

FBN Mutual Funds Factsheet

All data as of 31st October 2024 unless otherwise stated

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Executive Summary

In its October economic outlook report, the International Monetary Fund expects that global growth will be stable but modest at 3.20% in 2024, supported by improved forecasts for the U.S. (2.80%), UK (1.10%), France (1.10%), Brazil (3.00%), and Russia (3.60%), all revised upward from July's estimates. During the period, inflation in the global scene trended lower with the UK, the US, and the Eurozone down 1.70%, 2.40%, 1.80% from 2.20%, 2.50%, and 2.20% in August owing to falling gas prices falling gas prices, lower airfares and petrol prices. Elsewhere, China's Q3:2024 GDP report was released, and shows the economy grew by 4.60% YoY, slightly down from 4.70% YoY in Q2:2024 due to challenges in the property sector and slowing exports. Also, the People's Bank of China announced a new funding scheme worth USD70.62bn to support the capital market.

The International Monetary Fund downgraded its 2024 economic growth forecast for Sub-Saharan Africa to 3.00%, down from 3.40% in April, in its latest regional economic outlook owing to the geopolitical tension in the region. In other developments, Kenya's GDP grew by 4.60% year-on-year in Q2:2024, down from 5.60% in Q2:2023 driven by expansion in agriculture, real estate, accommodation & food services, and financial and insurance sectors. Additionally, headline inflation dropped to a two-year low of 3.60% in September 2024, down from 4.40% in August, mainly due to falling food and transportation prices.

On the domestic front, the IMF also lowered Nigeria's 2024 economic growth forecast to 2.90%, down from 3.10% in July. This revision is due to challenges such as insecurity in oil-producing regions, severe flooding, rising food insecurity, and weaker-than-expected performance in the first half of the year.

Inflationary pressure rose in September to 32.70% year-on-year, up from 32.15% in August, reversing two months of decline. This increase was mainly driven by food inflation, which reached 37.77% due to higher prices for staples like rice and maize, exacerbated by floods and rising logistics costs from fuel price hikes. Core inflation eased slightly to 27.43% from 27.58% in August despite naira depreciation and increased transportation costs.

Nigeria's capital importation for Q2:2024 reached USD2.60bn, a substantial 152.81% YoY increase from USD1.03bn in Q2:2023. However, this represents a 22.85% QoQ decline from USD3.38bn in Q1:2024. The decrease was driven by significant drops in Foreign Portfolio Investments (-32.32%), Foreign Direct Investments (-74.97%), and a slight decline in other investments (-0.95%). This quarterly decline is attributed to capital flight as investors took profits amid a slight appreciation of the Naira during the period.







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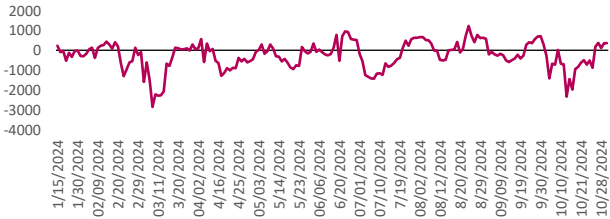
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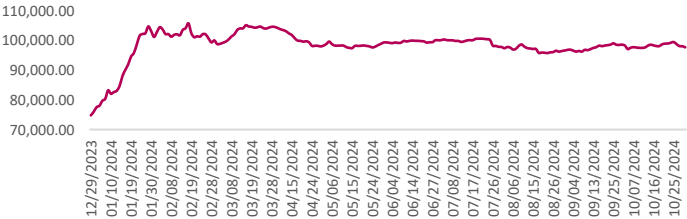
Executive Summary

