Economic Review

After a challenging H1 2016, analysts were of the view that the U.S economy would pick up a faster momentum in H2 2016. Interestingly, in the third quarter, the Gross Domestic Product (GDP) of the United States expanded by 1.60% over the same quarter of the previous year. The U.S. GDP increased at a faster rate than initially estimated, underscoring the resilience of domestic demand and private consumption which was revised from initial estimate of 2.1% to 2.8% in Q3 while government spending rebounded to a 0.2% increase in Q3. However, the unexpected victory of Donald Trump in November's election and the resultant uncertainty over future U.S. policies will have huge implications on both the domestic and global economies.

In China, the economy is on track to achieving the government's annual growth target of between 6.5% and 7.0% as the improved growth momentum of Q3 has trickled into the final quarter of the year. However, this is expected to slow in Q4 as a result of the recent measures adopted by some local governments to cool their soaring property markets. In its Q3 monetary policy report, the People's Bank of China highlighted that striking a balance between cutting asset bubbles and stabilizing growth will be the key challenge in the near future. As such, the Chinese economy is expected to sail smoothly into 2017 on the back of policy support and the slow but steady economic rebalancing and corrections in the housing market but uncertainty remains due to increasing disputes between China and the United States following Donald Trump's victory which remains the downside risk to growth for next year.

In the Eurozone, the growth story remains largely unchanged as supportive monetary policy, an improving labour market and a less austere fiscal stance are fueling the economy's momentum, while the external sector was a drag on growth. Estimates of GDP released revealed that growth was steady in the Eurozone in the third quarter as GDP increased on a seasonally adjusted basis of 0.3% in Q3 over the previous quarter which is similar to 0.3% growth recorded in Q2. In order to improve on the current momentum, the European Central Bank (ECB) took further steps by extending its quantitative easing (QE) program by nine months at its 08 December meeting. However, political risks to the outlook remain elevated amid rising support for populist parties, giving election calendar in 2017, Brexit and an unexpected regime change in countries like the U.S. Therefore, analyst are of the view that GDP growth may slow from 1.6% in 2016 to 1.4% in 2017.

In the U.K, the economy expanded by 2.3% in Q3 compared to the same quarter of last year. On the external side, demand for the UK's exports improved, as a result of weaker pound. The net contribution of trade to overall growth improved from -0.8% in the second quarter to 0.7% in the third quarter due to improved export figures. Moreover, imports deteriorated and contracted by 1.5% in Q3. Nevertheless, political uncertainty stemming from the referendum will continue to deter investment. The Bank of England (BoE) in a proactive move has adopted an accommodative policy that will soften the impact this year. The BoE expects the economy to expand by 2.2% and 1.4% in 2016 and 2017 respectively.

On the domestic scene, data released by the National Bureau of Statistics (NBS) shows that the nation's GDP declined by 2.24% year-on-year in real terms in Q3 2016. This was lower by 0.18% from decline recorded in the preceding quarter and also lower by 5.08% from growth recorded in the corresponding quarter of 2015. During the period under review, Oil production according to NNPC, averaged 1.63million barrels per day (mbpd), relative to a production of 1.69million barrels per day (mbpd) in the second quarter of 2016. The Non-oil sector which was largely driven by the activities of Agriculture (crop production), Information & Communication and Other Services grew by 0.03% in real terms in the third quarter of 2016 contributing approximately 91.81% to the nation's GDP, compared to its 91.74% contribution in Q3 2015.

Furthermore, the Consumer Price Index (CPI), which measures inflation, increased by 18.48% (year-on-year) in November which is 0.15% higher than October (18.33%). Increases were recorded across almost all major divisions, which contribute to the Headline Index. The Food Sub Index increased by 17.19% (year-on-year) in November, up by 0.10% from the level recorded in October (17.09%). Price movements recorded by the All Items less farm produce or Core sub-index rose by 18.20% (year-on-year) in November, up by 0.10% from rates recorded in October (18.10%). Also during the month of November, the highest increases were seen in Housing, Water, Electricity, Gas and Other Fuels, Clothing materials and other articles of clothing, books, liquid fuel, passenger transport by air, motor cycles and shoes and other footwear.

