





MUTUAL FUND FACTSHEET

All data as at 30 April, 2020 unless otherwise stated

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Executive Summary

- The oil price war between Saudi Arabia and Russia ended during the month. Both countries struck a deal with other oil producing nations to slash production by 9.7 million barrels per day (10% of global production) in May and June. Although historic, we do not think it is sufficient to stabilise oil price because global demand has fallen by 20%. Oil prices barely reacted to the news as the West Texas Intermediate Crude (WTI) traded in negative territory for the first time in history during the month and Brent Crude oil price remained flat.
- The Federal Government of Nigeria proposed a revision to the 2020 budget in view of the falling oil prices and the impact of COVID-19 on the economy. If approved, expenditure will reduce by 20% to ₦10.27trillion while revenue will reduce at a faster rate of 40% to ₦5.08trillion leaving a higher deficit of ₦5.2 trillion. Given the higher deficit, it is no surprise that the federal government has approached multinational agencies for a USD\$6.9bn loan.
- One of such agencies; the International Monetary Fund approved a \$3.4 billion, a 5 year facility at a rate of 1.0% per annum. The facility will help limit the decline in our external reserves and provide financing for the budget. In similar events, the Senate revised the proportion of borrowing between domestic and international in favour of local borrowing. According to the 2020 Appropriation Act, ₦1,595 billion was approved for borrowing; ₦850billion of that from external sources. Due to the expediency of the times, the ₦850bn will now be sourced locally.

Asset Class	Benchmark	1M (April) %	Year to Date %	Commentary
Money Market 	91 day T-bill	2.1	3.1	<ul style="list-style-type: none"> Money market rates continued its downward trend in the primary and secondary market. In the primary market, rates inched lower at the two auctions in the month. Rates on the 91, 182 and 364 days declined by 0.4%, 0.8% and 0.9% m/m to close at 1.9%, 2.5% and 3.8% respectively at the last auction in the month. In the secondary market, rates also declined by 0.6%, 0.4% and 0.9% on the short, mid and long end of the curve due to high levels of market liquidity. Average system liquidity was higher by 47.7% (₦527.4bn) compared with to ₦357.0bn in March
	181 day T-bill	2.8	3.5	
	364 day T-bill	4.0*	5.1**	
Fixed Income 	BNGRI***	7.9	8.3	<ul style="list-style-type: none"> There was continued demand in the bonds market in the month. Investors in search for higher rates bought more bonds subsequently leading to falling bond yields. Yields closed lower by an average of 1.7% as a result. The teeming demand was further evidenced in the bond auction which was held during the month. The auction was oversubscribed by 459.5% (362.5% in March) as the Debt Management Office sought to raise ₦60bn but received a total subscription of ₦275.7bn. The stop rate was lower by 1.0%, 0.4% and 0.5% to close at 9.0%, 12.0%, 12.5% respectively for the maturities.
	3 Year Federal Government Bond	5.3	3.8	
Eurobond 	3 Year Nigerian Sovereign Eurobond	4.4	-19.6	<ul style="list-style-type: none"> The volatility of oil prices filtered to the Eurobond market as foreign investors further sold positions. The oil truce between Saudi Arabia and Russia affected the market positively, albeit short-lived. Slight demand was however witnessed from local investors as they bought instruments with the highest yielding tenors.
	5 Year Nigerian Sovereign Eurobond	8.4	-24.3	
Equities 	NSEASI	8.1	-14.2	<ul style="list-style-type: none"> The equity market witnessed a comeback as investors took advantage of cheap prices and reinvested their dividends. We also witnessed the release of companies first quarter results and in line with expectations that the telecommunications sector will remain strong in the face of uncertainty, MTN recorded a 16.7% increase in total revenue; driven by a 7.4% and 59.2% increase in voice and data revenue respectively. The breweries however, witnessed flattish to negative revenue growth mainly influenced by the decline in social activities due to individual isolation and the lockdown. The Tier 1 banks majorly recorded declines in their non-interest income with the exception of GTBank.
	NSE30	9.4	-16.2	

