





## MUTUAL FUND FACTSHEET

All data as at 31st August 2019 unless otherwise stated

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### Executive Summary

- The global equity market was volatile during the month as a result of the escalation of the US - China trade war. The announcement of additional tariffs by the United States and China on each other caused a downturn in global markets. Both countries are set to resume talks to settle the trade dispute and investors remain hopeful.
- With the trade war between the US and China heating up, recession signals flashing around and the possibility of the European Central Bank cutting its interest rate below zero, investors' are seeking safe haven assets. This has led to a surge in the number of negative yielding corporate bonds from \$20 billion in January to \$1 trillion recently.
- The Central Bank of Nigeria (CBN) released a circular banning the importation of milk on credit. This may not be unconnected with a move to ban the importation of milk. Going forward, milk importers are required to prefund their accounts and utilize Letters of Credit. According to the circular, the new directive is expected to streamline methods of payments for milk imports.
- As part of its equity portfolio variation, the International Finance Corporation sold its 14.1% stake in Ecobank Transactional Incorporated to Arise B.V. Arise BV is now the 3rd highest shareholder in ETI after Nedbank (21%) and Qatar National Bank (20.1%).
- An overview of banks that released their corporate results showed that earnings were aided by non-interest income; with the exception of Fidelity, the banks recorded a decline in interest income. On the positive note, there was increase in loan growth and decline in interest expense with the exemption of Fidelity Bank. Three (3) of the four (4) banks also declared interim dividends.

Asset Class	Benchmark	1M (August) %	Year to Date %	Commentary
Money Market 	91 day T-bill	11.6	11.2	<ul style="list-style-type: none"> <li>• We witnessed a volatile Treasury bill market. There was a selloff in the middle of the month by both Foreign and Local investors in a mix of profit taking and portfolio repositioning in hopes of higher rates. Towards the end of the month, FAAC inflows and increased system liquidity caused buying pressure, this led to a decline in rates. The stop rate at the Primary Market Auction and Open Market Operation (OMO) auctions also closed higher; a signal that rates may increase in the short term.</li> </ul>
	181 day T-bill	12.6	12.4	
	364 day T-bill	12.4*	12.3**	
Fixed Income 	BNGRI***	-1.3	14.5	<ul style="list-style-type: none"> <li>• Bonds traded flattish during the month, this could be related to investors' expectation of higher interest rates. The result of the August bond auction further reiterates this expectation. The Debt Management Office (DMO) sold 75% of the amount allotted to non-competitive bids, while, the balance was sold to other investors. Overall, the auction was undersubscribed, the lowest since December 2018.</li> </ul>
	3 Year Federal Government Bond	-4.0	-0.2	
Eurobond 	3 Year Nigerian Sovereign Eurobond	-0.9	6.2	<ul style="list-style-type: none"> <li>• There was a reversal of Eurobond yields across sovereign and corporate issues. Valuation suggests that the bonds were overpriced following the reinvestment of the various callable bonds proceeds. The escalation of the US - China trade war did nothing to comfort investors as it further weighed on oil prices and the Eurobonds market.</li> </ul>
	5 Year Nigerian Sovereign Eurobond	-1.4	9.4	
Equities 	NSEASI	-0.7	-12.4	<ul style="list-style-type: none"> <li>• The equity market witnessed a minor come back as investors positioned themselves for dividends. Month on month the market was down -0.69% compared to -7.5% in July. The prices of stocks relative to their true value was also an incentive to bargain hunters to buy quality names.</li> <li>• MTN Nigeria was added to the MSCI frontier markets index. From the announcement date till the end of August, the stock price spiked by 12.4%</li> </ul>
	NSE30	-4.5	-23.3	

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\*Mean stop rate at August's 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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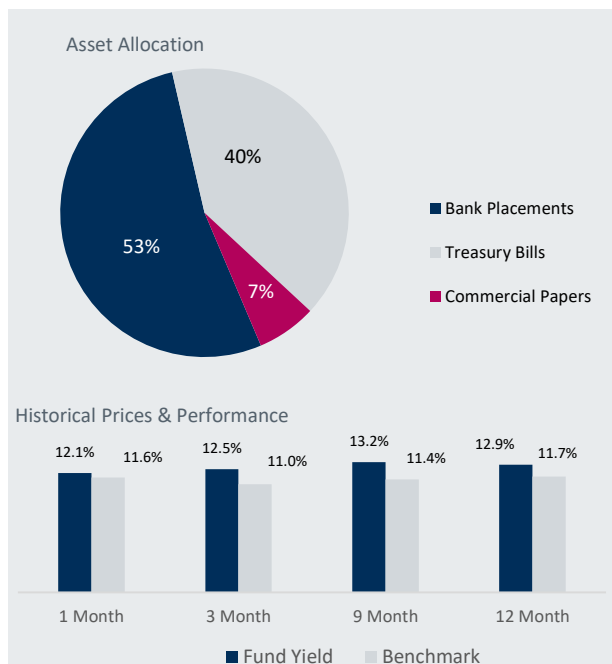
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### FBN Money Market Fund Overview

