



ValuAlliance Money Market Fund

Market Review

Global Macros: U.S. equities extended their rally in Q3 2025, with the S&P 500 up 7.34%, the NASDAQ up 10.72%, and the DJIA up 4.92%. Markets took support from solid economic data, as GDP grew 3.8% q/q (2.1% y/y). While the labor market showed signs of softening, inflation stayed above target. The Federal Reserve cut rates by 25bps to 4.125%, noting that slower job creation and moderating wage growth outweighed the risk of tariff-driven inflation. PCE inflation held at 2.6% in June and July, rising slightly to 2.7% in August, pointing to sticky prices. Despite political noise (leadership changes at the Fed and BLS, and ongoing tariff disputes), equities gained on expectations of further rate relief, solid corporate earnings, and optimism around the AI theme, which continued to lift valuations.

Eurozone equities were mixed in Q3 2025. Italy's FTSE MIB rose 7.37%, UK's FTSE 100 climbed 6.73%, France's CAC 40 gained 3%, while Germany's DAX slipped 0.12%. Germany underperformed as GDP contracted 0.3% q/q and inflation crept back above 2%, hurting confidence amid political uncertainty and disputes on fiscal spending plans. France also lagged after the collapse of Prime Minister Bayrou's government in September prompted Fitch to downgrade its sovereign rating a notch to A+. In contrast, UK equities were supported by resilient earnings and a softer sterling, while Italian stocks benefitted from strength in banks and energy names alongside supportive fiscal measures.

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 benchmark NGX-ASI advanced 16.57% in July 2025, registering its second largest monthly gain since 2015, before moderating by 31bps in August. The index resumed its uptrend in September, bringing Q3 2025 gains to 18.95% (vs. 13.54% in Q2 2025 and 3% in Q1 2025). Over the quarter, sectoral performance was led by Insurance (+57.65%), Industrials (+39.32%), and FMCG (+27.89%), with gains underpinned by resilient consumer demand, strong corporate earnings, regulatory and industry reforms (particularly Insurance), and stable FX conditions. These dynamics have significantly improved overall market sentiment and strengthened the outlook for FMCG and Telco companies, which were among the hardest hit by the naira devaluation in 2024.

Investment Objective

The ValuAlliance Money Market Fund's primary objective is to provide investors with steady return on capital, liquidity and capital preservation by investing in a diversified portfolio of high-quality short-term money market instruments which will include short term government securities, unsubordinated short-term debt instruments such as commercial papers, bankers' acceptances, and fixed deposits in eligible issuers.

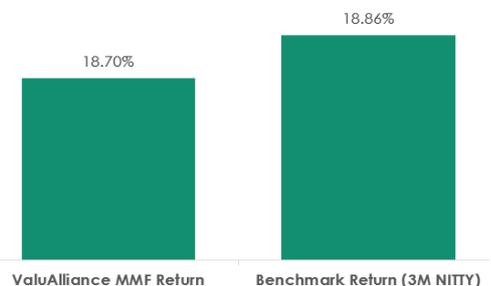
Investment Strategy

Following the MPC's decision to cut benchmark rates by 50bps at the September meeting, the Fund Manager expects fixed income yields to remain subdued through the year, as inflation continues to soften. The Fund's strategy would focus on extending duration opportunistically by investing in mid to long tenored FGN bills at the primary auction, & high quality investment grade commercial papers with attractive pricing.

Fund Information

Classification:	Open End Fund
Start Date:	5th May 2020
Trustees:	STL Trustees Limited
Custodian:	Stanbic IBTC Nominees Limited
GAV:	NGN2.271 billion
NAV:	NGN2.257 billion
NAV/Unit:	NGN1.00 per unit

ValuAlliance Money Market Return vs. Benchmark



Asset Allocation as at 30th September 2025

Asset Class	Exposure
Short Term Government Bills	41.40%
Placement with Banks	37.10%
Commercial Papers	9.97%
Other Money Market Instruments	9.89%
Cash/Cash Equivalents	1.63%

Asset Class	Permissible Range
Short Term Government Bill	25% - 100%
Bank Placements	0% - 75%
Other Money Market Instruments (including Commercial Papers and Other MMFs)	0% - 75%
Cash & Cash Equivalents	0% - 5%

Manager Information:

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