





## MUTUAL FUND FACTSHEET

All data as at 30th September 2019 unless otherwise stated

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### Executive Summary

- Global easing was a common trend in the month as Central Banks of major economies cut interest rates. The United States of America (USA), Turkey and Egypt were among countries that cut their interest rates. The European Central Bank (ECB) also followed suit, reducing rates from -0.40% to -0.50%, further deepening the negative interest rate environment.
- China cut its banks' reserve ratio (the amount of cash banks hold as reserves with the Central Bank) by 50bps and 100bps for select banks. The move was triggered by the trade war and weakening growth in China.
- Oil price was volatile owing to an attack on Saudi Aramco facilities which effectively eliminated about 5% of global oil supply. Following the attack, the price of Brent rose about 20% within a day. However, concerns about slowing global oil demand and restoration of full production capacity by Saudi Aramco ensured the stabilization of oil prices.
- Nigeria's economy grew 1.94% y/y in Q2 2019. Although this growth was higher than Q2 2018, it is lower than Q1 2019 by 0.16%. The oil sector grew by 5.2% while the non-oil sector grew 1.7%.
- The Federal Government of Nigeria has proposed a ₦10.00trillion expenditure budget for 2020 fiscal year; this is a 12.10% increase from the previous year. The budget is based on an estimated oil price of \$55 per barrel, exchange rate of ₦305/US\$ and oil production of 2.18 million barrels per day.
- The Federal Government of Nigeria has proposed an increase in Value Added Tax (VAT) from 5.0% to 7.2%. This is expected to herald the increase in prices of processed goods and services. Although basic food items are exempt, price of processed goods and services may increase should manufacturers not absorb the cost.

Asset Class	Benchmark	1M (September) %	Year to Date %	Commentary
Money Market 	91 day T-bill	12.0	11.3	<ul style="list-style-type: none"> <li>• The treasury bills market was awash with market liquidity due to a ₦6.9bn increase in FAAC inflows and c.₦1.7trillion worth of maturities. The CBN sought to mop up the excess liquidity by conducting more frequent OMO auctions.</li> <li>• As a result, OMO stop rates inched higher by an average of 3.50%/m, a move we believe was to stem outflow. Demand was skewed to the long end of the curve due to the attractive rates.</li> </ul>
	181 day T-bill	12.4	12.4	
	364 day T-bill	13.3*	12.4**	
Fixed Income 	BNGRI***	1.2	15.9	<ul style="list-style-type: none"> <li>• The bonds market was relatively quiet during the month. Yields inched marginally higher on the mid end of the curve due to high investors' participation on the tenor. Unlike the previous month, the focus shifted from the long end to the mid end. The mid end of the curve was oversubscribed by 165.8%. The auction stop rate inched higher by 10, 4 and 5 basis points respectively across the 5, 10 and 20 year bond.</li> </ul>
	3 Year Federal Government Bond	0.9	12.8	
Eurobond 	3 Year Nigerian Sovereign Eurobond	0.1	6.2	<ul style="list-style-type: none"> <li>• The market opened the month on a bullish note leading to a drop in prices. However, this was reversed when the ECB announced the quantitative easing program which spurred an interest in Emerging Market Eurobonds. An increase in oil prices further increased buying interests.</li> <li>• Zenith Bank announced a tender offer (invitation to buy back its 2022 Eurobond). The bond was redeemed at a tender price of US\$108.5 and 78.5% of the issue was redeemed.</li> </ul>
	5 Year Nigerian Sovereign Eurobond	-0.0	9.4	
Equities 	NSEASI	0.4	-12.1	<ul style="list-style-type: none"> <li>• Negative sentiments persisted in the equity market and there was a sustained selloff. Quality names were not spared as investors continued to reduce their exposure to Nigerian equities. Airtel Nigeria was added to the FTSE 250 equity index, this had little or no effect on the Nigeria listing. On the contrary the stock declined 4.8% m/m</li> </ul>
	NSE30	5.5	-19.1	

