

INVESTING

FBN NIGERIA SMART BETA EQUITY FUND

All data as at February 28th 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	₦274.68m
Base currency	Naira (₦)
NAV per share	₦150.55
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

Market sentiment turned positive in February, the Nigerian Stock Exchange All Share Index (NSEASI) and NSE 30 all delivered positive performance. Over the month, the Fund returned 2.56% compared to its benchmark, the NSE30 and the NSEASI which gained 3.81% and 4.76% respectively.

Within the month of February, significant focus and consideration were turned to the potential outcome of the general elections (which investors had thought would be tightly contested) in making investment decisions. We witnessed increased participation from both offshore and local players buying shares ahead of the election. Corporate earnings expectation also contributed to the market activities and positive performance. Macroeconomic data released during the month were encouraging; the pace of inflation growth slowed in January by 0.07%. Consumer Price Index (CPI) which measures inflation was 11.37% in January (versus 11.44% in December 2018). On another positive note, GDP numbers for 2018 were also released; the economy grew by 1.93% (compared to 0.82% growth in 2017), an increase of 1.09%.

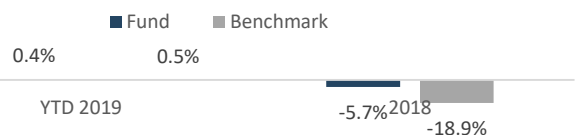
Full year 2018 earnings results kicked off in the month; Zenith Bank numbers were mixed, net earnings growth was driven by a combination of increased efficiency and lower cost of funds while top line reflected weakness in the economy as the bank witnessed decline in loan growth. Results from Dangote Cement and Nigerian Breweries reflected the continued pressure on revenues of consumer goods and industrials companies as a result of increased competition and shrinking consumers' wallets.

Fund and market outlook

Following the completion of the much-anticipated general elections and uncertainty they come with, we expect that full year 2018 results released by listed companies in Q1 2019 will continue to drive the equities market in the short term and the Fund will be well positioned to benefit from it.

Performance and Positioning

Total Return Performance Summary



Historic prices

	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
Bid price (₦)^	159.34	152.08	148.87	145.88	149.99	146.80	150.55

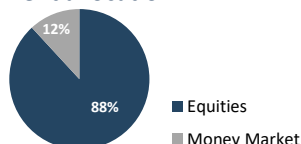
Top 5 equity holdings

Presco	5.60%
Sterling Bank	5.50%
Zenith Bank	5.36%
NASCON	5.10%
CCNN	5.00%

Top 5 Sector Exposure

Financial Services	28.04%
Oil and Gas	16.84%
Consumer Goods	14.30%
Agriculture	10.35%
Industrial Goods	9.07%

Current allocation



Asset Allocation Ranges

Fixed Income	0-25%
Equities	75-100%