





MUTUAL FUND FACTSHEET

All data as at 30th November 2019 unless otherwise stated

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Executive Summary

- Trade negotiations between the US and China hit another rough patch as it is currently not clear when the two countries will sign a deal as both sides have found themselves at odds over the finer details of the agreement. The Federal Reserve maintained rates at a range of 1.5% - 1.75% due to concerns about external factors such as global weakness, the trade war and Brexit.
- Demonstrations and protests in many countries seeking economic and political reforms have been a deterrent to global economic growth with some such as Hong Kong sliding into technical recession. Fear of further decline in global economic growth have led the International Monetary Fund (IMF) to revise her estimated 2019 GDP growth downwards to 3.0% (from 3.2%).
- The Federal Government of Nigeria (FGN) announced an extension of the border closure to at least 31st January, 2020. Broadly, the impact of the closure has been mixed – positive for government revenues with unintended consequences of higher inflation mainly due to surge in food prices.
- The Nigerian Senate approved the increase of Value Added Tax (VAT) from 5.0% to 7.5% with the aim of supporting state and local governments in paying the new minimum wage. However, basic unprocessed food staples are exempt from the new VAT regime.
- Nigeria's Q3 2019 Gross Domestic Product (GDP) grew by 2.3% y/y from 2.1% (revised from 1.9%) recorded in Q2 2019 supported mainly by a 6.5% y/y growth in the oil economy. Meanwhile, the non-oil economy grew by 1.8% y/y with the telecommunications, agriculture, construction, transport and storage being the major drivers.

Asset Class	Benchmark	1M (October) %	Year to Date %	Commentary
Money Market 	91 day T-bill	11.5	11.3	<ul style="list-style-type: none"> • The continued restriction of individuals and local corporates from trading in OMO bills led to further decline of rates in the secondary market as investors continued to scramble for Nigerian Treasury Bills. This triggered aggressive demand at the Treasury Bills primary auction; at the auction, the DMO sought to raise ₦250bn across the 91, 181 and 364 day tenors. The auction was however oversubscribed to the tune of ₦281.45bn with demand skewed to the 364 day bill. Compared with the auction of the previous month, rates declined by an average of 163bps.
	181 day T-bill	11.2	12.2	
	364 day T-bill	8.3*	10.3**	
Fixed Income 	BNGRI***	4.6	28.1	<ul style="list-style-type: none"> • The bonds market maintained its bullish run in the month. Demand surged as investors sought to invest proceeds from coupons and excess liquidity from maturities. This caused yields to close lower by 136bps m-o-m. At the bond auction, the DMO offered ₦150bn across all maturities; the auction was however oversubscribed by 68%. Demand was skewed to the 39 year maturity and stop rates closed lower by 15, 9 and 8bps for the 2023, 2029 and 2049 maturities respectively.
	3 Year Federal Government Bond	4.6	22.6	
Eurobond 	3 Year Nigerian Sovereign Eurobond	0.8	16.0	<ul style="list-style-type: none"> • Nigerian sovereigns remained bearish across all maturities despite the recent increase in oil prices which is usually positive for oil producing sovereign papers. Further, short-lived optimism around the trade war and maintenance of rates by the FOMC did little to spur buying sentiments on the Nigerian sovereigns.
	5 Year Nigerian Sovereign Eurobond	-2.5	20.5	
Equities 	NSEASI	2.4	-14.1	<ul style="list-style-type: none"> • Investor participation in equities picked up in the month arguably due to investors seeking vehicles in which to invest excess liquidity. The NSE ASI returned 2.4% in the month and -14.1% year-to-date. Corporate actions were rampant in the month with Dangote Sugar announcing a merger with Savannah Sugar while Dangote Flour Mills was de-listed following its full acquisition by Crown Flour Mills.
	NSE30	6.2	-19.8	

