

Review of 2003 & Outlook for 2004

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ECONOMIC GROWTH

We believe the framework for a strong private sector is emerging given the benefits of liberalisation and privatisation of several sectors of the economy. We also view government's proposed allocation of over 75% of capital expenditure to vital sectors as a positive development. However, we note that the key to sustainable economic growth is effective implementation of reforms and proper allocation of resources. **Consequently, we are maintaining our mid-term growth forecast range of 3%-5%, however with a bias for the upper end of the range.**

INFLATION & INTEREST RATES

Though the CBN has indicated its intention to guide rates lower, we expect the inflationary outlook to provide direction for such an initiative. We believe the success of the current low interest regime is dependent on the ability of the Central Bank to effectively block loop holes in the financial system and/or guide the economy in the direction that makes lower rates tenable and sustainable. In the face of recent deregulation of the downstream petroleum sector, introduction of a levy on petroleum products and depreciation of the Naira, we expect pricing pressures in the near term. However, we believe this will be short-lived provided there are no incidences of fuel scarcities or civil disturbances. **To this end, our forecast range for inflation is 12% – 15% in 2004, with a bias to the upper end of the range.**

CURRENCY

We remain of the opinion that the CBN cannot sustain the current level of intervention in support of the currency as this continues to jeopardize the nation's reserves. This view is based on our expectation for a continued rise in government spending in 2004; a move which we believe will further distort money supply, drive inflation higher and put pressure on the Naira. **We are therefore increasing our support level for the Naira at the parallel market to ₦160/\$1 from ₦150/\$1 whilst maintaining our resistance level at ₦135/\$1.**

EQUITY MARKET

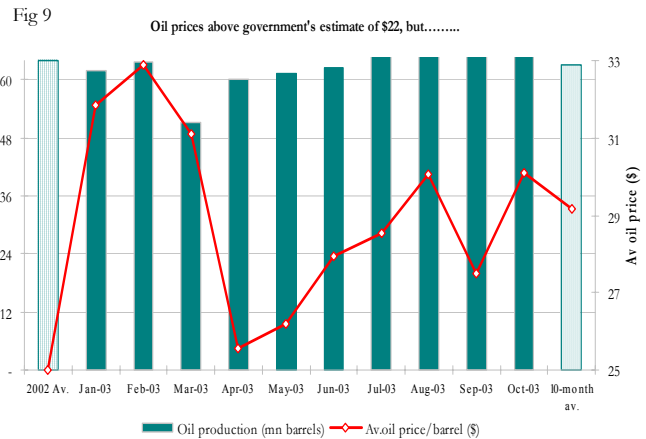
Although market performance has been positive in the last four years, we expect the market to maintain an upward trend in 2004. This outlook is based on our view that the factors that have provided support for the market still exist. Whilst we expect company interim results to vary sharply across sectors - just as it did in 2003 - we believe there is still value in a number of stocks and thus of the view that the key to outperformance would remain stock selection. Our top picks for 2004 include **Union Bank, Nigerian Breweries, WAPCO, Guaranty Trust Bank and Unilever**, while our forecast range for the NSE All-Share Index is 18,000 – 23,400. **Our 2004 recommended asset allocation for a typical growth portfolio with moderate risk is 60-70% Equities, 25-30% Fixed Income, 15-20% Real Estate and 0-5% in cash.**

GROSS DOMESTIC PRODUCT (GDP)

Oil prices stayed well above government's estimate throughout 2003; however fiscal prudence and efficient allocation of resources remained a major challenge

