

INVESTING

FBN NIGERIA EUROBOND (USD) FUND



All data as at 31 July 2017 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 Adekoya CFA, Adeyemi Roberts
Fund launch date	4th January 2016
Fund size	\$1,711,334.76
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$ 109.34 R unit class: \$ 108.35
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\$ 1,000
Minimum holding period	180 days*
Income accrual	Daily
Income distribution	Semi-annually (March and September)
Risk profile	Medium**
Benchmark	3-Year Nigeria Eurobond

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

Oil prices slid at the beginning of the month of July due to increasing production by members of the Organisation of Petroleum Exporting Countries (OPEC) despite other countries being in compliance with the deal to cut production. However, the slowdown in shale oil production in the United States (US), promises of deeper cuts by OPEC members and significantly reduced drawdowns in US crude oil inventories all played a role in some of the strongest gains crude oil has seen in 2017.

Sub-Saharan Africa Eurobonds (SSA) of oil producing countries like Nigeria rallied as a result of the gains in oil prices and were bought by both local and foreign investors. Nigeria however agreed with OPEC and non-OPEC members to cap her oil production at 1.8million barrels per day.

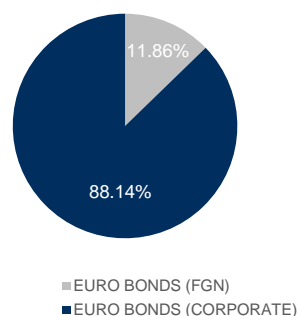
The SSA market saw some decent liquidity and there was a new issuance of a 10 year \$850m Eurobond by the West African Development Bank which saw demand worth \$2.75bn; buttressing the attractiveness of SSA Eurobonds. The Nigerian bank Eurobonds were also well demanded buoyed by an increase in dollar liquidity by banks who increased spending limits as well as gains in the Investors and Exporters Foreign exchange window. The maturity of the Access 2017 Eurobond also led to investors switching to the Access 2021 bonds and demand for other bank bonds. The fund continued to gain on the back of the price rallies in bank Eurobonds.

Portfolio and market outlook

Outlook for the SSA market and the portfolio remains positive due to the weaker dollar and no indication of any strong rate hikes that may limit foreign participation in the market near term. The threat of more militant attacks on pipelines and in the Niger Delta region is expected to trigger some risk-off sentiment.

Performance and positioning

Current allocation



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%

Sector Breakdown

Sovereign & Supranationals	11.86%
Corporates	88.14%

Credit Rating Breakdown

B	68.49%
B-	31.51%
CCC	0.00%
CC	0.00%

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Performance

Historic prices

	May-17		Jun-17		Jul-17	
	I unit class	R unit class	I unit class	R unit class	I unit class	R unit class
Bid price (\$)^	108.72	108.34	108.70	107.72	109.34	108.35

Total Return Analysis

Retail Share Class	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Ytd Jul 2017
Total Return	1.05%	1.67%	2.01%	2.03%	3.42%	1.68%	5.39%
Total Return (Cumulative)	1.05%	2.74%	4.81%	6.94%	10.62%	12.47%	12.73%
Yield to Maturity	10.96%	7.20%	6.45%	6.19%	6.72%	7.98%	7.39%

