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| FUND MANAGER | FIRST CITY ASSET MANAGEMENT LTD |
| FUND TYPE | LEGACY SHORT MATURITY (NGN) FUND |
| PERIOD | JULY 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 | ₦776.9million | Performance Fee | 30% of excess return over target |
| Benchmark | 50% 3month T-bill + 50% 3year FGN Bond | Trading frequency | Daily |
| Bid / Offer Price | ₦2.47 / ₦2.47 | Settlement | Trade date + 5 |

SUMMARY OF MARKET ACTIVITY AND OUTLOOK

The Fund returned 6.99% annualised, compared with 15.13% for the benchmark. The Fund's underperformance was due to rising yields on Treasury bills, which was exacerbated by the recent interest rate hike by the Central Bank of Nigeria (CBN). Given expectations that yields on Treasury bills and bonds will continue to rise in the short-term, the Fund should benefit from higher yields, when new inflows are invested, and maturing investments are rolled-over. The Fund's return of 6.99% was slightly higher than the net rate of 6.30% available on a ₦250,000 1-year fixed deposit. Also, the Fund's interest rate risk of 0.23 year was less than the 1.32 years for the benchmark.

Data from Nigeria's National Bureau of Statistics showed that the Headline Consumer Price Index rose by 16.48% y/y in June, compared with 15.58% in the previous month. The increase of 0.90% in the inflation rate was largely due to higher costs of energy and imported items. Therefore, it was unsurprising that the Monetary Policy Committee of the (CBN) increased the Monetary Policy Rate (MPR) by 200 basis points, to 14.00%, at its July meeting. However, the other monetary policy parameters, namely the Cash Reserve Requirement Ratio, the Liquidity Ratio and the asymmetric corridor around the MPR, were left unchanged at 22.50%, 30% and +200/-500 basis points, respectively. The CBN targets an inflation rate of between 6 – 9%. In the domestic sovereign bond market, yields increased across all maturities. The yield on the 3-year government bond rose by 113 basis points, to 15.48%, compared with an increase of 91 basis points, to 15.27%, for the 20-year bond. The DMO issued a new 5-year FGN bond 14.50% Jul 2016, and the bid-to-cover was 2.11 times. Also, the DMO reopened FGN bond 12.50% Jan 2016 and 12.40 FGN Mar 2016. Bids-to-cover were 1.81 times for the 2016s, and 1.91 times for the 2036s, which were higher than the 1.67 times and 1.44 times recorded in June.

AS AT OUR CUT-OFF

| Country | 3 Month T-bill % | 3-year Govt Bond yield % | Headline CPI % |
|--------------|------------------|--------------------------|----------------|
| Nigeria | 14.8750 | 15.3800 | 16.50 |
| Kenya | 8.2930 | 12.8900 | 5.80 |
| South Africa | 7.3960 | 7.9550 | 6.30 |
| Brazil | 14.1188 | 12.2970 | 0.35 |
| Russia | 9.8727 | 2.6280 | 7.50 |
| India | 6.5286 | 6.9060 | 5.77 |
| China | 2.6300 | 2.4800 | 1.90 |
| USA | 0.2536 | 0.7473 | 0.20 |
| Germany | -0.7420 | -0.6630 | 0.30 |
| UK | 0.4030 | 0.1320 | 0.50 |
| Japan | -0.2710 | -0.2610 | -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

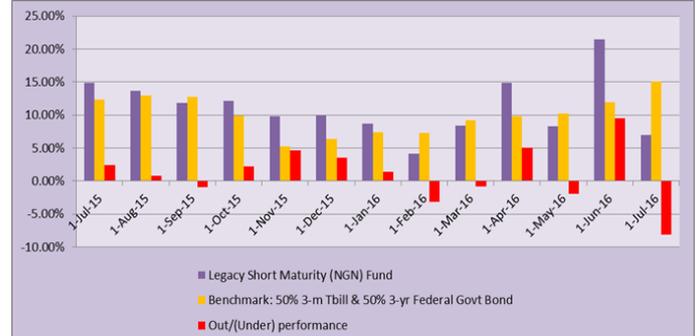
Agusto & Co. Rating: Bbb(f) investment grade

PERFORMANCE

| | LSM (NGN) Fund Return (%) | Benchmark Return (%) |
|---|---------------------------|----------------------|
| July Performance (Annualised) | 6.99 | 15.13% |
| Inflation-adjusted (based on June CPI y/y) | -8.15 | -1.16 |
| Duration (Interest rate risk) | 0.23 | 1.32 |
| Weighted Average Maturity | 0.27 | 1.62 |

*The sum of ₦61,500 (the minimum amount to buy into the Fund as at beginning of July 2016) in a Savings Account, would have returned, at most, 3.24% 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 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.

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.