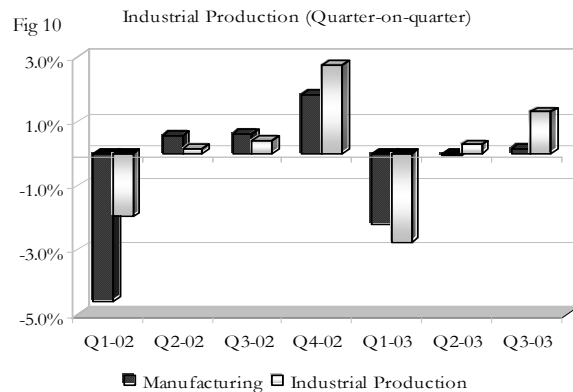
Over the last five years since the return of democratic rule, an evolving trend in government's budget and planning role has been delays and non-implementation of appropriation bills. The year 2003 was no exception as there was a complete shift of attention from the economy to politics for most of H1-03 and, subsequently, a shift to the hosting of the All-Africa games and the Commonwealth Heads of Government Meeting (CHOGM) in H2-03. These 'distractions' as well as impasse between the legislative and executive arms of government led to the non-implementation of the 2003 budget, leading to major setbacks in some sectors of the economy.

Throughout 2003, oil prices remained well above the government's 2003 estimate of \$22 (fig 9), boosting government's revenue significantly as the government had budgeted that 60% of 2003 revenue would be generated from oil. In spite of the favorable oil environment, a ₦269.2bn supplementary budget was passed by the government in Q4-03; in an attempt to finance part of the budget deficit through a more efficient and less inflationary means, the government issued four tranches of bonds totalling ₦150billion in the capital market.



Over the past five years, fiscal deficits, averaging 4.7% of GDP has been a regular feature in the nation's budgeting process, reflecting the significant rise in government recurrent expenditure, which rose from 37% (of total expenditure) in 1998 to 68% in 2002.

In our June 2003 report, we viewed government's goal of achieving macroeconomic stability as extremely difficult given the lack of fiscal prudence and efficient allocation of resources. We also stated that our growth expectation for the year 2003 was hinged on the ability of the government to keep faith with the key principles of disciplined monetary and fiscal policies, proper deregulation and privatisation and maintenance of law and order. As anticipated, higher revenues in 2003 did not translate into a significant increase in expenditure in key productive sectors. Whilst the government was able to deregulate the downstream sector of the petroleum industry and maintain law and order to a large extent, leakages, wide scale corruption, the lack of fiscal prudence and efficient allocation of resources continued to negatively impact economic growth.



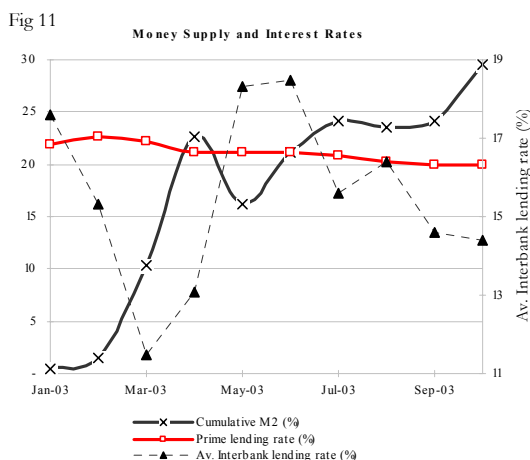
The lull in economic activity for most of H1-03

impacted industrial production as manufacturing declined in the first two quarters of the year from previous year levels. There was, however, a slight pick up in Q3-03 as power generation and distribution improved significantly, albeit from a low base. On a positive note, the agricultural sector grew by an estimated 7%¹ due to the favourable weather across the country for most of the year and supportive government policies. This, we believe was the major contributor to growth in 2003. In line with our forecast in our June 2003 report, GDP growth estimate provided by the Central Bank for the year is 3.5%²

