

INVESTING

FBN FIXED INCOME FUND

All data as at November 30th 2017 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 Adekoya ^{CFA}	
Fund launch date	24th September 2012	
Fund size	₦4.89bn	
Base currency	(₦)	
NAV per share	₦ 1,122.66	
Minimum investment	₦50,000.00	
Minimum holding period	90 days*	
Income accrual	Daily	
Income distribution	Semi-annually (April and October)	
Income distributions	Oct'16: ₦ 42.03	Apr'17: ₦ 84.83
Annual management fee	1.00%	
Risk profile	Low-Medium**	

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.

1 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 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

The Monetary Policy Committee (MPC) left all key market indicators unchanged at November's meeting but acknowledged the delicate growth of the economy, improved foreign exchange liquidity and restored confidence from foreign investors. The economy attracted a total investment inflow of \$4.14bn in the third quarter of 2017 according to the National Bureau of Statistics.

Nigeria's debt profile sustained its upward trajectory as plans to move from local borrowing to a longer-term cheaper foreign debt was implemented in November through the issuance of a \$3bn dual tranche Eurobond with a 10 year (2027) and 30 year (2047) maturity profile to finance both recurrent and capital expenditure.

In the local bonds market, yields weakened by an average of 25bp on a month-on-month (m-o-m) basis on short, mid and long dated maturities due to the shift in government borrowings and expectations of a further decline in yields in the medium to long term. The bond auction closing rate declined by 20bps on a m-o-m basis to print at 14.79% and 14.80% on the 2021 and 2027 bonds respectively. Yields in the treasury bills market declined further due to the reduced supply of long dated maturities by the Central Bank of Nigeria and the decline in the primary auction stop rates to new lows of 12.95%, 15.00% and 15.57% on the 91 days, 182 days and 364 days maturity respectively.

Fund and market outlook

We expect rates in the bonds market to continue to trend downwards on the back of reduced supply and higher demand from investors. Treasury bills yields are expected to remain at the same levels due to low trading activity associated with year-end or plummet if the CBN sustains the reduction of OMO auctions. The Portfolio will continue to benefit from the drop in yields due its exposure to bonds and high yielding long tenured treasury bills.

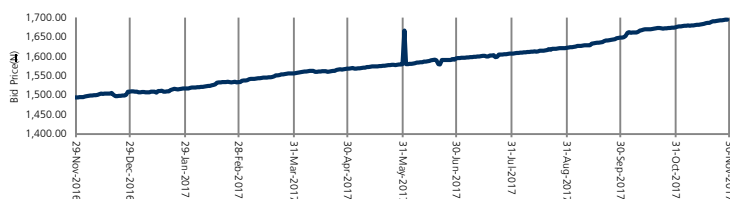
Benchmark

3yr Federal Government of Nigeria Bond

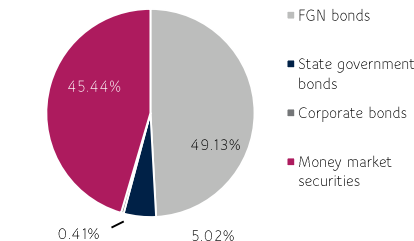
Historic prices and yields

	Aug-17	Sep-17	Oct-17	Nov-17
Bid price (₦)^	1,185.54	1,144.03	1,104.83	1,122.66
Yield to maturity^	17.58%	16.70%	16.86%	16.34%

Cumulative Performance



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%

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