INVESTING

FBN FIXED INCOME FUND

All data as at 31st January,2017 unless otherwise stated

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 CFA
Fund launch date	24th September 2012
Fund size	₦4.55bn
Base currency	(₦)
NAV per share	₦ 1,098.68
Minimum investment	₦50,000.00
Minimum holding period	90 days*
Income accrual	Daily
Income distribution	Semi-annually (April and October)
Income distributions	Apr'16: ₦ 60.80 Oct'16: ₦ 42.03
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 and yield to maturity are stated net of fees and expenses with dividends reinvested.

[1] The yield to maturity (YTM) is the rate of return anticipated on the portfolio if the current bonds in the portfolio were held 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 uncertainty associated with Brexit, elections in Europe and changes in policies in the United States continues to ignite demand for safe haven assets such as Gold.

Locally, whilst the economy remains in recession, structural factors ranging from high transportation and energy cost increased pressure on prices of goods and services. Though the outlook for the year seems positive with forecast of positive Gross Domestic Product from ratings agencies such as Moody and Fitch, the Monetary Policy Committee (MPC) members left all key indicators unchanged at the MPC meeting held in January with indications of rate cuts before the end of 2017 in the bid to balance the concerns between inflation and growth.

Whilst the increase in reserves to about $28.9Billion (Bloomberg) could be translated as a positive signal, thin liquidity in foreign exchange market remains a major constraint on the growth prospects of the economy as demand still considerably out-weighs supply with the gap between the Parallel and interbank further widening. The Federal government kicked of plans to issue 10-15 years Eurobond in a bid to raise $1billion for international market.

Yields in the bonds market moved north as the liquidity needs of the government pushed yields at the auction to new highs of 16.89%,16.99% and 16.99% on the 2021, 2026 and 2036 bonds respectively. Treasury bills market remained flat with rates largely driven by system liquidity.

Fund and market outlook

With a possible traction on year-on-year inflation, we expect some reversal in yields in the Fixed Income space. The Fund Manager will continue to position the portfolio to take advantage of market volatilities and invest in best interest of the unit holders.

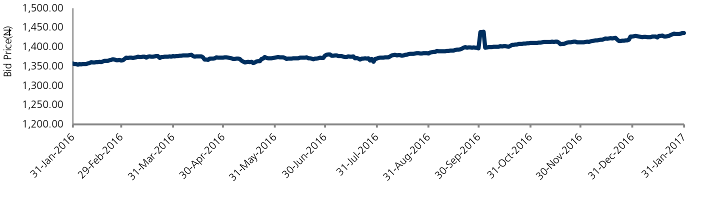
Benchmark

3yr Federal Government of Nigeria Bond

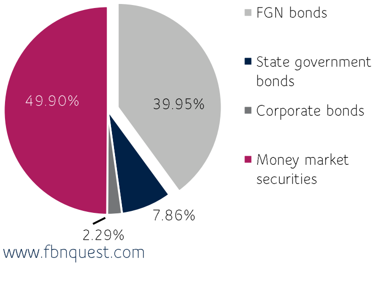
Historic prices and yields

	OCt-16	Nov-16	Dec-16	Jan-17
Bid price (₦)^	1,073.34	1,074.90	1,090.35	1,098.68
Yield to maturity^	15.30%	15.59%	15.53%	16.17%

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%

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