

# INVESTING

## FBN NIGERIA EUROBOND (USD) FUND

All data as at January 31st 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	\$2,227,298.98
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$114.41 R unit class: \$114.32
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

#### 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 Sub-Saharan Africa Sovereign Eurobond market traded on a bullish note in the month of January with activity not as aggressive as in previous periods. Retail investors showed interest in the Nigerian diaspora bond which trades in smaller volumes. Elevated oil prices however helped to bring in demand from foreign investors amid some profit taking before the United States (US) Federal Reserve (Fed) decision.

The Fed maintained their benchmark interest rate at a range of 1.25% - 1.50% amid strong positive economic data especially in the job market and consumer spending. The US Gross Domestic Product also increased by 0.7% to end the year 2.3% as against 1.6% in 2016. Market participants therefore expect that rates may increase at a faster pace and yields rose on US 10 year treasury bonds after the Fed decision; an indication of possible outflow from emerging market securities.

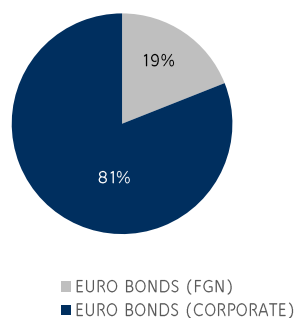
The Nigerian Bank Eurobond space continued to see demand for liquid securities with other bonds being illiquid, as most investors are not willing to sell their holdings. As such, bond values rose on average with the portfolio manager in a good position being able to take advantage. There was no immediate reaction to the decision of the Fed in the market.

#### Portfolio and market outlook

We expect the market and the portfolio to be stable in the coming month with selloffs from foreign holders in Sub-Saharan Africa bonds to be offset by investors looking for a bargain. The effect of rising rates in the US is not expected to manifest in portfolio performance in the short term. The portfolio manager will continue look to deliver competitive returns on investments.

### 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	19.29%
Corporates	80.71%

#### Credit Rating Breakdown

B	67.89%
B-	32.11%
CCC	0.00%
CC	0.00%

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### Performance

#### Historic prices

	Nov-17		Dec-17		Jan-18	
	I unit class	R unit class	I unit class	R unit class	I unit class	R unit class
Bid price (S)^	112.11	111.23	112.86	112.75	114.41	114.32

#### Total Return Analysis

