

INVESTING

FBN NIGERIA EUROBOND (USD) FUND

All data as at August 31st 2018 unless otherwise stated



Fund Overview

Investment objective

The Fund seeks to provide competitive income and total returns in USD primarily by investing in USD debt instruments of the Nigerian government, corporate and financial institutions.

Fund Facts

Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku <small>CFA</small> , Adeyemi Roberts
Fund launch date	4th January 2016
Fund size	\$2,949,328.51
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$114.06 R unit class: \$113.84
Annual management fee	I unit class: 1.00% R unit class: 1.50%
Minimum investment	I unit class: US\$ 100,000 R unit class: US\$ 2,500
Minimum holding period	180 days*
Income accrual	Daily
Income distribution	Semi-annually (March and September)
Risk profile	Medium**
Benchmark	3-Year Nigeria Eurobond
Total Expense Ratio	I unit class: 1.20% R unit class: 1.72%

Fund Highlights

The Fund is an open ended mutual fund that invests in a broad range of long tenured US Dollar denominated debt securities issued by the Federal Government of Nigeria (FGN), state governments and highly rated corporate and financial institutions. The Fund may also invest to a limited extent in Nigerian local currency debt instruments where such an investment in the opinion of the Fund Manager will enhance return without exposing the Fund to undue currency risk.

Investor Profile

The Fund may be suitable for foreign currency deposit investors who wish to mitigate the exchange rate risk by diversifying their wealth by investing in USD denominated investments. Due to the higher volatility of Nigerian debt securities, investors should have at least a 3-5 year investment horizon.

Source: FBN Capital Asset Management

* Redemption notice period: 30 business days.

No additional charges are applied on redemption. However, units redeemed earlier than the 180 business days minimum holding period will incur a processing fee of 20% on the income earned on the value of such redemptions.

** The Fund Manager deems the Fund to have a 'Medium' risk profile because it invests the majority of its assets in bonds.

^ Bid price is stated net of fees and expenses with dividends reinvested.

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

After two consecutive months of decline, crude oil price increased by 4% to close the month of August at \$77.25 per barrel. However, renewed concerns of an on-going economic crisis in Turkey, and heightened trade war/tensions between United States (U.S) and China is negatively impacting global oil prices despite the impending removal of more than 1 million barrels per day (bpd) of Iranian oil from the market (OPEC's third largest crude producer) due to sanctions by the United States (U.S).

The U.S Federal Reserve left its benchmark interest rate unchanged and reaffirmed plans to continue raising borrowing cost at a gradual pace.

Following the aforementioned tensions between the U.S and China and the ripple effect from Turkey, the Sub-Saharan Africa Eurobonds market experienced a very quiet and cautious trading sentiment at the start of the month.

Trading activities increased despite the weary start of the month due to increased market liquidity from coupons and inflows of 300million from First Bank of Nigeria's 2020 callable Eurobond during the month, validating both the strength of its foreign currency liquidity and the resilience of its balance sheet.

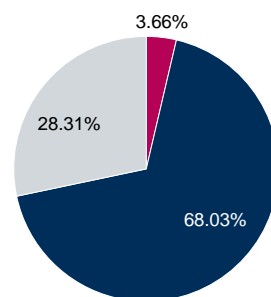
The Net Asset Value (NAV) per unit of the Fund for retail and institutional was stable as a result and grew by 0.04% and 0.11% to 113.84 and 114.06 in August from \$113.79 and \$113.94 in July respectively.

Portfolio and market outlook

The Contagion effect from the sell-off in emerging and frontier markets and expected rise of rates in the US will affect the demand for Eurobonds and portfolio outlook negatively. However, the issuance of new Eurobonds, end of the summer season and increased yields in the Eurobonds space should increase prices of the bonds and the performance of the Fund.

Performance and Positioning

Current allocation



- EURO BONDS (FGN)
- EURO BONDS (CORPORATE)
- PLACEMENT

Sector Breakdown

Sovereign & Supranationals	4%
Corporates	96%

Asset allocation ranges

Nigerian Sovereign Eurobonds	10 – 50%
Nigerian Corporate Eurobonds	60 – 90%
Nigerian non-USD denominated fixed income instruments	0 - 10%
Other external funds of similar characteristics	0-20%

Credit Rating Breakdown

B	88%
B-	12%
CCC	0.00%
CC	0.00%

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Performance

Historic prices

	Jun-18		Jul-18		Aug-18	
	I unit class	R unit class	I unit class	R unit class	I unit class	R unit class
Bid price (\$)^	112.10	111.93	113.94	113.79	114.06	113.84

Total Return Analysis

