

FBN Mutual Funds Factsheet

All data as of 31st July 2023 unless otherwise stated

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Executive Summary

The International Monetary Fund (IMF) revised the global growth for 2023 to 3.00% up from its previous forecast of 2.80%. Nevertheless, this indicates a slower rate of economic growth compared to the 2022 rate of 3.50%. The forecast of slower growth is primarily the result of the hawkish policy stance of global central banks.

In Q2:2023, GDP readings for the United States (US) and Euro Zone declined but remained positive at 1.80%, and 0.30%, from 2.60% and -0.10% while the GDP for China increased from 4.50% to 6.30% in Q1:2023. The GDP outings can be linked to declining inflationary pressure and low base effect from the previous quarter.

Price pressures continued their downward trend as the US, the Euro Zone, and the United Kingdom recorded a decline in inflation from 4.00%, 6.10%, and 8.70% in May to 3.00%, 5.50%, 7.90% in June on the back of falling energy prices.

Nonetheless, the European Central Bank and the US Federal Reserve increased interest rates by 25bps each to 3.75% and 5.25% apiece.

The National Bureau of Statistics (NBS) for Nigeria reported a surge in the country's headline inflation which increased to 22.79% in June from 22.41% in May following an uptick in food inflation (25.25% vs. 24.82% in May) and core inflation (20.27% vs. 20.06% in May) To curb inflation, the Monetary Policy Committee (MPC) voted to increase the interest rate by 25bps to 18.75% at its meeting held in July.

During the month, Capital importation into Nigeria decreased by 28.0% YoY to USD1.13 billion in Q1:2023 (vs. USD1.57 bn and USD1.06 billion in Q1:2022 and Q4:2022). The weakness can be attributed to the high interest environment within Nigeria as a result of the country's ambiguous foreign exchange regime, weak macroeconomic conditions, high interest rates in the global space amidst heightened global uncertainties.

However, on a quarterly basis, capital importation rose by 6.78% to USD 1.13 bn in Q1:2023.






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Asset Class	Benchmark	1M (July)%	Year to Date (%)	Commentary
Money Market 	91-day T-bill	4.43*	3.41*	<p>In July, interbank market rates remained within single-digit levels save for the third week where double-digit levels were recorded because of a negative liquidity position. Hence, the Open Buyback rate and the Overnight Lending rate declined to 0.92% and 1.42% respectively (vs. 1.36% and 2.00% in June). In the fixed-income markets, system liquidity dictated the movement in average yields and stop rates. Hence, the average yield in the treasury bills market settled at 6.26% on the 12th of July when liquidity was NGN849.86 trn and closed at 7.12% in July (27th July liquidity: NGN 683.56bn) from 6.35% in June. During the month, the CBN held two treasury auctions with stop rates increasing across all the instruments at the last auction. The stop rate on the 91-Day (6.00%), the 182-Day instrument (8.00%), and the 364-Day instrument (12.00%) rose from 2.86%, 3.50%, and 5.94% respectively in June. The allotment of funds at higher rates is attributed to the decline in liquidity during the auction held on the 26th of July (NGN 279.64bn).</p>
	181-day T-bill	5.75*	5.19*	
	364-day T-bill	9.05*	8.89*	
Fixed Income 	S&P/FMDQ Nigeria Sovereign Bond Index	1.95	8.31	<p>This month, the system liquidity position in the money market drove the bearish sentiment in the bond market as the average yield in the secondary bond market rose to 13.10% at the end of the month from 12.38% at the previous month. During the month, the Debt Management Office offered NGN360.00bn and allotted NGN656.74bn across four instruments at the bond auction against a subscription of NGN945.14bn. The total subscription at the auction was 2.63x the total offered amount from 1.76x at the bond auction held in July. Consequently, the stop rate for 2029 (13.90%), 2033 (14.70%), 2038 (15.45%), and 2053 (15.70%) declined to 12.50%, 13.60%, 14.10%, and 2053 14.30% respectively.</p>
	3 Year Federal Government Bond	-7.14	8.92	
Eurobond 	3 Year Nigerian Sovereign Eurobond	3.03	10.55	<p>This month, the market closed in a positive mood as investors' sentiments were sustained by the credit facility extended by the International Monetary Fund (IMF) Executive Board to member countries such as Kenya, Rwanda, and Ghana. The various strategies for the use of the loans also spurred the bullish mood in the market. On the domestic scene, the pro-growth stance of the new administration sustained the previous' month bullish sentiment for the majority of the month. The president also addressed the country and introduced new strategies to improve the manufacturing sector, the agriculture sector, and consumers weakening pockets. This is likely to keep investors' mood positive in the next month especially if the policies are enacted immediately. At the end of the month, the average yields on the Nigerian sovereigns trended up to 13.38% from 13.25% in June.</p>
	5 Year Nigerian Sovereign Eurobond	4.19	15.28	
Equites 	NGXASI	5.53	25.53	<p>The local bourse remained bullish in the month of July as the NGX-ASI index and the NGX 30 closed up at gained 6.71% MoM and 7.67% MoM respectively while the YTD returns settled at 25.53% (NGX-ASI) and 27.22% (NGX-30). The performance was driven by the pro-growth stance of the new administration and positioning ahead of Q2:2023 corporate earnings season. Buying interest was seen on stocks such as STANBIC (+28.70%), PRESCO (+23.60%), DANGCEM (+23.51%), SEPLAT (+20.99%), TOTAL (+10.00%), DANGSUGAR (+8.00%), BUACEMENT (7.26%), FBNH (+5.57%), GTCO (+5.86%), and ACCESSCORP (+2.41%). Sectorial performance was majorly bullish in July as the Oil and Gas (+20.05%), the Industrial Goods Index (+14.17%), and the Banking Index (2.41%) closed up while the Insurance Index (-5.89%) and the Consumer Goods Index (-4.58%) closed in the negative zone. In June, foreign inflow declined to NGN 22.72 bn from NGN 27.51 bn while outflows jumped to NGN 23.03bn from NGN 9.65bn in June.</p>
	NGX30	6.49	27.22	

