


MUTUAL FUND FACTSHEET

PUBLIC

All data as of 30 September 2022 unless otherwise stated

Executive Summary

- Stagflation continues to stalk the global economy. Many countries may well slide into recession while posting target-busting inflation figures. Europe is particularly hard-pressed given the proximity of the conflict in Ukraine and its debilitating effect on gas prices. During the month, the European Central Bank (ECB) increased policy rates by 75bps—the largest increase in its history—as both headline and core CPI inflation rose in August, to 9.10% (YoY) and 4.30% (YoY) respectively. Similarly, the U.S. Fed further hiked its key interest rate by 75bps, at its recent FOMC meeting, in a bid to offset the increase in inflation.
- Not just Europe and the Americas are in a difficult situation, we equally see mounting pressure in the Asia-Pacific regions. In Japan, pressure from the growing cost of living, a COVID-19 resurgence, and lingering supply constraints weighed on the growth momentum. In September, the manufacturing PMI declined from 51.5 in August to 50.8, while the services index slid back into contractionary territory for the second consecutive month.
- Against this backdrop risk assets continue to be beat down, with major market indexes closing in negative territory. In the U.S. equities market, the Dow Jones Industrial Average (US) and S&P 500 (US) closed the month lower at -5.84% and -6.26% apiece. Similar performance was observed with the FTSE 100 (UK), the DAX (Germany) and Nikkei 225 (Japan) closing the month in negative territory at -5.20%, -4.32% and -5.08% respectively.

Asset Class	Benchmark	1M (September) %	Year to Date (%)	Commentary
Money Market 	91-day T-bill	5.83*	2.85**	Despite improved system liquidity stemming from a dose of healthy bond coupon inflows and inflow from FAAC allocation (NGN673.10bn), money market rates remained elevated towards the end of September. Debits from scheduled bond auctions and NTB auctions squeezed the system of funding. As a result, interbank rates settled at 16.00% levels by the end of the month, from 13.80% in August. September saw three scheduled treasury bill auctions. In line with the market's expectation of an uptick in stop rates, following the uptick in inflation levels (July: 19.64% vs. August: 20.52%), the state of system liquidity, and the monetary authority's decision to review its key policy rate upward to 15.50% from 14.00%, rates closed higher compared to stop rates in the previous month. The stop rates on the 90-day, 182-day and 364-day treasury bills settled higher at 6.49% (+2.49%), 7.50% (+2.50%) and 12.00% (+3.50%) respectively.
	181-day T-bill	6.45*	3.99**	
	364-day T-bill	10.58*	6.37**	
Fixed Income 	S&P/FMDQ Nigeria Sovereign Bond Index	-0.49	4.33	Following the uptick in yields at the previous auction in August, markets traded sideways in anticipation of even higher yields at September's auction. Participation remained elevated with subscriptions totaling NGN246.43bn across instruments offered. Bid to cover ratios were weak on the 2025 (0.58x) and 2032 (0.76x) instruments. The 2037 bond, however, received more interest with the bid-to-cover ratio at 1.94x. The Debt Management Office allotted NGN229.20bn, slightly higher than its initial offer by NGN21.43bn. Stop rates settled higher at 13.50%, 13.85% and 14.50% on the 2025, 2032 and 2037 bonds. Post the auction, yields trended upwards in the secondary market as investors repriced instruments in line with the auction result. Consequently, the average yield on bonds settled higher at 13.78% as of September 30, 2022, from 13.04% at the start of the month.
	3 Year Federal Government Bond	-0.30	2.40	
Eurobond 	3 Year Nigerian Sovereign Eurobond	-1.85	-13.12	The bearishness persisted in the Sub-Saharan African (SSA) Eurobond space as investors maintained a risk-off approach towards Eurobonds of emerging and frontier economies. The weakness was driven by the unchanged stance of the U.S. Fed and the resultant impact of the Russia-Ukraine crisis on oil prices. The average yield on the Nigerian sovereigns closed at 13.86% as of September 30, 2022, from 12.55% in August, with longer duration bonds bearing the brunt of the bearish sentiment. The sentiment was not helped by the rate hike announcement by the U.S. Central bank (75bps) and Bank of England (50bps), amongst others.
	5 Year Nigerian Sovereign Eurobond	-1.94	-13.97	
Equities 	NGXASI	-1.63	14.77	The Nigerian equities market maintained its bearish performance in September, with the All-Share index closing the month lower at 49,024.16pts (August: 49,836.51pts), shedding 1.63% off its value. As a result, the market's year-to-date return moderated to 14.75% as of September 30, 2022. The selling frenzy was sector agnostic, with the insurance sector (-6.45%) leading the pack for the month. The oil and gas sector (-4.48%) followed closely, ending the month on a negative note. The sustained selloffs in the equities market can be attributed to the rising interest rates in the fixed income market, following the inflationary trend, the recent hike in the interest rate by the Monetary Policy Committee to 15.50% (+1.50%), and the budding apathy for risk assets in the build-up to the 2023 general elections.
	NGX30	-1.68	1.43	

