

MUTUAL FUND FACTSHEET

All data as at 29 October 2021 unless otherwise stated

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Executive Summary

- Global supply chains have been hit by disruptions such as container and warehouse shortages, lack of adequate truck drivers, power crunch in China which has limited factory productions, factory shutdowns and worker shortages across Southeast Asia especially in Vietnam. This has continued to push consumer prices higher as manufacturers pass on their costs to end users. The International Monetary Fund has largely concurred with assessments that current price increases will eventually ease, but noted there was high uncertainty due to inflationary risks in developed nations including the U.S. and the U.K.
- Global stocks rallied in October as investors shook off several concerns such as high inflation, slowing growth and supply chain challenges that had dampened sentiment in the previous month. After a tough September where the S&P 500 fell more than 4.00%, the benchmark jumped nearly 7.00% in October. The S&P 500 and Nasdaq clinched their best month since November 2020, advancing by 6.90% and 7.30% respectively, with the Dow Jones Industrial Average also gaining 5.80% in October. About half of the S&P 500 companies have reported third quarter results and more than 80% of them beat earnings estimates from Wall Street analysts, according to Refinitiv.
- The Federal Government of Nigeria (FGN) during the month, proposed the 2022 budget termed 'Economic Growth & Sustainability'. The budget size is pegged at NGN16.39trn for 2022 (vs. NGN13.59trn in 2021), with a revenue generation of NGN10.13trn (vs. NGN7.99trn in 2021), resulting in a fiscal deficit of NGN6.26trn (vs. NGN5.60trn in 2021). Key budget parameters include Oil price benchmark of USD57 per barrel, Oil production of 1.88 million barrel per day (mbpd), Exchange rate of NGN410.15/USD, GDP growth rate of 4.20% and inflation target of 13.00%. The budget deficit is expected to be financed from both domestic and foreign sources in the ratio 50:50.
- In the month, the Central Bank of Nigeria unveiled Nigeria's digital currency (eNaira), which is now operational and accessible for download, putting Nigeria in the lead as Africa's first country with a functioning Central bank digital currency. The eNaira will be a complementary legal tender in Nigeria, having the same exchange value as the naira and also serving as a medium of exchange and a store of value. It also seeks to improve financial inclusion and retail transactions, ensure transparency and fraud management amongst other benefits.

Asset Class	Benchmark	1M (October) %	Year to Date %	Commentary
 Money Market	91-day T-bill	2.50*	2.10**	Money market rates ended the month in double digits as Open Buy Back (OBB) and Overnight (OVN) closed at 18.00% and 18.25% respectively, bringing average rates to 18.25%. At the primary market auction for treasury bills, the Debt Management Office (DMO) under-allotted the 91-day and 182-day papers while over allotting the 364-day paper at the two auctions conducted in the month. More so, the 364-day stop rate marked lower to 7.25% at the first auction of the month and then subsequently to 6.99% at the second auction, while the 91-day and 182-day were maintained at 2.50% and 3.50%. This is in contrast to September primary market auction where the 364-day paper stop rate was pegged up to 7.20% and then 7.50%. This led to a decline in the 364-day yield to about 6.8% in the secondary market as investors sought to book unfilled bids following the auction. Ultimately, average treasury bills yield closed at 5.48% in the month.
	181-day T-bill	3.50*	3.19**	
	364-day T-bill	7.12*	7.23**	
 Fixed Income	S&P/FMDQ Nigeria Sovereign Bond Index	0.73	-15.19	Similar to previous month, the bond market witnessed mixed sentiments as buy activities filtered into some instruments while others were met with sell activities. Coupon payments of about NGN204.80bn came in during the month, prompting some demand side activities around the mid and long end of the curve especially the 2029s, 2030s, 2045s and 2049s and 2050s bond instruments. At the primary market auction in the month, the DMO underallotted the 2026 instrument (NGN44.08bn from NGN50.00bn offered), while the 2037 and 2050 papers were overallotted (NGN52.07bn and NGN95.24bn from NGN50bn offered each). Overall investor participation was strong as the instruments on offer were 1.88x oversubscribed, while stop rates edged higher at 11.65%, 12.95% and 13.20% respectively for the 2026, 2037 and 2050.
	3 Year Federal Government Bond	3.07	-11.87	
 Eurobond	3 Year Nigerian Sovereign Eurobond	-1.41	2.46	It was a bearish month in the Sub Saharan African (SSA) Eurobonds market as sell activities dominated the market with yields edging up across Sovereign instruments. Average FGN Eurobond yields increased by 108bps month on month closing at 6.56% in October. The Ghanaian Eurobond market has witnessed risk-off sentiment as concerns surrounding the nation's weak fiscal metrics and debt profile has caused apathy towards the Nation's Eurobonds. Consequently, the spread between the Ghanaian Eurobond yields have been significantly wider than those of its other African peers (up to 200bps), with an inversion in its yield curve which signals a bleak economic outlook of the country. The other SSA Eurobonds like the Angolan and Kenyan instruments also witnessed sell-activities in the month.
	5 Year Nigerian Sovereign Eurobond	-1.75	2.27	
 Equites	NSEASI	4.52	4.39	The Nigerian equities market continued its bullish streak as the All Share Index ticked up by 4.52% in the month to close at 42,038.60pts, bringing the year to date return to a positive of 4.39%. The positive market performance could be attributed to the continued bargain activities on cheap counters, as well as share price movements on FBNH (as competing shareholders acquired substantial shareholdings in the bank) and the spread effect on the other banking tickers. Consequently, the banking index emerged the best performer (+10.66%) in the month with gains in FBNH (+37.27%), ETI (+64.81%), UBA (+13.91%), FIDELITYBK (+12.55%), ZENITHBANK (+7.68%) etc. The consumer goods sector on the other hand, reported the least gain in the month (+0.14%). Overall top gainer for the month was UPL (+76.42%), while REGALINS was the biggest loser in the month (-15.91%).
NSE30	4.34	6.52		