Market Review

A tight monetary policy stance was maintained throughout the quarter in order to improve Foreign Exchange (FX) flow into the economy. This led to the MPC maintaining the MPR at 14% as well as the Cash Reserve Ratio ("CRR") at 22.50% and liquidity ratio at 30%. As such, rates within the treasury bills market remained elevated within the range of 14.50% p.a. to 18.70% p.a., supported by the frequent conduct of Open Market Operations ("OMO"). Although liquidity figures were unavailable for most part of the quarter due to technical glitches, Overnight and Open Buy Back rates spiked to a high of 100.00% p.a. and 150.00% p.a. in October due to negative liquidity levels but closed at 9.58% p.a., and 8.83% p.a., from an opening level of 14.50% p.a. and 14.00% p.a. respectively. The major factors that influenced system liquidity during the quarter include: CBN FX forward sales of $314m and $500m (solely to the manufacturing sector) for the months of October and November respectively; State and local government FAAC inflows of ₦461bn and ₦386bn for October and November; as well as OMO and Treasury Bill maturities amounting to ₦930bn and ₦858bn respectively. The Treasury bill curve remained relatively flat for most part of the quarter as bills traded within the mid and top teens in the secondary market based on their maturities with more pressure on the short end of the curve, especially due to CBN's effort to keep liquidity subdued. Thus, the 91, 182 and 364 day Treasury bill closed the quarter at 14.00% p.a., 17.50% p.a., and 18.68% p.a., from an open of 14.00% p.a., 17.27% p.a. and 18.30% p.a. respectively. Similarly, yields at the bond market were relatively flat for most part of the quarter, with a tilt northwards to c,16.00% at the long end of the curve towards the end of the quarter. As such, the 5, 10 and 20 year bond which opened the quarter at 15.14% p.a., 15.54% p.a. and 15.60% p.a. closed at 15.90% p.a., 16.05% p.a., and 16.02% p.a. respectively.

In the Foreign exchange market, the volume traded remained thin all through the quarter due to scarcity and the inability of the CBN to fill outstanding demands. Consequently the USD/NGN traded within the range of ₦300 to ₦350 while the parallel market inched up to ₦480 due to the shift in demand to the parallel market as well as the scrutiny of the BDC's by the Department of State Security for alleged irregularities in their operations. In addition, the Federal Executive Council (FEC) approved a consortium of financial, legal and communications advisers for the issuance of the long awaited $1 billion Eurobond in Q1 2017. The $1 billion Eurobond programme is part of the funding for the 2017 budget and the government plans to commence the process in January 2017.

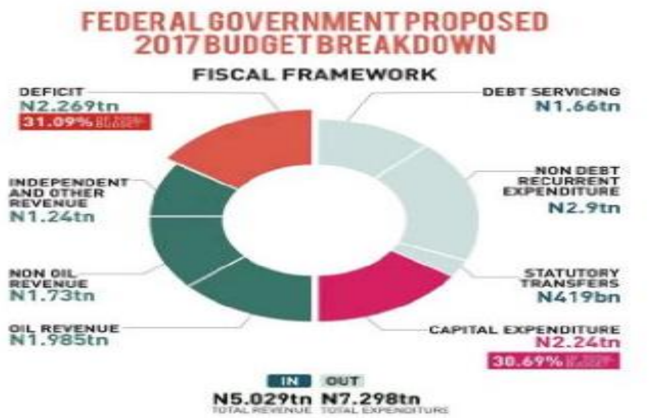
On the local scene, the equity market was bearish for most of the quarter due to the government's inability to present a coherent policy framework to tackle the current economic malaise. Furthermore, the publication of weak macroeconomic data coupled with the release of subdued Q3 2016 results by blue chip companies also dampened investors' confidence in the market. As such, the Nigerian Stock Exchange ("NSE") All Share Index ("ASI") declined by 7.27% in the month of November which is the steepest decline in the last nine months. In addition, investors' participation and ultimately value traded on the NSE during the quarter decreased by approximately 34.94% on a year on year basis to close at ₦224.85 billion compared to ₦345.62 for Q4 2015. Although, the market recorded increased buying interest in the last few weeks of the quarter driven by year-end portfolio rebalancing and the agreement by Oil Producing Exporting Countries ("OPEC") and non-OPEC members on 07 December 2016 to cut production by 1.2 mbpd in January 2017. Consequently, the market gained 4.68% between the agreement date and end of the quarter. As a direct consequence, the equities market recorded negative performances of -5.16% and -6.17% for the quarter and full year respectively which is better than the full year return of -17.34% recorded in 2015. Albeit the ASI was the worst performing index in dollar terms globally in 2016 returning -40.83% in dollar terms due to currency devaluation of circa 35%.