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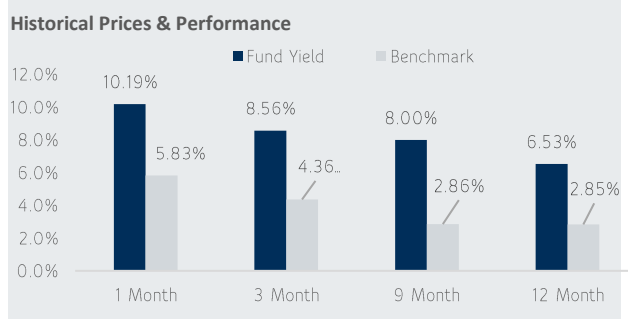
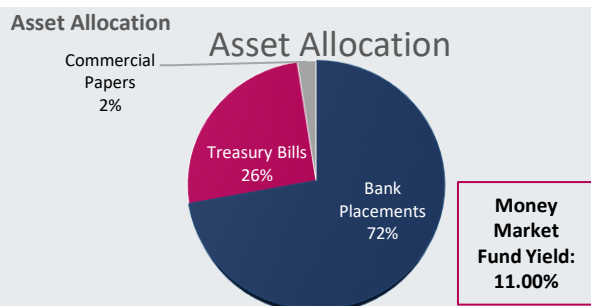
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FBN Money Market Fund Overview

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	₦142.20bn
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.

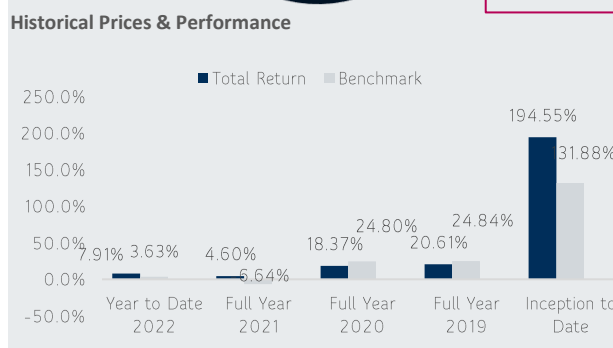
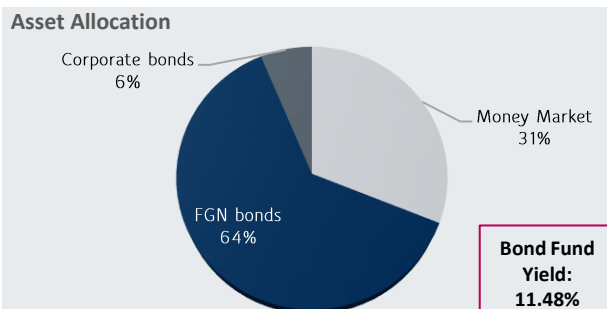


FBN Bond Fund Overview

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	₦66.57bn
Base currency	(₦)
NAV per share	₦1,510.04
Minimum investment	₦50,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Annually
Total Expense Ratio	1.23%
Annual management fee	1.00%
Risk profile	Low-Medium
Custodian	Citibank
Benchmark	70% 3Year FGN Bond 30% Average 91-day Tbill rate
Weighted portfolio duration	2-3 years