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An FBN Holdings Company

** Average of Nigerian treasury bill auction from the beginning of the year

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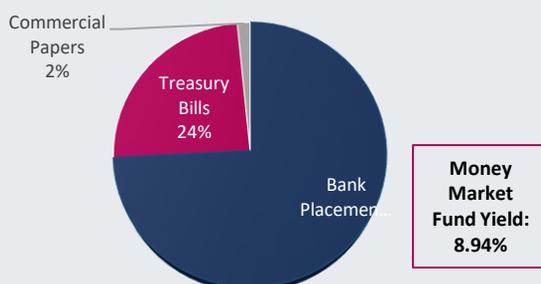
FBN Money Market Fund Overview

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	₦158.06bn
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.

Asset Allocation



Historical Prices & Performance



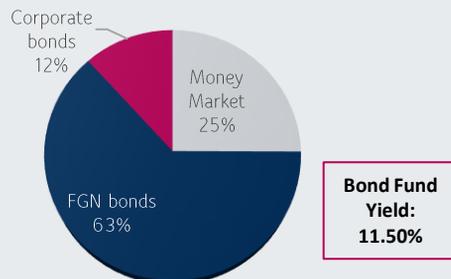
FBN Bond Fund Overview

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	₦35.37bn
Base currency	(₦)
NAV per share	₦1,436.15
Minimum investment	₦50,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Annually
Total Expense Ratio	1.23%
Annual management fee	1.50%
Risk profile	Low-Medium
Custodian	Citibank
Benchmark	70% 3Year FGN Bond 30% Average 91-day Tbill rate
Weighted portfolio duration	2-3 years

