

FBN NIGERIA SMART BETA EQUITY FUND

All data as at February 28th 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	₦529.81m
Base currency	Naira (₦)
NAV per share	₦193.51
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 Nigerian Stock Exchange All Share Index (NSEASI) and NSE 30 declined over the month of February after a mix of bullish and bearish sentiments during the month stemming from local and global macroeconomic trends and earnings releases. Over the month, the Fund declined 1.19%, outperforming its benchmark which declined 2.89%. Overall, the Fund gained 13.31% year-to-date, outperforming its benchmark, the NSE30, and the NSEASI which gained 12.29% and 13.30% respectively.

Markets shrugged off positive macroeconomic data as the National Bureau of Statistics (NBS) released its Consumer Price Index (CPI) for the month of January. Headline inflation slowed to 15.13% year-on-year (versus 15.37% in December 2017). This marks the 12th consecutive decline of the CPI. On another positive note, GDP numbers for 2017 were released during the month; the economy grew by 0.83% compared to a -1.58% contraction in 2016. The Agriculture sector was the fastest growing sector, expanding by 4.20% year-on-year compared to 3.10% recorded in Q3; a confirmation that Government's targeted efforts at the sector is yielding positive results.

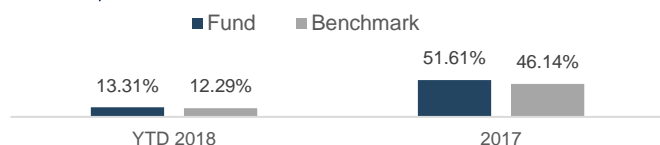
The full year 2017 earning results kicked off in February; Seplat released a strong set of positive numbers driven primarily by a combination of higher oil sales on the back of improved production and higher prices relative to 2016. However, not-so-positive results from Guinness, Nigeria Breweries and Total wiped out some gains from the broader market as investors engaged in large sell-offs as a result of the poor performance.

Fund and market outlook

Barring any significant changes in the macro-economic environment, we envisage companies will face a less challenging operating environment. Our expectations are that full year 2017 results released by listed companies in Q1 2018 will continue to drive the equities market and the Fund is well positioned to benefit from it.

Performance and Positioning

Historic prices



Performance Summary

	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
Bid price (₦)^	146.86	155.70	152.19	151.18	157.43	163.60	170.78	195.85	193.51

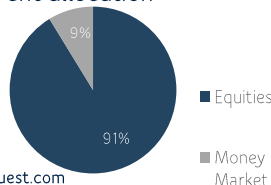
Top 5 equity holdings

UBA	5.57%
Zenith Bank	5.51%
NASCON	5.41%
Fidelity Bank	5.30%
Stanbic	5.15%

Top 5 Sector Exposure

Financial Services	30.97%
Consumer Goods	24.29%
Industrial Goods	17.85%
Agriculture	9.85%
Diversified	4.69%

Current allocation



Asset allocation ranges

Fixed Income	0-25%
Equities	75-100%