

INVESTING

FBN FIXED INCOME FUND

All data as at 30th September, 2016 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	₦4.728bn
Base currency	(₦)
NAV per share	₦ 1,102.82
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 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

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

Monthly Comments

Fund and market review

The outcome of the presidential debate and elections in the United States of America (US) affected market sentiments globally, as possible changes to policies and trade agreements affected currencies and market volatility. The federal fund rate in the US remained flat despite assertions of a possible increase.

Oil price oscillated within the 45-49 US Dollars band in the period under review, with a short-term positive outlook, as the Organisation of Petroleum Exporting Countries (OPEC) agreed on an oil output cut to 34-37million barrels per day at an Algiers meeting for the first time in 8 years.

In Nigeria, the Monetary Policy Committee (MPC) members decided to leave all major indicators unchanged despite calls from the fiscal arm of government to reduce the Monetary Policy Rate (MPR) from the current 14.00% level. Yields in the fixed income space sustained its high momentum on the back of the continuous absorption of liquidity in the system.

Month-on-month, yields fell by 50bps, 20bps, and 16bps respectively on the short, mid and long end of the curve in the bonds market. With the continuous issuances of Open Market Operation (OMO) bills, yields rose by 150bp on the short end maturities, and fell by 50bp on the mid-long dated maturities.

Fund and market outlook

We expect markets to over-react to the outcome of the presidential election in the US. The need for long-term international borrowing to finance the infrastructure deficit could lead to a reduction in local bond yields, due to low supply of local bonds barring any increase in inflation and OMO auction levels.

Benchmark

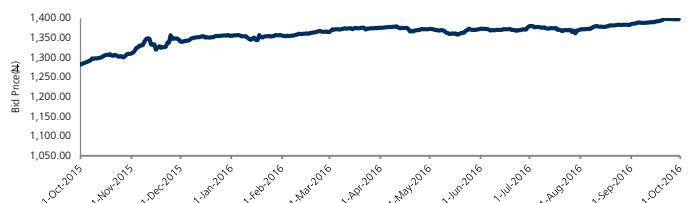
3yr Federal Government of Nigeria Bond

Performance and Positioning

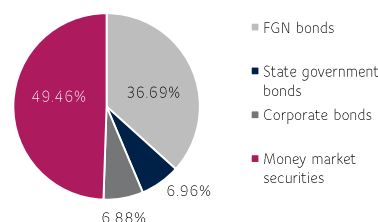
Historic prices and yields

	Jun-16	Jul-16	Aug-16	Sept-16
Bid price (₦)^	1,082.59	1,066.61	1,087.88	1,102.82
Yield to maturity^	10.68%	11.90%	13.77%	14.16%

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%