

INVESTING

FBN NIGERIA EUROBOND (USD) FUND

All data as at September 30th 2018 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 Owolabi-Kadiku CFA, Adeyemi Roberts
Fund launch date	4th January 2016
Fund size	\$3,171,271.71
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$114.56 R unit class: \$114.36
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\$ 2,500
Minimum holding period	180 days*
Income accrual	Daily
Income distribution	Semi-annually (March and September)
Risk profile	Medium**
Benchmark	3-Year Nigeria Eurobond
Total Expense Ratio	I unit class: 1.16% R unit class: 1.68%

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 is stated net of fees and expenses with dividends reinvested.

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 sell-off in emerging market securities by foreign investors continued at the beginning of September with yields on the Nigerian sovereign Eurobonds rising as a result. Some investors sold off and others remained on the sidelines after the Nigerian Minister of Finance resigned abruptly. This trend was reversed towards the end of the month as we saw more inflows from exchange traded funds and foreign investors despite the yield on United States (US) 10 year treasury bond reaching its highest level in 4 months at 3.11%. There was also significant activity from retail investors during the month.

The Federal Open Market Committee (FOMC) increased the interest rates by 25 basis points to a range of 2% to 2.25%. The FOMC also signaled that there would be one more rate hike this year. Oil prices rallied to their highest levels seen since 2014 to close the month at \$82.72 per barrel due to concerns over sanctions on Iran by the US which is expected to reduce oil supply. Increasing global demand for oil has also put pressure on prices.

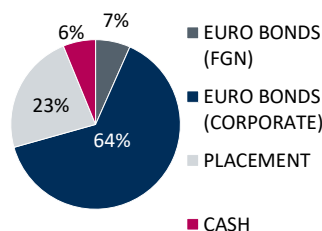
The portfolio remained resilient, achieving a return of 0.44% month on month in September due to the recovery of the Sovereign Eurobonds towards the end of the month and the selected corporate bank bonds. The NAV per unit of the fund for retail and institutional investors were \$114.36 and \$114.56 respectively.

Portfolio and market outlook

We expect cautious trading in the short term from foreign investors due to global geo-political tensions and expectations of rising rates. With oil prices expected to remain at or above current levels, this may give foreign investors comfort to invest in oil-producing countries like Nigeria. We expect the fund to remain stable as a result.

Performance and positioning

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%

Sector Breakdown

Sovereign & Supranationals	7%
Corporates	93%

Credit Rating Breakdown

B	81%
B-	19%
CCC	0.00%
CC	0.00%

INVESTING

FBN NIGERIA EUROBOND (USD) FUND



All data as at September 30th 2018 unless otherwise stated

Performance

Historic prices

	Jul-18		Aug-18		Sep-18	
	I unit class	R unit class	I unit class	R unit class	I unit class	R unit class
Bid price (\$) ^	113.94	113.79	114.06	113.84	114.56	114.36

Total Return Analysis