Outlook

We expect policy and political uncertainty in Q1 2017, as the newly elected president of the United States assumes office in January. In effect, the policy direction by the new administration will go a long way in determining global economic outlook. Also, the U.S Fed in December, announced possibilities of raising interest rates in 2017 due to improved figures from unemployment as inflation approached the target 2 percent.

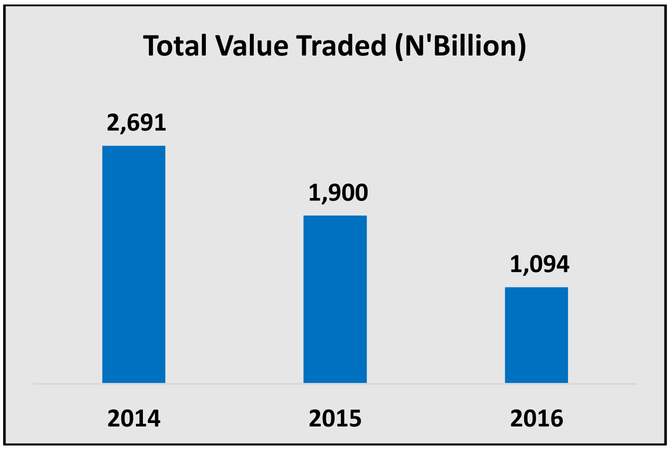
On the domestic front, the economy is expected to rebound in 2017 after contracting for the first time in over two decades. The focal point will be the success of the $1bn Eurobond which the government plans to raise in Q1 2017. Also, giving the antecedents of the 2016 budget, the successful and quick passage of the 2017 budget remains a key component to our outlook. Furthermore, we expect headline inflation to continue to inch up at a decreasing rate to c, 19.00% by February and then gradually decrease by March due to positive base effect while FX volatility will continue amidst the structural imbalance between US Dollar supply and demand in Q1 2017. We opine, that the CBN will continue with its current monetary policy stance in a bid to encourage investors to hold Naira assets while attracting foreign flows as they fine tune modalities around a more practical FX regime in Q1 2017. The highlights of the proposed 2017 budget as stated below:

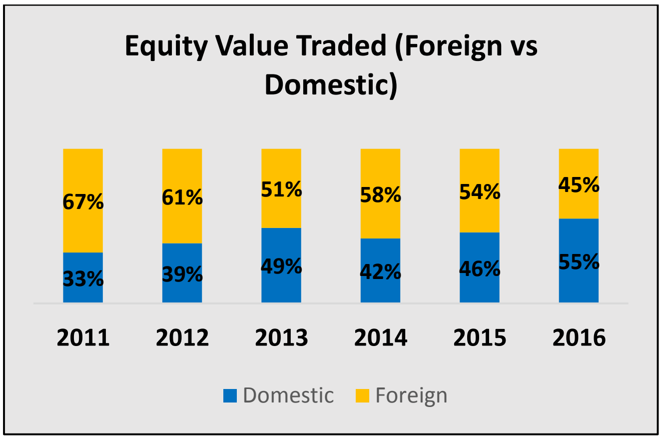
FISCAL ITEMS	2016 Approved Budget	2017 proposed
Oil production volume (mbpd)	2.20	2.20
Projected Budget benchmark price ($pb)	38.00	42.50
Average Exchange rate (₦)	197.00	305.00
	₦'billion	₦'billion
Revenue	3,855.74	4,900.00
Expenditure	6,060.68	7,298.00
a. Recurrent (non-debt) Expenditure	2,346.39	2,980.00
b. Aggregate Capital Expenditure	1,800.00	2,243.00
Capex as a % of total expenditure	30%	31%
Budget Deficit	2,204.94	2,398.00
Deficit as a % of GDP	-2.14%	-2.18%
Domestic Borrowing	984.00	1,254.00
Foreign Borrowing	900.00	1,067.00



