

## FBN Mutual Funds Factsheet

All data as of 30<sup>th</sup> September 2024 unless otherwise stated

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### Executive Summary

During the month, the sentiment of global central banks and views on borrowing cost was dovish. The U.S. Federal Reserve slashed its benchmark rate by 50bps to 5.00%—its first cut in four years—while the European Central Bank lowered its rate by 25bps to 3.50%. The Office for National Statistics held steady at 5.00% after an earlier cut, and the People's Bank of China announced a 50bps reduction in the reserve requirement ratio. Easing inflationary pressures emerged in August as energy prices fell, with the Eurozone and the United States inflation rates dipping by 40bps each to 2.20% and 2.50% respectively, while the United Kingdom maintained a stable inflation rate at 2.20%. Additionally, the US's GDP surged by 3.00% YoY in Q2:2024, beating the advance estimate of 2.80% and showing a remarkable jump from 1.40% in Q1:2024 and 2.00% in Q2:2023. This growth was fueled by robust consumer spending along with strong private inventory and non-residential fixed investment.

In Sub-Saharan Africa, Ghana's inflation rate dipped to 20.40% in August, down from 20.90% in July, thanks to a slowdown in food prices, even as non-food inflation ticked up. Meanwhile, South Africa's economy showed impressive growth, expanding by 0.40% in Q2:2024, up from just 0.10% in Q1:2024 and 0.70% in Q2:2023. Key sectors driving this positive momentum included electricity, water, trade, manufacturing, real estate, and business services.

On the domestic front, Nigeria's inflation rate has shown encouraging signs, easing for the second consecutive month to 32.15% YoY in August, a drop of 125bps from 33.40%YoY in July. This improvement is due to a fall in food inflation to 37.52% (from 39.53% in July), driven by enhanced food supply during the harvest season, while core inflation ticked up slightly by 11bps to 27.58%, influenced by rising transport costs. In response, the Monetary Policy Committee raised the monetary policy rate by 50bps to 27.25% and increased the cash reserve ratio for commercial banks and merchant banks by 500bps and 200bps respectively to 50.00% and 16.00% to tame rising inflation expectations.

According to the National Bureau of Statistics, Nigeria's trade surplus soared to NGN6.95trn in Q2:2024, up from NGN5.20trn in Q1:2024, marking the highest level since 2014's NGN8.93trn. This impressive growth was fueled by a 1.31% QoQ increase in total exports, reaching NGN19.42trn, bolstered by the Naira depreciation that enhanced the value of exported goods. In contrast, total imports declined by 10.71% to NGN12.47trn, down from NGN13.97trn in Q1:2024, driven by reduced demand linked to the elevated exchange rate.

In another development, Nigeria's unemployment rate climbed to 5.30% in Q1:2024, up from 4.10% in Q1:2023. This rise reflects ongoing macroeconomic challenges that have hindered business expansion and, consequently, curtailed job creation.







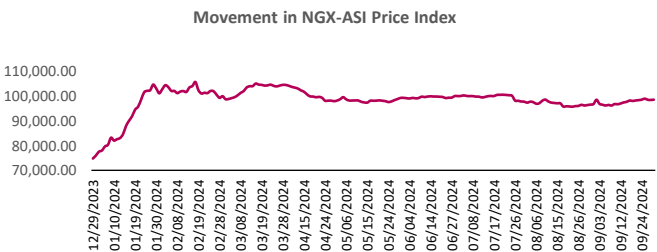
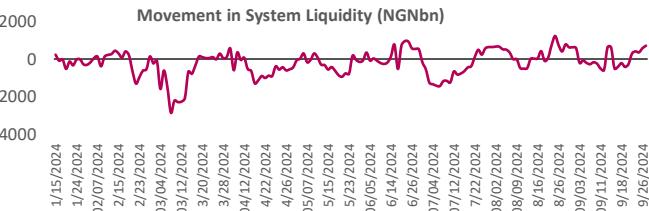
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Executive Summary

