





## MUTUAL FUND FACTSHEET

All data as at 31 December 2020 unless otherwise stated

PUBLIC

### Executive Summary

- The United Kingdom (UK) and the European Union (EU) struck a last-minute Brexit trade deal a week before the 31st December 2020 deadline. The fundamental element of the deal is the market access between the UK and the EU, which will continue to be tariff-free and quota-free. However, British exporters will face some regulatory challenges that will make it more costly to do business in Europe. Other key elements of the deal include changes to mobility of freedom, mutual recognition of trusted trader programmes which suggests that UK producers will comply with both the UK and EU standards, amongst others.
- With a surge in the cases of the Coronavirus, most countries especially in the EU began another lockdown ahead of Christmas festivities. In the UK and South Africa, newly identified variants of the coronavirus which are more contagious than, and genetically distinct from established variant were discovered; more recently a third new variant was also discovered in Nigeria. On a positive note, the distribution of the COVID-19 vaccines for emergency use has begun and over 13mn doses in thirty-three countries have been administered according to Bloomberg
- President Buhari signed the 2021 appropriation bill of NGN13.588trn (a 31.92% increase from the 2020 budget) into law on the 31st of December 2020, sustaining the January-December budget cycle. The key assumptions are: Benchmark oil price of USD40pb, oil production estimate of 1.86mbpd, exchange rate of NGN379/USD, inflation of 11.95% and GDP of 3.00%. The budget constitutes NGN3.32trn for debt servicing, NGN4.13trn for capital expenditure and NGN5.64trn as recurrent expenditure amongst others.
- The National Bureau of Statistics (NBS) reported the consumer Price Index (CPI) for November 2020 to have increased by 14.89%YoY (vs. 14.23% in October 2020). Although, core inflation moderated to 11.05% YoY, food inflation ticked up to 18.30%. However, President Buhari ordered the immediate opening of four land borders; this is expected to improve food supply and moderate the consecutive hikes in food prices.

Asset Class	Benchmark	1M (December) %	Year to Date %	Commentary
 Money Market	91-day T-bill	0.03*	0.21**	The money market remained characterised by strong participation owing to the elevated system liquidity flowing from bills maturities, FAAC allocations and the dearth of suitable alternatives. The DMO conducted three (3) primary market auctions for treasury bills in the month which recorded oversubscriptions across tenors. At the primary market auction conducted on the 10th of December, stop rate on the 364-day instrument ticked up to 3.20% from 0.15% at the previous auction. This stirred uncertainties in the market with some investors re-pricing their assets, while others traded cautiously given this new dynamic. This aberration was however short-lived, as stop rates moderated to 0.04%, 0.50% and 1.21% for the 91-day, 182-day and 364-day bills at the year-end auction. Activities in the secondary market were quite mixed, as the initial news of CBN's special bills had investors selling their positions to take advantage of these bills when issued; this sentiment was tapered following the issuance of the bills at 0.50% for 90-day, which was below market speculations.
	181-day T-bill	0.53*	0.48**	
	364-day T-bill	1.85*	1.28**	
 Fixed Income	BNGRI***	-14.45	41.97	Sell-offs dominated the secondary market for bonds, evidenced by the increase in average bond yields by 255bps to 6.29% as at 31st December 2020 (vs. 3.74% at the beginning of the month). This was partly owing to market speculations especially on the issuance of the special bills. Nonetheless, there were some buying interests on the short and mid end of the curve (2024, 2025, 2026) as investors sought to take advantage of the rising yields. At the primary market auction, the Debt Management Organisation (DMO) offered NGN30bn each for the Mar 2035 and July 2045 instruments, but allotted NGN20bn and NGN10bn with bid to cover ratio of 3.03x and 1.44x apiece. Stop rates were pegged at 6.95% and 7.00% respectively, below current market levels of 7.20% and 7.45%.
	3 Year Federal Government Bond	-4.37	12.48	
 Eurobond	3 Year Nigerian Sovereign Eurobond	1.55	7.56	The Eurobonds market was quite bullish in December hinged on the positive news of commencement of the distribution of Covid-19 vaccines across major economies and the rise in oil prices. In the month, Brent crude edged higher to USD50.73 per barrel due to optimism around economic stimulus in the US and trade agreement between the UK and the EU. This spurred some bargain hunting activities on the Sovereign Eurobonds such as Angola, Ghana and Nigeria.
	5 Year Nigerian Sovereign Eurobond	2.68	12.10	
 Equities	NSEASI	14.92	50.03	The equities market continued its bullish run in the month of December returning 14.92% MoM. The major drivers of the market were the gains on heavyweight counters such as DANGCEM and AIRTELAFRI which gained 19.46% and 44.74% respectively in December. Market turnover and market cap hit NGN25.97bn and NGN21.08trn apiece in the last trading week. Despite the dampening impact of the Coronavirus pandemic, the All share Index hit 40,270.72pts and for the first time since 2017, recorded a positive and strong double-digit Year to Date (YtD) return of 50.03% - <i>this marks Nigerian Equities market as the best performing market in 2020 amongst the equity indices tracked by Bloomberg across the world.</i>
	NSE30	11.08	39.25	

