



ValuAlliance Value Fund

Market Review

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.

Equities: The Nigerian equities market extended its 2026 rally in Q3'26, with the NGX All-Share Index rising 9.50% q/q to 251,211.67 points, lifting its YTD return to 61.43% and market capitalisation to ₦163.10 trillion. Performance was uneven, with gains concentrated in **banking** (+31.01% q/q) and **oil and gas** (+22.99% q/q), while **insurance** declined 1.00% q/q and **consumer goods** fell 11.67% q/q. At stock level, **FIRSTHOLDCO** led gainers with a 185.28% q/q increase, followed by **ETERNA** (+58.56% q/q), **NGXGROUP** (+58.15% q/q) and **SEPLAT** (+40.80% q/q).

Fund Review

During the review period, the Fund delivered positive performance, supported by strong gains in the Nigerian equity market and contributions from its fixed-income investments. The NGX All-Share Index (ASI) advanced 9.50% in Q3 2026, driven largely by gains in large-cap telecommunications and oil & gas stocks, while the Fund's fixed-income holdings continued to provide stable income and support overall portfolio returns.

Portfolio Performance: The Fund closed the quarter ended 30 September 2026 with a net asset value (NAV) of ₦875.82 per unit, translating to a calendar year-to-date (YTD) return of 26.40%.

Portfolio Outlook: The domestic equity market is expected to become driven by company fundamentals amid continued profit-taking. Also, improving macroeconomic conditions and stable foreign investor sentiment should continue to support both equity and Eurobond markets.

The Fund Manager will continue to monitor market developments closely, selectively take profits where appropriate, and maintain exposure to fundamentally strong companies while actively managing duration within the fixed income portfolio.

Top 5 Sector Holdings 30.09.2026

1. Oil and Gas	19.33%
2. Banking	17.14%
3. Agro-Allied	10.59%
4. Industrials	6.43%
5. Conglomerates	1.78%

Top 5 Equity Holdings 30.09.2026

1. Seplat Energy Plc	9.96%
2. Aradel Holdings Plc	9.37%
3. Zenith Bank Plc	7.46%
4. GTCO Plc	7.05%
5. Presco Plc	5.88%

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

GAV: ₦12.91billion

NAV: ₦12.85billion

Total Distribution: ₦5.27 billion (Inception till date)

Total Distribution/unit: ₦359.26 per unit (Inception till date)

Latest Distribution: ₦26.00 per unit (Paid in July 2026)

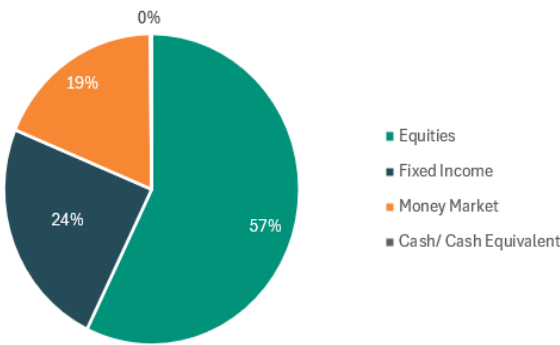
NAV/Unit: ₦875.82 per unit

Key Statistics as at 30.09.2026

Calendar YTD	IRR (since inception)	HPR (since inception)	*Expense Ratio
26.40%	15.88%	464.45%	1.52%

* Trailing 12 months exclusive of incentive fee

Asset Allocation as at 30th September 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%

Manager Information: ValuAlliance Asset Management Limited. Physical Address: 12th Floor, Alliance Place, 33A Alfred Rewane Road, Ikoyi, Lagos
Tel: + 234 1 466 2000; Email: info@valualliance.com

This newsletter is for information purposes only; it neither presents a conclusive perspective on the topics discussed nor provides investment, financial or other advice. Prior results do not guarantee a similar outcome in the future.