Asset Class	Benchmark	1M (September)%	Year to Date (%)	Commentary
<b>Money Market</b> 	91-day T-bill	16.88*	15.61*	The month started with a tight system liquidity owing to the twin effects of the Open Market Operations and Nigerian Treasury Bills auctions at the start of the month and this persisted for most of the week in the absence of solid inflow into the market. This was despite coupons on bonds that were paid in the mid-period of the month. Nonetheless, towards the end of the month, inflows from FAAC allocations, coupon and NGN100bn Sukuk-2024 maturity boosted liquidity pushing it to NGN707.32bn at the end of the month from -NGN206.29bn at the start of the month. However, with the month closing with an average short position of NGN64.25bn from a long position of NGN306.72bn in August, interbank lending rates rose to 28.03% (open buyback rate) and 28.72% (overnight lending rate) from 18.11% and 20.06%, respectively in August. In the secondary market, average stop rates at the treasury bills auction declined across all the instruments – the 91-day, 182-day, and 364-day rates fell by 147bps, 202bps, and 222bps respectively to 16.88%, 17.33%, and 19.18%. Similarly, the stop rates for the FGNB 2029, FGNB 2031, and FGNB 2033 declined to 19.00%, 19.99%, and 20.05% apiece from 20.30%, 20.90%, and 21.50% in the previous month.
	181-day T-bill	17.33*	16.54*	
	364-day T-bill	19.18*	19.52*	
	S&P/FMDQ Nigeria Sovereign Bond Index	3.77	1.92	
	3 Year Federal Government Bond	2.77	0.43	
<b>Bonds</b> 				
<b>Eurobond</b> 	3 Year Nigerian Sovereign Eurobond	1.31	7.72	During the month, new loan deals in the sub-Saharan region drove fixed income market activities. In Kenya, dollar bonds surged after news emerged that the country is nearing a USD1.50bn loan agreement with the United Arab Emirates at an 8.20% interest rate to help address its financing gap. In Egypt, the U.S. State Department approved USD1.30in military aid for this year, despite calls from some lawmakers to withhold portions of this funding due to human rights concerns. This decision likely reflects Egypt's crucial role in facilitating negotiations between Israel and Palestine. Additionally, Egypt's Finance Minister announced a USD1.02bn initiative aimed at revitalizing the tourism sector, which includes incentives like reduced loan interest rates and financial support for hotel construction, particularly in targeted development areas. Meanwhile, the IMF approved a USD210.00mn arrangement for Liberia, including an immediate disbursement of USD8.00mn to bolster the country's reform efforts in tackling macroeconomic imbalances and promoting private-sector-led growth beyond natural resources. In Nigeria, the completion of a USD500.00mn domestic dollar-denominated bond auction attracted over USD900.00mn in subscriptions, signaling strong investor confidence in the country's economic prospects. At the end of the month, the average market yield fell to 9.60% from 9.72% in the previous month.
	5 Year Nigerian Sovereign Eurobond	8.28	5.65	
<b>Equites</b> 	NGXASI	2.05	31.81	The local bourse closed September on a positive note, primarily driven by renewed investors interest in the Oil and Gas, and Banking sectors. Significant price uptick were recorded by bellwether stocks such as (FLOURMILL: +38.50%, UBA: 23.31%, FBNH: +20.00%, GEREGU: +15.00%, NESTLE: +10.56%, SEPLAT: +10.00%, and OANDO: +7.41%). Sector performance was mostly bullish, with the Banking index leading with a 10.18% MoM gain, followed by the Oil and Gas Index (+6.97% MoM), and Insurance Index (+1.36% MoM). The Industrial Goods index and Consumer Goods index close in the negative, losing 1.25% and 0.69% MoM respectively. On the corporate front, Flour Mills of Nigeria's majority shareholder, Excelsior Shipping Company, received SEC approval to acquire the remaining shares from minority shareholders at NGN70.00 per share, with plans to delist from the NGX. Nigerian Breweries received SEC approval for a Rights Issue of 22.61bn shares at NGN26.50 per share to address rising costs, debt, and FX losses, aiming to improve its capital structure and operational efficiency.
	NGX30	1.99	31.22	



[www.fbnquest.com/assetmanagement](http://www.fbnquest.com/assetmanagement)

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\*Mean average stop rate at the Nigerian treasury bill auction

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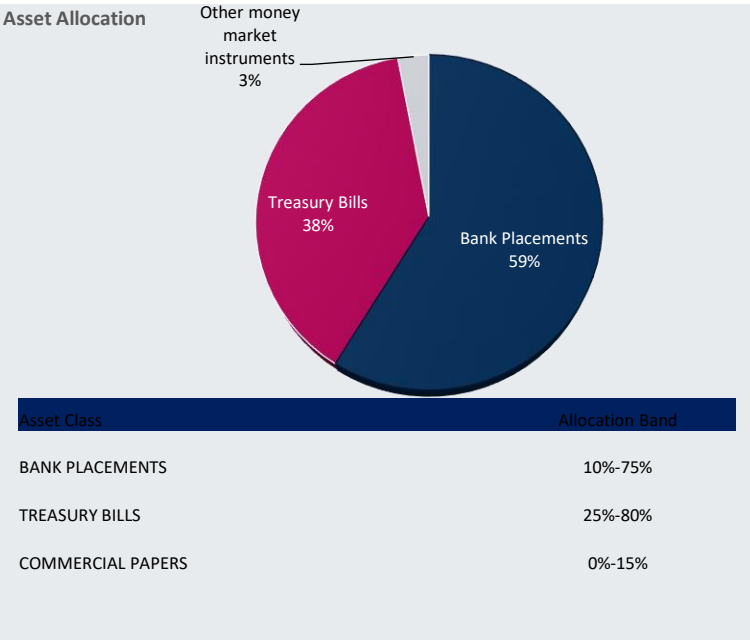
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FBN Money Market Fund Overview

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	₦310.36bn
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.
Investment Horizon	90 days