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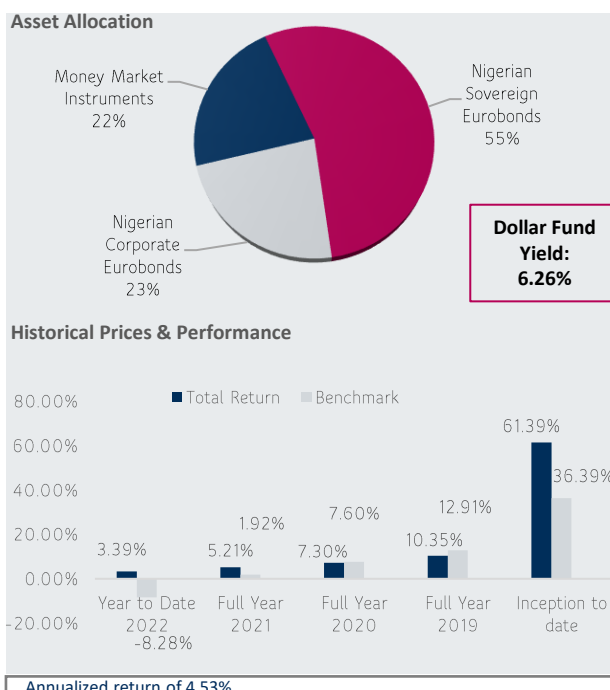
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FBN Dollar Fund Overview

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	\$28.41mn
Base currency	US Dollars (\$)
Unit classes	R unit class: Retail
NAV per share	\$125.60
Minimum investment	\$1,000
Minimum holding period	180 days
Risk profile	Medium
Total Expense Ratio	1.68%
Management fees	1.50%
Income distribution	Annually
Benchmark	70% 3 Year FGN Bond 30% Average 1yr US Tbill rate
Custodian	Standard Chartered Bank
Weighted portfolio duration	1-2 years

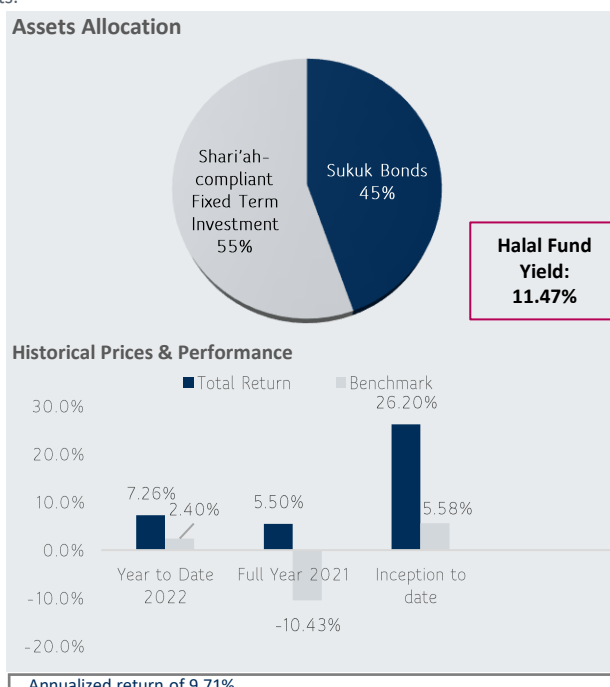


FBN Halal Fund Overview

Investment objective

The Fund is designed to provide long-term income generation by investing in Shari'ah compliant instruments such as Sukuku, 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	₦6.84bn
Base currency	(₦)
NAV per share	₦124.02
Minimum investment	₦5,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Semi-annually
Total Expense Ratio	1.70%
Management fees	1.50%
Risk profile	Low-Medium
Custodian	Standard Chartered Bank
Benchmark	FGN 3 Year Benchmark Bond



