

### Fund Overview

#### Investment objective

The Fund seeks to provide long-term capital growth by investing primarily in a portfolio of equities listed in Nigeria.

#### Fund facts

Fund Managers	Laura Thorpe <small>CFA</small> , Kike Mesubi <small>CFA</small> , Oluwaseun Magreola
Fund launch date	4th January 2016
Fund size	₦165.4m
Base currency	Naira (₦)
NAV per share	₦117.89
Minimum investment	₦50,000.00
Income distributions	
Annual management fee	1.50%
Risk profile	High*

#### Fund highlights

The Fund is an open ended mutual fund that invests in a diversified portfolio of high quality Nigerian companies that are domiciled in, or carrying out the main part of their economic activity in Nigeria.

In order to manage liquidity, the Fund may invest in short-term money market instruments and deposits with credit institutions may be held from time to time.

#### Fund strategy

The Fund uses a simple systematic rules-based investment strategy that is designed to capitalize on equity market inefficiencies specific to the Nigerian equity market, as established by extensive in-house quantitative research. The strategy is commonly known as smart beta investing.

The Portfolio Managers draw constituents from the largest 40 stocks (by market capitalization) and screen these stocks based on the following anomalies: value, momentum, profitability and dividend yield. Weights assigned to stocks are screen-rank-driven.

#### Investor Profile

The Fund is suitable for investors who are seeking long-term capital growth, require minimal income and can tolerate market volatility.

The Fund may be suitable for investors looking for a source of long-term capital growth and income through exposure primarily to equity securities in Nigeria. Investors in this Fund should have at least a three to five years investment horizon.

#### Benchmark

Nigerian Stock Exchange 30 Index (net of fees)

Source: FBN Capital Asset Management

\* The Fund has a 'High' risk profile given it invests the majority of its assets in equities. The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions.

^ Bid price is stated net of fees and expenses.

Holding period: 90 business days.

Past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.

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### Monthly Comments

#### Fund and market review

The Fund grew by 2.53% in April outperforming the Nigerian Stock Exchange All Share Index and benchmark which gained 0.98% and 2.04% respectively.

Listed companies released Q1 2017 results during the month and they showed signs of recovery. Within the banking sector, we saw a shift in income drivers for Tier 1 banks. It appears the banks are refocusing their strategy on core banking and moving away from revaluation gains as foreign currency supply improves. Relative to last year, interest income was a major driver of earnings with the exception of Access Bank. We view this as a positive for the sector because it reduces the volatility of income. However we are cautious of the impact of asset quality because of exposure to the oil & gas and power sector and increase in Non Performing Loans. The positive mood was extended to the consumer sector as well. We saw remarkable revenue growth; Nestle, Nigerian Breweries (NB) and Guinness Nigeria grew revenue by 69.3% y/y, 17.7% y/y and 53.6% y/y respectively. The growth was driven by a combination of price increase and volume growth. Improvement in FX liquidity during the period also boosted margin expansion.

During the month, the Central Bank of Nigeria introduced a special FX window for Investors, Exporters and End Users to transact invisible trades, bills of collections and any other trade related payment obligations. We view this as positive for the equity and fixed income market as it is expected to improve liquidity, transparency and narrow the gap between the parallel and official rate.

#### Fund and market outlook

Looking ahead, we anticipate a recovery in the equity space based on improved FX liquidity and fiscal expansion. The improvement in companies' topline growth is expected to continue. In addition, the recently approved PENCOM investment guideline should provide a boost to equities as Pension Fund Administrators increase equity allocation.

### Positioning

#### Historic prices

	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17
Bid price (₦)^	112.93	113.02	107.92	112.65	113.90	111.70	114.98	117.89

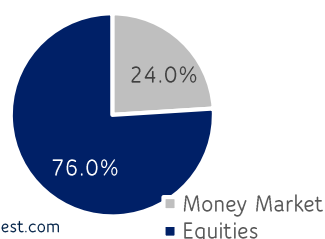
#### Top 5 equity holdings

UBA	6.16%
Mobil	5.67%
Okomu Oil	5.58%
Access	5.39%
Presco	5.34%

#### Top 5 Sector Exposure

Financial Services	22.2%
Oil & Gas	14.6%
Consumer Goods	13.1%
Agriculture	9.4%
Industrial Goods	8.0%

#### Current allocation



#### Asset allocation ranges

Fixed Income	0-25%
Equities	75-100%