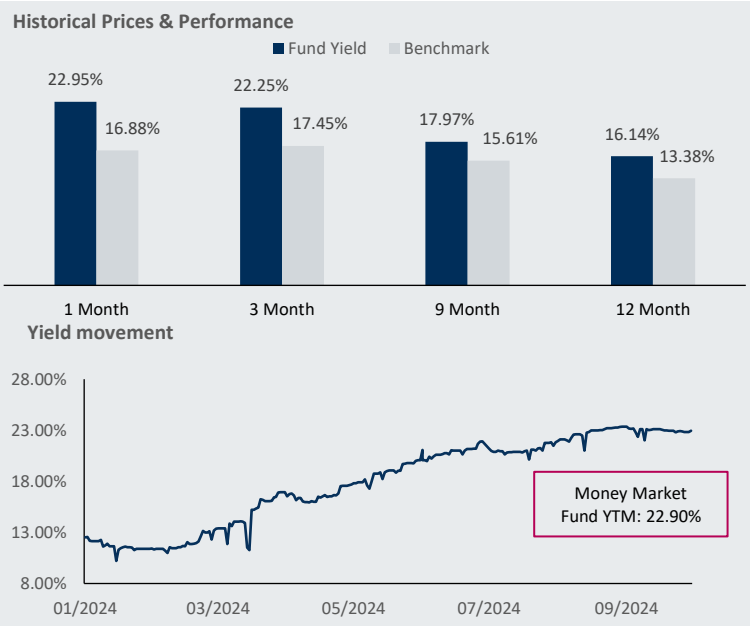
Fund Performance and Outlook

Fund Performance

The FBN Money Market Fund closed the month with a yield of 22.95%, 596bps above the benchmark rate of 17.88% and an average yield of 22.72% for the month of August 2024. The return was primarily driven by the Fund Manager’s strategy to effectively manage and position the portfolio to respond to the changing yield environment.

Fund Outlook

Money market rates are expected to maintain its current levels in the current month despite the FAAC and coupon inflows scheduled in the month. However, we opine that CBN will employs tools like OMO to mop up excess liquidity.



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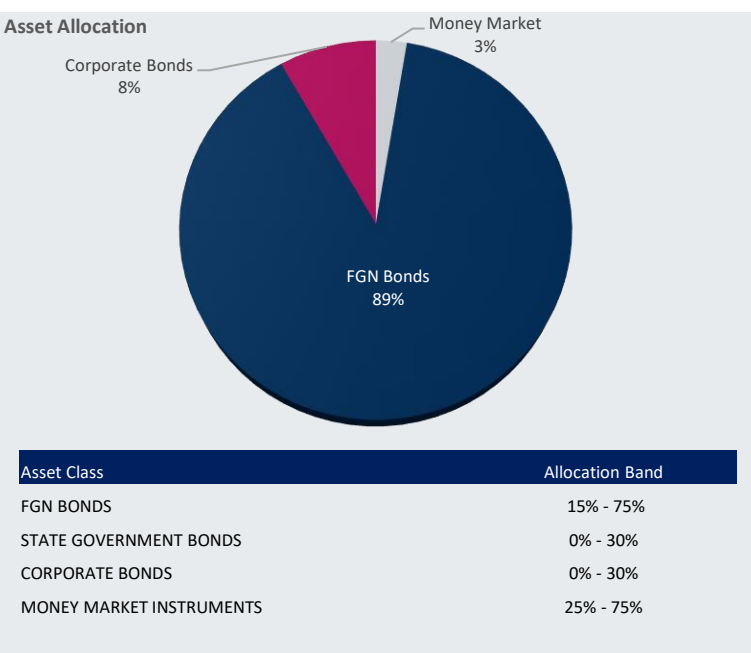
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FBN Bond Fund Overview

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	₦29.44bn
Base currency	(₦)
NAV per share	₦1,671.75
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 T-bill rate
Investment Horizon	2-3 years