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An FBN Holdings Company

\*Mean stop rate at the Monthly Nigerian treasury bill auction

\*\* Average of Nigerian treasury bill auction from the beginning of the year

\*\*\*BNGRI – Bloomberg Nigeria Local Sovereign Bond Index

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### FBN Money Market Fund Overview

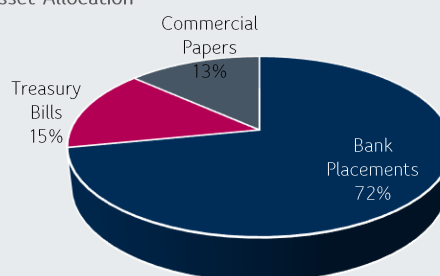
#### Investment Objective

The Fund seeks to preserve capital and maximise income by offering access to a diversified range of low risk money market instruments in Nigeria. The Fund also provides liquidity and competitive returns.

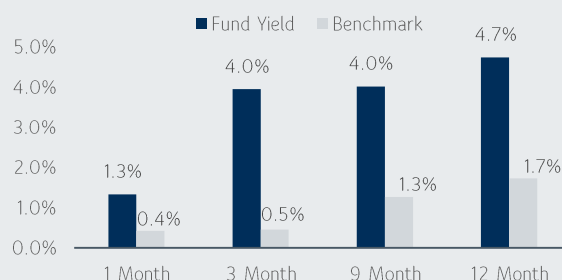
#### Fund Facts

Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA
Fund launch date	24 September 2012
Fund size	₦215.17bn
Base currency	(₦)
NAV per share	₦100
Minimum investment	₦5,000
Minimum holding period	30 days
Income accrual	Daily
Income distribution	Quarterly
Annual management fee	1.25%
Total Expense Ratio	1.36%
Risk profile	Low
Custodian	Citibank
Benchmark	Average 91-day Treasury Bill (NTB) primary auction stop rates.

#### Asset Allocation



#### Historical Prices & Performance



### FBN Fixed Income Fund Overview

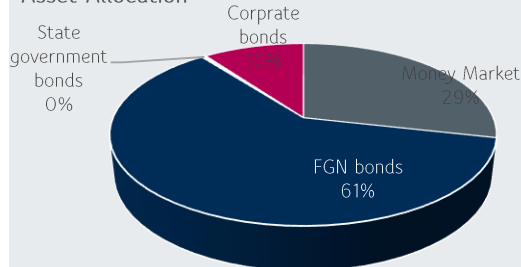
#### Investment objective

The Fund is designed to provide income generation by investing in long tenured debt instruments and short term, high quality money market securities issued in Nigeria.

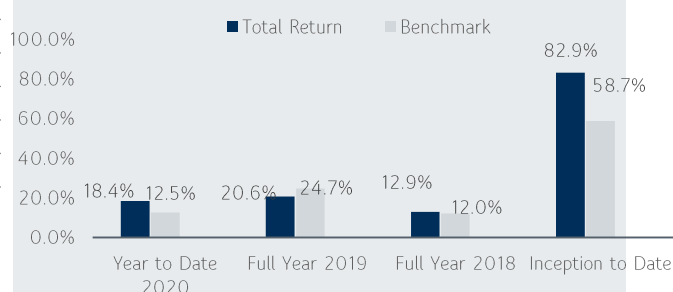
#### Fund Facts

Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA
Fund launch date	24 September 2012
Fund size	₦19.44bn
Base currency	(₦)
NAV per share	₦1,399.40
Minimum investment	₦50,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Dec 2020: ₦128.84
Total Expense Ratio	1.23%
Risk profile	Low-Medium
Custodian	Citibank
Benchmark	FGN 3 Year Benchmark Bond
Weighted portfolio duration	2-3 years

#### Asset Allocation



#### Historical Prices & Performance



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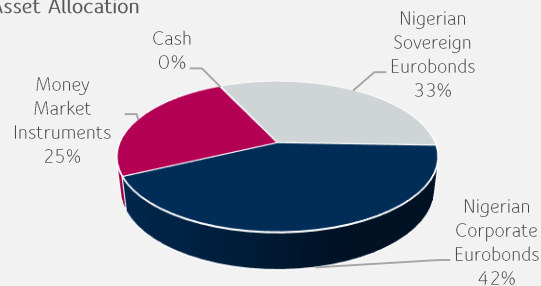
### FBN Nigeria Eurobond Fund Overview

