

ValuAlliance Specialized Dollar Fund (VSDF)

Frequently Asked Questions (FAQs)

General Information

Q1: What is the ValuAlliance Specialized Dollar Fund?

The ValuAlliance Specialized Dollar Fund is an actively managed collective investment scheme that provides Eligible Investors with access to a well-diversified dollar-denominated portfolio. The Fund aims to deliver competitive, risk-adjusted returns over a medium- to long-term investment horizon through exposure to high-quality fixed-income and other dollar-denominated securities

Q2: Who manages the ValuAlliance Specialized Dollar Fund?

The fund is managed by ValuAlliance Asset Management Limited (Fund Manager) and overseen by Leadway Trustees Limited (Trustee).

Q3: Is the fund registered?

Yes, the ValuAlliance Specialized Dollar Fund is registered with the Securities and Exchange Commission (SEC), Nigeria.

Q4: Who are the parties to the Fund?

Fund Manager: ValuAlliance Asset Management Limited

- **Trustee:** Leadway Trustees Limited
- **Custodian:** Rand Merchant Bank Nigeria Limited
- **Solicitors:** Aluko & Oyebode
- **Auditor:** KPMG Professional Services
- **Registrar:** DataMax Registrars Limited

Q5: How do I subscribe?

- Fill out the subscription [form](#)
- Provide necessary KYC documentation (this is different for the types of account individual, joint or corporate)
- Upon verification and approval of the KYC submissions your account is created, and you will get a welcome email after which you can fund your account by sending money to the designated account
- You will receive a statement of unitholding from the registrars

Q6: How do I redeem?

- Fill out a redemption form
- Send it to the designated email address
- Upon verification of the signature, payment is made within 1-5 working days

Investment Details

Q7: What is the objective of the fund?

The fund aims to provide investors with a diversified dollar-denominated investment vehicle that delivers competitive risk-adjusted returns through exposure to quality fixed and variable income securities.

Q8: What types of instruments does the fund invest in?

The fund invests in:

- Fixed-income instruments with maturity over 365 days (e.g., International and Nigerian Eurobonds).
- Variable-income instruments (e.g., international equities, real estate, commodities).
- Short-term instruments with a tenor of 365 days or less.
- Other instruments permissible under SEC rules.

Q9: What is the fund's benchmark?

The fund's benchmark is a composite of:

- 70% average return of the 3-year Nigerian Sovereign Eurobond.
- 30% 1-year US Treasury bill.

Q10: What is the initial fund size and unit price?

The fund has an initial size of 100,000 units, with each unit priced at \$10 (prices vary daily).

Q11: What is the minimum investment amount?

The minimum investment is 500 units at \$10 per unit (prices vary daily), with additional units issued in multiples of 5.

Q12: What is the asset allocation strategy?

The fund's target allocation is:

- Eurobond instruments and Nigerian corporates: 55% (20%-80% permissible range).
- Short-term instruments (≤ 365 days): 20% (0%-40% permissible range).
- Non-Nigerian sovereigns and corporates, variable investment securities: 20% (0%-20% permissible range).
- Cash and cash equivalents: 5% (0%-5% permissible range).

Unitholder Rights and Responsibilities

Q13: What rights do Unitholders have?

Unitholders have the right to:

- Share in the fund's assets proportionate to their units.
- Receive distributions and other benefits attached to their units.
- Request meetings with the Trustee or Fund Manager.
- Pledge, charge, or mortgage their units to secure debts or obligations.
- Receive a Statement of Unitholding upon request.

Q14: Can Unitholders transfer their units?

Yes, Unitholders can transfer their units by executing a transfer instrument and submitting it to the Fund Manager. Transfers must comply with the minimum unitholding requirements.

Q15: Can Unitholders redeem their units?

Yes, Unitholders can redeem their units. However:

- Minimum Holding Period: 180 days.
- Early Redemption Charge: 3% of the redemption amount if redeemed before the Minimum Holding Period.
- Payments for redemption are made within 5 business days of submitting the redemption request.

Fees and Charges

Q16: What fees are associated with the fund?

The fund charges the following fees:

- Fund Manager's annual management fee: 1.5% of the Net Asset Value (NAV), payable quarterly.
- Trustee's remuneration: 0.07% of the fund size, payable quarterly.
- Custodian's safekeeping fee: 0.04% per annum on assets under custody, payable monthly.
- Registrar's remuneration: N2,500,000 per annum, payable quarterly.
- Auditor's fees: Paid annually after audit completion.
- Initial costs: Estimated at N15,783,922.50 (0.965% of the offer size), capped at 1% of the initial offer size.
- Annual costs and expenses: Capped at 3.5% of the NAV.

Distributions

Q17: How often are distributions made?

Distributions are made annually, provided the fund generates a profit during the financial year.

Q18: How are distributions paid?

Distributions are paid via electronic bank transfer to the Unitholder's registered account. Unitholders can opt to receive distributions in cash or reinvest them in new units.

Fund Governance

Q19: What is the governance framework of the Fund?

