





MUTUAL FUND FACTSHEET

All data as at 31st December 2019 unless otherwise stated

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Executive Summary

- The United States and China have agreed on terms of a “Phase One” trade deal, which should be signed in January 2020. Whilst details are scanty, the deal involves the review and elimination of tariffs imposed by both countries. It also addresses concerns about intellectual property, currency and trade. Market reaction was lukewarm to the news
- At its last meeting of 2019, the United States Federal Reserve held rates steady and signalled that there might be no change in 2020 amid persistently low inflation. The chairman, Jerome Powell, maintained a favourable economic outlook for the United States economy despite global developments and current risks.
- Prime Minister Boris Johnson won the recently concluded British general elections by a landslide. The election was conducted to end the Brexit deadlock and the results ensured that Boris Johnson has the needed majority to push his Brexit deal through Parliament. The deadline for Brexit remains January 31st 2020.
- Two global rating agencies, Moody’s and Fitch have reviewed Nigeria’s sovereign ratings outlook downward to negative from stable. The revision is based on the sovereign’s rising vulnerability given her rising debt burden coupled with the increasing risks to the government’s finances and reserves.
- In line with the December deadline, the Central Bank of Nigeria debited c. ₦600billion from the account of some banks for failure to comply with the 65% Loan to Deposit Ratio directive. The Ratio was increased from 60% to 65% in September 2019 in order to sustain growth in the level of industry credit.

Asset Class	Benchmark	1M (December) %	Year to Date %	Commentary
Money Market 	91 day T-bill	7.9	11.1	<ul style="list-style-type: none"> The system was characterized by high liquidity as could be evidenced in the OBB/OVN rates which averaged about 2%-4% weekly. Although, there was a brief spike in rates in reaction to the CBN debit to banks over the LDR defaults, this was however reversed. At the primary market auctions, demand was aggressive across all tenors offered and skewed towards the long dated maturities. The auctions offered an average bid to cover ratio of 10.4x and stop rates declined by an average of 250 bps m-o-m across all tenors. By the end of the month, rates had declined by an average of 381 bps across all tenors.
	181 day T-bill	7.3	11.9	
	364 day T-bill	6.2*	11.6**	
Fixed Income 	BNGRI***	4.0	33.2	<ul style="list-style-type: none"> There was increased demand in the bonds market as investors sought to reinvest inflows. At the bond auction, the DMO offered a total of 150bn across 3 maturities but sold a total of ₦264bn as the auction was oversubscribed by 92%. Demand was skewed to the long end of the curve as investors sought to lock in rates. Auction rates closed lower by an average of 77bps month on month.
	3 Year Federal Government Bond	1.9	8.9	
Eurobond 	3 Year Nigerian Sovereign Eurobond	0.6	7.3	<ul style="list-style-type: none"> There was significant activity during the month as the market reacted to reports of the “Phase One” US-China trade deal and the intention of the Nigerian Government to offer Eurobonds as early as Q1 2020. The Nigerian Sovereigns witnessed a significant increase in demand which caused a decline in yields while the corporates were relatively quiet.
	5 Year Nigerian Sovereign Eurobond	1.1	11.0	
Equities 	NSEASI	-0.6	-14.6	<ul style="list-style-type: none"> Negative sentiments in the equity market remained sustained as the NSEASI closed negative 14.6% YTD. Corporate actions of note were: the execution of International Breweries rights issue worth ₦164bn of which the entire proceeds will be used to deleverage the company’s balance sheet. Airtel Africa also announced its plan to list Airtel Malawi on the Malawian stock exchange.
	NSE30	3.5	-16.9	

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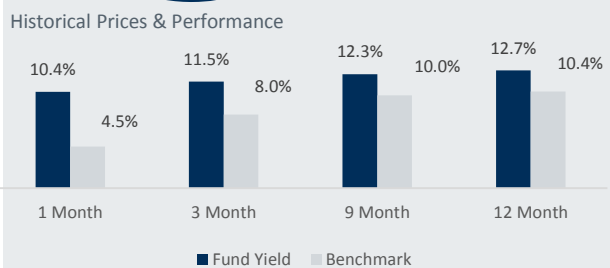
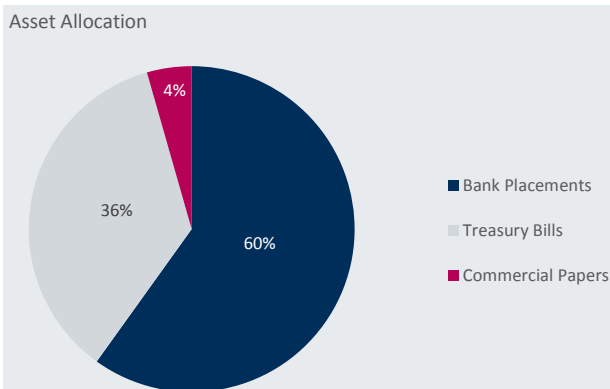
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FBN Money Market Fund Overview

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 provides liquidity while providing competitive returns.

Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA
Fund launch date	24th September 2012
Fund size	₦198.95bn
Base currency	(₦)
NAV per share	₦100
Minimum investment	₦5,000
Minimum holding period	30 days
Income accrual	Daily
Income distribution	Quarterly
Annual management fee	0.75%
Total Expense Ratio	0.90%
Risk profile	Low
Custodian	Citibank
Benchmark	Average 91 day Treasury Bill (NTB)

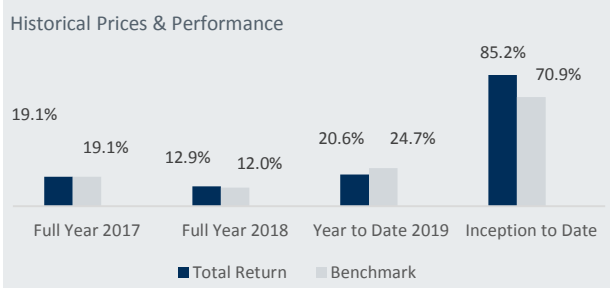
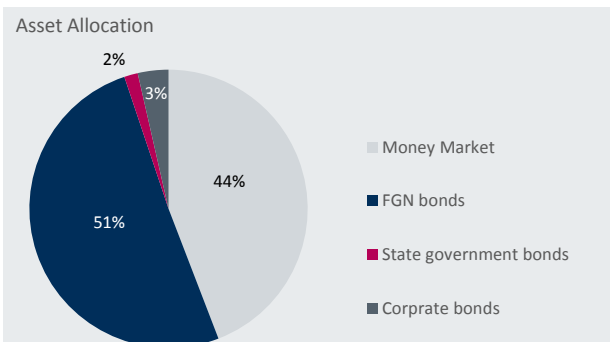


FBN Fixed Income Fund Overview

Investment objective

The Fund is designed to provide capital appreciation and steady income 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	24th September 2012
Fund size	₦8.58bn
Base currency	(₦)
NAV per share	₦1,291.07
Minimum investment	₦50,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Semi-annually (April and October) April '19: ₦73.67 October '19: ₦65.08
Total Expense Ratio	1.23%
Risk profile	Low-Medium
Custodian	Citibank
Benchmark	FGN 3 Year Benchmark Bond
Weighted portfolio duration	2-3 years



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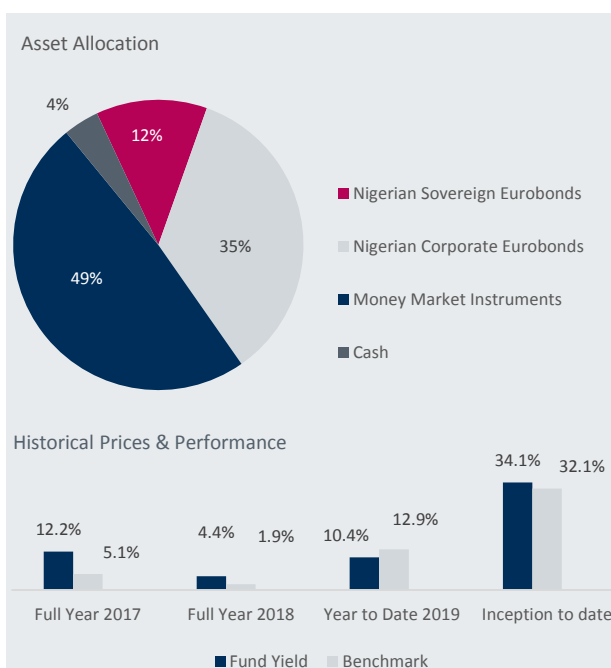
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FBN Nigeria Eurobond Fund Overview

Investment objective

The Fund provides an opportunity to diversify across currencies and serves as a currency hedge through its exposure to USD denominated assets. It provides medium to long term capital appreciation and steady income by investing in USD 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	4th January 2016
Fund size	\$8.82mn
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$119.24 R unit class: \$119.83
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