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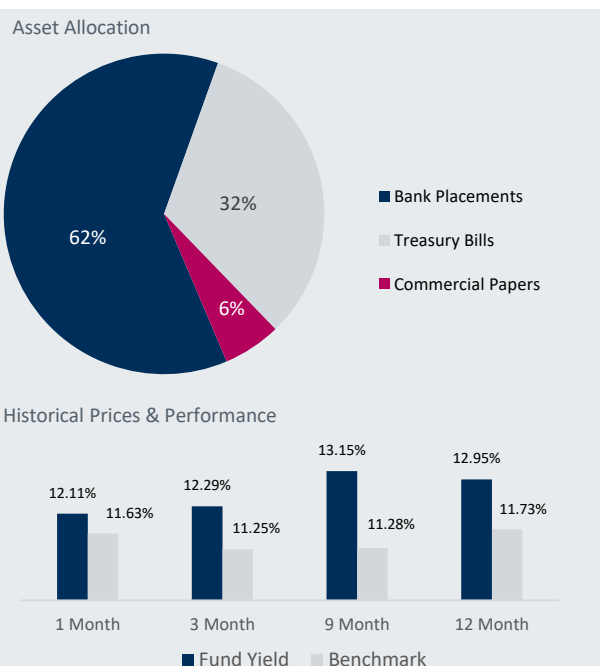
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### FBN Money Market Fund Overview

#### 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	₦155.23bn
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)

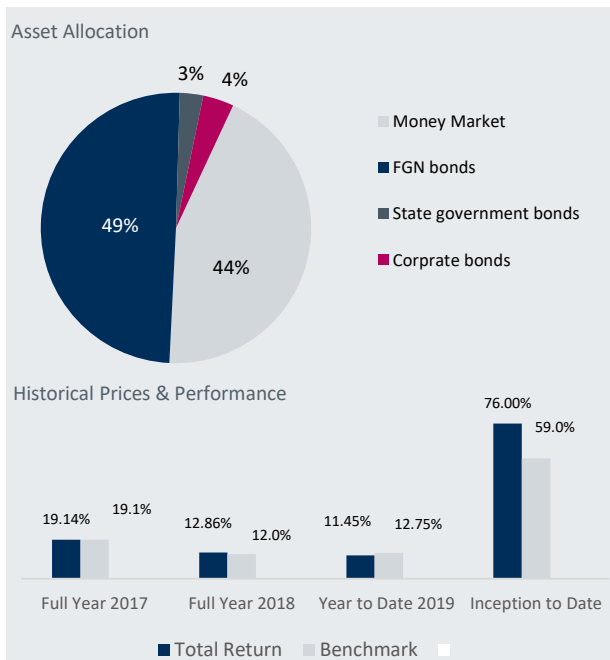


### FBN Fixed Income Fund Overview

#### 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	₦6.26bn
Base currency	(₦)
NAV per share	₦1,247.56
Minimum investment	₦50,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Semi-annually (April and October) April '19: ₦73.67
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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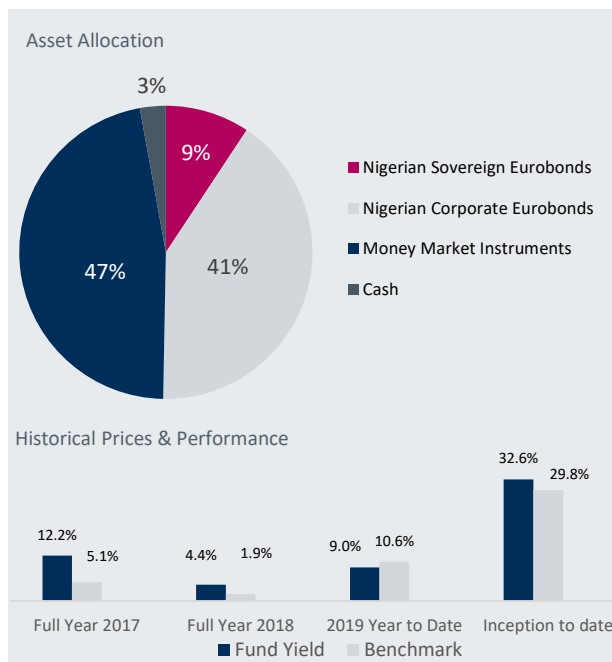
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### FBN Nigeria Eurobond Fund Overview

#### 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
Fund launch date	4th January 2016
Fund size	\$6.87mn
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$119.69 R unit class: \$120.24
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