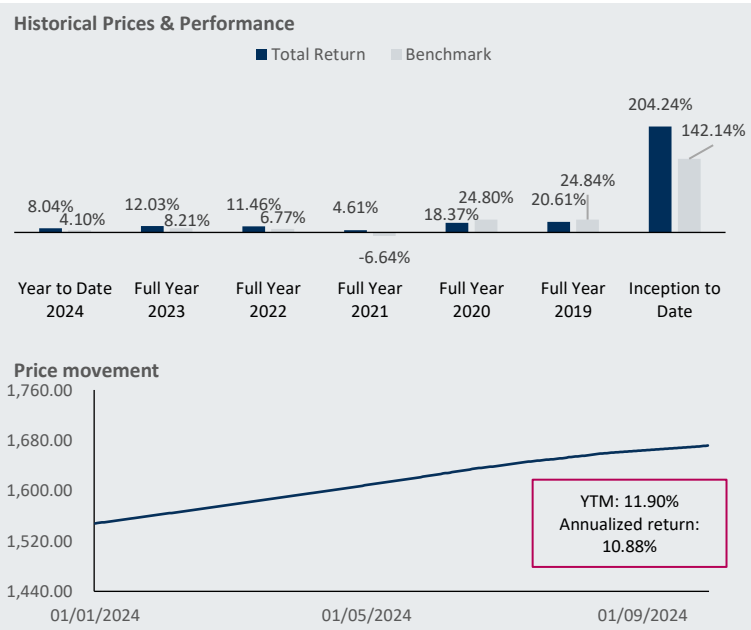
Fund Performance and Outlook

Fund Performance

The FBN Bond Fund closed the month with a Yield to Maturity of 11.90% and an annualized return of 10.88%. The return can be attributed to the accrued income from various instruments which has been driven by continuous monetary tightening as well as the stance of the DMO, which remains focused on the short to medium end of the yield curve.

Fund Outlook

The fund manager will closely monitor shifts in the interest rate environment and selectively invest in attractive instruments across the yield curve to enhance the fund's performance, while staying mindful of the anticipated impact of evolving CBN and DMO policies.



FBN Mutual Funds Factsheet

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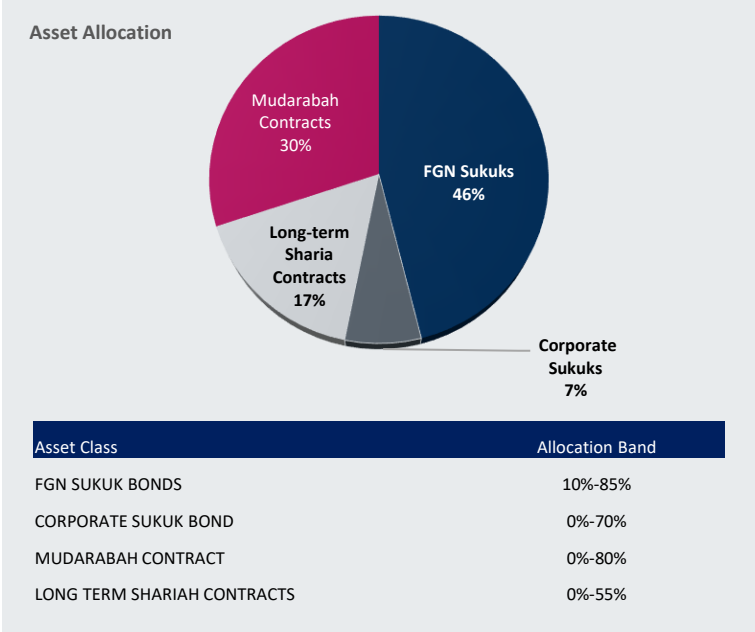
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FBN Halal Fund Overview

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	₦8.54bn
Base currency	(₦)
NAV per share	₦148.76
Minimum investment	₦5,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Annually
Total Expense Ratio	1.70%
Management fees	1.50%
Risk profile	Low-Medium
Custodian	Standard Chartered Bank
Benchmark	FGN 3 Year Benchmark Bond



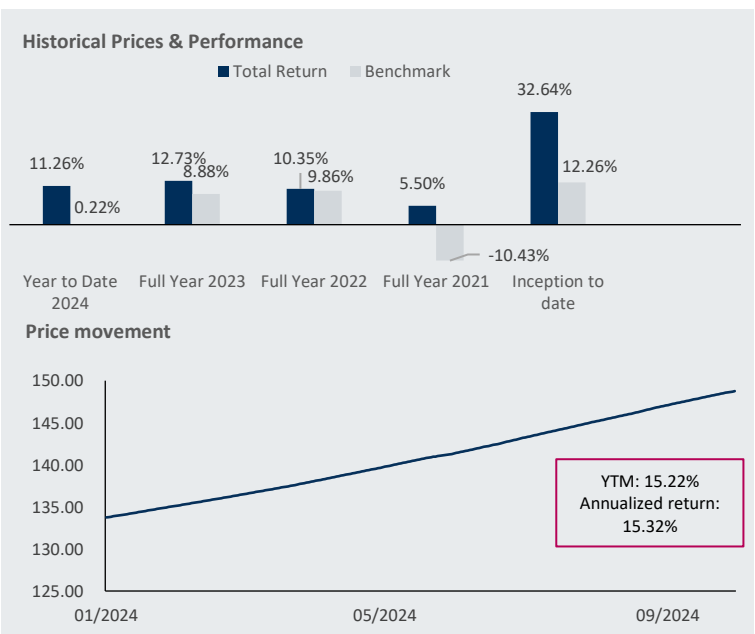
Fund Performance and Outlook

Fund Performance

The FBN Halal Fund closed with a Yield to Maturity of 15.22% and an annualized return of 15.31%. The return can be attributed to the accrued rental income from the Sharia-compliant assets held within the Fund. Continuous monetary tightening has led to rising conventional fixed income yields, which in turn, influenced the returns of Sharia-compliant fixed income instruments. This has supported the returns within the Fund.

