

Stanbic IBTC Ethical Fund ("SIEF")

QUARTERLY FUND FACTSHEET Q3:2016



FUND FACTS

Fund Manager	Stanbic IBTC Asset Management Limited
Base Currency	Naira
Launch Date	January - 2006
Fiscal Year End	December
Status of Fund	Open Ended
NAV per Unit	₦0.82
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 withdrawal is done in less than 3 months.

FUND OBJECTIVE

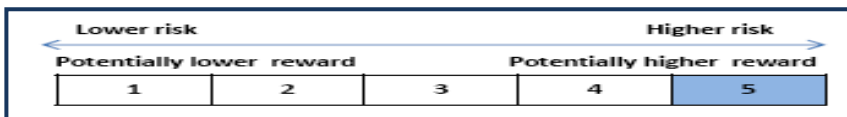
The Stanbic IBTC Ethical Fund aims to achieve long term capital appreciations by investing a minimum of 75% in equity securities of socially responsible companies quoted on the Nigerian Stock Exchange and a maximum of 25% in high quality fixed income securities.

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 Ethical Fund ("SIEF" or "the Fund") opened on 01 July 2016 with an offer price of ₦0.82 and closed the quarter with an offer price of ₦0.82, thereby returning 0.00% and 7.89% for the quarter and year to date respectively. The All Share Index ("ASI") in the same vein opened the quarter at 29,597.79 and closed at 28,335.40 returning (4.27%) for the quarter and (1.07%) on a year to date basis.

The positive performance witnessed in the Nigerian bourse in the preceding quarter was short lived due to the failure of the highly anticipated implementation of flexible exchange rate framework to increase foreign exchange liquidity. Furthermore, other critical factors responsible for the poor equity market performance includes significant decline in daily crude oil production which was exacerbated by the atrocious acts of the Niger Delta Avengers, release of unimpressive H1 2016 scorecards by various blue chip companies and the publication of weak macroeconomic data indicating that the economy had slumped into recession after two consecutive quarters of negative real Gross Domestic Product growth (-2.06% y/y in Q2:16 from -0.34% y/y in Q1:16).

During the quarter, the Fund Manager introduced additional securities in the banking sector to take advantage of their decent H1 2016 results while exposure to securities in the consumer sector was reduced. The Fund manager also increased participation at the long end of the Treasury bills curve to lock in attractive rates which led to improved fund performance.

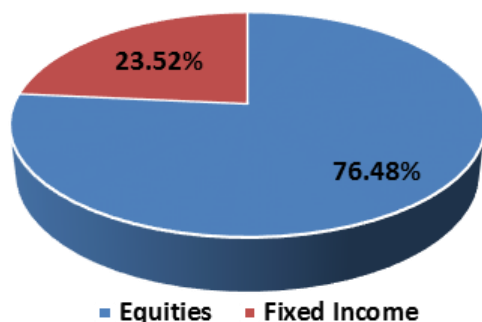
INVESTMENT STRATEGY

Given that the economy is already in a recession, the recovery of the market would be largely dependent on how swiftly the Federal Government implements feasible policies and reforms to restore the country on the path of growth. In addition, the ability of the government to shore up the dwindling external reserves possibly via external borrowing from development finance institutions/investors, sale of certain assets during the quarter to bridge the infrastructural deficit gap and a sustained increase in daily crude oil production would form the riding theme of the performance of the equity market going into 2017.

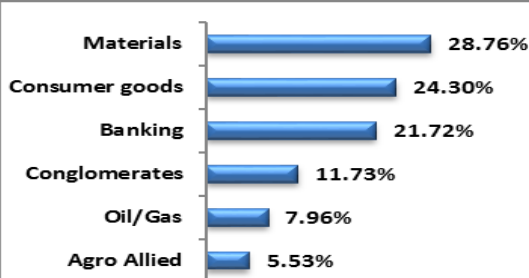
We also note that the lingering foreign exchange scarcity would further dampen company earnings. Thus, we expect a large number of companies to release subdued Q3 2016 results. Also, attractive yields on fixed income investments and the possibility of a rate hike by the US Fed is expected to weigh heavily on investors participation in the equity market. Based on the foregoing, we expect a negative performance for the equities market in Q4 2016.

In view of our outlook, we would maintain equity exposure closer to the lower range of the Fund's allocation. Accordingly, we would remain overweight in the Industrial and Agriculture sectors based on government's overall policy direction while we continue to underweight the Consumer Goods sector.

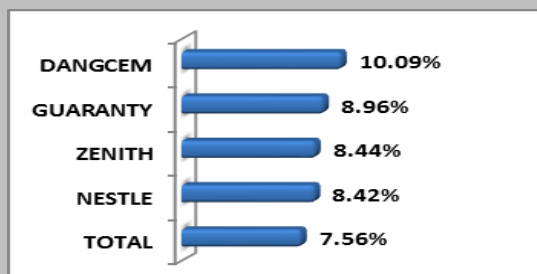
ASSET ALLOCATION AS AT 30 SEPTEMBER 2016



EQUITY SECTORIAL ALLOCATION AS AT 30 SEPT 2016



TOP 5 HOLDINGS AS AT 30 SEPTEMBER 2016



FUND PERFORMANCE

Period	Q3 2016	Q2 2016	Q1 2016	2015	2014	2013	2012	2011	2010	2009	2008
SIEF Return	0.00%	15.69%	-6.58%	-10.59%	-28.39%	36.96%	24.76%	-27.52%	14.29%	-20.33%	-44.34%
Nigeria All Share Index	-4.27%	16.96%	-11.65%	-17.36%	-16.14%	47.19%	35.45%	-16.31%	18.93%	-33.78%	-45.77%