Asset Class	Benchmark	1M (October)%	Year to Date (%)	Commentary
Money Market 	91-day T-bill	17.00*	15.73*	At the end of the month, system liquidity remained in a long position, bolstered by inflows from coupon payments, OMO repayment, and FAAC allocations. The cost of short-term inter-bank lending decreased, with the overnight lending rate falling to 21.45% and the open buyback rate to 21.14%, down from 28.72% and 28.03% respectively in the prior month. During the month's auctions, stop rates across both the bond and treasury bills curves increased, reflecting expectations of higher inflation and the anticipated rise in key benchmark rates as inflation rose to 32.70% in September from 32.15% in August. Notably, the average stop rates for the treasury bills auction rose across all three maturities: 91-day increased by 12bps to 17.00%, 182-day by 17bps to 17.50%, and 364-day by 108bps to 20.26%. In the bond auction, the Debt Management Office raised the offer size to NGN180bn from NGN150bn in September, while limiting issuances to the 2029 and 2031 bonds. Stop rates for these bonds also increased, reaching 20.75% for the FGN 2029 and 21.74% for the FGN 2031, compared to 19.00% and 19.99% in the previous month. In the secondary market, average yields on bonds and treasury bills rose to 24.12% and 19.49%, up from 21.92% and 18.77% respectively.
	181-day T-bill	17.50*	16.62*	
	364-day T-bill	20.26*	19.59*	
	S&P/FMDQ Nigeria Sovereign Bond Index	-0.30	1.62	
	3 Year Federal Government Bond	-0.60	0.07	
Bonds 				
Eurobond 	3 Year Nigerian Sovereign Eurobond	1.33	9.07	Risk aversion permeated the Sub-Saharan African market, despite key central banks globally moving to cut interest rates. The recent sell-offs in this region can be linked to the World Bank's revised growth forecast in its October regional economic outlook, which lowered its estimate for economic growth in Sub-Saharan Africa this year to 3.00%, down from 3.40% in April. This adjustment is primarily attributed to the economic devastation in South Sudan caused by civil conflict. However, growth is still projected to remain well above last year's rate of 2.40%, driven by increased private consumption and investment. Without the ongoing conflict in South Sudan, which has severely disrupted economic activity and led to starvation and widespread displacement, regional growth for 2024 could have been half a percentage point higher, aligning more closely with the initial April estimate. Sell-offs occurred even after the International Monetary Fund (IMF) approved a disbursement of USD605mn to Kenya as part of the seventh and eighth reviews under the Extended Fund Facility (EFF) and Extended Credit Facility (ECF) arrangements. By the end of the month, average yields on the Nigerian sovereigns stood at 9.63%, slightly up from 9.60% in September.
	5 Year Nigerian Sovereign Eurobond	8.38	6.13	
Equites 	NGXASI	-0.92	30.60	The local bourse closed October on a mixed note, primarily driven by ongoing profit-taking activities in Industrial Goods stocks, which offset the gains achieved by Oil and Gas stocks. Significant price upticks were recorded by bellwether stocks such as (SEPLAT: +38.92%, TRANSPOWER: +19.29%, GTCO: +11.88%, and OANDO: +8.54%) while price depreciation was recorded in stocks such as (ARADEL: -29.54%, DANGSUGAR: -11.62%, BUACEMENT: -11:09% and DANGCEM: -10.00%). Sector performance was mostly bullish, with the Oil and Gas index leading with a 15.90% MoM gain, followed by the Banking Index (+4.78% MoM), and Insurance Index (+4.01% MoM). The Industrial Goods index and Consumer Goods index close in the negative, losing 9.31% and 0.75% MoM respectively. On the corporate front, Aradel Holdings listed its shares on the Nigerian Exchange (NGX) Main Board at N702.69 per share on October 14, 2024. Following its recent agreement with TotalEnergies and NNPC to acquire full ownership of the Olo and Olo West fields, the company is expanding its energy portfolio, offering 4.34 billion shares at a market cap of about N3.06 trillion.
	NGX30	0.18	31.45	

Movement in System Liquidity (NGNbn)



Movement in NGX-ASI Price Index



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*Mean average stop rate at the Nigerian treasury bill auction

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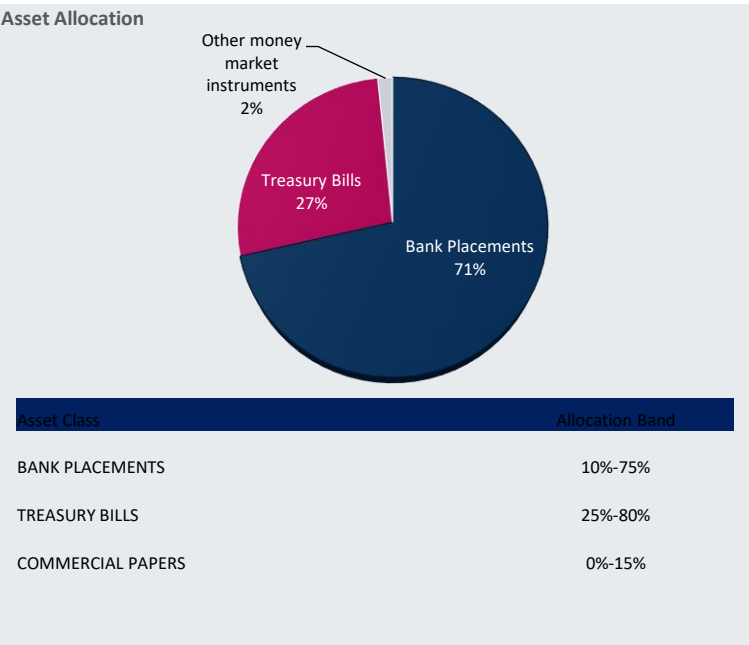
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FBN Money Market Fund Overview

