





## MUTUAL FUND FACTSHEET

All data as at 31 May 2021 unless otherwise stated

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### Executive Summary

- Rising inflation in the United States has continued to spook investors as consumers are confronted with higher prices of goods and services. The United States' Consumer Price Index (CPI) was reported at 4.2% in April 2021 (the highest since September 2008) from 2.6% in March 2021. This raised doubts about the Fed sustaining the current monetary policy rate till 2023 as earlier indicated. However, Fed officials have reiterated their plan to continue the monthly asset purchases of USD120bn while also maintaining interest rates at current levels, until there is a substantial further progress towards the Central bank's goals of maximum employment and price stability.
- According to the National Bureau of Statistics (NBS), Nigeria's Gross Domestic Product (GDP) advanced by 0.51% YoY in real terms in the first quarter of 2021. This marks two consecutive quarters of growth following the negative growth rates recorded in the second and third quarters of 2020. The Q1:2021 growth rate was slower than the 1.87% growth rate recorded in Q1:2020 but higher than the 0.11% recorded in Q4 2020, indicative of a slow but continuous recovery.
- At the tail end of the month, the Central Bank of Nigeria (CBN) adopted the NAFEX (Nigerian Autonomous Foreign Exchange Rate Fixing) rate on its website after the removal of the official exchange rate of NGN379/USD. At NGN410/USD, this marks the NAFEX rate as the default reference exchange rate for all official and legitimate transactions. Consequently, FX rates have moved in the parallel market as the naira weakened against the US dollar by 2.06% to NGN495/USD as at 31st May 2021 (from NGN485/USD as at the end of April 2021), and has weakened 5.32% Year to Date (YTD).
- The National Bureau of Statistics (NBS) reported headline inflation at 18.12% YoY in the month of April 2021 (vs.18.17% YoY in March 2021) - the first retreat in nineteen months. This also marked the first food disinflation in 20 months, although core inflation sustained its upward trend. The food index was up 22.72% YoY (vs. 22.95% YoY in the prior month), while core index was up 12.74% YoY (from 12.67% YoY in March).

Asset Class	Benchmark	1M (May) %	Year to Date %	Commentary
 Money Market	91-day T-bill	2.50*	1.71**	The Debt management Office (DMO) conducted its usual biweekly primary market auction (PMA) for treasury bills in the month of May, where slight upticks were recorded on instruments. At the first PMA, the 182-day and 364-day stop rates were maintained at 3.50% and 9.75% respectively, while the 91-day edged up marginally by 50bps to 2.50%. Ultimately, the DMO sold bills worth NGN138.99bn at the auction compared to the NGN116.56bn that was initially offered. At the second auction in May, the DMO under-allotted across the 91-day and 182-day instruments (offers of NGN24.18bn and NGN19.16bn vs allotments of NGN3.12bn and NGN4.12bn), while the 364-day was over-allotted (offer of NGN19.84bn vs. allotment of NGN143.88bn). Only the stop rate on the 364-day paper declined by 5bps to 9.65%, while the rates on the 91-day and 182-day were maintained at 2.50% and 3.50%. Improved level of activities was seen in the secondary market for treasury bills during the month, especially at the long end of the curve where rates have advanced.
	181-day T-bill	3.50*	2.88**	
	364-day T-bill	9.70*	6.60**	
 Fixed Income	BNGRI***	-0.12	-24.95	The uptick in bond yields persists as average yields in the secondary market ticked up by 44bps month on month, with offer yields ranging from 11.30%-14.00%. Contrary to previous months, there were some buy-side activities on the longer end of the curve as investors sought bargain opportunities amid rising yields. Likewise, short selling activities prevailed on expectations of a continuous rise in yields as seen in previous months. In the primary market auction held in May, the DMO allotted a total of NGN175.25bn across the 2027, 2035 and 2045 instruments from offered amount of NGN150bn, with the 2045 being the most allocated. Stop yields were also pegged higher at 13.10%, 14.00% and 14.20% for the 2027, 2035 and 2045 bonds (vs. 12.25%, 13.34% and 13.85% in previous month).
	3 Year Federal Government Bond	-1.50	-14.36	
 Eurobond	3 Year Nigerian Sovereign Eurobond	0.48	1.64	The Eurobond market witnessed buying activities with average FGN Eurobond yields declining by 13bps month on month. Offer yields ranged from 1.47% - 7.84% at the end of the month with the short and mid tenored instruments being investors' most sought after. Sentiments were largely the same across the other Sub-Saharan Africa Eurobonds markets as bargain hunting activities were witnessed especially in the Ghanaian, Kenyan and Angolan Eurobonds. Participation in the Eurobond market remains supported by the recovery in oil prices which has consistently traded above an average of USD60 per barrel so far in the year.
	5 Year Nigerian Sovereign Eurobond	0.49	1.64	
 Equities	NSEASI	-3.52	-4.55	The Nigerian bourse returned to the red zone in May as the market lost 3.52% (vs. a gain of 2.02% in April). The All-share index closed at 38,437.88pts with a Year-to-Date (YtD) return of -4.55%. Market activities were predominantly bearish despite a few positive trading sessions as investors' lacklustre participation reigned strong. On a sectorial basis however, the oil and gas sector recorded the best performance, gaining 14.21% in the month which was spurred by gains in ETERNA (+26.67%), SEPLAT (+20.70%) and MRS (15.60%). The banking sector also advanced by 1.24% hinged on gains in UBN (+21.43%), ACCESS (+12.33%), FCMB (+7.14%), while the industrial sector had the worst performance (-3.47%), due to losses in DANGCEM (-2.07%), WAPCO (-4.29%), BUACEMENT (-5.01%).
	NSE30	-2.31	-4.78	

