

INVESTING

FBN NIGERIA EUROBOND (USD) FUND



All data as at 29th February 2016 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
Fund launch date	4th January 2016
Fund size	\$713,851.43
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$ 99.88 R unit class: \$ 99.80
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**

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 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 assumed 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

Rising stress in global credit markets and a purported growing likelihood of a major credit event boosted demand for safe haven assets. As central banks ran out of options to stimulate monetary policy there was a growing tendency for currency devaluation and ultimately debt monetisation. Rhetoric from these apex banks remained firm on the use of unorthodox policy tools to fight the threat of deflation. The US, in the midst of the global slowdown, continued to remain unscathed evidenced by its growth in GDP (annualised), drop in unemployment rate to 4.90% - below the Fed's target, and the increase in inflation to 1.70%. Nevertheless, across the Atlantic, the Euro-zone economy faced sluggish growth with its headline inflation figure falling abruptly into negative territory below consensus forecast.

The announcement of an oil output freeze has temporarily stabilized the bleeding in prices and has propelled most of the SSA Eurobonds. These bonds are trading at discounted prices and we saw strong demand from foreign and local buyers.

Fund and market outlook

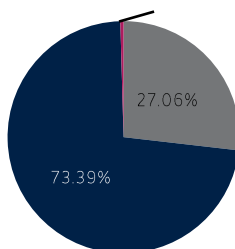
Our outlook is that the Fed will hold off on its policy normalization process at its next meeting in March even as the ECB looks to ease further. And given oil prices remain where they are, Eurobonds will continue to be the delight of investors looking at avoiding any form exchange rate risk.

Performance and Positioning

Historic prices and yields

	Feb-16	
	Institutional unit class	Retail unit class
Bid price (\$) ^	99.88	99.80
Yield to maturity ¹	11.07%	

Current allocation



Asset allocation ranges

■ Nigerian Sovereign Eurobonds	Nigerian Sovereign Eurobonds	10 - 50%
■ Nigerian Corporate Eurobonds	Nigerian Corporate Eurobonds	60 - 90%
■ Cash	Nigerian non-USD denominated fixed income instruments	10%
	Other external funds of similar characteristics	0-20%