

FICUS CAPITAL AND INVESTMENT MANAGEMENT LIMITED

FIXED YIELD NOTE

INVESTMENT PRODUCT PAPER

FICUS CAPITAL AND INVESTMENT MANAGEMENT LIMITED
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FICUS CAPITAL AND INVESTMENT MANAGEMENT LIMITED

FIXED YIELD NOTE (DISCRETIONARY)

(FOR HIGH NET-WORTH CLIENTS, QUALIFIED INSTITUTIONAL INVESTORS, AND RETAIL INVESTORS)

PRODUCT DETAILS

Name of Product:	Fixed Yield Note
Fund/Portfolio Manager:	Ficus Capital and Investment Management Limited
Nature/Features of Product:	<ul style="list-style-type: none"> • Naira-denominated fixed income product • Fixed rate investment (with returns paid at maturity or upfront) in prime money market instruments with tenor flexibility • Bulk Placement Advantage: Negotiate higher rates with banks • Secondary Market Trading: Capture liquidity premiums
Nature of Portfolio Management	Private; discretionary (fund/portfolio manager will determine asset allocation and security selection of underlying assets)
Target Clients:	<ul style="list-style-type: none"> • High-Net-Worth Clients (HNIs) • Qualified Institutional Clients (QIIs) • Retail Clients
Method of Sales:	ONE-ON-ONE BASIS - Distributed directly by Ficus Capital business development/sales team
Custodian:	UBA GLOBAL INVESTMENT SERVICES
Proposed Launch Date:	<i>To commence immediately after SEC approval</i>
Proposed Tenor:	Tailored to the maturity of the underlying instrument
Benchmark:	91-day NTB average yield, as published by the Central Bank of Nigeria - fixed rate determined at onboarding remains constant throughout investment period.
Minimum Investment Amount:	₦100,000 (One Hundred Thousand Naira)
Currency of Issue	Naira (₦)
Client Returns Structure:	Clients receive a fixed return based on current market rates. Clients can choose to receive their returns upfront (at the start of the investment) or when it matures.
Income Distribution:	Returns are paid at maturity or upfront, depending on client selection. There are no payments during the investment term.

	When clients' investment matures, clients can reinvest in a new term at the current market rates.
Valuation Methodology:	Assets are valued using amortized cost methodology to ensure stable returns, with interest accrued daily for consistent growth while monthly reconciliation maintains accuracy and compliance.
Total Expense (fund/portfolio manager fee and other charges):	<p>Fees Paid by Client:</p> <ul style="list-style-type: none"> • Management Fee: 2.5% of the yield is retained as the fund/portfolio manager's spread (charged from interest earned) • Regulatory Fee: <ul style="list-style-type: none"> ◦ 0.25% of AUM for all discretionary and non-discretionary funds/portfolio (other than CIS) for retail and HNI clients, payable quarterly ◦ 0.20% of AUM of all discretionary and non-discretionary funds/portfolio (other than CIS) for qualified institutional (QII) clients, payable quarterly • Transaction Fees (Total = 0.149%): <ul style="list-style-type: none"> ◦ Stamp duties - 0.035% ◦ Custodial and administrative charges - 0.09% ◦ Settlement fee (+ VAT) – 0.0237% on FV • Withholding Taxes - 10% (<i>Corporate NGN-denominated instruments ONLY</i>) <p>Costs Paid by Each Party:</p> <ul style="list-style-type: none"> • Legal and compliance expenses: Each party bears their own costs <p><i>All such fees and expenses will be wholly, reasonably, exclusively, and necessarily incurred for the benefit of the Client's portfolio.</i></p>
Tax Treatment:	<p>Applicable to non-FGN securities ONLY.</p> <p>Interest earned on the Fixed Yield Note is subject to a 10% withholding tax (WHT) under Nigerian tax law.</p> <p>Clients with tax-exempt status may be eligible for exemption upon submission of valid documentation.</p>
Investment Objectives:	<ol style="list-style-type: none"> 1. Stable income: generate regular, immediate income/cash flow 2. Capital preservation: to preserve capital by investing in investment grade money market instruments.

