



Dear Valued Client,

### Q3:2017 Portfolio Report

Following the improvements noted in Q2:2017, the Nigerian economic fundamentals continued to improve with inflation moderating to 16.01% (August, 2017) and Purchasing Manager Index (PMI) which measures capacity utilization showing stronger month on month growth. The various measures taken by the monetary and fiscal authorities has started yielding fruits as the country exit recession. Though, the growth was weak, we believe price stability, increase crude oil prices and production levels affirm our positive outlook on the economy in the medium to long term.

At the Monetary Policy Committee (MPC) meeting held on 25<sup>th</sup> – 26<sup>th</sup> of September 2017, the Committee decided to maintain status quo; 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.

At the beginning of the quarter, fixed income assets provided a high yield for lower risk investors. However, as predicted in our last letter, yields began to trend downwards by the close of the quarter. Average treasury bills and bonds yields closed the quarter at 18.88% (vs. 19.73% Q2) and 16.01% (vs. 16.64% Q2) respectively. Furthermore, the Debt Management Office issued the FGN NGN100 billion SUKUK in September 2017 which was oversubscribed to the tune of NGN105.878 billion, which indicates a wide acceptance by investors.

The recent decline in the level of market rates on certain maturities, though demand induced, give an idea of the proportion of decline across the yield curve that may present when the policy rate is cut. While we don't expect the Monetary Policy Committee to make this decision in the near-term, we note that the point when this policy decision will be probable is on the horizon, possibly in Q1:2018.

Equities market consolidated on return recorded in Q2'2017 and returned 7.01% for the quarter while Year-to-Date return settled at 31.87%. Investors' sentiment remained strong for equity asset class as economic indicators upswing coupled with attractive low prices of most counters. The earnings scorecards of listed entities showed significant improvement as at Q2'17 as companies return to profitability path given recovery in the economic fundamentals. While it might appear the equities had rallied YtD, 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.

We continue to strive to provide you with competitive alternative investments, thus, our structured foreign currency denominated products are still available for subscription at attractive rates of return. Minimum subscription amount in our dollar-denominated product is USD2,000 and contribution of USD500 thereafter. Our Pounds-denominated real estate-backed product also offers investment opportunity starting from GBP2,000 with contribution of GBP500 thereafter.

Other structured products and services we have available are: Equity and Money Market Mutual Funds, Retirement Planning service and Target Date Portfolios.

Furthermore, we have carried out extensive work to provide new products that offer investment diversification, such as a Real Estate-backed Ethical Portfolio and Ethical Guaranteed Income Portfolio, We expect to conclude finishing touches to these new products over the next few weeks.

Lastly, in the concluding quarter of 2017, we expect more growth prospects for the economy and more policies implementations by the Federal Government to drive growth stability over the foreseeable future.

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", with a long, sweeping underline.

**SULAIMAN ADEDOKUN, CFA**  
**MANAGING DIRECTOR**