

INVESTING

FBN NIGERIA EUROBOND (USD) FUND

All data as at 31st March 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	\$1,039,559.57
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$ 107.40 R unit class: \$ 107.10
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

The month of March saw a number of new Eurobond issues in Sub Saharan Africa (SSA) such as Helios Towers 5 year Eurobond and the Preferential Trade Area Bank 5 year Eurobond. Nigeria also issued a \$500million Eurobond that would be used to fund capital expenditure in the 2016 budget at a yield of 7.5%. The issue has the same terms of the previous \$1billion issued in February with a coupon of 7.875% and maturity date of 16th February 2032.

Oil prices dipped to their lowest level in 2017 at \$50.56 per barrel even though the United States oil inventories did not rise significantly. Comments by the Saudi Oil Minister that there might not be a continuation of the Organisation of Petroleum Exporting Countries deal to cut oil production at the middle of the year may have contributed to the decline in prices. Towards the end of the month however, continued support for an extension helped prices to close the month at \$52.83.

The United States Federal Reserve (Fed) increased the base interest rate from 0.75% to 1.00% and the Bank of England left rates unchanged. These decisions were not surprising and the impact was not felt in the Nigerian Eurobond market. The Nigerian Eurobond space was a bit quiet in the period under review with investors holding on to their bonds but pockets of demand were seen on some bonds while there was some short-lived heavy selling by investors who felt comfortable with the current parallel market rate.

Portfolio and market outlook

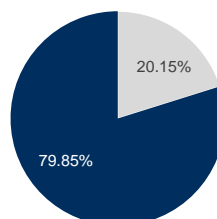
The demand seen by foreign investors for the new Nigeria Eurobond which was 6 times oversubscribed and the muted impact of the Fed rate rise shows that investors are still comfortable with Nigerian and Sub-Saharan Africa dollar denominated debt. We expect the trend to continue and the portfolio to gain from the sustained interest.

Performance and positioning

Historic prices

	Jan-17		Feb-17		Mar-17	
	I unit class	R unit class	I unit class	R unit class	I unit class	R unit class
Bid price (\$) ^	104.17	103.93	106.42	106.13	107.10	107.40

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%