





MUTUAL FUND FACTSHEET

All data as at 28 February 2021 unless otherwise stated

PUBLIC

Executive Summary

- Oil markets improved significantly in February as crude oil prices notched the largest year-to-date gain (Brent - 29.24%; WTI - 27.20%) than in any year prior. Inventories worldwide have tightened, and pockets of demand have returned, supported by OPEC+ production curbs which have helped to deplete crude glut. Also, the unexpected cold blast in Texas which halted oil wells and refineries causing a disruption in supply also propped oil prices during the month. Overall, the price of Brent crude rebounded to more than \$67 per barrel, while the WTI traded above \$63 in the month. .
- The US financial markets were a bit unsettled towards the end of the month as the equities market witnessed selloffs and treasury yields soared to new highs. The US 10-year bond surged to 1.61% (highest level since February 2020), as investors speculated a rise in inflation in the wake of the \$1.9trn fiscal stimulus package and envisaged that this could prompt a shift in monetary policy. The Fed Chairman however, assured that the US interest rates would remain low for longer, soothing investors' concerns.
- During the month, the Debt Management Office (DMO) released the new Medium-Term Debt Management Strategy for 2020-2023 - a policy guide to the borrowing activities of the Government. This highlights an increased total public debt to GDP of 40% (from 25%); domestic to external debt mix of 70:30 (previous of 60:40); average tenor of debt portfolio of 10years (from 7.5years); and lastly, long term to short term domestic debt mix of 75:25 (vs. 71:29 previously).
- Headline inflation for January 2021, printed higher at 16.47% YoY from 15.75% in December 2020. The uptrend remains sustained by increases in both the food and core indices as food inflation spiked to over a decade high of 20.57%, with core inflation at 11.85%. The lingering security challenges in the country's food producing regions as well as structural bottlenecks, remain headwinds to food prices.

Asset Class	Benchmark	1M (February) %	Year to Date %	Commentary
 Money Market	91-day T-bill	1.50*	1.01**	Activities in the money market took a new direction as the CBN in an unusual turn of recent events, raised rates at the OMO auction held at the beginning of the month of February. The CBN accepted the highest bids on all instruments on offer with the 89-day, 180-day and 362-day closed at 7.00%, 8.50%, and 10.10% respectively (vs. 1.51%, 4.34%, and 5.74% at the 28th January auction). Similarly, at the first treasury bills auction of the month, the DMO printed stop rates higher at 1.00%, 2.00% and 4.00% for the 91-day, 182-day, and 364-day instruments (from 0.55%, 1.30% and 2.00% at the previous auction). This trend persisted through the month with stop rates increasing to 2.00%, 3.50%, and 5.50% at the auction held on the 24th of February. These have left investors repricing their assets upwards in the secondary market to reflect current realities.
	181-day T-bill	2.75*	1.95**	
	364-day T-bill	4.75*	3.25**	
 Fixed Income	BNGRI***	-4.94	-15.57	The bonds market kicked off the month on a bearish note, as uncertainty regarding yields movement filtered into the market following the upticks witnessed in the money market. Ahead of the monthly bond auction, investors sought to draw down on their current positions in anticipation of higher yields at the primary market auction. This caused further widening of the bid/offer spreads on instruments which hovered between 100bps-200bps. The result of the auction surprised investors as rates were pegged significantly higher with an average 254bps uptick across the instruments on offer. Stop rates edged higher to 10.25%, 11.25% and 11.80% on the 2027, 2035 and 2045 bonds respectively (vs. 7.98%, 8.74% and 8.95%). Cumulatively, the DMO offered NGN150bn but sold only NGN80.55bn to investors, under-allotting across tenors.
	3 Year Federal Government Bond	-0.87	-5.31	
 Eurobond	3 Year Nigerian Sovereign Eurobond	0.49	1.20	Yields on the Nigerian Sovereign Eurobonds traded lower at the start of the month as the rebound in oil prices spurred bullish sentiment. Demand pressure was seen mostly at the short and mid end of the curve with prices trading at relatively high premiums to par. However, towards the tail end of the month, the market pulled back some of its previous gains with selling actions across the sovereign curve, which caused yields to rise across instruments. Generally, it was a topsy-turvy month in the Eurobond market as most SSA sovereigns toed the same line with yields trending higher at the end of the month.
	5 Year Nigerian Sovereign Eurobond	0.49	0.70	
 Equites	NSEASI	-6.16	-1.17	The Nigerian equities market in February, reversed the gains made last month as the All-share index fell below the 40,000pts band to settle at 39,799.89pts. Month on Month, the market shed 6.16% leaving the Year to Date (YTD) return in the negative territory (-1.17%). The market was riddled with profit taking activities across counters that have appreciated over time. More so, as yields began to tick up in the fixed income space, there has been a gradual rotation as investors seek to book capital gains on the risk-free instruments. All the sectorial indices closed negative for the month with the insurance sector as the worst performer (-17.82%). On the other hand, companies like ZENITHBANK, NB, NESTLE, MTNN, SEPLAT posted their full year 2020 results amid dividend declarations.
	NSE30	-7.41	-2.84	

