr. Thomas Schultz

December 2012

# **SIM CAPITAL ALLIANCE VALUE FUND**

**Annual Report and Financial Statements  
For the year ended 30 June 2012**

## **TRUSTEES' REPORT**

For the year ended 30th June 2012

The Trustees present their annual report for the year ended 30th June 2012.

## **PRINCIPAL ACTIVITY**

The principal activity of this Fund is to achieve long-term capital growth by investing in listed Nigerian equities which the Fund Manager has identified as being undervalued and offering above average growth potential and any other securities as approved by the Securities & Exchange Commission from time to time. The Fund may also invest in fixed income securities. The Fund Manager will invest in unlisted equities once the Asset Class has been approved by SEC

## **OPERATING RESULTS:**

The result for the year which are set out on the following pages, have been duly audited in accordance with section 169 (1) of the Investments and Securities Act CAP 124 LFN 2007, section 354 (1) of the Companies and Allied Matters Act CAP C20 LFN 2004 and the Trust Deed establishing the Fund.

## **DIRECTORS:**

The Directors of the Fund Manager who serve during the year under review are:

Mr Richard Kramer (American) - Chairman

Mr Okechukwu Enelamah

Ms Margaret Dawes (South African)

Mr Thomas Schultz (South African)

## **RESPONSIBILITIES OF THE FUND MANAGER:**

The Investment and Securities Act, 2007 requires the Fund Manager to keep proper books of account and prepare annual financial statements, which give a true and fair view of the state of affairs of the Fund during the period covered by the financial statements.

The Fund Manager is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any point in time, the financial position of the Fund, and enable the Fund Manager to ensure that the financial statements comply with the Companies & Allied Matters Act, CAP C20, LFN 2004, the Trust Deed, together with the rules and regulations set out by the regulatory bodies established pursuant to the

# SIM CAPITAL ALLIANCE VALUE FUND

## Annual Report and Financial Statements For the year ended 30 June 2012

legislation referred to within this paragraph. The Fund Manager is also responsible for taking any reasonable steps for the prevention and detection of fraud and other irregularities.

### RESPONSIBILITIES OF THE FUND MANAGER:

The responsibilities of the Trustees as provided by the Securities and Exchange Commission (SEC) Rules and Regulations are as stated below:

- Monitoring of the activities of the Fund Manager on behalf of and in the interest of unit holders;
- Maintaining custody of the funds and the documents relating to the investments by the Fund;
- Monitoring of the Register of unit holders;
- Ascertaining the profitability rationale for the investment decision making of the Fund Manager;
- Ascertaining compliance with the provisions of the Trustee Investment Act, CAP T22 LFN 2004, the Investment and Securities Act CAP S124 LFN, 2007 and the Trust Deed by the Manager;
- Ascertaining that monthly and other periodic returns/ reports relating to the Fund are sent by the Fund Manager to the Commission.

Stanbic IBTC Bank Plc was appointed Custodian to the Fund in July 2011 consequent to new Rules issued by SEC and has since had responsibility for custody of the funds and certain documents relating to investments by the Fund.

### OPINION:

The Trust Deed provides that investment in listed equities by the Fund will represent between 25% and 85% of the entire portfolio. However, the Fund having only commenced the process of investing in carefully identified value opportunities on 1 July, 2011, was only able to achieve a 23% invested level for both listed and unlisted equities by 30 June, 2012. Apart from the progression towards the desired proportion of investment in equities, the Trustees are of the opinion that the Fund was managed in line with the provisions of the Trust Deed and the Investment and Securities Act CAP S124 LFN, 2007.

### BY ORDER OF THE TRUSTEES



Leadway Capital & Trusts Limited

Lagos

12 December 2012

## INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF SIM CAPITAL ALLIANCE VALUE FUND

### Report on the Financial Statements

We have audited the accompanying financial statements of **SIM Capital Alliance Value Fund** set out on pages 13 to 24, which comprise balance sheet as at 30 June 2012, the statement of income and expenditure, statement of cash flows for the year then ended, statement of value added, summary of significant accounting policies and other explanatory information.

### Fund Manager's Responsibility for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act, CAP C20 LFN 2004 and the Investment and Securities Act CAP S124 LFN 2007 and for such internal control as the Fund Manager determines are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Fund Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **SIM Capital Alliance Value Fund** as at 30 June 2012, and of its financial performance and its cash flows for the year then ended; the Fund has kept proper books of accounts, which are in agreement with the balance sheet and income statement, in the manner required by Companies and Allied Matters Act CAP C20 LFN 2004, the Investment and Securities Act CAP S124 LFN 2007, the rules and regulations issued by the Securities and Exchange Commission, and in accordance with the Statement of Accounting Standards issued by the Financial Reporting Council of Nigeria formerly known as the Nigerian Accounting Standards Board.

