

FUND MANAGER	FIRST CITY ASSET MANAGEMENT LTD
FUND TYPE	LEGACY SHORT MATURITY (NGN) FUND
PERIOD	JUNE 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	₦950.2million	Performance Fee	30% of excess return over target
Benchmark	50% 3month T-bill + 50% 3year FGN Bond	Trading frequency	Daily
Bid / Offer Price	₦2.77 / ₦2.77	Settlement	Trade date + 5

SUMMARY OF MARKET ACTIVITY AND OUTLOOK

The Fund returned 16.35% annualised, compared with 17.85% for the benchmark. The shorter days in June, that is 30 days instead of 31 days, reduced the Fund performance by 0.58%. Also, the market anomaly from the spread between the 3-month Treasury bill yield and the 3-year FGN Bond yield, in the secondary market, is yet to fade. However, the Fund's 16.35% annualised return was 9.15% 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 0.46 year versus 1.32 years for the benchmark.

Data from Nigeria's National Bureau of Statistics showed that Headline Consumer Price Index (CPI) rose by 16.25% y/y in May 2017, compared with 17.24% in the previous month. The decrease of 0.99% was the fourth consecutive decline in headline inflation. The reduction in headline inflation y/y was mainly due to base effects from 2016, as the headline index increased by 1.88% m/m in May 2017, which was 0.28% higher than the 1.60% reported in April 2017. In the domestic sovereign bond market, the yield on the 3-year government bond rose by 13 basis points, to 16.56%, compared with a slight fall, to 15.99%, for the 20-year bond. The DMO reopened the FGN bond 14.50% Jul 2021s, FGN bond 16.2884% Mar 2027s and FGN bond 16.2499% Apr 2037s. Bids-to-cover were 0.31times, 1.15times and 1.76times compared with 0.43times, 1.06times and 1.83times, in the previous month.

AS AT OUR CUT-OFF

Country	3 Month T-bill %	3-year Govt Bond yield %	Headline CPI %
Nigeria	19.1648	16.5410	16.25
Kenya	8.2840	11.9450	11.70
South Africa	6.4380	7.6550	5.40
Brazil	9.4484	9.6470	3.60
Russia	8.1007	2.7880	4.10
India	6.2852	6.5060	2.18
China	3.2500	3.5050	1.50
USA	1.0113	1.5217	1.90
Germany	-0.8000	-0.5140	1.50
UK	0.1490	0.4380	2.90
Japan	-0.0950	-0.0960	0.40

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

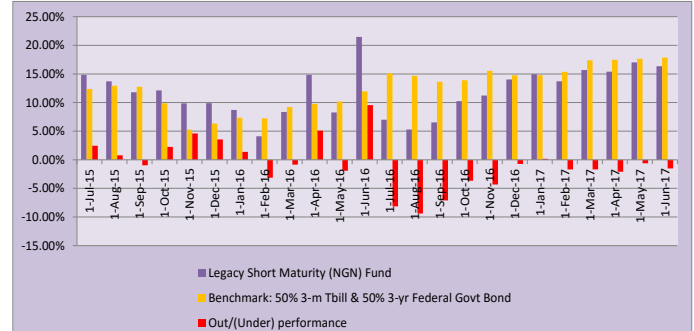
DOWNGRADE RISK: Risk that a company's credit rating may be cut, which could affect its market value

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

PERFORMANCE

	LSM (NGN) Fund Return (%)	Benchmark Return (%)
June Performance (Annualised)	16.35	17.85
Inflation-adjusted (based on May CPI y/y)	0.09	1.38
Duration (Interest rate risk)	0.46	1.32
Weighted Average Maturity	0.58	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.

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

