

FBN NIGERIA SMART BETA EQUITY FUND

All data as at 30th April 2019 unless otherwise stated



Fund Overview

Investment objective

The Fund seeks to provide long-term capital growth by investing primarily in a portfolio of equities listed in Nigeria.

Fund facts

Fund Managers	Laura Fisayo-Kolawole, CFA, Kike Mesubi, CFA, Harrison Imonikhe
Fund launch date	4th January 2016
Fund size	₦257.01m
Base currency	Naira (₦)
NAV per share	₦143.70
Total Expense Ratio	1.63%
Minimum investment	₦50,000.00
Annual management fee	1.50%
Risk profile	High*
Benchmark	NSE 30

Fund highlights

The Fund is an open ended mutual fund that invests in a diversified portfolio of high quality Nigerian companies that are domiciled in, or carry out part of their economic activity in Nigeria.

In order to manage liquidity, the Fund may invest in short term money market instruments and deposits with credit institutions which may be held from time to time.

Fund strategy

The Fund uses a simple systematic rules-based investment strategy that is designed to capitalize on equity market inefficiencies specific to the Nigerian equity market, as established by extensive in-house quantitative research. The strategy is commonly known as **smart beta** investing.

The Portfolio Managers draw constituents from the largest 40 stocks (by market capitalization) and screen these stocks based on the following anomalies: value, momentum, profitability and dividend yield. Weights assigned to stocks are screen-rank-driven.

Investor Profile

The Fund is suitable for investors who are seeking long-term capital growth, require minimal income and can tolerate market volatility.

The Fund may be suitable for investors looking for a source of long-term capital growth and income through exposure primarily to equity securities in Nigeria. Investors in this Fund should have at least a three to five years investment horizon.

Benchmark

Nigerian Stock Exchange 30 Index (net of fees)

Source: FBNQuest Asset Management

* The Fund has a 'High' risk profile given it invests the majority of its assets in equities. The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions.

^ Bid price is stated net of fees and expenses.

Minimum holding period: 90 business days.

Past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.

Monthly Comments

Fund and market review

The Fund returned -4.3% during the month, outperforming its benchmark, the NSE 30 and the NSE All Share index which dropped by -5.8% and -6.1% respectively. The Fund however, has returned -4.2% year to date compared to the NSE 30 and NSE ASI which declined by -4.8% and -5.0% (total returns) respectively.

The equities market was driven mainly by investors' reaction to financial results released during the month. In the banking sector, performance was mixed across board as banks continued to seek alternative sources of revenue in a relatively low interest rate environment. Results in the Consumer Goods sector were lacklustre as companies still grapple with rising costs and stiff competition. Worthy of mention are the re-emergence of a brewing company, Golden Guinea Breweries and the proposed full acquisition of Dangote Flour Mills by Olam Industries worth ₦130bn (subject to necessary approvals) which might further stiffen competition in the sector. In the Industrial Goods sector, Dangote Cement's performance was also broadly impacted by a price reduction by competitors leading to a reduction in its market share. Sentiments towards equities were generally bearish and told negatively on the performance of the Fund.

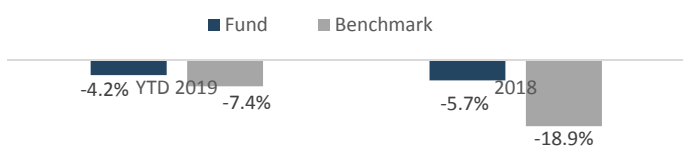
Headline inflation printed at 11.25% year-on-year for the month (a 0.06 points reduction from 11.31 in February) while oil price continued its upward trend, closing at USD74pb as OPEC+ curbed production. The price gain was further aided by political tensions in both Libya and Venezuela. The rise in oil prices is positive for Nigeria's macro performance.

Fund and market outlook

Barring any significant changes in the macro-economic environment, we expect the equities market to continue its sideways performance. Following the recent passing of the ₦8.9trn 2019 budget, we expect policy implementation to drive performance of the market and by extension, the Fund.

Performance and Positioning

Total Return Performance Summary



Historic prices

	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19
Bid price (₦)^	148.87	145.88	149.99	146.80	150.55	150.26	143.70

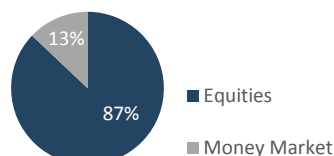
Top 5 equity holdings

Sterling Bank	6.34%
NASCON	5.14%
Zenith Bank	5.11%
CAP	5.11%
Presco	5.01%

Top 5 Sector Exposure

Financial Services	28.16%
Oil and Gas	17.78%
Consumer Goods	14.76%
Agriculture	9.58%
Industrial Goods	8.36%

Current allocation



Asset Allocation Ranges

Fixed Income	0-25%
Equities	75-100%