

FUND MANAGER	FIRST CITY ASSET MANAGEMENT LTD
FUND TYPE	LEGACY SHORT MATURITY (NGN) FUND
PERIOD	FEBRUARY 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 / BBG009KJ25W7	Entry/Exit fee	Nil / 25%, if within 6-months
Base currency	Nigerian Naira (NGN)	Annual Management fee	1%
Fund size	₦849.95million	Performance Fee	30% of excess return over target
Benchmark	50% 3month T-bill + 50% 3year FGN Bond	Trading frequency	Daily
Bid / Offer Price	₦2.63/ ₦2.63	Settlement	Trade date + 5

SUMMARY OF MARKET ACTIVITY AND OUTLOOK

The Fund returned 13.70% annualised, compared with 15.38% for the benchmark. The shorter number of days in February reduced performance by 1%. During the month, the Fund invested 7.50% of the portfolio in a 180-day Commercial Paper rated Aa by Augusto & Co Ltd, at a discount rate of 17.7893% per annum. The Fund's 13.70% annualised return was 6.50% more than the net return on a normal ₦250,000 1-year Fixed Deposit. Also, the Fund carried significantly less risk than its benchmark; Fund Duration was 0.37 year versus 1.32 years for the benchmark.

Data from Nigeria's National Bureau of Statistics (NBS) showed that the country's Gross Domestic Product (GDP) contracted by 1.30% y/y, in 4Q 2016, which was better than the negative growth rate of 2.24% y/y recorded in 3Q 2016, but was worse than the expansion of 2.11% y/y in 4Q 2015. Also, the economy shrank by 1.51% in 2016, indicating a real GDP of ₦67.98tn (US\$222.89bn) for the year. According to the NBS, the contraction recorded in 2016 was the result of weaker consumer purchasing power, an increase in pipeline vandalism, a weaker currency, as well as fuel and power shortages. It appears that the worst is over, for the Nigerian economy. The NBS also released Nigeria's inflation data; Headline Consumer Price Index (CPI) rose by 18.72% y/y in January 2017, compared with 18.55% y/y in the previous month. The higher inflation rate was driven by increases across major components of the CPI basket. In the absence of devaluation of the Nigerian currency and given expected base effect from the middle of 2017, it does appear that the inflation rate is close to its peak. In the domestic sovereign bond market, yields decreased across most maturities, on average. The yields on the 3-year and 20-year government bonds decreased by 14 basis points each, to 16.18% and 16.72%, respectively. The DMO reopened the FGN bond 14.50% Jul 2015s, FGN bond 12.50% Jan 2026s and FGN bond 12.40% Mar 2036s. Bids-to-cover were 2.42, 4.41 and 3.11 times, compared with 0.97, 1.66 and 2.82 times recorded in January, reflecting increased demand for these bonds.

AS AT OUR CUT-OFF

Country	3 Month T-bill %	3-year Govt Bond yield %	Headline CPI %
Nigeria	14.6730	16.0840	18.72
Kenya	8.6180	12.8400	7.00
South Africa	7.3410	7.7980	6.60
Brazil	11.6730	9.9620	5.35
Russia	9.8873	2.4900	5.00
India	6.1018	6.5740	3.17
China	2.7050	2.8960	2.50
USA	0.5025	1.4371	2.50
Germany	-0.8570	-0.8210	1.90
UK	0.2710	0.2210	1.80
Japan	-0.3270	-0.1950	0.30

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

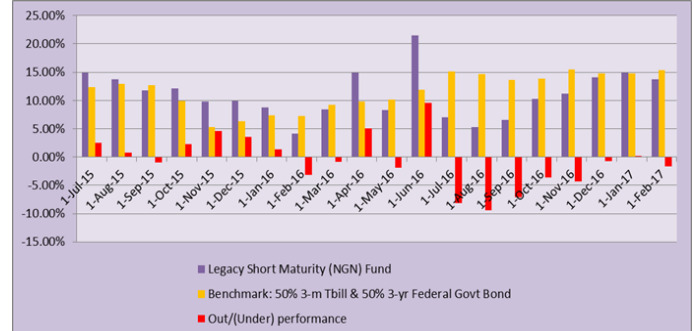
DOWNGRADE RISK: Risk that a company's credit rating may be cut, which could affect its market value

Agusto & Co. Rating: Bbb+(f) investment grade

PERFORMANCE

	LSM (NGN) Fund Return (%)	Benchmark Return (%)
February Performance (Annualised)	13.70	15.38
Inflation-adjusted (based on January CPI y/y)	-4.23	-2.81
Duration (Interest rate risk)	0.37	1.32
Weighted Average Maturity	0.43	1.62

Investment Performance relative to benchmark



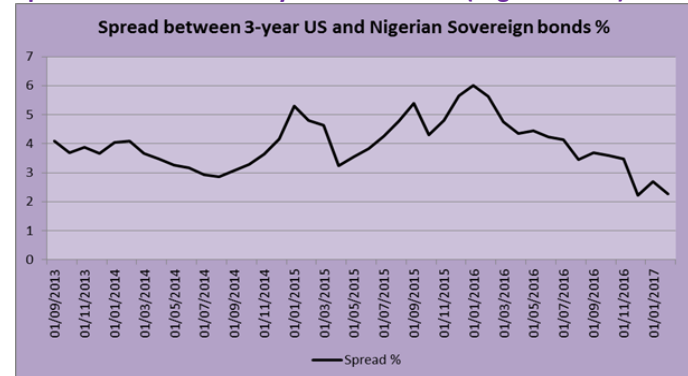
Performance returns are calculated on an annualised basis and shown Net-of-Fees. Payment of 6 months' outstanding outperformance fees impacted Fund return by 4.13% in Feb 2016. Previously unremitted amounts of ₦5.1million and ₦8.1million boosted performance by 7.20% and 13.48% in April and June 2016. Payment of ₦1.84m for renewal of the Fund's rating for 2016/2017, resulted in a 2.34% decrease in Fund performance, in August 2016. The payment of audit fee of ₦1.27m for the year ended June 2016 resulted in a 1.38% decrease in Fund performance, in September 2016.

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%

Spread between USD 3-year Govt bonds (Nigeria vs US)



DISCLAIMER NOTICE

FCAM has not considered the suitability of this investment against your individual risk and return targets. Past performance is not a reliable indicator of future returns, the value of investments may fall as well as rise, and investors may not get back the original amount invested.