MONEY SUPPLY, INFLATION & INTEREST RATES

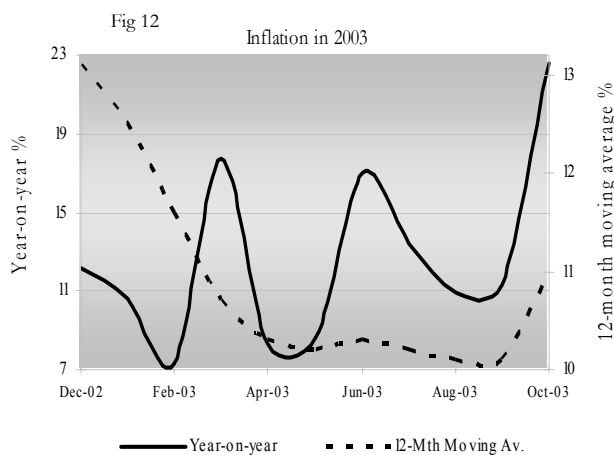
Inflation remained within double digits for most of 2003; it, however, rose as the downstream sector was deregulated and the currency depreciated. Liquidity situation continued to worsen as interest rates moderated.

Despite the lull in economic activity for most of 2003, money supply aggregates continued to deteriorate. The quarterly release of funds by the government contributed to the worsening liquidity situation as large sums of money flowed into the system at the same time. In the first eleven months, Broad money (M2) rose by 32.3% to ₦2.1trillion, as against the 13.8% target for the year.



Following from the CBN’s easing stance since H2-02 when the Minimum Rediscount Rate (MRR) was reduced by 400 basis points, the apex bank further lowered rates by 150 basis points to 15% in August 2003. The reduction was to spur activity within the real sector of the economy. In 2003, prime lending rates remained within the 20% - 23% band while average interbank lending rate was between 14% - 19%. (fig 11)

Although inflation maintained a downward trend for most of the year, it remained within the double digit band, above the government’s 2003 target of 10%. (Fig 12). There, was, however a rise in prices in Q4-03 following the hike in fuel prices as a result of the deregulation of the downstream sector. Whilst the 12-month moving average graph (fig 12) shows a steady decline in inflation for most of the year, we believe the ‘year-on-year’ graph accurately depicts the typical spike in prices towards the end of each quarter when government allocations are released.



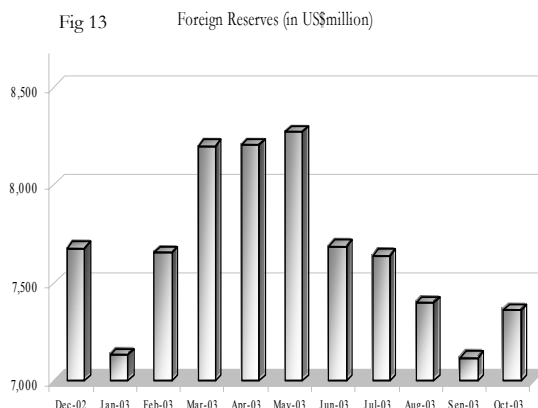
¹ Source: 2004 Appropriation Bill

² Monetary, Credit, Foreign trade and exchange policy guidelines for fiscal 2004/2005

FOREIGN RESERVES AND THE NAIRA

Foreign reserves rose in H1-03, but declined in H2-03 as the CBN continued to drawdown to support the Naira.

Following twelve months (i.e. from February 2002 to January 2003) of decline in foreign reserves, there was a slight pick in the four months to May 2003. The rise was, however, short-lived as withdrawals by the CBN for foreign exchange market funding increased. Thus reserves declined steadily from a year high of \$8.3billion in May to \$7.4billion in October. (Fig 13). The Naira, stable for most of H1-03, gave way towards the end of the year as demand for forex by importers of goods and petroleum products – an aftermath of deregulation – grew. In Q3-03, the Naira rose to an all-time average of ₦142 and ₦153 at the Dutch Auction System (DAS) and parallel markets, respectively. It, however, moderated towards the end of the year to averages of ₦138.5 and ₦148.50 at both markets, respectively, leaving the premium between both markets at 10 percentage points from the 9 in Dec 2002. In 2003, the Naira depreciated by 8.78% and 8% at the DAS and parallel market respectively.



The Equity market soars!