Fund Outlook

The fund manager will closely monitor developments in the non-interest capital market to actively manage the Fund's duration. Additionally, the Fund will adhere to Sharia investment principles while maintaining an attractive return profile.



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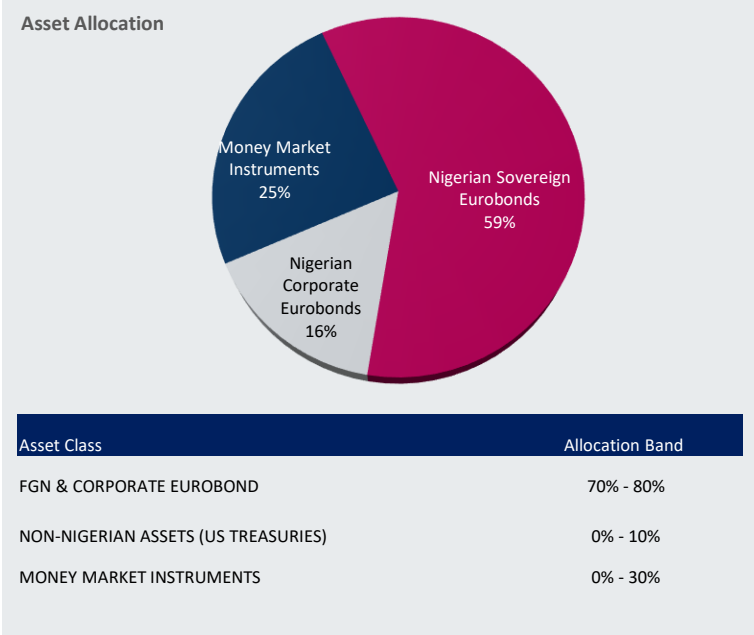
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FBN Dollar Fund Overview

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 institution

Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA
Fund launch date	4 January 2016
Fund size	\$34.44mn
Base currency	US Dollars (\$)
NAV per share	\$131.19
Minimum investment	\$100
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 T-bill rate
Custodian	Standard Chartered Bank
Investment Horizon	1-2 years



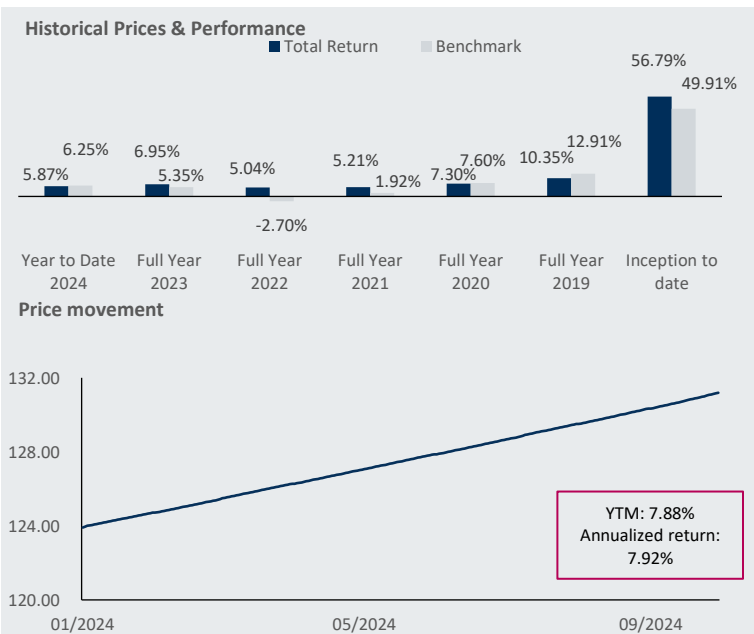
Fund Performance and Outlook

Fund Performance

The FBN Dollar Fund closed the month with a Yield to Maturity of 7.88% and an annualized return of 7.91%. The return can be attributed to the attractive yield profile of the various instruments in the portfolio, which has been influenced by the cautious stance of the US Federal Reserve in keeping interest rates at 5.25% - 5.50% for an extended period until inflation declines sustainably.

Fund Outlook

The fund manager will closely monitor key economic indicators reflecting the impact of the recent rate cut on the market. This will guide our asset selection within the Fund to optimize returns for unitholders.





