

FUND MANAGER	FIRST CITY ASSET MANAGEMENT LTD
FUND TYPE	LEGACY SHORT MATURITY (NGN) FUND
PERIOD	OCTOBER 2015

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	₦596.35million	Performance Fee	30% of excess return over target
Benchmark	50% 3month T-bill + 50% 3year FGN Bond	Trading frequency	Daily
Bid / Offer Price	₦2.29 / ₦2.29	Settlement	Trade date + 5

SUMMARY OF MARKET ACTIVITY AND OUTLOOK

As at month-end, the Fund had less than 50% invested in Treasury Bills. This was due to the sharp decrease in the yield on Treasury Bills; yields have dropped by 3 - 5%, since September 2015, and now average 8.82%. The Fund returned 12.13%, compared with 9.87% for the benchmark. In addition, the Fund carried significantly less risk; Fund Duration was 0.19 year versus 1.16 years for the benchmark. Based on data from Nigeria's National Bureau of Statistics (NBS), the Consumer Price Index increased marginally to 9.4% (year-on-year), from 9.3% in August. The faster pace of inflationary pressure in September was as a result of higher prices in the Alcoholic Beverages, Tobacco, Housing, Water, Electricity, and Gas divisions of the Inflation index. In the domestic sovereign bond market, yields fell across all maturities. The curve steepened, with the yield on the 3-year government bond decreasing by 245 basis points, to 12.39%, compared with a fall of 109 basis points, to 13.93%, for the 20-year bond. The DMO reopened FGN bonds 15.54% February 2020s and 14.20% March 2024s. Bid-to-cover for the FGN 15.54% February 2020s was 2.56 times, compared with 2.21 recorded in September, representing an improvement in market demand.

AS AT OUR CUT-OFF

Country	3 Month T-bill %	3-year Govt Bond yield %	Headline CPI %
Nigeria	7.1230	12.9500	9.40
Kenya	18.4240	17.0090	6.00
South Africa	6.8480	7.3820	4.60
Brazil	14.2670	15.9150	9.57
Russia	11.7500	10.9200	15.70
India	7.0960	7.4350	4.41
China	2.3400	2.700	1.60
USA	0.0690	1.0350	0.00
Germany	-0.3630	-0.2800	-0.10
UK	0.4910	0.8070	-0.10
Japan	-0.0240	0.0110	0.00

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

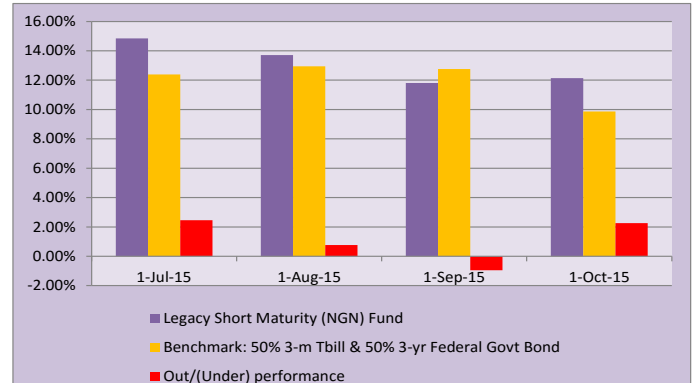
Agusto & Co. Rating: Bbb(f) investment grade

PERFORMANCE

	LSM (NGN) Fund Return (%)	Benchmark Return (%)	Return
October Performance (Annualised)	12.13	9.87	
Inflation-adjusted (based on September CPI y/y)	2.52	0.44	
Duration (Interest rate risk)	0.19	1.16	
Weighted Average Maturity	0.20	1.42	

*The sum of ₦56,750 (the minimum amount to buy into the Fund as at beginning of October 2015) in a Savings Account, would have returned, at most, 3% per annum.

Investment Performance relative to benchmark



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)