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*Mean stop rate at November's 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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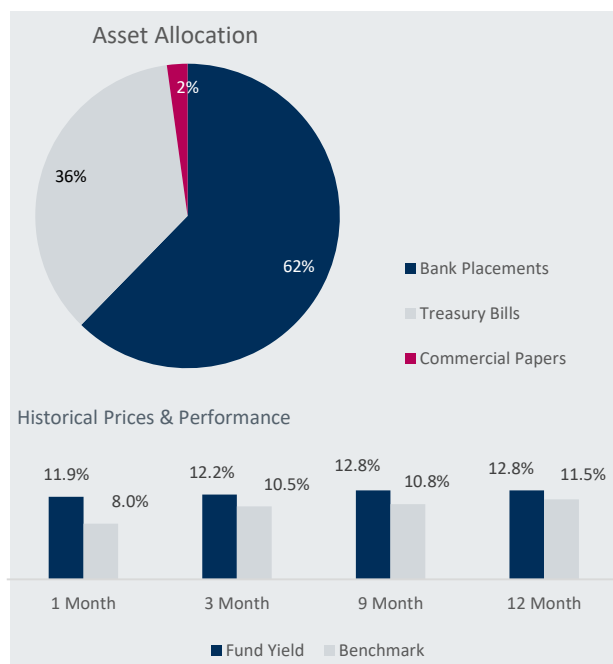
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FBN Money Market Fund Overview

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 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	₦177.54bn
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)

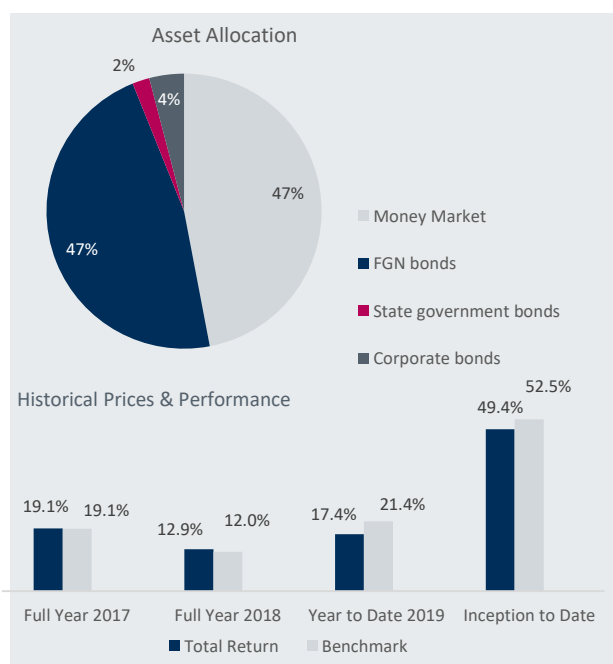


FBN Fixed Income Fund Overview

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	₦7.49bn
Base currency	(₦)
NAV per share	₦1,253.36
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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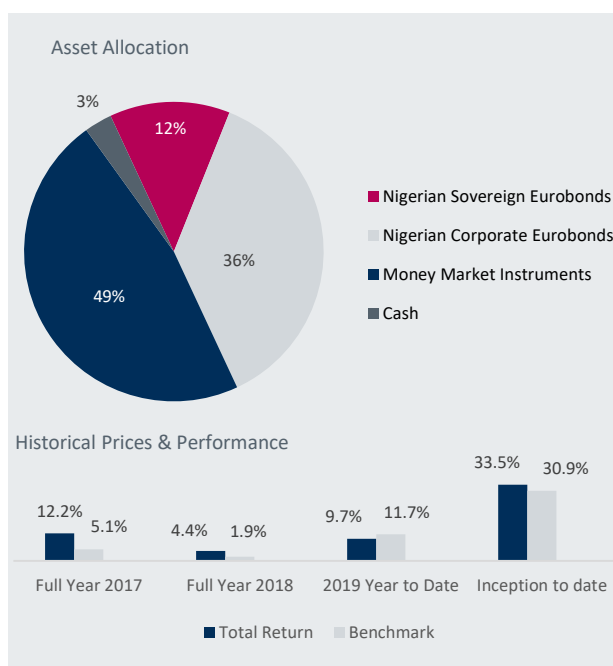
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FBN Nigeria Eurobond Fund Overview

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	\$8.13mn
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$118.58 R unit class: \$119.13
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. .

