EXIMUS PARTNERS

Today, 1st July 2018, marks the end of our fifth fiscal year. The partnership during this period engaged exclusively in stock market investment.

This year, the partnership had a return of 11.7% before fees and 8.2% after fees against the market's 15.6% i.e. we underperformed the market by 3.9%. Since inception, the partnership has had a cumulative gain of 192.5% before fees, (stock market 6.7%) at a compounded rate of 23.9%. This year, the General Partner chose to forego the incentive compensation.

Partnership Performance

Year	Partnership Results	Limited Partner Results	Market Index Results
2014	96.7%	82.8%	13.9%
2015	-7.4%	-9.2%	-23%
2016	29.5%	19.5%	-6.9%
2017	11%	6.6%	13%
2018	11.7%	8.2%	15.6%
Cumulative Result	**192.5%**	**128.8%**	**6.7%**
Compounded Result	**23.9%**	**18%**	**1.3%**

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

OBJECTIVES

- Primary objective: Return of 20% compounded annually (to be measured in three year intervals) i.e. I should be expected to double your money every 3 years and 7 months.
- Secondary objective: To beat the market by 5% annually
- We also stress that short-term results not be given too much weight.

THE RESULT IN CONTEXT

This year, the Nigerian Stock Exchange Index rose from 33,117 points to 38,278 points; a gain of 15.6%. This marks the second year in a row the stock market index outperformed our partnership. The partnership had a gain of 11.7% before fees. This was again a subpar result, made more embarrassing by our prediction for substantial gains this year; our prediction nearly came to pass with peak assets reaching over +100% gain in February 2018 and the stock market reaching a high of 45,092 points. Despite my expectation of a market retreat as had occurred in the past due to foreign investors who account for over 50% of trading on the Nigerian Stock Exchange exiting the market, I decided to hold onto our portfolio of companies as they were still considerably undervalued at those prices. Now the question again arises (as it did last year), what is our portfolio truly worth, and the corollary, when do we sell? Well, my thought process was simple: Our companies were objectively undervalued even at those prices while on the other hand my opinion on the market was just that, an opinion. While this behavior has cost us quite a bit of money, it is the only behavior with which I am comfortable and it is one that limits the chance of a permanent loss of capital. A stellar performance is needed next year if we are to meet our primary objective of 20% over three year periods.

Despite the somewhat disappointing result, there is good news; our current position is very promising. We hold a portfolio only slightly changed from last year and find ourselves in a much-improved position as our companies have greatly increased their earnings, and business prospects appear improved. Macroeconomic conditions did improve as predicted with very good effects on our businesses. We are currently exposed to the Banking, Oil & Gas, Hospitality and Utilities sector, all areas that will greatly benefit from the ongoing economic rebound.

Taslim Ahmed Iya