

# Stanbic IBTC Nigeria Equity Fund (“SINEF”)

## QUARTERLY FUND FACTSHEET Q3:2016



### 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	₦7,982.42
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

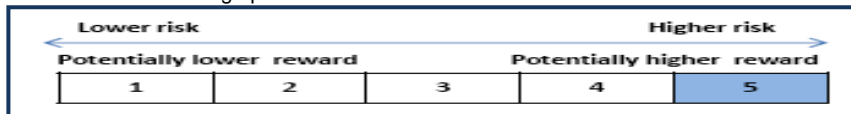
The primary objective of the Stanbic IBTC Nigerian Equity Fund is to deliver real returns and achieve long term capital appreciation of its assets by investing a minimum of 75% of the portfolio in equity securities quoted on the Nigerian Stock Exchange and a maximum of 25% in high quality fixed income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

### INVESTMENT BENEFITS

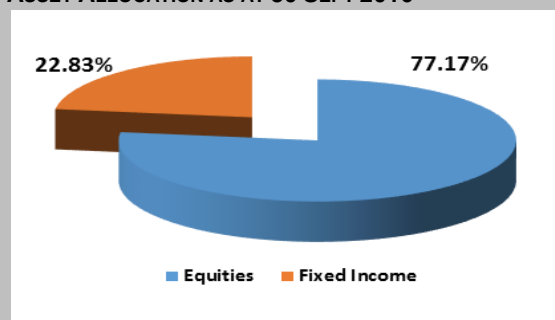
- A well-diversified portfolio of stocks
- Professional management
- Economies of scale
- Liquidity Provision
- Transparent & robust reporting
- Direct Debit funding option/initiative

### INVESTMENT RISKS

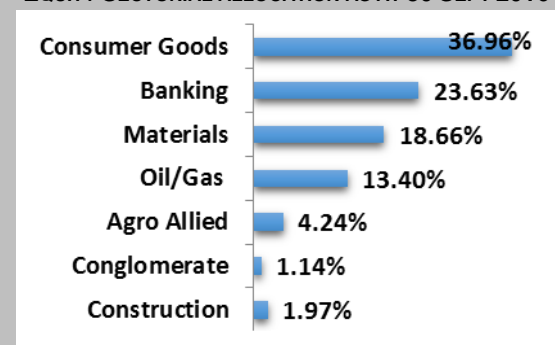
- The value of investments may fluctuate
- Inconsistent government policies
- Political risk



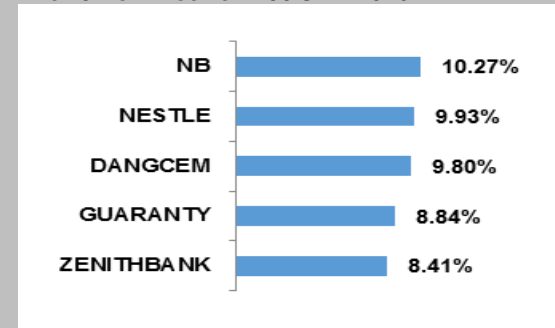
### ASSET ALLOCATION AS AT 30 SEPT 2016



### EQUITY SECTORIAL ALLOCATION AS AT 30 SEPT 2016



### TOP 5 HOLDINGS AS AT 30 SEPT 2016



### PORTFOLIO MANAGER’S COMMENT

The Stanbic IBTC Nigerian Equity Fund (“SINEF”) opened on 01 July 2016 with an offer price of ₦7,914.42 and closed the quarter with an offer price of ₦7,982.42 which represents a return of 0.86% and 8.89% 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, declining by 4.27% for the quarter which brings the year to date return to (1.07%).

The significant decline in daily crude oil production particularly in the first two months of the quarter was largely attributable to the heightened levels of sabotage of oil facilities in the Niger Delta region. Accordingly, Nigeria recorded her lowest production levels in the last ten years with a daily average production of 1.51 million barrels in July 2016. Furthermore, the inability of the recently implemented flexible exchange rate framework by the Central Bank of Nigeria (“CBN”) to increase foreign exchange liquidity and subsequent publication of weak macroeconomic data which indicated that Nigeria was in a recession with two consecutive quarters of negative real Gross Domestic Product growth (-2.06% y/y in Q2:16 from -0.36% y/y in Q1:2016) sent negative signals to local and foreign investors alike. Consequently, the equities market recorded negative performances of -5.36% & -1.47% in July & August albeit a positive performance of 2.67% was recorded in September while all sectorial indices recorded negative performances during the quarter.

The Monetary Policy Committee (“MPC”) of the CBN also decided to tighten monetary policy by adjusting the Monetary Policy Rate (“MPR”) upwards from 12.00% to 14.00% while retaining the Cash Reserve Ratio and Liquidity ratio at 22.50% and 30% respectively. Consequently, yields spiked by circa 460 basis points.

The Fund Manager took profit on both GT Bank and NB shares which appreciated during the quarter. Also, due to high yields in the Money Market segment, the Fund Manager switched low yielding Treasury bills at sub 10.00% p.a. for higher yielding bills at an average of 17.00% p.a. which enhanced the performance of the Fund.

### INVESTMENT STRATEGY

We opine that the performance of the equity market in Q4 2016 would considerably be hinged on how swiftly the Federal Government enact policies and reforms that would lift the economy out of recession. In addition, the ability of the government to increase foreign exchange earnings via any or a combination of factors such as sustained increase in daily crude oil production, external borrowing from development finance institutions/investors and sale of certain assets to finance capital projects, stimulate aggregate demand and shore up foreign reserves would drive the direction of the equity market. Furthermore, attractive yields on fixed income investments, lingering foreign exchange scarcity coupled with record high input cost is expected to dampen companies Q3 2016 earnings especially those in the Consumer Goods sector. Hence, we expect a negative equity market performance.

In view of our outlook, we would maintain equity exposure closer to the lower range of the equity allocation. Although, 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. In addition, we would cautiously increase exposure to securities that are trading at a significant discount from valuation price and also position for companies with decent historical year-end rallies and corporate action ahead of the full year earnings season.

### FUND PERFORMANCE

Period	Q3 2016	H1 2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
SINEF Return	0.86%	-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	-4.27%	-11.65%	-17.36%	-16.14%	47.19%	35.45%	-16.31%	18.93%	-33.78%	-45.77%	74.73%	37.80%

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