

<b>FUND MANAGER</b>	FIRST CITY ASSET MANAGEMENT LTD
<b>FUND TYPE</b>	LEGACY SHORT MATURITY (NGN) FUND
<b>PERIOD</b>	JANUARY 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	₦860.03million	Performance Fee	30% of excess return over target
Benchmark	50% 3month T-bill + 50% 3year FGN Bond	Trading frequency	Daily
Bid / Offer Price	₦2.60/ ₦2.60	Settlement	Trade date + 5

## SUMMARY OF MARKET ACTIVITY AND OUTLOOK

The Fund returned 14.95% annualised, compared with 14.79% for the benchmark, representing an outperformance of 0.16%. The Fund benefited from its overweight position at the long-end of the Treasury bill curve, where yields were higher. The Fund's 14.95% annualised return was 7.75% 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.

At its first meeting in 2017, the Monetary Policy Committee of the Central Bank of Nigeria held the Monetary Policy Rate (MPR) at 14.00%. The other monetary policy parameters, namely, the Cash Reserve Requirement Ratio, the Liquidity Ratio and the Asymmetric Corridor around the MPR, were also left unchanged, at 22.50%, 30% and +200/-500 basis points respectively. Data from Nigeria's National Bureau of Statistics showed that the Headline Consumer Price Index (CPI) rose by 18.55% y/y in December 2016, compared with 18.48% in the previous month. The increase in the inflation rate was across all components of the CPI. Also, the Headline index rose by 1.06% m/m in December, compared with 0.78% m/m in November. In the domestic sovereign bond market, yields decreased across most maturities. The yield on the 3-year government bond fell by 3 basis points, to 15.71%, compared with a slight decrease of 1 basis point, to 16.19%, for the 20-year bond. The DMO reopened the FGN bond 14.50% Jul 2021s, FGN bond 12.50% Jan 2026s and FGN bond 12.40% Mar 2036s. Bids-to-cover were 0.97, 1.66 and 2.82 times, compared with 0.35, 1.54 and 1.49 times recorded in December 2016, reflecting increased demand for the bonds.

## AS AT OUR CUT-OFF

Country	3 Month T-bill %	3-year Govt Bond yield %	Headline CPI %
Nigeria	13.8700	15.7060	18.55
Kenya	8.6620	12.8170	6.40
South Africa	7.5080	7.9660	6.80
Brazil	12.2680	10.5450	6.29
Russia	9.3215	2.8330	5.40
India	6.1988	6.3460	3.41
China	2.5750	2.8280	2.10
USA	0.5127	1.4346	2.10
Germany	-0.8370	-0.6960	1.70
UK	0.2940	0.2540	1.60
Japan	-0.2890	-0.1500	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

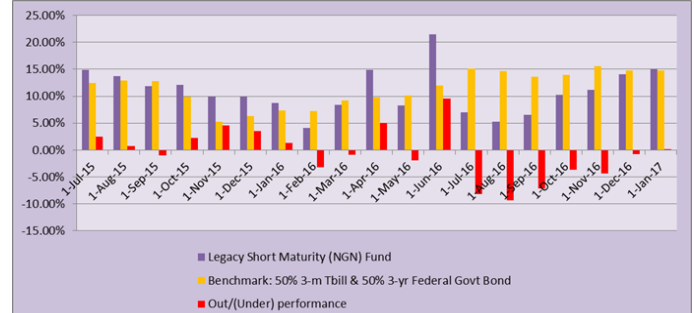
**DOWNGRADE RISK:** Risk that a company's credit rating may be cut, which could affect its market value

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

## PERFORMANCE

	LSM (NGN) Fund Return (%)	Benchmark (%)	Return
January Performance (Annualised)	14.95	14.79	
Inflation-adjusted (based on December CPI y/y)	-3.04	-3.17	
Duration (Interest rate risk)	0.37	1.32	
Weighted Average Maturity	0.45	1.62	

## Investment Performance relative to benchmark



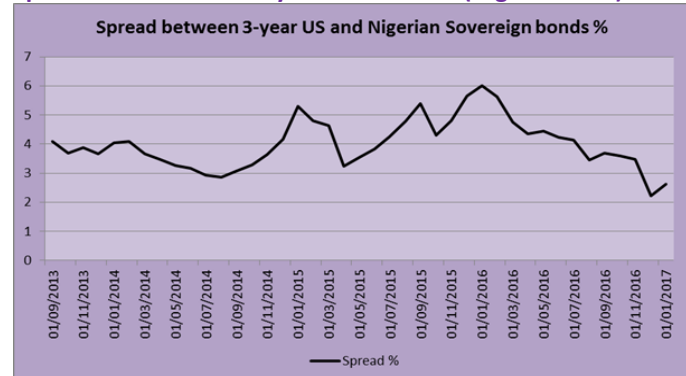
Performance returns are calculated on an annualised basis and shown Net-of-Fees. Payment of 6 months' outstanding outperformance fees impacted Fund return by 4.13% in Feb 2016. Previously unremitted amounts of ₦5.1million and ₦8.1million boosted performance by 7.20% and 13.48% in April and June 2016. 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.