

FBN Mutual Funds Factsheet

All data as of 31st October 2023 unless otherwise stated

PUBLIC

Executive Summary

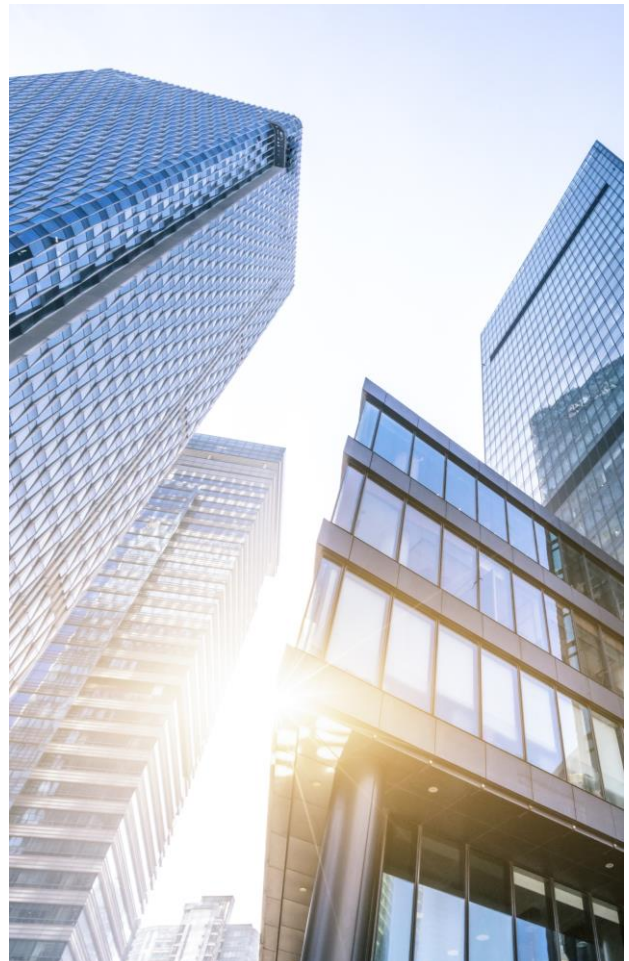
The International Monetary Fund (IMF) expects that global economic growth will slow from 3.50% in 2022 to 3.00% and 2.90% in 2023 and 2024, respectively. Tighter policy in advanced economies will lead to slower growth, whereas emerging and developing economies are more likely to experience a marginal fall in growth.

Most advanced economies reported an ease in inflation during the month on the back of a softer decline in energy prices and falling food and beverage prices. For context, the United States (3.7%) and the UK (6.7%) inflation reading for the month of September remained unchanged from the August figure. Similarly, the Eurozone CPI moderated to 4.3% in September (vs. 5.20% in August) while inflation data for China closed flat from 0.1% in August indicating the impact of slow demand and consumer confidence amidst the property sector slowdown. Elsewhere, China kept its one-year loan prime rate (LPR) and five-year LRP unchanged at 3.45% and 4.20%, respectively owing to the better-than-expected Q3:2023 GDP result. Likewise, the European Central Bank held its key interest rate steady at 4.50%, the first pause since July 2022, due to a drop in inflation.

In September, headline inflation in Nigeria reached an 18-year high of 26.72% YoY (compared to August's 25.80% YoY), marking a height in inflationary pressure. It was aided by food and core inflation which climbed to 30.64% YoY and 21.84% YoY (vs. 29.34% and 21.15% in the previous month) apiece. Price increments were noticeable in food items, transportation, and medical services prices.

Nigeria's expected economic growth for 2023 was revised to 2.90% by both the IMF and the World Bank from 2.94% (World Bank) and 3.20% (IMF). The two bodies cited the weak oil and gas production and the persistent depreciation of the Naira. In a bid to ease foreign exchange pressure and curb arbitrage transactions, the Central Bank of Nigeria (CBN) reversed the import restrictions and the ban on the 43 items, thus, providing access to foreign currencies to importers of these items.

