

Stanbic IBTC Nigeria Equity Fund (“SINEF”)

QUARTERLY FUND FACTSHEET Q2:2016



FUND FACTS

Fund Manager	Stanbic IBTC Asset Management Limited
Base Currency	Naira
Launch Date	February- 1997
Fiscal Year End	December
Status of Fund	Open Ended
NAV per Unit	₦6,686.24
Nature of Fund	Equity Biased
Initial Investment	₦50,000
Additional Investment	₦20,000
Distribution Frequency	Yearly
Bloomberg Ticker	<STANNEQ NL>
Handling Charge	2% redemption charge if within the first ninety one (91) Days.

FUND OBJECTIVE

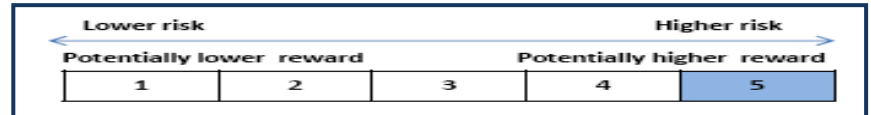
The primary objective of the Stanbic IBTC Nigerian Equity Fund is to deliver real returns and achieve long term capital appreciation of its assets by investing a minimum of 75% of the portfolio in equity securities quoted on the Nigerian Stock Exchange and a maximum of 25% in high quality fixed income securities.

INVESTMENT BENEFITS

- A well-diversified portfolio of stocks
- Professional management
- Economies of scale
- Liquidity Provision
- Transparent & robust reporting
- Direct Debit funding option/initiative

INVESTMENT RISKS

- The value of investments may fluctuate
- Inconsistent government policies
- Political risk



PORTFOLIO MANAGER’S COMMENT

The Stanbic IBTC Nigerian Equity Fund (“SINEF”) opened on 01 April 2016 with an offer price of ₦6,686.24 and closed the quarter with an offer price of ₦7,914.42 which represents a return of 18.37% for the quarter. The All Share Index (“ASI”) in the same vein opened the quarter at 25,306.22 and closed at 29,597.79, appreciating by 16.96% for the quarter which brings the Year to Date return to 3.34%.

The Monetary Policy Committee (“MPC”) of the Central Bank of Nigeria (“CBN”) met on 23/24 of May 2016. Contrary to market expectation of a further tightening in monetary policy, in light of rising inflation, the MPC decided to retain Monetary Policy Rate (MPR) at 12.00% and the Cash Reserve Ratio (CRR) at 22.50% in order to spur growth. This was as a result of the decline in GDP by 0.36% for Q1 2016. Also the CBN succumbed to market forces and pressure from local/international investors and analysts by introducing a flexible foreign exchange policy. The key highlights of this framework is that the forex exchange market will be driven by the forces of demand and supply and will operate as a single market structure with occasional CBN participation in the market through periodic interventions. In addition, the CBN introduced a segment where it will offer long term forex futures. When the flexible market opened on 20 June 2016, the CBN conducted a Special Secondary Market Intervention Sales (SMIS) to clear the backlog of \$4.02 billion at ₦280/US\$1 and this formed the new anchor for exchange rate which closed the quarter at ₦281.50/\$1, a depreciation of 42.89% from the opening level of ₦197/US\$. Furthermore, the signing into law of the ₦6.06 trillion expansionary budget, partial deregulation of the petroleum sector, the Morgan Stanley Capital International (MSCI) decision to retain Nigeria in its frontier index and the implementation of the flexible exchange rate fueled renewed interest in the equities market during the quarter. Thus, the market successfully reversed all the losses recorded in Q1 2016 (11.65%).

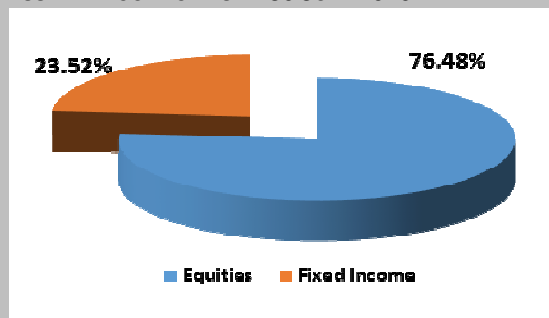
The Fund Manager took profit on both GT Bank and Zenith Bank shares which appreciated circa 62.26% and 46.70% respectively while also increasing exposure to Presco and Okomu. The Fund’s allocation to money market securities was also increased closer to the upper limit so as to boost performance.

INVESTMENT STRATEGY

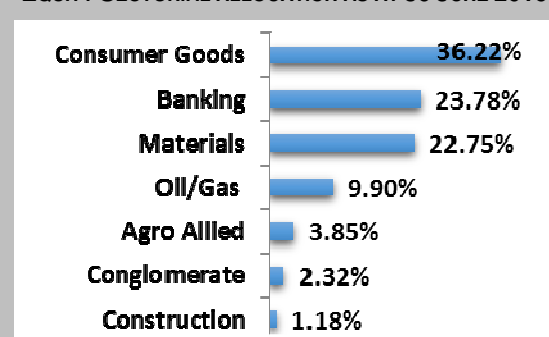
In Q3 2016, we expect investors to remain cautiously optimistic towards the equities market as we begin to experience early signs of increased participation from foreign investors. We further opine that the flexible exchange rate framework will put further pressure on imported inflation and possibly depress operating margins of companies, especially in the Fast Moving Consumer Goods (FMCG) sector. However, sustained transparency and liquidity regarding the exchange rate and implementation of the budget is expected to reduce economic uncertainty and kick start the economy in H2 2016. Consequently, we will maintain the core of our equities exposure to blue chip companies in the banking, industrial and consumer goods sector, whilst we continue to increase exposure to the agricultural sector to take advantage of the favorable government policy.

In the fixed income market, we will extend duration on attractive maturities to lock-in on decent yields as the yield curve re-settles. In addition, we would seek to switch low yielding Treasury bills with higher yielding money market instruments at decent yields.

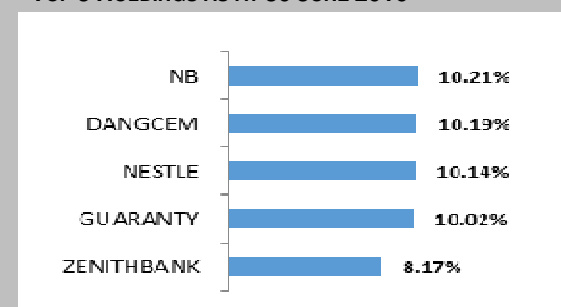
ASSET ALLOCATION AS AT 30 JUNE 2016



EQUITY SECTORIAL ALLOCATION AS AT 30 JUNE 2016



TOP 5 HOLDINGS AS AT 30 JUNE 2016



FUND PERFORMANCE

Period	Q2 2016	Q1 2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
SINEF Return	18.37%	-8.75%	-14.66%	-29.55%	32.19%	27.98%	-14.11%	25.18%	-13.95%	-38.28%	60.98%	44.35%
Nigeria All Share Index	16.96%	-11.65%	-17.36%	-16.14%	47.19%	35.45%	-16.31%	18.93%	-33.78%	-45.77%	74.73%	37.80%