

## Fund Overview

### Introduction

The Meristem Equity Market Fund (MEMF) is an actively managed open-ended collective investment scheme authorized by the SEC whose primary objective is long term capital appreciation targeted at investors with high risk appetite and long term horizon. Resources pooled through subscription are invested leveraging on the Fund's size and expertise of the Manager to grow the wealth over long term horizon to achieve positive risk-adjusted return.

## Market & Fund Review (September 2018)

### Market Overview

The Nigerian Equities Market (NGSEASI) continued downward trend posting a loss of 14.40% in Q3:2018 as YtD return settles at -14.32%. Similarly, the Meristem Equity Market Fund (MEMF) also posted net of fees loss of 15.24% compared to its composite benchmark return of negative 12.65% in the same period. The market mood remained bearish throughout the quarter as companies reports released to the market failed to serve as needed catalysts. The Nigerian market was not spared from the emerging markets equities sell down despite the strong macro outlook on the economy.

The Fund underperformed its composite benchmark return net of fees by 2.59% in the quarter as Fund's YtD return settles at -11.15% versus benchmark return of -11.89%.

The investors' confidence in the Nigerian equities remained largely weak. We maintain a cautious positive outlook on the horizon as the Nigerian equities prices remained largely attractive at price-earnings-ratio of sub ten compared to its peers.

### Statement of objectives

The Fund's objective is to seek long term capital appreciation through investment in equity securities with a focus on a portfolio of stocks listed on the Floor of the NSE

### Investment Management

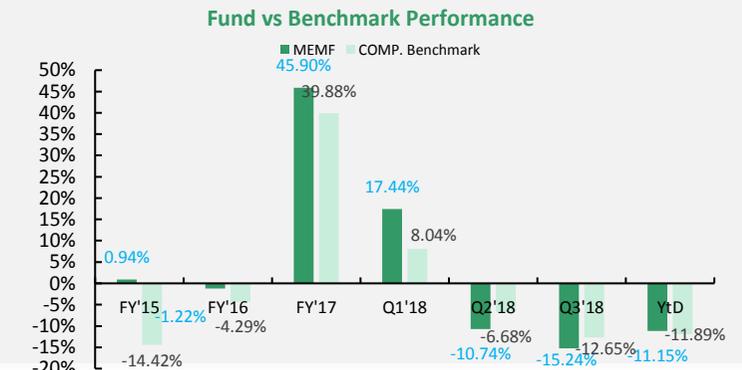
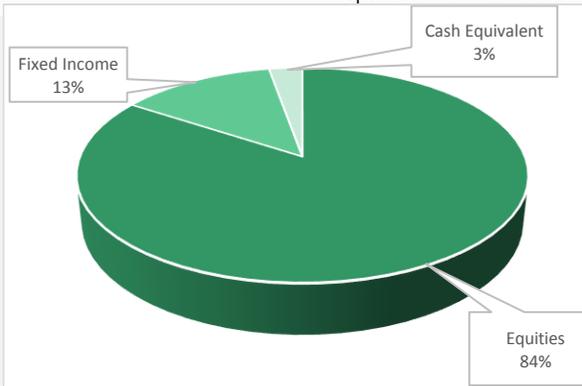
The mode of investment management shall be **full discretionary**. A portion of dividends and gains earned by the fund shall be distributed to unit holders of the Fund on an annual basis.

### Fund Outlook

Macro-economic data in the recent National Bureau of Statistics' releases showed that the nation's GDP grew by 1.50% Y-o-Y in Q2'2018. Though, the figure came in weaker than general expectations. Albeit, growth outlook retained. In the same vein, inflation pegged at +11.23% YoY in August 2018. The equities market outlook is weak in the near term given the headwinds and emerging market tensions as foreign portfolio investors exit the markets.

However, given stable FX market and robust external reserve, we expect government spending on capital projects in H2'2018 to have positive impacts on the economy and improve capacity utilization in the real sector of the economy. However, as general elections draw nearer, and the usual historical volatility associated with asset classes returns, we maintain a cautious optimism on equities for the rest of the year 2018. Our strategy is to maintain a strategic allocation of the Fund's asset to value stocks that have solid fundamentals in different sectors of the economy while taking tactical movement within permissible range and protecting the downside risk with an acceptable level of fixed income securities to earn a decent return.

| Meristem Equity Market Fund |                               |
|-----------------------------|-------------------------------|
| Fund Profile and Objective  |                               |
| Fund Inception Date         | 28-Oct-15                     |
| Investment horizon          | Long term                     |
| Currency                    | Naira (NGN)                   |
| Bid/Offer (August 31, 2018) | NGN11.5133/NGN11.6161         |
| Objectives                  | Capital Preservation & Growth |
| Risk tolerance              | High                          |



### Subscription

**Bank Name:** Standard Chartered Bank Nigeria  
**Account Name:** VETIVA TRUSTEES LTD/MERISTEM EQUITY FUND  
**Account Number:** 0002190530  
**Sort code:** 068150057  
**Minimum Subscription:** 1,000, subsequent multiples of 100  
**Redemption:** Five (5) business days

### Profile of the Fund Manager

The company's business is all about wealth management for both high net worth individuals and corporate organizations. Meristem Wealth Management has evolved over the years as a household name in investment portfolio management in Nigeria. The Company has a variety of portfolios developed for retail and semi retail clients.

It is based on this strength that the company has decided to take a giant stride to improve its market share by setting up two investment funds namely, the Meristem Money Market Fund and Meristem Equity Fund.

### Fund Managers

Sulaiman Adedokun, CFA  
 Taiwo Yusuf, CFA  
 Kehinde A. Ibrahim, CFA