Performance of the equity market in 2003 was atypical of previous years' trend of a 'tale of two halves'. After the lull in H2-02, the market started 2003 on a strong note as earnings expectations drove a number of equities to a high in February. As political tensions heightened towards the April elections, there was a pullback in the market. This was, however, shortlived as the market maintained an upward trend until Nov 19, 2003 when it reached an all-time high of 21,147.24. Providing support for the market in the latter part of 2003 was an increase in funds inflow, given the more attractive yields relative to money market instruments⁷. Consequently, market valuations especially in the two of the most capitalised sectors, petroleum marketing and brewery, rose sharply. Petroleum marketing stocks rose on the back of expected benefits of deregulation whilst their brewery peers benefitted from increased capacity during the year. Other sectors which delivered positive returns in 2003 were agriculture, healthcare, food & beverages and real estate, whilst engineering technology, computer & office equipment and airline lagged the market. Our H2-03 model portfolio, driven by sharp rise in prices of Guinness, Total, UAC and GTB rose **67.02%** against the **38.20%** rise of the NSE-All Share Index over the second half of 2003. However, overall full year model portfolio performance in 2003 was **112.13%**, outperforming the Nigerian Stock Exchange Index, which gained **65.84%** over the same period.



A REVIEW OF THE REFORM AGENDA AND 2004 BUDGET PROPOSAL

To mark its first 100 days in office, the current civilian administration announced a reform agenda, National Economic Empowerment Development Strategy (NEEDS), which seeks to reduce poverty, generate employment, create wealth, reform the public sector, improve budgetary discipline and lay the foundation for a vibrant private sector-led economy. The new economic reform agenda is classified under four broad areas namely:

- Accelerated privatisation, liberalisation and private sector development
- Anti-corruption, transparency and accountability
- Public sector reform - the civil service and several loss-making parastatals with huge employment outlets will be pruned. A pension reform bill will be passed in 2004 and monetisation of civil servants' benefits will also commence in the coming fiscal year.
- Governance and institutional reforms

The reform agenda is expected to complement continuing policy reforms in the judiciary, due process, transparency, good governance, and the war against financial crimes. Other areas that would be in focus within the reform agenda include:

- Formulation of rules that will impose limits on public spending and make the preparation of the budget more transaction-oriented. When this is achieved, it is expected that the budget for the New Year would be ready by June of the preceding year.
- A new contributory pension scheme to replace the present under funded 'Pay-as-you-go' (PAYG) system.
- Diversifying the economy - four sectors of the economy, agriculture, Small and Medium Scale Enterprises (SMEs), industries and services would be given top priority in a bid to diversify the oil-dependent economy.

Whilst we view the reform agenda as a positive move towards liberalising the economy and promoting the private sector, we note that the major challenge government has faced over the years has been that of effective implementation. We, therefore believe the success of these public reforms will be judged by government's effectiveness in the allocation of freed resources towards infrastructure needs and the productive sectors of the economy.

Table 8: HIGHLIGHTS OF THE 2004 PROPOSED BUDGET			
	2004 Proposed budget	2003 initial + supplementary budgets	% Change
Revenue (₦ trillion)	1.0	0.950	5.3
Projected Av. Oil price (\$/barrel)	US\$23	US\$22	4.6
Total Expenditure (₦ trillion)	1.16	1.145	1.3
Projected GDP growth (%)	Above 5%	5%	higher

The proposed 2004 budget is based on a total OPEC quota for Nigeria of 2.24million barrels a day and a projected average crude oil price of \$23 per barrel. Government revenues are projected to increase by 5.3% to ₦1.0trillion in 2004, from the budgeted ₦0.95trillion in 2003. Of the total revenue estimated for the year, about 67% is expected to be generated from oil, a trend typical of what has been recorded in the last five years. Overall expenditures are also projected to increase slightly by 1.3% to ₦1.2trillion in 2004, from ₦1.14trillion (inclusive of the supplementary budget of ₦271billion in 2003). Capital expenditure makes up 25.2% of total expenditure and over 75% of this will be directed towards education, health, roads, water supply, electricity, agriculture and security whilst the federal government subsidy on fertilizer will continue in 2004. We view the proposed allocation of over 75% of capital

expenditure to these vital sectors as a positive development. Should it be effectively implemented, we believe the above 5% GDP growth target for 2004 will be easily achieved.

