

CONFIDENTIAL INFORMATION MEMORANDUM



THE NIGERIAN INTERNATIONAL DEBT FUND



AFRINVEST (WEST AFRICA) LIMITED

RC 261272

A Dealing Member of the Nigerian Stock exchange

DECEMBER 2009

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1. DEFINITIONS OF TERMS

In this document, unless otherwise stated or clearly indicated by the context, the words in the first column have meanings stated opposite them:

" Authorised Investments"	Means debt obligations of Federal and state Governments of Nigeria including but not limited to foreign debt instruments issued by the Federal Government of Nigeria, Central Bank of Nigeria promissory notes, and all such other Nigerian Government debt obligations as the Manager may elect;
" Business Day"	Any working day in Nigeria on which banks are open for clearing business
" Cash"	Cheques, bank drafts, money orders, postal orders, currency notes and coins
" CBN"	The Central Bank of Nigeria
" Certificate" or "Certificates"	Certificate or certificates evidencing the number of Notes held by a Noteholder in the Fund which shall be issued in the form or substantially in the form prescribed in the First Schedule of the Trust Deed
" Charges"	Includes but are not limited to costs, fees, commissions, charges and expenses incurred in the management and administration of the Fund
" Commission" or "SEC"	The Securities & Exchange Commission established by virtue of the Investments and Securities Act No. 29, 2007
" Custodian"	Citibank Nigeria Limited, its successors-in-office and all persons for the time being appointed as Custodians to the Fund
" Dollars" or "\$"	Dollar in the currency of the United States of America
" Effective Date"	The date on which the Nigerian Debt Fund is admitted to the Memorandum List of the Nigerian Stock Exchange

"Exchange Rate"	The prevailing CBN rate as applicable from time to time
"Existing Certificates"	The certificates evidencing the number of Existing Notes held by an Existing Noteholder
"Existing Noteholders"	The holders of the Existing Notes whose names appear on the Register of Noteholders on the Conversion Date
"Existing Notes"	The 160, 980 unsecured variable rate notes, titled Series A1, constituting the first tranche of the Series A Income Bond, constituted under the Original Trust Deed and issued under the prospectus dated 4th February 1997
"FGN"	The Federal Government of Nigeria
"Fund"	The Nigerian International Debt Fund and includes the investments and cash for the time being vested in the Trustee under the Trust Deed or any deed supplemental to the Trust Deed
"Income Bond"	The whole of the Investment Notes as may be converted in accordance with the provisions of the Trust Deed
"Investment Notes" or "Notes"	The Existing Notes, investment Notes and Additional Investment Notes
"Manager"	Afrinvest West Africa Limited, a duly incorporated limited liability company licensed to carry on business by the Commission as issuing managers, managers and investment advisers
"Meeting"	A meeting of Noteholders convened in accordance with the provisions contained in the Second Schedule of the Trust Deed
"Naira" or "N"	The lawful currency of the Federal Republic of Nigeria

"Net Asset Value" or "NAV of the Fund"	The value of the assets of the Fund, (including all securities, cash, interest accrued but not yet received), and subtracting therefore, all the liabilities of the Fund, (including accrued expenses), on each Valuation Date as calculated from time to time by the Manager
"Net Income"	The income from Authorised Investments and interest accruing from cash deposits, less operating expenses
" Investment Notes"	Notes of a par value of \$10 (Ten Dollars) which on the Conversion Date are issued to Existing Noteholders in substitution for their Existing Notes
"Nigeria International Debt Fund" or the "Fund"	The proceeds of the issue of the Investment Notes and the investments made with such proceeds, held in trust for the benefit of the Noteholders
"Noteholders" or "Holder(s) of Investment Notes"	The several persons whose names are entered in the Register of Noteholders as holders of the Investment Notes
"Payment", "Redemption" and "Repayment"	Shall where the context admits each include both the others and the words 'pay', 'paid' and 'payable', 'redeem', 'redeemed' and 'redeemable' and 'repay', 'repaid' and 'repayable' shall be construed accordingly, and the words 'pay', 'paid', and 'payment', shall where the context requires mean the actual giving of same day funds value
"Sponsor"	Nigeria International Debt Fund Plc and its successors-in-office
"Stock Exchange"	The Nigerian Stock Exchange
"Trustee"	UBA Trustees Limited, its successors and all persons for the time being Trustees of the Deposited Property under the Trust Deed

"Underlying Securities"

Nigerian debt obligations denominated and payable both in local and foreign currency, including but not limited to debt instruments issued by the Federal Government of Nigeria, Central Bank of Nigeria promissory notes, and all such other Nigerian Government debt obligations in which the Manager has invested

"Valuation Date"

Every Business Day of the week, or such a period which the Fund Manager may advise from time to time, during which valuation of the Investment Notes/Units shall be carried out at the close of business

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2. EXECUTIVE SUMMARY

The Nigerian International Debt Fund ("NIDF" or the "Fund") is a close-ended investment vehicle established in February 1997 by the Nigeria International Debt Fund Plc to enable sophisticated, professional or experienced investors invest in Nigerian Government debt obligations including, but not limited to, Nigerian Collateralized Fixed Rate Bonds (Par Bonds) and Central Bank Promissory Notes, both of which were Nigerian debt instruments denominated and payable in United States Dollars. 106,980 Investment Notes of the Fund were issued and duly listed in April 1997 on the official list of the Nigerian Stock Exchange ("NSE" or the "Exchange") at a price of ₦8,250 or US\$100 per Investment Note.

At inception, the NIDF had the following features:

1. The Fund was close-ended i.e. the size of the Fund was limited to the Investment Notes issued at the time the Fund was launched in 1997;
2. The Fund had a fixed life of 24 years;
3. The investment Notes were irredeemable throughout the life of the Fund;
4. The Investment Notes were fully listed on the NSE, and freely tradable and transferable;
5. Pricing of the Investment Notes of the Fund was to be determined by Demand and Supply forces on the Exchange;
6. 75% of the total net income from underlying investments was to be paid out as Coupon payments to Note holders semi-annually in arrears on 15th May and 15th November each year during the life of the Fund.

The NIDF was set up initially as a hedge tool due to huge devaluation of the Nigerian Naira against the US Dollar witnessed in the 1990s and early 2000s, when the value of the Naira dropped from an exchange rate of ₦82.50/\$ to as low as ₦140/\$. However, in the face of significant improvement in Nigerian macro economic fundamentals and steady depreciation of the Dollar against the Naira, devaluation of the Naira is no longer a concern in the short to medium term. Furthermore, recent developments of the domestic bond market offer a strong reason to diversify investment options of the NIDF. To this end, Afrinvest (West Africa) Limited ("Afrinvest" or the "Fund Manager") believes the time is right to restructure the NIDF. Apart from addressing macro-economic realities, the restructuring would rectify a few shortcomings of the NIDF as it would provide greater flexibility and better pricing for investors who wish to trade in and out of the Fund.

However, the Securities & Exchange Commission has approved for the following changes to be made to the structure of the Fund in order to take advantage of the fast-growing local bond market:

1. Change from a closed-end Fund to an open-ended Fund.
2. Authorised investible assets of the Fund have been expanded to include debt obligations of the Federal and State Governments of Nigeria.
3. Conversion of Listing status from Full Listing to Memorandum Listing
4. The par value of the investment notes has been reduced from US\$100 to US\$10.
5. 50% of Total Net Income of the Fund will be paid out as coupon annually to Noteholders while 50% will be capitalized.
6. Maximum of 75% of the Fund's asset will be invested in local currency denominated Federal and State Government of Nigeria debt.
7. The life of the fund has been changed from 24 years to 99 years.

3. PARTIES TO THE OFFER

FUND MANAGER	Afrinvest (West Africa) Limited 12 th Floor, Foreshore Towers 2A Osborne Road, Ikoyi Lagos
TRUSTEE TO THE FUND:	UBA Trustees Limited UBA House 9 th Floor 57, Marina Lagos
CUSTODIAN BANK:	Citibank Nigeria Limited 27 Kofo Abayomi Street Victoria Island Lagos
SOLICITORS TO THE TRUSTEE:	Udo Udoma & Belo-Osagie 10 th Floor, St Nicholas House Catholic Mission Street Lagos
SOLICITORS TO THE FUND:	Olaniwun Ajayi The Adunola Plot L2, Banana Island Ikoyi Lagos
REPORTING ACCOUNTANTS:	Fashina Folorunsho & Co. (Chartered Accountants) 23, Biaduo Street Off Keffi Road South - West Ikoyi Lagos
AUDITORS TO THE FUND:	KPMG Professional Services 22A, Gerrard Road Ikoyi Lagos
REGISTRAR TO THE OFFER:	United Securities Limited 14, Idowu Taylor Street Victoria Island, Lagos.

FUND MANAGER:

Afrinvest (West Africa) Limited (RC: 261272)
12th Floor
Foreshore Towers
2A Osborne Road
Ikoyi
Lagos, Nigeria
Telephone: + 234 1 2701680
Facsimile: + 2341 2701689
Website: www.afrinvestwa.com

DIRECTORS OF THE FUND MANAGER:

Apostle Hayford I. Alile (Chairman)
Foreshore Towers (12th Floor)
2A Osborne Road
Ikoyi, Lagos
Ikoyi, Lagos

Mr. Godwin Obaseki (Vice Chairman / CEO)
Foreshore Towers (12th Floor)
2A Osborne Road
Ikoyi, Lagos

Mr. Ike Chioke (Managing Director)
Foreshore Towers (12th Floor)
2A Osborne Road
Ikoyi, Lagos

Mr. Kayode Fahm (Executive Director)
Foreshore Towers (12th Floor)
2A Osborne Road
Ikoyi, Lagos

Mr. Peter Breese - Director
Foreshore Towers (12th Floor)
2A Osborne Road

Mr. Moses Kragha - Director
Foreshore Towers (12th Floor)
2A Osborne Road
Ikoyi, Lagos.

Dr. Dolapo Atekoja - Director
Foreshore Towers (12th Floor)
2A Osborne Road
Ikoyi, Lagos
Mr. Hassan Usman - Director
Foreshore Towers (12th Floor)
2A Osborne Road
Ikoyi, Lagos

COMPANY SECRETARY/LEGAL ADVISER:

Olakunle Agbebi & Co
Mandilas Building
7th Floor (Left Wing)
35, Simpson Street
Lagos

AUDITORS TO THE COMPANY:

Akintola Williams Deloitte
Akintola Williams Deloitte House
235, Ikorodu Road
Ilupeju, Lagos

PRINCIPAL OFFICERS OF THE COMPANY:

Mr. Godwin Obaseki (Vice Chairman/CEO)
Mr. Ike Chioke (Managing Director)
Mr. Kayode Fahm (Executive Director, Securities Trading, Risk
Management & Quality Assurance)
Mr. Dipo Oguntuga (Head, Wealth Management)
Miss. Stella Mujakperuo (Head, Legal & Regulatory Compliance)
Mr. Tunde Pampam (Chief Financial Officer)

MEMBERS OF THE INVESTMENT
COMMITTEE OF THE FUND:

Mr. Godwin Obaseki (Chairman)
Mr. Ike Chioke (Member)
Mr. Kayode Fahm (Member)
Mr. Dipo Oguntuga (Member)
Mr. Francis Anyimigbo (Member)
Mr. Lanre Adeogun (Member)
Miss. Joy Akele (Member)
Mr. Victor Ndukuba (Member)
Mrs. Funmi Ekundayo (Trustee Representative)
Ms. Tokunboh Ajayi (Trustee Representative)

5 INFORMATION ON THE NIGERIAN DEBT FUND

(a) The Fund

The Nigerian International Debt Fund ("NIDF" or the "the Fund") is a privately managed Collective Investment Scheme established by the Sponsor for pooling investor capital which will be invested in local and international debt obligations of the Nigerian Federal Government. The NIDF was set up in 1997 initially to invest in international debt obligations of the Nigerian Government. However, in 2009, the Fund Manager sought and obtained the Securities and Exchange Commission approval to restructure the fund.

Key characteristics of the Fund include:

1. The NIDF is an open-ended Fund which permits investors to buy the Notes from the Fund Manager or have them redeemed by the Manager at any time;
2. The class of eligible securities for investment by the NIDF has been expanded to enable the Fund to take advantage of the fast growing domestic Government bond market. A direct benefit of the inclusion of domestic Government debt instruments is the eligibility of the Fund for investment by Pension Fund Administrators;
3. Due to the stability of the Naira in recent years, Investment Notes of the NIDF will be denominated in Naira to mitigate currency conversion risks for investors in the Fund. Nevertheless, investors would still have the option to invest in US Dollars to be converted to Naira at the prevailing market exchange rate on the date of investment;
4. Given that the Fund is open-ended, the Investment Notes are no longer suited to a full listing. Consequently, the Listing status will be converted to a memorandum listing for the units of the fund.
5. The value and pricing of the Notes are no longer to be determined by market demand and supply forces but will reflect the NAV of the underlying investments of the Fund;
6. It was observed that the initial \$100 pricing of the Notes (then Units) of the NIDF inadvertently restricted the classes of investors in the NIDF to institutions and high net worth individuals only. In order to allow retail investors participate in the fund, the par value of the fund which was originally \$100 per Note has been reduced to \$10 per Note. The \$10 par value of the notes will will accommodate a wider class of potential investors who might be interested in investing in the Fund.

