





MUTUAL FUND FACTSHEET

All data as at 30 September 2020 unless otherwise stated

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Executive Summary

- The Federal Government has fully deregulated the downstream oil and gas sector; oil marketers across the country have the power to fix petrol pump price based on market forces as the Federal Government will no longer release guiding price bands for the sale of petrol at filling stations. This is coming shortly after the petroleum sector was deregulated and subsidy was removed. Brent Crude oil prices ended the month at \$42.30/barrel.
- BUA Nigeria announced plans for the introduction of its mega refinery and petrochemicals facility with expected capacity of 200,000 tonnes per day and 10million tonnes per annum. The company recently signed an agreement with Axens of France for the supply of process technologies. The introduction of the refinery is largely in line with BUA's vision to develop local capacity in key industries where she can add most value and raw materials can be sourced locally. The facilities are expected to be fully functional in 2024.
- The Federal Government of Nigeria recently directed the Central Bank of Nigeria to halt the issuance of foreign exchange for food and fertilizer imports. This was done due to the prioritization of Nigeria's local agriculture sector. When implemented, this directive is expected to stem the downward reduction of the foreign exchange reserves as it has been under immense pressure. As at the end of September 2020, the reserves were \$35.75bn.
- During the Monetary Policy Committee meeting which happened during the month, the Monetary Policy Rate (MPR) was reviewed downward by 1.00% to 11.50%. All other parameters were however, kept constant. This decline is largely in line with the Central Bank of Nigeria's (CBN) mandate of price stability and the need to support recovery of output growth.

Asset Class	Benchmark	1M (September) %	Year to Date %	Commentary
Money Market 	91-day T-bill	1.1	2.3	<ul style="list-style-type: none"> Demand in the treasury bills auctions continued to be high due to increased system liquidity and limited supply of instruments. Three auctions were conducted during the month with rates consistently decreasing across all tenors. The last auction of the month was oversubscribed with most significant demand for the longer dated maturity. Rates declined by 0.10%, 0.27% and 0.46% month/month to close at 1.08%, 1.49% and 2.80% on the short, mid and long end of the curve. Activity in the secondary market remained limited as most investors showed little to no interest in selling their instruments in the face of falling yields.
	181-day T-bill	1.6	2.6	
	364-day T-bill	3.0*	4.2**	
Fixed Income 	BNGRI***	5.6	33.8	<ul style="list-style-type: none"> In response to the cut in the MPR, yields at the bonds auction declined significantly during the month further buttressing the fact that the Debt Management Office (DMO) is comfortable with the low interest rate environment. At the monthly bond auction, the DMO offered ₦145bn across the 4 maturities, received subscription worth 360.2bn and sold 103.8bn. Rates declined to 6.00%, 8.52%, 8.90% and 8.94% from 6.70%, 9.35%, 9.75% and 9.90% on the 2026, 2035, 2045 and 2050 maturities. Activity however remained elevated in the fixed income market as it offered better yields compared to other assets such as treasury bills.
	3 Year Federal Government Bond	4.5	15.5	
Eurobond 	3 Year Nigerian Sovereign Eurobond	-1.2	-4.4	<ul style="list-style-type: none"> Volatility in oil prices affected the Eurobond market as prices declined for all the instruments available. Uncertainty regarding the second wave of the virus and the possible implications on global economic activity were factors which affected activity in the market. The 2049 Nigerian Eurobond witnessed the most decline in the sovereign space while ETI bond witnessed the most decline in the corporates space
	5 Year Nigerian Sovereign Eurobond	-1.3	-5.7	
Equities 	NSEASI	5.7	-0.0	<ul style="list-style-type: none"> The declaration and payment of interim dividend by major banking names such as UBA, Zenith and Access, was an activity which impacted the equity market during the month. The market reacted positively to this as it generated interest from local investors who decided to diversify their portfolio from the low yielding fixed income instruments. Sustained market liquidity and the relatively higher yields which could be obtained in the equity market led to bargain hunting as investors continue to cherry pick quality names as an addition to their portfolio.
	NSE30	6.8	-2.5	

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FBN Money Market Fund Overview

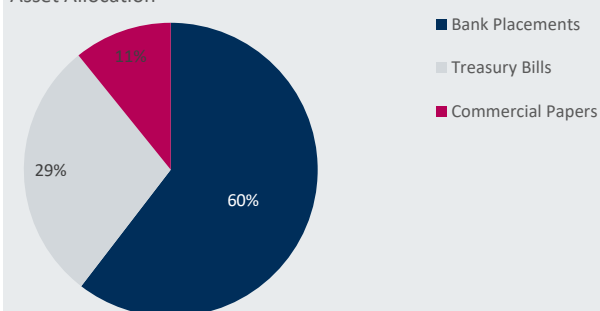
Investment Objective

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.

