

FUND MANAGER	FIRST CITY ASSET MANAGEMENT LTD
FUND TYPE	LEGACY SHORT MATURITY (NGN) FUND
PERIOD	FEBRUARY 2016

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	₦668.9million	Performance Fee	30% of excess return over target
Benchmark	50% 3month T-bill + 50% 3year FGN Bond	Trading frequency	Daily
Bid / Offer Price	₦2.35 / ₦2.35	Settlement	Trade date + 5

SUMMARY OF MARKET ACTIVITY AND OUTLOOK

The Fund returned 4.10% annualised, while the benchmark returned 7.24%. The Fund's underperformance was due to the deduction of outstanding performance fees for the 6 months the Fund outperformed its benchmark; the payment reduced February Fund return by 4.13% annualised, implying that the Fund would otherwise have beaten its benchmark by 0.89%. Henceforth, outperformance fee will be deducted monthly, rather than as a lump sum for several months. This should minimise its impact on return volatility. Despite the payment, the Fund's 4.10% return was 1.85% higher than the interest rate on a normal savings account. The Fund carried significantly less risk than its benchmark; Fund Duration was 0.46 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 9.62% y/y in January, compared with 9.55% in the previous month. The marginal increase was due to rising prices of Food & Non Alcoholic Beverages and Clothing & Footwear. In the domestic sovereign bond market, yields increased across most maturities, but declined at the intermediate part of the yield curve. The curve flattened, with yield on the 3-year government bond increasing by 23 basis points, to 9.76%, compared with an increase of 13 basis points, to 12.14%, for the 20-year bond. The DMO reopened the FGN bond 15.54% Feb 2020s and 12.5% FGN Jan 2026s. Bids-to-cover were 3.05 times and 2.23 times, up from the previous 1.86 times and 2.14 times recorded in January.

AS AT OUR CUT-OFF

Country	3 Month T-bill %	3-year Govt Bond yield %	Headline CPI %
Nigeria	4.5403	9.9400	9.60
Kenya	11.7020	13.4390	7.80
South Africa	7.7980	8.5050	6.20
Brazil	14.1818	15.5560	1.27
Russia	9.2240	3.6370	9.80
India	7.2384	7.3490	5.69
China	2.3000	2.6900	1.80
USA	0.3103	0.9663	0.00
Germany	-0.4760	-0.4610	0.50
UK	0.5210	0.4920	0.30
Japan	-0.1060	-0.0670	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

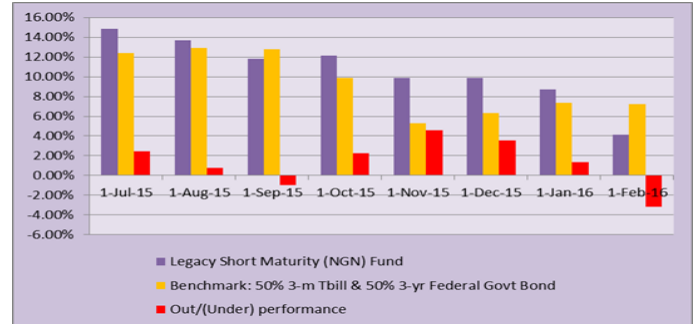
Agusto & Co. Rating: Bbb(f) investment grade

PERFORMANCE

	LSM (NGN) Fund Return (%)	Benchmark (%)	Return
February Performance (Annualised)	4.10	7.24	
Inflation-adjusted (based on January CPI y/y)	-5.04	-2.17	
Duration (Interest rate risk)	0.46	1.32	
Weighted Average Maturity	0.50	1.62	

*The sum of ₦58,572.50 (the minimum amount to buy into the Fund as at beginning of February 2016) in a Savings Account, would have returned, at most, 2.25% per annum.

Investment Performance relative to benchmark



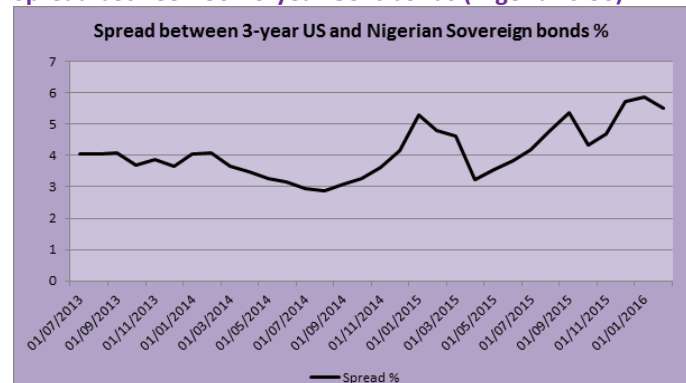
Performance returns are calculated on an annualised basis and shown Net-of-Fees. Payment of 6 months' outstanding outperformance fees reduced Fund return by 4.13% in Feb 2016

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)



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.