

Today, 1st July 2015 marks the end of our second fiscal year. The partnership during this period engaged in all three types of investment activities listed in our memoranda: Stock market investment, Private equity investment, and Venture Capital.

The objectives and parameters we set for ourselves are outlined below to make measuring our results easier.

OBJECTIVES

- Minimum rate of return: 4% before profits are due to General partner
- Primary objective: At least 9% return annually
- Secondary objective: To beat the market by 5% annually
- We also stressed that short-term results not be given too much weight.

ASSETS UNDER MANAGEMENT (AUM)

This year, we operated three funds due to the difference in timing for capital infusions. We did this to prevent the distortion of results for monies already under management. The assets were grouped into Funds: 1, 2 and 3 according to the time assets were received. Below are the AUM's for each fund.

FUND 1

- We began with AUM: N1, 500,000.00
- There were withdrawals of N646, 743.00
- AUM as at 7th July, 2014 was N853, 000.00

FUND 2

- This fund began with N2, 315,838.00 in assets

FUND 3

- This fund began with N64, 750.00 in assets.

RESULTS

FUND 1

- Opening assets: N853, 000
- Closing assets: N503, 000
- Return: -41%
- 100% invested in Berkadia, our Private equity investment.

The loss arose entirely from the partnership selling assets to engage in a private equity transaction that is explained below.

FUND 2

- Opening assets: N2, 305,838.00
- Closing assets: N2, 417,615.00
- Return: 4.9%

The gains arose mostly from gains in the stock market and a partly from the mark-up of our inventory to market in our venture capital investment. This is explained below.

FUND 3:

- Opening assets: N64, 750.00
- Closing assets: N64, 750.00

This fund was entirely invested in our private equity investment. As this investment is valued at cost plus retained profit, there was no change in the value of this fund. This is explained in the section tilted investments breakdown.

INVESTMENTS BREAKDOWN

The partnership invested in the following assets:

- Stocks: we do not believe the investment in stocks requires explanation. Our current stock position is available on request.
- Venture Capital: The partnership invested N150, 000.00 in Commodities.
 - N35, 000.00 was spent on renting space.
 - N115, 000.00 was used to purchase agricultural commodities for sale.
 - The partnership sold N24, 000 worth of this product
 - The value of this asset is currently N153, 000.00
- Private Equity: The partnership invested N1.32Million in a haulage business. This business had been established by Usman Abdullahi but was unregistered.
 - We registered the company and took an initial 49% stake.
 - Our stake has subsequently been increased to 70% (Not yet reflected in legal documents) due to additional capital injections.
 - Documents relating to this company will be available on request.
 - The company is also yet to be fully operational.
 - The company is a limited liability company headquartered in Abuja and operating in Jos.
 - Its principal activity is the transportation of agricultural products.
 - Though too early to judge, I believe this investment has so far proven a disappointment (I should stick to stocks).

THE RESULTS IN CONTEXT

This year, the market fell from 42,596 points to 32,860 points.; a loss of 23% excluding dividends. We did better. The partnership had an overall loss of 7.4%, 15.6% higher than the stock market. We however still ended in a loss i.e. 16.4% less than our target return. We however beat our secondary objective by 10.6% i.e. to beat the market by at least 5% points.

After management fees (non-performance), we had a loss of 9.2%, 12.4% better than the stock market. We also beat our secondary objective by 8.4%.

PROPOSALS

I propose that the General partner's salary be stopped.

I also propose that a financial controller be assigned to manage the inflow and outflow of funds as I have failed in this regard. This has affected our performance slightly, as funds were not available when needed, this controller shall be an unpaid partner.

I also propose a forfeiture of my share of the profit for the year ended (from fund 2). This is due to the reason listed above as well as the failure of the overall fund to achieve a profit.

SUMMARY

Opening Assets: N3, 223,588.00

Closing Assets: 2,985,365.00

Management fee: N59, 707.30

Net Assets: N2, 925,657.70

Returns: -7.4%

Returns after fee: -9.2%

We are not in the business of prediction; we do however believe that our current stock position will in time prove profitable.

We also expect to make a loss on our private equity transaction as we try to exit (Just a heads up).

The 2013\2014 annual report is also available on request.