The governance framework of the ValuAlliance Specialized Dollar Fund is designed to ensure transparency, accountability, and compliance with regulatory requirements. Key components include:

1. **Trustee (Leadway Trustees Limited):**
 - Safeguards the interests of Unitholders.
 - Ensures compliance with the Trust Deed, SEC Rules, and Investments and Securities Act (ISA).
 - Monitors the Fund Manager's activities and convenes Unitholder meetings when required.

- Certifies modifications to the Trust Deed to ensure they do not prejudice Unitholders' interests.
- Manages liquidation and distribution of assets in case of fund termination.

2. Fund Manager (ValuAlliance Asset Management Limited):

- Manages the fund's investments and day-to-day operations.
- Ensures compliance with the Investment Policy, SEC regulations, and the Trust Deed.
- Provides regular updates and reports to Unitholders, the Trustee, and the SEC.
- Handles issuance, redemption, and transfer of units.

3. Custodian (Rand Merchant Bank Nigeria Limited):

- Provides custodial services for the fund's assets.
- Operates designated cash and securities accounts for the fund.
- Ensures safekeeping of the fund's assets.

4. Registrar (DataMax Registrars Limited):

- Maintains the Register of Unitholders.
- Issues Statements of Unitholding and manages records of Unitholders.

5. Investment Committee:

- Composed of at least three members, including a representative of the Fund Manager, a Trustee representative, and an independent party, who is an experienced individual in fund management.
- Evaluates and approves investment proposals, reviews investment policies, and monitors fund performance.
- Holds quarterly meetings to assess operations and investments.

6. Compliance and Reporting:

- Operates under the Investments and Securities Act (ISA), SEC Rules, and other applicable laws.

- The Fund Manager and Trustee ensure regulatory compliance, including filing periodic reports and audited accounts with the SEC.
- An Auditor, approved by the Trustee and SEC, audits the fund's accounts annually.

7. Meetings and Resolutions:

- Meetings can be convened by the Trustee, Fund Manager, or Unitholders holding at least 25% of issued units.
- General business requires a quorum of 5 Unitholders representing 25% of issued units.
- Special Resolutions require approval by 75% of Unitholders present and voting.

8. Conflict of Interest Management:

- A detailed Conflict of Interest Management Policy is outlined in the Trust Deed.
- Related parties must disclose conflicts to the SEC and Trustee, and conflicted parties are excluded from related discussions and decisions.

9. Dispute Resolution:

- Disputes are resolved through arbitration under the Arbitration and Mediation Act 2023.
- If unresolved, disputes may be referred to the SEC or the Investments and Securities Tribunal.

10. Termination and Winding Up:

- The trust can be terminated under specific conditions such as liquidation, change in law, or inability to achieve investment objectives.
- The Trustee oversees asset liquidation and distribution to Unitholders, complying with SEC Rule 453 within 12 months of termination notice.

11. Ethical Business Practices:

- Adheres to anti-corruption laws, including the Corrupt Practices and Other Related Offences Act 2000.

- Maintains procedures to prevent money laundering, terrorist financing, fraud, and other illegal activities.

12. **Governing Law:**

- The fund operates under the laws of the Federal Republic of Nigeria, including the Investments and Securities Act (ISA), Trustee Investments Act, and SEC Rules.

This governance framework ensures the fund operates transparently, protects Unitholders' interests, and complies with all applicable laws and regulations.

Q20: What is the duration of the trust?

The trust is established for **99 years**, subject to termination under specific conditions outlined in the Trust Deed.

Miscellaneous

Q21: Can the Trust Deed be modified?

Yes, the Trust Deed can be modified by a Supplemental Deed. Modifications require certification by the Trustee that the changes do not prejudice Unitholders' interests, approval by a Special Resolution of Unitholders (except for minor, technical, or regulatory updates), and approval from the Securities and Exchange Commission (SEC).

Q22: What happens if the fund is terminated?

Upon termination of the fund:

- The Trustee will liquidate the fund's assets.
- The proceeds will be distributed to Unitholders proportionate to their holdings after settling all liabilities and expenses.
- Unclaimed proceeds are kept in an interest-yielding account for future claims.
- The Fund ceases to exist upon approval of the winding-up report by the SEC.

Q23: What happens if a Unitholder passes away?

In the event of a Unitholder's death, their units will be transferred to their legal representatives or beneficiaries, subject to the submission of appropriate documentation to the Fund Manager.

Q24: Are there any restrictions on the fund's investments?

Yes, the fund cannot invest in:

- Securities issued by the Fund Manager, Trustee, or Custodian.
- Securities issued by companies where the Fund Manager, Trustee, or Custodian has significant control.
- Securities issued by companies where the Fund Manager, Trustee, or Custodian has a material interest.

Q25: Can the fund be merged with another fund?

Yes, the fund can be merged with another fund, but this requires a Special Resolution passed by Unitholders and approval from the Securities and Exchange Commission (SEC).

Q26: What happens if the fund size exceeds the initial offer size?

If the fund size exceeds the initial offer size, additional units may be issued to meet investor demand, subject to approval by the Securities and Exchange Commission (SEC).

Q27: How can I contact the Fund Manager for inquiries?

You can contact the Fund Manager through their official communication channels provided in the fund's documentation or website.

To invest, please send an email to

vsdf@valualliance.com