ValuAlliance Value Fund

Market Review

Domestic GDP: Nigeria's economy expanded by 3.89% y/y in Q1'26, up from 3.13% in the corresponding period of 2025. Economic activity remained largely supported by the non-oil sector, which accounted for 96% of GDP and expanded by 3.94% y/y, driven by robust performance across ICT, agriculture, trade, construction, and real estate. Meanwhile, the oil sector grew by 2.57% y/y, despite the decline in the oil production levels compared to the corresponding period (Jan—May-26 average: 1.6mbpd, 2025 average: 1.64mbpd vs. 2024 average: 1.55mbpd). The services sector remained the largest contributor to output, accounting for 57.73% of GDP, underpinned by sustained growth in ICT.

Monetary Policy: At its 305th meeting held in May-26, the MPC voted unanimously (11—0) to leave all policy parameters unchanged, due to an uptick in inflation. Policymakers attributed the uptick largely to temporary external shocks, particularly higher energy costs stemming from the U.S.–Iran conflict, which pushed Brent prices over $100/bbl. Nonetheless, the Committee expressed confidence that the underlying disinflationary trend remains intact and that the current macro environment continues to support a gradual moderation in price pressures. The next meeting is scheduled for 20–21 July 2026.

Inflation: Headline inflation edged higher over the course of the second quarter, with the May-26 print rising to 15.93% y/y, up from 15.38% y/y in Mar-26. The uptick was linked to higher transportation and energy costs, an offshoot of geopolitical tensions in the Middle East. Nonetheless, the pace of price increases moderated, with monthly inflation easing to 1.75% in May-26 from 4.18% in Mar-26, suggesting that while annual inflation continued to rise, underlying price pressures were beginning to soften.

With hostilities in the Middle East easing following the U.S.–Iran temporary ceasefire and tanker traffic normalising through key shipping routes, we expect moderation in global oil prices to passthrough to the domestic inflation print in Jun-26. We however identify upside risks from a peace deal that is short-lived and corresponding higher crude prices.

FX Reserves and Exchange Rate: At the end of Q2'26, Nigeria's external reserves settled at $51.46 billion, the highest reserve level observed since early 2009. This anchored Naira stability during the quarter (as the Naira gained 51bps against the USD: ₦1,379.68/$ in Q2'26 from ₦1,386.72/$ in Q1'26).

Fixed Income: The secondary fixed income market sustained a bearish note through Q2'26 even as primary auction yields trended higher. This shift was driven by 3 consecutive months of an uptick in inflation, and larger issuances from the CBN/DMO, as they stepped up borrowing to meet the FG's needs. Over the quarter, average NTB and bond yields jumped 104bps and 201bps, respectively.

Equities: The benchmark NGX-ASI retreated sharply in Jun-26 (-8%), tempering Q2'26 return to 13.98% compared to the 29.35% surge recorded in Q1'26. In Q2'26, gains were concentrated in Telco (+29.96%), Oil & Gas (+15.82%), Industrial Goods (+15.80%), and Banking (+11.25%). FMCG posted modest gains (+5.38%) while the Insurance sector continued to lag (-10.82%).

Fund Review

Portfolio Performance: The Fund closed the quarter ended 30 June 2026 with a net asset value (NAV) of ₦841.25 per unit, translating to a calendar year-to-date (YTD) return of 21.42%.

During the review period, the Fund trimmed its Banking sector exposure, strengthened its Oil & Gas, and Industrial Goods exposure, and initiated Telecommunications exposure. At the end of the period, Banking, Oil & Gas, and Agro-Allied portfolio's largest sector holdings.

Outlook: We expect the broad based gains observed on the NGX in H1'26 to become more selective in the second half of the year, as the market looks forward to positive triggers i.e., half-year earnings scorecards, the Dangote Refinery listing, and the FTSE Russell frontier market index reinclusion.

The Fund will continue to monitor these developments closely, selectively take profits, and maintain exposure to fundamentally strong companies in the equity portfolio.

The Fund Manager will also seek to actively managing duration within the fixed income portfolio.

Top 5 Sector Holdings - 30.06.2026

1. Financial Services	19.78%
2. Oil and Gas	18.82%
3. Agro-Allied	12.09%
4. Industrials	5.88%
5. Conglomerates	2.03%

Top 5 Equity Holdings - 30.06.2026

1. Aradel Holdings Plc.	9.84%
2. Seplat Energy Plc.	8.99%
3. Zenith Bank Plc.	7.96%
4. GTCO Plc.	7.29%
5. Presco Plc.	6.75%

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.

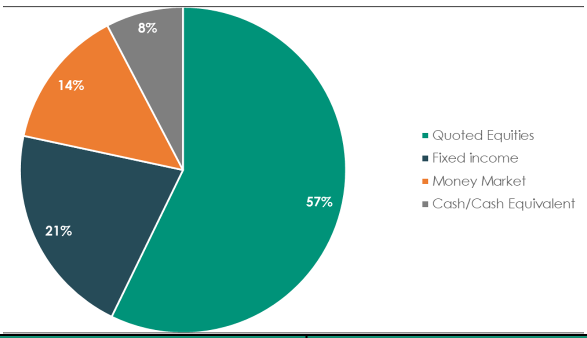
Fund Information

Classification:	A Balanced Unlisted Closed End Fund
Start Date:	30th June 2011
Trustees:	Leadway Capital & Trusts Limited
Custodian:	Stanbic IBTC Bank Plc
Fund GAV:	₦13.290billion
Fund NAV:	₦13.226billion
Total Distribution:	₦4.86 billion *(Inception till date)*
Total Distribution/unit:	₦283.80 per unit (Inception till date)
Latest Distribution:	₦23.00 per unit *(Paid in July 2025)*
NAV/Unit:	₦841.25 per unit

Key Statistics as at 30.06.2026 (net of fees & expenses)

Calendar YTD	IRR (since inception)	HPR (since inception)	*Expense Ratio
21.42%	15.79%	463.53%	1.51%

Asset Allocation as at 30th June 2026



Asset Class	Permissible Range
Quoted Equities	20% - 60%
Unquoted Equities	0% - 20%
Fixed Income	20% - 60%
Money Market	0% - 40%
Cash & Cash Equivalents	0% - 5%

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