

FUND MANAGER	FIRST CITY ASSET MANAGEMENT LTD
FUND TYPE	LEGACY SHORT MATURITY (NGN) FUND
PERIOD	OCTOBER 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	₦788.72million	Performance Fee	30% of excess return over target
Benchmark	50% 3month T-bill + 50% 3year FGN Bond	Trading frequency	Daily
Bid / Offer Price	₦2.52/ ₦2.52	Settlement	Trade date + 5

SUMMARY OF MARKET ACTIVITY AND OUTLOOK

The Fund returned 10.23% annualised, compared with 13.90% for the benchmark. The underperformance was mainly due to investments which were booked when yields were relatively low. The Fund should benefit from the current high yield environment as new inflows are invested, and maturing investments are rolled-over. However, the Fund's return of 10.23% was more than the net rate of 7.20% available on a ₦250,000 1-year fixed deposit. Also, the Fund's interest rate risk of 0.26 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 17.90% y/y in September, compared with 17.61% in the previous month. As was observed in past months, Utilities and Imported Food components of the Consumer Price basket continued to see the fastest increases, in year-on-year terms. Prices of Utilities rose by 26.30% y/y in September compared with 25.90% in August. Also, Imported food inflation increased by 20.80% y/y, compared with 20.70% in August. In the domestic sovereign bond market, yields increased across all maturities. The yield on the 3-year government bond rose by 17 basis points, to 14.77%, compared with an increase of 16 basis points, to 15.46%, for the 20-year bond. The DMO reopened the FGN bond 14.50% Jul 2021s, FGN bond 12.50% Jan 2026s and FGN bond 12.40% Mar 2036s. Bids-to-cover were 1.02, 1.88 and 2.04 times, compared with 0.77, 1.26 and 2.02 times recorded in September. Investors continued to show stronger appetite for long dated bonds.

AS AT OUR CUT-OFF

Country	3 Month T-bill %	3-year Govt Bond yield %	Headline CPI %
Nigeria	13.1750	14.6200	17.90
Kenya	8.0300	12.0000	6.50
South Africa	7.4130	7.9600	6.10
Brazil	13.6380	11.5280	0.08
Russia	9.6248	2.6050	6.40
India	6.3663	6.5740	4.31
China	2.6300	2.3700	1.90
USA	0.2993	0.9892	0.30
Germany	-0.8520	-0.5980	0.80
UK	0.2800	0.3190	1.00
Japan	-0.2720	-0.2340	-0.50

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

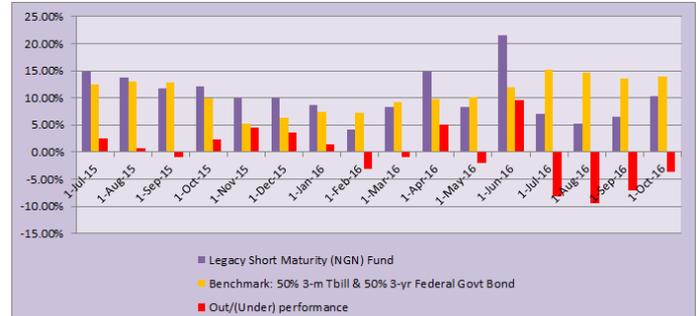
Agusto & Co. Rating: Bbb(f) investment grade (under review for 2016/2017)

PERFORMANCE

	LSM (NGN) Fund Return (%)	Benchmark Return (%)
October Performance (Annualised)	10.23	13.90%
Inflation-adjusted (based on September CPI y/y)	-6.47	-3.35
Duration (Interest rate risk)	0.26	1.32
Weighted Average Maturity	0.28	1.62

*The sum of ₦62,250 (the minimum amount to buy into the Fund as at beginning of October 2016) in a Savings Account, would have returned, at most, 3.78% per annum.

Investment Performance relative to benchmark



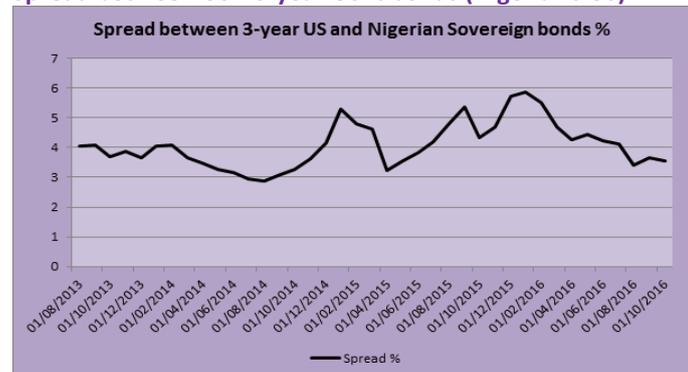
Performance returns are calculated on an annualised basis and shown Net-of-Fees. Payment of 6 months' outstanding outperformance fees impacted Fund return by 4.13% in Feb 2016. Previously unremitted amounts of ₦5.1million and ₦8.1million boosted performance by 7.20% and 13.48% in April and June 2016.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

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.