(b) Investment Incentives

The Fund offers an opportunity to achieve good returns (while minimising risks), from a diversified portfolio of investments, which may not otherwise be available in significant quantities to individual investors. The Fund will enable investors to spread their risk over bonds carefully selected by the Fund Manager.

(c) Investment Objective

The Fund's investment objective is to maximise returns. The Fund will therefore be invested in a variety of domestic (Federal and State Government Bonds) and international Government bonds. The Fund Manager will draw on decades of experience in the Nigerian Capital Market to ensure that investors enjoy returns that exceed a minimum performance benchmark of the 5 year FGN Bond yield + 2%.

(d) Investment Policy

The investment policy of the Fund will be an active management approach with a focus on long term total returns. The Manager will trade the underlying investments in a prudent manner in order to protect the value of the Fund's investments. In keeping with the Fund's investment policy, the Manager will focus on identifying the combination of debt securities that offer long-term risk adjusted return potential; Changes in interest rates, economic ebbs and flows, and inflation represent some of the key risks for investors. Overall, however, the approach will be to pass on the yield of Nigerian Government fixed income securities to the Fund's Noteholders. The Manager will work closely with the Trustees and Custodian to the Fund to ensure that the investments of the Fund are at all times consistent with its overall investment objectives.

(e) Income and Expenses

The fund will invest in many securities with different coupon payments. A portion of the Fund's net investment income received from the underlying investments will be distributed semi-annually to Noteholders. The cost of restructuring the Fund will be charged against the expected proceeds. This charge includes the expenses, which comprises of regulatory and professional fees, printing, advertising, marketing and brokerage commission. The fund's expenses shall not exceed 5% of Net Asset Value of the Fund per annum. All future costs and expenses of maintaining the Fund, which shall include management of its assets, administration and other services, shall be deducted from the income generated by the Fund.

Fees Payable

Annual professional fees payable to the Fund Managers shall be 0.75% of the Fund's the Net Asset Value while fees payable to other parties are graduated according to Fund's size. Custodian's annual Custody/Safe keeping fees shall be 0.10% of the Net Asset Value if less than or equal to N5 billion and 0.08% if above N5 billion. Trustees and Registrar's fees are graduated as follows:

Fund Size	Trustees	Registrar
Up to N10 b	N5,000,000	N1,200,000
Between N10b – N15b	N7,500,000	N1,500,000
Between N15b – N20b	N10,000,000	N3,000,000
20b and Above	N12,000,000	N4,000,000

(f) Minimum Investment

The minimum investment in the Fund will be N750,000 or its equivalent in United States Dollar. The applicable exchange rate will be Central Bank of Nigeria (CBN) ruling rate on the day of investment.

(g) Coupons and Distribution

The Investment Notes will attract a coupon payable semi-annually in arrears. This coupon payment will equal 50% of the total net investment income of the Fund. This sum is total investment income from various investments less total operating expenses. The balance of the net income after coupon payments will be retained as undistributed income thereby increasing the net asset value of the Fund by the corresponding amount. Coupon payments on the Investment Notes may be subject to deduction of any tax on investment income which the Fund Manager may be required to deduct by laws of the Federal Republic of Nigeria.

(h) Foreign Exchange Considerations

The Investment Notes are Naira denominated, and will be tradable in Naira. However, investors in the Fund will be given the option to purchase Investment Notes in Dollars and to have their coupon payments made in Dollars at the applicable exchange rate on the day of investment or payment. Therefore, investors importing capital into Nigeria for the purpose of investment in the Fund can do so, and are advised to obtain the appropriate documentation from any bank authorised to deal in foreign exchange.

The value of the Naira may also be susceptible to fluctuations. If the Dollar strengthens against the Naira, the Dollar value of the investment of those who invest in Dollars will decrease, but on the other hand, if the Naira strengthens against the Dollar, the Dollar value of the investment will increase.

The Fund is obliged to keep adequate and accurate records of all sources of foreign exchange. Therefore, the Fund manager and the Custodians will ensure that subscriptions to the Investment Notes are in compliance with the all applicable domestic laws, regulations and guidelines on foreign exchange, and that adequate documentation is maintained at all times.

(i) Risk Factors and Special Considerations

Although substantial returns may be achieved by investing in the types of opportunities contemplated by the Fund, investing in the Fund involves some degree of risk. To this end, even though the Fund Manager will exercise all necessary caution in investing monies mobilised by the Fund, there can be no guarantees as to the performance (returns) of the fund.

Key risks involved in investing in the Notes include:

(j) Price Fluctuation Risk

Although the coupon payments on the underlying debt instruments in which the Fund invests carry a fixed rate, the price at which the securities trade on the secondary market may fluctuate such that the original price paid by the Fund for securities may not be the same as the price at which the Fund is able to sell the security. As a result, the value of the Fund's investments may increase or decrease. Instruments held to maturity will return the full principal amount to the Fund upon maturity. However, those sold prior to maturity are subject to gain or loss depending on the market price at the time of sale.

Nigerian Government and Political Factors

Because the underlying investments of the Fund are Nigerian Governments debt obligations, the value of the Fund may be affected significantly by the actions of the Government in terms of its ongoing servicing of the debt obligations, as well as general political, legal and economic developments in the country. The key to mitigate this type of risk is close monitoring of developments in the country and timely execution of transactions.

Currency Risk

Any investment made by the Fund Manager in Dollar instruments issued by the Government of the Federal Republic of Nigeria, shall be subject to changes in the value of the Naira against the Dollar. However, fluctuation in the value of the Naira can be as a result of changes in the fiscal and monetary policy pronouncements of the Nigerian government.

(k) Interest Rate Considerations

Because the Fund will invest in interest rate sensitive securities, the value of the Fund may change in line with fluctuations in general interest rates. The risk of changing interest rates is directly correlated to the remaining time to maturity of the instrument.

(l) Reinvestment Risk

During periods of declining interest rates, the Manager may be required to buy new bonds at lower interest rates as any existing investments in the portfolio reach maturity. To mitigate this type of risk, the Manger will seek out the most attractive Nigerian Government debt securities for investment.

(m) Inflation Risk

A high rate of inflation can erode the real value of any investment. Thus, monies invested in the Fund may ultimately have a higher nominal value and lower real value over time.

(n) Income Fluctuations

As the Fund buys and sells instruments of different coupon rates, the total net income derived from these instruments and passed on to Noteholders as coupon payments may vary.

(o) Call Risk

The Nigerian Governments may decide to call or repay any category of instruments held by the Fund. If this happens, any interest payments from the affected instruments will cease and the Fund may receive the principal from such investments earlier than envisaged.

(p) Net Asset Value

The Net Asset Value per Note will be calculated by the Manager on each Valuation Date, and will be determined by the value of the Fund's assets (the securities it holds, plus any cash or other assets, including interest accrued but not yet received) minus the Fund's liabilities (including accrued expenses), divided by the number of outstanding Investment Notes.

(q) Valuation Date

The Valuation Date shall be the Friday of each week. In the event that Friday is a public holiday in Nigeria, the Valuation Date will be the last business date prior to the public holiday.

(r) Memorandum Listing

Application made to the Council of the Nigerian Stock Exchange to Convert the NIDF from a full listing and, admit all outstanding Investment Notes/Units of the NIDF to the Memorandum List of the NSE has been approved.

(s) Redemption

The Fund Manager will not transfer or redeem Investment Notes without the production of a Fund Certificate relating to such Notes, which must be surrendered before any transfer or redemption whether for the whole or any part thereof can be registered. Units purchased in the name of an individual under the age of 18 years may be redeemed or transferred by such individual upon attaining the age of 18 years provided that such individual produces a Fund Certificate and valid identification. Detailed transfer instructions are provided in the Trust Deed.

Investment Notes/Units may be redeemed on any Business Day, provided Redemption Notices and Fund Certificates are received at the offices of the Fund Manager before 5.00pm on the Valuation Date. Notices received after 5.00 p.m. shall be treated on the following Business Day and receive the NAV as of the next valuation date. Proceeds of redemptions will be paid within 5 working days after the relevant redemption documents have been filed with the Fund Manager. Minimum permissible holding after redemption is 200 units or such balance as may be advised by the Manager from time to time.

(t) Valuation Report

On each Valuation Date, the Manager will prepare an un-audited statement of the Fund's accounts, including the Fund's Net Asset Value and a schedule of the Fund's current investments. An annual report, including audited accounts for the previous period, will also be made available to Noteholders and the Nigerian Stock Exchange, Securities and Exchange Commission on an annual basis.

(u) Taxation

The coupon payable to Noteholders will be liable to a withholding tax of 10%, while the investment itself will qualify as a government security and therefore enjoy the benefits conferred on certain institutional investors like Trustees and Pension Funds.

(v) Fund Termination

The Fund will be terminated if, after the Effective Date, any of the following occurs:

1. The Trustees receive written notice from the Manager to the effect that it believes the investment objective of the Fund is no longer reasonably achievable in accordance with the investment policies and restrictions of the fund;
2. The Manager gives notice of termination of their services to the Fund;
3. The Net Asset Value of the Fund is insufficient to justify the continued operation of the Fund;
4. Any law or regulation, decision of a court of competent jurisdiction or government policy is made which, in the judgement of the Manager, renders it impracticable to continue the Fund.

On termination of the Fund, the Manager will use its best efforts to effect a market sale of all, but not part of, the Fund's assets for the best prices available at such time. Noteholders will subsequently be entitled to receive a distribution in proportion to their respective interests in the Fund of all net cash proceeds derived from the realisation of the assets of the Fund and available for distribution.

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5. FINANCIAL FORECAST

This memorandum has been prepared to summarize the information available to the Fund Managers and their basic assumptions at the time of the forecast of the profits for the three months period ended 31, December 2009 and three years ending 31 December 2010, 2011, and 2012.

Following the repayment of the Par Bonds, the exit of the Federal Government of Nigeria in the Promissory Notes, the resuscitation and the growth of the Local Bond Market, the fund Managers sought and obtained approval from the Note Holders for the restructuring of the NIDF from a closed-ended Fund into an open-ended Fund among other things. This is necessary to ensure the consolidation of the gains earned by the investors since inception.

Letter from the Reporting Accountants

PROFIT FORECASTS

We have reviewed the accounting policies and calculations for the Profit Forecasts of Nigerian International Debt Fund for the three months ended 31 December 2009 and the years ending 31 December 2010, 2011 and 2012 for which the Fund Managers are solely responsible.

In our opinion, the Profit Forecasts, so far as the accounting policies and calculations are concerned, have been properly compiled based on the assumptions made by the Fund Managers, and are presented on a basis consistent with the accounting policies normally adopted by the company and with generally accepted accounting principles in Nigeria. However, there will usually be differences between forecasts and actual results for the reason that circumstances do not occur as expected, and these differences may be material.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Yours faithfully,

Three Years Financial Forecast

The Funds Managers are of the opinion that subject to unforeseen circumstances, and based on the assumptions stated in Note 3 the Net income before coupon payments to note holders for the three months period ended 31 December 2009 and three years ending 31 December 2010, 2011, and 2012 will be in order of N82.587 million, N 571.203 million, N 624.359 million and N 730.864 million respectively.

