

FBN NIGERIA SMART BETA EQUITY FUND

All data as at November 30th 2017 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	₦236.45m
Base currency	Naira (₦)
NAV per share	₦163.60
Minimum investment	₦50,000.00
Annual management fee	1.50%
Risk profile	High*

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 carrying out the main 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: FBN Capital 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.

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A part of the FBN Holdings Group

Monthly Comments

Fund and market review

The Fund appreciated by 3.92% in the month of November; outperforming its benchmark, the NSE 30, which gained 2.36% and the Broader Market Index which closed at 3.44% in the month of November.

The equity market continued its impressive performance gaining 3.44% during the month and 41.19% year-to-date after its rebound in the month of October. Although market sentiments were mixed, the gain was mainly driven by increased investor confidence as a result of positive macroeconomic trends. The performance was largely positive and the NSEASI rose to a 4-month high during the period partly due to the impressive performance of large cap names such as Nestle surged to an all time high while Dangote Cement, Fidelity Bank and Dangote Sugar rose to 3-month, 30-month and 7-year highs respectively. However, during the month, the equities market had its worst trading day in seven (7) weeks following the conclusion of the Morgan Stanley Capital International (MSCI) semi-annual review where FBNHoldings, Forte Oil, Guinness and PZ Cussons were relegated to the frontier markets small cap index while Cadbury, Diamond Bank, FCMB, GlaxoSmithKline, Skye Bank and Sterling Bank were deleted from the frontier small cap index. As a result, Cadbury, PZ Cussons and Guinness lost -4.31%, -2.61% and -1.97% respectively on the day.

Other positive events that occurred in the month include a drop in year-on-year Q3 headline inflation to 15.91% from 15.98%, stability in increased oil prices at \$60 to \$64 per barrel and a 1.40% growth of Nigeria's economy in Q3 2017 which was mainly driven by growth in the country's non-oil sector.

Fund and market outlook

We expect the equities market to continue to find support on improving macroeconomic dynamics, sustained FX liquidity and stable global oil prices. Also, with year end approaching, we expect to see large number of activities in the equities market even markets anticipate the release of companies Q4 financial results.

Positioning

Historic prices

	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
Bid price (₦) [^]	114.98	117.89	128.93	146.86	155.70	152.19	151.18	157.43	163.60

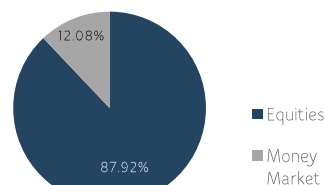
Top 5 equity holdings

Nascon	8.51%
Stanbic	7.65%
DangSugar	7.62%
Zenith Bank	7.03%
GTBank	6.96%

Top 5 Sector Exposure

Financial Services	40.37%
Consumer Goods	20.22%
Oil & Gas	17.32%
Agriculture	11.55%
Industrial Goods	4.71%

Current allocation



Asset allocation ranges

Fixed Income	0-25%
Equities	75-100%