

INVESTING

FBN NIGERIA EUROBOND (USD) FUND

All data as at March 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 CFA, Adeyemi Roberts |
| Fund launch date | 4th January 2016 |
| Fund size | \$2,116,379.95 |
| Base currency | US Dollars (\$) |
| Unit classes | I unit class: Institutional R unit class: Retail |
| NAV per share | I unit class: \$114.78 R unit class: \$114.78 |
| 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: 1.72% R unit class: 1.20% |

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 returns 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 month of March, activity in the Sub-Saharan Africa Eurobond space was dominated by the Sovereign Eurobonds with demand coming from foreign investors and Exchange traded funds investing their inflows. The Nigerian bank bonds did not see as much demand during the period and the release of their FY2017 financial results was not enough to prevent further sell-offs versus buying pressure. Almost all Nigerian bank and Sovereign Eurobonds were trading above par value while local Nigerian investors were concentrating more in the local Treasury bill market. The portfolio remained stable as a result.

There were some new issues in the Sub-Saharan Africa Eurobond space in March including the Senegal 10 year and 30 year Eurobonds which were issued at 4.75% and 6.75% respectively. The issues were oversubscribed by a total of about \$7billion. Seplat Petroleum also issued a \$350m Eurobond at a yield of 9.5% to repay existing loans.

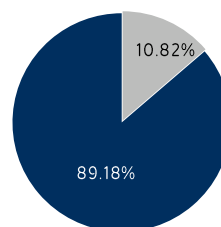
Crude prices fell on concerns of a trade war between the United States of America (US) and China but rose to nearly \$70 per barrel towards month end as markets were surprised by a dip in US gasoline and distillates inventories. Officials of the United States Federal Reserve (Fed) officials also reiterated their view that there will be three rate hikes in 2018 leading to a drop in the dollar value and additional support for oil prices.

Portfolio and market outlook

We expect more Eurobond issuances in the near term which is likely to boost activity in the market from foreign investors especially in the Nigerian bank Eurobond space. The Fed policy has remained in line with expectations therefore we do not expect any shocks in the market and the portfolio to remain stable. The portfolio manager will look to gain exposure to new quality issues in the market.

Performance and positioning

Current allocation



■ EURO BONDS (FGN)
■ EURO BONDS (CORPORATE)

Sector Breakdown

| | |
|----------------------------|--------|
| Sovereign & Supranationals | 10.82% |
| Corporates | 89.18% |

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 | 87.29% |
| B- | 12.71% |
| CCC | 0.00% |
| CC | 0.00% |

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Performance

Historic prices

| | Jan-18 | | Feb-18 | | Mar-18 | |
|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | I unit class | R unit class | I unit class | R unit class | I unit class | R unit class |
| Bid price (\$)^ | 114.41 | 114.32 | 114.36 | 114.35 | 114.78 | 114.78 |

Total Return Analysis

