

CardinalStone Balanced Investment Plan ("CSBIP")

Quarterly Newsletter – December 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:	₦1.5076

FUND PERFORMANCE

	2Q16	3Q16	4Q16	YTD
FUND	4.77%	2.71%	2.12%	8.92%
NSEASI	16.96%	-4.27%	-5.16%	-6.17%
10Y BOND*	3.29%	3.72%	3.84%	13.75%
COMPOSITE**	10.13%	-0.27%	-0.66%	3.79%

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

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

FUND OBJECTIVE

The Plan is designed to offer long term capital appreciation to investors with moderate risk thresholds. The Plan seeks to achieve its objectives by investing its funds in a balanced mix between equities quoted on the Nigerian Stock Exchange and fixed income securities. The Plan will also maintain a minimal holding in alternative investments.

PORTFOLIO MANAGER'S COMMENTARY

The CardinalStone Balanced Investment Plan ("CSBIP") opened for the quarter on 1 October 2016 with an Offer price of ₦1.4763 and closed for the quarter at an Offer price of ₦1.5076; a return of 2.12%.

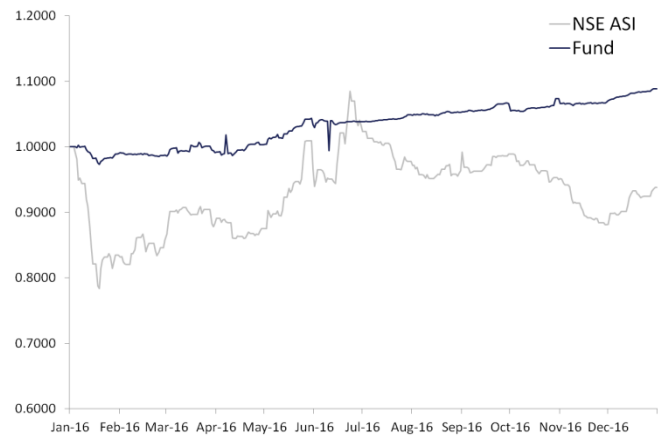
Due to the absence of any major catalyst, the equities market maintained the trading pattern observed in the previous quarter as market activity remained depressed for most of the quarter. The persistent impasse in the foreign exchange situation kept foreign investors out of the equities market. This was a reflection of the macro economic situation in the country which saw Q3 GDP contract by 2.24% and December inflation rise by 18.55% y.o.y. At the end of the quarter, the Nigerian Stock Exchange All Share Index (NSE ASI) lost 5.16%, this was worse than the decline of 4.27% recorded in the previous quarter.

A performance attribution analysis showed that all sectors in the equities market depreciated during the quarter. The Industrial Goods sector led the losers chart with a depreciation of 13.03% followed by Oil & Gas sector which lost 6.95%.

Yields on sovereign bonds stayed largely stable as the monetary authorities maintained a tightening stance and mopped liquidity often. The yields on the 5yr, 7yr, 10yr and 20yr bonds rose by 104 bps, 128 bps, 98 bps, 76 bps and 46 bps respectively to close the quarter at 15.85%, 15.78%, 15.68%, 15.52% and 15.30% respectively.

This quarter, we expect the equities market to rise slightly as investors seek to take advantage of earnings releases and corporate actions of companies. We also expect yields on fixed income investments to stabilize at current levels given a reduced rate of increase in inflation.

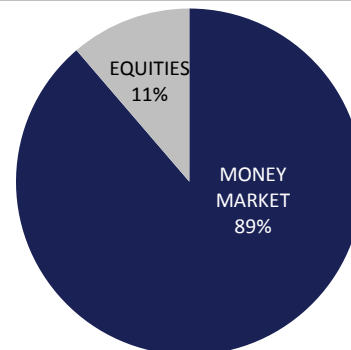
NAV PERFORMANCE (ONE YEAR ROLLING)



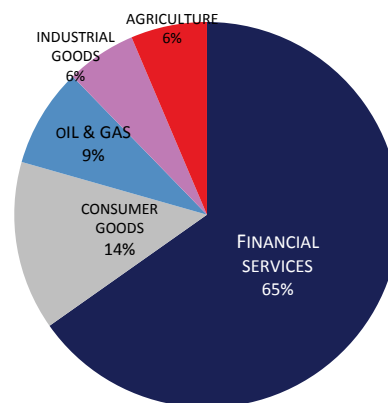
TOP STOCK HOLDINGS

STOCK	SECTOR	Weight
ZENITH BANK	FINANCIAL SERVICES	3.16%
UBA	CONSUMER GOODS	1.61%
DANGSUGAR	FINANCIAL SERVICES	1.53%
ACCESS	CONSUMER GOODS	1.05%

STRATEGIC ALLOCATION



EQUITIES ALLOCATION BY SECTOR



For further enquiries please speak to our Investment advisors (Pius on 08090479268 or Chinonso on 09090649283) or send us a mail at invest@cardinalstone.com

Disclaimer
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