

<b>FUND MANAGER</b>	FIRST CITY ASSET MANAGEMENT LTD
<b>FUND TYPE</b>	LEGACY SHORT MATURITY (NGN) FUND
<b>PERIOD</b>	DECEMBER 2015

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

## FUND INFORMATION

**Investment Objective:** The Fund seeks to preserve capital and minimize volatility by investing in short maturity instruments.

<b>Domicile</b>	Nigeria	<b>Min initial purchase</b>	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>	₦640.44million	<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>	₦2.33 / ₦2.33	<b>Settlement</b>	Trade date + 5

## PERFORMANCE

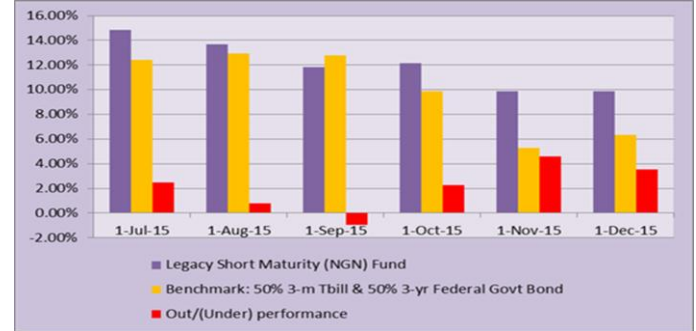
	LSM (NGN) Fund Return (%)	Benchmark Return (%)
<b>December Performance (Annualised)</b>	9.89	6.33
<b>Inflation-adjusted (based on November CPI y/y)</b>	0.47	-2.78
<b>Duration (Interest rate risk)</b>	0.56	1.32
<b>Weighted Average Maturity</b>	0.62	1.62

\*The sum of ₦57,675 (the minimum amount to buy into the Fund as at beginning of December 2015) in a Savings Account, would have returned, at most, 3% per annum.

## SUMMARY OF MARKET ACTIVITY AND OUTLOOK

The Fund outperformed its benchmark by 3.56%, annualised. Also, the Fund's 9.89% annualised return was 6.89% higher than the interest rate on a normal savings account. The Fund carried significantly less risk than its benchmark; Fund Duration was 0.56 year versus 1.32 years for the benchmark. Based on data from Nigeria's National Bureau of Statistics (NBS), the Consumer Price Index increased by 9.4% y/y in November, compared with 9.30% in the previous month. The increase was largely due to higher prices within the Food & Non-Alcoholic Beverages and Transportation segments of the Inflation index. In the domestic sovereign bond market, yields increased at the short end of the curve but fell for medium and long dated bonds. The curve flattened, with the yield on the 3-year government bond increasing by 32 basis points, to 8.17%, compared with a fall of 16 basis points, to 11.04%, for the 20-year bond. Also, the yield on the 3-year bond fell by 708 basis points, from 15.24% at the beginning of the year. Similarly, 20-year bond yield decreased by 414 basis points, from 15.18%, during the course of the year. The DMO reopened FGN bonds 15.54% February 2020s and 14.20% March 2024s. Bids-to-cover were almost unchanged, at 2.37 and 4.20 times, compared with 2.39 and 4.20 times recorded in November. In December, the US Federal Reserve increased the target range for the Federal Funds rate by 25 basis points, to 0.25% to 0.50%. It is expected that policy tightening in the US will negatively impact EM currencies and prices of US Dollar-denominated bonds, as yields are likely to rise.

## Investment Performance relative to benchmark



Performance returns are calculated on an annualised basis and shown Net-of-Fees

## AS AT OUR CUT-OFF

Country	3 Month T-bill %	3-year Govt Bond yield %	Headline CPI %
Nigeria	3.2000	9.4500	9.40
Kenya	16.7220	14.8010	7.30
South Africa	7.6970	8.9640	4.80
Brazil	14.7700	16.6700	10.28
Russia	11.7900	11.6100	15.00
India	7.1220	7.4170	5.41
China	2.2550	2.5350	1.50
USA	0.1650	1.2870	0.50
Germany	-0.5800	-0.3280	0.20
UK	0.4950	0.8740	0.10
Japan	-0.0280	-0.0150	0.30

## 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%

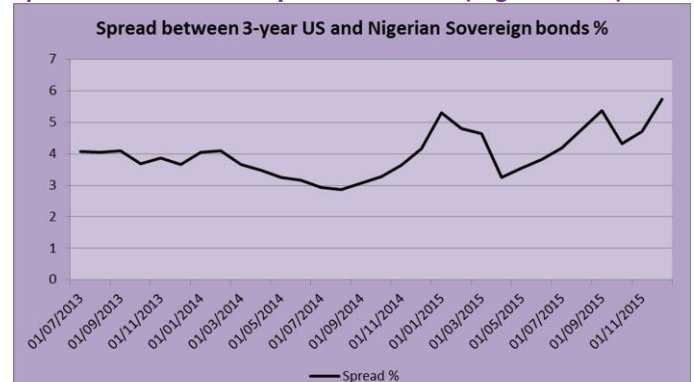
## MAIN RISK FACTORS

**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

## Spread between USD 3-year Govt bonds (Nigeria vs US)



### DISCLAIMER NOTICE

FCAM has not considered the suitability of this investment against your individual risk and return targets. 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.