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	₦333.48bn
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



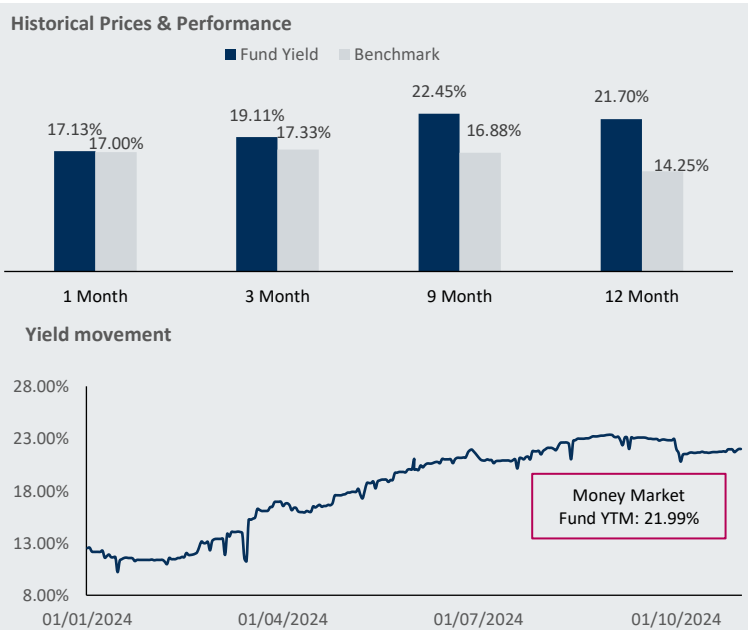
Fund Performance and Outlook

Fund Performance

The FBN Money Market Fund closed the month with a yield of 21.99%, 626bps above the benchmark rate of 15.73% and an average yield of 21.69% for the month of October 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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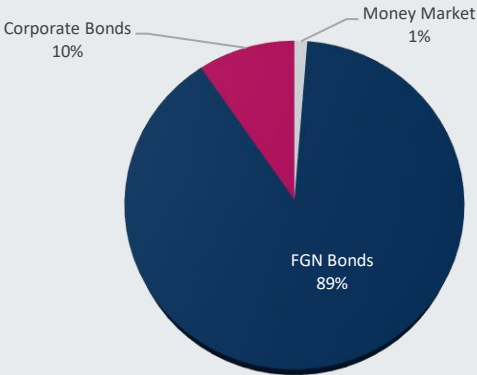
FBN Bond Fund Overview

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	₦25.22bn
Base currency	(₦)
NAV per share	₦1,683.36
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

Asset Allocation



Asset Class	Allocation Band
FGN BONDS	15% - 75%
STATE GOVERNMENT BONDS	0% - 30%
CORPORATE BONDS	0% - 30%
MONEY MARKET INSTRUMENTS	25% - 75%

Fund Performance and Outlook

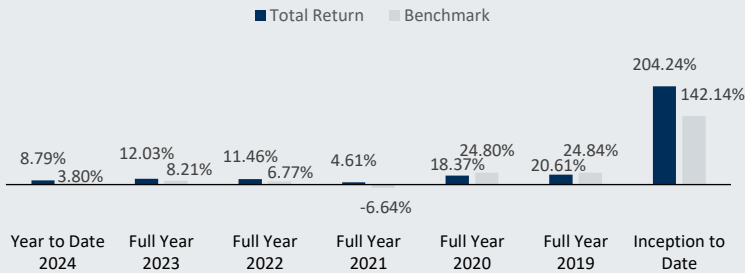
Fund Performance

The FBN Bond Fund closed the month with a Yield to Maturity of 11.58% and an annualized return of 10.63%. 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.

