





MUTUAL FUND FACTSHEET

All data as at 31 May, 2020 unless otherwise stated

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Executive Summary

- Saudi Arabia is set to cut oil output by an extra 1 million barrels a day. Last month, the Organization of Petroleum Exporting Countries (OPEC) and its allies decided to slash oil production by 9.7 million barrels per day (10% of global production) in May and June. However, Saudi Arabia decided to cut production even further which brings the total expected production cut from Saudi alone to about 4.8 million barrels per day. The news contributed to the rally in Brent crude oil prices, as the Brent oil prices rose by 43.1% in the month to close the month at \$37.8/barrel.
- At its most recent meeting, The Monetary Policy Committee (MPC) cut the policy rate by 1.0% to 12.5% from 13.5%. This signifies an expansionary stance which is expected to curb further reduction in aggregate demand, increased cost of credit and decline in output. A major concern, however, remains the persistent increase in inflation largely due to the disruption of supply chains caused by the pandemic. Even so, the MPC remains committed to price stability. The other policy parameters remained unchanged.
- Nigeria's Gross Domestic Product (GDP) grew by 1.9% y/y in Q1 2020. The data which was released by the Nigerian Bureau of Statistics showed that the oil sector grew by 5.1% y/y while the non-oil sector grew by 1.6% y/y with the major drivers being telecommunications, financial institutions, construction and agriculture. This is a strong growth figure, however, we see it as short-lived. We expect a slowdown in the growth of the various sectors as the effects of the corona virus pandemic begins to manifest. The IMF has also forecasted a -3.4% contraction for Nigeria in 2020.

Asset Class	Benchmark	1M (May) %	Year to Date %	Commentary
 Money Market	91 day T-bill	2.1	2.9	<ul style="list-style-type: none"> • The primary market auctions continues to be heavily oversubscribed with the demand seen mainly from local investors. At the first primary market auction of the month, due to the increased allocation, rates at the auction closed at 2.5%, 2.9% and 3.8% for the short, medium and long term instruments compared to 1.9%, 2.7% and 4.0% of the previous month. • Rates in the secondary market continued to trend downwards nevertheless, instruments in the secondary market have continued to garner little interest from investors due to its unattractiveness and investors have continued to show preference for shorter duration instruments.
	181 day T-bill	2.5	3.3	
	364 day T-bill	3.9*	4.9**	
 Fixed Income	BNGRI***	2.1	10.6	<ul style="list-style-type: none"> • Increased supply of instruments in the bonds market led to an uptick in yields during the month. At the bond auction, the DMO, in line with its plan to raise additional funds in the domestic capital market, allotted more than was offered across all the tenors. The auction was oversubscribed by 608.6% with the most demand seen on the long end of the curve. Yields at the auction closed higher by 0.2% and 0.1% on the short and long end respectively while rates on the mid end closed lower by 0.3% m/m.
	3 Year Federal Government Bond	1.0	3.8	
 Eurobond	3 Year Nigerian Sovereign Eurobond	13.6	-8.9	<ul style="list-style-type: none"> • The month of May was positive for Nigerian Eurobonds due to the rise in oil prices. The market experienced buying pressure following the announcement by Saudi Arabia to implement additional oil production cuts. There was an increase in prices month on month across the entire Eurobond curve with the most increase seen on the sovereign bonds. Prices of the Nigerian 2023, 2030 and 2049 was up 12.7%, 13.8% and 10.1% respectively. For the corporate bonds, the UBA Eurobond experienced the largest price uptick at 7.6%.
	5 Year Nigerian Sovereign Eurobond	14.2	-13.6	
 Equities	NSEASI	9.8	-5.9	<ul style="list-style-type: none"> • The equity market continued to record gains in the month. The positive performance was driven mainly by increased buying sentiments particularly by local investors who sought to buy quality stocks at relatively cheap prices as yields continue to drop in the fixed income market. During the month, BUA cement also released its first results as a consolidated entity where the company recorded a 47.5% y/y increase in total revenue for full year 2019. This was mainly due to synergies driven by the merger of Obu Cement with Cement Company of Northern Nigeria.
	NSE30	11.1	-6.9	

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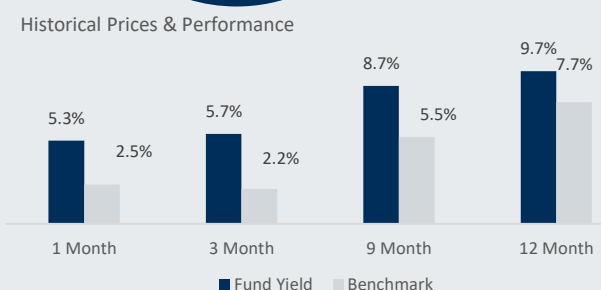
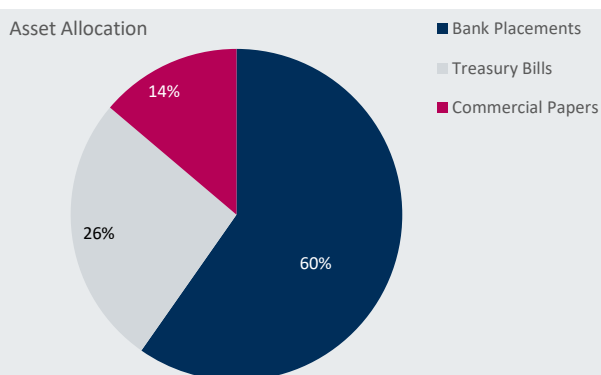
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FBN Money Market Fund Overview

