INVESTING

FBN NIGERIA EUROBOND (USD) FUND

All data as at 31st March 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	$754,907.13
Base currency	US Dollars ($)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: $ 101.14 R unit class: $ 101.05
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 March, assets in emerging and frontier markets staged a strong rally, removing a large part of the year's steep losses. The turn in risk sentiment was supported by constructive news on a number of fronts. The sharp recovery in oil prices, though fragile, played an important role. In addition, while overall growth momentum in the US has slowed, macro data improved, helping to reduce recession fears. Macro data from China is mixed but support our view of an economy slowing gradually, not sharply. The European Central Bank's policy easing exceeded expectations by introducing itself as a buyer of corporate bonds amongst other major policy actions. On the other hand, the European Central Bank signals that further rate cuts are less likely to limit the Euro's weakness in the short-term. As expected, the Federal Reserve held off on its policy normalisation at its meeting in March sighting a weak global growth outlook and it substantially scaled back its forecast for future rate increases in 2016.

Sub- Sahara African Eurobonds staged a strong recovery after a few difficult months and we are gradually seeing a reduction in year-to-date losses. This recovery was driven by a broad commodity rebound and the fact that the Federal Reserve did not increase rates in March. This has positively impacted the price of the Fund.

Fund and market outlook

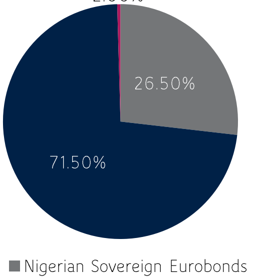
In the medium term, we expect rates to remain stable. The supply-demand imbalances still remain as there is an oversupply of oil globally. Consequently we do not expect this to be the start of a sustained commodity rally.

Performance and positioning

Historic prices and yields

	Jan-16		Feb-16		March-16	
	I unit class	R unit class	I unit class	R unit class	I unit class	R unit class
Bid price ($)^	99.19	99.15	99.88	99.80	101.14	101.05
Yield to maturity^[1]	9.27%		11.07%		10.97%	

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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