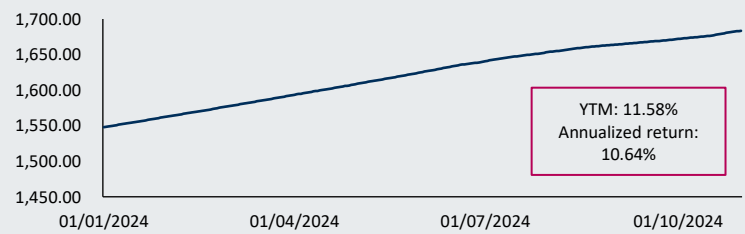
Fund Outlook

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.

Historical Prices & Performance



Price movement



FBN Mutual Funds Factsheet

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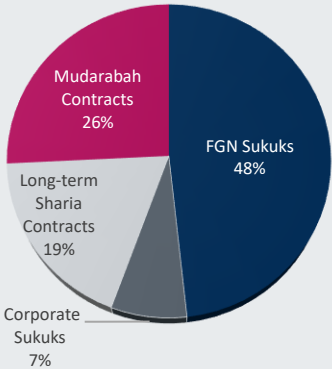
FBN Halal Fund Overview

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	₦8.08bn
Base currency	(₦)
NAV per share	₦139.97
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

Asset Allocation



Asset Class	Allocation Band
FGN SUKUK BONDS	10%-85%
CORPORATE SUKUK BOND	0%-70%
MUDARABAH CONTRACT	0%-80%
LONG TERM SHARIAH CONTRACTS	0%-55%

Fund Performance and Outlook

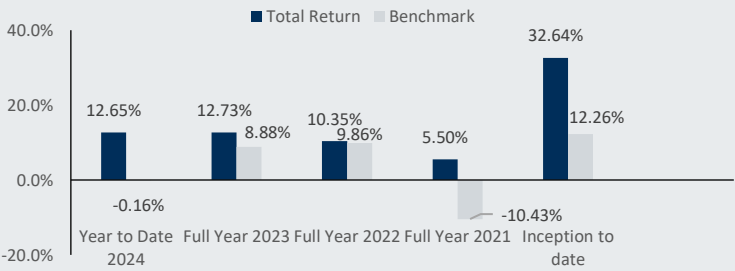
Fund Performance

The FBN Halal Fund closed with a Yield to Maturity of 15.02% and an annualized return of 15.36%. 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.

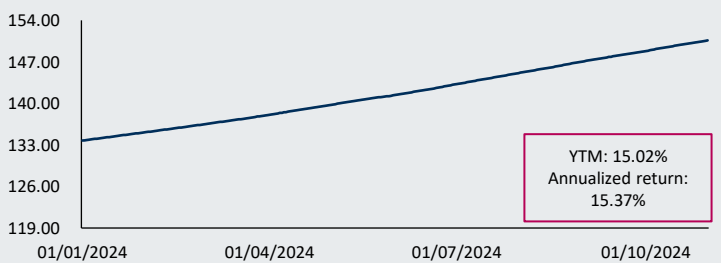
Fund Outlook

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.

Historical Prices & Performance



Price movement



FBN Mutual Funds Factsheet

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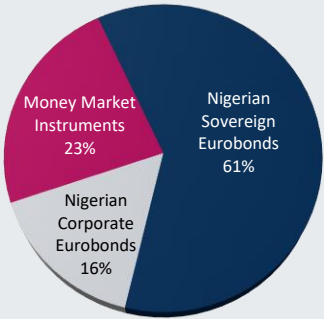
FBN Dollar Fund Overview

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	\$34.07mn
Base currency	US Dollars (\$)
NAV per share	\$124.75
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

Asset Allocation



Asset Class	Allocation Band
FGN & CORPORATE EUROBOND	70% - 80%
NON-NIGERIAN ASSETS (US TREASURIES)	0% - 10%
MONEY MARKET INSTRUMENTS	0% - 30%

Fund Performance and Outlook

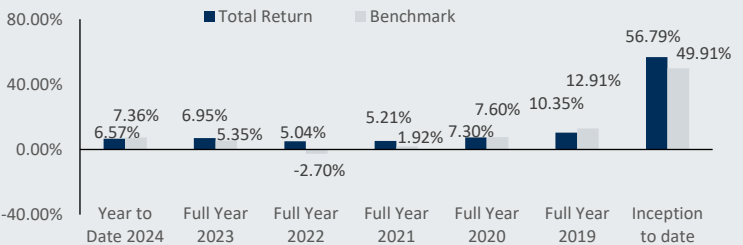
Fund Performance

The FBN Dollar Fund closed the month with a Yield to Maturity of 7.86% and an annualized return of 7.93%. 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.

