

**Dear Valued Unit Holder,**

As we embark on the 6<sup>th</sup> month of the Financial Year 2010, we are pleased to update you on the Funds' activities and outlook for the rest of the year.

**FUND'S ACTIVITIES**

In our January 19, 2010 newsletter, we indicated that the Fund generated an additional yield of ₦1.34k per unit which would be distributed once the accounts were audited and approved by Unit holders at the next Annual General Meeting (AGM). The Fund's accounts have now been audited and the additional yield of **1.34k** remains unchanged. We now look forward to your approval of the accounts at the next AGM, due to take place within the next couple of months, which date will be duly communicated. Subsequently, the additional yield will be distributed to all Unit Holders in the fund's register as at December 31, 2009.

**THE NIGERIAN ECONOMY**

In 2010, the Nigerian Financial Market has continued to witness volatility, presenting the Fund Manager with challenges. Most notably, is the low interest rate regime that has limited the returns on the fixed income asset class for which a minimum of 75% of the Fund's assets must be channeled. The 30 day NIBOR has declined from 18%p.a on May 1, 2009 to 2%p.a on May 1, 2010. Likewise, other fixed income securities have followed suit with declining yields/returns.

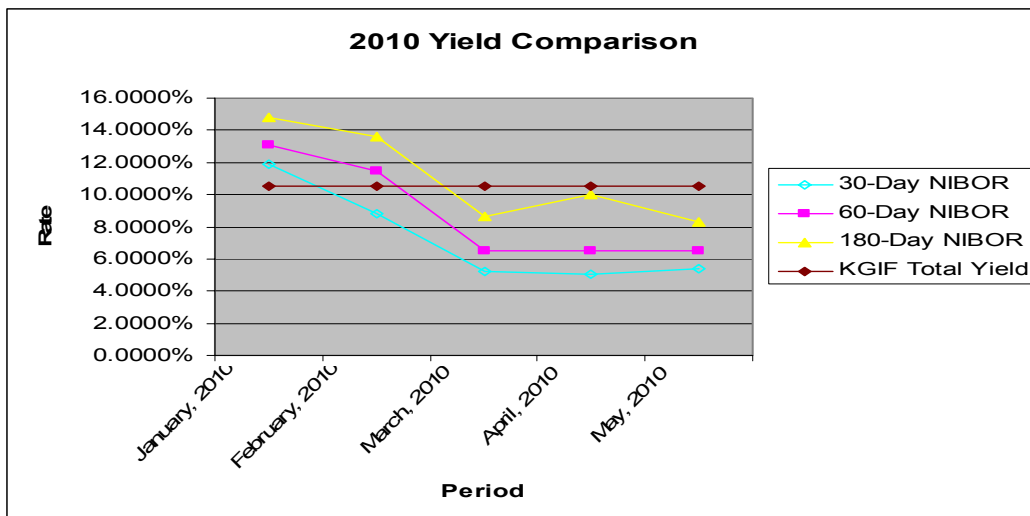
**GUARANTEED MINIMUM RATE**

The Kakawa Guaranteed Income Fund (KGIF) guarantees the principal of Unit holders as well as pays a guaranteed minimum return. At the last Annual General Meeting (AGM), the amendment of the guaranteed minimum rate from "MPR+4" to "MPR" was ratified by Unit holders. In line with this amendment, the Fund will review the guaranteed return to 6% (i.e. MPR) effective July 01, 2010. Though this is a drop from the current period, the rate of 6% remains competitive in comparison to other fixed deposits which are currently earning a maximum of 4% in most Financial Institutions and also in comparison with other guaranteed mutual funds in which only principal is guaranteed.

**ADDITIONAL YIELD**

The Fund Manager remains committed to delivering competitive returns to investors and will navigate the financial markets to meet the Funds objectives of capital preservation and guaranteed rate of return. The Fund will also continue to distribute 35% of net profit as additional yield to Unit holders and our conservative projection shows that the projected total yield (i.e. guaranteed rate of 6% plus projected additional yield of 1.50%) will be 7.50% for July – December of 2010.

PROJECTED TOTAL YIELD FOR 2010					
Period	Monetary Policy Rate (MPR) - Index	Premium	Guaranteed Rate	Additional Yield (Projected)	Total Yield(p.a)
Jan - June 2010	6%	4%	10%	0.50%	10.50%
July - Dec 2010	6%	0%	6%	1.50%	7.50%
<b>Average projected yield for the year 2010</b>					<b>9.00%</b>



### GUARANTEED RATE PAYMENT 7

The 7<sup>th</sup> guaranteed rate payment which represents a return of 10%p.a is due in July 2010 and we encourage all Unit holders to take advantage of the e-dividend option which allows the registrars to credit your bank accounts immediately the guaranteed return is paid. This will completely eliminate the waiting period for the posted Dividend warrant to get to your postal addresses and a possible loss whilst in transit.

In order to take advantage of this feature, kindly fill an e-dividend form which is available at our website indicated below or our office as well as at First Registrars Limited

located at Plot 2, Abebe Village Road, Iganmu, Lagos. Kindly ensure that the form is taken to your bank for endorsement before returning to us.

We are equally using this medium to inform you about the option of reinvesting your dividend sums. This option affords you the opportunity to grow your investment in KGIF, thereby increasing your earnings potential. To change your instructions from dividend payments to reinvestment option, kindly download "Change of Mandate Form" from our website, fill and submit to our office. For further clarifications, please call any of the following numbers: 01-2702284, 2798058 and 0708645877.

**Thank you for making KGIF your investment choice.**

Kakawa Asset Management Limited offers Stockbroking Services as well as Asset Management Services (Portfolio Management). For further enquiries on investment products and advisory services, please call 07086458778, 08033061562, 08029755644, 01-2702284 or email: [stockbroking@kakawa.com](mailto:stockbroking@kakawa.com). Website: [www.kakawaassetmanagement.com](http://www.kakawaassetmanagement.com).

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