

CardinalStone Ethical Investment Plan ("CSEIP")

Quarterly Newsletter – December 2016



TOP STOCK HOLDINGS

Fund Manager:	CardinalStone Asset Management
Launch Date:	April 2010
Initial Investment:	₦100,000
Additional Investment:	₦50,000
Net Assets Value per Share:	₦1.4117

FUND PERFORMANCE

	2Q16	3Q16	4Q16	YTD
FUND	3.97%	4.25%	2.43%	10.92%
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 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 October, 2016 with an Offer price of ₦1.3782 and closed for the quarter at an Offer price of ₦1.4117 a return of 2.43%.

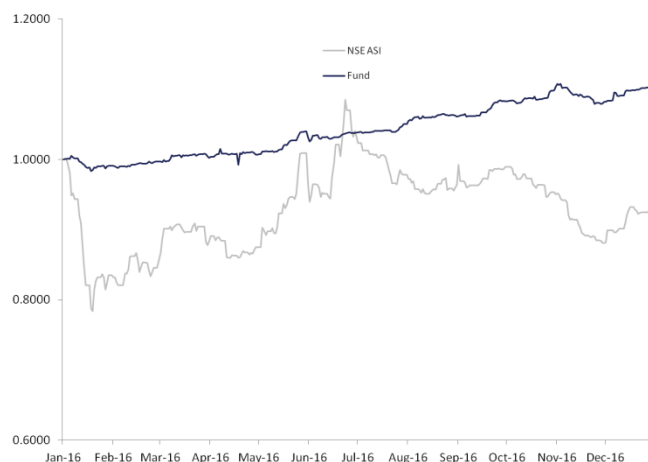
Due to the absence of any major catalyst, the equities market maintained the trading pattern observed in the previous quarter as market activity remained depressed for most of the quarter. The persistent impasse in the foreign exchange situation kept foreign investors out of the equities market. This 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.

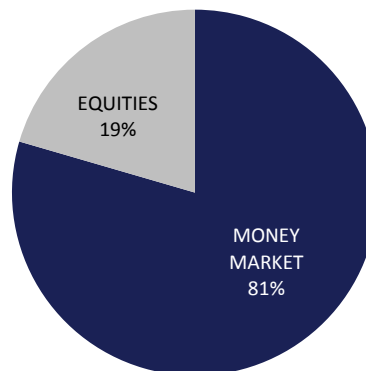
NAV PERFORMANCE (ONE YEAR ROLLING)



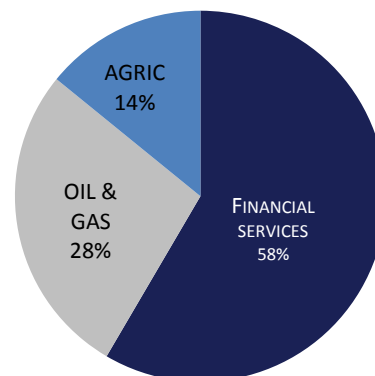
TOP STOCK HOLDINGS

STOCK	SECTOR	Weight
TOTAL NIGERIA PLC	OIL & GAS	5.15%
ZENITH BANK PLC	FINANCIAL SERVICES	4.12%
ACCESS BANK	FINANCIAL SERVICES	4.04%

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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