

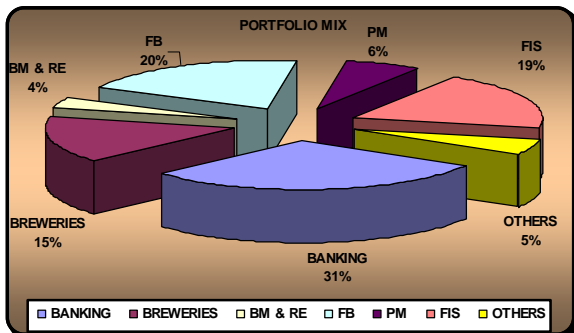
UNITHOLDERS' UPDATE

The Stanbic IBTC Nigerian Equity Fund ("SNEF") opened on 01 October 2009 with an Offer Price of ₦6,869.48 and closed the quarter at an Offer Price of ₦7,022.47 thereby appreciating by 2.23%. The All Share Index ("ASI") on the other hand, opened the quarter at 22,065.00 and closed the quarter at 20,827.17 which represents a quarter to date performance of -5.61%. On a year-to-date basis, the SNEF declined by -13.95% whilst the ASI dropped by -33.78%, which indicates an out-performance over the ASI of 19.83%.

PORTFOLIO COMPOSITION

The Fund invests a minimum of 75% of its assets in equities and a maximum of 25% in fixed income securities as stipulated by the Trust Deed.

Figure 1 shows the distribution of investments held by The Fund as at 31 December 2009.



KEY: PM = Petroleum Marketing; F&B = Food & Beverages; BM&RE = Building Materials & Real Estate; BKG = Banking; Breweries; and FIS = Fixed Income Securities

FUND PERFORMANCE

During the quarter under review, most the sectors on the Nigerian Stock Exchange recorded negative returns. The worst hit were banking and telecommunication sectors which recorded a negative performance of -15.22% and -26.47% respectively. However, non-banking stocks such as Dangote Flour Mills Plc, Flour Mills of Nigeria Plc, Cement Company of Northern Nigeria Plc, among others recorded impressive performances of 92.82%, 56.59% and 10.17% respectively due to better than expected results published by these companies.

The Fund Manager consolidated its position in selected stocks within the Food & Beverage and Conglomerate sectors and maintained exposure to the strong banking stocks whose balance sheets' remained robust despite the special audit exercise jointly held by the Central Bank of Nigeria ("CBN") and Nigerian Deposit Insurance Corporation ("NDIC").

ECONOMIC REVIEW

In a recent development, the CBN directed banks to limit the accounts maintained with the regulatory body to only three, following reconciliation issues resulting from the operations of multiple accounts. As such, with effect from 01 January 2010, all banks will maintain only three accounts with the apex bank namely; Current Accounts, Real Time Gross Settlement Account ("RTGS"), and Cash Reserve Account. Consequently, all dormant and non-active accounts would be closed and balances therein transferred into their Current Account.

In a bid to boost the money supply into the economy, the CBN will embark on quantitative easing to the tune of ₦500 billion to bridge the budgetary shortfall as well as provide liquidity for the creation of the AMC. The CBN, which plans to setup an AMC to mop up the toxic assets on banks' balance sheets, has sent the Bill to the

National assembly for ratification. The National Assembly is expected to pass the Bill into law in early 2010.

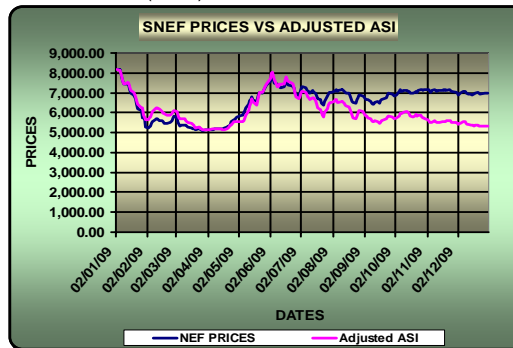
During the quarter, the Federal Government and the CBN introduced a series of measures to further stimulate the economy. The Federal Executive Council approved the disbursement of \$2 billion fiscal stimulus from the excess crude reserves aimed at stimulating productive activities and boosting local spending.

In another development the Monetary Policy Committee ("MPC") met during the quarter and decided to hold the Monetary Policy Rate ("MPR") unchanged at 6% with the rate on standing lending facility was maintained at 200 basis points above the MPR while the rate on the standing deposit facility was moved from 200 to 400 basis points below the MPR. Also, a waiver of the 1% provision in respect of performing loans was granted to banks by the apex bank. As such, there was improvement in liquidity during the last quarter of 2009 with overnight and OBB rates closing at 3% and 2.5% respectively.

Furthermore, the CBN lifted the temporary ban placed on Bankers' Acceptances and Commercial Papers and introduced new guidelines aimed at standardising the issuance of Bankers' Acceptances and Commercial Papers effective 31 March 2010. Also, the guarantee by the CBN for inter-bank placements and Pension Funds' was extended to 31 December 2010.

The foreign exchange market was relatively stable as the naira exchange rate, which closed at ₦150.70 hovered between ₦148.10 and ₦150.00 per dollar during the quarter. On the other hand, the year-on-year inflation inched upwards to 12.4% from 10.4% recorded as at September 2009.

Figure 2 shows the performance of SNEF relative to the All Share Index ("ASI") as at 31 December 2009.



OUTLOOK

We expect the agriculture-focused 2010 budget to fuel economic growth in 2010. Also, given the relative peace in the Niger Delta region, we expect improved production of crude oil, which should lead to increase in oil revenue and external reserves, which closed at US\$42.47 billion as at 31 December 2009. In our view, we expect a gradual turn around in the capital market towards H2 of 2010, which will be driven by selected banks' recovery efforts.

The Fund Manager will continue to position the Fund in stocks that provide sustainable long term returns, whilst continuing to ride the short end of the money market yield curve that offer attractive rates.

Key figures as at 31 December 2009

All Share Index
-33.78% (Q4)

364-Day Treasury Bill
5.299%

NAV per unit
₦ 7,022.47

No. of Unitholders:
19,276

Last Distribution:
₦110.00 per unit

Status of Fund:
Open Ended

Launch Date:
February 1997

Base currency:
Naira

Fund Manager:
Stanbic IBTC Asset Management Limited

The Stanbic IBTC Nigerian Equity Fund is listed on the Nigerian Stock Exchange. Under normal market conditions, stock prices will fluctuate and past performance provides no guarantee of the future.

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