The federal government proposed a budget of NGN26.01trn for the fiscal year 2024, which is 19.15% larger than the budget for 2023. Of this amount, 65.21% would come from government income, resulting in a NGN9.05trn budget deficit. The budget assumptions are 1.78mb of oil produced per day; an FX rate of NGN700.00 USD; and an oil price of USD73.96/bl.



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Asset Class	Benchmark	1M (October)%	Year to Date (%)	Commentary
Money Market 	91-day T-bill	4.83*	3.93*	<p>The liquidity position in the financial system improved in October, driven by FAAC allocation and bond coupon payment. Hence the financial market began the month with a liquidity balance of NGN1.29trn and remained positive throughout the month before closing at NGN34.19bn. Despite the substantial liquidity in the system, the money market rates surged to 15.58% (open buyback rate) and 16.46% (overnight lending rate) from a single-digit level of 2.70% and 3.40% respectively in September. The uptick in money market rates was influenced by the removal of the NGN2.00bn Limit on the Standing Deposit Facility (SDF). This implies that banks can deposit more funds with the CBN at a rate of MPR -300bps (15.75%). The removal of the limit also supported the rise in the stop rate of treasury bills instrument at the last auction for the month. For context, the stop rate rose on the 91-Day instrument (+232bps to 5.99%), the 182-Day instrument (+389bps to 9.00%), and the 364-Day instrument (375bps to 13.00%) at the auction held on the 25th of October. At the end of the month, the average yield on the treasury bills instrument in the secondary market rose to 10.93% from 7.94% reported at the end of September. Additionally, the CBN issued an OMO bill worth NGN400.00 billion in a bid to enhance foreign exchange illiquidity and decrease liquidity. The instruments with durations of 99-Day, 183-Day, 267-Day, and 365-Day had stop rates that closed at 13.99%, 14.49%, 15.00%, and 17.50%, respectively.</p>
	181-day T-bill	5.55*	5.59*	
	364-day T-bill	11.13*	9.79*	
Fixed Income 	S&P/FMDQ Nigeria Sovereign Bond Index	-1.95	2.50	<p>In the month of October, the high liquidity in the financial market and the removal of the SDF limit drove the repricing of bond yields as the average yield in the secondary bond market rose to 15.33% at the end of the month from 14.44% at the previous month. At the bond auction held during the month, the Debt Management Office offered NGN360.00bn and allotted NGN334.75bn across four instruments at the bond auction against a subscription of NGN383.10bn. This implies an average bid-cover ratio of 4.26x from 3.23x at the last auction and marks the third consecutive month of an under-allotment in the market. We note that the stop rates for 2029, 2033, 2038, and 2053 issues increased to 14.90%, 15.75%, 15.80, and 16.60% (vs. 14.50%, 15.45%, 15.55%, and 16.25% at the auction in September) despite the improved liquidity position.</p>
	3 Year Federal Government Bond	-1.78	6.16	
Eurobond 	3 Year Nigerian Sovereign Eurobond	3.84	-0.61	<p>The World Bank expects Sub-Saharan Africa output growth to decline to 2.50% in 2023 from 3.60% in 2022 on the back of political instability admits other poor economic conditions. In line with the worsening debt profile and foreign exchange illiquidity facing African countries, Moody's downgraded Egypt's credit ratings to Caa1 from B3. On a positive note, Ghana reached a staff-level agreement with the IMF under the first review of its extended credit facility arrangement providing access to a special drawing right of c. USD600.00mn. The country also initiated a debt restructuring proposal to its Eurobond creditors which would see the coupon rate of the new bond at a maximum of 5%, a tenor of up to 20 years, and a principal haircut of 40%. We note that the risk-off sentiments dominated the market this month as market players remained risk-averse to Eurobonds from emerging and frontier economies. In the domestic scene, the Nigerian sovereigns trended lower to 11.40% at the end of the month from 11.83% last month signaling a path to rising foreign investors' confidence in Nigerian given the results at the OMO Bills auctions.</p>
	5 Year Nigerian Sovereign Eurobond	3.38	11.13	
Equites 	NGXASI	4.30	35.09	<p>Despite the mixed trading pattern of investors, the local exchange was once again under the bull's heel in the month of October as the NGX-ASI closed at 4.30% MoM and 35.09% YtD (vs. -0.25% MoM and 29.52% YtD in September). The market, especially towards the end of October, saw an uptick in the price of stocks buoyed by positive sentiments surrounding the Q3:2023 earnings report. The top ten gainers during the month were BUACEMENT (+25.15% MoM), AIRTEL (+19.39% MoM), DANGSUGAR (+16.88% MoM), NASCON (+10.00%), FBNH (+9.38%), ACCESS (+8.89%), ZENITH (+5.41%), FCMB (+4.24% MoM), AFRIPRUD (+3.97% MoM), NESTLE (+2.44%), and GTCO (+1.02% MoM). Similarly, the performance of the sectors on the exchange was positive as four out of five indices closed in green territory. The gainers chart was led by the Banking Index (+7.54 MoM%), followed by the Industrial Goods Index (+6.54% MoM), the Oil and Gas Index (+2.38% MoM), and the Consumer Goods Index (+1.19% MoM). The Insurance Index (-1.61% MoM) was the sole loser in the month.</p>
	NGX30	4.29	38.24	

