



<b>FUND MANAGER</b>	FIRST CITY ASSET MANAGEMENT LTD
<b>FUND TYPE</b>	LEGACY DEBT FUND
<b>PERIOD</b>	JUNE 2019

## 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>	₦1.96billion	<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>	₦3.44/ ₦3.44	<b>Settlement</b>	Trade date + 5
<b>Total Expense Ratio</b>	1.85%	<b>Fund Year End</b>	June

## SUMMARY OF MARKET ACTIVITY AND OUTLOOK

The Fund returned 11.06% annualised in June, compared with 12.83% for the benchmark. On February 22, 2019, the Fund was listed on the floor of the Nigerian Stock Exchange (NSE). Part payment of a final ₦860,874.94 for the Fund's listing, reduced performance by 0.53%. Also, the shorter number of days used in June (28 days, instead of 30 days), reduced performance by 0.72%. In the absence of these, total return would have been 12.32%. The Fund's 11.06% annualised return was 4.31% higher than the net return on a normal ₦250,000 1-year Fixed Deposit. Total allocation to triple A (Aaa) rated instruments was over 93% of the portfolio. In addition, Fund duration was 1.35 years versus 1.32 years for the benchmark, reflecting the impact of the 49% allocation to Federal Government of Nigeria (FGN) bonds. The investments in FGN bonds should minimise reinvestment risk, should interest rates fall.

Inflation data released by Nigeria's National Bureau of Statistics showed that Headline Consumer Price Index rose by 11.40% y/y in May 2019, compared with 11.37% in the previous month. Month-on-month, the Headline index increased by 1.11% in May, versus 0.94% previously. Core inflation, which excludes the prices of volatile food produce, fell by 0.30% in May, to 9.00% y/y. However, Food inflation rose from 13.70% in the previous month, to 13.79% y/y. In the domestic sovereign bond market, yields decreased across most maturities. The yield on the 3-year government bond increased by 1 basis point, to 14.37%, whilst that on the 20-year bond fell by 6 basis points, to 14.45%. The DMO reopened the FGN bonds 12.75% APR 2023s, 14.55% APR 2029s, and 14.80% APR 2049s. The bonds were oversubscribed, with bid-to-cover ratios of 1.31 times, 1.51 times, and 2.02 times, respectively. In the previous month, bid-to-cover ratios for the three FGN Bonds were 1.31 times, 3.55 times, and 3.36 times, respectively.

## AS AT OUR CUT-OFF

Country	3 Month T-bill %	3-year Govt Bond yield %	Headline CPI %
<b>Nigeria</b>	11.6292	14.0230	11.40
<b>Kenya</b>	9.0290	10.2370	5.50
<b>South Africa</b>	6.3070	7.2470	4.50
<b>Brazil</b>	6.2995	6.5590	4.66
<b>Russia</b>	6.9222	7.8700	5.10
<b>India</b>	6.1075	6.5880	3.05
<b>China</b>	2.2270	2.9150	2.70
<b>USA</b>	2.1048	1.7036	1.80
<b>Germany</b>	-0.5770	-0.7560	1.60
<b>UK</b>	0.7690	0.5670	2.00
<b>Japan</b>	-0.1250	-0.2210	0.70

## 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

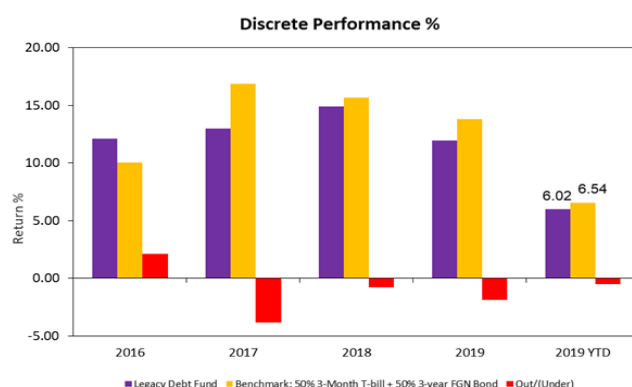
*Fund Credit Quality: A+(f) investment grade*

*Fund Volatility: FV3*

## PERFORMANCE

	Legacy Debt Fund Return (%)	Benchmark Return (%)
<b>June Return (Annualised)</b>	11.06	12.83
<b>Inflation-adjusted (based on May CPI y/y)</b>	-0.31%	1.28%
<b>Duration (Interest rate risk)</b>	1.35	1.32
<b>Weighted Average Maturity</b>	1.77	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, plus NSE Fund listing cost, 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