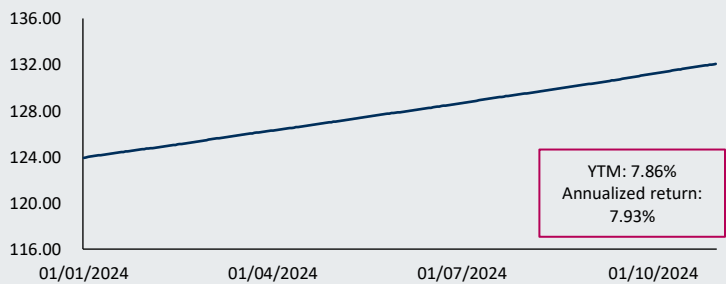
Fund Outlook

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.

Historical Prices & Performance



Price movement



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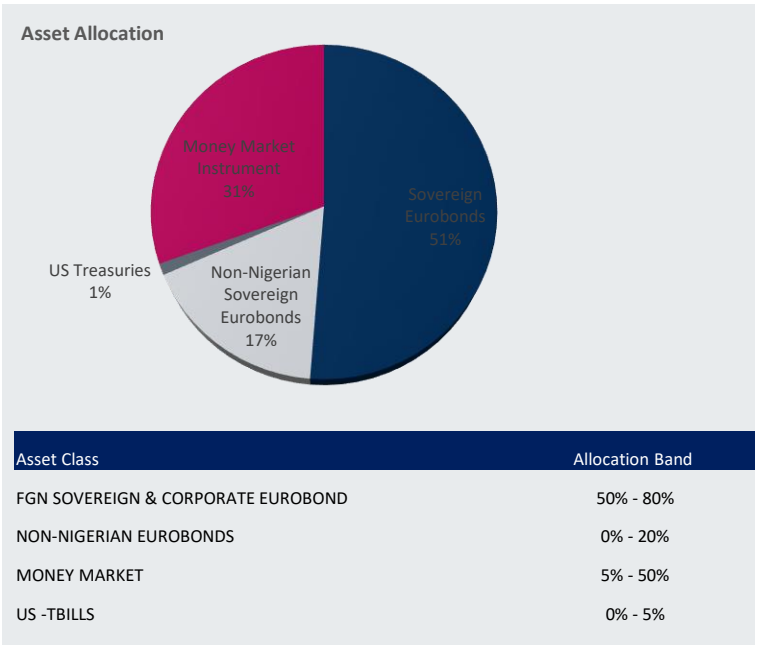
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FBN Specialized Dollar Fund Overview

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	\$62.72mn
Base currency	US Dollars (\$)
NAV per share	\$117.01
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