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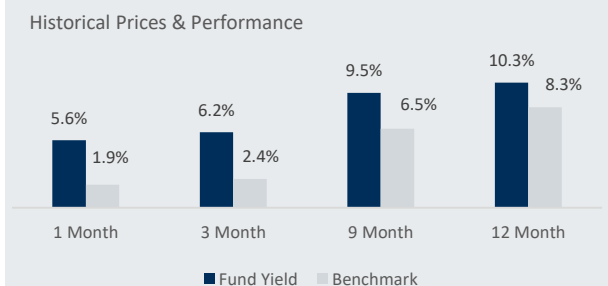
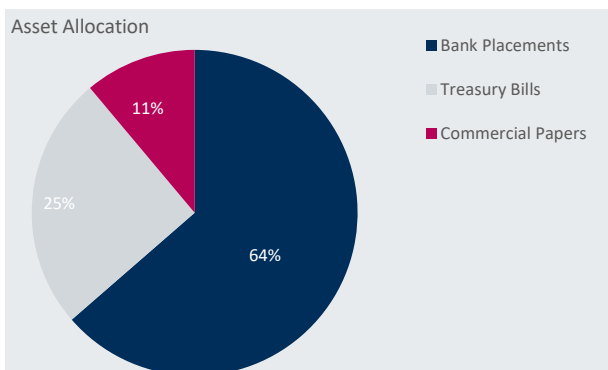
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FBN Money Market Fund Overview

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	₦237.32bn
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)

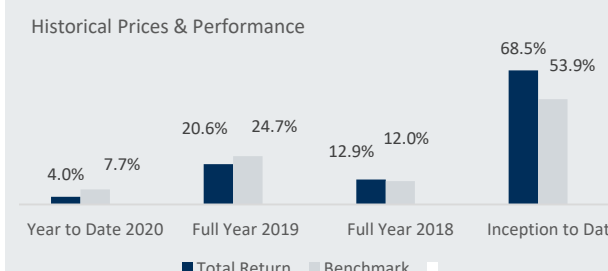
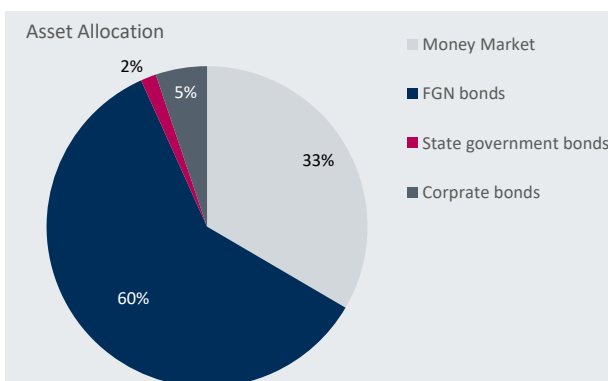


FBN Fixed Income Fund Overview

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	₦8.57bn
Base currency	(₦)
NAV per share	₦1,342.45
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



www.fbnquest.com/assetmanagement

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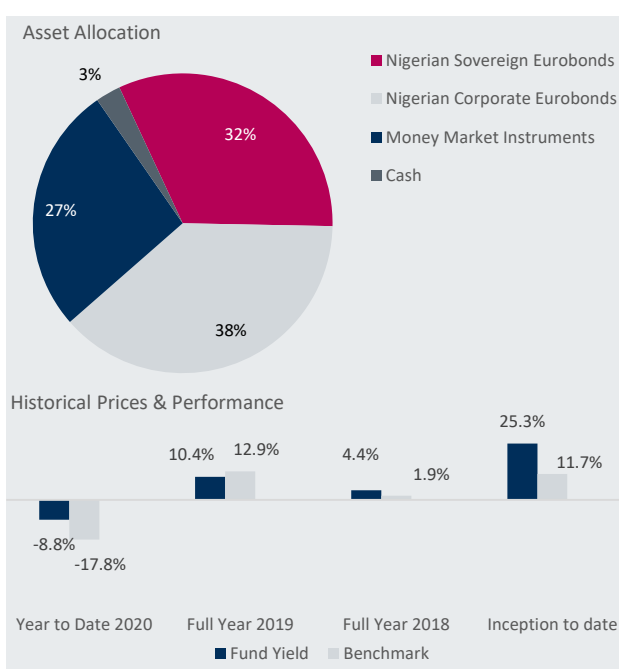
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FBN Nigeria Eurobond Fund Overview

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	\$12.91mn
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$108.76 R unit class: \$109.29
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

