

CardinalStone Guaranteed Investment Plan ("CSGtdIP")

Quarterly Newsletter – March 2016



FUND FACTS

| | |
|------------------------------------|--------------------------------|
| Fund Manager: | CardinalStone Asset Management |
| Launch Date: | April 2010 |
| Initial Investment: | ₦100,000 |
| Additional Investment: | ₦50,000 |
| Net Assets Value per Share: | ₦1.6879 |

FUND PERFORMANCE

| | 3Q15 | 4Q15 | 1Q15 | YTD |
|------------------|-------|-------|-------|-------|
| FUND | 2.28% | 2.41% | 2.50% | 2.50% |
| 10Y BOND* | 3.81% | 3.02% | 2.92% | 2.92% |

*Average yield on 16.39% FGN Bond 2022 pro-rated for period

FUND OBJECTIVE

The Plan offers a guarantee on the principal amount invested as well as a guaranteed income to investors who have zero-tolerance for market volatility. The Plan seeks to achieve its objectives by investing all of its funds in fixed income securities that provide less risky and assured returns relative to equities.

PORTFOLIO MANAGER'S COMMENTARY

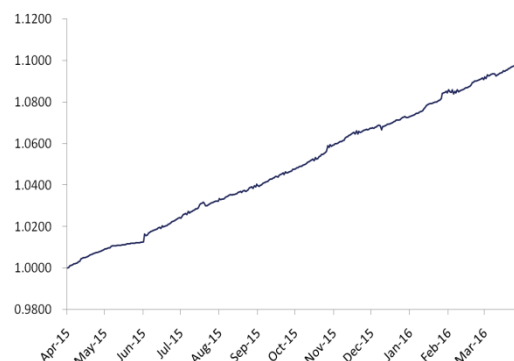
The CardinalStone Guaranteed Investment Plan ("CSGtdIP") opened for the quarter on 1 January 2016 with an Offer price of ₦1.6467 and closed for the quarter at an Offer price of ₦1.6879, a return of 2.50%

The Central Bank of Nigeria (CBN), following the Monetary Policy Committee (MPC) meeting which held in March 2016, increased the Monetary Policy Rate (MPR) to 12% from 11%. The asymmetric corridor around the MPR was also adjusted to +200bps/-500bps from the previous band of +200bps/-700bp. The Cash Reserve Requirement (CRR) on private and public sector deposits was increased to 22.5% from 20% while the Liquidity Ratio was left unchanged at 30%. The increase in the MPR was in response to February's inflation print – which was 11.8% from 9.6% the previous month. With this decision, the MPC reversed the easing cycle that commenced in the previous quarter, and hoped that higher interest rates will attract investments, lead to an increase in USD supply and help reduce inflation which is more cost-push than demand-pull. Despite this, inflation in March closed higher at 12.8% sustaining the trend seen in February.

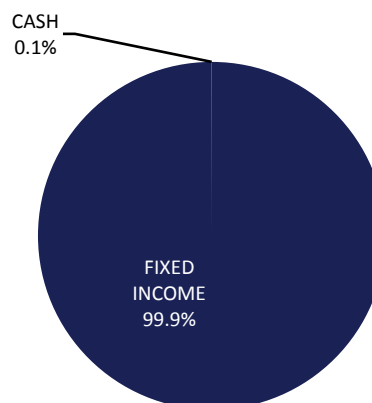
In response to the interest rate decision, yields on FGN bonds increased across all tenors. The yields on the 5yr, 7yr, 10yr and 20yr bonds inched up by 92bps, 63ps, 54bps and 145bps to close the quarter at 11.51%, 10.46%, 11.38% and 12.43% respectively.

In the quarter ahead, we expect yields on fixed income instruments to rise as investors continue to demand higher yields in response to higher inflation figures and the government's borrowing need.

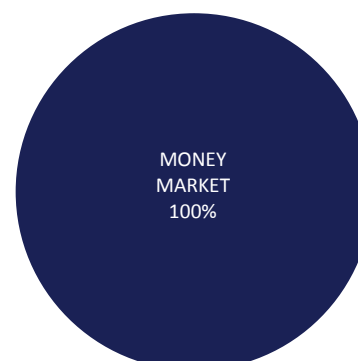
NAV PERFORMANCE (ONE YEAR ROLLING)



STRATEGIC ALLOCATION



ALLOCATION BY INSTRUMENT



For further enquiries please speak to our Investment advisors (Pius on 08090479268 or Tina on 08090415167) or send us a mail at investment@cardinalstone.com

Disclaimer

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