

<b>FUND MANAGER</b>	FIRST CITY ASSET MANAGEMENT LTD
<b>FUND TYPE</b>	LEGACY SHORT MATURITY (NGN) FUND
<b>PERIOD</b>	MAY 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	₦940.2million	Performance Fee	30% of excess return over target
Benchmark	50% 3month T-bill + 50% 3year FGN Bond	Trading frequency	Daily
Bid / Offer Price	₦2.74/ ₦2.74	Settlement	Trade date + 5

## SUMMARY OF MARKET ACTIVITY AND OUTLOOK

The Fund returned 17.03% annualised, compared with 17.65% for the benchmark. The total allocation to both cash and fixed deposits was 15.06% of the portfolio. The Fund's 17.03% annualised return was significantly higher than the 7.20% net return on a normal ₦250,000 1-year Fixed Deposit. Also, the Fund carried significantly less risk than its benchmark; Fund Duration was 0.53 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 17.24% y/y in April 2017, compared with 17.26% in the previous month. Headline inflation fell for a third straight month, as price pressures eased slightly. Favourable base effects over last year's prices, also contributed to downward inflationary pressure. It does appear that inflationary pressure peaked at 18.72% y/y back in January 2017. In the domestic sovereign bond market, yield changes were mixed across the curve. The yield on the 3-year government bond rose by 31 basis points, to 16.43%, compared with a decrease of 8 basis points, to 16.01%, for the 20-year bond. The DMO reopened FGN bond 14.50% Jul 2021s, FGN bond 16.2884% Mar 2027s, and FGN bond 16.2499% Apr 2037s. Bids-to-cover were 0.43 times, 1.06 times and 1.83 times, compared with 0.60 times, 0.75 times and 1.42 times, in the previous month.

## AS AT OUR CUT-OFF

Country	3 Month T-bill %	3-year Govt Bond yield %	Headline CPI %
Nigeria	18.8832	16.4200	17.24
Kenya	8.5400	12.0747	11.50
South Africa	7.8506	7.5080	5.30
Brazil	9.8107	9.8770	4.08
Russia	8.8560	2.5770	4.10
India	6.2831	6.6170	2.99
China	3.1979	3.6070	1.20
USA	0.9706	1.4322	2.20
Germany	-0.8390	-0.6900	2.00
UK	0.3110	0.1900	2.70
Japan	-0.1280	-0.1420	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

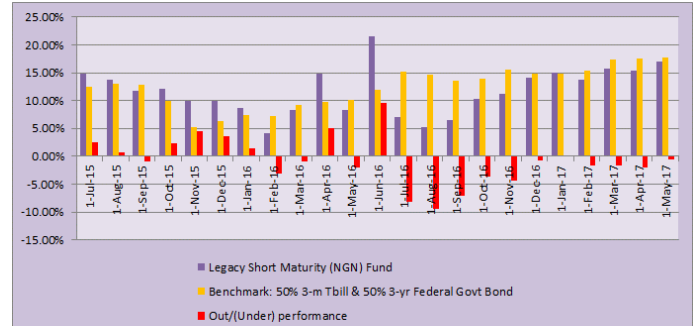
**DOWNGRADE RISK:** Risk that a company's credit rating may be cut, which could affect its market value

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

## PERFORMANCE

	LSM (NGN) Fund Return (%)	Benchmark Return (%)
May Performance (Annualised)	17.03	17.65
Inflation-adjusted (based on April CPI y/y)	-0.18	0.35
Duration (Interest rate risk)	0.53	1.32
Weighted Average Maturity	0.57	1.62

## Investment Performance relative to benchmark



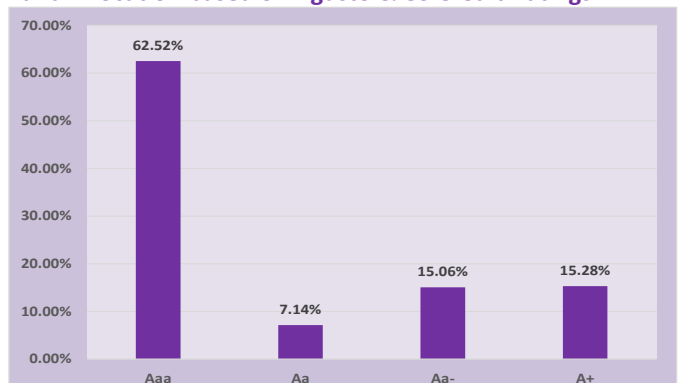
Performance returns are calculated on an annualised basis and shown Net-of-Fees. Payment of 6 months' outstanding outperformance fees impacted Fund return by 4.13% in Feb 2016. Previously unremitted amounts of ₦5.1million and ₦8.1million boosted performance by 7.20% and 13.48% in April and June 2016.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

## Fund Allocation based on Agusto & Co Credit Ratings



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