

SF MARKETS ANNOUNCES THE LAUNCH OF THE ALPHA BOND INDEX

January 27th, 2016 - SF Markets, an index provider that focuses on providing transparent and rules-based indices for the Sub-Saharan African region announces the introduction of the Alpha Bond Index (AlphaX) which has been designed to provide an independent insight into the performance of the Nigerian Sovereign (Federal Government) Bond Market. The index will serve as an underlying for various investment products such as Index Funds and Exchange Traded Funds (ETF). As of 04 January 2016, the index tracked over NGN 5.790tn (\$29.13bn) of Nigerian Sovereign debt.

“With the uncertainty of oil prices in 2016, the Sovereign bond market has become an even more important and strategic part of the financial system in Nigeria i.e. monetary policy; financing government deficits; capital expenditure (infrastructure projects) etc,” said Amonire Rewane, CEO of SF Markets.

“We are very pleased to be among the first index providers to introduce a Nigerian fixed income index that is available in multiple currencies and uses continuous evaluated pricing,” he added. “What this means is that there are index values available on an intra-day basis. The delivery of a Nigerian bond index to further complement the Nigerian equity indices we launched back in September 2015 reiterates our commitment to delivering rules-based and transparent indices for the African region.”

The AlphaX adopts a market value weighted indexing system and is calculated intra-day and denominated in Naira and US Dollars for total return and clean price versions. The index series is reviewed monthly with daily index history data available from the 4th of January 2010. Only sovereign bonds with a minimum amount outstanding of NGN 150bn and a minimum time to maturity of one year are eligible.

Usage

Benchmarking and Active Fund Management: With the size of the debt market in Nigeria and numerous financial institutions both locally and abroad entrusting their money to it, it is of critical importance that there exists a way of evaluating the proper performance of fund/asset managers. Our transparent methodology, rules-based indices and data can act as benchmarks for measuring how a manager who holds and manages a portfolio has performed relative to the financial market. With global best practices applied to our indices, we believe their use will be beneficial to investors which will give them an idea of the likely risk and performance features of a fund or portfolio.

Index Tracking and Passive Fund Management: If an organization subscribes to the Efficient Market Hypothesis (EMH) and is interested in launching a passive fund, ETF etc. on the Nigerian sovereign bond market then the AlphaX will provide a means to efficiently track performance with minimal tracking error.

Financial News, Research and a Market Gauge: As the index tracks over 88% of the entire Nigerian Sovereign bond market, it can be used as a barometer for how the Nigerian debt market and the wider economy in general is doing. Tracking the performance of the index can be used as an indication of the economic conditions of the country.

For further enquiries please contact:

Email: enquiries@scottfreemarkets.com

Tel: +44 (0) 203 773 1499/8626/8627

Or

Visit our website at www.scottfreemarkets.com

About SF Markets

SF Markets designs and manages a number of innovative benchmark and tradable indices tailored specifically for the Sub-Saharan African region. Our indices provide both local and foreign investors a tool for benchmarking portfolios, performance measurement and attribution, investment analysis, asset allocation, and serve as an underlying for index tracking products as well as structured products.

The company, through experienced management, comprehensive research, first-class technology and alliances with key partners, designs, calculates, manages and distributes over 50 equity and fixed income indices in multiple currencies for the Sub-Saharan African region.

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