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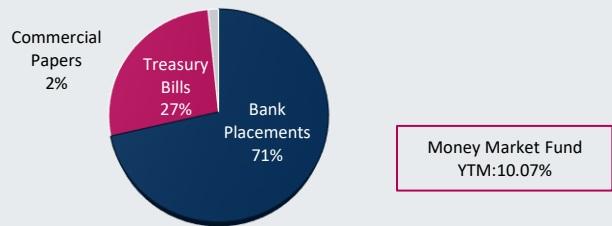
FBN Money Market Fund Overview

Investment Objective

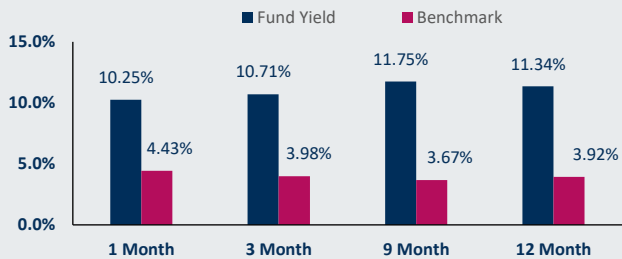
The Fund seeks to preserve capital and maximise income by offering access to a diversified range of low risk money market instruments in Nigeria. The Fund also provides liquidity and competitive returns.

Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA
Fund launch date	24 September 2012
Fund size	₦202.67bn
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



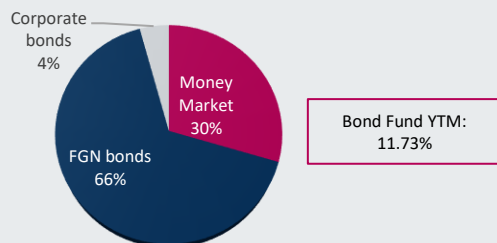
FBN Bond Fund Overview

Investment Objective

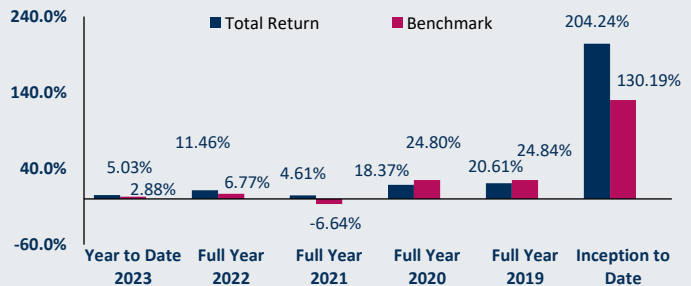
The Fund is designed to provide income generation by investing in long tenured debt instruments and short-term high quality money market securities issued in Nigeria.

Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA
Fund launch date	24 September 2012
Fund size	₦67.60bn
Base currency	(₦)
NAV per share	₦1,572.27
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

Asset Allocation



Historical Prices & Performance



Annualized return of 12.16%

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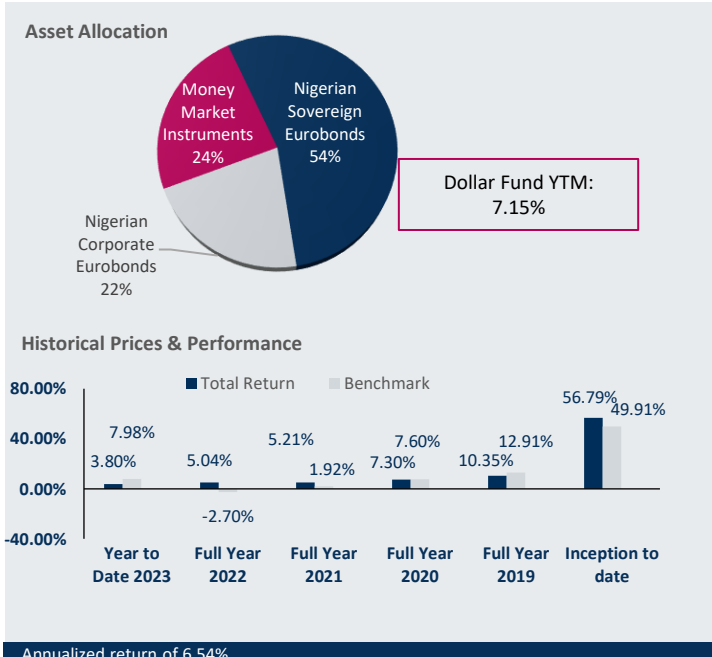
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FBN Dollar Fund Overview

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	\$28.43mn
Base currency	US Dollars (\$)
Unit classes	R unit class: Retail
NAV per share	\$124.79
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

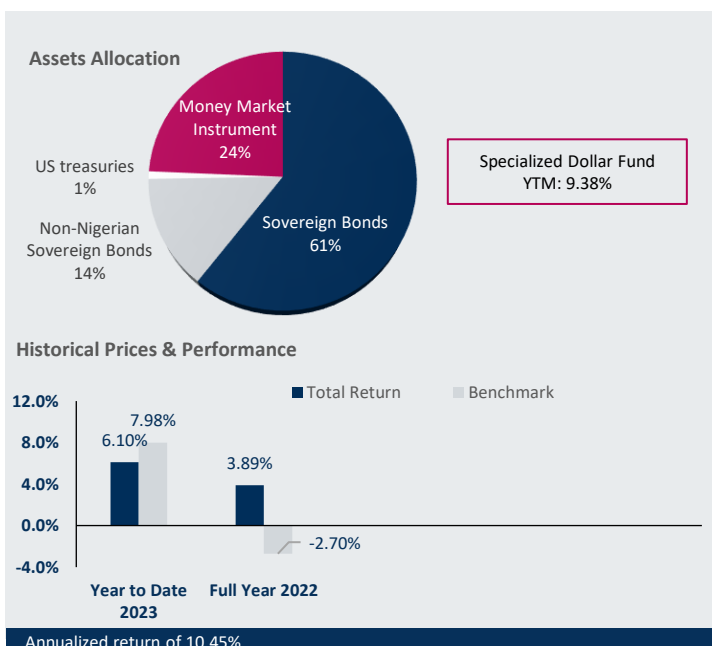


FBN Specialized Dollar Fund Overview

Investment Objective

The investment objective of the Fund is to generate stable income, attractive returns, reduce Nigerian-specific risk and provide a potential currency hedge for investors.

Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA.
Fund launch date	12 August 2022
Fund size	\$21.08mn
Base currency	US Dollars (\$)
NAV per share	₦110.23
Minimum investment	\$10,000
Minimum holding period	180 days
Income accrual	Daily
Income distribution	Annually
Total Expense Ratio	1.70%
Management fees	1.50%
Risk profile	Medium
Custodian	Standard Chartered Bank
Benchmark	70% 3 Year FGN Bond 30% Average 1yr US Tbill rate



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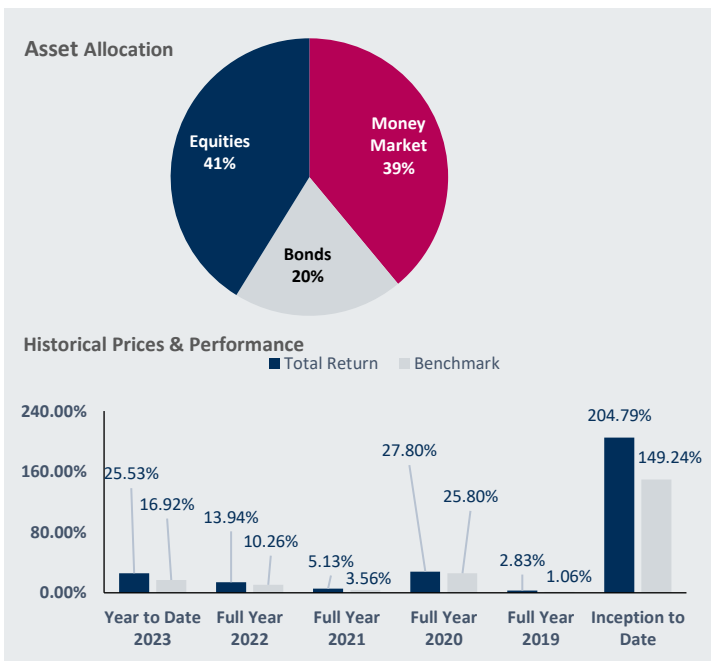
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FBN Balanced Fund Overview

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	₦5.98bn
Base currency	(₦)
NAV per share	₦222.28
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 Sector Exposure	
Financial Services	23.00%
Telecommunications	8.94%
Consumer Goods	6.20%
Industrial Goods	6.12%
Agriculture	3.42%

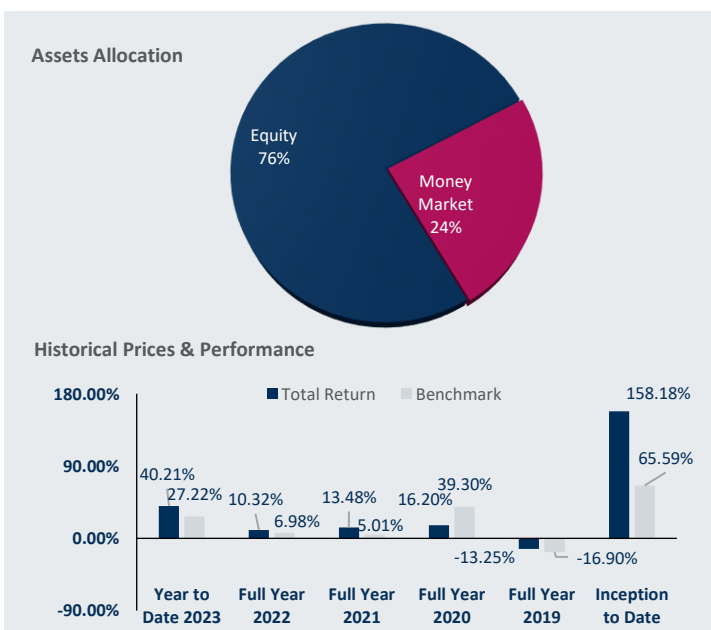
FBN Smart Beta Equity Fund Overview

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	₦572.74mn
Base currency	(₦)
NAV per share	₦232.80
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 Sector Exposure	
Financial Services	36.30%
Consumer Goods	8.93%
Beverages	6.59%
Agriculture	6.18%
Oil and Gas	5.21%



