

INVESTING

FBN FIXED INCOME FUND

All data as at February 28th 2018 unless otherwise stated



Fund Overview

Investment objective

The Fund seeks to preserve and maximize return on capital while maintaining a high degree of liquidity by investing in a diversified portfolio of long tenured debt securities and short-term, high quality money market securities issued in Nigeria.

Fund facts

Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA	
Fund launch date	24th September 2012	
Fund size	₦5.13bn	
Base currency	(₦)	
NAV per share	₦ 1,180.67	
Minimum investment	₦50,000.00	
Minimum holding period	90 days*	
Income accrual	Daily	
Income distribution	Semi-annually (April and October)	
Income distributions	Apr'17: ₦ 84.83	Oct'17: ₦ 66.34
Annual management fee	1.00%	
Risk profile	Low-Medium**	
Benchmark	3yr Federal Government of Nigeria Bond	

Fund highlights

The Fund is an open ended mutual fund that invests in a broad range of long tenured debt securities issued by the Federal Government of Nigeria (FGN), state governments and highly rated corporate institutions. The Fund may also invest in short-term, high quality money market securities.

The Fund is suitable for medium or long term cash investment and offers a stable income through the distribution of semi-annual dividends. Using FBN Capital Asset Management's fixed income expertise and local market analysis capabilities, this Fund allows you to fully exploit the potential of Nigerian debt securities.

Investor Profile

The Fund may be suitable for investors who are looking for exposure to a broad range of debt securities. Investors should have at least a two to four year investment horizon.

Source: FBN Capital Asset Management

* Redemption period: 3 - 5 business days.

No additional charges are applied on redemption. However, units redeemed earlier than the 90 business days minimum holding period will incur a processing fee of 20% on the income earned on the value of such redemptions.

** The Fund has a 'Low-Medium' risk profile given it invests the majority of its assets in bonds. Investing in bonds may carry higher risks than other debt securities, but their growth potential is also higher. The value of debt securities may change significantly depending on economic, political, inflationary and interest rate conditions as well as the credit worthiness of the issuer.

^ Bid price and yield to maturity are stated net of fees and expenses with dividends reinvested.

^ 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

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Monthly Comments

Fund and market review

The National bureau of Statistics released both inflation and Gross Domestic Product (GDP) figures for January 2018 and full year 2017 respectively. The Consumer Price Index (CPI) which measures inflation started the year 2018 on a positive note with its 12th consecutive decline as headline inflation printed at 15.13% down from 15.37% in December 2017. The slowdown in headline inflation was entirely due to a fall in food inflation.

Nigeria's real GDP growth in Q4 2017 came in at 1.92% (Year-on-year) YoY, which implies that the economy grew by 0.83% in 2017 in contrast with -1.58% in 2016. The external reserves rose to a new high of \$42.80bn with a higher possibility of hitting \$45.0bn with the successful issuance of \$2.50bn Eurobond (12 year and 20 year Eurobond) which was 460% over-subscribed to the tune of \$11.50bn.

The Federal Government of Nigeria raised ₦79.62bn instead of the ₦100bn offered at the bond auction in February at 13.70% and 13.98% on the 2021 and new 2028 bond. Yields weakened by an average of 60bps on a month-on-month (m-o-m) basis on the short, mid and long dated maturities due to a reduction in the supply and successful issuance Eurobonds.

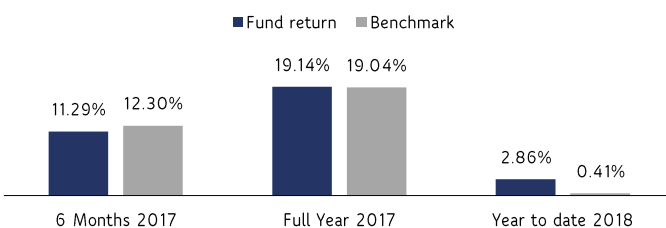
The continuous issuance of Open Market Operation bills at 14.40% was used to manage market liquidity and as an anchor point for yields. Rates dropped at the last primary auction in February to 11.85%, 13.49% and 13.50% from 12.00%, 13.65% and 13.70% in January for the 30, 60, 90 day paper.

Fund and market outlook

We expect yields in the market to decline from their current levels in the Fixed income market. The Fund Manager will continue to maximize returns and invest in the best interest of unit holders.

Performance and Positioning

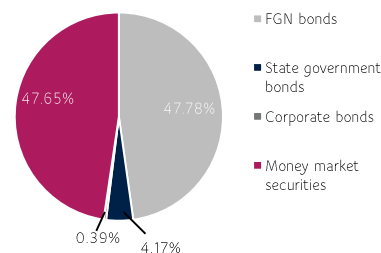
Performance Summary



Historic prices and yields

	Nov-17	Dec-17	Jan-17	Feb-17
Bid price (₦)^	1,122.666	1,147.84	1,173.22	1,180.67
Yield to maturity^	16.34%	15.99%	15.26%	15.18%

Current allocation



Asset allocation ranges

FGN bonds	15-75%
State government bonds	0-30%
Corporate bonds	0-30%
Eurobonds	0-15%
Money market securities	25-75%