NIGERIAN INTERNATIONAL DEBT FUND

PROFIT FORECAST

For the	Three months ending 31/Dec/09 ₦'000	Year ending 31/Dec/10 ₦'000	Year ending 31/Dec/11 ₦'000	Year ending 31/Dec/12 ₦'000
Investment Income				
Coupon Income	63,587	512,142	553,475	637,079
Interest on deposits	1,250	5,041	5,579	6,170
Realized gain on Investments	49,000	180,053	204,778	241,867
Total Investment Income	113,837	697,236	763,833	885,116
Operating Expenses	31,250	126,032	139,474	154,252
Net Income	82,587	571,203	624,359	730,864
Coupon payments to Note holders	41,293	285,602	312,179	365,432
Net increase in Net Asset Value resulting from operations	41,293	285,602	312,179	365,432
Undistributed profit at beginning of the year	-	41,293	326,895	639,074
End of year balance	41,293	326,895	639,074	1,004,506
Earnings per Note holder	₦ 1,312	₦ 9,857	₦ 18,247	₦ 27,090
Distribution per Note holder	₦1,312	₦ 8,612	₦ 8,913	₦ 9,855
% Growth in NAV	0.82%	9.64%	9.58%	9.85%

NIGERIAN INTERNATIONAL DEBT FUND

FORECAST BALANCE SHEET

As At December 31,	2009	2010	2011	2012
	₦'000	₦'000	₦'000	₦'000
ASSETS				
Investments	4,900,00	4,501,315	5,119,456	6,046,685
Cash At Hand	141,293	1,077,645	1,050,631	797,338
Total Assets	5,041,293	5,578,960	6,170,087	6,844,023
CAPITAL AND RESERVES				
Investment Notes	5,000,000	5,000,000	5,252,065	5,531,013
New Subscriptions	-	252,065	278,948	308,504
Total Contributed Capital	5,000,00	5,252,065	5,531,013	5,839,517
Revenue Reserve	41,293	326,895	639,074	1,004,506
Note holders' Fund	5,041,293	5,578,960	6,170,087	6,844,023

NIGERIAN INTERNATIONAL DEBT FUND

FORECAST CASH FLOW

For the Year Ended 31 December	2009	2010	2011	2012
	₦'000	₦'000	₦'000	₦'000
Cash Inflow				
Opening Balance	5,000,000	141,293	1,077,645	1,050,631
Coupon Received	63,587	512,142	553,475	637,079
New Investments	-	252,065	278,948	308,504
Interest Income From Money market	1,250	5,041	5,579	6,170
Liquidated Investments	-	439,153	347,924	-
Income from Coupon Trading Activities	49,000	180,053	204,778	241,867
Sub Total(A)	5,113,837	1,529,746	2,468,350	2,244,251
Cash Outflow				
Investments	4,900,000	40,467	966,066	927,229
Coupon Paid	41,293	285,602	312,179	365,432
Operating Expenses	31,250	126,032	139,474	154,252
Sub Total(B)	4,972,543	452,101	1,417,719	1,446,913
Cash Balance(A-B)	141,293	1,077,645	1,050,631	797,338

Bases and Assumptions

The forecast has been arrived at on the following bases and assumptions:

The forecast has been arrived at on the following bases and assumptions:

1. The profit forecast for the three months period ended 31 December 2009 and three years ending 31 December 2010, 2011, and 2012 have been prepared under the historical cost convention and in accordance with the company's normal accounting policies.
2. The forecast is based on existing Federal Government Bonds available at October 31, 2009 after the successful completion of all statutory requirements to invest the funds.
3. Initial allocation between bond investment and cash/near cash instrument will be in the range of 98% to 2% respectively.
4. The fund managers will attempt to maintain the allocation between Investment and Cash in the range of 98% - 2% in operating the funds.
5. The cash balance is estimated to earn 5% interest per annum.
6. The maturity of the various available securities are classified as stated below:
 - < 3Yrs
 - 3-5Yrs
 - >5Yrs
7. Funds are allocated evenly along each class of maturity timeline.
8. Funds are allocated evenly among each security within each class of maturity.
9. Interest rate will be relatively stable during the projected period.
10. New investors are only admitted at the beginning of the year
11. Income from trading activities will be 4% of the total par bonds at the end of each year.
12. Coupon payments per note is calculated at 50% of net income.
13. New investors will average 5% of NAV at the end of each year.
14. Proceeds from matured bonds are re-invested at the beginning of the following year.
15. No material change is expected to occur between the state of affairs of the fund as at July 2009 which is the last reporting date of the Fund and October 2009 the estimated date for the commencement of the restructured fund.
16. Each investment note in the Fund is currently priced at \$100. However, to make the Fund accessible to broader range of investors, the pricing in the new Fund shall be \$10. The implication is a stock split.
17. Conversion of present holding in the Fund shall be done at an estimated rate of N150/USD. However, after the restructuring, actual conversion will be done at the prevailing CBN rate on conversion day.
18. Existing note holder's investments will be converted in the new fund on the basis of the net asset value of N1, 882,066,236 (1,069,800 units) as at 31 July 2009. Therefore new investors in the proposed fund are expected to invest N3, 117, 933,764 (2,078,623 units) to bring the investment in the new fund to N5, 000,000,000 (3,148,423 units).

FIVE YEAR FINANCIAL SUMMARY

Balance Sheet FYE 31 December	2008	2007	2006	2005	2004
in N'000					
ASSETS					
Cash at Bank	1,425,476	1,080,210	1,157,323	421,065	220,331
Investments	235,350	359,640	552,496	1,293,929	1,498,193
Coupon Receivable	57,424	35,462	35,481	26,062	19,125
Interest receivable on deposits	-	-	-	-	-
Other assets	-	1,186	370	969	91
	1,718,250	1,476,498	1,745,670	1,742,025	1,737,740
LIABILITIES:					
Fees Payable	335,056.00	-9,095	-9,347	-7,560	-7,704
WHT Payable	26,801.00	-2,520	-1,876	-41	-3,410
Other liabilities	82,567.00	8,053	-6,016	-5,934	-3,952
Coupon Payable	41,642.00	-	-	-	-
NET ASSETS	1,618,500	1,456,830	1,728,431	1,728,490	1,722,674
CAPITAL AND RESERVES:					
Investment Notes	1,398,764	1,266,643	1,374,158	1,369,344	1,417,485
Note premium	680	616	668	666	689
Undistributed net profit	219,056	189,571	353,605	194,124	80,587
Unrealized gains on investment	-	-	-	164,356	223,913
Equity	-	-	-	-	-
Due to Noteholders	-	-	-	-	-
	1,618,500	1,456,830	1,728,431	1,728,490	1,722,674
NAV per share	₦15,129	₦13,618	₦16,157	₦16,157	₦16,103
Statement of Operations FYE 31 December	2008	2007	2006	2005	2004
Total Investment Income	236,249	180,402	406,590	224,373	109,990
Total Expenses	-189,500	-265,683	-177,662	-44,655	-40,229
NET(LOSS) INCOME	46,749	-85,281	228,928	179,718	69,761
Coupon paid	-41,642	-58,779	-71,055	-60,837	-49,727
Net increase/decrease in Net Assets resulting from operations	5,107	-144,060	157,872	118,881	20,034
Undistributed Net Profit					
Beginning of the year	-	353,605	194,124	80,587	62,627
Foreign currency translation adjustment	-	-19,974	1,610	-5,344	-2,074
End of the year	219,056	189,571	2,752,864	1,516,590	608,201

Statement of significant Accounting Policies

The following is a summary of the significant accounting Policies adopted by the Company in the preparation of its financial statements and have been applied consistently throughout the period under review:

1. Basis of accounting

The Financial Statements are prepared under the historical cost convention, except as regards investments in quoted debt instruments.

2. Cash at bank

Cash at bank represents the Fund's balances held with banks in Nigeria and outside.

3. Investments

Investments (currently in Par Bonds and Promissory Notes) are stated at Market values. The Market values of Par Bonds and Promissory Notes are determined via the daily Reuters listings in the UK, which is communicated to the Manager of the Fund by the International advisers.

Any surplus of market values over the original cost is credited to unrealized gains on investment account. Realized gains and losses on disposal of investments are transferred from the unrealized gains on investment account to the statement of operations. Any deficit of market value to original cost is charged to the statement of operations.

4. Income recognition

Income is accrued monthly on all interest-bearing assets.

5. Fees payable

Fees payable to the parties to the Fund are accrued monthly at the agreed rates of the Fund's net asset value as follows:

Manager	-	0.50%
International Advisers	-	1.00%
Registrars	-	0.05%
Trustees	-	0.25%
Agent Bank	-	0.25%
Custodian	-	0.25%

6. Foreign currency translation

All foreign currency monetary assets and liabilities are translated into Naira at the rates of exchange ruling at the balance sheet date. Gains and losses arising from revaluations are recognized in the statement of operations. Foreign currency income and expense amounts are translated at the average rates of exchange for the year.

7. Measurement currency

The Fund's underlying investment instrument and transactions are conducted in United States Dollars. Accordingly, based on the economic substance of the underlying events and the circumstances relevant to the Fund, the measurement currency has been determined to be the United States Dollars.

For reporting purposes, the financial statements are translated into Naira and presented alongside the measurement currency.

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7. INFORMATION ON THE FUND MANAGER AND TRUSTEE

AFRINVEST (WEST AFRICA) LIMITED – FUND MANAGER

Section 1.02 Brief Profile of the Fund Manager

Afrinvest was founded in 1995 as Securities Transactions & Trust Company (Nigeria) Limited (“SecTrust”) which grew to become Nigeria’s leading integrated research, brokerage and asset management firm. Over the years, SecTrust established a close relationship with its London-based partners (“Afrinvest Limited”), an investment banking firm regulated by the United Kingdom Financial Services Authority (“FSA”). Partly due to this international affiliation, SecTrust employed international best practices in all areas of its business. Following commencement of its business restructuring in 2005, SecTrust combined with the Nigeria-based corporate finance business of Afrinvest Limited to create a stronger business entity with a more internationally recognized corporate identity. This phase of business restructuring was concluded in December 2005 and culminated in the renaming of SecTrust as Afrinvest (West Africa) Limited.

Afrinvest has emerged as a full service investment banking firm, engaged in investment research, securities trading, asset management and investment banking. The Company has participated actively in most of the recent landmark corporate finance transactions in Nigeria to date. It has also developed a reputation as one of the leading companies in the management of foreign investments in the Nigerian capital market. The Company is registered as a Broker/Dealer and Issuing House by the SEC.

Section 1.03 Directors of the Fund Manager

The Board of Directors of the Fund Manager is currently constituted as follows:

Apostle Hayford I. Alile, MFR, B.A, MBA is the Chairman of Afrinvest West Africa Limited. He is a Director of the Central Bank of Nigeria and the immediate past Director-General of The NSE. He is also a leading investment analyst who has, in the past three decades, made valuable contributions to national economic growth and public policy formulation. Apostle Alile has deployed his expertise in top-level management to nurture many successful socio-economic initiatives within the private and public sectors.

Godwin Obaseki (Vice Chairman/ CEO) has considerable experience spanning over two decades in the Nigerian capital market. He founded SecTrust, pioneering major innovations and providing leadership in the Nigerian stock market. Mr. Obaseki has served on the Presidential Committee on the Reform of the Nigerian Pension System. He also served on the Committee on the Re-activation of the Nigerian Bond Market set up by the Securities and Exchange Commission. He is an active member of The NSE and currently serves on its Governing Council. He has also served on many of the committees of The Exchange. Mr. Obaseki was nominated Global Leader of Tomorrow (GLT) by the World Economic Forum in 2001. He is a Fellow of the Nigerian Chartered Institute of Stockbrokers and an alumnus of the Lagos Business School Chief Executive Program.

Ike Chioke (Managing Director) has over eleven years of investment banking experience in mergers and acquisitions and equity/debt capital markets. Ike has specialised in telecommunications, media and industrial sectors. Ike worked for several years in the investment banking division of Goldman Sachs in New York, United States of America before joining Citigroup in London, United Kingdom, where his last assignment was as the head of the Sub-Saharan Africa Investment Banking coverage. Ike has a Bachelor of Science degree in Civil Engineering from the Obafemi Awolowo University, Ile-Ife, Nigeria and attended Oxford University in the United Kingdom as a Rhodes Scholar where he obtained a Masters degree in Management Studies.

Kayode Fahm (Executive Director, Securities Trading)

Kayode has over fifteen years of experience as an analyst, trader and investment manager of the top financial institutions in the world. Kayode has spent the last several years setting up and running Enia Advisors, an independent advisory business for institutions and high net worth individuals which draws on his investment banking and portfolio management experience. Prior to Enia Advisors, he worked for several years at Morgan Stanley International, Goldman Sachs, where he was an Executive Director, the National Commercial Bank of Saudi Arabia (NCB), in Abu Dhabi, where he became the Investment Advisor to the Al Maskari family and the Zad Islamic Fund. Kayode graduated in 1986 with honours in Mathematics from the Imperial College of Science and Technology in London, United Kingdom and has a Chartered Management Accounting qualification (ACA) as well as SFA (General and Derivatives) and SEC (Series 3, 7 and 63) certifications.

Peter Breese (Director) – Mr. Breese is an Executive Director of UBA Capital (Europe) Limited and has over twenty five years experience in equity and debt capital markets in the United Kingdom, with an emphasis on emerging markets and privatization related work. He is a Director of Latin American Investment Partners, which he co-founded following seven years with BBV Latinvest in London, United Kingdom where he was responsible for the corporate finance and capital markets activities. He holds a Bachelors' degree in Political Science from George Washington University and an MBA from Harvard Business School.