### Emphasis of the matter

We draw attention to the portfolio statement as at 30 June 2012 which indicates that the **SIM Capital Alliance Value Fund** has breached the asset allocation limits. Section 8.4 of the Trust Deed stipulates the ranges in which the Fund's asset may be invested in specific class of asset. However at the end of the financial year ended 30 June 2012, the Fund has exceeded some ranges. It has invested 23% (listed and unlisted) in equities as against a minimum of 25% set and 76% in fixed income investment as against the maximum limit of 50% set. Our opinion is not qualified in respect of this matter.

*Akintola Williams Deloitte*

Chartered Accountants

Lagos, Nigeria

22 January 2013



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Akintola Williams Deloitte, a member firm of Deloitte Touche Tohmatsu Limited, is a professional services organization that provides audit, tax, consulting, financial advisory and enterprise risk services.

## SIM CAPITAL ALLIANCE VALUE FUND

### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2012

A summary of the significant accounting policies applied throughout the year as set out below:

**(a) Basis of accounting**

The financial statements are prepared under the historical cost convention modified by the revaluation of certain investment securities, and comply with the Statements of Accounting Standards issued by the Financial Reporting Council (FRC) of Nigeria.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on the Fund Manager's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The financial statements of SIM Capital Alliance Value Fund have been prepared under the historical cost convention except as indicated in the notes to the financial statements.

**(b) Cash and bank balances**

Cash and bank balances principally comprise cash balances on hand and cash deposited with other banks in Nigeria.

**(c) Investment securities**

The Fund groups its investment securities under the following categories: listed and unlisted equity Investments, short term and fixed income investment. Investment securities are initially recognized at cost and management determines the classification at initial investment.

**i. Equity Investment-Listed and Unlisted**

Trading securities comprise Equity Investments both listed and unlisted. Transactions in trading securities are recorded at the amount on the settlement date.

Listed Equities are carried at market value. Any gain or loss arising from movements in market values of the portfolio is transferred to a revaluation reserve account: unless a net cumulative loss has been incurred, in which case the net loss is charged to the profit and loss account in the period it first arises. Any subsequent net gain is credited to the profit and loss account to the extent of losses previously charged.

**ii. Fixed Income Investment**

Fixed Income Investments comprise Treasury Bills and AMCON Bonds. They are stated at face value net of unearned income. Unearned income is deferred and amortized as earned.

## SIM CAPITAL ALLIANCE VALUE FUND

### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2012

#### iii. Short term investments

Short-term investments comprise fixed deposit with Banks which management intends to hold for not more than one year. Interest receivable on investment is accrued and credited to the profit and loss account.

#### (d) Income recognition

Interest on placements, trading securities and fixed interest securities is accounted for on an accrual basis. Commissions and fees charged for services rendered are recognized at the time the service or transaction is provided or effected.

##### (i) Interest Income

Interest income are recognized on accrual basis for all interest bearing instruments except when collectability is in doubt.

##### (ii) Dividend income

Dividend income are recognized in the income statement when the entity's right to receive payment is established.

#### (e) Net income per unit

The Fund presents net income per unit for its units held. net income per unit are calculated by dividing the profit or loss attributable to ordinary shareholders of the Fund by the weighted average number of units outstanding during the year.

#### (f) Financial instruments

Financial assets and liabilities are recognised on the Fund's statement of financial position when the Fund has become a party to the contractual provisions of the financial instruments.

#### (g) Taxation

The Fund is not be liable to any form of taxation except withholding tax on its franked investment income.

#### (h) Dividend

Proposed dividend for the year is recognised as liability when declared and approved by Unitholders at the annual general meeting as they do not meet the criteria for present obligation

#### (i) Provisions


Provisions are recognised when the fund has present obligation whether legal or constructive as a result of past event for which it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation in accordance with the Statement of Accounting Standard (SAS) 23.