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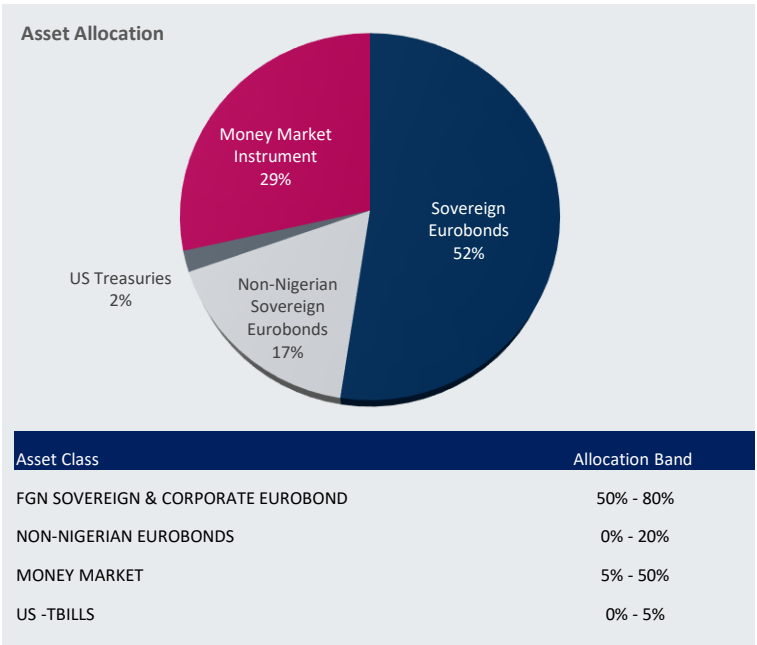
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FBN Specialized Dollar Fund Overview

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	\$58.32mn
Base currency	US Dollars (\$)
NAV per share	\$119.86
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 T-bill rate
Investment Horizon	1-2 years



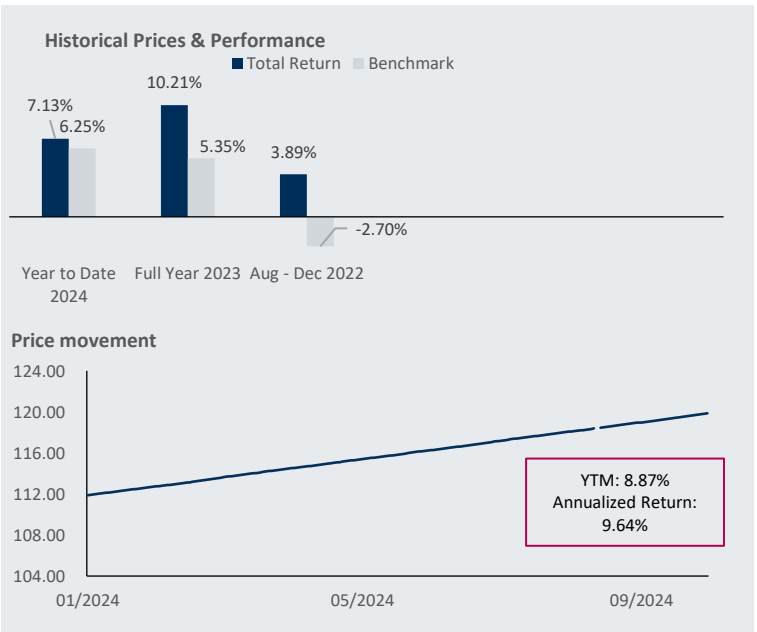
Fund Performance and Outlook

Fund Performance

The FBN Specialized Dollar Fund closed the month with a Yield to Maturity of 8.87% and an annualized return of 9.64%. The return can be attributed to the attractive yield profile of the Fund’s global fixed income portfolio. The return has been supported by the cautious monetary stance of global central banks as they manage their economies towards a “soft landing”.

Fund Outlook

The fund manager will continue to monitor the happenings on the positioning of global central banks towards interest rate direction as well as the revival of the African Eurobonds market (in particular, the re-emergence of issuances and finalization of debt restructuring agreements). The Manager will continue to actively manage the Fund’s duration to drive performance for the fund.



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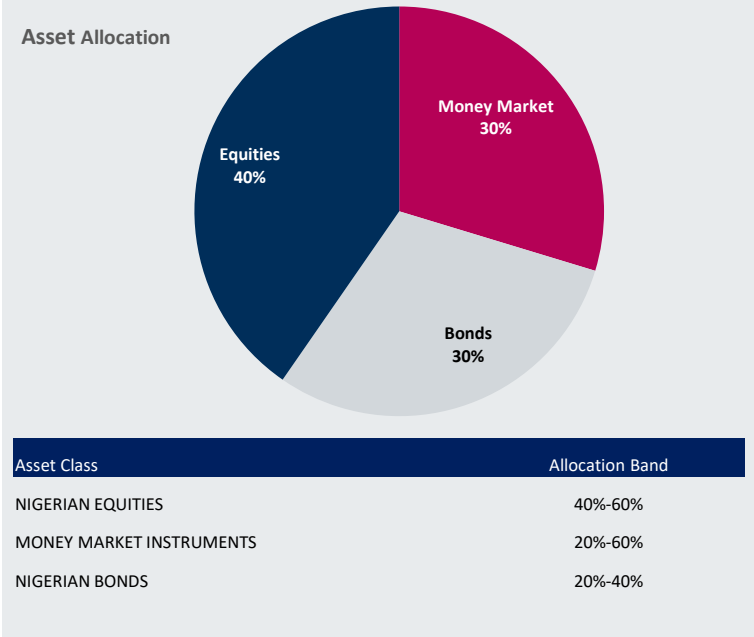
FBN Balanced Fund Overview