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* Mean stop rate at the Monthly Nigerian treasury bill auction
** Average of Nigerian treasury bill auction from the beginning of the year
*** BNGRI - Bloomberg Nigeria Local Sovereign Bond Index

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FBN Money Market Fund Overview

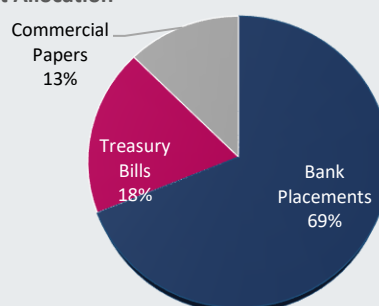
Investment Objective

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.

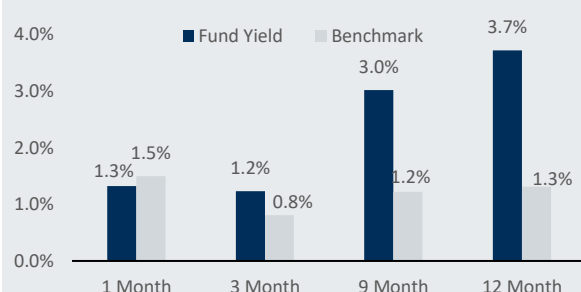
Fund Facts

Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA
Fund launch date	24 September 2012
Fund size	₦193.91bn
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.

Asset Allocation



Historical Prices & Performance



FBN Bond Fund Overview

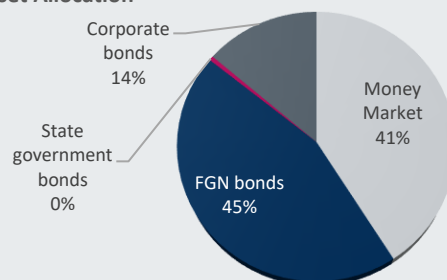
Investment objective

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.

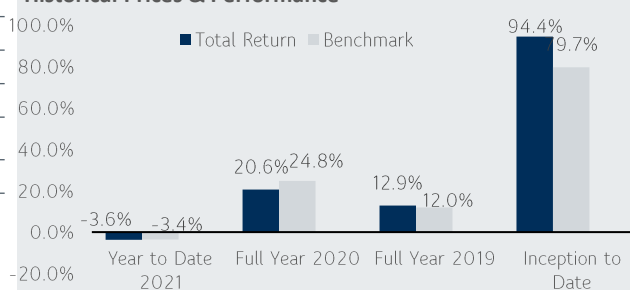
Fund Facts

Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA
Fund launch date	24 September 2012
Fund size	₦17.83bn
Base currency	(₦)
NAV per share	₦1,358.28
Minimum investment	₦50,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Annually
Total Expense Ratio	1.23%
Annual management fee	1.50%
Risk profile	Low-Medium
Custodian	Citibank
Benchmark	70% 3Year FGN Bond 30% Average 91-day Tbill rate
Weighted portfolio duration	2-3 years

