

FBN NIGERIA SMART BETA EQUITY FUND

All data as at 31st March 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	₦270.22m
Base currency	Naira (₦)
NAV per share	₦150.26
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 -0.2% during the month, outperforming its benchmark, the NSE 30 and the NSE All Share index which dropped by -2.2% and -2.1% respectively. The Fund however, has gained 0.2% year to date compared to the NSE 30 and NSE ASI which declined 0.4% and 0.2% respectively.

During the month, the drop in headline inflation (from 11.37% in January to 11.31% in February) and growth in external reserves (from USD42.3bn in February to USD44.1bn in March) failed to spur positive sentiments in the equities space, as investors weighed companies' full year 2018 results. Few banks posted positive results on the back of improved operational efficiency and alternative revenue streams in the face of declining loan growth. GTBank posted strong results as its full year results showed double digit y/y growth in revenue driven by a 40.0% increase in non-interest revenues. Fidelity Bank also posted a 30.0% growth in its PAT driven mainly by 10% growth in non-interest revenues with the bank proposing a dividend of 11 kobo. The merger between Access Bank and Diamond Bank became complete following the regulatory and court approvals. In the Consumer Goods space, Nestle released strong results showing a 9.0% y/y revenue growth on the back of increased sales volumes. However, the company continues to grapple with the new excise duty regime and stiff competition. Within the Fund, exposure to these quality names provided support in a bearish market.

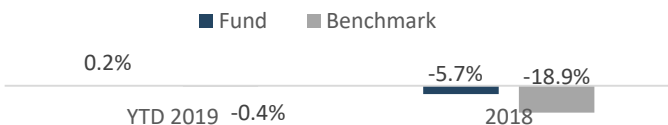
Oil prices had its best quarterly gain since 2009 as OPEC+ curbed production. The price gain was further aided by US sanctions on Iran and political tensions in Venezuela. The rise in oil prices is positive for Nigeria's macro performance.

Fund and market outlook

Barring any significant changes in the macro-economic environment, we expect the equities market to continue its sideways performance. As companies release Q1 2019 results, we expect those to drive the performance of the market and by extension, the Fund.

Performance and Positioning

Total Return Performance Summary



Historic prices

	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Bid price (₦) [^]	152.08	148.87	145.88	149.99	146.80	150.55	150.26

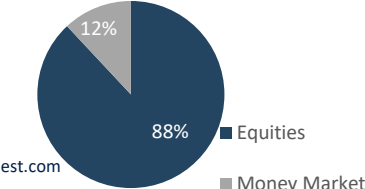
Top 5 equity holdings

NASCON	5.40%
Sterling Bank	5.36%
CAP	5.34%
CCNN	5.05%
Zenith Bank	4.97%

Top 5 Sector Exposure

Financial Services	27.67%
Oil and Gas	16.95%
Consumer Goods	14.83%
Agriculture	9.59%
Industrial Goods	9.32%

Current allocation



Asset Allocation Ranges

Fixed Income	0-25%
Equities	75-100%