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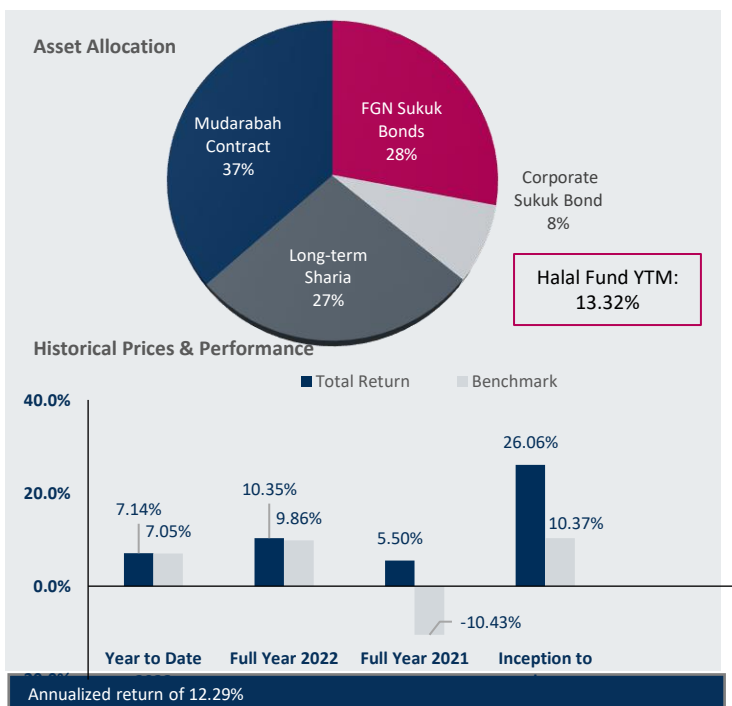
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FBN Halal Fund Overview

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	₦10.02bn
Base currency	(₦)
NAV per share	₦131.67
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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Outlook

- In the coming month, central bank authorities in the global front are likely to adopt a less aggressive stance in fighting price pressures as inflation glides down to their 2% benchmark target. On the other hand, we expect China to shore up the country's economy by providing more policies.
- Elsewhere, demand in China is likely to remain weak this month despite the country's efforts in stabilizing the economy through liquidity expansion and low lending rates. On the domestic scene, the removal of the fuel subsidy by the new president drove positive sentiments in the fixed-income market and a rally in the equity market. In the coming months, the hike in fuel prices is expected to drive up prices of services and goods such as transportation and define the movement in inflation.
- Equity: In August 2023, we expect sentiments in the local bourse to remain positive underpinned by the pro-growth stance of the new administration which is likely to have a positive impact on macro-economic conditions. For context, the collapse of multiple foreign exchange markets and the removal of fuel subsidies are long-awaited reforms that will spur foreign portfolio investors' interest in the domestic equity market. On the other hand, we expect banking stocks to record a strong Q2:2023 performance to be supported by substantial revaluation gains.
- Fixed Income: Going into the next month, we expect that the performance of the domestic fixed-income market will be largely dependent on liquidity in the financial system, which we initially expected to remain buoyant. We do note that given the recent changes by the new government, there will be an increase in liquidity due to increased revenue accretion following the removal of the subsidies as well as the realignment and adjustment of the CRR regime by the Central Bank. Furthermore, we expect FAAC allocation into the system to boost liquidity position.
- Eurobond: In the Eurobond market, the market is expected to price in another rate hike in the United States as the country races to squeeze inflation. On the other hand, country-specific factors such as high inflationary pressure and high debt levels in certain African countries will drive risk aversion in the market. Furthermore, we expect the performance of the market in Ghana to be influenced negatively by their invitation to the 2023 and 2026 dollar-denominated bondholders to restructure their debt.

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.

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