





## MUTUAL FUND FACTSHEET

All data as at 31st July 2019 unless otherwise stated

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### Executive Summary

- The Central Bank of Nigeria (CBN) introduced a minimum Loan to Deposit Ratio of 60% for all Deposit Money Banks (DMBs) in its pursuit to increase lending to the real sector. The loan is to be targeted at key sectors such as; Small Medium Enterprises, retail, mortgage and consumer lending.
- The CBN also released another circular to (DMBs) reducing the amount of cash deposited with her that will be eligible for accessing the Standing Deposit Facility (SDF). Prior to the circular, DMBs earned an interest of 8.5% on ₦7.5bn. The circular reduced the amount by ₦5.5 billion to ₦2.0 billion. We believe this is another drive to boost lending to the real sector of the economy.
- The President submitted his ministerial list to the senate. While we await their portfolios, the announcement is a step in the right direction and should provide the much needed catalyst for project executions.
- Companies released their Q2 earnings results in the month. With the exception of a few outliers, the results were underwhelming. A common theme across Food and Manufacturing companies was sluggish to declining revenue growth and higher operating cost; one would have expected a controlled cost in the face of falling revenues.
- A company worth highlighting is Lafarge Africa, which returned to profitability helped by controlled cost and significantly lower finance charge. The proceeds of the right issue was used to reduce its banks loans.

Asset Class	Benchmark	1M (July) %	Year to Date %	Commentary
 Money Market	91 day T-bill	10.1	11.1	<ul style="list-style-type: none"> <li>• The CBN resumed the OMO auctions in the first week of July, although there was 'no sale' on one of the auctions. The new circulars introduced by the apex bank increased market liquidity, leading to yield declines in the secondary market. In addition, banks' initial reaction to the circulars was to reduce their deposit rates. This move caused rates to decline in the market. Overall, rates were an average of 11%.</li> </ul>
	181 day T-bill	10.9	12.4	
	364 day T-bill	11.2*	12.3**	
 Fixed Income	BNGRI***	4.0	16.0	<ul style="list-style-type: none"> <li>• Demand surged in the bonds market due to attractive yields relative to treasury bills. Coupon proceeds received in the month were also reinvested leading to further yield declines.</li> <li>• At the Primary Auction, the Debt Management Office (DMO) auctioned ₦145bn across the 5, 10 and 30 year maturities. 60% of the amount on offer was sold to the public and the balance to government agencies. This suggests that the DMO was not willing to take expensive funds. Notwithstanding, the auction was oversubscribed by 182.4% with the most demand seen on the 10 and 30 year bonds.</li> </ul>
	3 Year Federal Government Bond	2.0	13.5	
 Eurobond	3 Year Nigerian Sovereign Eurobond	0.2	7.2	<ul style="list-style-type: none"> <li>• First Bank of Nigeria redeemed its 8% 23/07/2021 callable bond during the month; this caused a rally as investors sought to reinvest payouts. The rally was further heightened by the dearth of issues in the market. Prices trended higher by about 2.8% month on month.</li> </ul>
	5 Year Nigerian Sovereign Eurobond	0.2	10.9	
 Equities	NSEASI	-6.4	-11.8	<ul style="list-style-type: none"> <li>• Suppressed earnings by companies did nothing to inspire investor confidence and stem the sell-off in the equities market. NSEASI closed the month at a negative -11.81%.</li> <li>• Airtel Africa listed on the Nigerian Stock Exchange at ₦363 on July 4 2019 and has declined 18.98% post listing which further reinforces the weak investor sentiment concerning equities. Investors continue to maintain a cautious stance.</li> </ul>
	NSE30	-7.6	-19.6	

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### FBN Money Market Fund Overview

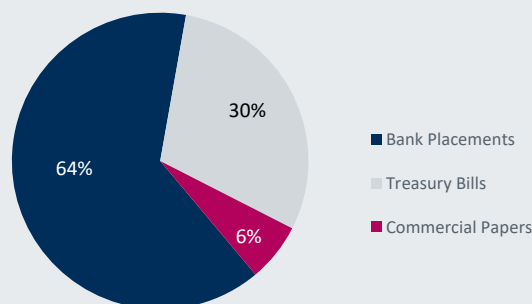
#### Investment Objective

The Fund seeks to maximise current income whilst aiming to preserve and maintain a high degree of liquidity, by investing in a broadly diversified portfolio of short-term, high quality money market securities.

