

FBN NIGERIA SMART BETA EQUITY FUND

All data as at April 30th 2018 unless otherwise stated



Fund Overview

Investment objective

The Fund seeks to provide long-term capital growth by investing primarily in a portfolio of equities listed in Nigeria.

Fund facts

Fund Managers	Laura Thorpe CFA, Kike Mesubi CFA, Oluwaseun Magreola
Fund launch date	4th January 2016
Fund size	₦534.9m
Base currency	Naira (₦)
NAV per share	₦182.95
Total Expense Ratio	1.63%
Minimum investment	₦50,000.00
Annual management fee	1.50%
Risk profile	High*
Benchmark	NSE 30

Fund highlights

The Fund is an open ended mutual fund that invests in a diversified portfolio of high quality Nigerian companies that are domiciled in, or carry out part of their economic activity in Nigeria.

In order to manage liquidity, the Fund may invest in short term money market instruments and deposits with credit institutions may be held from time to time.

Fund strategy

The Fund uses a simple systematic rules-based investment strategy that is designed to capitalize on equity market inefficiencies specific to the Nigerian equity market, as established by extensive in-house quantitative research. The strategy is commonly known as smart beta investing.

The Portfolio Managers draw constituents from the largest 40 stocks (by market capitalization) and screen these stocks based on the following anomalies: value, momentum, profitability and dividend yield. Weights assigned to stocks are screen-rank-driven.

Investor Profile

The Fund is suitable for investors who are seeking long-term capital growth, require minimal income and can tolerate market volatility.

The Fund may be suitable for investors looking for a source of long-term capital growth and income through exposure primarily to equity securities in Nigeria. Investors in this Fund should have at least a three to five years investment horizon.

Benchmark

Nigerian Stock Exchange 30 Index (net of fees)

Source: FBNQuest Asset Management

* The Fund has a 'High' risk profile given it invests the majority of its assets in equities. The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions.

^ Bid price is stated net of fees and expenses.

Holding period: 90 business days.

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.

Monthly Comments

Fund and market review

The Fund dropped by -0.3% during the month, underperforming its benchmark, the NSE 30 which gained 0.1% but outperformed the NSE All Share Index (NSEASI) which dropped by -0.6%. The Fund has gained 13.6% year to date compared to the NSE 30 and NSE ASI which gained 7.4% and 7.9% respectively.

Positive macroeconomic data releases over the month such as the drop in headline inflation from 14.3% to 13.3%, the increase in foreign reserves to USD46.7bn and the increase in the Purchasing Managers Index (PMI) to 56.9 index points failed to spur positive sentiments in the equities space, as investors weighed companies' Q1 2018 results. In the banking space, performance was mixed across board as banks sought alternative ways to generate revenue following the fall in yields on fixed income instruments. Worthy of mention is the effect of the implementation of International Financial Reporting Standards (IFRS) 9 on their results; Banks adopted the Expected Credit Loss principle which led them to make major negative adjustments through their retained earnings. Within the month, the Nigerian Stock Exchange lifted Oando's shares from technical suspension, while Seplat posted impressive results after which both companies enjoyed positive reactions from investors. In the Industrial Goods sector, Dangote Cement continued to perform positively due to high energy efficiency and growth in public-private partnership infrastructure projects. On the other hand, Lafarge Wapco continued its underwhelming performance caused by lower sales volumes and high cost pressures in its South African operation. The Fund, with its diversified portfolio, is reaping the benefits of taking equity risk.

Fund and market outlook

Looking ahead, we expect the equities market to continue its positive performance and enjoy high net inflows from foreign investors as the economy continues to witness positive growth.

Performance and Positioning

Historic prices



Performance Summary

	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18
Bid price (₦)^	152.19	151.18	157.43	163.60	170.78	195.85	193.51	183.50	182.95
Distribution (₦)								11.00	

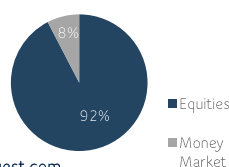
Top 5 equity holdings

Okomu Oil	5.49%
Stanbic	5.47%
GlaxoSmithKline	5.41%
Flour Mills	5.31%
Nestle	5.18%

Top 5 Sector Exposure

Financial Services	28.68%
Consumer Goods	24.38%
Industrial Goods	17.40%
Agriculture	10.40%
Health Care	5.41%

Current allocation



Asset allocation ranges

Fixed Income	0-25%
Equities	75-100%