Asset Allocation



Historical Prices & Performance



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FBN Dollar Fund Overview

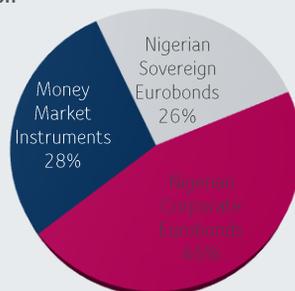
Investment objective

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

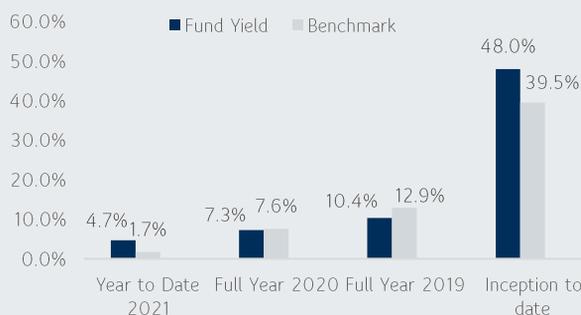
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA
Fund launch date	4 January 2016
Fund size	\$19.90mn
Base currency	US Dollars (\$)
Unit classes	R unit class: Retail
NAV per share	\$127.13
Minimum investment	\$1,000
Minimum holding period	180 days
Risk profile	Medium
Income distribution	Annually
Benchmark	70% 3 Year FGN Bond 30% Average 1yr US Tbill rate
Total Expense Ratio	1.68%
Weighted portfolio duration	1-2 years

Asset Allocation



Dollar Fund Yield: 4.05%

Historical Prices & Performance



Annualized return of 5.60%

FBN Halal Fund Overview

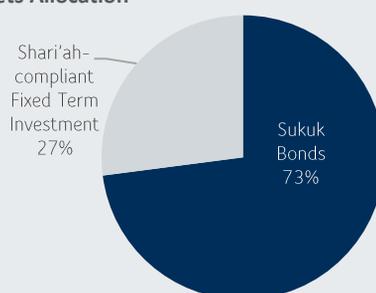
Investment objective

The Fund is designed to provide long-term income generation by investing in Shari'ah compliant instruments such as Sukuks, Ijarah (Lease), Murabaha (Cost plus mark-up) and Mudarabah (Working Partner) contracts.

Fund Facts

Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA.
Fund launch date	4 May 2020
Fund size	₦4.68bn
Base currency	(₦)
NAV per share	₦102.91
Minimum investment	₦5,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Semi-annually (April and October)
Total Expense Ratio	1.70%
Risk profile	Low-Medium
Custodian	Standard Chartered
Benchmark	FGN 3 Year Benchmark Bond

Assets Allocation



Halal Fund Yield: 9.31%

Historical Prices & Performance



Annualized return of 4.81%

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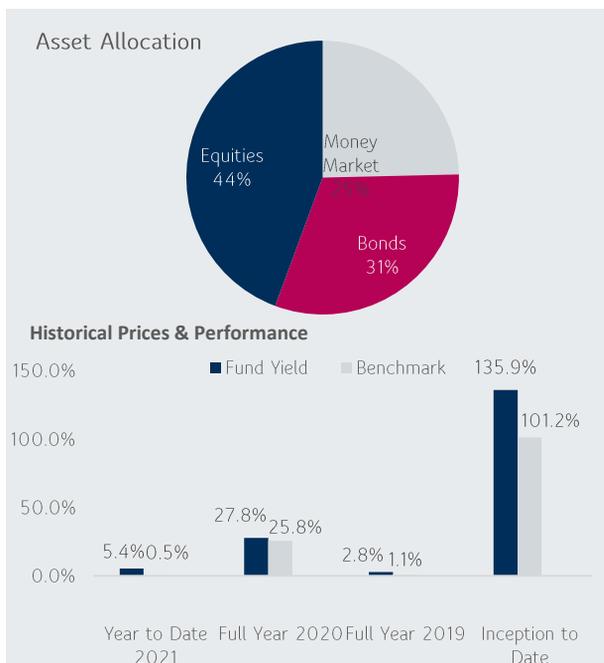
FBN Balanced Fund Overview

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, Harrison Imonikhe
Fund launch date	1 April 2008
Fund size	₦4.23bn
Base currency	(₦)
NAV per share	₦198.30
Minimum investment	₦50,000
Minimum holding period	180 days
Income accrual	Daily
Annual management fee	1.50%
Total Expense Ratio	1.69%
Risk profile	Medium
Benchmark	40% NSE30 40% 5 year FGN bond 20% 90day average Tbill rate
Custodian	Citibank

Top 5 equity holdings	
Financial Services	14.45%
Consumer Goods	11.87%
Telecommunications	4.30%
Industrial Goods	5.22%
Agriculture	5.25%