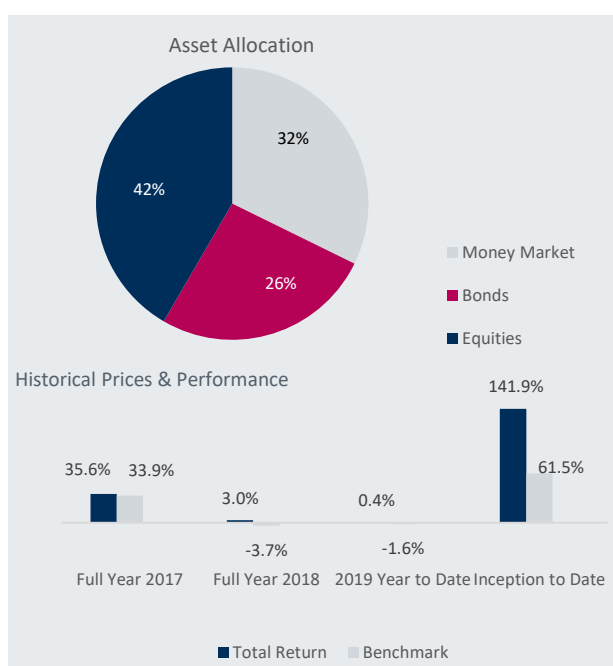
Fund Facts	
Fund Manager	Laura Fisayo-Kolawole, CFA, Kike Mesubi, CFA,
Fund launch date	1 st April 2008
Fund size	₦2.84bn
Base currency	(₦)
NAV per share	₦143.47
Minimum investment	₦50,000
Minimum holding period	90 days
Income accrual	Daily
Annual management fee	1.50%
Total Expense Ratio	1.69%
Risk profile	Medium
Benchmark	50% NSE30 25% 90day average tbill rate 25% BNGRI
Custodian	Citibank

Top 5 equity holdings	
Financial Services	22.06%
Industrial Goods	8.95%
Consumer Goods	8.33%
Telecommunications	1.39%
Agriculture	0.49%

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FBN Nigeria Smart Beta Equity Fund Overview Investment objective

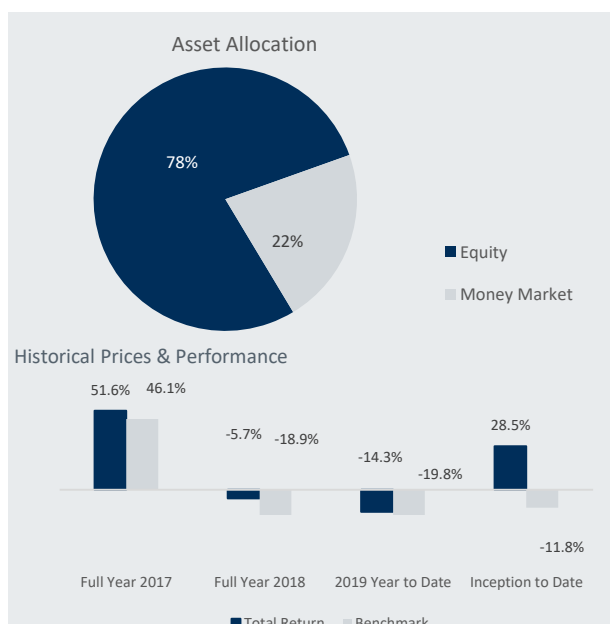
The Fund seeks to provide capital growth to investors by selecting the best twenty (20) out of the forty (40) most capitalised stocks listed on the Nigerian Stock Exchange. The Fund is desired by investors who want equities with the aim of outperforming the NSE 30 index.

Fund Facts

Fund Manager	Laura Fisayo-Kolawole, CFA, Kike Mesubi, CFA, Harrison Imonikhe
Fund launch date	4th January 2016
Fund size	₦218.32m
Base currency	(₦)
NAV per share	₦128.51
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	32.50%
Consumer Goods	16.65%
Industrial Goods	15.59%
Oil and Gas	9.04%
Hospitality	4.29%



Outlook

- With local investors still barred from buying OMO bills (in the primary and secondary market), we expect investors to continue to seek alternative investments such as bonds, real estate and possibly equity. On a positive note, this is expected to reduce the government borrowing cost. We also expect the release of more circulars by the CBN as it seeks to foster economic growth.
- We expect the ongoing border closure coupled with the newly passed minimum wage which goes into effect in December to lead to rise in inflation beyond current levels (11.6%). However, one positive we expect is the increased drive to boost local production and demand. Going forward, if the borders remain closed, we expect these effects to linger.
- Within the banking space, we expect growth in loans albeit sluggish as most banks will strive to meet the minimum Loan-to-Deposit (LDR) of 65% by end of December. However, we expect banks to remain cautious so as not to lead to a spike in Non-Performing Loans (NPLs).
- In the Fixed Income market, we expect demand pressure to persist as investors seek to invest their funds. The excess demand is expected to lead to further decline in stop rates at both the auction and secondary market. In search of higher yields, we expect PFAs and asset managers to shift their focus to bonds and other low risk instruments.
- In the equity market, we expect investors to take advantage of quality names which are currently undervalued. The dearth of fixed income securities together with high dividend yields should spur buying sentiments in the equity market.