

INVESTING

FBN NIGERIA EUROBOND (USD) FUND

All data as at 31 August 2017 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	\$1,746,843.07
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$ 110.22 R unit class: \$ 109.24
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**
Benchmark	3-Year Nigeria Eurobond

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

In August, geopolitical tensions between the United States of America (USA) and North Korea impacted investor sentiment. USA officials however played down the risk of a nuclear conflict and North Korea decided not to attack the island of Guam; bringing relief to investors.

The aforementioned tensions, the tropical storm in the USA and a lack of a clear policy direction by the US Federal Reserve and the European Central bank helped gold prices to rise to its highest point in the year at \$1,316.2 per ounce by the end of August as investors moved to safe haven assets.

Oil prices fell to a three week low with renewed concerns about oversupply due to increasing output from the USA and indications of slowing demand for oil from China. Oil prices had a late rally in the month to close at \$52.86 per barrel as the tropical storm in the USA took out an estimated 4.4million barrels per day of refining capacity.

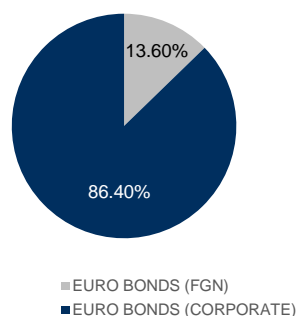
There were continued Inflows into Sub-Saharan Africa Eurobonds from investors seeking attractive yields with Nigerian Sovereign and Bank bonds witnessing price appreciation benefitting the portfolio. There was an additional issuance of \$200m of the Gabon Eurobond maturing in 2025 while an announcement by the Ghanaian Finance Ministry of a Eurobond issuance in 2018 led to some demand for existing long dated issues.

Portfolio and market outlook

We expect oil prices to remain stable as refineries in the USA recover from the disruptions in their operations.. Oil producing countries should benefit from this positively impacting the portfolio due to its exposure We however expect a less aggressive rally in Eurobonds as profit taking and geo-political risks are still present.

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	13.60%
Corporates	86.40%

Credit Rating Breakdown

B	68.79%
B-	31.21%
CCC	0.00%
CC	0.00%

INVESTING

FBN NIGERIA EUROBOND (USD) FUND



All data as at 31 August 2017 unless otherwise stated

Performance

Historic prices

	Jun-17		Jul-17		Aug-17	
	I unit class	R unit class	I unit class	R unit class	I unit class	R unit class
Bid price (\$)^	108.70	107.72	109.34	108.35	110.22	109.24

Total Return Analysis

Retail Share Class	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Ytd Aug 2017
Total Return	1.05%	1.67%	2.01%	2.03%	3.42%	1.68%	6.64%
Total Return (Cumulative)	1.05%	2.74%	4.81%	6.94%	10.62%	12.47%	13.85%
Yield to Maturity	10.96%	7.20%	6.45%	6.19%	6.72%	7.98%	7.20%

Total Return (Cumulative)