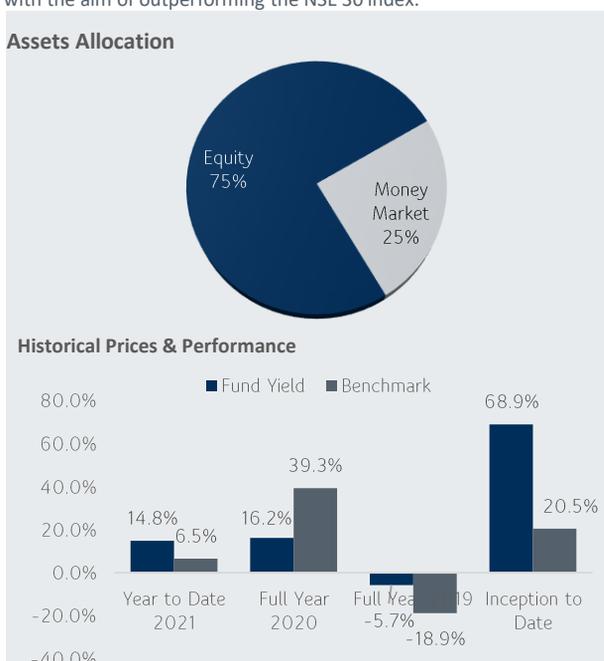
FBN Smart Beta Equity Fund Overview

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, Oyelekan Olorunkosebi CFA
Fund launch date	4 January 2016
Fund size	₦365.65mn
Base currency	(₦)
NAV per share	₦173.40
Total Expense Ratio	1.63%
Minimum investment	₦50,000
Annual management fee	1.50%
Risk profile	High
Benchmark	NSE 30
Custodian	Standard Chartered Bank

Top 5 equity holdings	
Financial Services	33.30%
Consumer Goods	14.68%
Agriculture	13.66%
Telecommunications	7.62%
Industrials	13.66%



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Outlook

- November kicks off with key meetings by several Central bank Committees like the Federal Reserve, the Bank of England, and others, where decisions on policy measures will be reached. The US Fed at its meeting, announced they will begin curbing the pace of the monthly bond buying program later in November, paring back by USD15bn monthly (USD10bn in treasuries and USD5bn in mortgage backed securities) till mid 2022. The move was in line with market expectations following hints by the Fed that it would begin winding down the Quantitative easing (QE) program that accelerated in March 2020 in response to the Covid 19 pandemic. We do not expect this to wane off positive investor sentiment in the global equities market even as immediate reaction to the Fed's hawkish move could spell upticks in treasury yields.
- The equities market, especially the banking stocks have gained consistently in past weeks as market participants continue to seek bargain opportunities. While investors continue to bask in the euphoria of the market rally, we do not rule out profit taking on tickers that have significantly appreciated thus far.
- We expect system liquidity in November to be tight as inflows (bond coupons - NGN23.49bn, NTB maturities - NGN261.21bn) are considerably lower than previous months. Thus, money market rates are poised to remain at double digit levels as witnessed in October. For the fixed income market, we expect demand on instruments to persist even as Portfolio Managers prepare to tidy up their books to close out for the year.
- The Eurobonds market was downbeat in October with several instruments across the Sovereigns trading at significant discounts to par, sending yields higher during the period. As investors continue to shrug off gains in oil prices, the market remains susceptible to risk off sentiment from the US Fed adjusting key policy measures, as well as the contagion effect from other downbeat African sovereigns.

Terms and Conditions

- Redemption period: 3 - 5 business days.
- No additional charges are applied on redemption. However, units redeemed earlier than the minimum holding period will incur a processing fee of 20% on the income earned on the value of such redemptions.
- The Funds range from 'Low-High' risk profile depending on what security it is invested in. The value of securities may change significantly depending on economic, political, inflationary and interest rate conditions.
- Bid prices and yield to maturity are stated net of fees and expenses with dividends reinvested (where applicable).
- The yield to maturity (YTM) is the rate of return anticipated on the portfolio if the current bonds in the portfolio were held until the end of their lifetime. YTM is an annualised rate and takes into account the current market price, par value, coupon interest rate and time to maturity for each bond in the portfolio. It is also assumes that all coupon payments are reinvested at the same rate as the bond's current yield.
- 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