Asset Allocation



Historical Prices & Performance



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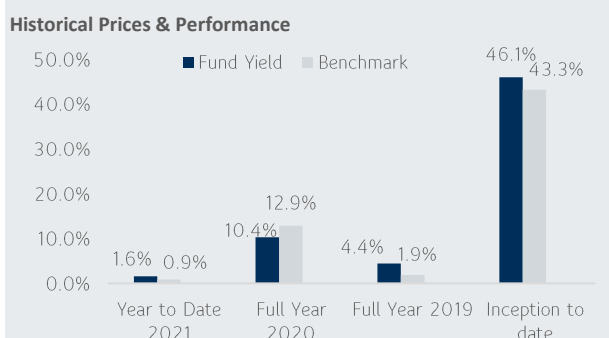
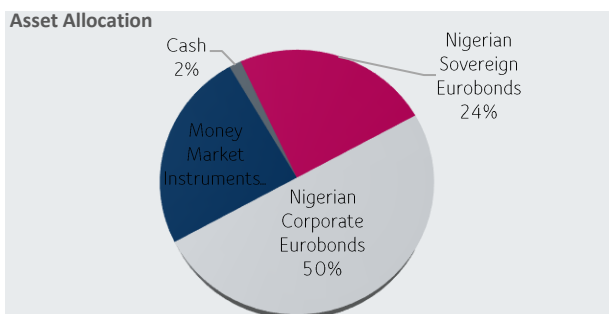
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FBN Eurobond Fund Overview

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 institutions

Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA, Adeyemi Roberts CFA
Fund launch date	4 January 2016
Fund size	\$13.61mn
Base currency	US Dollars (\$)
Unit classes	R unit class: Retail
NAV per share	\$123.71
Minimum investment	\$1,000
Minimum holding period	180 days*
Risk profile	Medium**
Income distribution	Annually
Benchmark	70% 3 Year FGN Bond 30% Average 1yr US Tbill rate
Total Expense Ratio	1.68%
Weighted portfolio duration	1-2 years



FBN Balanced Fund Overview

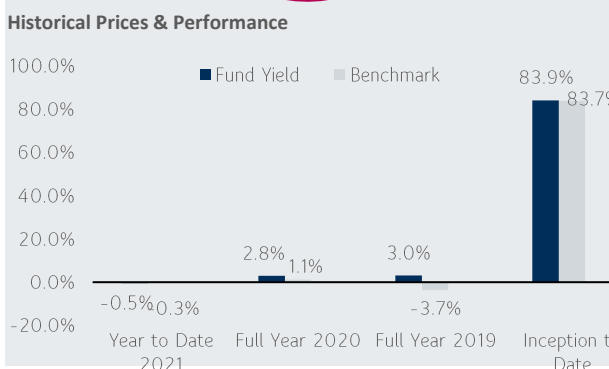
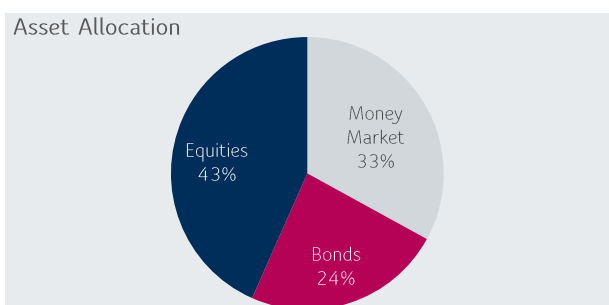
Investment objective

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, Oluwaseun Magreola
Fund launch date	1 April 2008
Fund size	₦4.21bn
Base currency	(₦)
NAV per share	₦183.94
Minimum investment	₦50,000
Minimum holding period	180 days
Income accrual	Daily
Annual management fee	1.50%
Total Expense Ratio	1.69%
Risk profile	Medium
Benchmark	50% NSEASI 50% 90day average Tbill rate
Custodian	Citibank

Top 5 equity holdings	
Financial Services	17.0%
Industrial Goods	10.2%
Telecommunications	8.8%
Consumer Goods	7.1%
Oil and Gas	0.1%

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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 capitalised stocks listed on the Nigerian Stock Exchange. The Fund is appropriate for investors who want equities with the aim of outperforming the NSE 30 index.

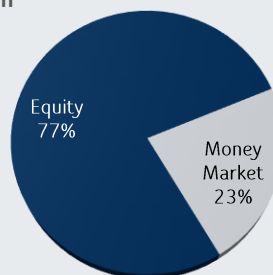
Fund Facts

Fund Manager	Laura Fisayo-Kolawole, CFA, Harrison Imonikhe
Fund launch date	4 January ,2016
Fund size	₦321.25mn
Base currency	(₦)
NAV per share	₦150.89
Total Expense Ratio	1.63%
Minimum investment	₦50,000
Annual management fee	1.50%
Risk profile	High*
Benchmark	NSE 30
Custodian	Standard Chartered Bank

