



<b>FUND MANAGER</b>	FCMB ASSET MANAGEMENT LTD
<b>FUND TYPE</b>	LEGACY DEBT FUND
<b>PERIOD</b>	AUGUST 2020

## FUND INFORMATION

**Investment Objective:** The Fund seeks to preserve capital and generate stable income.

Domicile	Nigeria	Min initial purchase	25,000 units
<b>Fund Incorporation</b>	2015	<b>Min additional purchase</b>	5,000 units
<b>Bloomberg Ticker / ISIN</b>	FCAMLSF NL / BBG009KJ25W7	<b>Entry/Exit fee</b>	Nil / 25%, if within 6-months
<b>Base currency</b>	Nigerian Naira (NGN)	<b>Annual Management fee</b>	1%
<b>Fund size</b>	₦19.38billion	<b>Performance Fee</b>	30% of excess return over target
<b>Benchmark</b>	50% 3month T-bill + 50% 3year FGN Bond	<b>Trading frequency</b>	Daily
<b>Bid / Offer Price</b>	₦3.81 / ₦3.81	<b>Settlement</b>	Trade date + 5
<b>Total Expense Ratio</b>	1.44%	<b>Fund Year End</b>	June

## SUMMARY OF MARKET ACTIVITY AND OUTLOOK

The Fund returned 5.91% annualised in August, compared with 3.20% for the benchmark, representing an outperformance of 2.71%. The Fund's 5.91% annualised return was 5.46% higher than the net return on a normal N250,000 1-year Fixed Deposit. Total allocation to triple A (Aaa) rated instruments was over 80% of the portfolio. In August, Fund duration was 1.27 years versus 1.32 years for the benchmark.

Inflation data released by Nigeria's National Bureau of Statistics showed that Headline Consumer Price Index rose by 12.82% y/y in July 2020, compared with 12.56 in the previous month. Month-on-month, the Headline index increased by 1.25% in July, versus 1.21% previously. Core inflation, which excludes the prices of volatile food produce, decreased by 0.03% in July, to 10.10% y/y. However, Food inflation rose from 15.18% in the previous month, to 15.48% y/y. In the domestic sovereign bond market, yields increased across all maturities. In August, the yield on the 3-year government bond increased by 141 basis points, to 5.29%, whilst that on the 20-year bond rose by 87 basis points, to 10.07%. The DMO reopened the FGN bonds 12.50% Jan 2026s, 12.50% Mar 2035s, 9.80% Jul 2045s, and 12.98% Mar 2050s. The bonds were oversubscribed with bid-to-cover ratios of 1.29 times, 2.28 times, 2.89 times, and 2.13 times, respectively. In the previous month, bid-to-cover ratios for the 10-year, 15-year, 25-year, and 30-year FGN Bonds were 2.88 times, 1.44 times, 1.44 times, and 5.93 times, respectively.

## AS AT OUR CUT-OFF

Country	3-Month T-bill %	3-year Govt Bond yield %	Headline CPI %
<b>Nigeria</b>	1.1184	5.2900	12.82
<b>Kenya</b>	6.2730	9.5520	4.40
<b>South Africa</b>	2.9150	4.6000	3.20
<b>Brazil</b>	2.0232	5.2520	2.31
<b>Russia</b>	4.0230	1.2930	3.40
<b>India</b>	3.2500	4.9830	6.93
<b>China</b>	2.2200	2.8960	2.70
<b>USA</b>	0.0989	0.1436	1.00
<b>Germany</b>	-0.5630	-0.6810	-0.10
<b>UK</b>	0.0130	-0.0830	1.00
<b>Japan</b>	-0.1266	-0.0740	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. Ratings

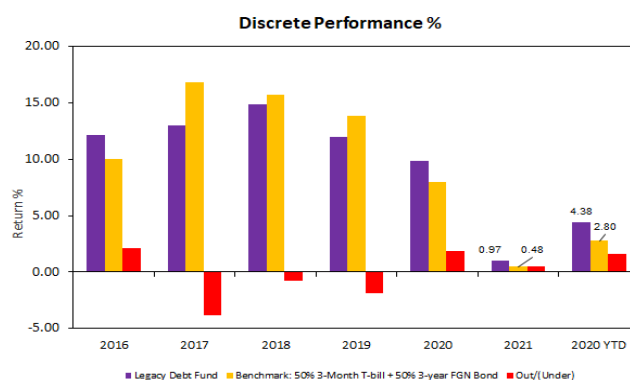
*Fund Credit Quality: A+(f) investment grade*

*Fund Volatility: FV3*

## PERFORMANCE

	Legacy Debt Fund Return (%)	Benchmark Return (%)
<b>August Return (Annualised)</b>	5.91	3.20
<b>Inflation-adjusted (based on July CPI y/y)</b>	-6.12%	-8.52%
<b>Duration (Interest rate risk)</b>	1.27	1.32
<b>Weighted Average Maturity</b>	1.51	1.62

## Investment Performance relative to benchmark: Fund Year is July - June



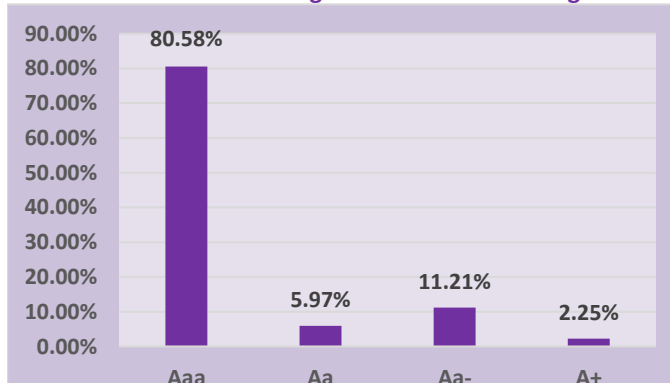
Performance returns (including dividend yield) are calculated on an annualised basis and shown Net-of-Fees. Annual payments for renewal of Fund rating & Audit fee, reduced Fund performance. The Fund paid 11kobo per unit in January 2018, as dividend for Fund year-ended 30 June 2017, representing a Fund year dividend yield of 4.48%.

## FUND STRUCTURE

### Asset Allocation

Asset	Range
<b>Cash on call</b>	0 to 100%
<b>T-Bills</b>	0 to 60%
<b>Fixed deposits, Commercial papers, Bankers Acceptances &amp; other MMI</b>	0 to 50%
<b>Federal Government Bonds</b>	0 to 60%
<b>State and Local Government Bonds</b>	0 to 40%
<b>Government guaranteed &amp; Agency Bonds</b>	0 to 40%
<b>Supranational Bonds</b>	0 to 40%
<b>Corporate Bonds</b>	0 to 40%

## Fund Allocation based on Agusto & Co Credit Ratings



### DISCLAIMER NOTICE

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.