





MUTUAL FUND FACTSHEET

All data as at 29 February, 2020 unless otherwise stated

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Executive Summary

- The COVID-19 has prompted a plunge in the financial markets and raised concerns about economic growth. China's official Manufacturing Purchasing Managers Index (a leading indicator for measuring economic growth) tumbled down to 35.7 points in February; this is the lowest on record. The FTSE 100 (the weighted index of the 100 most highly capitalised companies listed on the London Stock Exchange) also posted its worst week since the financial crisis in 2008.
- Groups such as Organisation of the Petroleum Exporting Countries (OPEC) are responding to the health crisis by proposing a cut in production by 600,000 barrels a day to stem falling oil prices; there are talks that the cut could be more. The International Monetary Fund revised downward its 2020 Nigeria GDP forecast to 2.0% from 2.5% citing lower oil prices and weak economic outlook as reasons.
- The Nigerian Economy grew by 2.3% in 2019. Although commendable, the growth is below the population growth of c.2.6% (World Bank) in 2018. While the non-oil economy grew by 2.8% in Q4 2019 compared to 1.8% in the previous quarter, the oil economy grew by 6.4% in Q4 2019 and oil production remained consistently above 2.0mbpd all through 2019. Noteworthy is the 22.0% growth of financial institutions in Q4 2019 compared to 0.6% in the previous quarter; this can be attributed to the Central Bank of Nigeria's (CBN) drive to increase loan to the real sector.
- The CBN introduced a long term Over the Counter (OTC) FX contract on the Naira extending into 5 years from 13 months. The transactions eligible for the contracts are foreign portfolio investment, direct investment and currency loans. The contract prices are discounted and should serve as an incentive for investors who have a long term view on the Nigerian market.

| Asset Class | Benchmark | 1M (February) % | Year to Date % | Commentary |
|---|------------------------------------|-----------------|----------------|--|
| Money Market  | 91 day T-bill | 3.5 | 3.8 | <ul style="list-style-type: none"> There was a lot of talk around liquidity in February, with little or no surprise. A total of c.₦973 billion across Nigeria Treasury Bills (NTB) and Open Market Operation (OMO) bills matured into the system. On the other hand, the Debt Management Office (DMO) raised ₦258.5 billion (26.5% of maturities) in the month, leaving ₦714.5 billion in the system. The resulting effect was a yield depression as Investors sought outlets for their funds. This was further evidenced in the last auction where rates declined by an average of c.60bps month on month. |
| | 181 day T-bill | 3.8 | 3.9 | |
| | 364 day T-bill | 6.1* | 5.2** | |
| Fixed Income  | BNGRI*** | 3.2 | 10.3 | <ul style="list-style-type: none"> There was a bond maturity in the month, a total of c.₦600 billion got injected into an already liquid market. At the bond auction the DMO raised ₦170 billion (28.3% of maturities) and it was oversubscribed by 284%, with the most demand on the long end. Rates declined by 110bps, 43bps and 41bps respectively from the previous auction while unfilled bids were taken to the secondary market leading to additional pressures on benchmark bonds. |
| | 3 Year Federal Government Bond | 5.8 | 10.3 | |
| Eurobond  | 3 Year Nigerian Sovereign Eurobond | -1.4 | 0.9 | <ul style="list-style-type: none"> The widely spread coronavirus and declining oil prices caused a selloff in the Eurobonds market. Investors are reacting to the uncertainty by opting for safe haven assets and cash. The Ministry of Finance has announced plans to issue a Eurobond which provides an additional asset into an already sparse market. We expect the issue to be over subscribed, even though the rates may be lower than previous issues owing to the low interest rate environment. Ghana and Gabon are countries which have issued Eurobonds this year. |
| | 5 Year Nigerian Sovereign Eurobond | -2.5 | 0.5 | |
| Equities  | NSEASI | -9.1 | -2.3 | <ul style="list-style-type: none"> With the release of full year 2019 results, a number of companies have started to declared dividends. Nestle declared a final dividend of ₦45.0 (full year: ₦70.0) which implies a dividend yield of 4.0%, GTBank declared a final dividend of ₦2.5 (full year: ₦2.8) which implies a dividend yield of 10.5% and Zenith declared a final dividend of ₦2.5 (full year: ₦2.8) which implies a dividend yield of 13.5%. The dividend yields are attractive ranging from 4.0%-14.0% and this has attracted capital to equities. |
| NSE30 | -10.0 | -2.5 | | |