Moses Kragha (Non-Executive Director) holds a first degree in Oil Technology and a Masters degree in Reservoir Engineering from the Imperial College of Science & Technology, University of London, United Kingdom. He has over four decades of experience comprising of a career with Shell/BP, NCB London, Akel Consultants Croydon and PCL Lagos. He is the Managing Director of Kragha & Associates (Mining & Petroleum Consultants) and Chairman of KVRMT Laboratory Services Limited. He is also the President of Delta Environmental Network (DEENET), an environmental NGO focused on the Niger Delta environment and communities. Mr. Kragha is a fellow of the Institute of Petroleum; United Kingdom. He also holds memberships of the Society of Petroleum Engineers, the Nigerian Mining and Geosciences Society, the Nigeria Association of Petroleum Explorationalists and the Nigerian Institute of Management Consultants.

Mallam Hassan Usman (Non-Executive Director) is currently the Chief Executive Officer of Aso Savings & Loans Limited, a former Executive Director of the Bureau of Public Enterprises and a former Executive Director (Investment) of the Abuja Investment and Property Development Company Limited. Hassan graduated with a Bachelor of Arts (second class upper) degree in Economics from the University of Sussex, and a Master of Philosophy (M.Phil.) degree in Development Economics from Darwin College, University of Cambridge. He is an Associate of the Institute of Chartered Accountants in England and Wales. He is also a Registered US National Association of Securities Dealers Series 7 Investment Banking Representative.

Dolapo Atekoja (Non-Executive Director) is a management consultant, his areas of expertise span business and financial strategy design and implementation. With over twenty years in the banking industry, his experience spans the commercial and merchant banking industry at senior management levels. His last role within the banking sector was as the Managing Director of Equatorial Trust Bank Limited. An Economist and Stockbroker, he is a Fellow of the Chartered Institute of Stockbrokers.

Section 1.04 Fund Management Team

The Fund's portfolio will be managed within the Fund Manager's Asset Management Department while the following individuals shall have primary responsibility for the Fund's day-to-day operations:

Dipo Oguntuga

Dipo Oguntuga holds a B.Sc. degree in Microbiology from the University of Lagos and a Masters in Business Administration (MBA) with specialization in Finance from University of the District of Columbia, Washington, D. C. He began his career with Goodwill Industries, Washington D.C. in 1991 and moved to AMC Corporation, Maryland, USA in 1994. In 1998 he moved back to Nigeria and joined WSTC Financial Services Ltd. In 2000 he joined Lead Securities & Investments Ltd., a subsidiary of Leadbank Plc. He moved to Afrinvest from Trustfund Pensions Plc. Dipo has been exposed to financial management, marketing, economic & investment research and investment management. He also has vast experience in relationship management, consulting, systems implementation and financial advisory services. He has a passion for rendering excellent service.

Lanre Adeogun

Lanre Adeogun is Head Fixed Income Trading. Lanre has over 10 years experience in audit, management accounting, financial control, internal control and treasury. He worked as Management Accountant with Neimeth Int'l Pharmaceuticals Plc (formerly Pfizer) before joining Financial Control of United Bank for Africa Plc and later Associated Discount House Ltd, where he varied in Financial Control, Audit & Internal Control, and ultimately becoming Head of Bond Desk in Treasury and one of the pioneer Bond Dealers in the market. He subsequently moved to Equatorial Trust Bank Ltd as Head, Securities Trading (Bond and Treasury Bills). Lanre is an Accounting graduate and received a Masters in Managerial Psychology from the University of Ibadan and M.Sc. Contemporary Accounting from Leeds Metropolitan University UK. He is a qualified chartered accountant (ACA); Associate, Chartered Institute of Taxation of Nigeria (ACTI); and a Certified Fraud Examiner (CFE).

Francis Anyimigbo

Francis joined Afrinvest from Intercontinental Bank Plc where he worked in Strategy & Performance Management, Credit Risk Analysis, Compliance & Control departments. Prior to joining banking industry, he had a stint with Parker Randall Offor (Chartered Accountants). He is a graduate of Accountancy & Finance from Yaba College of Technology Lagos, holds MSc. in Financial Management from Aberdeen Business School, United Kingdom. He is an Associate member (ACA) of the Institute of Chartered Accountants of Nigeria (ICAN).

Joy Akele

Joy joined Afrinvest in 2007 as a Bond Desk Analyst and she is currently in the Asset Management Division in charge of the Bond Fund (NIDF). Prior to Afrinvest, Joy has worked in various capacities as a financial analyst and Bond dealer. She worked with Co-operative Group (CWS), London, Ogier Fiduciary Services, Channel Islands and ICAP South Africa. Joy holds a bachelors degree in Economics and Development studies from the Igbinedion University, Okada Nigeria and a Master's degree in Investment and Finance from Middlesex University Business School, London.

Section 1.05 Brief Profile of the Trustee

2. UBA TRUSTEES LIMITED – TRUSTEE TO THE FUND

UBA Trustees Limited is an offshoot of UBA Capital & Trust Limited ("UCAT"), a wholly owned subsidiary of United Bank of Nigeria Plc ("UBA"), one of the leading banks in Nigeria and the winner of the Euro money 2005 "Best Bank Award for Excellence". UCAT (now UBA Asset Management Limited) commenced business over four decades ago as UBA Trustees Limited before its subsequent change of name and reorganisation which led to the re-incorporation of the new UBA Trustees Limited. Over the years, UBA Trustees Limited has earned a reputation as one of the most respected corporate trustees in the Nigerian money and capital markets.

The Board of Directors of UBA Trustees is currently constituted as follows:

Tony O. Elumelu MFR (Chairman)

Mr. Elumelu is a research economist with Honours degrees in Economics at both graduate and post graduate levels. Mr. Elumelu also trained at the Harvard Business School, United States of America and the Institute of Management Development, Lausanne, Switzerland. He has over two decades banking experience and was Managing Director/Chief Executive Officer of Standard Trust Bank Plc (STB) from 1997 till 2005. Currently the Group Managing Director of the UBA Group, he also serves on various boards. He is the President of the West African Bankers' Association (Nigerian Chapter) and Vice Chairman of STB (Ghana). He has held various public sector appointments and was awarded the national honour of Member of the Federal Republic (MFR) in 2003.

Oluwatoyin Sanni (Managing Director)

A Lawyer, Chartered Secretary and Stockbroker with over twenty years' experience in Trusteeship, Law, Asset Management and Corporate Finance, Oluwatoyin holds a Bachelor of Laws (Honours) from the Obafemi Awolowo University, Ile-Ife, Nigeria and Master of Laws from the University of Lagos, Nigeria. She has attended various courses including the Euromoney School for International Financial Law, Oxford, United Kingdom, Investment Banking and Project Finance Course by Euromoney, Portfolio Management Academy of New York Institute of Finance and the Peter Drucker Strategy Programme in Switzerland. Prior to joining the UBA Group, she was an Assistant General Manager, with First Trustees Nigeria Limited and later Managing Director of Cornerstone Trustees Limited. She is the Vice President of the Association of Corporate Trustees of Nigeria.

Vincent Omoike (Non-Executive Director)

Vincent is a Fellow of the Institute of Chartered Accountants of Nigeria and a member of the Chartered Institute of Bankers, London. He served for several years with the Central Bank of Nigeria before his retirement in November 2003 as a Director. In 2005, he was appointed Executive Chairman of Assurance Bank of Nigeria Plc by Central Bank of Nigeria. He has attended professional programmes in the City University Business School, London and the New York Institute of Finance. He has also obtained relevant exposure from various central banks including the Bank of England, Federal Reserve Bank, New York, and the Central Bank of Ireland and has served on the boards of various financial institutions.

Faith Tuedor-Matthews (Non-Executive Director)

Ms. Tuedor-Matthews is an Executive Director of UBA Plc, in charge of Public Sector Group and the Abuja Zonal Office, with almost two decades of banking experience. She has served in top management in various reputable institutions. She holds a Masters degree in Business Administration from the University of Aston, Birmingham and Diploma and a Post Graduate Diploma in Marketing Studies from Southampton Institute and Staffordshire University respectively. A member of several professional bodies like the British Institute of Management and the Chartered Institute of Bankers, she has also attended the Harvard Business School Senior Executive Programme.

Emmanuel N. Nnorom (Non-Executive Director)

He is an acclaimed industry expert in banking operations. He trained as an accountant with Peat Marwick Castellation Elliot & Co, and qualified in 1982 after winning several awards. He is a fellow of the Institute of Chartered Accountants of Nigeria and an alumnus of Templeton College, Oxford University and Manchester University, United Kingdom. He had extensive banking with Liberty Merchant Bank Limited and NUB International Bank Limited before joining Standard Trust Bank Plc in April, 2004 as General Manager (Operations). He is currently Chief Financial Officer of the UBA Group.

Philip Chuwuemeka Ikeazor (Non-Executive Director)

Mr. Ikeazor is a Chartered Accountant and graduate of the University of Buckingham England. He is currently a General Manager in UBA with responsibility for Structured Finance and Corporate Banking. He has extensive experience in Structured Finance, Treasury Management, Financial Services and Public Sector Banking. He joined UBA as a General Manager in September, 2005. Philip has attended several management and leadership development courses in some of the leading business institutions of the world.

Sonnie Ayere (Non-Executive Director)

Sonnie is the Managing Director/Chief Executive of UBA Global Markets Limited. Prior to his appointment, he worked with the International Finance Corporation ("IFC") an arm of the World Bank Group. Sonnie played a major role in an IFC Project for the reactivation of the Nigerian Bond Market and is now a member of the National Steering Committee on the Nigerian Bond Market. He holds a Masters degree (Honours) in Financial Economics from the University of Dundee, Scotland and an MBA from the London Business School.

The Management Team

The UBA Trustees' management team is led by the Managing Director and the following experienced individuals:

Tokunboh Ajayi (Head, Trust Services)

Tokunboh qualified as a Barrister & Solicitor of the Supreme Court of Nigeria in 1986 after a Bachelor of Law degree from the University of Ife (now Obafemi Awolowo University), Ile-Ife, Nigeria in 1985. Prior to joining the UBA Group in 1989, she was in private legal practice. She is a very experienced trustee and a member of the Nigerian Bar Association, FIDA, Nigerian Institute of Management, the Business Recovery & Insolvency Practitioners Association of Nigeria and the British Council. She is an alumna of the Phillips Consulting, South Africa Senior Management Programme. She is the Treasurer of the Association of Corporate Trustees of Nigeria.

Funmi Ekundayo (Head, Marketing & Products Development)

Funmi holds Bachelor and Master of Laws degrees from the University of Lagos, Nigeria. She is an Associate of the Institute of Chartered Secretaries and Administrators, United Kingdom. She worked with the firm of Bentley Edu & Co. and NAL Asset Management & Trustees Limited prior to joining UBA Trustees.

Peter Olorunsola (Chief Operating Officer)

He is a Chartered Accountant and graduate of Obafemi Awolowo University Ile-Ife and has several years' of experience in Accounting and Investment. He is in charge of Financial Control and Administration. He has attended various training programmes and conferences both locally and abroad including Euromoney Bond Investors Congress, United Kingdom. Prior to joining UBAT, he was Head, Finance and Accounts at Cornerstone Trustees Limited.

Section 1.06

3. THE FUND INVESTMENT COMMITTEE

The Investment Committee will advise and guide the Fund Manager on its investment strategies and policies in order to ensure that its activities conform with the Fund's established investment objectives and in the overall interests of the Unitholders.

The membership of the Investment Committee is as follows:

Godwin Obaseki (Vice Chairman/ CEO, Afrinvest)

Please refer to page 20 for Mr. Obaseki's profile.

Ike Chioke (Managing Director, Afrinvest)

Please refer to page 20 for Mr. Chioke's profile

Kayode Fahm (Executive Director, Securities Trading)

Please refer to page 20 for Mr. Fahm's profile.

Dipo Oguntuga

Please refer to page 21 for Mr. Oguntuga's profile.

Francis Anyimigbo

Please refer to page 21 for Mr. Anyimigbo's profile.

Joy Akele

Please refer to page 22 for Miss. Akele's profile.

Lanre Adeogun

Please refer to page 21 for Mr. Adeogun's Profile

Kayode Fahm (ED, Risk Management & Quality Assurance – Afrinvest)

Please refer to page 20 for Mr. Fahm's profile.

Victor Ndukauba (Head Research)

Stella Mujakperuo (Head, Legal & Regulatory Compliance – Afrinvest)

Mrs. Funmi Ekundayo (Trustee Representative)

Please refer to page 23 for Mrs. Ekundayo's profile.

Mrs. Tokunboh Ajayi (Trustee Representative)

Please refer to page 23 for Mrs. Ekundayo's profile.

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8. STATUTORY AND GENERAL INFORMATION

Below are relevant extracts from the Fund's Trust Deed:

Extracts from the Trust Deed

8.1.0 The Trust Deed

The provisions of this Deed and of any duly executed supplemental trust deed shall be binding on the Trustee, the Sponsor, the Noteholders and all persons claiming through them respectively as if such persons were parties to this Deed or such supplemental deed.

