

## FBN NIGERIA SMART BETA EQUITY FUND

All data as at 31st May 2018 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, Oluwaseun Magreola
Fund launch date	4th January 2016
Fund size	₦511.4m
Base currency	Naira (₦)
NAV per share	₦170.08
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 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 dropped by -7.0% during the month, outperforming its benchmark, the NSE 30 which dropped by -8.7% and the NSE All Share Index (NSEASI) which dropped by -7.7%. The Fund has gained 6.0% year to date compared to the NSE 30 and NSE ASI which lost -1.9% and -0.4% respectively.

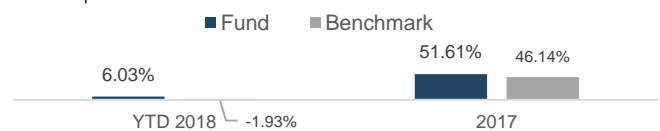
Negative investor sentiments outweighed the effects from the improvement in the macroeconomic environment as the equities market closed in negative territory as a result of a continued sell-off by foreign investors. These investors pulled back from Emerging Markets, including Nigeria, to reinvest in Developed Markets given the improving fundamentals within the latter markets. The National Bureau of Statistics (NBS) released its Consumer Price Index (CPI) for the month of April. Headline inflation slowed to 12.4% (versus 13.3% in March). This marked the fourteenth consecutive decline of the CPI. Also, GDP numbers for Q1 2018 were released during the month; the economy grew by 2.0% year-on-year compared to an upwardly revised 2.1% recorded in Q4 2017. The oil sector was the fastest growing sector, expanding by 14.8% year-on-year compared to an upwardly revised 11.2% in Q4 2017; a confirmation of the country benefitting from the rally in oil prices which helped push foreign reserves to USD47bn during the month. The Central Bank of Nigeria released the Purchasing Managers Index for the month of May, which stood at 56.6 index points; the fourteenth consecutive expansion, underpinning the generally positive macro story.

#### Fund and market outlook

We expect the recent sell off in the equities market to continue in the short term especially as foreign investors refocus on developed market options such as US debt following interest rate hikes. This is expected to further drag equities, however, this would provide decent entry opportunities into names with potential for growth. Nevertheless, we expect the market to find necessary support on the back of the improving macroeconomic environment.

### Performance and Positioning

#### Historic prices



#### Performance Summary

	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
Bid price (₦)^	151.18	157.43	163.60	170.78	195.85	193.51	183.50	182.95	170.08
Distribution (₦)	11.00								

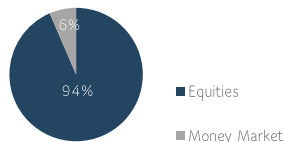
#### Top 5 equity holdings

Okomu Oil	6.25%
Presco	5.84%
Betaglas	5.69%
Stanbic	5.59%
UBA	5.34%

#### Top 5 Sector Exposure

Financial Services	28.41%
Consumer Goods	24.18%
Industrial Goods	18.60%
Agriculture	12.09%
Health Care	4.78%

#### Current allocation



#### Asset allocation ranges

Fixed Income	0-25%
Equities	75-100%