INVESTING

FBN FIXED INCOME FUND

All data as at June 30th 2017 unless otherwise stated

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 Adekoya CFA
Fund launch date	24th September 2012
Fund size	₦4.bn
Base currency	(₦)
NAV per share	₦ 1,091
Minimum investment	₦50,000.00
Minimum holding period	90 days*
Income accrual	Daily
Income distribution	Semi-annually (April and October)
Income distributions	Oct'17: ₦ 42.03 Apr'17: ₦ 84.83
Annual management fee	1.00%
Risk profile	Low-Medium**

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 FBN Capital 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: FBN Capital 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 assumes 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

Monthly Comments

Fund and market review

The Federal Open Market Committee (FOMC) in the United States of America (USA) raised the federal funds rate for the second time in 2017 from 1.00% in March to 1.25% in June. Oil slipped below (Brent) $45.00 per barrel as efforts to curb the supply glut by the Organization of Petroleum Exporting Countries (OPEC) and Non-OPEC members had no significant impact due to the rise in stock piles of crude oil and shale production in the USA.

Locally, the Consumer Price Index (CPI) which measures inflation fell to 16.25% (year-on-year) in May 2017 from 17.24% in April 2017. This represents the fourth successive drop in the rate of inflation since January 2017.

The federal government raised $300million from the international capital market through the issuance of its first diaspora bond, which will pay bondholders a coupon rate of 5.625% semi-annually for five (5) years. Despite the decline in demand and prices of Sub-Saharan Eurobonds in June, oversubscription of the diaspora bond by 130.00% indicates that appetite for risky assets still persist.

Yields in the bond market marginally declined by an average of 10bps in June on the back of alternative sources of funding for the government, the reduced incentive to borrow at a high cost and lower yields at June's primary bond auction relative to May's auction. In the Treasury bill market, yields also dropped by an average of 15bps-50bps on a month-on-month basis on the mid and long dated maturities.

Fund and market outlook

We expect the economy to stay on its path of recovery and yields to remain at current levels. However, further decline in oil prices could impair recovery in the equities market and the Central Bank's ability to defend the Naira. The Fund Manager will continue to invest in the best interest of unit holders.

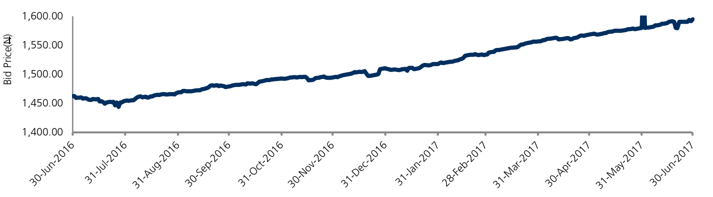
Benchmark

3yr Federal Government of Nigeria Bond

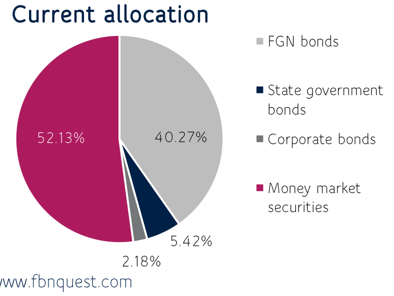
Historic prices and yields

	Mar-16	Apr-17	May-17	June-17
Bid price (₦)^	1,137.49	1,063.42	1,076.18	1,091
Yield to maturity^	16.63%	16.92%	17.10%	17.22%

Cumulative Performance



Current allocation



Asset allocation ranges

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

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