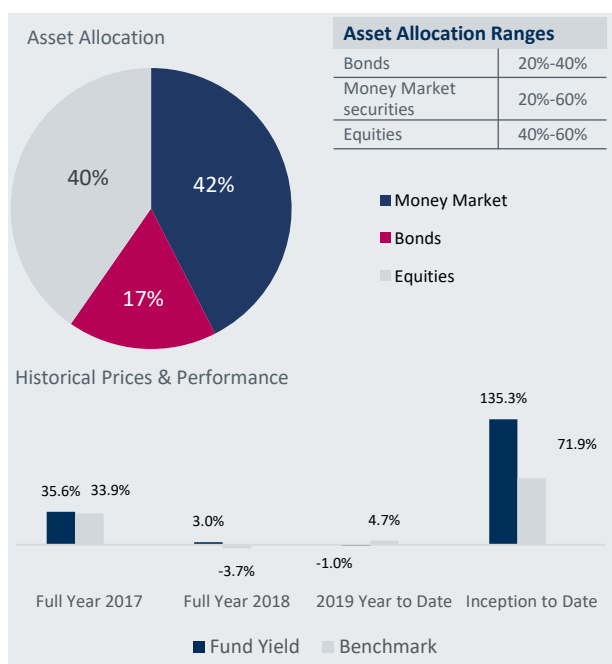
The Fund seeks to provide downside protection to investors seeking exposure to equity. The downside is achieved through investments in less risky assets such as money market instrument and bonds. The Fund invests primarily in debt instruments and shares of companies listed on an official exchange in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

Fund Facts	
Fund Manager	Laura Fisayo-Kolawole, CFA, Kike Mesubi, CFA,
Fund launch date	1 <sup>st</sup> April 2008
Fund size	₦2.81bn
Base currency	(₦)
NAV per share	₦141.41
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	20.74%
Oil and Gas	9.39%
Consumer Goods	7.89%
Agriculture	1.42%
Industrial Goods	0.62%

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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.

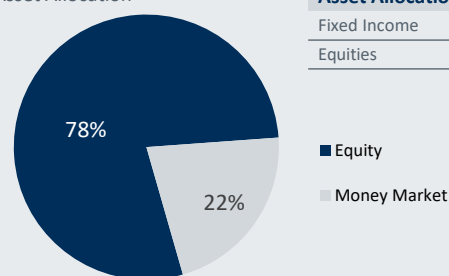
#### Fund Facts

Fund Manager	Laura Fisayo-Kolawole, CFA, Kike Mesubi, CFA, Harrison Imonikhe
Fund launch date	4th January 2016
Fund size	₦211.37m
Base currency	(₦)
NAV per share	₦124.45
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

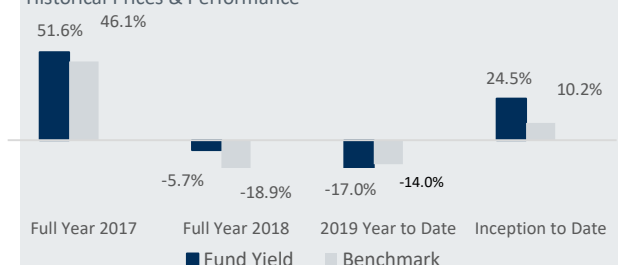
#### Top 5 equity holdings

Financial Services	30.20%
Industrial Goods	17.50%
Consumer Goods	16.10%
Oil and Gas	9.55%
Hospitality	4.50%

#### Asset Allocation



#### Historical Prices & Performance



### Outlook

- Following the attack on Saudi Arabia's oil producer, there are expectations that oil prices will inch higher. However, weak oil demand, the trade war and a bleak outlook of the global economy are factors which might hinder a sustained rally in oil prices.
- The newly constituted Economic Advisory Council (EAC) is a welcome development. We expect the committee to recommend policies that are market oriented such as removal of fuel subsidies and market driven foreign exchange rate amongst others. If and when this happens, it may just be the needed catalyst for the equity market.
- The recent comment by the CBN Governor on possible portfolio outflow should there be a cut in interest rate suggests that rates will be maintained or increased. As a result, the portfolios will be managed to take advantage of the hike should it happen.
- We see improvement on banks' non-interest revenue through transaction fees owing to the circular from the Central Bank of Nigeria imposing fines on deposits and withdrawals. On the other hand, we see further risk to banks earnings with the increase in LDR from 60% to 65%. The CBN has sterilised N499bn which is in addition to the 22.5% CRR maintained by the Apex bank. This is an estimated loss of ₦13.7bn in income over a three month period.
- UACN and its subsidiaries jointly announced recapitalization and restructuring plans. UPDC announced a rights issue to raise ₦15.96bn to settle third party related debt. This has become necessary because the interest burden is a drag on profitability and erodes dividend benefits derived from the UPDC REIT. UAC also announced an unbundling of its stake in its subsidiaries, UPDC and UPDC REIT. We view this as positive for shareholders of UAC who can choose which of the business line they want exposure to. The market responded favourably to the news as the price of UAC shares has increased by 64.8% since the announcement.