

<b>FUND MANAGER</b>	FIRST CITY ASSET MANAGEMENT LTD
<b>FUND TYPE</b>	LEGACY SHORT MATURITY (NGN) FUND
<b>PERIOD</b>	MARCH 2016

## FUND INFORMATION

**Investment Objective:** The Fund seeks to preserve capital and minimize volatility by investing in short maturity instruments.

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	₦684.6million	Performance Fee	30% of excess return over target
Benchmark	50% 3month T-bill + 50% 3year FGN Bond	Trading frequency	Daily
Bid / Offer Price	₦2.37 / ₦2.37	Settlement	Trade date + 5

## SUMMARY OF MARKET ACTIVITY AND OUTLOOK

The Fund returned 8.37% annualised, compared with 9.23% for the benchmark. The Fund's relative underperformance was due to the recent interest rate hike by the Central Bank of Nigeria (CBN). The Fund should benefit from higher rates, when new inflows are invested and from rollovers. However, the Fund's 8.37% return was 6.12% higher than the interest rate on a normal savings account. The Fund carried significantly less interest rate risk than its benchmark.

Nigeria's Consumer Price Index (CPI) rose by 11.40% y/y in February, compared with 9.62% in the previous month. The sharp jump in the inflation rate was due to rising prices across major components of the CPI. The CBN unexpectedly tightened policy, at the end of its March 2016 Monetary Policy Committee meeting. The Bank increased both the Monetary Policy Rate and Cash Reserve Requirement Ratio by 1% and 2.50%, respectively. Also, the CBN narrowed the lower limit of the asymmetric corridor from -700 basis points, to -500 basis points, but left the upper limit at +200 basis points. In the domestic sovereign bond market, yields increased across most maturities. The yield on the 3-year government bond increased by 26 basis points, to 10.02%, compared with an increase of 25 basis points, to 12.39%, for the 20-year bond. The DMO issued a new 20-year FGN Bond 12.40% Mar 2036s, and reopened the FGN bond 15.54% Feb 2020s and 12.5% FGN Jan 2026s. Bids-to-cover, for the reopened issues were 3.63 times and 2.23 times, compared with the previous 3.05 times and 2.23 times recorded in February. The bid-to-cover for the new issue was 2.51 times.

### AS AT OUR CUT-OFF

Country	3 Month T-bill %	3-year Govt Bond yield %	Headline CPI %
Nigeria	8.2555	10.2100	11.40
Kenya	8.9650	14.9310	6.80
South Africa	7.3230	8.4060	7.00
Brazil	14.0730	13.4780	0.90
Russia	10.2961	3.3260	8.10
India	7.1250	7.2210	5.18
China	2.1000	2.3300	2.30
USA	0.1678	0.8818	-0.20
Germany	-0.5670	-0.4800	0.00
UK	0.5060	0.6060	0.30
Japan	-0.1190	-0.2140	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

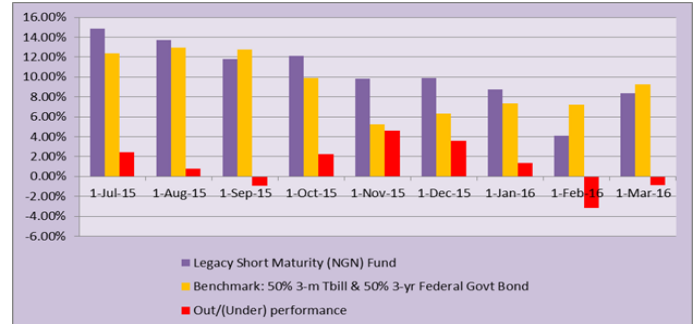
Agusto & Co. Rating: Bbb(f) investment grade

## PERFORMANCE

	LSM (NGN) Fund Return (%)	Benchmark (%)	Return
March Performance (Annualised)	8.37	9.23	
Inflation-adjusted (based on February CPI y/y)	-2.70	-1.90	
Duration (Interest rate risk)	0.37	1.32	
Weighted Average Maturity	0.43	1.62	

\*The sum of ₦58,772.50 (the minimum amount to buy into the Fund as at beginning of March 2016) in a Savings Account, would have returned, at most, 2.25% per annum.

## Investment Performance relative to benchmark



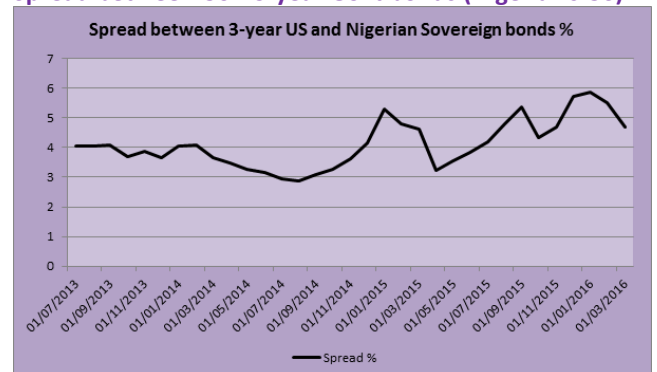
Performance returns are calculated on an annualised basis and shown Net-of-Fees. Payment of 6 months' outstanding outperformance fees reduced Fund return by 4.13% in Feb 2016

## 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.