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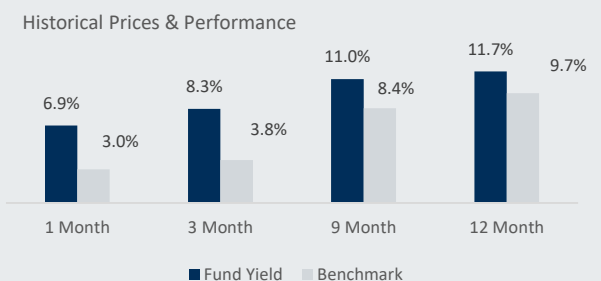
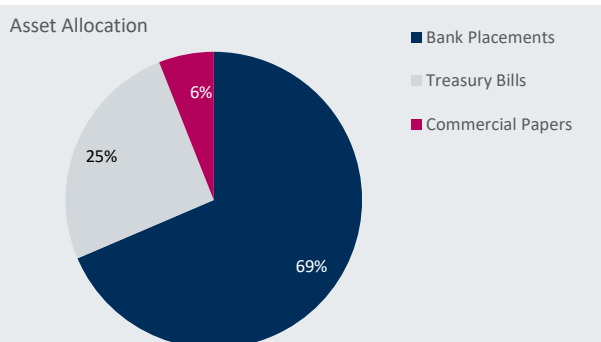
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FBN Money Market Fund Overview

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 | ₦226.25bn |
| 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) |

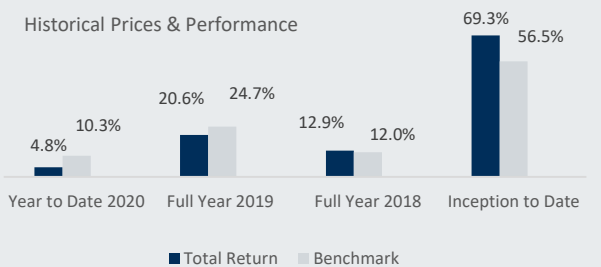
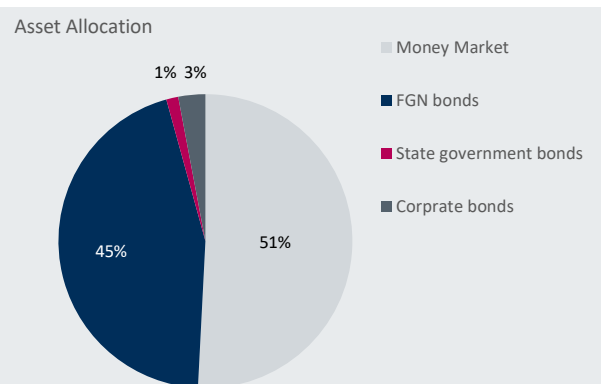


FBN Fixed Income Fund Overview

Investment objective

The Fund is designed to provide 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 | ₦10.56bn |
| Base currency | (₦) |
| NAV per share | ₦1,352.63 |
| 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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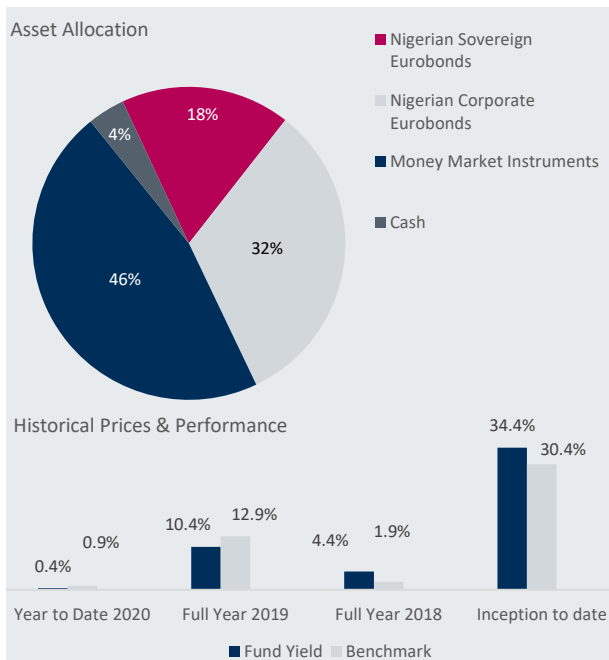
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FBN Nigeria Eurobond Fund Overview

Investment objective

The Fund provides an opportunity to diversify across currencies and 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 | \$12.36mn |
| Base currency | US Dollars (\$) |
| Unit classes | I unit class: Institutional R unit class: Retail |
| NAV per share | I unit class: \$119.50 R unit class: \$120.25 |
| 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