#### 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 provides liquidity while providing competitive returns.

Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA
Fund launch date	24th September 2012
Fund size	₦157.35bn
Base currency	(₦)
NAV per share	₦100
Minimum investment	₦5,000
Minimum holding period	30 days
Income accrual	Daily
Income distribution	Quarterly
Annual management fee	0.75%
Total Expense Ratio	0.90%
Risk profile	Low
Custodian	Citibank
Benchmark	Average 91 day Treasury Bill (NTB)

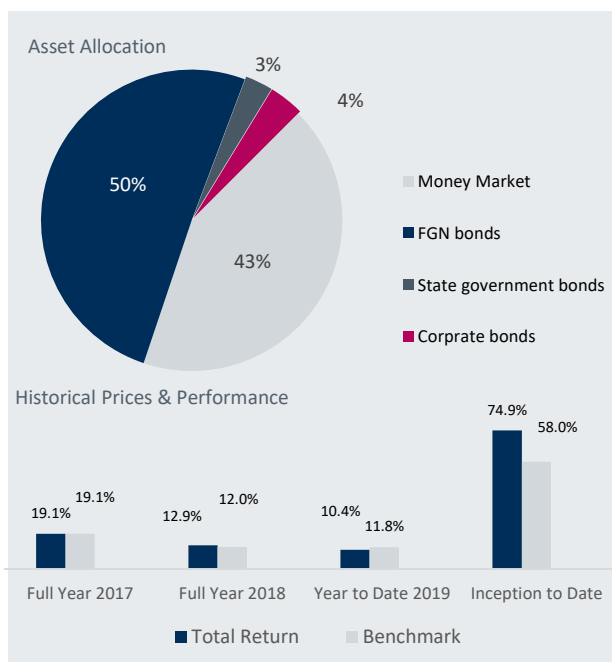


### FBN Fixed Income Fund Overview

#### Investment objective

The Fund is designed to provide capital appreciation and steady income 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	24th September 2012
Fund size	₦6.20bn
Base currency	(₦)
NAV per share	₦1,234.85
Minimum investment	₦50,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Semi-annually (April and October) April '19: ₦73.67
Total Expense Ratio	1.23%
Risk profile	Low-Medium
Custodian	Citibank
Benchmark	FGN 3 Year Benchmark Bond
Weighted portfolio duration	2-3 years



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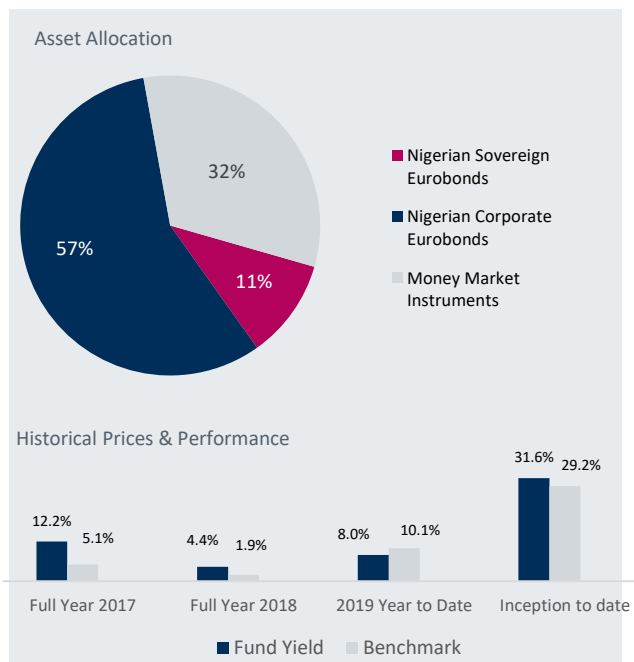
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### FBN Nigeria Eurobond Fund Overview

#### Investment objective

The Fund provides an opportunity to diversify across currencies and serves as a currency hedge through its exposure to USD denominated assets. It provides medium to long term capital appreciation and steady income by investing in USD debt instruments issued by the Nigerian government, corporates and financial institutions

Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA, Adeyemi Roberts
Fund launch date	4th January 2016
Fund size	\$4.88mn
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$119.01 R unit class: \$119.12
Minimum investment	I unit class: \$100,000 R unit class: \$2,500
Minimum holding period	180 days*
Risk profile	Medium**
Benchmark	3-Year Nigerian Sovereign Eurobond
Total Expense Ratio	I unit class: 1.16% R unit class: 1.68%
Weighted portfolio duration	2-3 years



### FBN Balanced Fund Overview

#### Investment objective

The Fund seeks to provide 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. The Fund invests primarily in debt instruments and shares of companies listed on an official exchange in Nigeria.