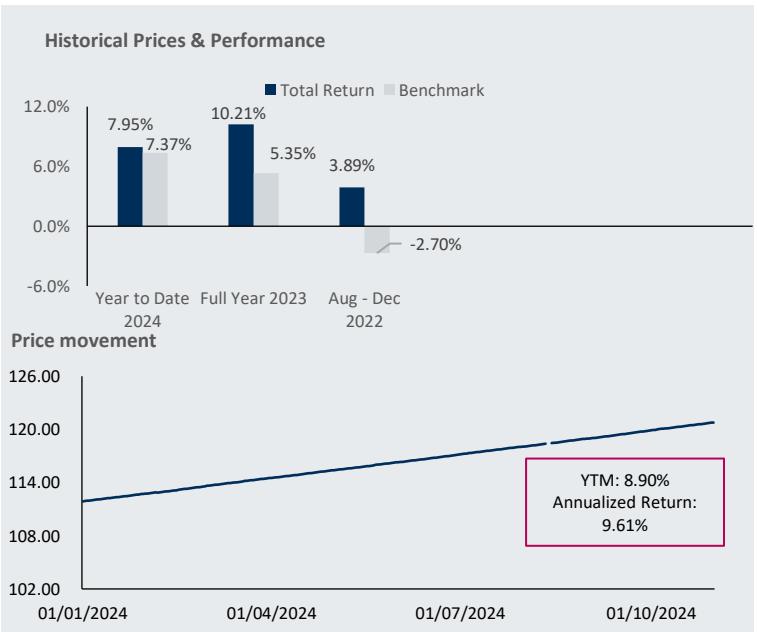
Fund Performance and Outlook

Fund Performance

The FBN Specialized Dollar Fund closed the month with a Yield to Maturity of 8.90% 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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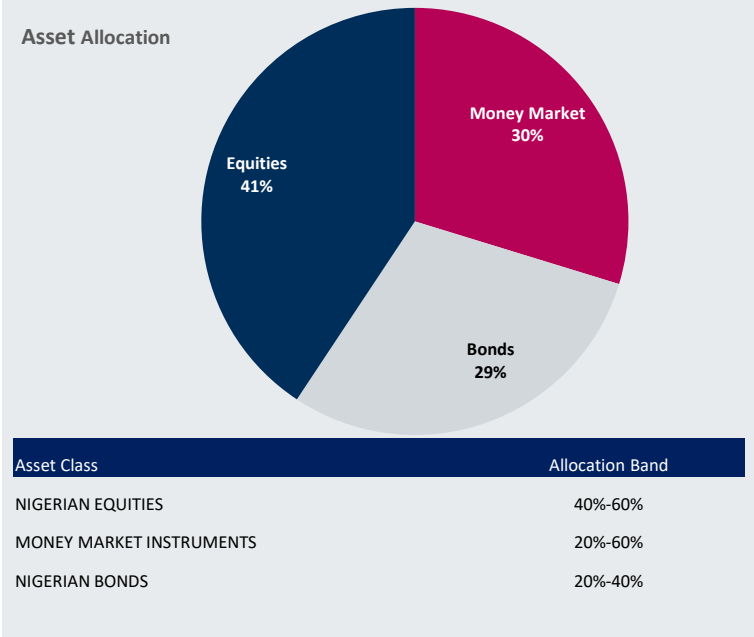
FBN Balanced Fund Overview

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 Ologunro, ACCA
Fund launch date	1 April 2008
Fund size	₦9.09bn
Base currency	(₦)
NAV per share	₦302.89
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	
Financial Services	20.79%
Industrial Goods	19.19%
Oil and Gas	17.00%
Consumer Goods	16.51%
Agriculture	15.85%



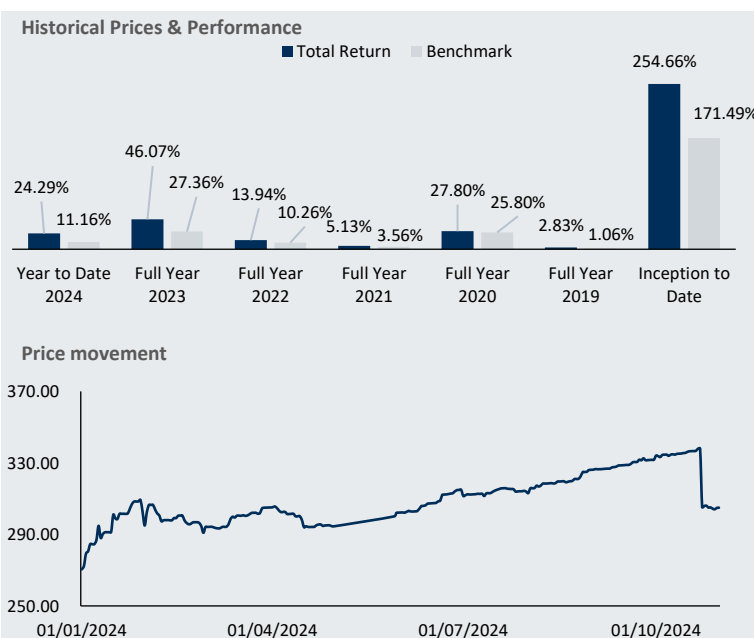
Fund Performance and Outlook

Fund Performance

The FBN Balanced Fund closed the month with a year-to-date return of 24.29% (September: 22.70%). The m/m improvement in the Fund's performance was buoyed by positive sentiments that accompanied corporate actions announced by tier one banks. The fund's exposure to upstream oil and gas players further complemented gains in the fund . 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