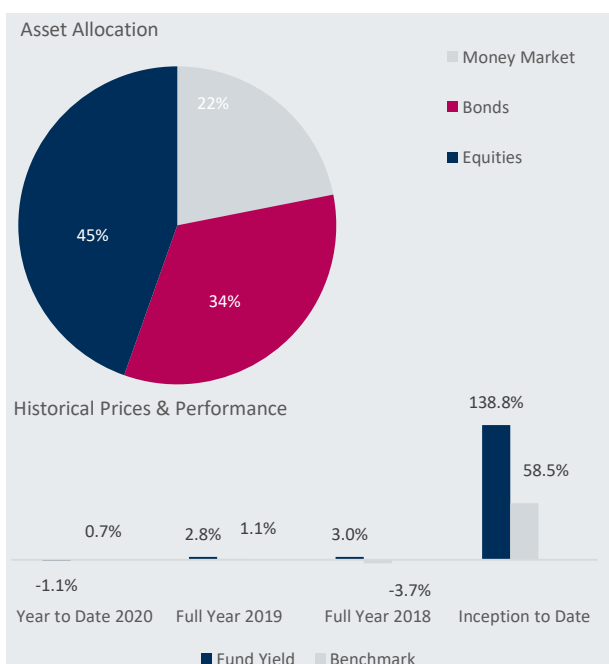
The Fund provides capital growth and downside protection to investors seeking exposure to equity. The downside is achieved through investments in less risky assets such as money market instrument and bonds

| Fund Facts | |
|------------------------|--|
| Fund Manager | Laura Fisayo-Kolawole, CFA, Kike Mesubi, CFA, Oluwaseun Magreola |
| Fund launch date | 1 April, 2008 |
| Fund size | ₦2.85bn |
| Base currency | (₦) |
| NAV per share | ₦145.27 |
| 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 | 21.46% |
| Industrial Goods | 11.10% |
| Consumer Goods | 7.02% |
| Telecommunications | 4.18% |
| Agriculture | 0.54% |

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FBN Nigeria 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.

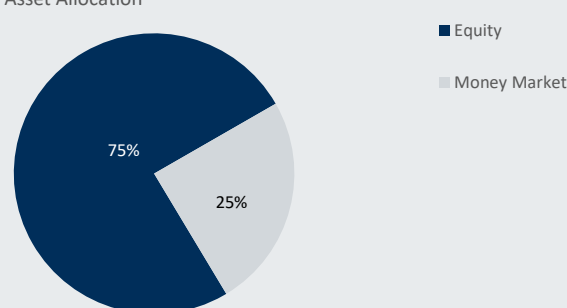
Fund Facts

| | |
|-----------------------|---|
| Fund Manager | Laura Fisayo-Kolawole, CFA, Kike Mesubi, CFA, Harrison Imonikhe |
| Fund launch date | 4 January ,2016 |
| Fund size | ₦208.66m |
| Base currency | (₦) |
| NAV per share | ₦120.46 |
| 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 |

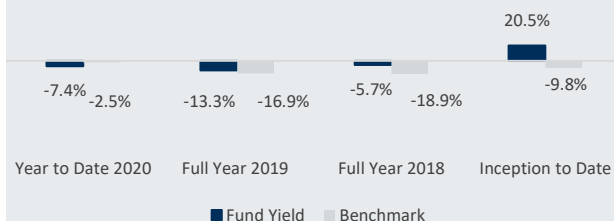
Top 5 equity holdings

| | |
|--------------------|--------|
| Financial Services | 25.70% |
| Consumer Goods | 16.02% |
| Industrial Goods | 14.72% |
| Oil and Gas | 14.19% |
| Hospitality | 4.58% |

Asset Allocation



Historical Prices & Performance



Outlook

- The United States of America's Central Bank reduced its federal funds rate by 0.5% to a range of 1.00%-1.25% to protect its economy against the evolving risk. Some other Central Banks have towed the same path; Malaysia and Australia. This is positive for emerging and frontier assets especially Eurobonds who will be recipients of cheap funds as investors secure alternative high yields.
- The S&P downgraded Nigeria's outlook from stable to negative, based on dwindling reserves. The reserves declined by 4.5% in February to USD\$36.3bn as at 28 February 2020. The risk to the reserves are owing to downward pressure on oil prices as a result of the ongoing health crisis. The reserves are close to the CBN's benchmark level of USD\$30bn, due to this, we foresee some policy changes to protect the reserves.
- The introduction of the long term OTC contract is expected to drive more participation in bonds and equity as both are often long term investments. The recent reduction in the US benchmark rate is also a catalyst for foreign investors to invest in Nigeria with limited or no currency risk.
- Interbank bank liquidity remains a driver for yields. With limited investment instruments, demand for money market instruments and bonds will continue to put downward pressure on returns. However, we will continue to seek high quality instruments to enhance the income of the funds.
- In addition to interbank bank liquidity, Q4 GDP figures suggest that the initiatives taken by the CBN through the banks, to inject capital to the real sector of the economy has yielded positive results. As a result, we expect a continuation of these policies including low yields and the minimum Loan to Deposit Ratio, barring any unforeseen events.
- The build-up to corporate earnings, corporate actions such as dividend declarations and low valuations are incentives to invest in equities. We will continue to increase allocations to names that provide high returns compared to their price.

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