

FBN Fixed Income Fund

www.fbncam.com

All data as at 31st January 2015 unless otherwise stated

Fund Overview

Investment Objective

The Fund seeks to preserve and maximise 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	Michael Oyebola	
Assistant Fund Manager	Henry Okoye	
Fund launch date	24th September 2012	
Fund size	₦4.20bn	
Base currency	(₦)	
NAV per share	₦ 1,105.33	
Minimum investment	₦50,000.00	
Minimum holding period	90 days*	
Income accrual	Daily	
Income distribution	Semi-annually (April and October)	
Income distributions	Apr '14: ₦ 40.93	Oct '14: ₦ 40.28
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, annualised equivalent return and yield to maturity are stated net of fees and expenses with dividends reinvested.

^^ Annualised equivalent return represents the rate of interest an individual earns for an investment in the FBN Fixed income Fund for a year on a yearly basis; it shows what the interest rate would be if interest was paid for a full year and compounded.

^ 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 assumed 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

Fixed income markets started the year on a positive note buoyed by the high level of liquidity in the money markets and risk aversion exhibited in domestic financial markets by fund managers (shift in allocation to less risky assets). However, this positive performance was skewed towards the short end of the yield curve (between 1.5 - 2.5 years to maturity), an indication that global economic conditions remain a major source of concern - current crude oil prices and emerging market currency depreciation. Despite attractive yields on fixed income instruments, there has been a lull in foreign investors' participation due to the expectation of likely devaluation of the Naira post-election and possible ejection of Nigeria's local currency debt from the JPMorgan Government Bond Index-Emerging Markets (GBI-EM) due to liquidity constraints in foreign exchange markets. The Fund's positive return in January was largely driven by a marginal recovery in Bond prices and increased allocation to high yielding short-term government securities to take advantage of the 'humped' shape of the yield curve during the period under review.

Market Outlook

The one trillion Euros sovereign bond purchase program announced by the European Central Bank (ECB) is expected to boost net capital flows into emerging and frontier markets including Nigeria. However, heightened concerns about the growth outlook for emerging market economies may hamper these flows. We anticipate yields in the fixed income market will remain around current levels and possibly trade in line with crude oil price movement. The Fund will maintain its asset allocation with a view to balancing both its income and capital gains strategy and minimize portfolio volatility.

Benchmark

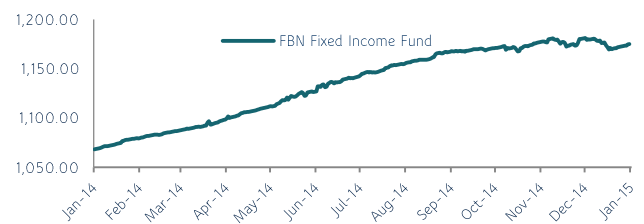
3yr Federal Government of Nigeria Bond

Performance and Positioning

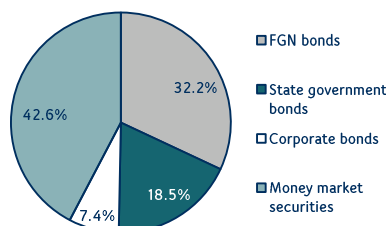
Historic prices and yields

	Oct-14	Nov-14	Dec-14	Jan-15
Bid price (₦)^	1,095.69	1,099.56	1,093.56	1,105.33
Yield to maturity^	11.82%	12.02%	12.33%	12.50%

Cumulative performance



Current allocation



Asset allocation ranges

FGN bonds	10-35%
State government bonds	10-50%
Corporate bonds	25-45%
Eurobonds	0-15%
Money market securities	25-50%