The budget is based on the reform agenda which places a ceiling on government spending as well as ensure effective allocation of resources. It is also structured to reduce fiscal deficit from the current 4.7% of GDP to not more than 2%. Rather than financing such deficits through debilitating means, government intends to raise funds from the capital market, savings from curtailed government spending and inflows from looted funds. We believe government's new approach of funding deficits through the capital market is another positive development due to the following reasons:

- it will provide a vehicle for restructuring current domestic debt, thus ensuring better asset-liability match and
- it will promote the development of a vibrant and more efficient capital market.

To ensure effective and proper implementation of the 2004 budget, a Cash Management Committee (CMC) was set up by the government. Although this sounds like another good development, our major concern is the ability of the Committee to effectively carry out its functions especially as the issue in the past few years has not been the unavailability of a monitoring committee but that of effectiveness. Increasingly, government's ideas and promises have been seen as lofty and unrealisable and until government is able to institutionalise the "Due Process Principle" by linking expenditure to resources based on identified priorities, economic efficiency and effectiveness, its credibility in this area is likely to remain questionable.

Fiscal policy in 2004 will be geared towards increasing non-oil revenues through better tax compliance and collection and an introduction of a special levy of ₦1.50 per litre on petrol and diesel. Proceeds from this arrangement will be used to maintain roads and will replace tolls on public roads.

The 2004 budget proposal indicates that the government expects the CBN to maintain a restrictive monetary stance. However, apart from an inflation target rate of no more than 9% per annum, no other specific targets were mentioned with respect to monetary variables.

OUTLOOK FOR 2004

A major growth determinant in 2004 is government's ability to effectively implement its reform agenda and to properly match and allocate resources – fiscal prudence

Just like prior years, the government has once again displayed a great sense of enthusiasm to proceed with a reform agenda. Ordinarily, this should lead us to expect some measure of macro economic stability in 2004; however, whilst the federal government is proposing a cap on deficit spending, most state governments have announced planned increases in spending. This leads us to believe that the Federal government's attempt at achieving economic stability may be defeated unless the federal government is able to effectively restrain state government borrowings. Nevertheless, we are of the opinion that expenditure size is not necessarily an issue provided genuine infrastructure spending is adequate and sufficiently stimulative. We also recognize that a necessary impetus for accelerated growth at the State level is the need to effectively match infrastructure project expenditure with specific financial programmes under a Public Private Partnership (PPP) arrangement.

The Revenue Mobilisation Allocation and Fiscal Commission (RMAFC) has stated that the 2004 budget will be based on a new revenue formula which is to be approved soon. Under the proposed revenue formula, the 3 tiers of government (Federal, state and local) will get 46.6%, 33% and 20.4% respectively compared with the old formula of 54.7%, 24.7% and 20.6% allocations respectively. Should the new revenue formula bill be passed, more funds will be made available to state governments and unless the same level of fiscal discipline being asserted by the federal government is instilled in states' finance, federal government efforts could be susceptible. If spending is not properly curtailed at different levels of government, the money supply situation may continue to worsen and consequently spur inflation. To this end, the CBN may be forced to revert to a tightening stance, a move which we believe will negatively impact the real sector.

With no wage increase in view, coupled with our expectation for a pick up in inflation, we believe aggregate consumer purchasing power will remain weak in 2004.