8.2.0 DESCRIPTION AND OBJECTIVE OF THE FUND

8.21 The Nigeria International Debt Fund is an open ended Fund that invests in debt instruments issued by the FGN in both local and foreign currency.

8.22 The investment objective of the Fund is to maximise total return.

8.23 The assets of the fund may be invested in any of the Authorised Investments.

8.24 The proceeds of the issue of the Income Bond, excluding the sales charge, shall be applied exclusively, directly or indirectly, for investing and trading in the Authorised Investments.

8.25 The Manager shall not borrow upon the investments of the Fund nor on behalf of the Fund or the Noteholders and monies may not be lent out of the investments of the Fund. This would not, however, prevent the Manager from making any Authorised Investment for the benefit of the Fund.

8.3.0 ADMINISTRATION OF THE FUND

8.3.1 The Manager shall maintain two (2) Naira accounts with the Custodian, which shall be designated the Nigeria International Debt Fund Trading Account and the Nigeria International Debt Fund Expense Account and one Dollar denominated account to be designated the International Operating Account.

8.3.2 All cash proceeds from the sale of Investment Notes shall be paid into the Nigeria International Debt Fund Trading Account or such other designated cash account with the Custodian.

8.3.3 A portion of such proceeds standing to the credit of the Nigeria International Debt Fund Trading Account may be.

- 8.3.4.1 Paid into the Nigeria International Debt Fund Expense Account or such other designated cash account pursuant to 4.2 above to be used for the payment of Charges incidental to the administration of the Fund.
- 8.3.4.2 In the case of foreign currency investments converted by the Manager in consultation with the International Adviser subject to CBN regulations and through the Custodians into Dollars and thereupon remitted to the International Operating Account.
- 8.3.4.3 In the case of naira investments, retained in the Nigeria International Debt Fund Trading Account or such other designated accounts pending settlement of executed transactions.
- 8.3.5 The Designated Accounts shall be operated in accordance with instructions given by the Manager, who shall provide the Commission and the Trustee with bi-annual reports thereon as well as bi-annual valuations of the investments held by the Fund.
- 8.3.6 All Naira investments shall be made with monies drawn from the Nigeria International Debt Fund Trading Account and all foreign currency denominated investments shall be made with monies drawn from the International Operating Account; such investments shall be in the name of the Trustee to the Fund.
- 8.3.7 Monies paid to the Manager for Notes pursuant to this Clause 7.3 shall be paid into the Nigeria International Debt Fund Trading Account and shall form part of the assets of the Fund.
- 8.3.8 All stamp duty and all other duties and Charges incurred in respect of the filing or registration of this Deed or upon the constitution of the Notes shall be payable out of the Nigeria International Debt Fund Expense Account.
- 8.4.0 Conversion of Existing Notes
- 8.4.1 Each of the Existing Note holders shall, on the Conversion Date, be issued New Investment Notes corresponding to the par value of their Existing Notes as of the Conversion Date, and the Existing Notes shall be deemed redeemed, and the proceeds thereof deemed utilised by each of the Existing Noteholders to subscribe to the New Investment Notes.
- 8.4.2 The number of New Investment Notes to be issued to an Existing Noteholder on the Conversion Date shall be based on the market value of the investment of the Existing Noteholder on the Conversion Date and shall be calculated in accordance with the formula contained in Schedule Five.
- 8.4.3 Each Existing Noteholder shall be issued with a new Certificate to reflect its holding; following which Existing Certificates shall cease to represent holdings of Existing Notes.

8.5.0 Additional Investment Notes

8.5.1 The Sponsor may issue Additional Investments Notes from time to time as it deems necessary, subject to the consent and approval of the SEC.

8.5.2 All New Investment Notes and Additional Investment Notes issued pursuant to the Trust Deed shall, regardless of when issued, form a single class and shall rank pari passu in all respects without discrimination or preference as an unsecured perpetual obligation of the Sponsor and shall be non-cumulative and non-convertible.

8.5.3 The Investment Notes are redeemable at the option of the Noteholders in accordance with the provisions of this Deed.

8.6.0 Certificates

8.6.1 Every Noteholder shall be entitled to receive one Certificate for the amount of the Investment Notes held by him, but joint holders shall be entitled to only one Certificate for the Investment Notes held jointly by them, which Certificate shall be delivered to one of the joint holders whose name first appears in the Register and the Administrator, on behalf of the Sponsor, shall not be bound to register more than four persons as the joint holders of any of the Investment Notes.

8.6.2 The Certificates for the Investment Notes shall specify the serial number thereof and shall be in the form or substantially in the form described in Schedule One hereto and shall have endorsed thereon conditions in the form or substantially in the form described in Schedule One.

8.6.3 All issued Certificates shall be under the seal of the Sponsor.

8.6.4 Where a Noteholder has or joint Noteholders have sold or transferred or assigned a part only of his or its or their holding of the Investment Notes by virtue of the provisions hereof, such Noteholder or joint Noteholders shall be entitled to a new Certificate evidencing the balance of such holding upon surrender of the Certificate held before the event of the sale, transfer or assignment.

8.6.5 If any Certificate becomes worn -out, mutilated, defaced or soiled in such a manner as to make identification questionable, the Manager with the approval of the Trustee may cancel such Certificate and issue a new Certificate in its place.

8.6.6 If any Certificate is lost, stolen or destroyed, then upon proof thereof to the satisfaction of the Registrar and on such indemnity (if any) as the Registrar may deem necessary, a new Certificate in lieu thereof may be issued under the seal of the Sponsor to the person entitled to such lost, stolen or destroyed Certificate. An entry as to the issue of the new Certificate and indemnity (if any) shall be made in the Register.

8.6.7 Notwithstanding anything contained in these presents, Noteholders shall be entitled to waive their rights to the issuance of a Certificate.

8.7.0 Financial Year

The financial year of the Fund shall be 1st January to 31st December. The year end of the Fund will be 31st December in each financial year.

8.8.0 Rights of Noteholders

8.8.1 The Noteholders shall not have or acquire any right against the Manager or the Trustee in respect of their investments except such rights as are expressly conferred upon them by this Trust Deed.

8.8.2 A Noteholder shall have the right to redeem his share in the Net Asset Value of the Fund proportionate to the number of Notes held by him in the Fund.

8.8.3 Only persons who have been duly registered as Noteholders shall have the right to be recognised as such.

8.9.0 Deductions to be made from the assets of the Fund

8.9.1 The remuneration of the Manager and all other administrative fees shall accrue on a daily basis. At the end of each month, all such sums as have accrued shall be transferred from the Nigeria International Debt Fund Trading Account into the Nigeria International Debt Fund Expense Account from which the relevant sums will be paid to respective service providers.

8.9.2 The Auditors' fees shall be due for payment at the end of each financial year upon the completion of the annual audit and shall be paid from the Nigeria International Debt Fund Expense Account.

8.10.0 Subscription for Notes

8.10.1 Investors shall subscribe at the Offer Price for any Additional Investment Notes at the Offer Price, through the Manager or any of its agents as may be appointed from time to time.

8.10.2 The applicable Offer Price shall be the Offer Price ruling on the last Valuation Date preceding the day on which payment for subscription of Notes is received by the Manager.

8.11.0 Redemption of Notes

- 8.11.1 All Redemptions shall be made through the Manager or any of its agents as may be appointed from time to time (for and on behalf of the Sponsor);
- 8.11.2 Subject to Clause 7.11.3 below the Manager shall, on request, repurchase against a payment out of the Fund, Notes (other than the Existing Notes) from Noteholders at the Bid Price and where the redemptions are being made within 6 (six) months of subscription of the Notes by a Noteholder, the Manager shall have the right to charge a redemption fee of 2% of the net redemption value.
- 8.11.3 Notwithstanding anything contained in this Clause 7.11.0, a Noteholder shall not be entitled to redeem part only of his holding of Notes if such redemption would result in his holding being reduced to less than the Minimum Investment specified in Clause 7.11.4.3 below.
- 8.11.4 Noteholders can redeem their Notes in the Fund within five (5) Business Days of receipt of the Noteholder's Certificate and a Redemption Notice by the Manager or any of its agents.
- 7.11.4.1 The form of Redemption Notice shall be as set out in the Third Schedule hereto.
- 7.11.4.2 Redemption shall be effected at the Bid Price subject to Clause 7.11.1 above and Clause 7.11.5 below.
- 7.11.4.3 Redemption can be made in fractions and Noteholders seeking to redeem only a part of their holding shall be required to maintain a Minimum Investment of N50, 000 in the Fund.
- 7.11.4.4 Payments in respect of each redemption shall be by cheque sent within five (5) Business Days of receipt of the Noteholders Certificates and Redemption Notices.
- 8.11.5 Where only part of the Notes comprised in a Certificate are to be redeemed, the Noteholders shall pay to the Manager the stamp duty (if any) arising upon the issue of a balance Certificate and thereupon the Manager shall procure a balance Certificate to be issued free of charge for the balance of the Notes comprised in the Certificate.
- 8.11.6 Unless specifically requested by the Noteholder or former Noteholder concerned so to do, the Trustee shall be under no obligation to check the calculation of the amount payable in connection with any purchase or cancellation of Notes pursuant to this Clause but shall be entitled at any time to require the Manager to justify the same.

8.11.7 In no event shall the Trustee be bound to make any payment to the Manager or any Noteholder except out of the Deposited Property held by it for that purpose under the provisions of this Deed.

8.11.8 The Manager shall be entitled in the name and on behalf of the Sponsor to execute any instrument of redemption, discharge or release in respect of any Investment Notes to be redeemed hereunder, and to endorse and sign on the appropriate Certificate, in respect of the Investment Notes to be redeemed, such statement as may be necessary or desirable as evidence that the Noteholder no longer has any interest in the said Notes.

8.12.0 Mode of Transfer of Notes and Issuance of Certificate

8.12.1 Every Noteholder shall be entitled to transfer the Investment Notes or any of the Investment Notes held by him upon the execution by the Noteholder and the recipient of such transfer and the delivery to the Manager of a transfer instrument.

PROVIDED however that no transfer of part of a holding of Investment Notes shall be registered if in consequence thereof, the value of the investment of either the Noteholder or the recipient of such transfer would be less than the Minimum Investment.

8.12.3 Every instrument of transfer must be signed by the Noteholder and the recipient of such transfer and the Noteholder shall be deemed to remain the holder of the Investment Notes transferred until the name of the recipient of such transfer is entered in the Register in respect thereof. The instrument of transfer need not be a deed.

8.12.4 Every instrument of transfer must be duly stamped and lodged with the Manager for transmission to the Registrar accompanied by any necessary declarations or other documents that may be required in consequence of any regulation or legislation for the time being in force and by the Certificate(s) relating to the Notes to be transferred and or such other evidence as the Registrar may require to prove the title of the Noteholder or his right to transfer the Notes and thereupon the Registrar shall register the recipient of such transfer as holder of the Notes referred to in such instrument of transfer and shall issue to such recipient of such transfer a new certificate representing the Notes so transferred.

8.12.5 A fee of such amount as the Manager and the Trustee may from time to time agree may be charged by the Manager upon any transfer of Notes and the Registrar shall issue a new Certificate in the name of the recipient of such transfer and a balance Certificate (if necessary) in the name of the Noteholder.

- 8.12.6 A receipt issued to a Noteholder in respect of any monies payable in respect of the Notes represented by any Certificate shall be a good discharge to the Sponsor and the Manager and if several persons are registered as joint Noteholders or in consequence of the death of a Noteholder, are entitled so to be registered, any one of them may give an effectual receipt for any such monies.
- 8.13.0 Investment Policy, including investment outlets
- 8.13.1 The Fund Manager shall invest in debt obligations of the Federal and state Governments of Nigeria denominated and payable in local currency, including but not limited to foreign debt instruments issued by the Federal Government of Nigeria, Central Bank of Nigeria promissory notes, and all such other Nigerian Government debt obligations as the Manager on the advice of the investment committee and with the approval of the Trustee (the Authorised Investments).
- 8.13.2 A maximum of 75% of the Fund's total assets shall be invested in local currency denominated debt of the Nigerian Federal and State Governments and 23% in foreign currency denominated Federal Government debt, while 2% shall be retained in cash in order to accommodate requests for redemption by investors.
- 8.13.3 The Manager shall not alter the Investment Policy of the Fund without the prior written sanction of the Trustee and the SEC.
- 8.13.4 Subject to Clause 19.1 of the trust deed, any monies accruing from investments of the Fund shall be treated as realised investments. The Manager shall have the discretion subject to the Investment Policy to reinvest any realised investment comprised in the Deposited Property in other Authorised Investments at any time PROVIDED ALWAYS THAT the Manager acts with diligence and prudence in exercising this discretion.
- 8.14.0 Right to Select Investment
- 8.14.1 There shall be an Investment Committee responsible for advising the Manager on the investments to be made by the Fund.
- 8.14.2 The Investment Committee shall consist of not less than 3 (three) persons who shall be nominated by the Manager and whose appointment shall be subject to the approval of the Trustee.
- 8.14.3 Subject to Section 171 of the Investments and Securities Act, the Manager shall have the right to decide as to the purchase, selection, sale or alteration of any investments under the provisions of this Trust Deed. The consent of the Trustee must be obtained before such investments are finalized.

