

### Fund Overview

#### Investment objective

The Fund seeks to preserve and maximize return on capital while maintaining a high degree of liquidity by investing in a diversified portfolio of long tenured debt securities and short-term, high quality money market securities issued in Nigeria.

#### Fund facts

Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA CAIA	
Fund launch date	24th September 2012	
Fund size	₦6.07bn	
Base currency	(₦)	
NAV per share	₦1,238.91	
Minimum investment	₦50,000.00	
Minimum holding period	90 days*	
Income accrual	Daily	
Income distribution	Semi-annually (April and October)	
Income distributions	Apr'18: ₦ 72.05	Oct'18: ₦ 37.91
Annual management	1.00%	
Total Expenses Ratio	1.23%	
Risk profile	Low-Medium**	
Benchmark	3yr Federal Government of Nigeria Bond	

#### Fund highlights

The Fund is an open ended mutual fund that invests in a broad range of long tenured debt securities issued by the Federal Government of Nigeria (FGN), state governments and highly rated corporate institutions. The Fund may also invest in short-term, high quality money market securities.

The Fund is suitable for medium or long term cash investment and offers a stable income through the distribution of semi-annual dividends. Using FBNQuest Asset Management's fixed income expertise and local market analysis capabilities, this Fund allows you to fully exploit the potential of Nigerian debt securities.

#### Investor Profile

The Fund may be suitable for investors who are looking for exposure to a broad range of debt securities. Investors should have at least a two to four year investment horizon.

Source: FBNQuest Asset Management

\* Redemption period: 3 - 5 business days.

No additional charges are applied on redemption. However, units redeemed earlier than the 90 business days minimum holding period will incur a processing fee of 20% on the income earned on the value of such redemptions.

\*\* The Fund has a 'Low-Medium' risk profile given it invests the majority of its assets in bonds. Investing in bonds may carry higher risks than other debt securities, but their growth potential is also higher. The value of debt securities may change significantly depending on economic, political, inflationary and interest rate conditions as well as the credit worthiness of the issuer.

^ Bid price and yield to maturity are stated net of fees and expenses with dividends reinvested.

<sup>1</sup> The yield to maturity (YTM) is the rate of return anticipated on the portfolio if the current bonds in the portfolio were held until the end of their lifetime. YTM is an annualised rate and takes into account the current market price, par value, coupon interest rate and time to maturity for each bond in the portfolio. It is also assumed that all coupon payments are reinvested at the same rate as the bond's current yield.

Past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested

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A part of the FBN Holdings Group

### Monthly Comments

#### Fund and market review

Crude oil prices had its best quarterly gain since 2009 as OPEC+ members curbed production. The price gain was further aided by US sanctions on Iran and political tensions in Venezuela. Brent crude oil price closed the month at \$67.55.

In its bid to signal a new direction that is pro-growth, the Monetary Policy Committee, at its second meeting of the year, opted to adjust the Monetary Policy Rate (MPR) for the first time since July 2016 by cutting the rate by 50 bps from 14.00% to 13.50%. The communique, explained the committee's focus on stimulating growth by encouraging credit flow to the productive sectors of the economy. The decline in MPR was supported by relative stability in key macro-economic variables and renewed level of investor confidence given the foreign portfolio inflows post 2019 general elections.

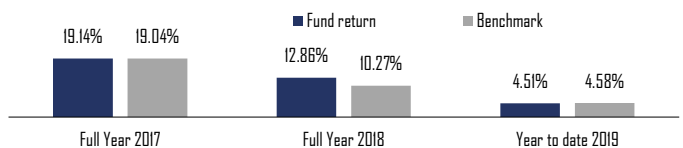
An aggressive bullish sentiment overwhelmed the Treasury bills space in the month of March especially on the highest yielding papers far down the curve due to strong foreign portfolio demand. The steady decline in the supply of Open Market Operations (OMO) bills especially on the long-end of the curve and weakening in stop rates to 13.04% (350 days maturity) commanded the further decline in yields in the secondary market. At the primary auction, the 91, 182 and 364 days treasury bills stop rate dropped by about 40 bps in-month to 10.30%, 12.20% and 12.345% respectively.

The Debt Management Organisation revised the offer calendar for the month of March, by reducing the amount offered on the 2028 bonds. Overall, the amount on offer was lower than previous auction (February) and the stop rates at the auction reduced to 13.50% on the April 2023, Mar 2025 and Feb 2028 bonds as 76% of the auction was allotted on a non-competitive basis. This didn't have significant impact on yield as the secondary market opened 45bps higher than auction and eventually traded upward, as we saw more activities in the market. The April 2023, Mar 2025 and Feb 2028 traded at 13.98%, 14.07% and 14.1% respectively.

#### Fund and market outlook

In our view, the Naira exchange rate stability remains paramount for the Central Bank of Nigeria (CBN) and we expect the CBN will continue to manage liquidity conditions through its regular open market operations albeit at lower rates. We expect the yields in market to be directed by OMO auctions and stop rates. The Fund will continue to deliver attractive returns for investors through increased exposure to high yielding bonds and attractive commercial papers in April.

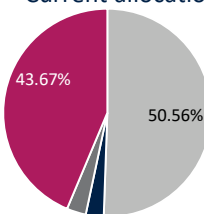
#### Performance Summary



#### Historic prices and yields

	Dec18	Jan-19	Feb-19	Mar-19
Bid price (₦)^	1,185.49	1,199.89	1,227.84	1,238.91
Yield to maturity^	14.03%	14.19%	14.32%	14.23%

#### Current allocation



#### Asset allocation ranges

Asset Class	Range
FGN bonds	15-75%
State government bonds	0-30%
Corporate bonds	0-30%
Eurobonds	0-15%
Money market securities	25-75%