Source: Budgit

In the equity market, the weak macro-economic environment will continue to be an overhang on investors' perception of the market going into Q1 2017. As such, we still opine that the equity market will have a muted to negative performance in Q1 2017 given challenging operating environment for companies, the release of negative macroeconomic data and company reports in Q1 2017, availability of attractive yields on fixed income investments, sub-optimal crude oil production, concerns by investors regarding the implementation of proposed government policy and the implications of a US Fed rate hike.





Investment Strategy

In view of our outlook, we would maintain equity exposure across funds/portfolios closer to the lower limit of the equity allocation. We will also strategically position around securities with strong corporate governance and consistent long term earnings growth especially in the Banking and Agricultural sectors. Accordingly, we would remain overweight in the quality names across target sectors, as these names are expected to outperform the market in a negative business cycle. In addition, we would cautiously increase exposure to securities that are trading at significant discounts to valuation and attractive year-end corporate actions.

We opine, that the CBN will continue with its current monetary policy stance in a bid to encourage investors to hold Naira assets while attracting foreign flows as they fine tune modalities around a more practical FX regime in Q1. We also expect the inverted yield curve to be maintained as Treasury bill yields will likely remain elevated, this should be complemented by sustained issuance of high-yielding OMO and treasury bills at the auction.

We opine that rates will range from 14.50% p.a. to 19.00% p.a., as such we will continue to seek exposure to Treasury bills and lock-in at OMO auctions at relatively high yields obtainable within the long end of the curve. In addition, we would seek to bank profit on short dated bills while re-investing at the long end of the curve.

We will continue to increase our bond exposure at a target yield of 16.00% p.a. or better in order to enhance the long term return of the portfolios as we do not expect the high yields at the short end of the curve to persist in the medium to long-term.

Stanbic IBTC Asset Management

Stanbic IBTC Nigerian Equity Fund

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.

Lower risk — Higher risk

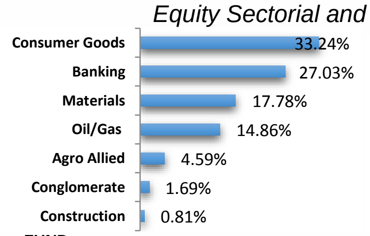
Potentially lower reward — Potentially higher reward

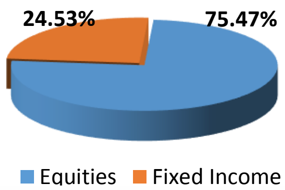
1	2	3	4	5

FUND FACTS

Base Currency	Naira
Launch Date	**Feb-97**
Status of Fund	**Open Ended**
NAV per Unit	**₦7,727.17**
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.**

Equity Sectorial and Asset Allocation





FUND PERFORMANCE

Period	Q4 2016	FY 2016	FY 2015	3 years	5 years	10 years	Inception to Date
SINEF Return	-3.20%	5.82%	-14.66%	-36.63%	7.217%	2.10%	852.93%
Nigeria All Share Index	-5.16%	-6.17%	-17.36%	-34.97%	29.64%	-19.03%	358.01%

Stanbic IBTC Ethical Fund

FUND OBJECTIVE: The Stanbic IBTC Ethical Fund aims to achieve long term capital appreciations by investing a minimum of 75% in equity securities of socially responsible companies quoted on the Nigerian Stock Exchange and a maximum of 25% in high quality fixed income securities.