- 8.14.4 The Manager shall from time to time consult with the Investment Committee regarding its decisions to purchase, sell or alter any investment under this Trust Deed.
- 8.14.5 The Manager, Trustee and their affiliates shall not deal as principals in the sale of the Underlying Securities, and these Underlying Securities shall vest in the Trustee or subject to any prescribed conditions, in a nominee approved by the Commission.
- 8.14.6 The Manager shall not undertake any dealing in or retention of any underlying securities of any company if the individual officers of the Manager or any of its affiliates or subsidiaries each have beneficial ownership of more than ½ of 1 per cent (0.5%) of the securities of such company and together more than 5 per cent of the securities of that particular company.
- 8.15.0 Registration of Noteholders
- 8.15.1 A Register of Noteholders shall be kept by the Registrar.
- 8.15.2 The Register shall contain the names of Noteholders, the respective number of Notes held, the nominal value of the Notes, the date of purchase, the certificate number and any other information that may be deemed necessary by the Registrar.
- 8.15.3 The Registrar shall immediately be notified in writing of any change of name or address on the part of any Noteholder and upon the Registrar's satisfaction thereof and in compliance with all such formalities as it may require, shall cause the Register to be altered or the change to be registered accordingly. All Noteholders shall be entitled during business hours to freely inspect the Register upon the payment of a nominal fee as may be stipulated by the Registrar.
- 8.15.4 The Register shall be conclusive evidence of the persons entitled to the Investment Notes represented by Certificates entered therein. Any person claiming to be interested in any Investment Notes or the coupons on them may protect his interest by serving on the Manager a notice and an affidavit of interest whereupon the Registrar shall cause to be entered on the Register the existence of such notice and shall not register, transfer or make a payment or return[s] in respect of the relevant Notes contrary to the terms of the notice until the expiration of forty-eight (48) days' notice to the claimant of the proposed transfer or payment.
- 8.15.5 A body corporate may be registered as a Noteholder or one of joint Noteholders.
- 8.15.6 In the event of the death of a Noteholder, only the legally appointed executors or administrators of the estate of the deceased Noteholder (not being one of joint Noteholders) or the surviving Noteholder(s) of joint Noteholders shall be recognised by the Registrar as having any title to or interest in the Notes of the deceased Noteholder.

- 8.15.7 Any person becoming legally entitled to any Notes in consequence of the death or bankruptcy or dissolution or winding up of any Noteholder or upon the order of a court, or upon a declaration that a Noteholder is a lunatic shall, upon producing such evidence to the satisfaction of the Registrar substantiating his claim (and on delivering up the Certificate(s) of the deceased, bankrupt or lunatic Noteholder or resolution of dissolution or winding up to the Registrar for cancellation) be entitled to elect either to be registered himself or to have some other persons nominated by him registered as entitled to such Note(s) and to have new Certificate(s) issued accordingly. If the person becoming so entitled shall elect to be registered himself, he shall deliver or send to the Registrar a duly signed written notice in a form to be prescribed by the Registrar stating that he elects to be so registered, or if he shall elect to have some other person nominated by him shall testify such election as if the death, bankruptcy or lunacy or the dissolution or winding up of the Noteholder had not occurred and the notice or transfer were a transfer executed by such Noteholder.
- 8.15.8 No person shall be entitled to exercise any of the rights of a Noteholder until he has been registered in respect of the Notes.
- 8.15.9 The number of Notes held by a Noteholder shall be registered and recorded by the Registrar as a book entry.
- 8.15.10 The Registrar may, upon giving notice to the Noteholders by advertisement in a widely circulated daily newspaper, close the Register for periods not exceeding thirty days in each Year.
- 8.16.0 Removal, Retirement and Appointment of Trustee
- 8.16.1 In the event of the Trustee desiring to retire or the Manager seeking to remove the Trustee, both the Trustee and the Manager ("the parties") shall first notify the Commission in writing, stating the reasons for the Trustee's retirement or removal as well as the suitability of the new Trustee to be appointed within three (3) months. The Manager shall use its best endeavours to appoint a new Trustee within 3 (three) months of notice to both the Commission and the Manager by the Trustee of its intention to retire. The new Trustee shall be an incorporated company registered with the Commission and approved by a majority of the Noteholders. If no new Trustee can be identified within that period the Manager may terminate the Trust. Notice shall also be given by the Trustee to the International Adviser where any is so appointed.
- 8.16.2 The Trustee shall be subject to removal by notice in writing from the Manager in any of the following circumstances PROVIDED THAT in either case the proposed removal has been approved by the Commission or 1 (one) month has passed since notice was served on the Commission without the Commission having notified the Manager that the proposed removal is not approved before service on the Trustee:

- 8.16.2.1 if Noteholders holding not less than 75% of the Notes outstanding of the Fund deliver to the Manager a request in writing that the Trustee should retire;
- 8.16.2.2 if the Trustee goes into liquidation (except for a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Manager) or if a receiver is appointed over any of its assets;
- 8.16.2.3 if in the opinion of the Manager, which opinion is confirmed by Noteholders holding a simple majority of the Notes Outstanding attending the meeting in person or by proxy, the Trustee shall be incapable of performing or shall have in fact failed to perform its duties satisfactorily or shall have done any other thing which is calculated to bring the Fund into disrepute or be harmful to the best interests of the Noteholders or is a breach of the Trustees fiduciary duties to the Fund. Upon removal of the Trustee, the Manager shall by writing under its seal subject to the approval of the Commission appoint some other qualified corporation to be the Trustee and such corporation shall enter such Deed or Deeds as the Manager deems it necessary or desirable to be entered by such corporation in order to secure the due performance of its duties as Trustee.
- 8.16.3 The new Trustee taking the place of the Trustee retiring pursuant to clause 7.16.1 or 7.16.2 above shall sign a deed of accession in the terms set out in the Fifth Schedule.
- 8.17.0 Termination of the Fund
- Subject as hereinafter provided, the Fund shall terminate and the Income Bond shall become payable upon the happening of any of the following events:
- 8.17.1 that if in the opinion of the Manager, the Net Asset Value of the Fund is insufficient to justify the continued operation of the Fund.;
- 8.17.2 if an order of court of competent jurisdiction is made or an effective resolution is passed for the winding up of the Sponsor or the Manager otherwise than in pursuance of a scheme of amalgamation or reconstruction previously approved in writing by the Trustee and duly carried into effect;
- 8.17.3 if any encumbrancer takes possession of, or a receiver is appointed for the whole of the properties of the Sponsor or the Manager and the Trustee certifies in writing that it considers such taking of possession or appointment to be substantially prejudicial to the Noteholders;
- 8.17.4 if the Manager stops or ceases to carry on its business or substantially the whole of its business;

- 8.17.5 if in the opinion of the Trustee there is a strong likelihood of the dissipation or improper use of the Designated Account, the operating accounts or the account kept by the Custodian or the International Custodian;
- 8.17.6 if the Manager gives a Determination Notice to the Trustee and the period of notice expires;
- 8.17.7 if the Manager gives notice to the Trustee that it believes the investment objective of the Fund is no longer reasonably achievable in accordance with the Investment Policies and restrictions of the Fund;
- 8.17.8 if any Government or any public or Local Government Authority shall purport to condemn, nationalise, seize or otherwise acquire or expropriate (other than by way of acquisition of the share capital of the Sponsor) all or such part of the assets of the Sponsor or the Manager as in the written opinion of the Trustee would cause the Fund to be in jeopardy or take any action for the dissolution or disestablishment of the Sponsor or the Manager or any action that would prevent the Sponsor or the Manager in the opinion of the Trustee from carrying on its operations or any substantial part thereof;
- 8.17.9 If any law makes it illegal, or a regulation, decision of a court of competent jurisdiction or government policy is made which renders it impracticable to continue the Fund, or makes it improbable for the Manager or the Sponsor to continue to perform their respective obligations to the Fund; or
- 8.17.10 If there is default in the payment of any coupon owing on the Investment Notes for a period of three (3) months.
- 8.17.11 Provided That on the happening of any event specified in sub-Clauses 7.17.2, 7.17.3, 7.17.4, 7.17.8 and 7.17.10, the Fund shall not be declared to be determined, neither shall the Income Bond be declared immediately payable unless and until the Trustee shall have first served on the Manager or the Sponsor as the case may be a preliminary notice requiring the Manager or the Sponsor as the case may be to remedy the event by paying the coupon in arrears or to remove or discharge (to the satisfaction of the Trustee) such receivership, distress, execution or process or to desist or refrain from any threatened or likely mismanagement of the Fund, or to desist or refrain from any threatened or likely cessation of business and the Manager or the Sponsor as the case may be shall have failed or neglected for a period of thirty (30) days to comply with such notice. PROVIDED HOWEVER THAT if the Trustee is of the opinion that delays or the giving of notice aforesaid might prejudice the interests of Noteholders, the Trustee shall by notice in writing to the Sponsor and the Manager declare the Investment Notes to have become immediately repayable. Provided Howsoever That the Instructing Group may in writing override the decision of the Trustee to declare the Income Bond to have become immediately repayable.

8.18.0 Events upon Termination

8.18.1 Subject to Clause 7.17.11 above, at any time after the occurrence of any of the events listed in Clause 7.18.0 (and in respect of the events specified in Clause 7.17.11 above, after the expiration of the 30 day cure period), the Trustee shall immediately by notice in writing inform the Noteholders that the Income Bond has become payable and by the same notice convene a Meeting of Noteholders for the purpose of resolving by an Extraordinary Resolution whether to enforce payment and terminate the Fund, or to continue the Fund.

8.18.2 In the event of determination of the Fund as a result of any or all of the circumstances set out in Clause 7.18.0, and upon the resolution of Noteholders to determine the Fund pursuant to sub-Clause 7.17.1 above, the Trustee shall ensure that the Manager shall use its best efforts to effect a market sale of all the Underlying Securities and assets of the Fund for the best prices available at such time, and shall thereupon pay all the net cash proceeds derived from the realisation of the Underlying Securities and assets of the Fund into the Nigeria International Debt Fund Trading Account and/or the International Operating Account as the Manager deems fit, for onward payment to the registered Noteholders in proportion to their respective interests in the Fund through the Trustee Provided Always That payment made pursuant to any of the immediately foregoing Sub-Clauses to the Noteholders shall operate in satisfaction pro tanto of the obligation of the Sponsor to repay the Income Bond or make a refund. Provided However That upon the request in writing of the Instructing Group or upon being so directed by an Extraordinary Resolution and without further notice the Trustee shall institute such proceedings as it may think fit to enforce payment of the Investment Notes the premium (if any) thereon and all unpaid coupon which has accrued thereon.

8.18.3 No Noteholder shall in any circumstance be entitled to any remedy (whether by way of action, petition, arbitration or otherwise howsoever) for the recovery of his Investment Note or Investment Notes or any part thereof or any coupon thereon unless the Trustee having become bound to take proceedings in accordance with this Trust Deed, fails to do so. In that case any Noteholder may:

8.18.3.1 Take such proceedings in a representative capacity on behalf of himself and all other Noteholders for the recovery of his Investment Notes or the Income Bond; or

8.18.3.2 In compliance with Section 176 of the Companies & Allied Matters Act, Cap. C 20 Laws of the Federation of Nigeria 2004, take such proceedings in his name for the recovery of his Investment Note or Investment Notes only.

Nothing contained in the Trust Deed shall exempt the Sponsor, the Manager, the International Adviser or the Administrator against any liability for breach of trust or breach of duty where any of them fails to show the degree of care and diligence required of them having regard to the provisions hereof in respect of the assets of the Fund or against any liability which by any rule of law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust which they shall commit in relation to their duties hereunder.

THE SECOND SCHEDULE
PROVISIONS FOR MEETING HOLDERS

8.19.0 Who may convene Meetings

8.19.1 Noteholders meeting shall be held annually as required statutorily.

8.19.2 Subject to the provisions of Clause 24 of the Trust Deed, the Manager may, and the Manager shall upon the written request of the Trustee or of the holders of not less than three-quarters of the Investment Notes convene a Meeting of Noteholders. Such Meeting shall be held at such place as the Manager shall determine or approve.

