

INVESTING

FBN NIGERIA EUROBOND (USD) FUND

All data as at 30th September 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 CFA, Adeyemi Roberts
Fund launch date	4th January 2016
Fund size	\$972,817.21
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$ 104.81 R unit class: \$ 104.87
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

The United States of America (US) Federal Reserve (Fed) left interest rates constant; with indications of a tighter monetary policy by the end of the year. Markets in Japan rallied on the back of an augmentation of its quantitative easing programme by the Central Bank of Japan.

In China, the month began with trade data coming out better than expected and imports recording their first annual rise in about 2 years. New favourable rules for foreign investor participation in domestic securities also helped the markets.

Oil prices rallied towards the end of the month with the expectation and eventual informal agreement by the Organisation of Petroleum Exporting Countries to cut supply of oil, in order to support the price of the commodity. Nigeria also increased oil production by 7.9% to 1.5 million barrels per day.

Early trading in Sub Saharan Africa (SSA) securities was active with increased demand due to disappointing data from the US and sustained stimulus by major global central banks. Illiquidity of Eurobonds in the SSA space led to prices of securities rising further to meet the aforementioned demand. Participants also await the issue of a Nigeria Eurobond, while Ghana issued a \$750million Eurobond maturing in 2022 which was over 5 times oversubscribed with a yield of 9.25%.

Portfolio and market outlook

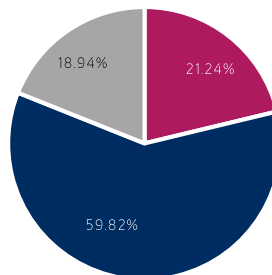
With the new issuances of SSA securities at attractive yields and improvement in global oil prices and oil production in Nigeria, we expect more focus on the African continent. This will place the portfolio in a good position to benefit from the attractive yields.

Performance and positioning

Historic prices and yields

	Jul-16		Aug-16		Sep-16	
	I unit class	R unit class	I unit class	R unit class	I unit class	R unit class
Bid price (\$)^	103.78	103.79	104.46	104.48	104.81	104.87
Yield to maturity^1	6.57%		6.47%		6.45%	

Current allocation



- Nigerian Sovereign Eurobonds
- Nigerian Corporate Eurobonds
- Others

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%