Lower risk — Higher risk

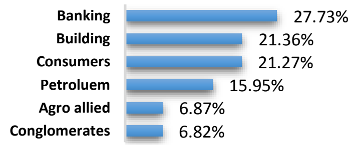
Potentially lower reward — Potentially higher reward

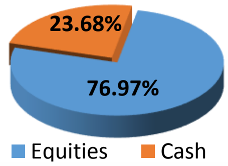
1	2	3	4	5

FUND FACTS

Base Currency	Naira
Launch Date	**Jan-06**
Status of Fund	**Open Ended**
NAV per Unit	**₦ 0.78**
Nature of Fund	**Equity Biased**
Initial Investment	**₦50,000**
Additional Investment	**₦20,000**
Distribution Frequency	**Yearly**
Bloomberg Ticker	**<STANETH NL>**
Handling Charge	**1% redemption charge if within the first ninety one (91) Days.**

Equity Sectorial and Asset Allocation





FUND PERFORMANCE

Period	Q4 2016	FY 2016	FY 2015	3 years	5 years	10 year	Inception to Date
SITEF Return	-4.88%	2.63%	-10.59%	-36.59%	11.50%	-17.09%	15.01%
Nigeria All Share Index	-5.16%	-6.17%	-17.36%	-34.97%	29.64%	-19.03%	43.63%

Stanbic IBTC Balanced Fund

FUND OBJECTIVE: The primary objective of the Stanbic IBTC Balanced Fund is to achieve decent capital appreciation by investing a maximum of 60% of the portfolio in both quoted and un-quoted equity securities with up to 15% in alternative investment instrument such as private equity, REITs, MBS e.t.c and a minimum of 40% in high quality fixed income securities.

Lower risk — Higher risk

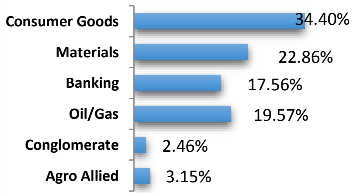
Potentially lower reward — Potentially higher reward

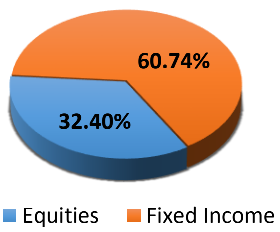
1	2	3	4	5

FUND FACTS

Base Currency	Naira
Launch Date	**Jan-12**
Status of Fund	**Open Ended**
NAV per Unit	**N1,849.45**
Nature of Fund	**Equity Biased**
Initial Investment	**₦50,000**
Additional Investment	**₦20,000**
Distribution Frequency	**Yearly**
Bloomberg Ticker	**<STANBAL NL>**
Handling Charge	**1% redemption charge if within the first ninety one (91) Days.**

Equity Sectorial and Asset Allocation





FUND PERFORMANCE

Period	Q4 2016	FY 2016	FY 2015	3year	5year	Inception to Date
SIBAL Return	0.89%	9.84%	1.77%	5.38%	66.84%	66.84%
Nigeria All Share Index	-5.16%	-6.17%	-17.36%	-34.97%	29.64%	29.64%

Stanbic IBTC Guaranteed Investment Fund

FUND OBJECTIVE: The primary objective of the Fund is to achieve both capital appreciation and preservation of the principal invested via investment in a portfolio of high grade fixed income securities approved by the Securities and Exchange Commission and blue chip equity securities listed on the Nigerian Stock Exchange. The fund seeks to achieve its stated objective by investing a minimum of 75% of its asset in low risk fixed income securities while a maximum of 25% can be invested in equities quoted on the Nigerian Stock Exchange.

The SIGIF guarantees the principal amount against diminution in value provided the units are held for a minimum period of three months.

Lower risk — Higher risk

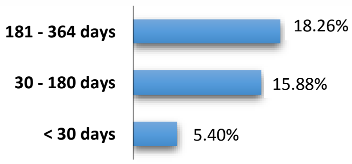
Potentially lower reward — Potentially higher reward

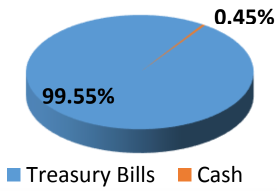
1	2	3	4	5

FUND FACTS

Base Currency	Naira
Launch Date	**Dec-07**
Status of Fund	**Open Ended**
NAV per Unit	**₦186.89**
Nature of Fund	**Fixed Income Biased**
Initial Investment	**₦50,000**
Additional Investment	**₦20,000**
Distribution Frequency	**Yearly**
Bloomberg Ticker	**<STANGIN NL>**
Handling Charge	**No principal guarantee for withdrawals under 3 months.**