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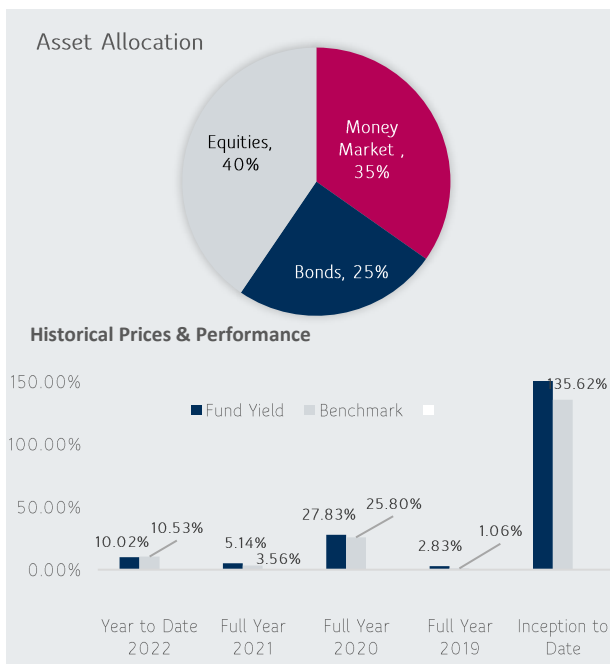
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FBN Balanced Fund Overview

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
Fund launch date	1 April 2008
Fund size	₦4.72bn
Base currency	(₦)
NAV per share	₦192.82
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	15.71%
Telecommunications	8.55%
Agriculture	3.75%
Oil and Gas	6.28%
Healthcare	3.75%

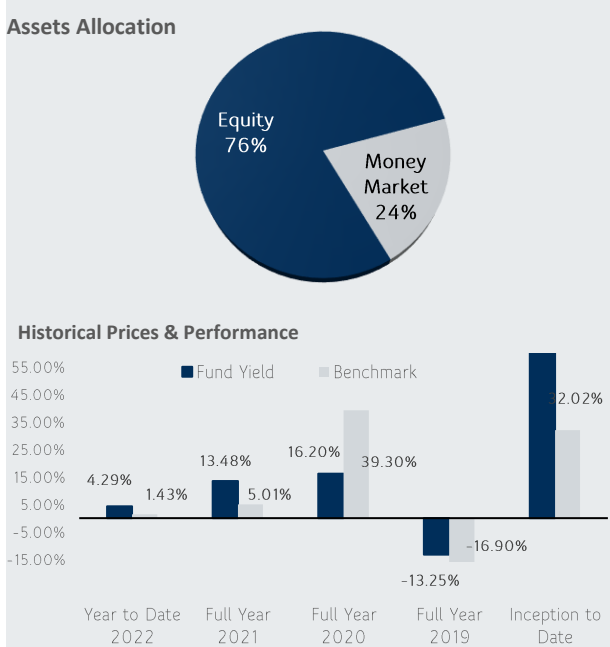


FBN Smart Beta Equity Fund Overview

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
Fund launch date	4 January 2016
Fund size	₦366.29mn
Base currency	(₦)
NAV per share	₦156.55
Total Expense Ratio	1.63%
Annual management fee	1.50%
Minimum investment	₦50,000
Risk profile	High
Benchmark	NSE 30
Custodian	Standard Chartered Bank
Top 5 equity holdings	
Financial Services	43.63%
Agriculture	11.70%
Consumer Goods	9.81%
Oil & Gas	7.08%
Construction	3.65%



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Outlook

- The global economic outlook is deteriorating due to inflation-fighting efforts by central banks, the war between Russia and Ukraine, and China's prioritization of political control over economic growth. A global recession is likely, with at least slower economic growth virtually certain. While we expect the US recession to be induced by aggressive monetary policy tightening in response to elevated inflation in the near term, we expect the recession in Europe will reflect surging energy prices and rationing.
- Equities (NGN) – In the coming month, we expect more selloffs to dominate market activities. On one hand, the build-up to the 2023 election is expected to keep foreign investors at bay. Similarly, the growing attractiveness of yield in the fixed income environment is expected to draw more capital from the equities market as investors lock in rates at attractive levels. This should see the equities market trade with a bearish undertone.
- Fixed Income (NGN) – On fixed income instruments, we expect yields across the treasury bills and bond spaces to continue to trend upwards in tandem with the high inflation environment and declining system liquidity (October: NGN646.52bn vs. September: NGN731.99bn). In the FX space, we are unlikely to see material FX reforms capable of improving the country's FX conundrum.
- Eurobonds – Asides country-specific challenges, to be resolved by individual economies, we expect the SSA Eurobond market to maintain the bearish trend in the month ahead, as the end of the US Fed's hawkish policy, and by extension, rate hikes, is not within sight. Nonetheless, we expect the selloffs to present re-entry opportunities for long-term investors.

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 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