*Mean average stop rate at the Nigerian treasury bill auction

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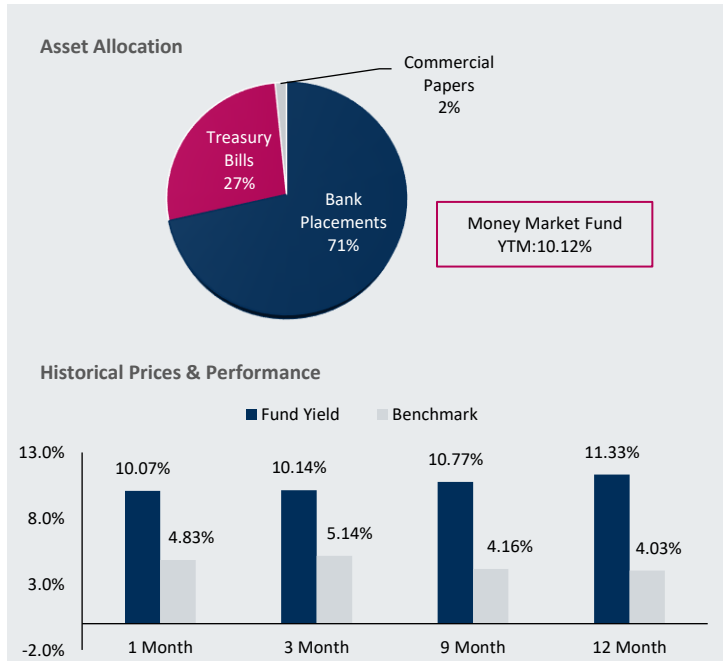
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FBN Money Market Fund Overview

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	₦190.80bn
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.