# SIM CAPITAL ALLIANCE Value Fund

BALANCE SHEET AS AT 30 JUNE 2012

	Note	N'000
<b>ASSETS</b>		
Cash and cash equivalents	2	53,866
Equity investments	3	836,813
Fixed Income investments	4	726,148
Short term investments	5	1,989,883
Other assets	6	<u>36,905</u>
		<b>3,643,615</b>
<b>LIABILITIES</b>		
Creditors and accruals	7	<u>24,533</u>
Net Asset		<u><u>3,619,082</u></u>
<b>Financed By</b>		
Capital account	8	3,209,679
Premium on issue	9	1,827
Revaluation reserve	10	65,443
Retained earnings	11	<u>342,133</u>
Unitholders Fund		<u><u>3,619,082</u></u>

These financial statements were approved by the Fund Manager on 12 December 2012 and signed on their behalf by:

  
 \_\_\_\_\_ )  
 \_\_\_\_\_ ) Fund Manager  
 \_\_\_\_\_ )  
 \_\_\_\_\_ )

The accounting policies on pages 13 and 14 and the notes on pages 18 to 23 form part of these financial statements



# SIM CAPITAL ALLIANCE Value Fund

## STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2012

	Note	N'000
<b>Income</b>		
Income from fixed income securities	12	356,805
Dividend and other income	13	<u>63,928</u>
		420,733
Management fees	14	(34,965)
Other fees and administrative expenses	14	<u>(43,635)</u>
Profit attributable to unitholders		<u><u>342,133</u></u>
Net Income per unit (kobo)	15	<u><u>10.66</u></u>

The accounting policies on pages 13 and 14 and the notes on pages 18 to 23 form part of these financial statements.

# SIM CAPITAL ALLIANCE Value Fund

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

	Note	N'000
<b>Cash flows from operating activities</b>		
Income from fixed income securities		294,670
Dividend income		55,899
Fees and other operating expenses		<u>(54,067)</u>
Net cash generated from operating activities	16	<u>296,502</u>
<b>Cash flows from investing activities</b>		
Purchase of equity investments		(771,371)
Short term Investment	5	(1,989,883)
Fixed income investments		<u>(692,888)</u>
Net cash used in investing activities		<u>(3,454,142)</u>
<b>Cash flows from financing activities</b>		
Proceed from initial public offer		3,322,017
Issuing cost		<u>(110,511)</u>
Net cash from financing activities		<u>3,211,506</u>
<b>Net increase in cash and cash equivalents</b>		53,866
Cash and cash equivalents at the beginning of the year		<u>-</u>
Cash and cash equivalents at the end of the year	2	<u><u>53,866</u></u>

# SIM CAPITAL ALLIANCE Value Fund

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

### 1. The Fund

#### 1.1 Legal form

**SIM Capital Alliance Value Fund** ('the Fund') is a closed-end unit trust scheme established by a Trust Deed dated 6 April 2010. It is under the management of SIM Capital Alliance Limited with Leadway Capital and Trusts Limited as the Trustees. It commenced business on 1 July 2011 and this represents its first financial statements.

#### 1.2 Principal activities

The principal activity of the fund is investing in Nigerian equities which the Fund Manager has identified as being undervalued and offering above average growth potential as well as in fixed income securities.

	N'000
2. Cash and short term funds	
Call account- Stanbic IBTC Bank Plc	<u>53,866</u>
3. Equity investments	
Listed equities (At market value - Note 3.1)	619,268
Unlisted equities (Note 3.2)	<u>217,545</u>
	<u>836,813</u>
3.1 Listed equities	
Continental Reinsurance Company Plc (cost - N11,932,002)	12,012
First Bank of Nigeria Plc (cost - N157,717,292)	194,304
Guaranty Trust Bank Plc (cost - N108,520,452)	118,458
UACN Plc (cost - N159,512,282)	170,744
Zenith Bank Plc (cost - N106,612,839)	<u>123,750</u>
At market value	<u>619,268</u>
3.2 Unlisted equities	
MTN Limited (cost - N163,580,572)	154,050
Friesland Campina WAMCO Nigeria Plc (cost - N63,494,900)	<u>63,495</u>
At market value	<u>217,545</u>

# SIM CAPITAL ALLIANCE Value Fund

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2012

The movement in other financial assets during the year was as follows:

	N'000	
<b>4 Fixed Income Investments</b>		
Asset Management Corporation of Nigeria (AMCON) (Note 4.1)	200,000	
Treasury Bills- (Note 4.2)	<u>580,000</u>	
	780,000	
Unearned income	<u>(53,852)</u>	
	<u><u>726,148</u></u>	
	Amount at Maturity	Discounted Value
	N'000	N'000
<b>4.1 AMCON Bonds</b>		
Asset Management Corporation of Nigeria (AMCON)- Dec 2013 (12.5%)	<u>200,000</u>	<u>168,281</u>
<p>This represents Consideration Bonds issued by the Assets Management Corporation of Nigeria (AMCON) fully guaranteed by the Federal Government of Nigeria. The consideration bonds are 3 years Zero Coupon with annual yield of 12.5%.</p>		
	N'000	N'000
<b>4.2 Treasury Bills</b>		
Federal Government of Nigeria - Aug 2012 (10% )	150,000	147,187
Federal Government of Nigeria - Aug 2012 (17.2% )	200,000	196,623
Federal Government of Nigeria - December 2012 (15.92% )	<u>230,000</u>	<u>214,057</u>
	<u><u>580,000</u></u>	<u><u>557,867</u></u>

This represents Treasury Bills issued by the Federal Government of Nigeria with varied maturity and interest rates.