Maturity profile and Asset Allocation





FUND PERFORMANCE

Period	Q4 2016	FY 2016	FY 2015	3year	5year	Inception to Date
SIGIF Return	4.56%	10.10%	12.24%	29.22%	53.94%	103.14%
91 day WATBR (%)	3.51%	10.07%	9.48%	33.17%	61.64%	N/A

Stanbic IBTC
Asset Management

Stanbic IBTC Bond Fund

FUND OBJECTIVE: The primary objective of the Fund is to achieve competitive returns on its assets with minimal risk. The Fund seeks to achieve its stated objective by investing at least 65% of its assets in high quality bonds and other fixed income securities, while a maximum of 35% of its assets is invested in quality money market instruments.

Lower risk — Higher risk

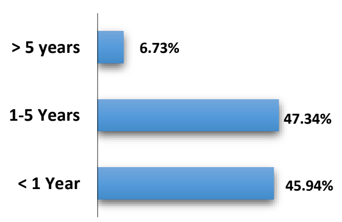
Potentially lower reward — Potentially higher reward

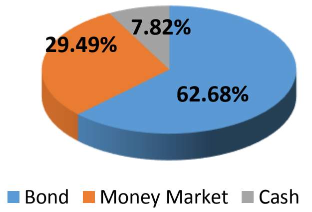
1	2	3	4	5

FUND FACTS

Base Currency	Naira
Launch Date	Feb-10
Status of Fund	Open Ended
NAV per Unit	₦153.96
Nature of Fund	Fixed Income Biased
Initial Investment	₦100,000
Additional Investment	₦100,000
Distribution Frequency	Yearly
Bloomberg Ticker	<STANIBF NL>
Handling Charge	1% redemption charge if within the first ninety one (91) Days.

Maturity profile and Asset Allocation





FUND PERFORMANCE

Period	Q4 2016	FY 2016	FY 2015	3year	5year	Inception to Date
SIBOND Return	2.55%	7.85%	17.26%	36.09%	61.21%	75.83%
3-year FGN Bond Weighted Average Yield (p.a.)	3.77%	9.31%	13.12%	43.80%	85.67%	123.02%

Stanbic IBTC Money Market Fund

FUND OBJECTIVE: The primary objective of the Fund is to obtain as high a level of current income as is consistent with capital preservation. The Fund is for investors with low risk appetite who aim to maximize current level of income while preserving capital invested. The Fund seeks to achieve its stated objective of delivering competitive returns investing 100% of its assets in low risk short-term securities such as Treasury Bills, Commercial Papers, Banker's Acceptances, and Certificates of Deposit with institutions that are rated not less than "A" by at least one recognized local rating agency registered with the Securities and Exchange Commission.

Lower risk — Higher risk

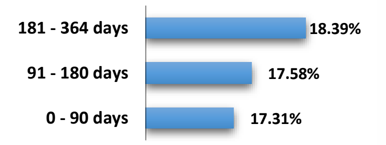
Potentially lower reward — Potentially higher reward

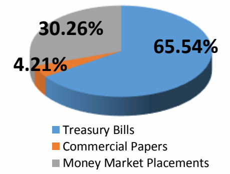
1	2	3	4	5

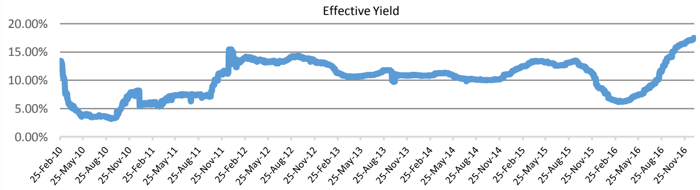
FUND FACTS

Base Currency	Naira
Launch Date	Feb-10
Status of Fund	Open Ended
Fund Rating	Aa (f) by Agusto & Co
Nature of Fund	Fixed Income Biased
Initial Investment	₦50,000
Additional Investment	₦50,000
Distribution Frequency	Quarterly
Bloomberg Ticker	<STANIMM NL>
Handling Charge	0.5%of redemption proceeds for withdrawals under 30 days

