

INVESTING

FBN NIGERIA EUROBOND (USD) FUND

All data as at June 30th 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	\$1,69mn
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$ 108.70 R unit class: \$ 107.72
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

In the first half of the month of June, Oil prices declined to \$44.60 due to oversupply and a rise in crude oil stock piles despite efforts by the Organisation of Petroleum Exporting Countries (OPEC) to support prices.

The drop in oil prices triggered some sell offs in the Nigerian sovereign Eurobonds as a result. However, the drop in oil prices reversed after the oil market report released by Energy Information Administration (EIA) for the month of May showed a reduction in stockpiles and increased demand for oil. A decrease in United States (US) oil production also helped to see oil prices close the month at \$48.77 and we saw flows return into the Sub-Saharan Africa (SSA) Eurobond market.

The US Federal Open Market Committee (Fed) raised its benchmark lending rate to a range of 1% to 1.25% and announced additional plans to tighten monetary policy despite inflation being lower than its target rate. The SSA Eurobond yields rose especially in oil producing countries as a result of the rate rise. There were mixed sentiments among investors in the Nigerian Bank Eurobonds due to their loan exposure to Etisalat; the telecommunication company which defaulted on its obligations. Some local investors bought the bank bonds to take advantage of higher yields amid some offshore selling pressure.

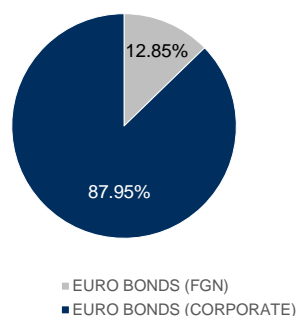
The Federal Government of Nigeria issued a \$300m diaspora bond maturing in 2022 with a coupon rate of 5.625% to finance the Nigerian budget deficit. The issue received a 130% subscription from retail investors around the world.

Portfolio and market outlook

We expect supply concerns around oil to lead to cautious trading in the SSA market with local activity dominating proceedings and the Fund to be stable as yields still remain attractive. The portfolio manager will seek to take advantage of market opportunities.

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	12.85%
Corporates	87.95%

Credit Rating Breakdown

B	70.58%
B-	29.42%
CCC	0.00%
CC	0.00%

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All data as at 31 May 2017 unless otherwise stated

Performance

Historic prices

	Apr-17		May-17		Jun-17	
	I unit class	R unit class	I unit class	R unit class	I unit class	R unit class
Bid price (\$)^(107.82	107.48	108.72	108.34	108.70	107.72

Total Return Analysis

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

Total Return (Cumulative)