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 Gbolahan Ogunro, ACCA
Fund launch date	1 April 2008
Fund size	₦9.01bn
Base currency	(₦)
NAV per share	₦331.79
Minimum investment	₦50,000
Minimum holding period	90 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 T-bill rate
Custodian	Citibank

Top 5 Equity Sector Exposure	
Industrial Goods	20.91%
Financial Services	20.26%
Consumer Goods	16.74%
Agriculture	16.58%
Oil and Gas	14.77%



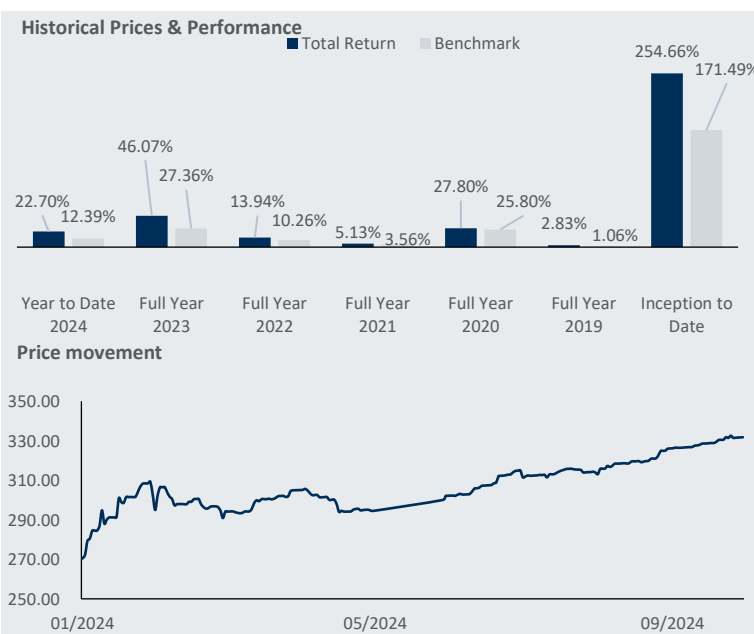
Fund Performance and Outlook

Fund Performance

The FBN Balanced Fund closed the month with a year-to-date return of 22.70% (August: 20.59%). The m/m improvement in the Fund’s performance was buoyed by positive sentiments that accompanied corporate actions announced by tier one banks. In addition, the overall performance of the Fund was further bolstered by the Fund manager’s proactive stance in rotating funds to the fixed income market to take advantage of attractive yields within the space.

Fund Outlook

The fund manager will continue to leverage on the high yield environment in maximizing returns within the fixed income segment of the Fund. This will be complemented by selective cherry-picking activities in defensive stocks where there are compelling trading opportunities to drive returns within the equity portfolio.





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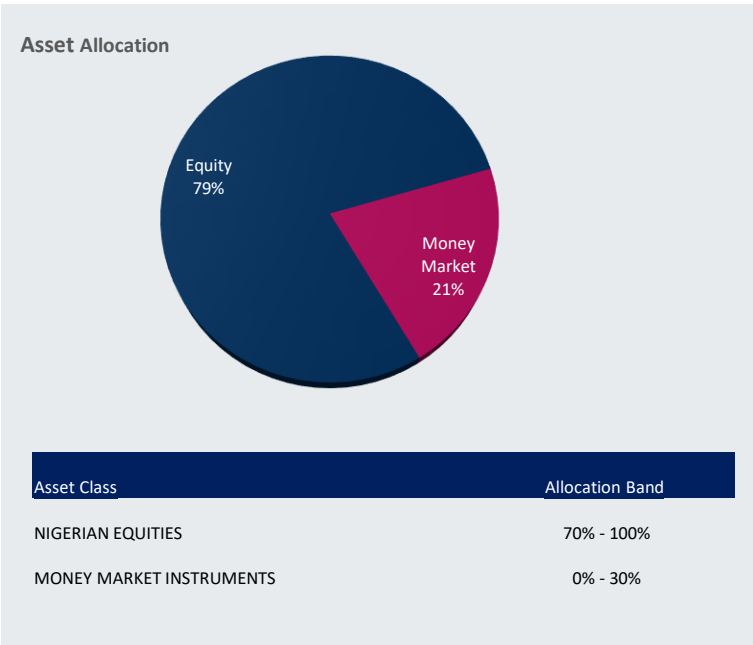
FBN Smart Beta Equity Fund Overview

Investment Objective

The Fund seeks to provide capital growth by selecting the best twenty (20) out of the forty (40) most capitalized stocks listed on the Nigerian Stock Exchange. The fund is appropriate for investors who want equities with the aim of outperforming the NGX 30.