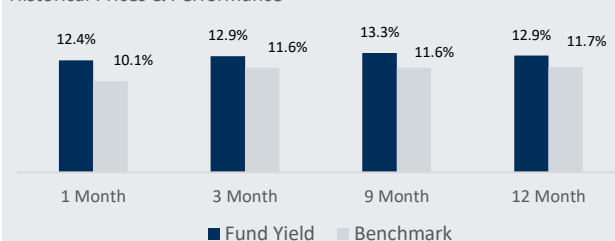
#### Fund Facts

Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA
Fund launch date	24th September 2012
Fund size	₦164.86bn
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)

#### Asset Allocation



#### Historical Prices & Performance



### FBN Fixed Income Fund Overview

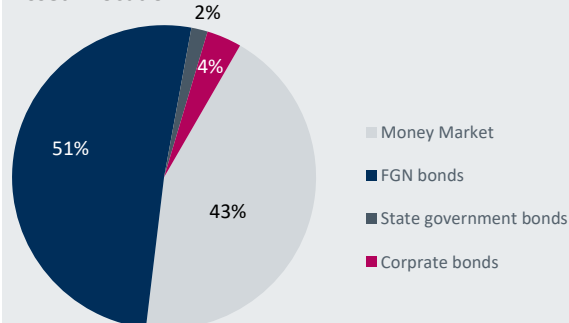
#### Investment objective

The Fund seeks to preserve and maximize return on capital while maintaining a high degree of liquidity by investing in a diversified portfolio of long tenured debt securities and short-term, high quality money market securities issued in Nigeria.

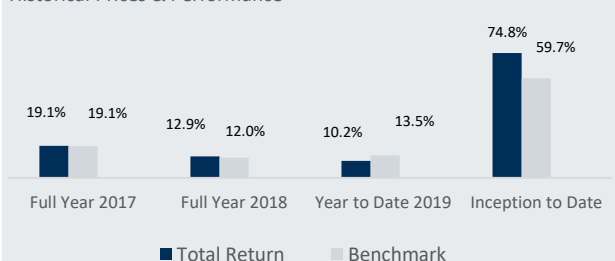
#### Fund Facts

Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA
Fund launch date	24th September 2012
Fund size	₦6.26bn
Base currency	(₦)
NAV per share	₦1,233.35
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

#### Asset Allocation



#### Historical Prices & Performance



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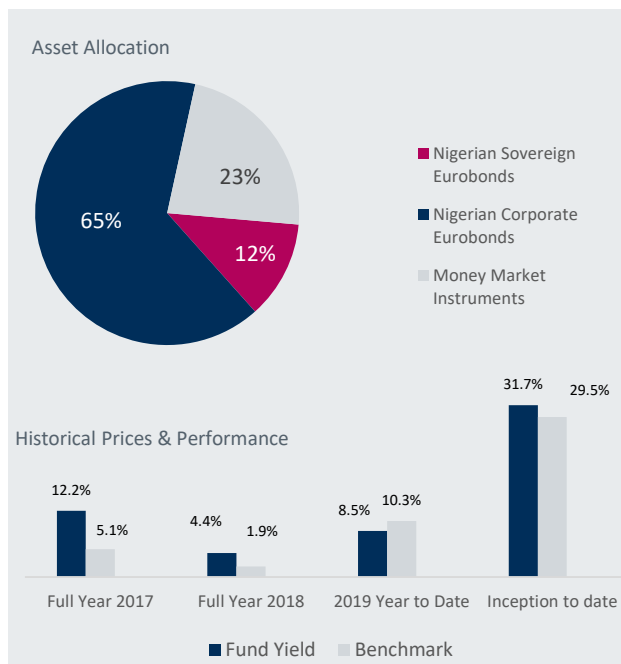
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### FBN Nigeria Eurobond Fund Overview

#### Investment objective

The Fund seeks to provide competitive income and total returns in USD primarily by investing in USD debt instruments of the Nigerian government, corporate and financial institutions.

Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, Adeyemi Roberts
Fund launch date	4th January 2016
Fund size	\$4.47mn
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$119.57 R unit class: \$119.63
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

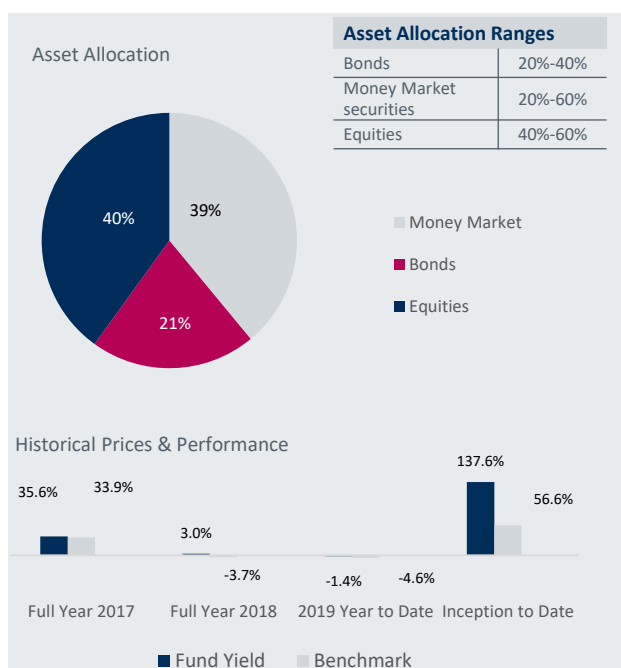
The Fund seeks to maximise returns and provide long term capital appreciation by investing primarily in companies and debt securities listed or issued in Nigeria.

Fund Facts	
Fund Manager	Laura Fisayo-Kolawole, CFA, Kike Mesubi, CFA,
Fund launch date	1 <sup>st</sup> April 2008
Fund size	₦2.81bn
Base currency	(₦)
NAV per share	₦140.84
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	19.5%
Oil and Gas	9.5%
Consumer Goods	6.1%
Agriculture	3.1%
Industrial Goods	1.4%

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### FBN Nigeria Smart Beta Equity Fund Overview

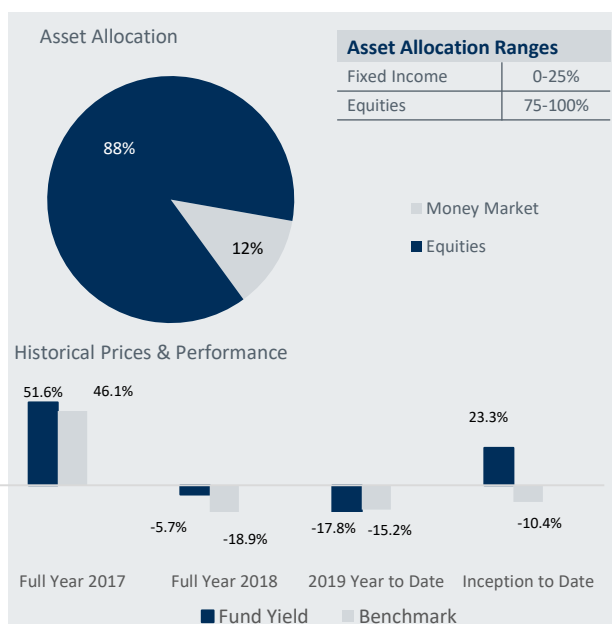
#### Investment objective

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

Fund Facts	
Fund Manager	Laura Fisayo-Kolawole, CFA, Kike Mesubi, CFA, Harrison Imonikhe
Fund launch date	4th January 2016
Fund size	₦217.73m
Base currency	(₦)
NAV per share	₦123.70
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	33.2%
Industrial Goods	20.3%
Consumer Goods	18.6%
Oil and Gas	10.1%
Hospitality	4.7%



### Outlook

- With the new circulars from the CBN, there is a lot of pressure on banks to grow their loan books especially Tier I banks who are borderline the limit and in some cases, below it. While the initiative to advance loans to the real sector is laudable, rising impairment costs are a cause for concern. Notwithstanding, we expect banks to tighten their risk management to mitigate this risk.
- To ensure compliance to the minimum 60% Loan to Deposit ratio, most banks have to reduced their deposit rate. We expect further decline in term deposit rates which will put additional pressure on Treasury bill rates.
- The United States of America Federal Reserve, through the Federal Open Market Committee, cuts its benchmark rate by 0.25%. The rate cut could herald cheap money to emerging & frontier markets like Nigeria. This may also lead to further rate declines in the market.
- The CBN unlocking liquidity in the economy may put some pressure on the Naira if the excess liquidity is not channeled to the right sector. Given that currency stability is a key priority for the CBN, we expect the regulator to defend the currency with the foreign reserves while keeping rates at a level that is attractive to foreign portfolio investors.
- For the equity market, we expect the appointment of the Ministers along with their respective portfolios to stimulate the economy. As ministries commence projects and commit funds to them, we expect the injection of capital into the economy to boost revenue growth for companies.