

FUND MANAGER	FIRST CITY ASSET MANAGEMENT LTD
FUND TYPE	LEGACY SHORT MATURITY (NGN) FUND
PERIOD	APRIL 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	₦897.1million	Performance Fee	30% of excess return over target
Benchmark	50% 3month T-bill + 50% 3year FGN Bond	Trading frequency	Daily
Bid / Offer Price	₦2.70/ ₦2.70	Settlement	Trade date + 5

SUMMARY OF MARKET ACTIVITY AND OUTLOOK

The Fund returned 15.40% annualised, compared with 17.48% for the benchmark. The 3-month Treasury bill yield closed at almost 19%, in the secondary market. With the 3-year FGN Bond closing at 16.20%, the spread between these sovereign instruments reflected a market anomaly. This variance was the main source of the difference in return between the Fund and the benchmark. However, the Fund's 15.40% annualised return was 8.20% 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 0.55 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 17.26% y/y in March 2017, compared with 17.78% in the previous month. Headline inflation fell for a second straight month in March, from favourable base effects over 2016 prices, stabilising food and non-food prices, and early gains of the stronger local currency, Naira. Core inflation recorded a fourth consecutive year-on-year decline, as it fell by 0.60%, to 15.60% y/y. The decrease in core inflation largely reflected a slower pace in rising prices across key divisions of the index, including Education, Restaurant & Hotels, and Health. Food inflation came in at 18.44% y/y in March, compared with 18.53% in the previous month. In the domestic sovereign bond market, yields increased across most maturities, on average. The yield on the 3-year government bond rose by 32 basis points, to 16.12%, compared with an increase of 27 basis points, to 16.09%, for the 20-year bond, resulting in a flattening of the curve. The DMO issued a new 20-year FGN bond 16.2499% Apr 2037s, and reopened the FGN bond 14.50% Jul 2021s and FGN bond 16.2884% Mar 2027s. Bid-to-cover was 1.42times for the new 2037 bond. For the existing 2021 and 2027 bonds, bids-to cover were 0.60times and 0.75times, respectively.

AS AT OUR CUT-OFF

Country	3 Month T-bill %	3-year Govt Bond yield %	Headline CPI %
Nigeria	18.7880	16.1790	17.26
Kenya	8.7780	12.5830	10.30
South Africa	7.9520	7.5130	6.10
Brazil	10.3729	9.8270	4.57
Russia	8.5816	2.6490	4.30
India	6.1750	6.7860	3.81
China	2.9750	3.3330	0.90
USA	0.7923	1.4485	2.40
Germany	-0.8550	-0.6740	1.60
UK	0.3190	0.1890	2.30
Japan	-0.1420	-0.1750	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

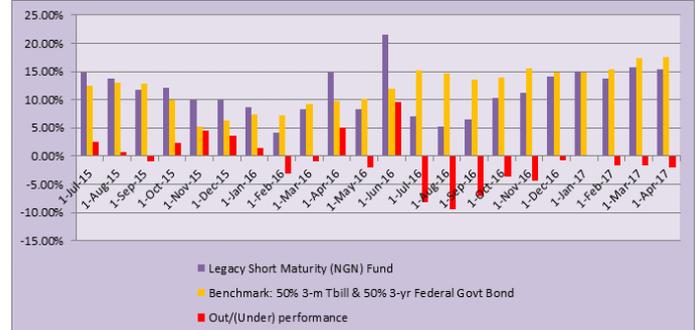
DOWNGRADE RISK: Risk that a company's credit rating may be cut, which could affect its market value

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

PERFORMANCE

	LSM (NGN) Fund Return (%)	Benchmark Return (%)
April Performance (Annualised)	15.40	17.48
Inflation-adjusted (based on March CPI y/y)	-1.59	-0.19
Duration (Interest rate risk)	0.55	1.32
Weighted Average Maturity	0.68	1.62

Investment Performance relative to benchmark



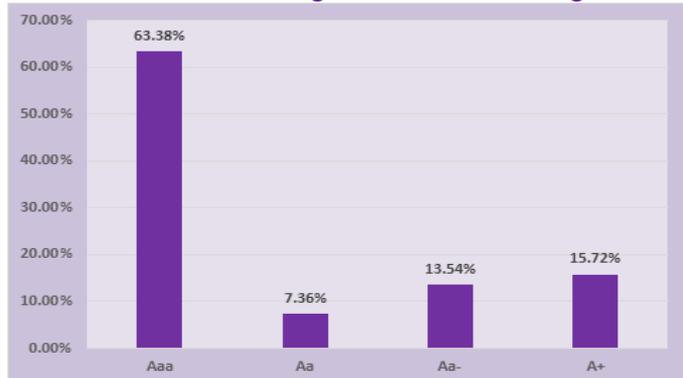
Performance returns are calculated on an annualised basis and shown Net-of-Fees. Payment of 6 months' outstanding outperformance fees impacted Fund return by 4.13% in Feb 2016. Previously unremitted amounts of ₦5.1million and ₦8.1million boosted performance by 7.20% and 13.48% in April and June 2016.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