Given the major improvements witnessed in the economy as a result of the liberalisation of the telecoms sector, - an astounding 455.6% jump in telephone lines to over 2.5million from levels in 2001- and privatisation of some state owned enterprises, we believe the framework for a strong private sector is emerging and should lead to an improvement in economic fundamentals in the long term. The disposition of the current government towards liberalising the economy and opening it up to external competition is a clear sign of the government's intention to create an investment-friendly environment that equally sustains growth. With government's meagre resources, Nigeria's ability to attract foreign investment, which the economy is badly in need of, will be a strong determinant of economic growth. In our opinion, the attainment of a growth rate above 5% depends on the following:

- Fiscal policy that safeguards macroeconomic stability, encourages competitiveness and promotes diversification of the revenue base via non-oil sectors
- Faster pace of privatisation and attraction of foreign risk capital – the privatisation of telecom operator, NITEL, power company, NEPA and several other parastatals are of critical importance to private sector growth in coming years.
- Good governance and fiscal prudence at all levels
- Private sector friendly reforms
- Significant improvements in health and education sectors.

As the effects of the various policies adopted by government continue to filter into the economy, and the privatisation process advances successfully, barring any unexpected shocks, we believe the economy could start growing sustainably by about 5 to 7 percent by the year 2007. Should the reforms be fully implemented, it is expected that multilateral institutions like the IMF/World Bank may grant Nigeria a clean bill of health paving the way for credit and possibly debt relief from the Paris club. We also expect that given the above scenario, there will be an upsurge in foreign direct investment, especially in the energy and telecommunications sectors.

However, we remain concerned about the pace of the privatisation exercise since we see this as one of the key positive drivers of the economy in the medium to long term. **If government fully commits to most of the policies and implements effectively, then greater than 5% GDP is achievable.** Nevertheless, our optimism takes into account

that any escalation in the Niger-Delta region crisis and/or the incidents of violent ethnic and religious unrest could negatively impact the potential for growth. This is bound to create a politically unstable environment that has repercussions amongst others, for foreign investment. The budget is also susceptible to exogenous shocks in the global oil market based on the fact that over 60% of Nigeria's revenue is dependent on crude oil.

We expect inflation to be a threat unless monetary policy is a bit restrictive and government spending is controlled

Though the CBN has indicated its intention to guide rates lower, we expect the inflationary outlook to provide a better direction for such an initiative. We believe the success of the current low interest regime is dependent on the ability of the Central Bank to effectively block loop holes in the financial system and/or guide the economy in the direction that makes lower rates tenable and sustainable. In the face of recent deregulation of the downstream sector and the introduction of a levy on petroleum products, we expect pricing pressures in the near term. **To this end, our forecast range for inflation is 12% – 15% in 2004, with a bias to the upper end of the range. We expect interest rates to moderate for most of 2004 as the CBN continues to enforce the 4% above MRR cap on lending rates. Given the CBN's commitment to the pursuit of managing liquidity without jeopardizing growth within the industrial sectors of the economy, our medium term outlook for interest rate is between 20-25%.**

A weaker Naira.

Our support and resistance levels for the Naira in H1-04 are ₦160/\$1 and ₦135/\$1 respectively at the parallel market. Whilst we remain of the opinion that the CBN cannot sustain the current level of intervention in support of the currency as this continues to jeopardize the nation's reserves, we believe the government will need to decide between settling for a strong/stable currency in the face of weak economic fundamentals and sacrificing the currency for a healthy build up of foreign reserves. Stable/strong currency is desirable for political expediency; however, artificially supporting the currency represents another form of subsidy, which effectively prevents the government to build a solid official reserve. We are therefore of the opinion that the government needs to make high decisions in terms of what is preferable and beneficial in the long term. This view is based on our expectation for a continued rise in government spending in 2004 which could further distort liquidity within the banking system and, consequently, drive inflation higher, thus putting pressure on the Naira. However, given the CBN's avowed commitment to ensuring stability of the Naira, we expect the apex bank to revert to a tightening stance in 2004 should the pressure in aggregate demand continue. This is notwithstanding the seeming commitments to curtail public sector expenditure.

For equities..... the jolly ride continues!

