

Fund Overview

Investment objective

The Fund seeks to maximise returns and provide long term capital appreciation by investing primarily in companies and debt securities listed or issued in Nigeria.

Fund facts

Fund Managers	Laura Thorpe <small>CFA</small> , Kike Mesubi, Oluoyomi Okin
Fund launch date	1 st April 2008
Fund size	₦4.42bn
Base currency	Naira (₦)
NAV per share	₦107.86
Minimum investment	₦50,000.00
Income distributions	May '15: ₦11.00
Annual management fee	1.50%
Risk profile	Medium*

Fund highlights

The Fund is an open ended mutual fund that invests in a diversified portfolio of high quality Nigerian companies, long-term debt instruments of Nigerian federal and state governments and money market securities such as Treasury Bills, Commercial Papers, Bankers Acceptances and Fixed Deposits. The Fund may also invest in Nigerian real estate and real estate securities.

The Fund offers exposure to multiple asset classes and aims to reduce investment risk by diversifying across these asset classes, making it an ideal core holding.

Investor Profile

The Fund is suitable for investors who are seeking long-term capital growth, require minimal income and can tolerate market volatility.

The Fund may be suitable for investors looking for a source of long-term capital growth and income through exposure primarily to equity and debt securities in Nigeria. Investors in this Fund should have at least a three to five year investment horizon.

Benchmark

Composite benchmark: 25% 91 days Nigerian Treasury Bill (NTB), 25% Bloomberg Nigeria Local Sovereign Index and State bonds, 50% Nigerian Stock Exchange All Share Index

Source: FBN Capital Asset Management

* The Fund has a 'Medium' risk profile given it invests the majority of its assets in equities and bonds. The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions. 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 is stated net of fees and expenses.

Redemption period: 5 business days.

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.

FBN Capital Asset Management RC 978831

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A part of the FBN Holdings Group

Monthly Comments

Fund and market review

The equity market slowed down in April after two consecutive months of gains. The Nigerian Stock Exchange All-Share Index declined 1.0% over the month, impacted largely by weak corporate earnings for Q1 2016. Coincidentally, the Fund rose by a similar magnitude (1.0%) in the same period, outperforming the market return and also the benchmark return of -0.61%.

The positive return by the Fund in April was largely driven by strong gains in Zenith and Guaranty Trust Bank, on the back of their Q1 2016 results which were in line with expectations. However, sentiments in the equity market was dampened by significantly weak Q1 2016 results by listed companies, underscoring the persistent challenges that they continue to experience in their operations. While we saw a single-digit decline in profits among the banks, the consumer companies fared worse with high double-digit declines in profits. Also, the warning by Morgan Stanley, of a possible removal of Nigeria from its frontier market composite index further unnerved the markets. Consequently, the Fund Manager reduced portfolio exposure to a banking name due to disappointing results and a bleak near term outlook on the name.

Fixed income yields rose generally in April, but the rise was more significant at the long end of the curve leading to a steepening in the yield curve. This is attributed to the sharp rise in inflation to 12.8% in March and subsequent comments by the Central Bank of Nigeria's governor hinting at further interest rate increases to ensure real rates are positive. As a result, the Fund manager continued to focus on the short to mid end of the curve to maintain flexibility.

Fund and market outlook

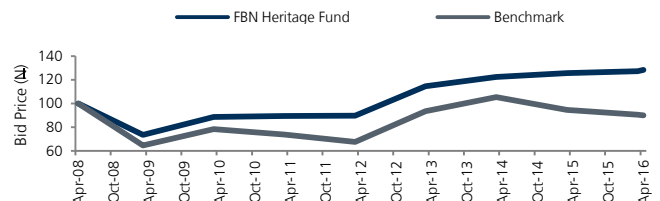
We anticipate that equity prices will remain pressured in the near term due to the weak macro outlook and the resulting impact on companies' profits. However, we expect the macro environment to improve with the signing and implementation of the 2016 budget and we will cautiously increase exposure to quality names. In the fixed income space, we will continue to favour short to medium tenors in order to take advantage of the expected rise in interest rates.

Performance and Positioning

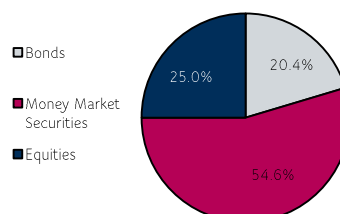
Historic prices and yields

	Sept-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
Bid price (₦) [^]	108.45	108.41	108.22	109.30	105.89	106.06	106.69	107.86

Cumulative Performance



Current allocation



Asset allocation ranges

Bonds	10-25%
Money Market Securities	10-75%
Equities	20-65%