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\*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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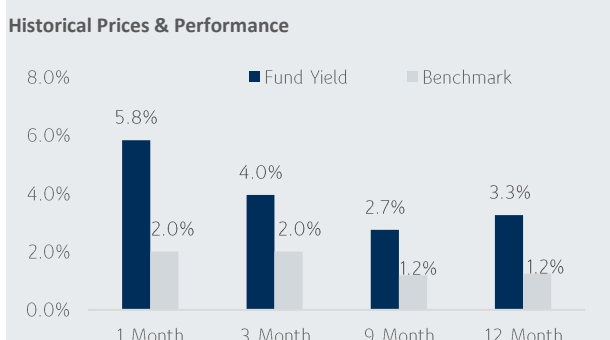
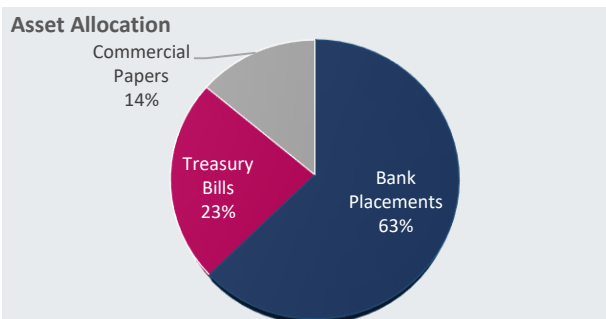
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### FBN Money Market Fund Overview

#### 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	₦137.00bn
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.

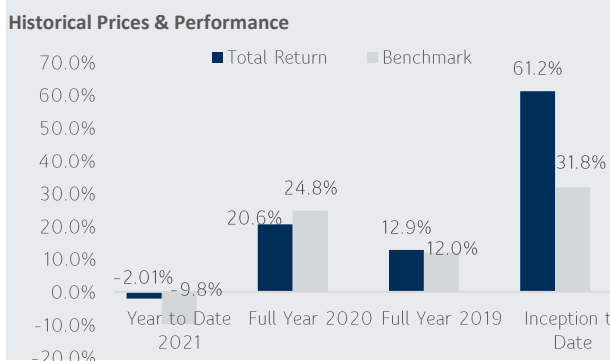
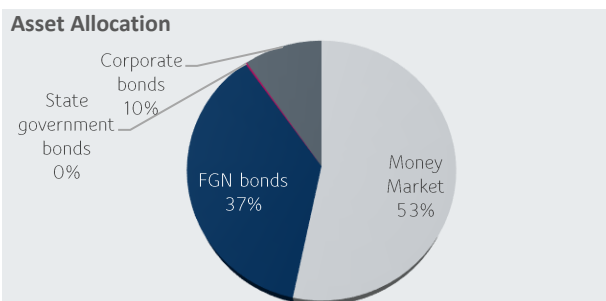


