INVESTING

FBN FIXED INCOME FUND

All data as at 30th April,2016 unless otherwise stated

FBNQuest

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
Fund launch date	24th September 2012
Fund size	₦4.69bn
Base currency	(₦)
NAV per share	₦ 1,077.74
Minimum investment	₦50,000.00
Minimum holding period	90 days*
Income accrual	Daily
Income distribution	Semi-annually (April and October)
Income distributions	Oct '15: ₦ 62.24 Mar'16: ₦ 60.80
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, annualised equivalent return and yield to maturity are stated net of fees and expenses with dividends reinvested.

^^ Annualised equivalent return represents the rate of interest an individual earns for an investment in the FBN Fixed income Fund for a year on a yearly basis; it shows what the interest rate would be if interest was paid for a full year and compounded.

[1] The yield to maturity (YTM) is the rate of return anticipated on the portfolio if the current bonds in the portfolio were help 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 use of monetary policy tools by global central banks to steer up growth is gradually thinning out, as these tools are not meeting targets. Structural reforms and supplementary polices from the fiscal arm in line with the monetary arm are expected to be the most effective means of stimulating growth in global economies.

The Bank of Japan, consistent with it's strive for growth, has kept interest rates negative due to the lagging impact of the expansionary monetary policy adopted in late January 2016. The US Federal reserve also kept federal fund rates unchanged at 25-50 basis points (bps) due to the need for higher global economic growth.

In Nigeria, the persistent rise in inflation from 11.4% in February to 12.8% in March continues to be a key concern for the Central Bank of Nigeria (CBN) whose core mandate at present appears to be price stability, reduction of the attack on the Naira and the need to improve real rates of return for investors.

At the last Monetary Policy Committee meeting, the central bank aggressively mopped up liquidity from the system in line with its decision to tighten money supply due to the increasing inflation rate. This was achieved through the multiple issuance of Open Market Operations {OMO} bills. As a result, yields in the bond and treasury bill markets rose; bond yields rose by 171bps, 54bps and 61bps on the short, mid and long maturities.

Fund and Market Outlook

Given the expected rise in inflation on the back of the import dependent nature of our economy and a declining revenue base, we anticipate a further boost in yields in the near-term. However, if the economy keeps contracting and Gross Domestic Product (GDP) figures trend lower, liquidity could return to the system, pushing yields lower.

Benchmark

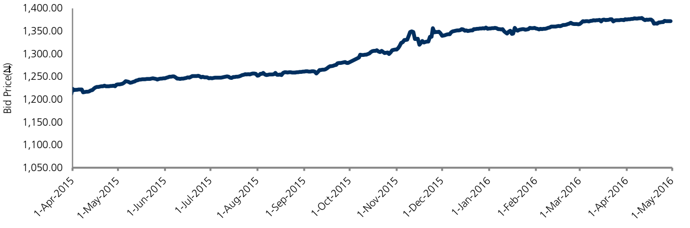
3yr Federal Government of Nigeria Bond

Performance and Positioning

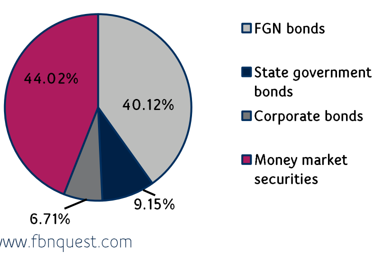
Historic prices and yields

	Jan-15	Feb-16	Mar-16	Apr-16
Bid price (₦)^	1,123.51	1,131.31	1,142.39	1,077.74
Yield to maturity^	11.59%	10.29%	9.93%	9.59%

Cumulative Performance



Current allocation



Asset allocation ranges

FGN bonds	10-75%
State government bonds	5-50%
Corporate bonds	5-50%
Eurobonds	0-15%
Money market securities	25-50%

FBN Capital Asset Management RC 978831
18 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos, Nigeria
Tel: +234 (1) 2798300, + 234 (0) 708 065 3100 Email: invest@fbnquest.com www.fbnquest.com
A part of the FBN Holdings Group