Maturity profile and Asset Allocation







Stanbic IBTC Imaan Fund

FUND OBJECTIVE: The primary objective of the Stanbic IBTC Imaan Fund is to achieve long–term capital appreciation by investing a minimum of 70% of the Fund's assets in Shariah compliant equity securities as approved by the Advisory Committee of Experts (ACE) from time to time and a maximum of 30% in Shariah compliant asset backed investments (SUKUK) and cash.

Lower risk — Higher risk

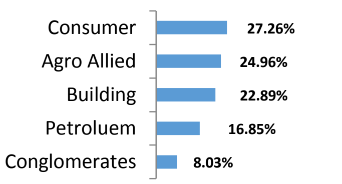
Potentially lower reward — Potentially higher reward

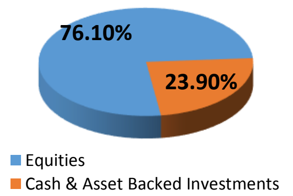
1	2	3	4	5

FUND FACTS

Base Currency	Naira
Launch Date	Oct-13
Status of Fund	Open Ended
NAV per Unit	₦132.39
Nature of Fund	Equity Biased
Initial Investment	₦50,000
Additional Investment	₦20,000
Distribution Frequency	N/A
Bloomberg Ticker	<STANIMF NL>
Handling Charge	N/A

Maturity profile and Asset Allocation





FUND PERFORMANCE

Period	Q4 2016	FY 2016	FY 2015	3 Year	Inception to Date
SIIMAAN Return	-5.11%	-3.96%	-4.83%	-28.55%	6.03%
Nigeria All Share Index	-5.16%	-6.17%	-17.36%	-34.97%	-4.29

Stanbic IBTC Exchange Traded Fund

FUND OBJECTIVE: The investment objective of the Fund is to replicate as closely as possible, before fees and expenses, the total return of The Nigerian Stock Exchange 30 Index ("NSE 30 Index" or "Index") in terms of price performance as well as income from the underlying securities of the index.

Lower risk — Higher risk

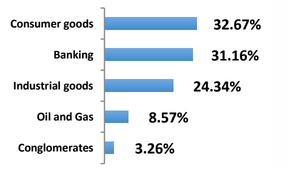
Potentially lower reward — Potentially higher reward

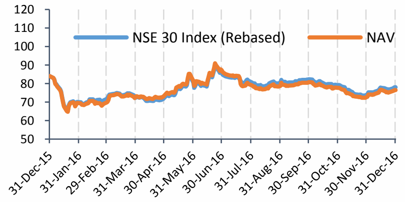
1	2	3	4	5

FUND FACTS

Base Currency	Naira
Launch Date	Jan-06
Status of Fund	Open Ended
NAV per Unit	₦ 77.93
Nature of Fund	Equity Biased
Benchmark	NSE 30 Index
Replication method	Physical- Full replication
Distribution Frequency	Quarterly (Indicative)
Bloomberg Ticker	<STANBICE NL Equity>
Handling Charge	N/A

Equity Sectorial Allocation and Fund Price Performance





FUND PERFORMANCE

Period	Q4 2016	FY 2016	FY 2015	Inception to Date
Benchmark Return	-4.88%	8.97%	-13.11%	-20.91%
NAV Return*	-5.27%	-7.18%	-17.53%	-23.54%

**The NAV return is based on the return of the underlying securities.*

CONTACT US: Efe Omoduemuke or Jide Allo WEALTH HOUSE Plot 1678 Olakunle Bakare Close Off Sanusi Fafunwa Victoria Island Lagos P. O. Box 71707 Victoria Island Telephone: +234 (0) 1 2801266 Ext 2314: 2315, Fax: +234 (0) 1 2805442, 2805443 Website: www.stanbicibtcassetmanagement.com