INVESTING

FBN NIGERIA EUROBOND (USD) FUND

All data as at 30th June 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	$889,962.54
Base currency	US Dollars ($)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: $ 102.78 R unit class: $ 102.74
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 global news, the US Federal Reserve (Fed) left interest rates unchanged. Also, anxiety around the UK leaving the EU (Brexit) diminished. These events led to improved risk appetite and demand for Sub-Sahara Africa (SSA) Eurobonds with Nigerian and Gabon Eurobonds emerging as the best performers towards the latter part of June.

The decision of the UK voters to leave the European Union came as a surprise to global financial markets which lost $2.1 trillion on the back of the Brexit news. The British pound fell to a 31-year low against US dollar and investors flocked to safe haven assets such as US government bonds, gold, the Japanese Yen and Swiss Franc due to uncertainty. The outlook for UK credit was downgraded by Moody's and Standard & Poor's (S&P), two major credit rating agencies.

The Bank of Japan said that it was ready to provide foreign exchange (FX) liquidity to mitigate the effect of the Brexit through swap line agreements in partnership with the Fed and the European Central Bank. Concerns about the Brexit faded as the month drew to a close, driven by a possible rate cut by the Bank of England and the loosening of rules for the European Central Bank bond purchase programme to lift the European economy.

Fund and market outlook

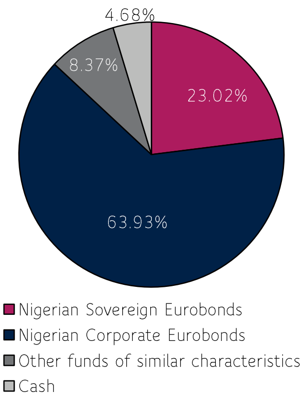
There is a decreased likelihood of the US Fed raising interest rates due to the impact of the Brexit, sluggish job creation and low inflation. This is positive for SSA Eurobonds. However, we expect some caution from global investors regarding risk assets and continued strong demand from local and retail/wealth managers looking for bargains which would help boost fund returns.

Performance and positioning

Historic prices and yields

	Apr-16		May-16		Jun-16	
	I unit class	R unit class	I unit class	R unit class	I unit class	R unit class
Bid price ($)^	101.59	101.52	102.03	101.98	102.78	102.74
Yield to maturity^[1]	10.53%		5.86%		7.20%	

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%

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