



FUND MANAGER	FIRST CITY ASSET MANAGEMENT LTD
FUND TYPE	LEGACY SHORT MATURITY (NGN) FUND
PERIOD	DECEMBER 2017

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	₦985.3million	Performance Fee	30% of excess return over target
Benchmark	50% 3month T-bill + 50% 3year FGN Bond	Trading frequency	Daily
Bid / Offer Price	₦2.99/ ₦2.99	Settlement	Trade date + 5

SUMMARY OF MARKET ACTIVITY AND OUTLOOK

The Fund returned 12.71% annualised in December, compared with 13.82% for the benchmark. Payment of ₦1,515,492.18 for expenses towards the Fund's Annual General Meeting, led to a 1.87% (annualised) reduction in Fund return, in December. Otherwise, the December annualised return would have been 14.58%. The Fund's 12.71% annualised return was 5.51% higher than the net return on a normal ₦250,000 1-year Fixed Deposit. Also, the Fund returned 16.25% in 2017. In addition, the Fund carried significantly less risk than its benchmark; Fund Duration was 0.74 year versus 1.32 years for the benchmark, in December.

Data from Nigeria's National Bureau of Statistics showed that Headline Consumer Price Index (CPI) rose by 15.90% y/y in November 2017, compared with 15.91% y/y in the previous month. This was the tenth consecutive year-on-year decrease in the inflation rate. On month-on-month basis, the Headline index increased by 0.02%, to 0.78% in November 2017. Core inflation, which excludes the prices of volatile food produce, rose by 0.06%, to 12.20% y/y, and by 0.01%, to 0.77% m/m, in November. However, Food inflation slowed marginally, to 20.30% y/y. In the domestic sovereign bond market, yields decreased across all maturities. The yield on the 3-year government bond fell by 71 basis points, to 14.34%, while that on the 20-year bond decreased by 128 basis points, to 13.35%, reflecting an inverted yield curve. The DMO reopened the FGN bond 14.50% Jul 2021s and FGN bond 16.2884% Mar 2027s. Bids-to-cover were 1.80times and 3.80times, compared with 0.46times and 1.65times in the previous month.

AS AT OUR CUT-OFF

Country	3 Month T-bill %	3-year Govt Bond yield %	Headline CPI %
Nigeria	12.9334	14.7060	15.90
Kenya	8.0800	12.0990	4.70
South Africa	7.0150	7.5860	4.60
Brazil	6.7999	8.6320	2.80
Russia	6.3573	2.7790	2.50
India	6.2000	0.0000	4.88
China	3.9500	3.8810	1.70
USA	1.3936	1.9817	2.20
Germany	-0.7910	-0.5330	1.80
UK	0.5820	0.4840	3.10
Japan	-0.1616	-0.1140	0.60

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

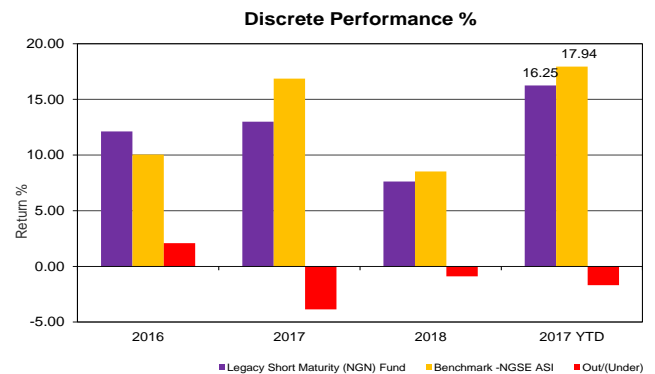
DOWNGRADE RISK: Risk that a company's credit rating may be cut, which could affect its market value

Agusto & Co. Rating: A (f) investment grade (raised two notches from Bbb+ (f), in December 2017)

PERFORMANCE

	LSM (NGN) Fund Return (%)	Benchmark Return (%)
December Performance (Annualised)	12.71	13.82
Inflation-adjusted (based on November CPI y/y)	-2.75	-1.79
Duration (Interest rate risk)	0.74	1.32
Weighted Average Maturity	0.93	1.62
Total Expense Ratio	1.83% per annum	

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



Performance returns are calculated on an annualised basis and shown Net-of-Fees. Payments of ₦1.84m and ₦1.27m for renewal of the Fund's rating for 2016/2017 and for the Fund's 2016/2017 audit, reduced Fund performance, in Fund year-ended 30th June, 2017. Also, payment for the Annual General Meeting expenses, reduced Fund performance by 1.87%, in December 2017

FUND STRUCTURE

Asset Allocation

Asset	Range
Cash on call	0 to 100%
T-Bills	0 to 50%
Fixed deposits, Commercial papers, Bankers Acceptances & other MMI	0 to 50%
Federal Government Bonds	0 to 50%
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 Agusto & Co Credit Ratings