Fund Facts	
Fund Manager	Laura Fisayo-Kolawole, CFA Gbolahan Ogunro, ACCA
Fund launch date	4 January 2016
Fund size	₦1.15bn
Base currency	(₦)
NAV per share	₦325.02
Total Expense Ratio	1.63%
Annual management fee	1.50%
Minimum investment	₦50,000
Risk profile	High
Minimum Holding Period	90 days
Benchmark	NSE 30
Custodian	Standard Chartered Bank

Top 5 Equity Sector Exposure	
Financial Services	61.63%
Oil and Gas	16.41%
Industrial Goods	12.04%
Agriculture	9.92%



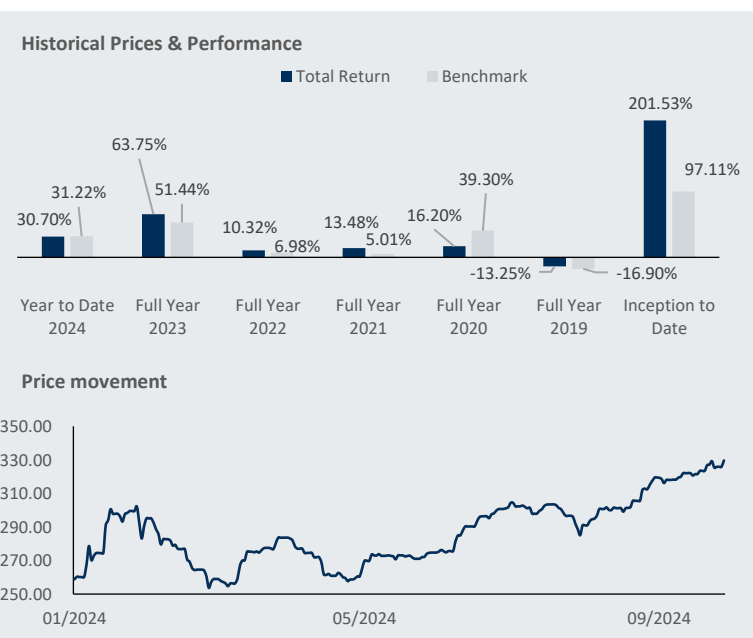
Fund Performance and Outlook

Fund Performance

The FBN Smart Beta Equity Fund closed the month with a year-to-date return of 30.70% (August: 26.66%). The sturdy improvement in the Fund’s performance is largely reflective of gains from the fund’s overweight exposure to banking tickers as impressive H1 2024 earnings accompanied with corporate actions drove bargain hunting activities. The fund’s exposure to low-beta downstream oil and gas players further complemented gains in the fund as investors reacted positively to the upward adjustment in PMS prices during the month.

Fund Outlook

The fund manager will continue to assess the fundamental factors underpinning stock selection to manage long-term equity volatility within the passive strategy. In addition, continued trading activities in the money market portfolio are expected to support the overall performance of the fund.



[www.fbnquest.com/assetmanagement](http://www.fbnquest.com/assetmanagement)

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### Outlook

- In the global market next month, we expect inflation pressures in key regions like the United Kingdom, Eurozone, and the United States to maintain a disinflationary trend, moving closer to central bank targets. As cost pressures ease, borrowing costs remain high and manufacturing activities remain soft, we anticipate a continued relaxation of restrictive monetary policies by central banks in the U.S. and beyond. Additionally, oil prices are likely to remain volatile amid ongoing geopolitical tensions in the Middle East and shifting supply-demand dynamics. Market participants will be keenly focused on OPEC+ decisions and global economic indicators as they navigate this landscape.
- Equity: In the coming month, we expect investor sentiment to be significantly influenced by the Q3:2024 earnings reports, likely boosting buying activity in the local bourse as investors prepare for the end of the financial year and the upcoming dividend season. Consequently, we anticipate increased interest in quality stocks and those with strong dividend potential. Additionally, we expect bargain-hunting in banking stocks as concerns over dilution ease with the conclusion of capital-raising efforts and the start of interim audited report releases. At the same time, investors are likely to seek strong yields in the fixed-income market as an alternative to earn higher interest and mitigate inflationary pressures.
- Fixed Income: This month, we anticipate that the Central Bank of Nigeria will work to balance reducing inflationary expectations whilst managing borrowing costs and liquidity. We expect food inflation to continue its downward trend, particularly due to the harvest season, which should lead to increased food output and lower prices. However, core inflation may remain sticky, influenced by rising pump prices for premium motor spirit and higher electricity tariffs. This could moderately offset the positive impact of decreasing food inflation on overall headline inflation. We also expect the Central Bank to maintain a restrictive policy stance to support the decline in inflation and to manage liquidity through OMO auctions and CRR debits. At the same time, the Apex Bank will keep a close eye on borrowing costs to ensure they remain at sustainable levels.
- Eurobonds: In the month of October, we expect that the dovish stance of major central banks globally will bolster demand for higher-yielding assets in the Sub-Saharan Africa market. However, this outlook is barring the absence of country-specific factors in the region that could elevate risk aversion.

### 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.