

INVESTING

FBN NIGERIA SMART BETA EQUITY FUND

All data as at 31st March 2017 unless otherwise stated



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	₦158.6m
Base currency	Naira (₦)
NAV per share	₦114.98
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.

FBN Capital Asset Management RC 978831

18 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos, Nigeria

Tel: +234 (1) 2798300, + 234 (0) 708 065 3100 Email: invest@fbnquest.com www.fbnquest.com

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Monthly Comments

Fund and market review

The Nigerian Stock Exchange All-Share Index closed positive at 0.7% for the month of March and overall, the ASI contracted by -5.1% in the Quarter. The Fund grew by 2.9% for the month under review. The fund's performance compares with 1.9% for the benchmark.

The confluence of good news in the economy within the quarter such as tapering in headline inflation, slower pace of economy contraction and growth in external reserves, failed to spur positive sentiments in the equities space, as investors weighed listed Companies' full year 2016 earnings.

A few banks posted better than expected results on the backdrop of the naira devaluation. UBA's full year results show double-digit y/y growth for both revenue lines and the PBT, the bank proposed a final dividend of 55 kobo, with an implied yield of 10.5%. Zenith bank's shareholders turned down an earlier resolution by its directors to raise N100bn in additional capital at its just concluded Annual General Meeting. Zenith Bank paid a final dividend of 177kobo representing a dividend yield of 12.2%. Guaranty Trust Bank's results showed a net interest income growth of 57% y/y benefitting from volume and yield expansion in its fixed income portfolio. GTBank proposed a final dividend of 175kobo per share representing a dividend yield of 6.6%. In the Energy Space, Total Nigeria witnessed topline growth benefitting from shrinking competition in 2016 on the back of fx scarcity. Total Nigeria proposed a final dividend of 700kobo per share representing a dividend yield of 8.15%.

Fund and market outlook

The single most important catalyst in the equities space would be the quick resolution on the impasse in the foreign exchange market, as we do not foresee any significant uptick in the equities market in the short to mid-term.

Positioning

Historic prices

	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Bid price (₦) [^]	113.07	110.01	110.78	112.93	113.02	107.92	112.65	113.90	111.70	114.98

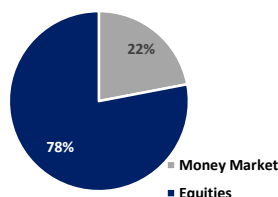
Top 5 equity holdings

UBA	6.23%
Presco	5.69%
OkomuOil	5.43%
Mobil	5.22%
Access	5.20%

Top 5 Sector Exposure

Financial Services	24.2%
Oil & Gas	19.2%
Consumer Goods	11.3%
Agriculture	11.1%
Industrial Goods	8.6%

Current allocation



Asset allocation ranges

Fixed Income	0-25%
Equities	75-100%