8.20.0 Notice of Meetings

8.20.1 Twenty one days' notice at least (exclusive of the day on which the notice is given) of every Meeting shall be given to the Noteholders in the manner in these presents provided and the notice shall specify the place, day and hour of Meeting and the general nature of the business to be transacted except that in the case of an Extraordinary Resolution it shall not be necessary to specify in the notice the terms of the resolutions to be proposed. A copy of the notice shall be sent by post to every Noteholder or his successors-in-title, the Administrator, the Sponsor, the Manager, the International Adviser and to the Auditors. The Trustee, the Manager, the International Adviser, the Administrator, the Auditors and the Sponsor shall be entitled to attend any meeting either personally or by some representative or representatives appointed by them in that behalf. The accidental omission to give notice to or the non-receipt of notice by any of the Noteholders or the other persons aforementioned shall not invalidate the proceedings at any meeting.

8.20.2 A Meeting may be called after giving shorter notice than that specified in sub-clause 7.20.1 above if written consent is given thereto by three quarters of the Noteholders present at the meeting.

8.20.3 There shall be annexed to every notice convening a Meeting of the Noteholders, a statement setting out the material facts concerning each such item of business. Where any item of business consists of according approval to any document by the Meeting, the time and place where the documents can be inspected shall be specified in the statement aforesaid.

8.20.4 Notice of every Meeting shall be given:

8.20.4.1 to every Noteholder in the manner specified for the service of notices in the conditions endorsed on the Certificates;

87.20.4.2 to the person entitled to Certificates in consequence of the death, insolvency, winding up or dissolution of a Noteholder by sending it through the post in a prepaid letter addressed to him by name or by the title of the representative of the deceased or assignee of the insolvent or by any like description at the address (if any) supplied for the purpose by the person claiming to be so entitled, or until such address has been so supplied, by giving the notice in any manner in which it might have been given if the death, insolvency, winding up or dissolution had not occurred; and

8.20.4.3 to the Trustee, the International Advisers, the Auditors, and the Administrator by sending the notice in accordance with the provisions of Clause 54 of the Trust Deed.

8.21.0 Chairman

A person nominated by the Manager shall be entitled to take the chair at every Meeting and if no such nomination is made or if at any Meeting the person nominated shall not be present within fifteen minutes after the time appointed for holding the Meeting, the Noteholders present shall choose one of their numbers to be Chairman.

If a poll is demanded on the election of the Chairman it shall be taken forthwith and the Chairman elected on a show of hands will exercise all the powers of the Chairman until the result of such poll be declared. If some other person is elected Chairman whether by show of hands or as a result of a poll, he shall be the Chairman until the arrival of the person nominated by the Manager, failing which he shall be Chairman for the rest of the Meeting.

8.22.0 Other Persons Entitled to Attend Meeting

The Trustee and its Solicitors and any Director or officer of the Trustee hereof, and any Director or officer, the Secretary or Solicitors of the Sponsor, the International Adviser, the Administrator, the Manager and the Auditor, and any other person authorised in that behalf by the Trustee, the Sponsor, the Administrator, the Manager, the International Adviser or the Auditor may attend and be heard at any Meeting but shall not be entitled to vote thereat.

8.23.0 Quorum

At any such Meetings, persons of at least two in number holding or representing by proxy at least one quarter of the nominal amount of the Income Bond shall form a quorum for the transaction of business. And that no business shall be transacted at any Meeting unless the requisite quorum be present when the Meeting proceeds to business.

8.24.0 Absence of Quorum

If within thirty minutes from the time appointed for any Meeting of the Noteholders a quorum is not present, the Meeting shall if convened upon the requisition of the Noteholders be dissolved. In any other case, it shall stand adjourned to such day, time and place being not less than fourteen days thereafter as may be appointed by the Chairman and at such adjourned Meeting the Noteholders present in person or by proxy and entitled to vote (whatever the value of the Investment Notes held by them) shall form a quorum and shall have power to pass any resolution and to decide upon all matters which could properly have been disposed of at the Meeting from which the adjournment took place had there been a quorum

8.25.0 Notice of Adjournment

At least fourteen days' notice of any adjourned Meeting of Noteholders at which an Extraordinary Resolution is to be submitted shall be given in the same manner (*mutatis mutandis*) as for an ordinary Meeting, but it shall not be necessary to specify in such notice the business to be transacted at the adjourned Meeting and such notice shall state that the Noteholders present at the adjourned Meeting whatever the amount of Investment Notes held by them will form a quorum.

8.26.0 Adjournment

The Chairman may subject as aforesaid with the consent of (and shall if directed by) any such Meeting at which a quorum is present adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place.

8.27.0 Method of Voting

Every question submitted to a Meeting of Noteholders shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded as hereinafter mentioned and in case of any equality of votes the Chairman shall vote on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as or on behalf of a Noteholder.

8.28.0 Evidence of Passing of Resolution

At any Meeting of Noteholders unless a poll is demanded (as hereinafter mentioned), a declaration by the Chairman that a resolution has been carried or lost by any particular majority entered in the minute book of the proceedings shall be prima facie evidence of the fact without proof of the number or proportion of votes recorded in favour of or against such resolution.

8.29.0 Demand for Poll

8.29.1 If at any such Meeting a poll is to be demanded it shall be taken in such manner and at such time (not more than thirty days after the date of the Meeting) as the Chairman may direct and the result of such poll shall be deemed to be the resolution of the Meeting at which the poll was demanded but any poll demanded at any such Meeting on the election of the Chairman or any question of adjournment shall be taken at the Meeting without adjournment. No notice need be given of a poll not taken immediately and any business other than that upon which a poll is demanded may be proceeded pending the taking of the poll.

8.29.2 Before or on the declaration of the result of the voting on any resolution or question on a show of hands a poll may be ordered to be taken by the Chairman of the Meeting so demanding or on a demand made in that behalf by at least five Noteholders having the right to vote on the resolution who are present in person, by proxy or by the holder or holders of not less than one tenth in nominal amount of the Investment Notes.

8.29.3 The demand for a poll may be withdrawn at any time before the poll is taken by any person or persons who made the demand.

8.29.4 Where a poll is to be taken the Chairman of the Meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. The Chairman shall have the power at any time before the result of the poll is declared to remove a scrutineer from office and to fill vacancies in the office of the scrutineer arising from such removal or from any other cause. At least one of the scrutineers appointed under this shall always be a Noteholder present at the Meeting, Provided That such a Noteholder is available and willing to be so appointed.

8.30.0 Proxies

The registered holder of any of the Investment Notes or in the case of Joint Holders any one of them shall be entitled to vote in respect thereof, either in person or by proxy and in the latter case as if such joint holders were solely entitled to such Investment Notes. If more than one of such joint holders be present at any Meeting either personally or by proxy that one of the holders so present or by proxy whose name stands first in the Register as one of the holders in respect of such Investment Notes shall alone be entitled to vote in respect thereof in person or by proxy.

8.31.0 Form of Proxy

8.31.1 A Noteholder may appoint any people (who need not be a Noteholder) as his proxy to vote for him at any Meeting. Every instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or in the case of a corporation either under its common seal or under the hand of an officer or of an attorney duly authorised in writing and must be in the usual common form or in such other form as the Manager may prescribe or accept. A proxy, unless the contrary is stated thereon will be valid as well for any adjournment of the Meeting as for the Meeting to which it relates and need not be witnessed.

8.31.2 In every notice calling a Meeting of the Noteholders there shall appear with reasonable prominence a statement that a Noteholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a Noteholder.

8.32.0 Votes

8.32.1 On a show of hands every Noteholder who (being an individual) is present in person or by proxy or (being a company) is present by its duly authorised representative shall have one vote and on a poll every Noteholder present in person or by proxy shall have one vote for every Investment Notes of which he is the holder. On a poll a Noteholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

8.32.2 In the case of equality of votes whether on a show of hands or on a poll the Chairman of the Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote in addition to the vote(s) to which he may be entitled as or on behalf of a Noteholder.

8.32.3 The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting, and the Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

8.33.0 Representative of Corporate Noteholders

Any company or corporation or non-natural person which is a Noteholder may by writing under the hand of a duly authorised officer, authorise such person as it thinks fit to act as its representative at any Meeting of the Noteholders and the person so authorised shall be entitled to exercise the same powers on behalf of the company or corporation or such other entity which he represents as the entity could exercise if it were an individual Noteholder.

8.34.0 Power Exercisable by Noteholders at General Meeting

A Meeting of the Noteholders shall have the following powers:

8.34.1 Power to sanction the release of the Manager from all or any part of the coupon owing on the Income Bond;

8.34.2 Power to sanction the release of the Sponsor from all or any part of the principal moneys owing on the Income Bond;

- 8.34.3 power to sanction the exchange of the Investment Notes into shares, bonds, debentures, debenture Investment Notes or other obligations or securities of any other sponsor that may take over from the Sponsor pursuant to the provisions of Clause 13 of the Trust Deed;
- 8.34.4 Power to sanction any modification or compromise or any arrangement in respect of the rights of the Noteholders against the Sponsor or against tangible and intangible assets of the Fund howsoever such rights shall arise;
- 8.34.5 Power to assent to any modification of the provisions contained in these presents which shall be proposed or agreed to by the Sponsor and to authorise the Trustee to concur in and execute any supplemental Trust Deed embodying any such modification;
- 8.34.6 Power to give any sanction, direction or request which under any of the provisions of the Trust Deed is required to be given by Extraordinary Resolution;
- 8.34.7 power to authorise and empower the Trustee to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution;
- 8.34.8 Power to discharge or exonerate the Trustee from all liability in respect of any act of commission or omission for which they have become responsible under these presents;
- 8.34.9 Power to approve any person for appointment as Trustee hereof or to remove any Trustee and appoint any person in his or its place; and
- 8.34.10 Power to or not to object to any change or variation of the investment restrictions applicable to the Fund. Provided Always that the exercise of the powers set out in sub-Clauses 7.34.5, 7.34.6, 7.34.7, 7.34.8 and 7.34.9 above shall be by way of Extraordinary Resolution.
- 8.35.0 Extraordinary Resolution
Any Extraordinary Resolution passed at a Meeting of the Noteholders duly convened and held in accordance with these presents shall be binding upon all the Noteholders whether present or not present at such Meeting and each of the Noteholders shall be bound to give effect thereto accordingly.

8.36.0 Definition of Extraordinary Resolution

The expression "Extraordinary Resolution" when used in this Schedule means a resolution passed at a Meeting of the Noteholders duly convened and held in accordance with the provisions herein contained and carried by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands, or if a poll is duly demanded by a majority of not less than three-fourths in value of the votes given on such poll.

8.37.0 Resolution in Writing

Resolution in writing signed by or on behalf of Noteholders holding in the aggregate not less than 90 per cent in nominal value of the Investment Notes then outstanding and who for the time being are entitled to receive notice of a Meeting in accordance with the provisions herein contained shall for all purposes be as valid and effectual as an Extraordinary Resolution passed at a Meeting of Noteholders duly convened and held in accordance with the provisions herein contained. Such resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders.

8.38.0 Minutes of Meeting

Minutes of all resolutions and proceedings at every such Meeting shall be made and duly entered in books to be provided by the Administrator and any such minute if purporting to be signed by the Chairman of the Meeting at which such resolutions were passed or proceedings had or by the Chairman of the next succeeding Meeting of the Noteholders, shall be conclusive evidence of the matters therein stated and until the contrary is proved every such Meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly convened and all resolutions passed or proceedings had thereat to have been duly passed and taken.

8.39.0 Indebtedness

As at the date of the Information Memorandum, the Fund Manager has no outstanding debentures, mortgages, loans, charges or similar indebtedness other than in the ordinary course of business.

8.40.0 Claims and Litigation

As at the date of the Information Memorandum, the Fund Manager is not aware of any claims or litigation pending or threatened against it that will adversely affect the fund.

B. NIGERIA: COUNTRY PROFILE

Section 1.07 Introduction

The federal Republic of Nigeria, situated on the west coast of Africa, is home to an estimated 140 million people of 200 ethnic nationalities who occupy 98 million hectares of land (an estimated 76% of which is arable) and speak 500 different languages).

Section 1.08 The Economy

2008 proved to be a tale of two parts for the Nigerian economy and financial markets, driven both by external factors relating to the escalating global economic crisis and by internal factors arising out of domestic market and regulatory responses. In a year that was noted for as much turmoil in financial markets as inertia on the political arena, 2008 demonstrated yet again the stark correlation between the economic prospects of Nigeria's undiversified petrodollar economy and the international dynamics of the crude oil price. Oil prices experienced significant levels of volatility during the year, responding quite dramatically to events across the globe, and particularly to the sub-prime driven economic slump in the United States of America. Data from the Central Bank of Nigeria (CBN) capture the impact of significantly lower oil price levels on government earnings which soared to approximately US\$13.6bn in Q1 2008 and US\$13.4bn in Q2 2008, the highest quarterly earnings figures since the first half of 2006.