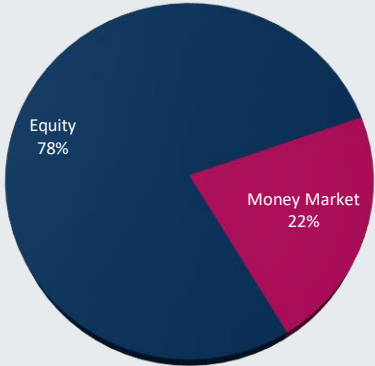
Investment Objective

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	₦1.17bn
Base currency	(₦)
NAV per share	₦296.15
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	63.18%
Agriculture	16.22%
Industrial Goods	10.75%
Oil and Gas	9.84%

Asset Allocation



Asset Class	Allocation Band
NIGERIAN EQUITIES	70% - 100%
MONEY MARKET INSTRUMENTS	0% - 30%

Fund Performance and Outlook

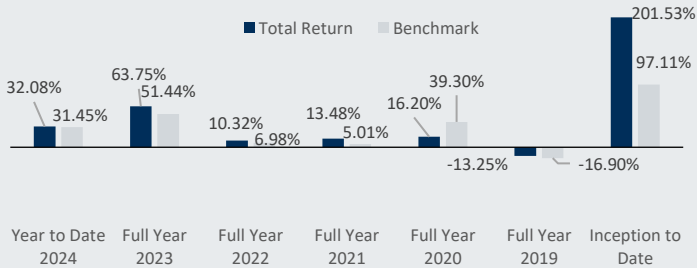
Fund Performance

The FBN Smart Beta Equity Fund closed the month with a year-to-date return of 32.08% (September: 30.70). The modest improvement in the fund's performance primarily reflects the gains from its strategic overweight position in banking stocks. Strong Q3 2024 earnings, coupled with corporate actions during the quarter, spurred significant activity and contributed to the fund's outperformance.

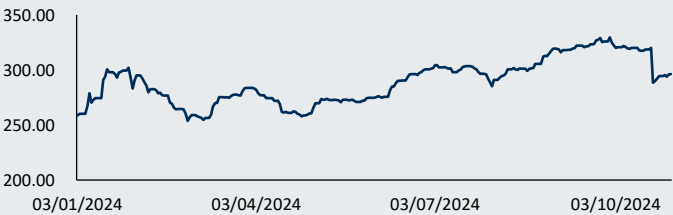
Fund Outlook

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.

Historical Prices & Performance



Price movement



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Outlook

- The global economy and financial markets will be closely watching the 2024 election activities in the United States, inflation trends, and monetary policy decisions by central banks. The outcome of the November 5th election in the U.S. is expected to have significant implications for global trade, diplomatic relations, and geopolitical stability, as the resulting policies will influence corporate profits and trade dynamics worldwide. Furthermore, as inflation continue to trend down, central banks will likely have more flexibility to implement additional rate cuts. Lower interest rates are expected to boost demand and spending, which will help support economic growth in the coming quarters.
- Equity: As the Q4:2024 earnings season kicks off, we anticipate that strong financial performances from defensive, or bear-weather, stocks will support positive returns on the local bourse and the NGX-30 index. However, by mid-Q4 2024, we expect bearish sentiments to gradually enter the market due to a lack of positive catalysts to sustain investor interest. Additionally, equity investors are likely to closely monitor fixed-income yield trends, given expectations that system liquidity will tighten in the coming months—a factor that could drive yields upward. Toward the end of Q4 2024, we foresee selective buying among investors, focusing on fundamentally strong stocks as they position for the upcoming financial season.
- Fixed Income: In the fixed income market, we expect factors such as soaring inflation, liquidity position, OMO issuance, and lower supply from the Debt Management office (DMO) to drive the fixed income market. Our prognosis on inflation is that food inflation (underpinned festive induced demand and low supply), and core inflation (supported by naira depreciation and rising fuel cost) will put upward pressure on headline inflation. In line with this expectation, we expect the Central Bank of Nigeria to maintain its hawkish monetary policy by increasing its benchmark rate. Furthermore, we expect the central bank to implement other measures such as OMO auctions and CRR debits to mop up excess liquidity that would come from Federal Account Allocation, coupon payment and maturities during the period. On the other hand, we note that the government need to reduce its borrowing cost and the reduced bond supply from the DMO in the last quarter will likely remain key factors that will shape the market in the coming quarter. Overall, we expect yields within the market to remain stable at current levels.
- Eurobonds: 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.