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 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	₦235.92bn
Base currency	(₦)
NAV per share	₦100
Minimum investment	₦5,000
Minimum holding period	30 days
Income accrual	Daily
Income distribution	Quarterly
Annual management fee	1.25%
Total Expense Ratio	1.36%
Risk profile	Low
Custodian	Citibank
Benchmark	Average 91 day Treasury Bill (NTB) primary auction stop rates.

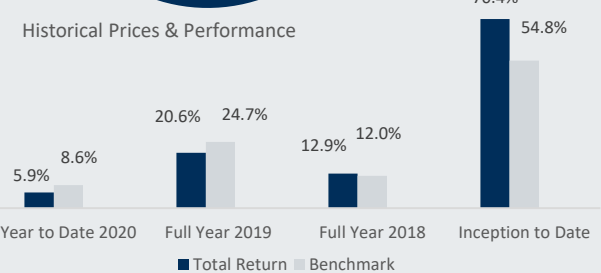
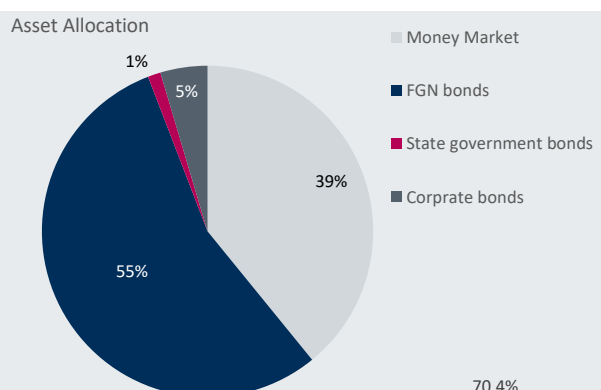


FBN Fixed Income Fund Overview

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	₦9.77bn
Base currency	(₦)
NAV per share	₦1,285.85
Minimum investment	₦50,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Semi-annually (April and October) October '19: ₦65.08 April '20: ₦80.97
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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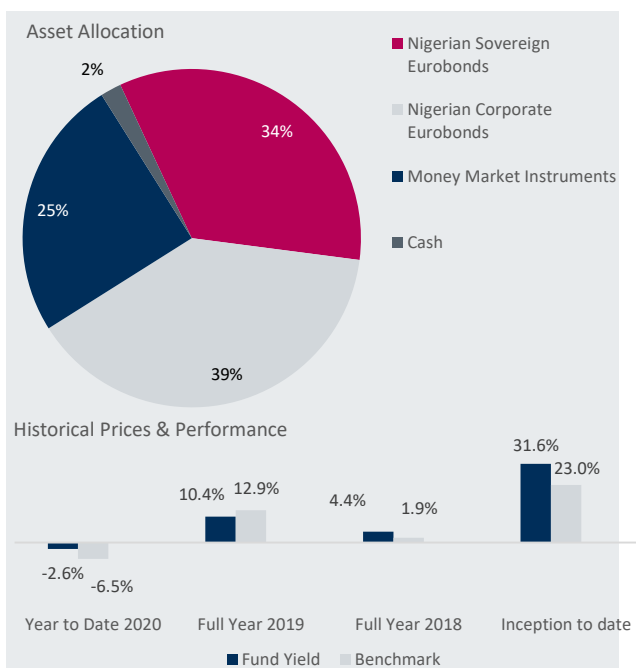
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FBN Nigeria Eurobond Fund Overview

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	\$13.47mn
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$112.36 R unit class: \$112.92
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