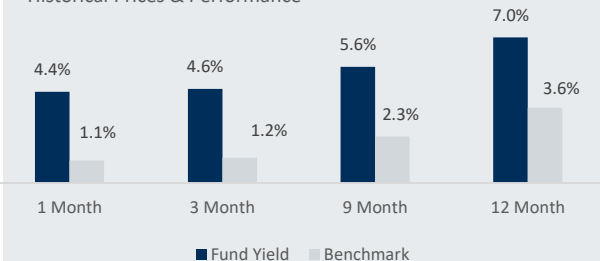
Fund Facts

Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA
Fund launch date	24 September 2012
Fund size	₦222.49bn
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

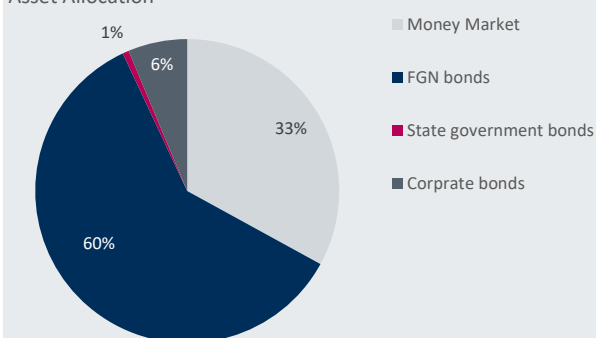
Investment objective

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.

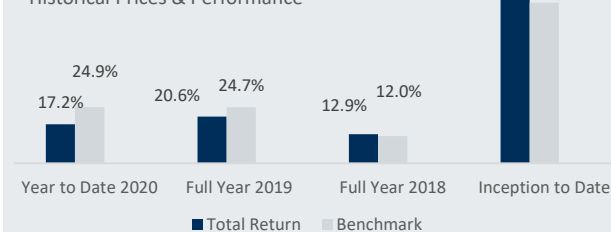
Fund Facts

Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA
Fund launch date	24 September 2012
Fund size	₦16.81bn
Base currency	(₦)
NAV per share	₦1,431.84
Minimum investment	₦50,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Semi-annually (April and October) October '19: ₦65.08 April '20: ₦80.97
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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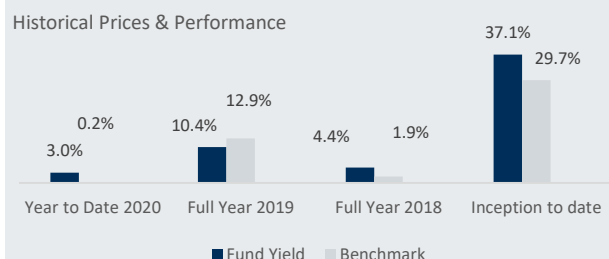
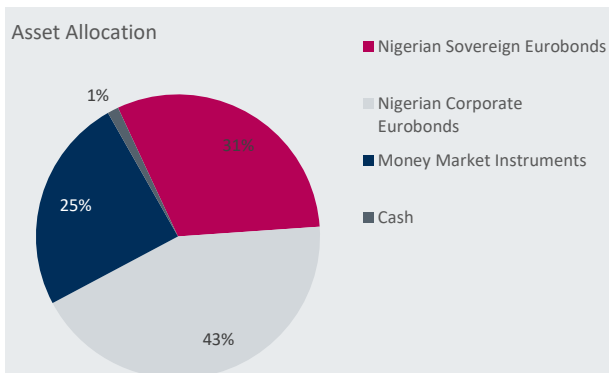
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FBN Nigeria Eurobond Fund Overview

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	\$12.38mn
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$119.60 R unit class: \$19.63
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	2-3 years



FBN Balanced Fund Overview

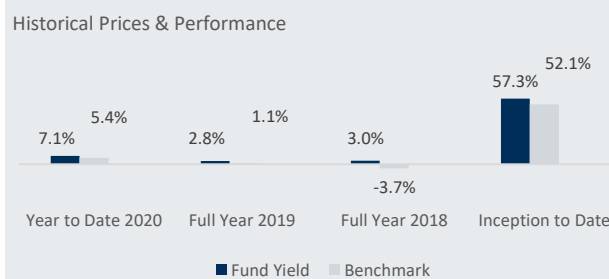
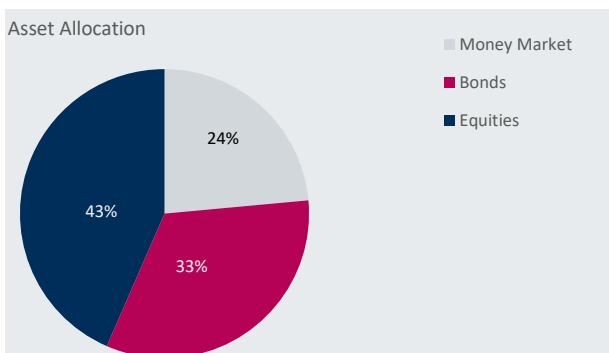
Investment objective

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	₦23.08bn
Base currency	(₦)
NAV per share	₦157.27
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% NSE30 25% 90day average tbill rate 25% BNGRI
Custodian	Citibank

Top 5 equity holdings

Financial Services	17.20%
Industrial Goods	9.26%
Telecommunications	8.94%
Consumer Goods	7.45%
Oil and Gas	0.33%



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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.

