

INVESTING

FBN NIGERIA EUROBOND (USD) FUND

All data as at 30th April 2016 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
Fund launch date	4th January 2016
Fund size	\$796,949.53
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$ 101.59 R unit class: \$ 101.52
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**

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 and yield to maturity are stated net of fees and expenses with dividends reinvested.

1 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

In April, we saw positive performance in Sub-Sahara Africa (SSA) Eurobonds on the back of rising commodity prices, renewed interest in SSA Eurobonds, and a slight pickup in risk appetite. A few central banks met over the period, namely; the US Federal Reserve Bank (Fed), the European Central Bank (ECB) and the Bank of Japan (BoJ) at their respective central meetings. The Fed and the ECB left interest rates unchanged. However, the BoJ disappointed market analysts who were expecting an increase in its ultra-monetary easing program.

The prospects for a consensus at the Doha meeting where oil ministers met to discuss production cuts were slim: Iran, eager to reclaim market share with the end of international sanctions, has remained steadfast in refusing to cut back on production. Brent crude, the global benchmark, hit a fresh five-month high, rising 4.3% to above \$44 a barrel on the expectation of a positive outcome from Doha. The meeting ended with country leaders failing to agree on a deal to freeze output and boost sagging crude prices. The inability for oil producers to come to an agreement sent prices tumbling but this was short-lived as a labour strike in Kuwait has taken more than 1.5m barrels a day off the production line.

SSA Eurobonds experienced increased appetite as demand for emerging markets strengthened significantly. Short duration paper, corporate and sovereigns, were increasingly being purchased making these instruments hard to source.

Fund and market outlook

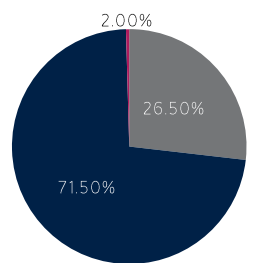
With SSA Eurobonds being strongly considered as a hedge against local currency depreciation we expect strong demand into the Fund for investors looking to gain exposure to US dollars. We anticipate that the Fund will perform positively as portfolio managers' continue to seek high-yield opportunities.

Performance and positioning

Historic prices and yields

	Feb-16		Mar-16		Apr-16	
	I unit class	R unit class	I unit class	R unit class	I unit class	R unit class
Bid price (\$)^	99.88	99.80	101.14	101.05	101.59	101.52
Yield to maturity^1	11.07%		10.97%		10.53%	

Current allocation



■ Nigerian Sovereign Eurobonds
■ Nigerian Corporate Eurobonds
■ Cash

Asset allocation ranges

Nigerian Sovereign Eurobonds	10 - 50%
Nigerian Corporate Eurobonds	60 - 90%
Nigerian non-USD denominated fixed income instruments	10%
Other external funds of similar characteristics	0-20%