The earned portion of interest receivable of N33,259,737 has been included in the discounted value.

# SIM CAPITAL ALLIANCE Value Fund

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2012

	N'000
<b>5. Short term Investments</b>	
Fixed Deposit- Access Bank Plc	450,000
Fixed Deposit- FCMB Plc	360,243
Fixed Deposit- Fidelity Bank Plc	387,824
Fixed Deposit- Skye Bank Plc	387,664
Fixed Deposit- Stanbic IBTC Plc	300,000
Fixed Deposit- Zenith Bank Plc	104,152
	<u>1,989,883</u>
<b>6. Other assets</b>	
Interest Receivable	28,876
Dividend receivable	8,029
	<u>36,905</u>
<b>7. Creditors and accruals</b>	
Fund Manager - SIM Capital Alliance Limited	9,405
Custodian	7,873
Other payables	7,255
	<u>24,533</u>
<b>8. Capital Account</b>	
<i>Authorised:</i>	
32,096,786 units of N100 each	<u>3,209,679</u>
<i>Issued and paid up</i>	
Subscription	<u>3,209,679</u>
<b>9. Premium on issue</b>	
This represents net premium on units issued analysed as follows:	
At 1 July 2011	112,338
Issue expenses	<u>(110,511)</u>
At 30 June 2012	<u>1,827</u>
<b>10. Revaluation reserve</b>	
Listed	74,974
Unlisted (note 10.1)	<u>(9,531)</u>
	<u>65,443</u>

10.1 The loss arose from the revaluation of MTN shares

# SIM CAPITAL ALLIANCE Value Fund

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2012

	N'000
<b>11 Retained earnings</b>	
Profit for the year	<u>342,133</u>
<b>12 Income from fixed income securities</b>	
Interest from AMCON	17,191
Interest on treasury bills	60,718
Interest on deposits	<u>278,897</u>
	<u>356,805</u>
<b>13 Dividend and other Income</b>	
Listed	38,401
Unlisted	25,512
Other Income	<u>15</u>
	<u>63,928</u>
<b>14 Management and administrative expenses</b>	
<b>14.1 Management expenses:</b>	
Management Fees	<u>34,965</u>
<b>14.2 Fees to other parties:</b>	
Custodian fees	
Trustee's fees	7,873
Registrar's fees	1,224
	<u>420</u>
	<u>9,517</u>
<b>14.3 Administrative expenses</b>	
Auditors' remuneration	2,800
Withholding tax	29,324
Other administrative expenses	<u>1,994</u>
	<u>34,118</u>
	<u>43,635</u>

# SIM CAPITAL ALLIANCE Value Fund

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2012

### 15 Net income per unit (kobo)

This is calculated based on the amount attributable to unitholders per the profit and loss account for the year and the number of units at the end of each year.

Profit attributable to unitholders (N)	342,133,000
Number of units subscribed as at year end	32,096,790
Net income per unit (kobo)	<u>10.66</u>

### 16 Reconciliation of net profit to net cash provided by operating activities

	N'000
Profit attributable to unitholders	342,133
<b>Change in operating assets and liabilities</b>	
Receivables on Short term investment	(36,905)
Interest receivable on Fixed income investment	(33,259)
Creditors and accruals	<u>24,533</u>
	<u>296,502</u>

### 17 Distribution

Number of units as at 30 June	<u>32,096,786</u>
-------------------------------	-------------------

The Fund intends to distribute income in the form of dividends at N7.59 per unit for period ended 30 June 2012. The profit after distribution will be reinvested in the Fund.

### 18 Related Party Transactions

During the year, the following related party transactions existed:

- a SIM Capital Alliance Limited: One of the requirements of the Securities and Exchange Commission of Nigeria, regarding collective investment schemes is for the fund manager to invest 10% of the offer size.
- b Stanbic IBTC Pension Managers Limited: is an investor in the Value Fund.
- c Stanbic IBTC Bank Plc provides custodian and banking services to the Value Fund
- d The following Units were held by related party

	Number of Units
Stanbic IBTC Bank Plc (through related entities)	9,660,000
SIM Capital Alliance Limited	<u>4,998,000</u>

These transactions were at the normal terms of business.

