INVESTING

FBN NIGERIA EUROBOND (USD) FUND

All data as at 31st July 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 CFA, Adeyemi Roberts
Fund launch date	4th January 2016
Fund size	$952,961.82
Base currency	US Dollars ($)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: $ 103.79 R unit class: $ 103.78
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$ 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 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

In Europe, markets were disappointed by the decision of the European Central Bank to hold rates constant. Investors waited to see the aftermath of the Brexit; expectations throughout the month about a monetary policy rate cut and extent of stimulus by the Bank of England (BOE) provided support for markets. The International Monetary Fund (IMF) stated that the impact of Brexit on US markets was negligible and the dollar did not rise as much in value, as markets recovered soon after the event and Sub Saharan Africa breathed a sigh of relief.

The price of oil gradually fell with Brent crude trading slightly below $42 per barrel. Inventories remained high despite prices reaching a two year low and there was also excess supply in refined products such as petrol, diesel, fuel oil and jet fuel. Dollar weakness provided some support for prices however; making it cheaper for importers to buy.

Despite indications that there might be more stimulus in the Japanese economy, the governor of the Bank of Japan (BoJ) said that the Bank would not aggressively pump money into the system to boost the Japanese economy. This led to more negative sentiment in the region and Investors sold off assets even though exports did not drop as much as expected.

Fund and market outlook

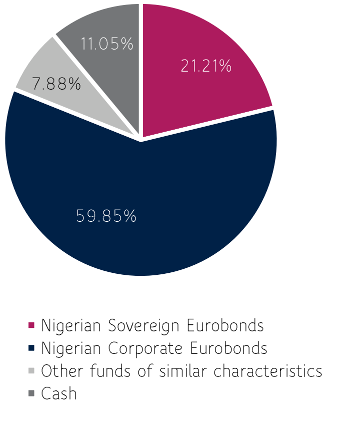
Sub Saharan Africa (SSA) Eurobonds saw a lot of demand in the month under review which the fund benefitted from. However, the fall in oil prices and the disappointing fiscal stimulus package in Japan, which would possibly have increased inflows into emerging markets limited the gains on the portfolio. With the majority of global markets expecting monetary easing from the BOE and optimism about oil prices, we expect some renewed interest in SSA securities.

Performance and positioning

Historic prices and yields

	May-16		Jun-16		Jul-16	
	I unit class	R unit class	I unit class	R unit class	I unit class	R unit class
Bid price ($)^	102.03	101.98	102.78	102.74	103.79	103.78
Yield to maturity^¹	5.86%		7.20%		6.57%	

Current allocation



Asset allocation ranges

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

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