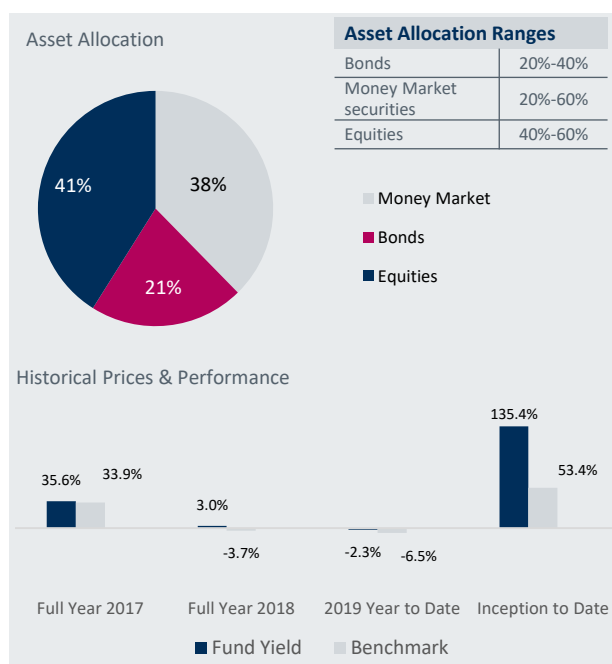
Fund Facts	
Fund Manager	Laura Fisayo-Kolawole, CFA, Kike Mesubi, CFA,
Fund launch date	1 <sup>st</sup> April 2008
Fund size	₦2.78bn
Base currency	(₦)
NAV per share	₦139.57
Minimum investment	₦50,000
Minimum holding period	90 days
Income accrual	Daily
Annual management fee	1.50%
Total Expense Ratio	1.69%
Risk profile	Medium
Benchmark	50% NSE30 25% 90day average tbill rate 25% BNGRI
Custodian	Citibank

Top 5 equity holdings	
Financial Services	20.22%
Oil and Gas	9.55%
Consumer Goods	6.88%
Agriculture	2.65%
Industrial Goods	1.52%

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### FBN Nigeria Smart Beta Equity Fund Overview Investment objective

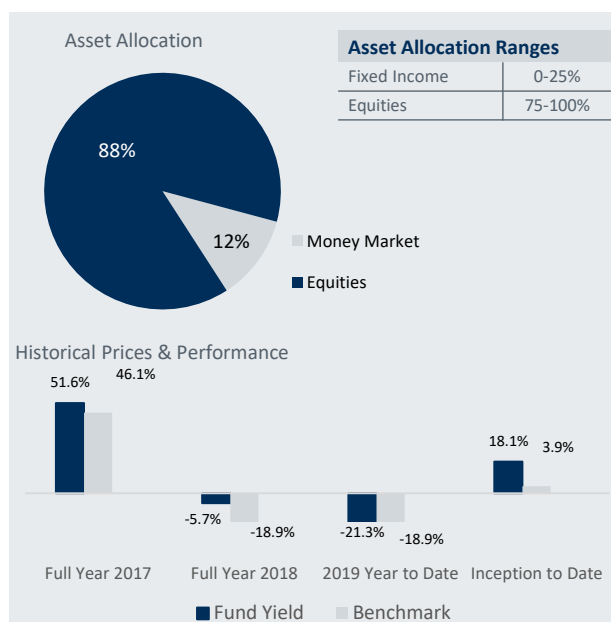
The Fund seeks to provide capital growth to investors by selecting the best twenty (20) out of the forty (40) most capitalised stocks listed on the Nigerian Stock Exchange. The Fund is desired by investors who want equities with the aim of outperforming the NSE 30 index.

#### Fund Facts

Fund Manager	Laura Fisayo-Kolawole, CFA, Kike Mesubi, CFA, Harrison Imonikhe
Fund launch date	4th January 2016
Fund size	₦200.54m
Base currency	(₦)
NAV per share	₦118.08
Total Expense Ratio	1.63%
Minimum investment	₦50,000.00
Annual management fee	1.50%
Risk profile	High*
Benchmark	NSE 30
Custodian	Standard Chartered Bank

#### Top 5 equity holdings

Financial Services	34.14%
Industrial Goods	20.69%
Consumer Goods	17.52%
Oil and Gas	9.94%
Hospitality	5.37%



### Outlook

- The ongoing trade war, increased risk aversion and sluggish global growth led the IMF in July to revise global and sub-Saharan Africa growth downward by 0.1% from its April projection. Although oil prices are predicted to increase, there are fears of volatility which may negatively impact Nigeria.
- The recent directive by the Federal Government of Nigeria to close the border between Nigeria and Benin Republic to combat smuggling if left closed for a long period of time may lead to an increase in food inflation. Already, we understand that the news of the closure has led to increases in the prices of some food items.
- The Central Bank of Nigeria (CBN) released a circular which mandated the use of deposits from other banks to settle existing consumer loans. We expect this to provide comfort for the commercial banks and enhance lending.
- In the fixed income market, we expect a rise in yields due to the upcoming ₦2.5 trillion treasury bills maturities and the demand by investors for higher rates. We also anticipate an increase in the issuance of OMO auctions in an effort by the CBN to stem outflows by the Foreign Portfolio Investors.
- In the coming months, we expect investors' to continue to build stocks of quality names. The high dividend yield relative to fixed income yield should spur buying interest and provide support for the equity market.

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