



ValuAlliance Money Market Fund

Market Review

Global Macros: Global markets faced renewed inflationary pressures in Q3'26 as higher energy prices and escalating geopolitical tensions in the Middle East heightened supply concerns. In the US, inflation rose to 3.7% in September from 3.5% in June, adding to concerns about the persistence of price pressures and complicating the outlook for monetary policy. These developments influenced global bond yields and investor appetite for emerging-market assets, while geopolitical uncertainty sustained the risk premium in oil prices. Going forward, the trajectory of energy prices, geopolitical developments and inflation will remain important determinants of global financial conditions and central bank policy decisions.

Domestic GDP: According to the NBS, Nigeria's economy expanded by 4.43% year-on-year (y/y) in Q2:2026 (vs. 3.89% y/y in Q1:2026 and 4.23% y/y in Q2:2025), marking the strongest quarterly growth in five years. The improvement was supported by stronger performances across the oil and non-oil sectors. The oil sector grew by 7.31% y/y (vs. 20.79% y/y in Q1:2026), supported by higher crude oil production, while the non-oil sector expanded by 4.31% y/y (vs. 3.94% y/y in Q1:2026), driven by telecommunications, livestock, real estate, crop production and trade.

Monetary Policy: At its 307th Monetary Policy Committee meeting held on September 21 and 22, 2026, the Committee cut the benchmark rate by 350bps to 23.00% from 26.50%, while narrowing the asymmetric corridor to +50bps/-300bps from +50bps/-450bps. The Cash Reserve Ratio and Liquidity Ratio were retained at 45.00% and 30.00%, respectively. The decision reflected moderating inflation, sustained exchange rate stability, stronger external reserves and improved investor confidence, supporting a policy recalibration rather than the start of an aggressive easing cycle.

Inflation: Inflationary pressures moderated in Q3'26, with headline inflation declining to 14.63% in September and averaging 15.15%, down from 15.84% in Q2'26. The moderation was driven largely by a decline in core inflation to 12.95% from 15.92% in June, supported by relative exchange-rate stability, as the naira appreciated by 1.07% to ₦1,351.46/US\$ at quarter-end, easing imported price pressures. However, food inflation rose to 19.59% from 17.52%, reflecting higher agricultural commodity prices, seasonal supply constraints and elevated distribution costs.

Foreign Exchange Reserves: Nigeria's foreign exchange reserves strengthened further in Q3'26, rising to US\$54.93 billion at quarter-end from US\$51.46 billion in Q2'26. The increase was supported by stronger oil export receipts, reflecting higher crude prices, alongside foreign portfolio inflows. Consequently, external reserves remained sufficient to cover 11 months of imports during the quarter.

Exchange Rate: The Naira strengthened over the quarter, appreciating by 1.07% Quarter-on-Quarter (Q/Q) and 12.55% y/y. On average, the Naira traded around ₦1,351.46/\$, compared to ₦1,365.95/\$ in Q2'26 and ₦1,521.11/\$ in Q3'25. This appreciation was driven by improved FX liquidity in the market, rising FX reserves, and a reduction in the activities of speculators, following CBN reforms.

Fixed Income: Nigeria's fixed income market rallied in Q3'26, with average FGN bond yields declining 189bps q/q to 15.87% and Treasury bill yields falling 73bps to 17.81%. The rally strengthened in September, supported by easing inflation, improved system liquidity and the CBN's 350bps MPR cut to 23.00%, following initial yield increases in July and August.

Treasury bill yields eased as the 364-day NTB stop rate fell to 15.89% from 17.70% in July, while CBN allotments exceeded the quarterly issuance target by 40.3% to ₦8.14 trillion. OMO demand also strengthened following ₦13.14 trillion in September maturities and expanded investor access, with subscriptions rising to ₦20.58 trillion and the stop rate declining to 17.80%. In the bond market, September auction rates fell to 16.79% on the new 10-year bond and 16.85% on the June 2038 reopening, from 17.79% in August.

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 issues.

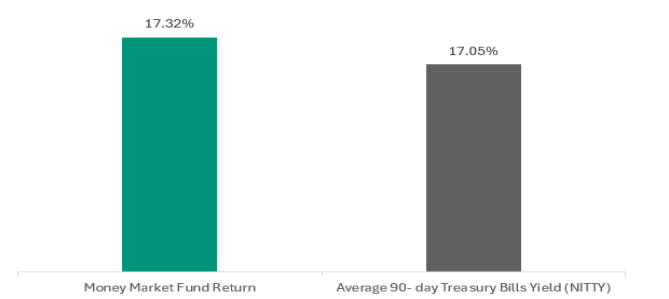
Investment Strategy

We expect domestic fixed income yields to remain broadly stable in Q4 2026, supported by elevated system liquidity and expectations of a gradual moderation in inflationary pressures. However, uncertainties surrounding global interest rates, oil prices, and geopolitical developments are likely to keep monetary policy relatively cautious. In this environment, the Fund will continue to prioritize capital preservation and liquidity while selectively locking in attractive yields across high-quality short term government bills, money market instruments and commercial papers.

Fund Information

Classification:	Open End Fund
Start Date:	5th May 2020
Trustees:	STL Trustees Limited
Custodian:	Stanbic IBTC Nominees Limited
GAV:	₦2.776billion
NAV:	₦2.752billion
NAV/Unit:	₦1.00 per unit

ValuAlliance MMF Yield vs. Benchmark Yield



Asset Allocation as at 30th September 2026

Asset Class	Exposure
Short Term Government Bills	53.27%
Placement with Banks	35.21%
Commercial Papers (CPs)	11.05%
Other Money Market Funds (OMMFs)	0.42%
Cash & Cash Equivalents	0.05%

Asset Class	Permissible Range
Short Term Government Bills	25% - 100%
Placement with Banks	0% - 75%
Other Money Market Instruments (incl. CPs and OMMFs)	0% - 75%
Cash & Cash Equivalents	0% - 5%

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