Following four consecutive years of positive returns we believe most of the factors that drove the market in 2003 are still in place and, therefore believe that the market will maintain an upward trend in 2004. Some of such factors include:

- Corporate earnings results
- Low interest rate environment which led to increased inflow of funds into the capital market
- Deregulation of the downstream sector
- Liquidity and greater speculative activity

Despite the sharp gains in 2003, valuation and good prospect for earnings growth for a number of stocks suggest upside potential in the short to medium term. Although we expect company interim results to vary sharply across sectors in 2004, just as it was the case in 2003, we believe there is still value in a number of stocks and thus believe the key to outperformance would remain stock selection i.e. focusing on companies with recovery stories, those that have underperformed the market in 2003, yet with strong fundamentals.

For the banking sector, we expect margins to remain under pressure as competition intensifies. Thus, we believe outperformance will depend on the ability to aggressively grow market size and control cost. **Based on our long term outlook as well as our fundamental and technical models, our 2004 top picks within the sector include First Bank, Union Bank, Guaranty Trust Bank and for the longer term, UBA.** Although First Bank's and Union Bank's half year results were significantly below the industry average as well as their historic averages (table 10), we believe their relatively attractive dividend yield will continue to provide support for them in the short to medium term. We are also of the view that 2 largest brewery companies, **Guinness** and **Nigerian Breweries** will continue to benefit from increased capacity in 2004. Thus, we expect their earnings growth averages to remain above historic and industry averages.

We are also of the opinion that petroleum marketing companies will continue to benefit from the deregulation of the downstream sector. The five largest petroleum marketing companies (Conoil, Mobil, Texaco, Total and Oando (formerly Unipetrol)) recorded an average of 41.3% rise in turnover and 72.3% rise in PAT for the nine month period ended September 2003, a sharp improvement from historic averages. We expect significant improvements in profitability metrics in coming quarters when the positive effects of deregulation would be properly reflected. Our top picks within the sector are **Total**, and **Oando** given their relatively attractive valuation.

Some of our other top picks in other sectors **include WAPCO, Unilever and Nestle. Our forecast range for the NSE All-Share Index is 18,000 – 23,400.**

We expect interest rates to remain low in 2004 and consequently less attractive money market instruments. However, with the federal government's recent involvement in the fixed income sector of the capital market, we expect a slight improvement in investor participation. **Our 2004 recommended asset allocation for a typical growth portfolio with moderate risk is 60-70% Equities, 25-30% Fixed Income, 15-20% Real Estate and 0-5% in cash.**

Table 9: CORPORATE PERFORMANCE SCORECARD					
		Year End	Most recent results	Y-o-Y change in turnover	Y-o-Y change in PAT
Banking					
1	Access Bank	31-Mar	Half year 03/4	32.5%	30.0%
2	Afribank	31-Mar	Half year 03/4	-0.1%	15.9%
3	Chartered Bank	31-Mar	Half year 03/4	21.0%	33.0%
4	FBN	31-Mar	Half year 03/4	-9.4%	-5.2%
5	GTB	28-Feb	Nine months 03/4	12.6%	25.2%
6	NAL Bank	30-Jun	Nine months 02/03	-9.2%	-4.1%
7	UBA	31-Mar	Half year 03/4	-17.7%	9.5%
8	UBN	31-Mar	Half year 03/4	4.7%	0.3%
9	Wema Bank	31-Mar	Half year 03/4	47.2%	56.8%
Breweries					
1	Guinness	30-Jun	First quarter 03/04	19.4%	10.5%
2	Nigerian Breweries	31-Dec	Half year 2003	21.5%	28.6%
Building materials					
1	Ashaka	31-Dec	Nine months 2003	20.9%	38.6%
2	WAPCO	31-Dec	Half year 2003	-12.3%	₦360mn recorded after a ₦70mn loss the previous period
Conglomerates					
1	CFAO	31-Dec	Half year 2003	6.7%	9.4%
2	UAC	31-Dec	Nine months 2003	18.9%	62.8%
3	Unilever	31-Dec	Nine months 2003	23.7%	2.0%
Food & beverages					
1	7-up	31-Mar	Half year 03/4	6.3%	1.6%
2	Cadbury	31-Dec	Half year 2003	28.6%	-8.5%
3	Flour Mills	31-Mar	Half year 03/4	4.5%	-5.2%
4	Nestle	31-Dec	Nine months 2003	28.9%	38.9%
5	Nig Bottling Co.	31-Dec	Nine months 2003	6.0%	-11.6%
Petroleum Marketing					
1	AP	31-Dec	Half year 2003	4.1%	220.0%
2	Conoil	31-Dec	Nine months 2003	65.1%	176.6%
3	Mobil	31-Dec	Nine months 2003	10.0%	44.4%
4	Texaco	31-Dec	Nine months 2003	15.3%	56.9%
5	Total	31-Dec	Nine months 2003	19.5%	42.9%
6	Oando (formerly Unipetrol)	31-Dec	Nine months 2003	96.4%	40.6%
Real estate					
1	UAC properties	31-Dec	Nine months 2003	35.7%	26.8%