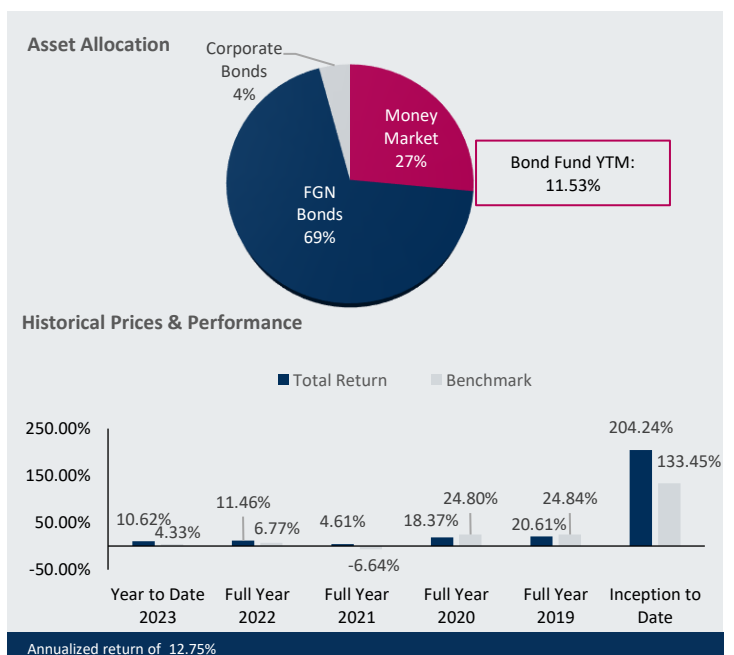


FBN Bond Fund Overview

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	₦66.36bn
Base currency	(₦)
NAV per share	₦1,517.58
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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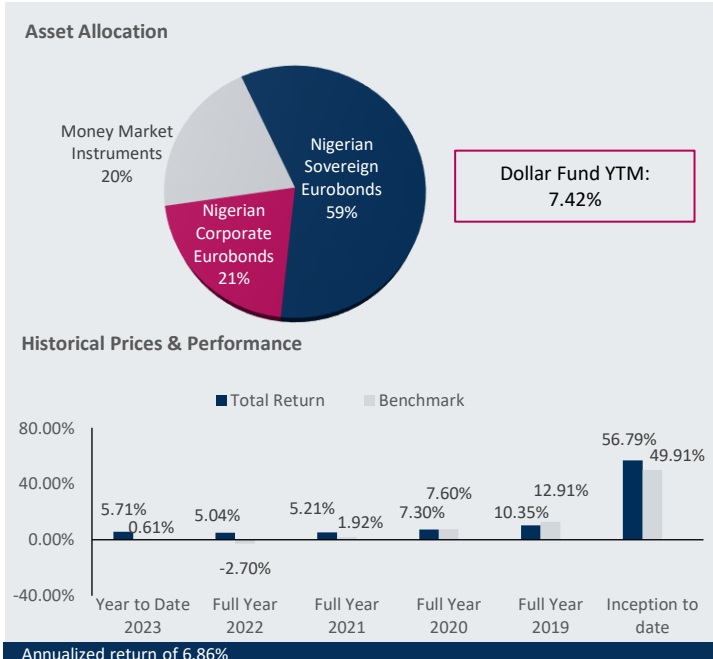
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FBN Dollar Fund Overview

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	\$29.70mn
Base currency	US Dollars (\$)
Unit classes	R unit class: Retail
NAV per share	\$122.38
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