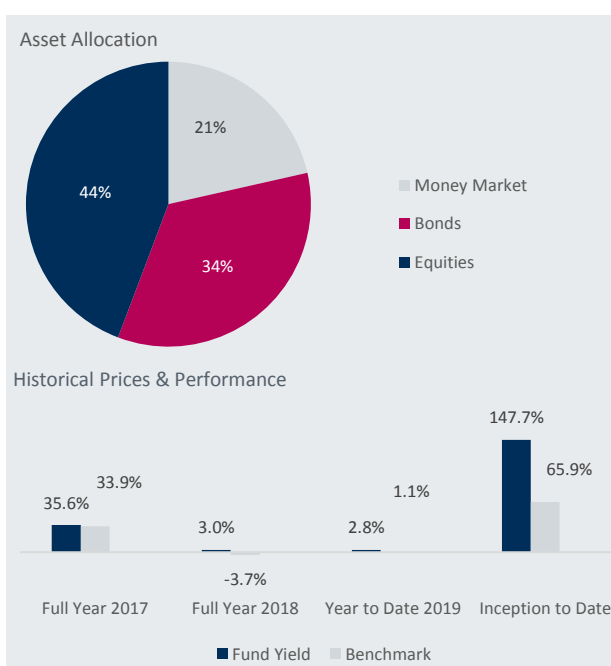
The Fund seeks to provide downside protection to investors seeking exposure to equity. The downside is achieved through investments in less risky assets such as money market instrument and bonds. The Fund invests primarily in debt instruments and shares of companies listed on an official exchange in Nigeria. .

Fund Facts	
Fund Manager	Laura Fisayo-Kolawole, CFA, Kike Mesubi, CFA,
Fund launch date	1 st April 2008
Fund size	₦2.91bn
Base currency	(₦)
NAV per share	₦146.82
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	24.36%
Industrial Goods	8.60%
Consumer Goods	8.59%
Telecommunications	1.81%
Agriculture	0.58%

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FBN Nigeria Smart Beta Equity Fund Overview

Investment objective

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

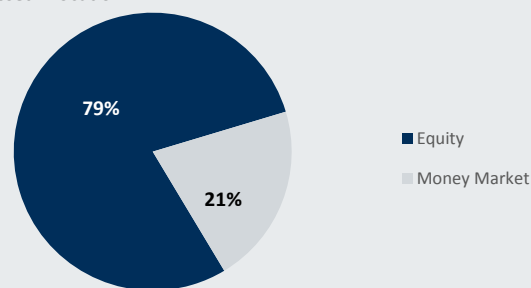
Fund Facts

Fund Manager	Laura Fisayo-Kolawole, CFA, Kike Mesubi, CFA, Harrison Imonikhe
Fund launch date	4th January 2016
Fund size	₦221.06m
Base currency	(₦)
NAV per share	₦130.13
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

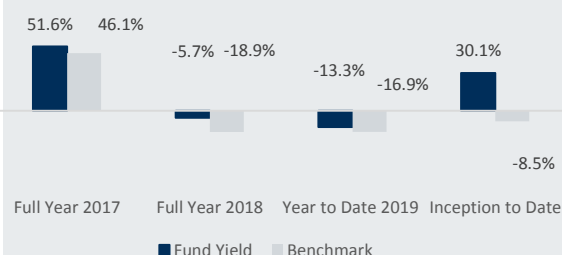
Top 5 equity holdings

Financial Services	32.47%
Consumer Goods	16.63%
Industrial Goods	15.52%
Oil and Gas	9.87%
Hospitality	4.15%

Asset Allocation



Historical Prices & Performance



Outlook

- The Federal Government recently introduced a Finance bill with the aim of diversifying revenue by increasing earnings from tax while targeting a 15% Tax-to-GDP ratio by 2023. In the bill, new tax rates were suggested which will be beneficial for small to medium business owners. If implemented, we expect an overhaul of the Nigerian tax system.
- The Central Bank of Nigeria (CBN) introduced a new directive which revised downwards a number of bank charges, including but not limited to electronic banking transaction charges, effective 1 January, 2020. We expect these revisions to have a negative impact on banks' earnings particularly e-banking and non-interest revenues.
- In a bid to encourage economic growth and further increase lending to the private sector, the CBN has hinted its intention to review upward the minimum Loan to Deposit Ratio (LDR) of banks to 70% by 2020. Although we do not expect banks to take on excess risk, we believe this will further push the banking sector to increase credit. Due to the loan recovery measures being implemented by the banks and CBN i.e. banks being able to recover loans from nationwide deposit accounts of defaulters, we do not expect a rise in Non-Performing Loans.
- In the equity market, in the long term, we expect a sustained low interest environment to be a suitable catalyst which will encourage investors to invest in high risk assets. While most companies are struggling to increase earnings, we expect investors to cherry pick undervalued quality stocks.
- In the fixed income market, we expect a further downtrend in rates due to the large influx of maturities expected in 2020, c. ₦2.3trn in Nigerian Treasury Bills alone. Indications of a non-reversal of the current CBN policy has also ensured that the DMO has the monopoly of instruments available to local investors. This in turn will lead to high demand and limited supply.