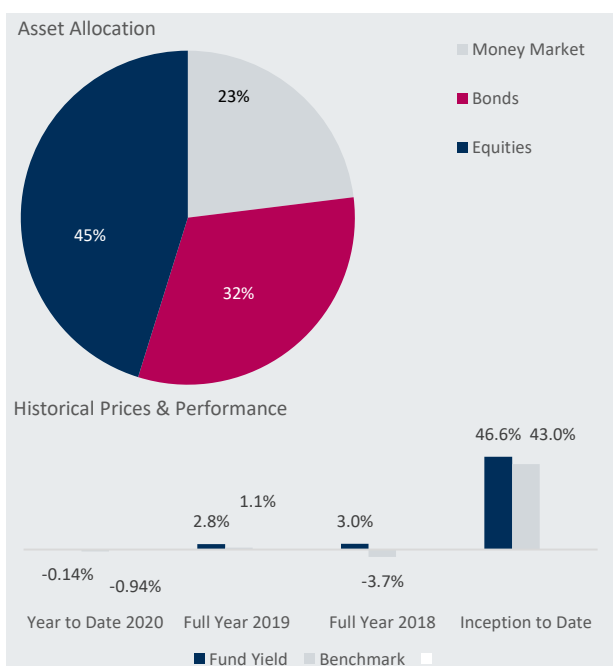
FBN Balanced Fund Overview

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, Oluwaseun Magreola
Fund launch date	1 April, 2008
Fund size	₦2.91bn
Base currency	(₦)
NAV per share	₦146.62
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	23.59%
Industrial Goods	8.87%
Consumer Goods	7.15%
Telecommunications	4.40%
Oil and Gas	0.42%



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FBN Nigeria Smart Beta Equity Fund Overview Investment objective

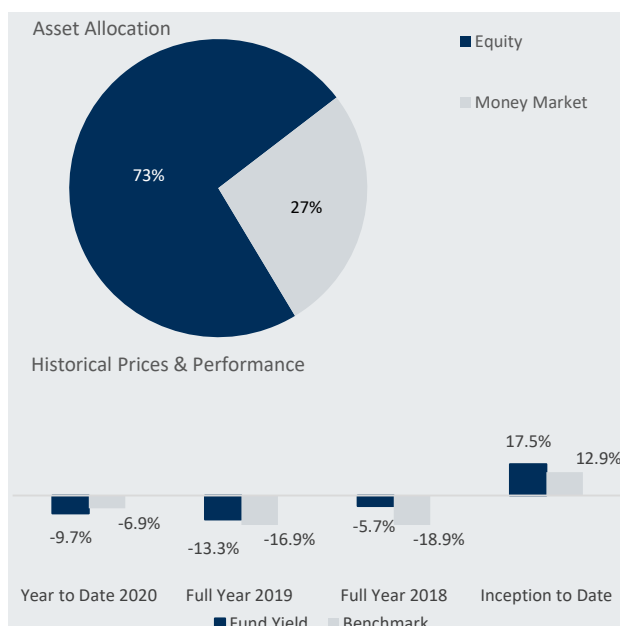
The Fund seeks to provide capital growth by selecting the best twenty (20) out of the forty (40) most capitalised stocks listed on the Nigerian Stock Exchange. The Fund is appropriate for investors who want equities with the aim of outperforming the NSE 30 index.

Fund Facts

Fund Manager	Laura Fisayo-Kolawole, CFA, Harrison Imonikhe
Fund launch date	4 January ,2016
Fund size	₦171.05m
Base currency	(₦)
NAV per share	₦100.56
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	25.80%
Consumer Goods	16.40%
Industrial Goods	11.68%
Agro Allied	9.67%
Telecommunications	4.58%



Outlook

- A positive aspect which has emanated from the easing of the lockdown and resumption of business activities has been the rally in oil prices. The cut in oil supply coupled with an increase in demand due to the initiation of production activities has also been positive for the commodity. This is further revealed in Chinese oil demand figures which showed that demand in April rebounded to 89% from its previous year figures with May figures expected to be even higher. This is an improvement from the demand point of 40% at the height of the pandemic. Although the recovery is gradual and oil might not get to its high levels of \$60/barrel for a while, we see this current rally as positive for Nigeria as oil remains our major source of revenue.
- Another effect of the rally in oil prices can be envisaged in the Nigerian Stock and Eurobond Market. Over the years, oil prices have been a catalyst for the performance of Nigerian assets and going forward, we expect this to remain the same. With OPEC and its allies advocating for an extension of the production cuts, a further rise in crude oil prices is expected. Barring any externalities such as a second wave of the corona virus pandemic, we believe that the performance of Nigerian assets will remain positive.
- The reduction in the Monetary Policy Rate is a welcome development for the Capital Markets and the DMO. Although investors will continually have to search for various form of alternative investments in order to diversify their portfolios, companies have continually taken advantage of the low interest rates to raise funds. This has caused an increase in the amount of issuances in the capital markets and we expect this to continue in the near term. We also expect a slight upwards pressure on interest rates both at the auctions and in the secondary market due to an increase in the supply of instruments as the DMO begins the financing of the budget deficit.
- We view the reduction in the Monetary Policy Rate as positive for the banks. The banking sector has been under a lot of regulation due to policies such as the loan to funding ratio and the increased CRR. However, the recent review of the MPR is set to bring about some relief as the CBN sets the interest rate on savings accounts to 30% of the MPR. This implies a 0.3% reduction from 4.1% to 3.8%. Savings account deposits represents 31.4% of banking sector deposits as at December 2019 and as such, this reduction should reduce interest expense and in turn contribute to the profitability of the banks.