



<b>FUND MANAGER</b>	FCMB ASSET MANAGEMENT LTD
<b>FUND TYPE</b>	LEGACY DEBT FUND
<b>PERIOD</b>	OCTOBER 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>	₦2.93billion	<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>	₦3.58/ ₦3.58	<b>Settlement</b>	Trade date + 5
<b>Total Expense Ratio</b>	1.33%	<b>Fund Year End</b>	June

## SUMMARY OF MARKET ACTIVITY AND OUTLOOK

The Fund returned 12.44% annualised in October, compared with 12.24% for the benchmark, representing an outperformance of 0.20%. Also, the Fund's 12.44% annualised return was 6.59% higher than the net return on a normal ₦250,000 1-year Fixed Deposit. Total allocation to triple A (Aaa) rated instruments was over 95% of the portfolio. In addition, the Fund carried less interest rate risk than its benchmark; Fund duration was 1.30 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 11.24% y/y in September 2019, compared with 11.02% in the previous month. Month-on-month, the Headline index increased by 1.04% in September, versus 0.99% previously. Core inflation, which excludes the prices of volatile food produce, increased by 0.26% in September, to 8.94% y/y. Also, Food inflation rose from 13.17% in the previous month, to 13.51% y/y. In the domestic sovereign bond market, yields decreased across all maturities. The yield on the 3-year government bond decreased by 157 basis points, to 12.67%, whilst that on the 20-year bond fell by 116 basis points, to 13.33%. 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 1.27x, 2.40x, and 1.45x, respectively. In the previous month, bid-to-cover ratios for the three FGN Bonds were 0.32x, 1.66x, and 1.16x, respectively. In October, the Central Bank of Nigeria (CBN) released a circular excluding Nigeria-based investors (individuals and corporates) from investing in Open Market Operations (OMO) Treasury bills; foreign investors can invest, and Nigerian banks can only invest for their own books and not on behalf of local investors. As a result, yields on available local Treasury bills and FGN Bonds have declined, and are expected to decline further over the next 3-6 months. However, the CBN action could very well disrupt the smooth running of the market for debt instruments, with the long-term impact being a spike in interest rates above historically normal levels.

## AS AT OUR CUT-OFF

Country	3 Month T-bill %	3-year Govt Bond yield %	Headline CPI %
<b>Nigeria</b>	11.7223	13.0280	11.24
<b>Kenya</b>	10.0600	10.2630	5.00
<b>South Africa</b>	6.3830	7.5220	4.10
<b>Brazil</b>	4.6613	5.0780	2.89
<b>Russia</b>	5.9671	6.8400	4.00
<b>India</b>	6.1075	5.7960	3.99
<b>China</b>	2.6200	2.8870	3.00
<b>USA</b>	1.5368	1.5324	1.70
<b>Germany</b>	-0.6160	-0.6940	1.10
<b>UK</b>	0.7930	0.4300	1.70
<b>Japan</b>	-0.1978	-0.2380	0.20

## 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

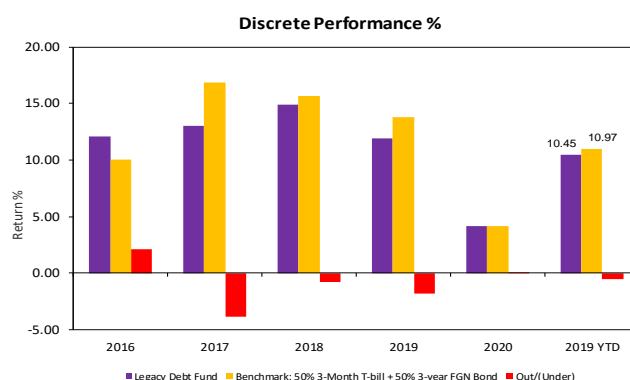
*Fund Credit Quality: A+(f) investment grade*

*Fund Volatility: FV3*

## PERFORMANCE

	Legacy Debt Fund Return (%)	Benchmark Return (%)
<b>October Return (Annualised)</b>	12.44	12.24
<b>Inflation-adjusted (based on September CPI y/y)</b>	1.08%	0.90%
<b>Duration (Interest rate risk)</b>	1.30	1.32
<b>Weighted Average Maturity</b>	1.62	1.62

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



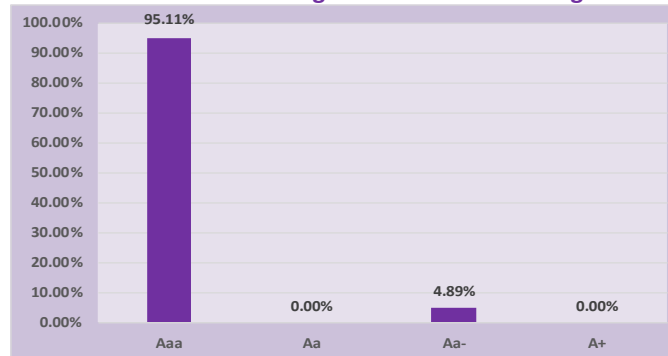
Performance returns (including dividend yield) are calculated on an annualised basis and shown Net-of-Fees. Annual payments for renewal of Fund rating & Audit fee, plus NSE Fund listing cost, reduced Fund performance. The Fund paid 11kobo per unit in January 2018, as dividend for Fund year-ended 30 June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



### 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.