# SIM CAPITAL ALLIANCE Value Fund

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2012

### 19 Comparative figures

The Fund commenced business in the current year and this is its first financial statements therefore there are no comparative figures.

### 20 Subsequent events review

There are no post balance sheet events which could have had material effect on the state of affairs of the Fund as at 30 June 2012 and the profit for the year ended on that date which have not been adequately provided for or disclosed in these financial statements.

### 21. Contingent liabilities and capital commitments

There was no contingent liability in respect of claim and litigation against the Fund.



# SIM CAPITAL ALLIANCE Value Fund

## STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 30 JUNE 2012

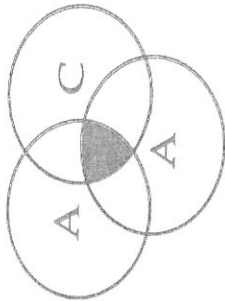
	N'000	%
Gross income	420,733	110
Administrative expenses	<u>(34,118)</u>	<u>(10)</u>
<b>VALUED ADDED</b>	<b><u>386,615</u></b>	<b><u>100</u></b>
Applied as follows:		
To pay Managers, Registrars and Trustees		
- Fees	44,482	10
For growth and development		
development:		
- Profit retained in the fund	<u>342,133</u>	<u>90</u>
	<b><u>386,615</u></b>	<b><u>100</u></b>

Value added represents the additional wealth which the Fund created by the Fund and its Manager. This statement shows the allocation of that wealth between Managers, Registrars, Trustees and that retained for the future creation of more wealth.

# SIM CAPITAL ALLIANCE Value Fund

PORTFOLIO STATEMENT AS AT 30 JUNE 2012

Trading securities	Market value N'000	Percentage of portfolio holdings
Banking sector	436,512	11.98
Building materials	-	0.00
Petroleum (marketing)	-	0.00
Breweries	-	0.00
Conglomerates	170,744	4.69
Food and beverages	-	0.00
Real Estate	-	0.00
Road transport	-	0.00
Insurance	12,012	0.33
Foreign listing	-	0.00
Maritime	-	0.00
<b>Unquoted Securities</b>		
Telecommunications	154,050	4.23
Conglomerates	63,495	1.74
<b>Total trading securities</b>	<b>836,813</b>	<b>22.97</b>
Fixed Income investment	726,148	19.93
Short term investment	1,989,883	54.61
Other assets	36,905	1
Cash and cash equivalent	53,866	1
<b>Total Portfolio Holding</b>	<b>3,643,615</b>	<b>100.00</b>



SIM CAPITAL ALLIANCE VALUE  
FUND

1<sup>st</sup> Annual General Meeting  
Taking Place at Plot 1684, 8<sup>th</sup> Floor,  
C&C Towers, Sanusi Fafunwa Street,  
Victoria Island  
On 5<sup>th</sup> February 5, 2013 at 11.00a.m

I/We \_\_\_\_\_  
Of \_\_\_\_\_  
being a holder of Direct Investment/units/notes in the SIM Capital  
Alliance Value Fund hereby appoint \_\_\_\_\_  
Of \_\_\_\_\_  
Or failing him the Chairman of the meeting as my/our\* proxy to  
vote for me/us\* and on my/our\* behalf as he deems fit or as  
specified in the boxes below in relation to the resolutions to be  
submitted to unit holders at the Annual General Meeting of the  
Fund held on the February 5, 2013 and at any adjournment thereof:  
Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2013  
Signature (s) of Unit holder(s)\*\* \_\_\_\_\_

NO. OF UNITS	FOR	AGAINST
"That the report of the Fund Manager and the Audited Financial Statement for the period ended 30 June, 2012 now submitted be and are hereby received and that a distribution of N7.59 per unit of the Fund, recommended therein, be and is hereby declared payable on 19 February, 2013 to Unit Holders, whose names appeared in the register of Unit Holders as the close of business on 25 January, 2013".		
"That the Manager be and is hereby authorized to appoint the Auditors for the ensuing year and to fix the remuneration payable to such Auditors"		
That the Special Resolution proposed as an item of special business on pages 2-6 in the notice of the meeting.		

\*Delete this section, which does not apply to your voting instruction  
\*\*Corporate Unit Holders execute by applying their Common Seal  
A Unit Holder entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote in his/her/its stead. A proxy need not be a Unit holder  
Executed and stamped Proxy Cards should be deposited at the registered office of the manager not later than 48 hours prior to the time of holding the meeting