

FUND MANAGER	FIRST CITY ASSET MANAGEMENT LTD
FUND TYPE	LEGACY SHORT MATURITY (NGN) FUND
PERIOD	MARCH 2017

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

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	₦879.71million	Performance Fee	30% of excess return over target
Benchmark	50% 3month T-bill + 50% 3year FGN Bond	Trading frequency	Daily
Bid / Offer Price	₦2.67/ ₦2.67	Settlement	Trade date + 5

SUMMARY OF MARKET ACTIVITY AND OUTLOOK

The Fund returned 15.69% annualised, compared with 17.39% for the benchmark. An unexpected jump in the 3-month Treasury bill yield, from 14.673% in February, to 18.987%, accounted for the difference in return. However, the Fund's 15.69% annualised return was 8.49% 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 0.35 year versus 1.32 years for the benchmark.

Data from Nigeria's National Bureau of Statistics showed that the Headline Consumer Price Index (CPI) rose by 17.78% y/y in February 2017, compared with 18.72% in the previous month. The decrease was the first time in fifteen (15) months that the Headline CPI had fallen, year-on-year. However, the inflation rate remained above the 9% upper limit of the Central Bank of Nigeria's annual target range of 6-9%, with housing, energy and transportation remaining key contributors to the relatively high inflation rate. Core inflation moderated for the third (3) straight month, declining by 1.85%, to 16% y/y. This largely reflected a slower pace in rising prices across key divisions such as Education, Restaurant & Hotels, and Health. Despite the persistence of inflationary pressure, the Central Bank of Nigeria left its key rates unchanged, at its March 2017 meeting. In the domestic sovereign bond market, yields decreased across most maturities, on average. The yield on the 3-year government bond fell by 29 basis points, to 15.79%, compared with a decrease of 90 basis points, to 15.82%, for the 20-year bond. The DMO issued a new 10-year FGN bond 16.2884% Mar 2027s, and reopened the FGN bond 14.50% Jul 2021s and FGN bond 12.40% Mar 2036s. Bids-to-cover were 1.52times for the 2027s, 0.85times for the 2021s and 2.92times for the 2036s, compared with 2.42 times (2021s) and 3.11 times (2036s) recorded in February.

AS AT OUR CUT-OFF

Country	3 Month T-bill %	3-year Govt Bond yield %	Headline CPI %
Nigeria	18.9870	15.7880	17.78
Kenya	8.7560	12.7630	9.00
South Africa	7.8350	7.7880	6.30
Brazil	11.0183	9.7320	4.76
Russia	9.7358	2.7270	4.60
India	5.7760	6.5620	3.65
China	2.9250	3.0260	0.80
USA	0.7516	1.4971	2.70
Germany	-0.8160	-0.6560	2.20
UK	0.2700	0.2340	2.30
Japan	-0.1960	-0.1800	0.30

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

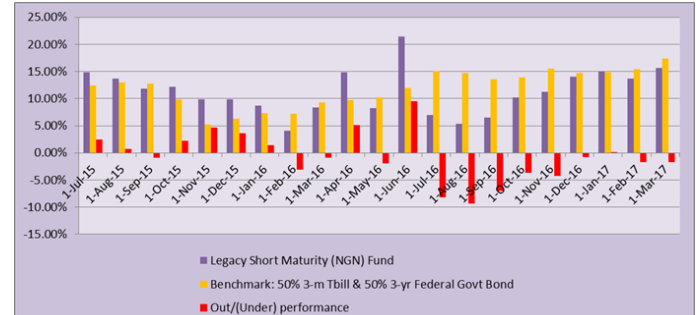
DEFAULT RISK: Risk that a company will not be able to honour its debt and may be forced to stop trading

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

PERFORMANCE

	LSM (NGN) Fund Return (%)	Benchmark Return (%)
March Performance (Annualised)	15.69	17.39
Inflation-adjusted (based on February CPI y/y)	-1.77	-0.33
Duration (Interest rate risk)	0.35	1.32
Weighted Average Maturity	0.42	1.62

Investment Performance relative to benchmark



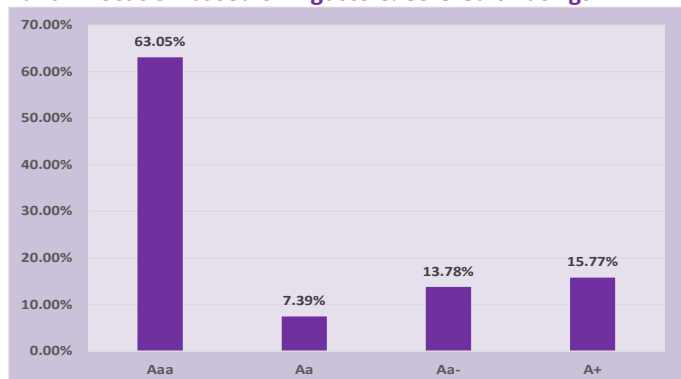
Performance returns are calculated on an annualised basis and shown Net-of-Fees. Payment of 6 months' outstanding outperformance fees impacted Fund return by 4.13% in Feb 2016. Previously unremitted amounts of ₦5.1million and ₦8.1million boosted performance by 7.20% and 13.48% in April and June 2016. Payment of ₦1.84m for renewal of the Fund's rating for NS16/2017, 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.