### FBN Bond Fund Overview

#### 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	₦41.00bn
Base currency	(₦)
NAV per share	₦1,371.33
Minimum investment	₦50,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Annually
Total Expense Ratio	1.23%
Annual management fee	1.50%
Risk profile	Low-Medium
Custodian	Citibank
Benchmark	70% 3Year FGN Bond 30% Average 91-day Tbill rate
Weighted portfolio duration	2-3 years



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## MUTUAL FUND FACTSHEET

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### FBN Eurobond Fund Overview

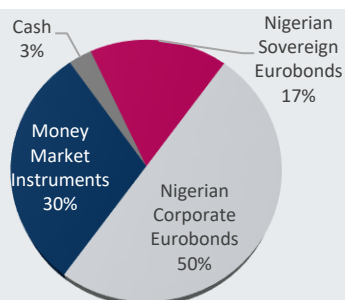
#### Investment objective

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

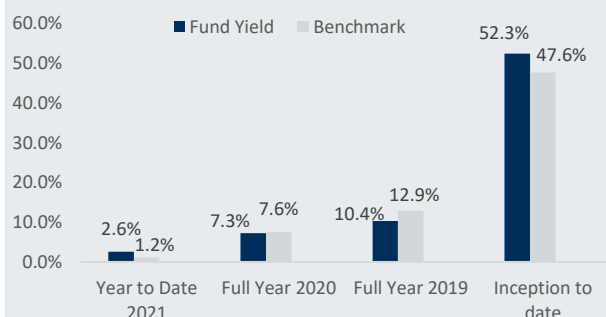
#### Fund Facts

Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA, Adeyemi Roberts CFA
Fund launch date	4 January 2016
Fund size	\$15.11mn
Base currency	US Dollars (\$)
Unit classes	R unit class: Retail
NAV per share	\$124.96
Minimum investment	\$1,000
Minimum holding period	180 days
Risk profile	Medium
Income distribution	Annually
Benchmark	70% 3 Year FGn Bond 30% Average 1yr US Tbill rate
Total Expense Ratio	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

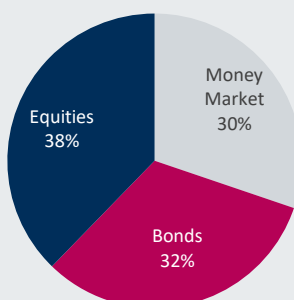
#### Fund Facts

Fund Manager	Laura Fisayo-Kolawole, CFA, Harrison Imonikhe
Fund launch date	1 April 2008
Fund size	₦4.14bn
Base currency	(₦)
NAV per share	₦185.57
Minimum investment	₦50,000
Minimum holding period	180 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

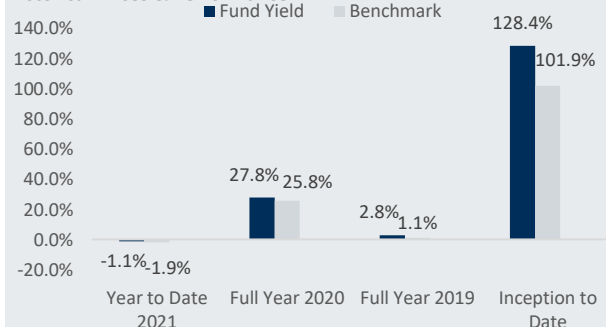
#### Top 5 equity holdings

Financial Services	12.2%
Industrial Goods	7.3%
Telecommunications	8.4%
Consumer Goods	6.5%
Agriculture	1.5%