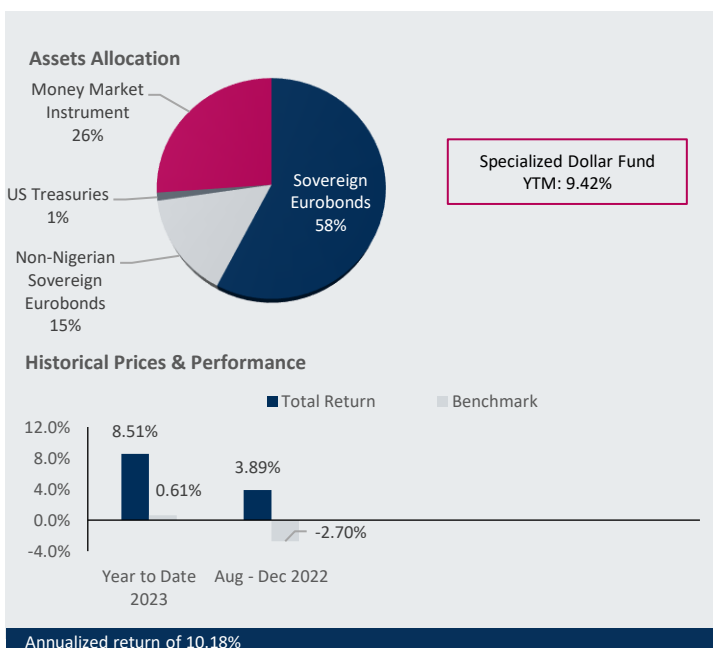


FBN Specialized Dollar Fund Overview

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	\$24.92mn
Base currency	US Dollars (\$)
NAV per share	₦110.02
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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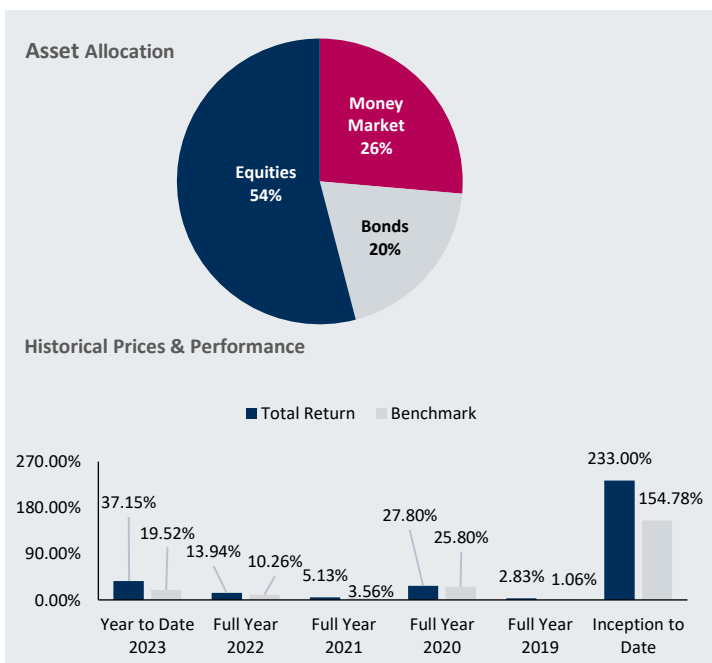
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FBN Balanced Fund Overview

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	₦6.67bn
Base currency	(₦)
NAV per share	₦252.53
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	22.39%
Telecommunications	8.14%
Consumer Goods	5.47%
Industrial Goods	8.78%
Agriculture	2.63%

FBN Smart Beta Equity Fund Overview

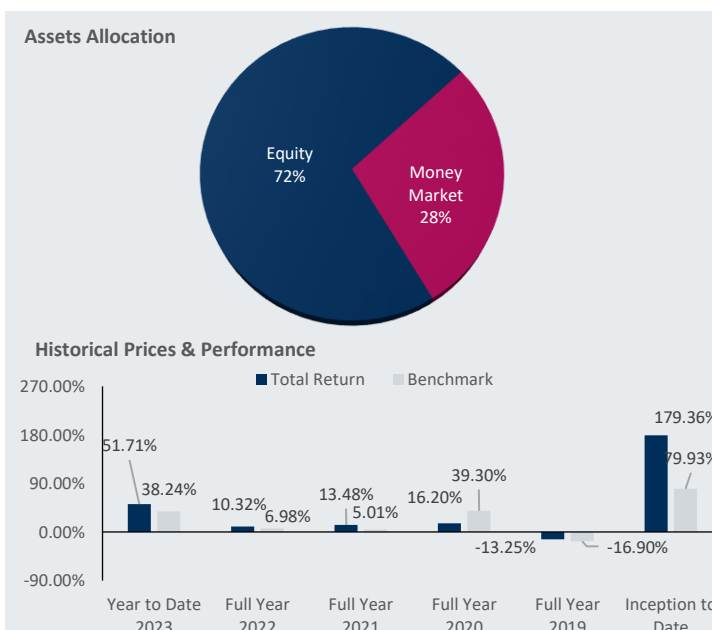
Investment objective

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	₦723.25mn
Base currency	(₦)
NAV per share	₦228.73
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	32.50%
Industrial Goods	10.71%
Consumer Goods	9.26%
Beverages	8.79%
Agriculture	5.61%



