



# ValuAlliance Value Fund

## Market Review

**Domestic GDP:** Nigeria's economy accelerated in Q2 2025, with real GDP expanding by 4.23% y/y (vs. 3.13% in Q1 2025), bringing growth in the first half of the year to 3.69% y/y under the revised series. The rebound was largely anchored by the oil sector, where crude production rose to 1.68mbpd, translating into a 20% y/y surge in oil GDP. Non-oil activity also strengthened, led by agriculture, which recovered to 2.8% y/y after near-stagnation in Q1 2025. Growth momentum was further supported by ICT, financial services, trade, and the refining subsector, buoyed by the ramp-up of the Dangote Refinery. Together, these sectors underpinned the resilience of the non-oil economy despite uneven performance across board. PMI reading validated this momentum as composite PMI averaged 52.8 in Q2 2025, before climbing to 54.2 in Aug-25, reflecting stronger conditions and easing input cost pressures.

**Monetary Policy:** The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) cut the benchmark rate by 50bps to 27% at its September meeting, marking the first policy easing since 2020. The move came on the back of sustained disinflationary pressures, and signal the committee's focus on supporting output growth, amid stability in the foreign exchange market.

**Inflation:** Inflationary pressures eased further in Q3 2025, reinforcing the disinflationary trend observed since March. Headline CPI averaged 22.97% in Q2 2025, down from 23.96% in Q1 2025, and continued to moderate in the new quarter, decelerating to 21.88% y/y in July and 20.12% y/y in August (vs. 22.22% in June). On a month-on-month basis, price momentum also slowed markedly, with inflation printing at 0.74% in August compared to 1.99% in July and 1.68% in June. The sustained moderation reflects improved food supply, relative stability in the foreign exchange market, and softer energy costs, underscoring a gradual easing of cost-push pressures across the economy.

**FX Reserves:** Nigeria's foreign exchange reserve balance grew by 13.75% (or added \$5.12 billion) over Q3 2025 to \$42.33 billion (source: CBN database). This brings the total gains for 2025 to 3.54% and represents the highest level of gross reserves since September 2019. These gains reflect stronger crude oil earnings, improved foreign exchange management and sustained foreign portfolio inflows.

**Exchange Rate:** The Naira appreciated by 3.55% against the greenback in Q3 2025, bringing YTD gains to 4.09% (Q3 2025: ₦1475.35/\$ vs. start of year: ₦1529.71/\$). These gains have come on the back of improved FX liquidity, rising reserves and reduced speculation on the Naira, thanks to CBN reforms.

**Fixed Income:** Nigeria's fixed income market experienced moderate yield compression in Q3 2025, as average NTB yields eased to 17.93% (from 20.20% in Q2 2025). The decline was more pronounced at the mid- and long-end of the curve, where yields contracted by 201bps and 319bps, respectively. The trend was supported by easing inflation, thinner paper supply following frontloaded issuance earlier in the year, and strong participation in OMO auctions (Q3 2025 issuance: ₦7.63 trillion). Improved system liquidity (Q3 2025 average: ₦1.135 trillion vs. ₦832.26 billion in Q2 2025) anchored robust demand.

**Equities:** The ASI advanced 16.57% in July 2025, registering its second largest monthly gain since 2015, before moderating 31bps in August, and resuming its uptrend in September. Overall, Q3 2025 return settled at 18.95% (vs. 13.54% in Q2 2025) led by gains in Insurance (+57.65%), Industrials (+39.32%), and FMCG (+27.89%), underpinned by strong corporate earnings, regulatory reforms and FX stability.

## Fund Review

During the review period, Fund performance benefited from fixed income price gains (on domestic bonds and Eurobonds), and a rally in the equities market, driven by the factors identified above.

**Portfolio Performance:** The Fund closed the quarter ended 31st September 2025 with a NAV of ₦697.52 per unit (unaudited) and calendar year-to-date return of 33.80%.

**Portfolio Outlook:** For Q4 2025, we expect moderating inflation, a stable Naira, and sustained foreign appetite for high yield debt to anchor the performance of risk assets.

While the MPC's decision to cut rates by 50bps signals the start of an easing cycle, we are of the view that yield differentials remain wide enough to sustain appetite. With liquidity conditions expected to remain positive over Q4 2025, we anticipate moderate downward pressure on yields.

Accordingly, our strategy remains to selectively extend duration across sovereign bonds, while maintaining exposure to equities positioned to benefit from structural reforms.

### Top 5 Sector Holdings -Equity - 30.09.2025

Financial Services	44.29%	Okomu Oil	15.72%
Agriculture	31.13%	Seplat	15.52%
Oil and Gas	18.19%	Presco	15.41%
Industrials	4.51%	UBA	10.39%
Conglomerates	1.75%	Guaranty Trust Bank	8.80%

### Top 5 Equity Holdings - 30.09.2025

## 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, fixed income, and other securities as approved by Securities & Exchange Commission (SEC). The Fund pursues a total return objective.

## Investment Strategy

The Fund pursues a pragmatic value investing 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

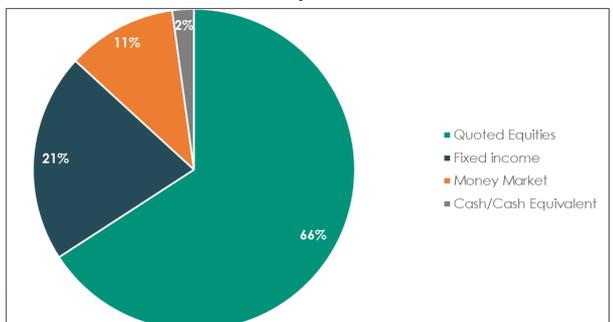
<b>Classification:</b>	A Balanced Unlisted Closed End Fund
<b>Start Date:</b>	30th June 2011
<b>Trustees:</b>	Leadway Capital & Trusts Limited
<b>Custodian:</b>	Stanbic IBTC Bank Plc
<b>GAV:</b>	₦11.997billion
<b>NAV:</b>	₦11.947billion
<b>Total Distribution:</b>	₦4.86 billion (Inception till date)
<b>Total Distribution/unit:</b>	₦283.80 per unit (Inception till date)
<b>Latest Distribution:</b>	₦23.00 per unit (Paid in July 2025)
<b>NAV/Unit:</b>	₦697.521 per unit

## Key Statistics as at 30.09.2025 (net of fees & expenses)

Calendar YTD	IRR (since inception)	HPR (since inception)	Expense ratio	*Expense ratio
33.80%	19.33%	1262.23%	1.51%	3.62%

\* Expense ratio inclusive of incentive fee

## Asset Allocation as at 30th September 2025



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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