

INVESTING

FBN NIGERIA EUROBOND (USD) FUND

All data as at 30 April 2017 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 CFA, Adeyemi Roberts
Fund launch date	4th January 2016
Fund size	\$1,055,465
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$ 107.82 R unit class: \$ 107.48
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 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

In April, Sovereign Sub-Saharan Africa Eurobonds saw a retracement after the major cabinet re-shuffle in South Africa which led to Standard and Poor's (a rating agency) downgrading the country's debt to junk status. The sell-off was reversed shortly and Nigerian bank bonds remained well demanded; boosted by mostly positive financial results. Senegal announced they would issue a new Eurobond very soon to fund infrastructure projects and boost growth.

The Nigeria 2032 Eurobond saw more demand after the Nigerian Federal Executive Council (FEC) approved the \$1.3billion loan request from the World Bank and other agencies at favourable rates. Oil prices reached \$57 per barrel during the month as Saudi Arabia became likely backers of an extension of the Organisation of Petroleum Exporting Countries (OPEC) deal to cut production but closed at \$52 by month end amid concerns of oversupply in the market.

A new Foreign Exchange window for investors, exporters and end users was introduced in April which will be benchmarked using the Nigerian Autonomous Foreign Exchange Fixing (NAFEX). The window will permit invisibles such as bills for collection, dividends, repayment of loans and interest. All potential sellers are allowed in the market and the market is expected to provide price discovery for the Naira. There was some skepticism about the new window by market participants but it is generally viewed as a positive step towards the aim of the Central Bank of Nigeria to bring in foreign investors and improve liquidity in the Nigerian FX market.

Portfolio and market outlook

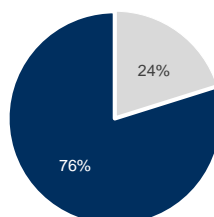
We expect the demand for Sub-Saharan Africa Eurobonds to be sustained as yields remain attractive to both foreign and local investors. The fund is expected to gain from this sustained demand as portfolio holdings increase in value.

Performance and positioning

Historic prices

	Feb-17		Mar-17		Apr-17	
	I unit class	R unit class	I unit class	R unit class	I unit class	R unit class
Bid price (\$) ^	106.42	106.13	107.40	107.10	107.82	107.48

Current allocation



■ Eurobonds (FGN) • Eurobonds (Corporate)

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%