#### Investment objective

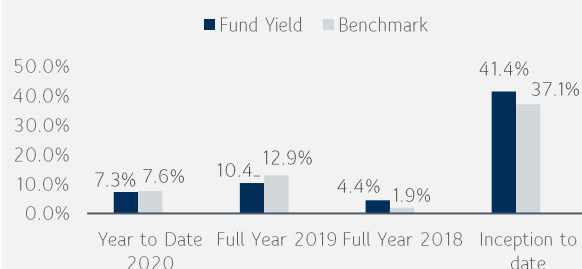
The Fund provides an opportunity to diversify across currencies and serve as a hedge through its exposure to USD denominated assets. It provides income generation by investing in debt instruments issued by the Nigerian government, corporates and financial institutions

Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA, Adeyemi Roberts CFA
Fund launch date	4 January 2016
Fund size	\$12.61mn
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$121.59 R unit class: \$121.74
Minimum investment	I unit class: \$100,000 R unit class: \$2,500
Minimum holding period	180 days*
Risk profile	Medium**
Benchmark	3-Year Nigerian Sovereign Eurobond
Total Expense Ratio	I unit class: 1.16% R unit class: 1.68%
Weighted portfolio duration	1-2 years

#### Asset Allocation



#### Historical Prices & Performance



### FBN Balanced Fund Overview

#### Investment objective

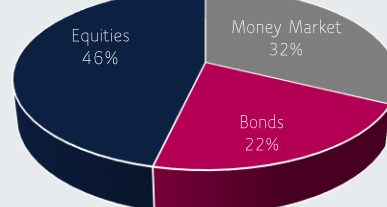
The Fund provides capital growth and downside protection to investors seeking exposure to equity. The downside is achieved through investments in less risky assets such as money market instrument and bonds

Fund Facts	
Fund Manager	Laura Fisayo-Kolawole, CFA, Oluwaseun Magreola
Fund launch date	1 April 2008
Fund size	₦4.07bn
Base currency	(₦)
NAV per share	₦187.68
Minimum investment	₦50,000
Minimum holding period	90 days
Income accrual	Daily
Annual management fee	1.50%
Total Expense Ratio	1.69%
Risk profile	Medium
Benchmark	50% NSEASI 50% 90day average tbill rate
Custodian	Citibank

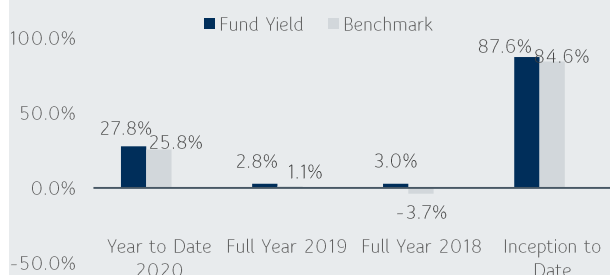
#### Top 5 equity holdings

Financial Services	17.9%
Industrial Goods	11.6%
Telecommunications	8.9%
Consumer Goods	7.4%
Oil and Gas	0.3%

#### Asset Allocation



#### Historical Prices & Performance



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### FBN Smart Beta Equity Fund Overview Investment objective

The Fund seeks to provide capital growth by selecting the best twenty (20) out of the forty (40) most capitalised stocks listed on the Nigerian Stock Exchange. The Fund is appropriate for investors who want equities with the aim of outperforming the NSE 30 index.

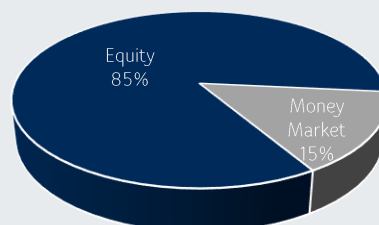
#### Fund Facts

Fund Manager	Laura Fisayo-Kolawole, CFA, Harrison Imonikhe
Fund launch date	4 January ,2016
Fund size	₦271.77mn
Base currency	(₦)
NAV per share	₦151.18
Total Expense Ratio	1.63%
Minimum investment	₦50,000.00
Annual management fee	1.50%
Risk profile	High*
Benchmark	NSE 30
Custodian	Standard Chartered Bank

