



Dear Valued Client,

Q2:2017 Portfolio Report

Following the improvements noted in Q1:2017, the Nigerian economic fundamentals continued to improve with inflation moderating to 16.25% (May 2017) and Purchasing Manager Index (PMI) which measures capacity utilization showing stronger month on month growth. The successes recorded by FGN in its Diaspora and Eurobonds offering underpin investors belief in the country as a major investment destination in Africa. Also, stability of the Naira, crude oil prices and increased crude oil production levels affirm positive outlook on the economy in the medium to long term. We still expect the reforms in the public sector, along with the implementation of the FGN's Economic Recovery and Growth Plan and execution of the approved 2017 budget to address the structural challenges fueling high inflationary pressure.

At the Monetary Policy Committee (MPC) meeting of May 2017, the Committee decided to retain Monetary Policy Rate (MPR) at 14%, Cash Reserve Requirement (CRR) at 22.5%, Liquidity ratio at 30%, while also maintaining the asymmetric corridor of +200bps & -500bps.

During the period, the fixed income segment continued to provide high yield for investors, given the decision by the MPC to maintain status quo. With further decline in inflation rate, investors' real returns improved. Average treasury bills and bonds yields improved and closed the quarter at 19.73% (vs. 17.03% Q1) and 16.64% (vs. 16.27% Q1) respectively. Furthermore, the Debt Management Office on behalf of the Federal Government announced its plan to sell NGN100 billion worth of debut sovereign Sukuk, to aid funding of government road projects. This announcement was a welcome development, especially for the ethical investing public.

Equities market reversed bearish run in Q2'2017 and returned 27.79% for the quarter while Year-to-Date return settled at 23.23%. Investors' sentiment skewed to equities as economic indicators signaled early upswing coupled with attractive low prices of most counters, better than expected earnings scorecards of listed entities amidst tight economic constraints witnessed and improving fundamentals of most of the listed entities as domestic economy showed some recovery. Given the early signs of economic inflection point, we believe select stocks of companies operating in the priority sectors still present opportunities for potential gains in the rest of year 2017 especially for long term investors. Hence, we are optimistic about the equities market over the near term. Our strategy for H2:17 is to position our portfolios in value counters and dividend paying stocks in key sectors of the economy while protecting downside risks with Fixed Income and Alternative investments, as we continually seek positive risk-adjusted returns for our clients.

With regard to diversification through alternative investments, our structured Pounds and Dollar denominated products are still available for subscription and improved rates of return. Initial principal of GBP2,000 and USD2,000 respectively affords investors the opportunity to invest in these products and also grow their investment with a monthly contribution of GBP500 or USD500.

In our quest to meet our client needs, we continue to seek real estate development projects in areas such as Ebute-metta, Yaba and other prime mainland locations. We have also began preliminary work to launch new funds, details of which will be provided in the coming months. We believe that given the economic direction and diversification, exciting investment avenues will be opening up. Further information will be provided in due course. Our other structured products and services- Equity and Money Market Mutual Funds, Retirement Planning and Target Date Portfolios are still available for subscription.

In Q3:17, we expect more growth stimulating policies to be introduced by the Federal Government, thus, mild stability may still be seen for the foreseeable future in the equities market space, while we expect a possible cut in fixed income investment rates.

As always, I thank you for your unwavering support and look forward to a continually beneficial relationship.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Sulaiman Adedokun", is written over a light blue horizontal line.

SULAIMAN ADEDOKUN, CFA
MANAGING DIRECTOR