

# CardinalStone Ethical Investment Plan ("CSEIP")

## Quarterly Newsletter – June 2016



### TOP STOCK HOLDINGS

<b>Fund Manager:</b>	CardinalStone Asset Management
<b>Launch Date:</b>	April 2010
<b>Initial Investment:</b>	₦100,000
<b>Additional Investment:</b>	₦50,000
<b>Net Assets Value per Share:</b>	₦1.3220

### FUND PERFORMANCE

	4Q15	1Q16	2Q16	YTD
<b>FUND</b>	0.79%	0.25%	3.97%	3.87%
<b>NSEASI</b>	-8.25%	-11.65%	16.96%	3.34%
<b>10Y BOND*</b>	3.02%	2.92%	3.29%	6.22%
<b>COMPOSITE**</b>	-2.62%	-4.36%	10.13%	4.78%

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

\*\*Composite benchmark is based on Plan allocation of 50% Equities & 50% Fixed Income

### FUND OBJECTIVE

The Plan seeks to offer long term capital appreciation, while being mindful of the ethical concerns of its investors. Majority of the Plan's funds are invested in a balanced mix of equities quoted on the NSE and fixed income products that are structured to be non-interest bearing, while the balance is held in alternative investments in the real estate and private equity opportunities. The plan adopts a socially responsible approach to investing and avoids investments in companies involved in the production of and/or dealing in activities considered potentially harmful to civil society.

### PORTFOLIO MANAGER'S COMMENTARY

The CardinalStone Ethical Investment Plan ("CSEIP") opened for the quarter on 1 April, 2016 with an Offer price of ₦1.2759 and closed for the quarter at an Offer price of ₦1.3220 a return of 3.97%.

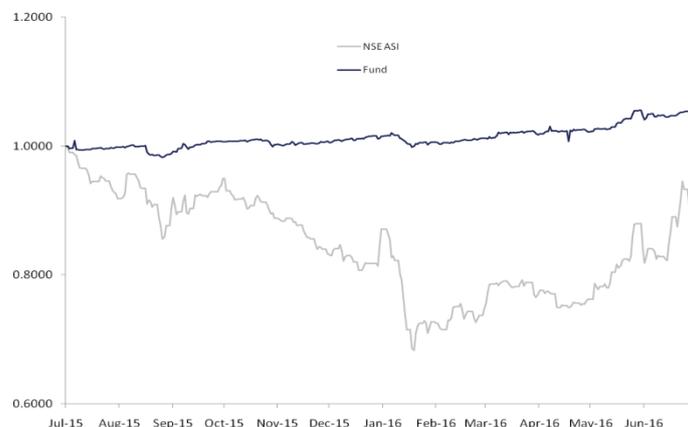
Catalysed by the unexpected partial deregulation of the downstream petroleum sector and CBN's decision to adopt a flexible exchange rate (both in May), the equities market bounced back from a tough first quarter. Local investors became more active in anticipation of the eventual return of foreign portfolio investors, many of whom are underweight Nigerian equities. Some foreign portfolio investors facing difficulty in repatriating their dividend income also returned to the stock market. At the end of the quarter, the Nigerian Stock Exchange All-Share Index (NSE ASI) gained an impressive 16.96% - a significant improvement on the previous quarter when it lost 11.65%.

A performance attribution analysis showed that all sectors except the Oil and Gas sector appreciated during the quarter. The Banking sector topped the gainers chart with an appreciation of 38.68% followed by the Consumer Goods sector which gained 19.6%.

In response to the steep rise in inflation and an expectation of increased government borrowing to augment revenue shortfalls, yields on sovereign bonds increased across all tenors. The yields on the 5yr, 7yr, 10yr and 20yr bonds rose by 191 bps, 299 bps, 237 bps, and 317 bps respectively to close the quarter at 13.42%, 13.45%, 13.75% and 14.15% respectively.

This quarter, we expect the equities market to weaken given the sustained apathy of foreign portfolio investors as a result of the poor implementation of the new FX framework, (which meant many foreign investors remained on the sidelines), poor macro-fundamentals and weak corporate earnings. We also expect yields on fixed income investments to rise as in response to high inflation and increased government borrowing.

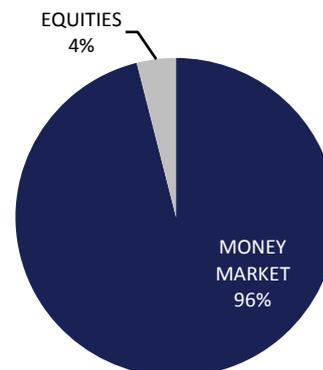
### NAV PERFORMANCE (ONE YEAR ROLLING)



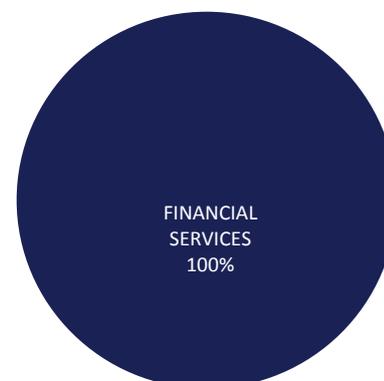
### TOP STOCK HOLDINGS

STOCK	SECTOR	Weight
CUSTODYINS	FINANCIAL SERVICES	3.94%

### STRATEGIC ALLOCATION



### EQUITIES ALLOCATION BY SECTOR



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](mailto:investment@cardinalstone.com)

### Disclaimer

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