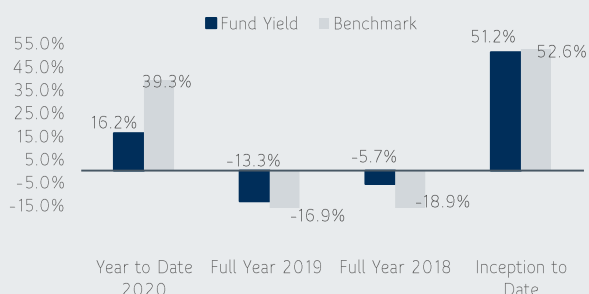
#### Top 5 equity holdings

Financial Services	33.37%
Industrial Goods	16.86%
Oil and Gas	16.00%
Consumer Goods	9.73%
Agriculture	9.16%

#### Asset Allocation



#### Historical Prices & Performance



### FBN Halal Fund Overview

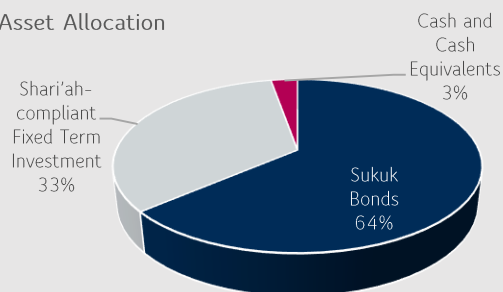
#### Investment objective

The Fund is designed to provide long-term income generation by investing in Shari'ah compliant instruments such as Sukuku, Ijarah (Lease), Murabaha (Cost plus mark-up) and Mudarabah (Working Partner) contracts.

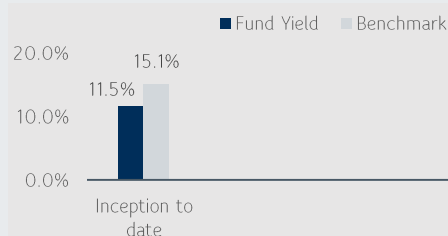
#### Fund Facts

Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA, Adeyemi Roberts CFA
Fund launch date	4 May 2020
Fund size	₦6.79bn
Base currency	(₦)
NAV per share	₦111.53
Minimum investment	₦5,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Semi-annually (April and October)
Total Expense Ratio	1.70%
Risk profile	Low-Medium
Custodian	Standard Chartered
Benchmark	FGN 3 Year Benchmark Bond

#### Asset Allocation



#### Historical Prices & Performance



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### Outlook

- While 2020 was plagued with a myriad of activities which brought disruptions to global macroeconomic and financial order, 2021 leaves us with some window of hope. Heading into the new year, we expect some level of recovery and reflation against the backdrop of accommodative monetary and fiscal supports, which will set the tone for key output growth across major economies. While the successful launch and continued distribution of the Pfizer and Moderna vaccines serve as a major positive, the modalities of roll-out across other countries remain a deciding factor to how much global recovery is expected in 2021.
- The unattractive yields in the fixed income space remains a concern especially as they do not compensate for the risks associated with the country, nonetheless, liquidity management continues to take priority over attractive returns. We expect market yields to remain majorly driven by CBN's unconventional policies given that overtime, they have proven to have far reaching impact on yields movement compared to the MPR.
- We expect the heightened system liquidity and the dearth of suitable alternatives to continue to drive equities market performance. Although, most full year results are expected to come in lower than previous year, the subsequent 2021 financial results should provide succour considering the low base effect which will exaggerate financial performance Year on Year (YoY). Thus, investors might be looking to take position ahead especially on counters that have consistent dividend paying policy. Also considering, is the fact that there is typically a January-rally which often persists to the second and third month of the year. Ultimately, we expect the overriding sentiment to remain positive.
- With inoculation exercises ongoing which raises hope about impending economic and oil price recovery, we expect the Eurobond market to remain active. While the FG was reluctant to tap the external debt market in 2020 as current realities were not quite supportive of this move, the possibility of a Eurobond issuance in 2021 is plausible especially as there is a maturing Eurobond instrument in January 2021. Should this crystallize, we expect some sell-offs in the secondary market, as investors would want to take advantage of the new issue which will be offered at a competitive rate.

### Terms and Conditions

- Redemption period: 3 - 5 business days.
- No additional charges are applied on redemption. However, units redeemed earlier than the minimum holding period will incur a processing fee of 20% on the income earned on the value of such redemptions.
- The Funds range from 'Low-High' risk profile depending on what security it is invested in. The value of securities may change significantly depending on economic, political, inflationary and interest rate conditions.
- Bid prices and yield to maturity are stated net of fees and expenses with dividends reinvested (where applicable).
- The yield to maturity (YTM) is the rate of return anticipated on the portfolio if the current bonds in the portfolio were held until the end of their lifetime. YTM is an annualised rate and takes into account the current market price, par value, coupon interest rate and time to maturity for each bond in the portfolio. It also assumes that all coupon payments are reinvested at the same rate as the bond's current yield.
- 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