



FUND MANAGER	FIRST CITY ASSET MANAGEMENT LTD
FUND TYPE	LEGACY DEBT FUND
PERIOD	December 2018

FUND INFORMATION

Investment Objective: The Fund seeks to preserve capital and generate stable income.

Domicile	Nigeria	Min initial purchase	25,000 units
Fund Incorporation	2015	Min additional purchase	5,000 units
Bloomberg Ticker / ISIN	FCAMLSF NL / BGG009KJ25W7	Entry/Exit fee	Nil / 25%, if within 6-months
Base currency	Nigerian Naira (NGN)	Annual Management fee	1%
Fund size	₦1.96billion	Performance Fee	30% of excess return over target
Benchmark	50% 3month T-bill + 50% 3year FGN Bond	Trading frequency	Daily
Bid / Offer Price	₦3.24/ ₦3.24	Settlement	Trade date + 5
Total Expense Ratio	1.50%	Fund Year End	June

SUMMARY OF MARKET ACTIVITY AND OUTLOOK

The Fund returned 11.39% annualised in December, compared with 14.59% for the benchmark. Fund Performance, which improved by 2.10% m/m, was still impacted by the time lag in switching into new treasury bills, in a rising rate environment. We expect Fund performance to continue to improve, as existing investments mature and are re-invested at relatively higher yields. The Fund's 11.39% annualised return was 4.64% higher than the net return on a normal ₦250,000 1-year Fixed Deposit. Also, total allocation to triple A (Aaa) rated instruments was over 93% of the portfolio. In addition, the Fund's Credit Quality rating was upgraded by one notch, from A(f) to A+(f) by Agosto and Co. Also, the Fund was assigned a Volatility rating of FV3. The Fund carried less risk than its benchmark; Fund duration was 1.17 years versus 1.32 years for the benchmark.

Inflation data released by Nigeria's National Bureau of Statistics showed that Headline Consumer Price Index rose to 11.28% y/y in November 2018, compared with 11.26% y/y in the previous month. Month-on-month, the Headline index increased by 0.80% in November, compared with 0.74% previously. Core inflation, which excludes the prices of volatile food produce, fell by 0.10% in November, to 9.80% y/y. However, Food inflation rose by 0.15%, to 13.30% y/y. In the domestic sovereign bond market, yields decreased across most maturities. The yield on the 3-year government bond decreased by 8 basis points, to 15.30%, whilst that on the 20-year bond fell by 6 basis points, to 15.54%. The DMO reopened the FGN bonds 12.75% Apr 2023s, 13.53% Mar 2025s and 13.98% Feb 2028s. While FGN Bonds 12.75% Apr 2023s and 13.53% Mar 2025s were undersubscribed, with bid-to-cover ratios of 0.16 times and 0.52 times, the 13.98% Feb 2028s FGN Bond was oversubscribed, with a bid-to-cover ratio of 2.37 times. In the previous month, bid-to-cover ratios for the three FGN Bonds were 0.11 times, 0.53 times and 1.78 times, respectively.

AS AT OUR CUT-OFF

Country	3 Month T-bill %	3-year Govt Bond yield %	Headline CPI %
Nigeria	14.0368	15.1450	11.28
Kenya	9.1430	11.0730	5.70
South Africa	7.4960	7.0450	5.20
Brazil	6.4819	8.3460	4.05
Russia	7.1156	9.6800	4.20
India	6.1075	7.0150	2.33
China	2.7950	2.8970	2.20
USA	2.3959	2.5059	2.20
Germany	-0.7570	-0.5670	1.70
UK	0.7250	0.7480	2.30
Japan	-0.1526	-0.1390	0.80

MAIN RISK FACTORS

MARKET RISK: Risk that an investor could experience losses as a result of changes in factors that impact the whole market, such as interest rates and foreign exchange rates

DEFAULT RISK: Risk that a company will not be able to honour its debt and may be forced to stop trading

DOWNGRADE RISK: Risk that a company's credit rating may be cut, which could affect its market value

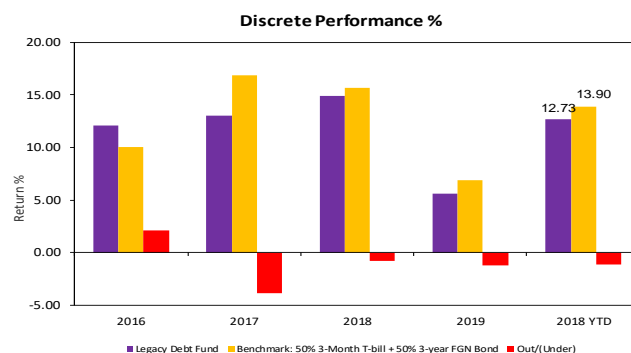
Agusto & Co. Ratings

Fund Credit Quality: A+(f) investment grade
Fund Volatility: FV3

PERFORMANCE

	Legacy Debt Fund Return (%)	Benchmark Return (%)
December Return (Annualised)	11.39	14.59
Inflation-adjusted (based on November CPI y/y)	0.10%	2.97%
Duration (Interest rate risk)	1.17	1.32
Weighted Average Maturity	1.58	1.62

Investment Performance relative to benchmark: Fund Year is July - June



Performance returns (including dividend yield) are calculated on an annualised basis and shown Net-of-Fees. Annual payments for renewal of Fund rating and for Audit fee, reduced Fund performance. The Fund paid 11kobo per unit in January 2018, as dividend for Fund year-ended 30 June 2017, representing a Fund year dividend yield of 4.48%.

FUND STRUCTURE

Asset Allocation

Asset	Range
Cash on call	0 to 100%
T-Bills	0 to 60%
Fixed deposits, Commercial papers, Bankers Acceptances & other MMI	0 to 50%
Federal Government Bonds	0 to 60%
State and Local Government Bonds	0 to 40%
Government guaranteed & Agency Bonds	0 to 40%
Supranational Bonds	0 to 40%
Corporate Bonds	0 to 40%

Fund Allocation based on Agosto & Co Credit Ratings