Inflation had its bitter toll on the Nigerian economy and monetary and fiscal policies among others have been deployed to arrest it. A single digit inflation rate was sustained within the range of 7.8 and 9.7 per cent from January through May 2008. Thereafter, the inflation rate increased steadily during the rest of the year, peaking at 15.1 per cent end-period basis in December.

The table below provides a selection of recent key macroeconomic statistics for Nigeria.

Table 1: Selected Macroeconomic Statistics (2002 – 2006)¹

Indicator	2004	2005	2006	2007	2008
GDP at Current Mkt Prices (N' billion)	11,673.60	14,735.30	18,709.60	20,853.60	24,048.50
GDP at Current Mkt Prices (US\$' billion)	76.17	88.37	144.49	148.69	175.36
GDP per Capita (N)	87,845.30	109,155.10	132,604.30	142,957.10	159,906.80
GDP per Capita (US\$)	658.02	826.31	1,030.34	1,136.11	1,349.08
Real GDP Growth (%)	6.6	6.5	6	6.5	6.4
Inflation Rate (%) (Dec-over-Dec)	10	11.6	8.5	6.6	15.1
Inflation Rate (%) (12-month moving average)	15	17.9	8.2	5.4	11.6
Core Inflation Rate (%) (Dec-over-Dec)	5.9	2.4	17.3	3.6	10.4
Core Inflation Rate (%) (12-month moving average)	15.5	8.8	12.8	9.2	5.1
Export of Goods and Non-factor Services	30.16	31.66	45.96	40.29	44.3

¹CBN Annual Report, Afrinvest Research

Import of Goods and Non-factor Services	18.29	19.09	21.44	22.38	24.89
Population (million)	129.9	133.5	140	144.5	149.1
Average DAS Rate (N/\$1.00)	133.5	132.15	128.65	125.83	118.92
End of Period DAS Rate (N/\$1.00)	132.9	130.29	128.27	117.97	132.56

Section 1.09 Politics

Nigeria is a constitutional democracy, governed by a federal government at the centre and 36 states governments across the country. Following 8 years of democratic rule under the government of former president Olusegun Obasanjo, elections were held in April 2007. The new administration, under the leadership of President Musa Yar'Adua on the People's Democratic Party (PDP) platform, took over administration at both the state and federal levels in May 2007. The new government has stated its intention to perpetuate the reforms which were initiated under the Obasanjo-led government. During the year, democracy could be said to have been strengthened by pronouncements and judgments of the Judiciary. The third arm of government was prominent in the resolution of several crises of legitimacy over the elections in the previous year.

The present Economic policy is focused on building and addressing key infrastructural shortcomings – a crucial element in setting the stage for longer-term stable growth. While this should help break the past 30-years uncontrolled boom and bust cycles, the government's resolve will be tested. After reaching record highs in 2008, the collapse in oil and other commodity prices will mean a significantly weaker performance in the coming years. Social disruptions associated with the regional unrest in the Niger delta have caused oil production to slide about 20% from recent highs to levels that are closer to the agreed OPEC quotas. A weaker oil-sector environment is also transferring to the non-oil sector. Services sector growth will roughly halve in 2009. Energy shortages have also led to industry shutdowns – over half of all manufacturers indicated energy inadequacy as a major constraint on production.

Section 1.10 The Nigerian Capital Market

The Nigerian Capital Market is the most vibrant in Africa after that of South Africa. The Stock Exchange which was founded in 1960 is 2nd most active exchange in Africa after the Johannesburg Exchange with 210 securities listed on the daily official list of the Exchange.

The unfavorable combination of external pressures (falling oil prices and a global economic crisis) and domestic market factors (political inertia, a rapidly de-leveraging stock market and uncoordinated regulatory responses) have created significant challenges for Nigeria's financial market participants, and in particular the nation's banks. Coming off a strong period of asset growth and capital raising in 2006/2007, Nigerian banks began 2008 with great hopes for another stellar year. Equity market performance in the first few months of 2008 suggested that most investors shared this optimism (commercial banks represented 65.0% of January 2008 market capitalization). Peaking at a 13.3% year-to-date return on the 5th of March 2008, the equity markets then commenced an unyielding, albeit volatile run to the bottom. Precipitated by an alleged CBN directive to commercial banks around March, to curb lending to stock market investors; the market decline was exacerbated by a series of uncoordinated regulatory responses to the escalating crisis, further serving to diminish investor confidence. Global market conditions further contributed to the decline, with systematic withdrawals from the market by foreign portfolio investors throughout 2008, many of whom had previously been attracted by significant market gains in 2006 and 2007. As 2008 progressed, continued declines in stock prices on the NSE served as a further trigger to unwind leveraged portfolios into the market, with CBN interest rate hikes in mid- 2008 (targeted at checking resurgent inflation) creating even more disincentives to margin seeking investors.

Banks, many of whom had become significantly exposed to the stock market (as lenders as well as investors) began to restrict levels of credit, first to equity investors, and ultimately to non-stock related investors. By Q3 2008, widespread market uncertainty and the absence of unambiguous sources of information on the level of various banks' exposure to the raging domestic and international crisis were fostering an environment of counterparty distrust, reflected in credit pricing across the market. Going into 2009, Afrinvest Research believes that major changes in the frequency and depth of financial disclosure at Nigerian banks will be required in addition to wide ranging market reforms for the return of investor confidence and a sustained market recovery.

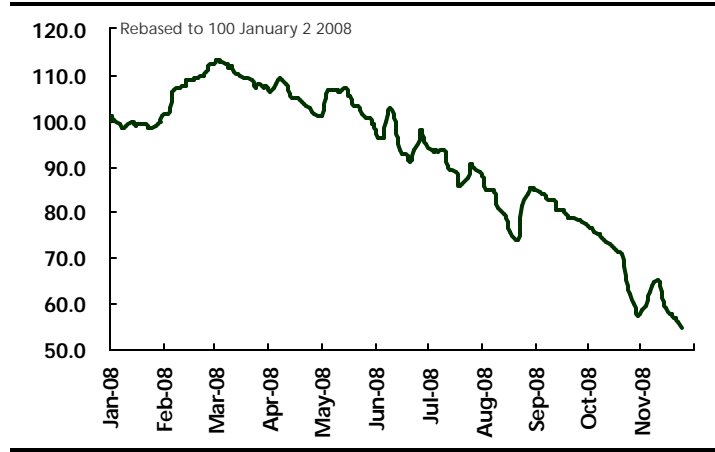
The bond market in Nigeria has developed significantly in terms of market size, range of instruments and efficiency. The development of the bond market centers on the need to establish a well diversified financial base to meet the changing needs of the Nigerian economy. Nigerian bond prices have largely held up, defying severe dislocations in international credit markets. While the great majority of international fixed income securities struggled to hold on to any value in 2008, Nigerian sovereign bonds, traded over-the- Counter (OTC) in the local market have mostly remained a safe option for investors. This was despite a remarkably volatile year, during which the benchmark CBN rate was changed several times (in either direction), inflation expectations fluctuated with changes in crude prices and foreign investor withdrawals contributed a further wildcard factor to bond market dynamics.

Chart 1: Nigerian Market Overview 2007 - 2008

	2007	2008	Change
Market Capitalization (Naira, bn)	10,180.30	6,957.50	-31.70%
Market Capitalization (US\$, bn)	84.8	49.3	-41.90%
NSE Index	57,990	31,451	-45.80%
Market Turnover (Naira, bn)	2,076.70	2,324.60	11.90%
Market Turnover (US\$, bn)	17.3	17.8	2.90%
Market Liquidity (%)	20.4	33.4	13.00%

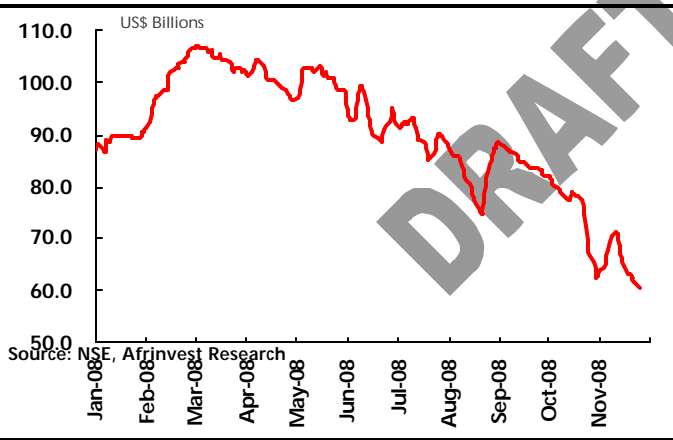
Source: Afrinvest Research

Chart 2: NSE All Share Index (Jan to Dec 2008)



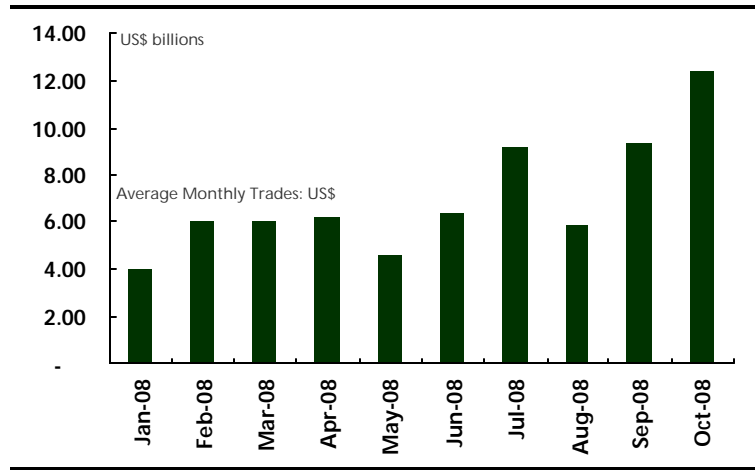
Source: NSE, Afrinvest Research

Chart 3: NSE Market Capitalization (Jan to Dec 2008)



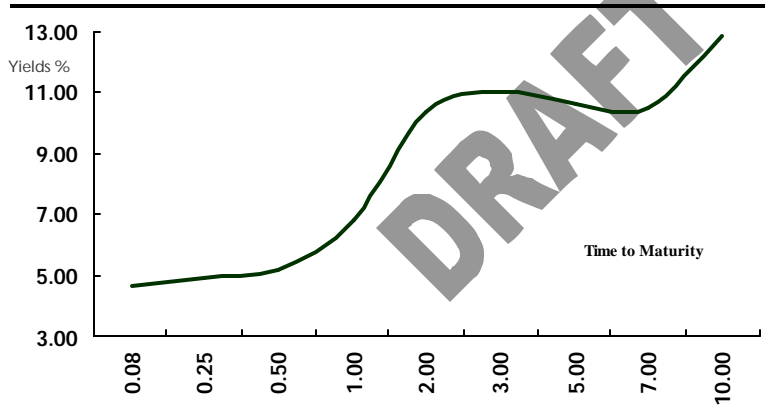
Source: NSE, Afrinvest Research

Chart 4: Monthly Value of Bonds Traded (January to October 2008)



Source: CSCS, Afrinvest Research

Chart 5: Nigeria Sovereign Yield Curve, December 12, 2008



Source: FDHL, Afrinvest Research

Section 1.11 Economic Outlook

Overall, we expect a difficult year in 2009. International market conditions continue to suggest a prolonged recession in the United States and other major western economies, with leading emerging markets (Brazil, Russia, India, China) also expected at the very least to experience a significant reduction in pace of growth. The prognosis for resource rich African nations is no more favorable, given that commodity prices (one of the major anchors of the 2006-2008 boom) have come off significantly with fears of an impending global recession. Nigeria, with its continued dependence on hydrocarbon revenues for government income and foreign exchange inflows, falls squarely into this category of African nations. While lower crude and food prices should ordinarily have the positive impact of blunting the blow of imported inflation, Nigeria still suffers from chronic infrastructural deficiencies and a regulated petroleum products pricing regime that limit the scope for lower prices to trickle down to consumers.

We also expect to see reduced volumes of credit-financed speculative inflows into the equities and real estate markets. Given the current market preference for safety and fixed income, we expect money market instruments, government treasuries and sovereign bonds to receive heavier weightings in investor portfolios. We also expect to see greater degrees of diversification into non-naira based assets, as the risk of naira devaluation re-surfaces; several cycles after naira hedging had come to be considered unfashionable. Within this scenario however, we continue to see opportunities for capital preservation and potential appreciation for a well diversified portfolio of assets; and see scope for stable earnings performance for many large corporates, particularly in traditional sectors with limited dependence on financial market stability/liquidity for revenues and profitability.