INVESTING

FBN NIGERIA EUROBOND (USD) FUND

All data as at 30th November 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	$946,265.57
Base currency	US Dollars ($)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: $ 101.46 R unit class: $ 101.24
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 the United States (US), Donald Trump won the presidential election; a shocking victory to markets. There were sell-offs across markets but the impact was not as bad as participants expected. Global bond investors however began to consider stocks due to expectations that the president elects' policies would be geared towards more investment and spending in the economy. This increases the likelihood of the US Federal Reserve increasing interest rates in December.

The annual inflation rate in the Eurozone rose from 0.5% in October to 0.6%, which was the highest rate in over two years. This remains far from the inflation target of 2% for the Eurozone and led to market expectations that the European Central Bank will extend its bond-buying program to stimulate the European Economy.

Oil surged to its highest level this year during trading at $54 per barrel for Brent crude following the decision by the Organisation of Petroleum Exporting Countries (OPEC) to cut production by 1.2million barrels to 32.5million barrels per day in order to support the price of oil. Corporate Nigerian bank bonds continued to see demand from local buyers. The OPEC decision led to investors' demand for the Nigerian Sovereign Eurobonds as well as that of other oil producing countries like Angola and Gabon.

Portfolio and market outlook

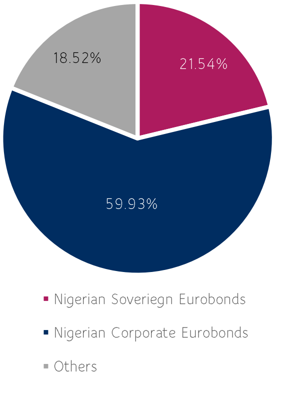
The expectation of higher interest rates in the US in December and the upcoming year may lead to the dominance of local players in the Sub-Saharan African space. The OPEC decision was a boost especially to oil producing countries. This may lead to improved foreign investor confidence and appetite for debt securities in the region with position taking as the year winds down.

Performance and positioning

Historic prices and yields

	Sep-16		Oct-16		Nov-16	
	I unit class	R unit class	I unit class	R unit class	I unit class	R unit class
Bid price ($)^	104.87	104.81	102.11	101.92	101.46	101.24
Yield to maturity^[1]	6.45%		6.33%		6.71%	

Current allocation



Asset allocation ranges

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

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