

INVESTING

IVORY AFRICA BOND NOTES (USD)

All data as at 28th February 2018 unless otherwise stated



Overview

Highlights

The Notes are issued by the Ivory Trust, a special purpose vehicle, having FBN Capital Limited as its Settlor and managed by FBN Capital Asset Management. The Notes are secured by a portfolio of fixed income securities issued by select African governments and corporations.

Investment objective

The portfolio seek to achieve a return in excess of the bond markets of African countries by investing primarily in USD denominated bonds issued by select African governments and corporations.

Key information

Portfolio Managers	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA Adeyemi Roberts
Notes Issuer	Ivory Trust
Current Notes series	24
Current Notes series launch	7 th December 2015
Current Notes series closure	21 st December 2015
Portfolio size	\$10.00mn
Base currency	USD (\$)
Minimum holding period	1 year*
Income accrual	Daily
Income distribution	Semi-annually (September & March)
Income distributions	USD19.77 (Oct'17) USD27.52 (Apr'17)
Annual management fee	1.00%
Risk profile	Low-Medium**

Investor profile

The Notes are most suited for investors with USD deposits who wish to mitigate the exchange rate risk on the value of their USD denominated investments. The Notes are also suited for investors willing to take extra risks in search of higher future returns. Investors will likely use the portfolio to complement an existing core bond portfolio invested in lower risk bonds, in order to gain greater diversification through exposure to the higher return potential of non-investment grade securities.

Due to the higher volatility of emerging and frontier market debt securities, investors should have at least a 3-5 year investment horizon.

* Redemption period: 30 business days. Notes redeemed earlier than the 1 year minimum holding period must total a minimum of \$10,000 in value and can only be redeemed on a matched subscription basis. Therefore, the investor who wishes to redeem their Notes must find 1 new investor willing to match their redemption amount with a Notes subscription of equal (or higher) value. The redemption will be processed after the new investor has subscribed into the next available Notes series. In addition, Investors who redeem their Notes earlier than the 1 year minimum holding period will receive the current value of their capital and 50% of any capital appreciation and dividends earned only.

** The Notes have a 'Low-Medium' risk profile given the underlying portfolio 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 and interest rate conditions as well as the credit worthiness of the issuer. These risks are typically increased for emerging market and below investment grade debt securities. Emerging markets may be subject to increased political, regulatory and economic instability, less developed custody and settlement practices, poor transparency and greater financial risks. Emerging market and below investment grade debt securities may also be subject to higher volatility and lower liquidity than non emerging market and investment grade debt securities.

FBNQuest Asset Management RC 978831

18 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos, Nigeria

Tel: +234 (1) 2798300, + 234 (0) 708 065 3100 Email: invest@fbnquest.com www.fbnquest.com

A part of the FBN Holdings Group

Monthly Comments

Portfolio and market review

It was another active month for the Nigerian Bank Eurobond market with strong trading activity seen across most issues. Sub-Saharan Africa (SSA) Sovereign Eurobonds saw weaker performance especially at the beginning of the month when Brent crude dropped below \$63 a barrel.

The market was quiet before the release of US inflation data which came out strong and triggered some more sell-offs in the Sovereign Eurobond space. Nigeria issued a \$1.25billion bond maturing in 2030 at a yield of 7.143% and a \$1.25billion bond maturing in 2038 at a yield of 7.696%. The bonds were significantly oversubscribed with total demand of \$11billion which came mostly from foreign investors as local investors prefer bank Eurobonds.

The Republic of Kenya also issued 10 and 30 year bonds at 7.25% and 8.25% which also saw healthy demand even from Nigerian investors due to the high yields offered. The new issues from Nigeria and Kenya helped to spur demand across the market which helped it to recover from earlier losses. However, comments made by the new Chairman of the Federal Reserve (Fed) led markets to believe that there would be more aggressive interest rate rises in the United States and caused selloffs in the market by month end. The portfolio remained stable despite oscillations in the market, supported by the receipt of cash for holdings in Seven Energy oil company.

Portfolio and market outlook

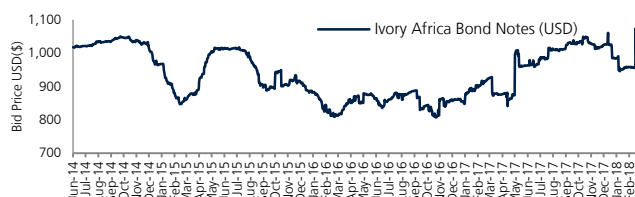
We expect the Sovereign SSA Eurobonds to continue to experience weakness due to expected rate increases and higher current yields in the US. Nigerian Bank Eurobonds should still remain attractive with willing buyers for most bonds especially those trading at or below par value to the benefit of the portfolio.

Performance and positioning

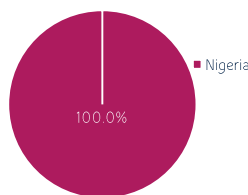
Historic prices

	Nov-17	Dec-17	Jan-18	Feb-18
Bid price (\$) ^A	814.38	775.25	748.92	789.81

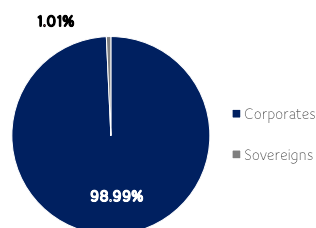
Cumulative Performance



Current country allocation



Current asset allocation



Source: FBNQuest Asset Management

^A 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.