



ValuAlliance Value Fund

Market Review

Economic activity accelerated in Q3'24, with GDP growth reaching 3.46% y/y (up from 3.19% in Q2), primarily driven by the oil sector, which grew 5.17% y/y (vs. 10.15% in Q2), supported by a 1.1% q/q rise in oil production.

Headline CPI climbed to a 30-month high of 34.8% y/y in December (from 32.7% in September), driven by core inflation pressures, particularly higher transport costs, despite lower PMS prices due to falling crude prices and increased market competition. To combat inflation, the MPC maintained a hawkish stance, raising the key policy rate by 25bps to 27.50% in Q4'24.

The Naira appreciated mildly against the USD in Q4'24, with the exchange rate improving to N1538.25/\$ (from N1541.91/\$). Stability was supported by the EFEMS platform, higher foreign portfolio inflows, dollar-denominated debt, increased FX reserves, and a positive current account balance.

Continuing the trend observed from prior quarters, Nigeria's foreign exchange (FX) reserve balance increased by 6.5% (or \$2.5 billion) over the fourth quarter to \$40.88 billion (per CBN database). This increase likely reflects inflows from the \$2.2 billion Eurobond raise in early December. This healthy balance has supported the apex bank's ability to defend the Naira, by periodically intervening in the FX market.

In fixed income, the DMO sought to refinance N2.77 trillion in maturing bills in Q4 but over-allocated N3.39 trillion due to strong demand, with subscriptions totaling N6.73 trillion. Average stop rates rose from 17.80% in September to 19.79% in December. For bonds, the DMO reopened only 5- and 7-year instruments to meet robust demand, pushing average marginal rates up 1.89 ppts to 21.57% in December.

The NGX-ASI showed mixed performance in Q4'24 with a bullish tilt, declining 0.9% in October and 0.2% in November before rebounding 5.6% in December. The Oil & Gas sector outperformed for the second consecutive year, buoyed by policy reforms and corporate actions, including OANDO's acquisition of AGIP, SEPLAT's purchase of MPNU's onshore assets, SPDC's sale to Renaissance consortium, and ARADEL's listing.

Looking ahead, we expect positive equity market performance in 2025, driven by finalized corporate actions, potential re-inclusion of the NGX in the MSCI emerging market index due to improved FX liquidity and stability, and continued strong financial results in the banking and Oil & Gas sectors.

Fund Review

During the review period, the Fund's performance was supported by rising Eurobond prices, price gains across equity holdings, fixed income returns.

Portfolio Performance: The Fund closed the quarter ended 30th September 2024 with a NAV of ₦514.17 per unit (unaudited) and calendar year-to-date return of 45.83%.

Portfolio Outlook: For the last quarter of 2024, we expect inflation to remain elevated due to fuel scarcity, price adjustments, and flooding. The CBN will likely remain hawkish, with a possible MPR hike in November to manage inflation and stabilize the currency. Exchange rate volatility will persist, with the NGN ending the year between N1500-N1700/\$.

We believe fixed income yields have peaked, with limited upside. Our preference is to selectively extend duration across fixed deposits, bills, commercial papers, and FGN bonds, as rates are expected to remain steady, driven by global disinflation and CBN's FPI-focused strategy.

In equities, we remain focused on undervalued quality companies, trimming positions near intrinsic value. The oil and gas, power, and banking sectors are key areas of interest, with plans to introduce new long-term investment opportunities.

Top 5 Sector Holdings -Equity - 31.12.2024

Top 5 Equity Holdings - 31.12. 2024

Banking	26.91%	Seplat	13.03%
Consumer Staples	16.29%	Presco	9.11%
Energy	15.36%	Okomu	7.18%
Industrials	3.27%	UBA Plc	6.49%
		Access	5.68%

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:	A Balanced Unlisted Closed End Fund
Start Date:	30th June 2011
Trustees:	Leadway Capital & Trusts Limited
Custodian:	Stanbic IBTC Bank Plc
GAV:	N9.450billion
NAV:	N9,407billion
Total Distribution:	N4.46 billion (Inception till date)
Total Distribution/unit:	N128.33 3per unit (Inception till date)
Latest Distribution:	N18.50 per unit (Paid in April 2024)
NAV/Unit:	N523.81 per unit

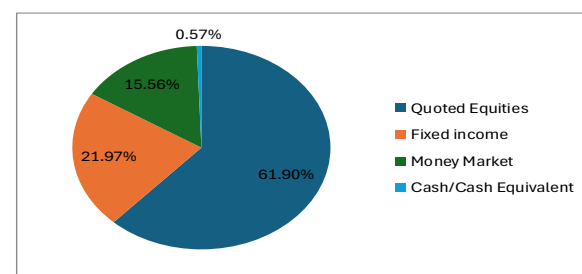
Key Statistics as at 31.12. 2024 (net of fees & expenses)

Calendar YTD	IRR (since inception)	HPR (since inception)	*Total expense ratio	**Total expense ratio
55.08%	19.31%	918.11%	1.49%	1.99%

* Trailing 12 months exclusive of incentive fee

** Trailing 12 months inclusive of incentive fee

Asset Allocation as at 31st December 2024



Asset class	Permissible Range
Quoted equities	20% - 60%
Unquoted equities	0% - 20%
Fixed income	20% - 60%
Money market	0% - 40%
Cash	0% - 5%

Manager Information:

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