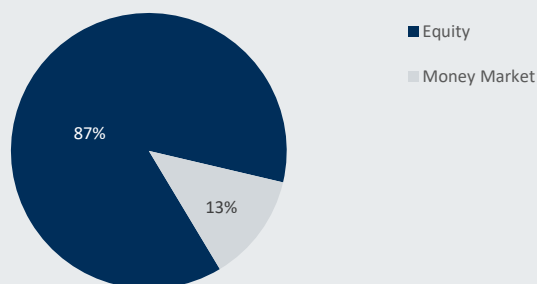
Fund Facts

Fund Manager	Laura Fisayo-Kolawole, CFA, Harrison Imonikhe
Fund launch date	4 January ,2016
Fund size	₦206.53mn
Base currency	(₦)
NAV per share	₦119.66
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

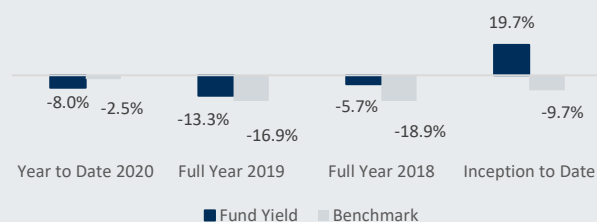
Top 5 equity holdings

Financial Services	33.56%
Industrial Goods	17.25%
Oil and Gas	17.23%
Agro Allied	9.74%
Consumer Goods	9.45%

Asset Allocation



Historical Prices & Performance



FBN Halal Fund Overview

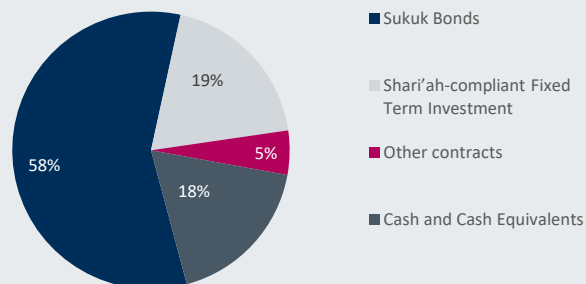
Investment objective

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

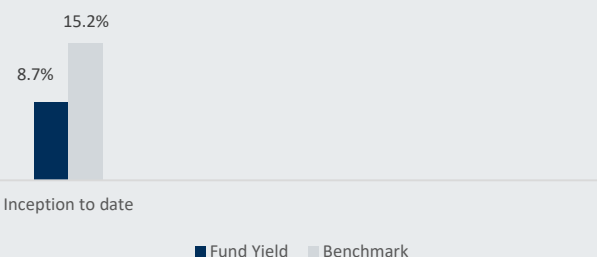
Fund Facts

Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA, Adeyemi Roberts CFA
Fund launch date	22 June 2020
Fund size	₦873.59mn
Base currency	(₦)
NAV per share	₦108.69
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

- Global rating agency Fitch Ratings revised the outlook on Nigeria to Stable from Negative. The revision reflects the decrease in uncertainty surrounding the impact and implications of the virus on the economy as the economy begins to re-open fully and business activities begin to kick off. Subsequently, we expect this rating to be positive for Nigeria as a debt issuer as the upward revision in rating is expected to reflect positively on the country debt premiums and general investor sentiments.
- In the fixed income space, we believe that the low yield environment is going to be our new normal. All indications by the monetary and fiscal authorities show that these bodies are comfortable with the low interest rate levels and as such, it is expected that they will continue to encourage it as much as they can. The high level of liquidity in the market coupled with the low supply of instruments are also factors which contribute to the continuous decline in rates. In spite of this, the FBN mutual funds will continually explore the best options to deliver the most optimal value to its clients.
- The equity market continues to be driven by local demand and this is expected to continue in the medium term. Blue chip names continue to receive demand as they currently offer better yields (in form of capital gains and dividend yields) compared to the fixed income space. Bargain hunting and cherry picking of stocks are expected to remain the order of the day as investors continue to look for avenues to part away with excess liquidity.
- Activity in the oil market is one which is expected to drive the Eurobond market. With the relative stability in the global Eurobond market and the deregulation of the downstream petroleum sector, we expect this to bode well for the Nigerian Eurobonds as it is meant to inspire positive sentiments. The upward revision of Nigeria's rating is another activity which we believe will affect the market positively.

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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