

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	
Fund launch date	24th September 2012	
Fund size	₦5.69m	
Base currency	(₦)	
NAV per share	₦1,199.89	
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 fee	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.

1 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

The International Monetary Fund (IMF) reviewed the global growth forecast downwards from 3.7% to 3.5% as a result of ongoing global economic factors such as the trade war between United States and China, Brexit and the United States economic shut down. Brent crude prices rose by 14% during the month to close at \$60.84 from \$53.02 per barrel. This was due to the cuts in production by the Organization of the Petroleum Exporting Countries (OPEC) and expected disruptions in supply from Venezuela due to the financial and political tension in the country.

Nigeria's Foreign Exchange Reserves decreased to \$43.17 Billion in January 2019 from \$43.23 Billion in December 2018 as a result of active measures adopted by the Central Bank of Nigeria to defend the Naira particularly as the election cycle approaches and the import dependant nature of the country.

The Central Bank of Nigeria (CBN) retained the stop rates on the long end of the curve at 15.00% at the primary auction held in January. Despite the series of Open Market Operation (OMO) issuances by the Central Bank of Nigeria (CBN), the system remained broadly liquid due to the combination of Federal Account Allocation Committee (FAAC) inflows and OMO maturities.

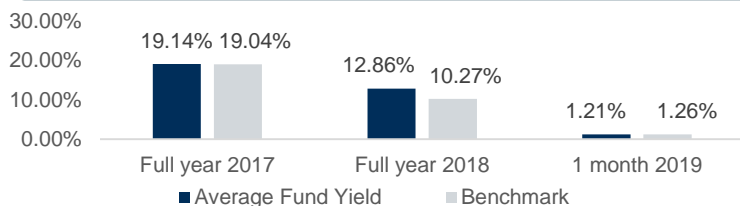
The Debt Management Office released the bond issuance calendar during the month with planned issuance of N400billion. On a month-on-month basis, the yields decreased by 33bps on the short and mid of the curve in the bonds market.

The Fund closed the month slightly lower than its benchmark; with a year-to-date return of 1.21% compared to the benchmark's 1.36% due to demand for short dated bonds.

Fund and market outlook

In the coming month, we expect reduced political risk, a normalization of the yield curve and a repricing of risk after the forthcoming elections. Activities in the treasury bills market would remain dependent on the OMO and wholesale FX auctions. We expect demand in the bonds market to increase and yields to decline below the 15.00% support levels.

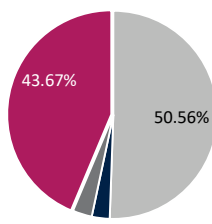
Performance Summary



Historic prices and yields

	Oct-18	Nov-18	Dec-18	Jan-19
Bid price (₦)^	1,158.61	1,169.86	1,185.49	1,199.89
Yield to maturity^	13.54%	13.89%	14.03%	14.19%

Current allocation



Asset allocation ranges

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