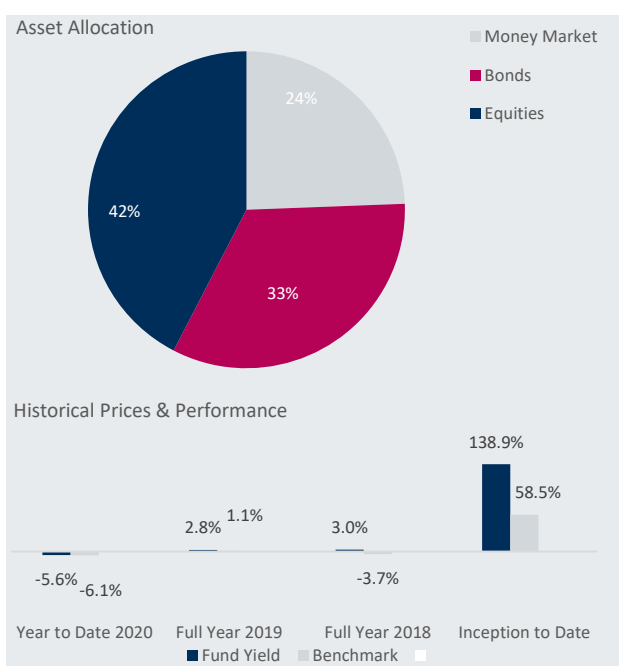
Investment objective

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	₦2.75bn
Base currency	(₦)
NAV per share	₦138.60
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	21.50%
Industrial Goods	8.34%
Consumer Goods	7.00%
Telecommunications	4.46%
Oil and Gas	0.46%

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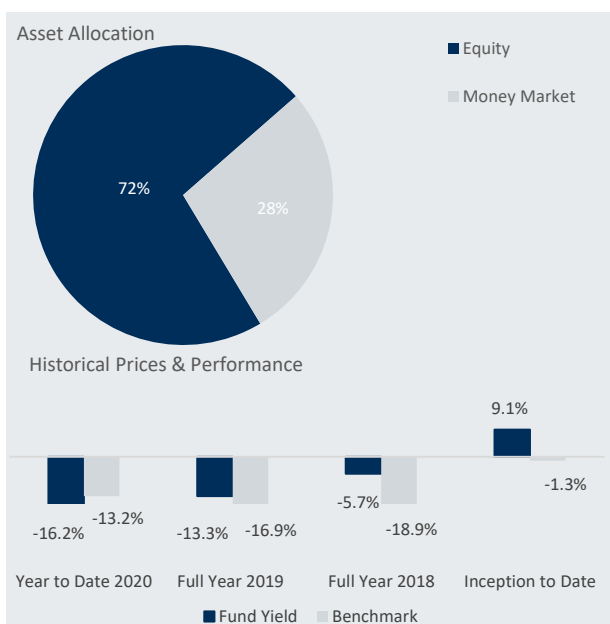
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FBN Nigeria Smart Beta Equity Fund Overview Investment objective

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	₦184.53mn
Base currency	(₦)
NAV per share	₦109.06
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	25.07%
Consumer Goods	15.10%
Industrial Goods	12.46%
Oil and Gas	9.07%
Hospitality	5.18%



Outlook

- Global economies are beginning to witness a semblance of normalcy as countries gradually lift the lockdown and business activities resume. The recommencement of global production bodes well for oil prices as it is expected to increase the demand for oil. Following the federal governments initiative to diversify the economy, we expect an increase in credit to key sectors such as but not limited to health and agriculture.
- The ₦850bn local borrowing is expected to increase supply of instruments in the market and rates as well. However given the amount of liquidity in the system, this may not happen. We do not expect rates to increase in the short term as the CBN and the federal government tackle growth.
- The Eurobond market is expected to be driven by headlines on the Corona virus and oil prices. Market sentiment will depend on whether countries are able to re-open gradually and kick-start business activity without new waves of new cases. Oil production cuts from OPEC + and other countries can provide some support but the glut in supply still exists and we do not see any significant rally in oil prices in the short term. However, the FBN Eurobond Fund continues to provide an avenue to hedge against foreign exchange risks.
- We had earlier highlighted regulation as a risk for the banking sector; not long after we did, the CBN debited banks a whopping ₦1.47 trillion being cash reserve ratio (CRR) debit. The said sum is held with the CBN at zero percent (0%). This is also coming at a time when banks are unable to create large ticket loans due to the slowing of the economy. While this is negative for the sector, some banks are better positioned to withstand this volatility. Through the FBN Balanced fund and the FBN Nigeria Smart Beta Equity fund, we seek exposure to names that have significant non-interest income and electronic banking presence.
- With the continued CBN's drive to encourage backward integration, we are constructive on some Fast Moving Consumer Good names in the areas of access to cheap loans, priority for FX funding. In addition, we will continue to cautiously build exposure to defensive names such as food and utility where we see value.