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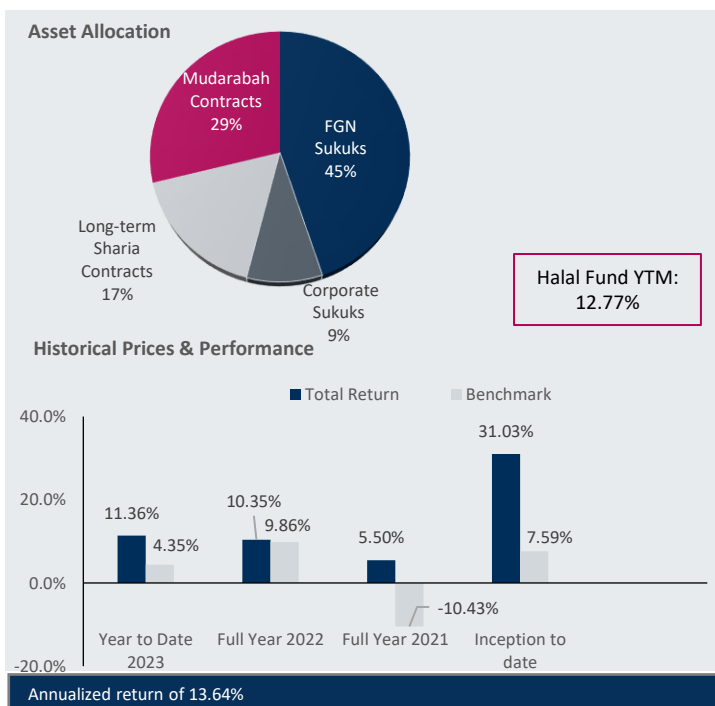
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FBN Halal Fund Overview

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	₦8.67bn
Base currency	(₦)
NAV per share	₦130.89
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

- Concerns surrounding political insecurity stemming from the Middle East drove the global market amidst the anticipation of the Q3:2023 quarterly earnings results from listed companies and inflation readings which would influence key interest rate directions by central bank authorities. During the month, the crude oil prices spiked to USD92.51 per barrel as investors priced in a likely escalation of the tension in the Middle East which is home to top producers of crude oil. Nonetheless, with no escalation of the tension to neighboring countries, the premium of the war on the oil market subsided as Brent crude price fell to USD87.42 per barrel at the end of the month. We expect investors to keep an eye on the insecurity in the Middle East and move in line with any negative surprises in the region.
- Equity: As the Q3:2023 earnings season begins, we expect positive sentiments from the financial performance of bellwether stocks to support the positive returns of the local bourse and the NGX-30 in the month of November. On the other hand, we believe equity investors will continue to pay close attention to the direction of FI yields given the anticipation that system liquidity will thin out in the upcoming months and also the expectation that investors will price in the high stop rates at the OMO bills auction. Nonetheless, we anticipate that the local bourse will deliver a positive performance in November.
- Fixed Income: Going closer to the end of the year, the performance of the fixed-income market will be largely dependent on liquidity in the financial system, which we expect to thin. Hence, liquidity pressure will ensure that yields in the fixed-income market remain at double-digit levels throughout the month. Furthermore, the removal of the NGN2.00bn limit of the SDF and stop rates at the recent OMO bills auctions will push yields higher in the fixed-income market. This will also influence the direction of stop rates at bond and Treasury bill auctions during the month. On the other hand, we envisage a rotation of funds from the equity market to the fixed-income market as investors take positions on short-term and long-term instruments with higher yields and rates.

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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