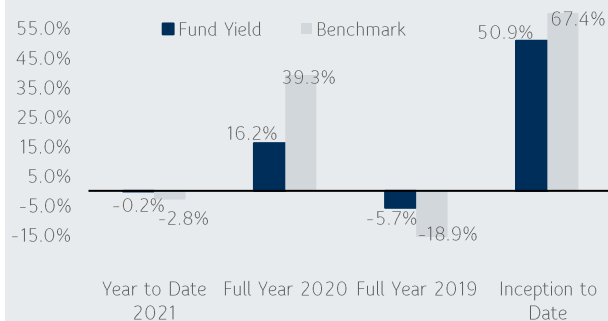
Top 5 equity holdings

Financial Services	30.1%
Industrial Goods	14.0%
Oil and Gas	14.6%
Consumer Goods	9.5%
Agriculture	9.2%

Assets Allocation



Historical Prices & Performance



FBN Halal Fund Overview

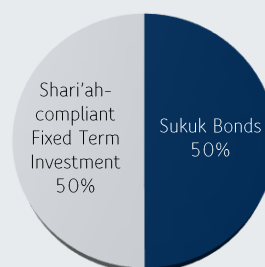
Investment objective

The Fund is designed to provide long-term income generation by investing in Shari'ah compliant instruments such as Sukuku, Ijarah (Lease), Murabaha (Cost plus mark-up) and Mudarabah (Working Partner) contracts.

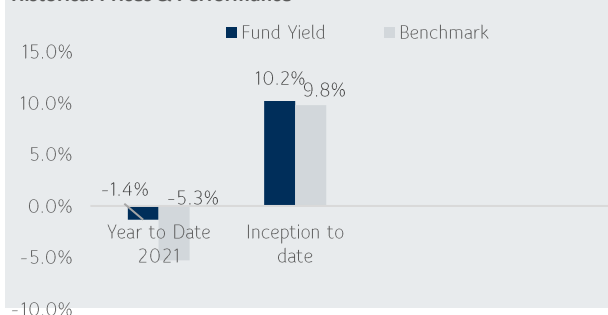
Fund Facts

Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA, Adeyemi Roberts CFA
Fund launch date	4 May 2020
Fund size	₦8.83bn
Base currency	(₦)
NAV per share	₦110.02
Minimum investment	₦5,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Semi-annually (April and October)
Total Expense Ratio	1.70%
Risk profile	Low-Medium
Custodian	Standard Chartered
Benchmark	FGN 3 Year Benchmark Bond

Historical Prices & Performance



Historical Prices & Performance



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Outlook

- The Joint Ministerial Monitoring Committee (JMMC) of OPEC+ held their meeting on the 4th of March where they surprisingly decided to keep oil production steady, sticking with current quotas for April. This derailed from Analysts' expectations of increased production levels given the rise in global oil demand. However, increases were only made to Russia and Kazakhstan production levels by 130,000 and 20,000 barrels per day respectively, while Saudi Arabia extended its one million barrels per day voluntary production cut into April. Ultimately, oil prices are still poised to remain elevated at current levels - this assumes that oil demand will remain strong in the face of faster inoculation exercises in major economies.
- The sharp increases in fixed income yields were rather surprising as we had envisaged this to happen from the second quarter given the expectation of lower system liquidity. However, with the DMO's debt strategy of raising more debts from domestic sources this year, the jump in stop rates/yields was imminent. While it is still uncertain if rates would be left at current levels or would be pushed higher, what is clear however, is the CBN's drive to improve foreign inflows (evidenced by the steep increases in OMO rates) which has not been supported by FX liquidity. In the bond market, we expect bearish sentiment to gradually wane off as trading activities improve and investors get accustomed to current price levels.
- Events in the global financial markets have mirrored happenings in the domestic equities market as rising treasury yields have been met with selloffs in equities. Corporate earnings releases have been modest to impressive so far, but investors' positive reactions to them have been short-lived. In the coming days, we expect market sentiments to remain mixed with both bargain hunting and profit taking activities across counters.
- The rise in oil prices remains positive for the Eurobond market which has rebounded and even improved from pre-covid levels. With oil prices expected to hover around current levels hinged on Improved global demand, we expect overall activities on the FGN Eurobond to be dominantly positive. This is as investors closely monitor development around the progress of the vaccination exercises.

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 is 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