Investment Strategy:	<p>The Fixed Yield Note aims to provide predictable, short-term returns by investing in investment-grade money market instruments.</p> <p>We match client's investment period with bills and deposits that mature around the same time.</p> <p>This ensures stability of capital and consistency of returns, while minimizing reinvestment and duration risks.</p> <p>The Note will allocate client's funds to approved NGN money market instruments, including:</p> <ul style="list-style-type: none"> • Short-Term Government Securities (T-Bills) • Other Money Market (CPs, BAs, etc.) • NDIC-insured bank deposits (min. 'B' rating for banks; 'A' for non-banks) <p>Investments will be approved using rigorous credit and liquidity criteria. The Note may also benefit from bulk placement negotiation and secondary market liquidity premiums.</p>
Asset Allocation:	100% in investment-grade money market instruments (supranational, sub-national, and corporates) with a minimum tenor of 90 days
Proposed Security Selection Plan:	<ul style="list-style-type: none"> • NDIC-insured Deposits (Fixed/Tenured): 30 – 100% • Sovereign-backed Short-Term Government Securities (T-Bills): 20 – 100% • Other Money Market (CPs, BAs, etc.): 10 – 30%. • Call (Near Cash): 0 - 10%
Risk Profile/Category:	<i>Conservative</i> : the conservative risk profile prioritizes capital preservation and stable returns over growth potential. These clients prefer predictable income with minimal fluctuations in their investment value.
Subscription Mechanisms:	<ul style="list-style-type: none"> • Client application form + Tier 3 client onboarding process • Clients subscribe with cleared NGN into the designated custodian (UBA GLOBAL INVESTMENT SERVICES) account • Allocation is made to pre-vetted assets based on the investment strategy.
Penalty:	25% of accrued interest if exited before agreed maturity
Interest Payment Frequency:	Fixed return paid at maturity or upfront (as agreed)

<p>Subscription Frequency (i.e. essentially the schedule for when new investments are accepted):</p>	<p>Daily subscription frequency. Subscriptions are subject to the availability and maturity profile of the underlying instruments.</p>
<p>Risk Management:</p>	<p><u>Credit Risk</u>: Possibility that an issuer will default before the instrument reaches maturity <u>Mitigation Strategy</u>: We will invest only in issuers with min. 'B' rating (banks) or 'A' (non-banks)</p> <p><u>Market Risk</u>: The risk that an instrument's value will fluctuate with changing market conditions <u>Mitigation Strategy</u>: We will restrict investments to hold-to-maturity money market instruments to minimize market value fluctuations</p> <p><u>Interest Rate Risk</u>: The possibility that an instrument's price will fall with rising interest rates <u>Mitigation Strategy</u>: Short-tenor instruments (max 360-day tenor) – reducing sensitivity</p> <p><u>Liquidity Risk</u>: The possibility that an instrument is illiquid in the secondary market <u>Mitigation Strategy</u>: Max 360-day tenor; staggered maturities.</p> <p><u>Operational Risk</u>: The possibility of errors or breakdowns in settlement, reporting, or execution <u>Mitigation Strategy</u>: Dual-authorization settlements</p>

GOVERNANCE STRUCTURE

Investment Management Committee

Responsibilities:

- Asset allocation, portfolio construction, and liquidity management
- Security selection, execution, and pricing analysis

Members:

- CEO
- Head of Investments
- Compliance/Risk Officer
- CFO

Operations

Responsibilities:

- Funds confirmation and settlement
- Client investment advisories (email/hard copy)
- Bank and securities reconciliation

Financial Control

Responsibilities:

- Accurate ledger entries and profitability tracking

Technology

- System: Symplus IM (existing infrastructure)
- Features: Auto-fee/VAT calculation at maturity

Marketing & Communication (Outsourced)

- Product launch support, branding, and client awareness campaigns
- Perception analysis and response strategy

Legal

- Documentation review and liability mitigation

Risk & Compliance Committee

Responsibilities:

- Guideline adherence and limit monitoring
- Daily non-financial risk oversight
- Quarterly stress testing and issuer credit reviews

Members:

- CEO
- COO

- Head of Investments
- Compliance Officer

Regulatory & Legal Considerations

- Complies with SEC Nigeria investment guidelines
- Adheres to domestic & global AML/KYC standards
- Investor Eligibility: Accredited investors only (per Nigerian regulations)

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