

<b>FUND MANAGER</b>	FIRST CITY ASSET MANAGEMENT LTD
<b>FUND TYPE</b>	LEGACY SHORT MATURITY (NGN) FUND
<b>PERIOD</b>	JULY 2017

## FUND INFORMATION

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

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	₦982.6million	Performance Fee	30% of excess return over target
Benchmark	50% 3month T-bill + 50% 3year FGN Bond	Trading frequency	Daily
Bid / Offer Price	₦2.81/ ₦2.81	Settlement	Trade date + 5

## SUMMARY OF MARKET ACTIVITY AND OUTLOOK

The Fund returned 15.01% annualised, compared with 17.84% for the benchmark. However, the Fund's 15.01% annualised return was 7.81% more than the net return on a normal ₦250,000 1-year Fixed Deposit. Also, the Fund carried significantly less risk than its benchmark; Fund Duration was 0.40 year versus 1.32 years for the benchmark.

Data from Nigeria's National Bureau of Statistics showed that Headline Consumer Price Index (CPI) rose by 16.10% y/y in June 2017, compared with 16.25% in the previous month. The decrease was the fifth consecutive decline in headline inflation, and the primary driver remained the impact of base effects from 2016. Month-on-month, the inflations rate rose by 1.58% in June, which was 0.30% below the 1.88% recorded in the previous month. At the July meeting, the Monetary Policy Committee of the Central Bank of Nigeria held the Monetary Policy Rate (MPR) at 14.00%. The other monetary policy parameters, namely, the Cash Reserve Requirement Ratio, the Liquidity Ratio and the Asymmetric Corridor around the MPR, were also left unchanged, at 22.50%, 30% and +200/-500 basis points respectively. In the domestic sovereign bond market, the yield on the 3-year government bond rose by 18 basis points, to 16.74%, compared with an increase of 22 basis points, to 16.20%, for the 20-year bond. The DMO reopened the FGN bond 14.50% Jul 2021s, FGN bond 16.2884% Mar 2027s and FGN bond 16.2499% Apr 2037s. Bids-to-cover were 0.26times, 1.11times and 1.30times compared with 0.31times, 1.15times and 1.76times, in the previous month.

## AS AT OUR CUT-OFF

Country	3 Month T-bill %	3-year Govt Bond yield %	Headline CPI %
Nigeria	18.9547	16.7330	16.10
Kenya	8.2020	11.5400	9.20
South Africa	6.8150	7.3830	5.10
Brazil	8.6098	8.7400	3.00
Russia	8.0222	2.7590	4.40
India	6.1297	6.4570	1.54
China	2.7606	3.5100	1.50
USA	1.0571	1.4972	1.60
Germany	-0.6420	-0.5350	1.60
UK	0.1850	0.3170	2.60
Japan	-0.1310	-0.0860	0.40

## 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

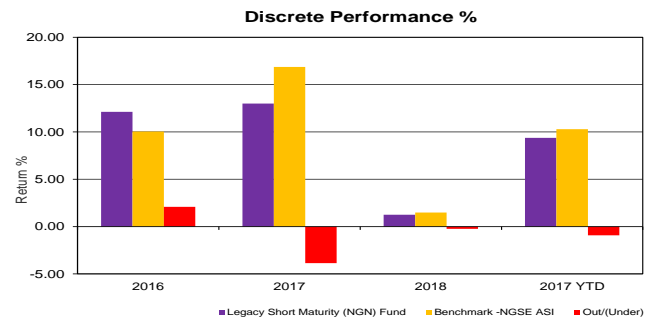
**DOWNGRADE RISK:** Risk that a company's credit rating may be cut, which could affect its market value

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

## PERFORMANCE

	LSM (NGN) Fund Return (%)	Benchmark Return (%)
July Performance (Annualised)	15.01	17.84
Inflation-adjusted (based on June CPI y/y)	-0.94	1.50
Duration (Interest rate risk)	0.40	1.32
Weighted Average Maturity	0.52	1.62

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



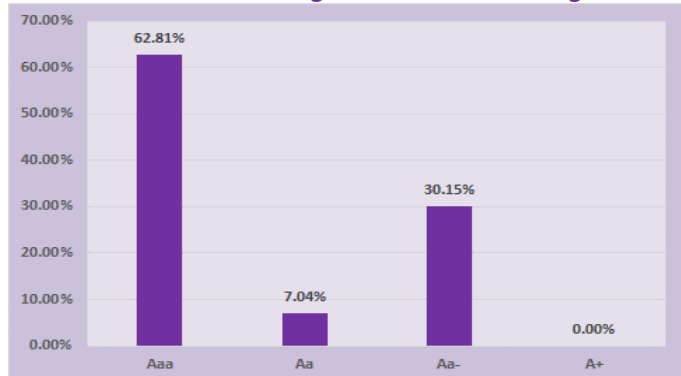
Performance returns are calculated on an annualised basis and shown Net-of-Fees. Payment of 6 months' outstanding outperformance fees impacted Fund return by 4.13% in Feb 2016. Previously unremitted amounts of ₦5.1million and ₦8.1million boosted performance by 7.20% and 13.48% in April and June 2016. Payment of ₦1.84m for renewal of the Fund's rating for 2016/2017, resulted in a 2.34% decrease in Fund performance, in August 2016. The payment of audit fee of ₦1.27m for the year ended June 2016 resulted in a 1.38% decrease in Fund performance, in September 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%

## Fund Allocation based on Agusto & Co Credit Ratings



### 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.