Table 10: ECONOMIC INDICATORS

	2004f	2003e	2002	2001	2000	1999
GDP Growth	3.5%-4.5%	3.5%	3.3%	3.9%	2.8%	2.7%
CPI (12-month moving average)	12-15%	10.8%	12.9%	18.9%	6.9%	6.6%
Exchange Rate (₦/\$) parallel rate	130-160	130-155	134-140	120-141	118.5	104.5
MRR	14 - 17	15.0	16.5	20.5	14.0	16.0
All-Share Index Performance	10% to 20%	65.8%	10.7%	35.2%	54%	-7.2%
All-Share Index Range	18,000-23,400	12,137- 21,148	10,170-13,010	8,111-11,359	5,266-8,111	4,792-5,657

Table 11: BEST & WORST PERFORMING STOCKS

Stock	Sector	2003 Return	Stock	Sector	2003 Return
Conoil	Petroleum Marketing	696.39%	ADC	Airline	-62.83%
Niger Cement	Building Materials	422.34%	Union Dicon Salt	Food & Beverages	-55.92%
7 Up Bottling Co.	Food & Beverages	369.23%	Inland Bank	Banking	-55.21%
Academy Press	Printing & Publishing	350.94%	NAL Bank	Banking	-47.78%
African Petroleum	Petroleum Marketing	256.66%	Intl Breweries	Breweries	-47.50%
C & I Leasing	Managed Funds	253.40%	NCR	Computer & office equip.	-47.32%
Guinness	Breweries	236.18%	FSB Intl. Bank	Banking	-46.01%
Cooperative Bank	Banking	221.67%	First Aluminium	Industrial/domestic pdts	-45.59%
Eterna Oil & Gas	Petroleum Marketing	215.86%	Nigerian Wire & Cable	Engineering tech.	-44.64%
Aiico Insurance	Insurance	191.60%	Ekocorp	Healthcare	-43.22%

Table 12: ARM MODEL PORTFOLIO

	H2 '03 Return	2003 Full year Return
ARM H2-03 Model Portfolio Return (in ₦ terms)	67.02%	112.13%
NSE-All Share Index (in ₦ terms)	38.20%	65.84%
ARM 40 Index ³ (in ₦ terms)	54.27%	79.71%
Shares	H2-03 Returns	H1-2004 Model Portfolio*
Unilever	23.33%	Unilever
UAC	99.61%	Oando (formerly Unipetrol Nigeria Plc)
First Bank of Nig	-8.83%	First Bank of Nig
Total	102.84%	Total
Guaranty Trust Bank	121.26%	Guaranty Trust Bank
Nigerian Bottling Co.	61.04%	Union Bank
Nigerian Breweries	86.43%	Nigerian Breweries
WAPCO	27.22%	WAPCO
Nestle	45.94%	Nestle
Guinness	111.31%	Guinness

*Shaded stocks are retained from our H2 - 2003 Model Portfolio

³ A market value weighted Index comprising the 40 most-capitalized stocks on the NSE



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