#### 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.

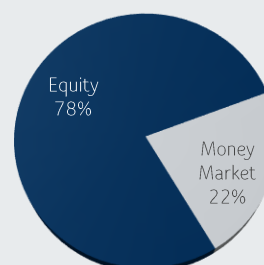
#### Fund Facts

Fund Manager	Laura Fisayo-Kolawole, CFA, Oyelekan Olorunkosebi CFA
Fund launch date	4 January 2016
Fund size	₦320.35n
Base currency	(₦)
NAV per share	₦154.77
Total Expense Ratio	1.63%
Minimum investment	₦50,000
Annual management fee	1.50%
Risk profile	High
Benchmark	NSE 30
Custodian	Standard Chartered Bank

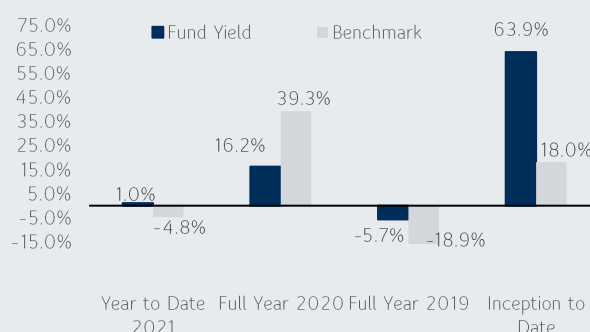
#### Top 5 equity holdings

Financial Services	34.7%
Consumer Goods	15.2%
Agriculture	13.7%
Telecommunications	7.2%
Industrials	4.6%

#### Assets Allocation



#### Historical Prices & Performance



### FBN Halal Fund Overview

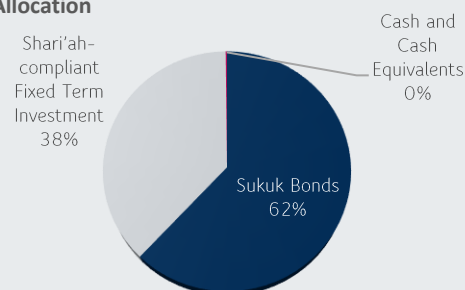
#### Investment objective

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.

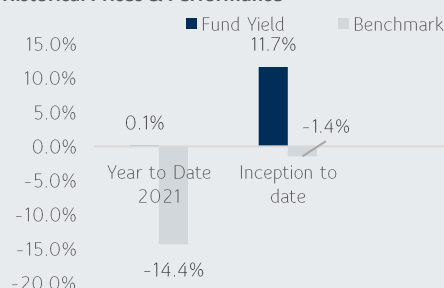
#### Fund Facts

Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA, Adeyemi Roberts CFA
Fund launch date	4 May 2020
Fund size	₦5.02bn
Base currency	(₦)
NAV per share	₦109.62
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

#### Assets Allocation



#### Historical Prices & Performance



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### Outlook

- On the global scene, prospects have brightened as key macroeconomic data highlights strong growth momentum in the coming periods. A downside, however, remains the risk of rising inflation rate in the global economy which may worsen as we progress into the year. A key inflation indicator in the U.S, the core personal consumption expenditures index, rose faster-than-expected to 3.1% in April from 1.9% in March as reported by the Commerce Department. This is hinged on the soaring prices of goods and services as well as the volatile food and energy prices. This has raised speculations about a possible hike in the monetary policy rate in the near term, although Fed officials continue to debunk such expectations as they envisage price stability as the year progresses.
- The Nigerian equities market closed negative in three out of the four trading weeks in May, highlighting the strong bearish sentiment within that space. Hence, our prognosis of the equities market has not changed as we are bearish on market performance, given the absence of any foreseen impetus that could alter the course of the market.
- Nigerian Fixed income yields have continued to tick up even as the DMO prints stop yields higher month on month. The DMO recently made changes to the second quarter bond calendar where the 2045 bond instrument re-opening was changed to 2050. This reinforces the DMO's mandate to raise more longer tenored funds which is in line with its debt management strategy published at the beginning of the year. We still expect yields to marginally edge higher in line with current trends.
- Investors' interests remain steady in the Eurobond market as demands persist across the SSA market, amid continued the drop in the US treasury yields and the improvement in crude prices. We expect market sentiment to remain positive in the near term in the absence of any trigger, and even as we anticipate fresh Sovereign Eurobond issue before the end of the year.

### 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 is 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

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