





## MUTUAL FUND FACTSHEET

All data as at 30<sup>th</sup> June 2019 unless otherwise stated

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### Executive Summary

- The World Bank has lowered its 2019 expectation for worldwide economic growth by 0.3 percentage points to 2.6%. This is due to rising trade barriers and economic slowdown in richer countries.
- Brent crude oil price was volatile during the month trading at sub US\$63 due to an unexpected increase in US oil reserves. However, prices surged after two tankers were attacked in the Gulf of Oman.
- The Federal Reserve Bank of the United States of America at the June Meeting, maintained their dovish stance by leaving rates unchanged at 2.25%-2.50% due to deterioration in economic outlook and the US-China trade war.
- The Central Bank of Nigeria released a five (5) year plan for the micro and macro economy. The plan is geared towards double digit growth in the next five years, inflation reduction, increased financial inclusion, diversification of export revenue amongst other things
- In May, the consumer price index, (CPI) which measures inflation inched upwards by 3bps to 11.40% y/y in May 2019. Food prices were responsible, rising by 9bps to 13.79%.
- Airtel Africa, a telecommunication company operating in 14 African countries commenced an Initial Public Offering on the London and Lagos Stock Exchange. The company raised US\$750m at 80p (₦363) to reduce debt.

Asset Class	Benchmark	1M (June) %	Year to Date %	Commentary
 Money Market	Average 91 day T-bill	11.2	11.3	<ul style="list-style-type: none"> <li>• The T-bills market was bullish in of June due to the lack of OMO auction and significant system liquidity. Rates averaged 11.2%, 11.7% and 12.4% on the short, mid and long end of the curve.</li> <li>• OBB and OVN rates closed the month at 3.0% and 4.6% respectively as system liquidity was estimated at over N400 billion</li> </ul>
	Average 181 day T-bill	11.7	12.6	
	Average 364 day T-bill	12.4*	13.3	
		* Stop rate at last primary market auction		
 Fixed Income	BNGRI**	0.8	11.5	<ul style="list-style-type: none"> <li>• At the monthly bond auction, the total bid was N154 billion (43.1% lower than previous month), but ₦97 billion was allocated across the 5, 10 and 30 year maturities. Rates were on average 21bps higher month on month.</li> <li>• There was a bullish trend in the bonds market due to the Federal Reserve Bank's dovish stance. This caused bond yields to trend downwards by an average of 7bps.</li> </ul>
	3 Year Federal Government Bond	2.9	10.7	
		** Bloomberg Nigeria Sovereign Bond Index		
 Eurobond	3 Year Nigerian Sovereign Eurobond	2.6	9.4	<ul style="list-style-type: none"> <li>• Access Bank exercised the option to call its 9.25% 2021 bond which increased system liquidity and demand for existing bonds.</li> <li>• The Eurobond market also rallied significantly during the period as a result of the dovish stance of the Federal Reserve Bank and the European Central Bank.</li> </ul>
 Equities	NSEASI	-3.6	-4.7	<ul style="list-style-type: none"> <li>• Gains in the equity market was reversed as the market declined by -3.55% in the month of June.</li> <li>• This was due to lack of investor appetite for Nigerian equities and Moody's subdued outlook further dampened sentiments.</li> </ul>
	NSE30	-2.4	-11.4	

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An FBN Holdings Company

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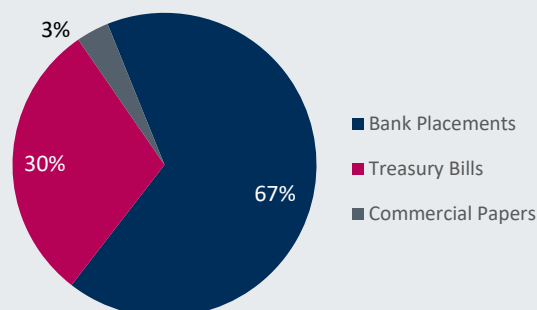
### FBN Money Market Fund Overview

#### Investment Objective

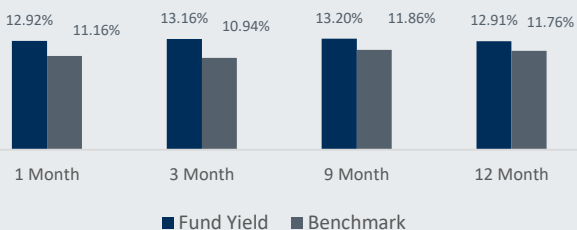
The Fund seeks to maximise current income whilst aiming to preserve and maintain a high degree of liquidity, by investing in a broadly diversified portfolio of short-term, high quality money market securities.

Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA
Fund launch date	24th September 2012
Fund size	₦154.47bn
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 Expenses Ratio	0.90%
Risk profile	Low
Custodian	Citibank
Benchmark	Average 91 day Treasury Bill (NTB)

#### Asset Allocation



#### Historical Prices & Performance



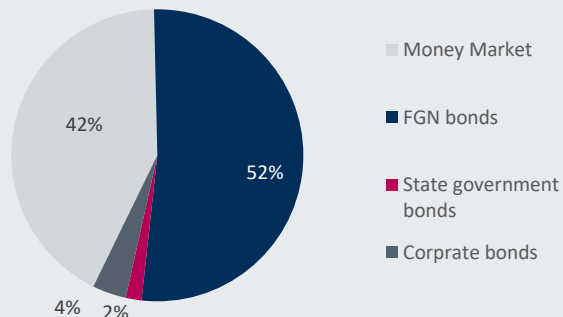
### FBN Fixed Income Fund Overview

#### Investment objective

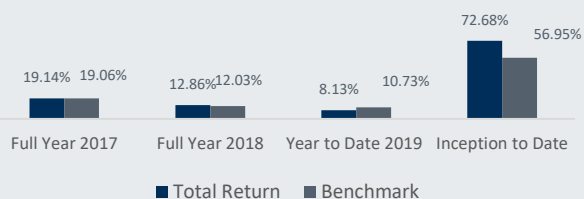
The Fund seeks to preserve and maximize return on capital while maintaining a high degree of liquidity by investing in a diversified portfolio of long tenured debt securities and short-term, high quality money market securities issued in Nigeria.

Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA
Fund launch date	24th September 2012
Fund size	₦6.13bn
Base currency	(₦)
NAV per share	₦1,208.22
Minimum investment	₦50,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Semi-annually (April and October) April '19: ₦73.67
Total Expenses 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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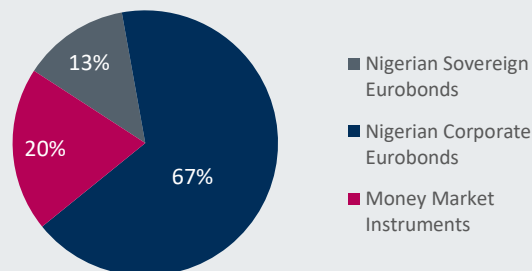
### FBN Nigeria Eurobond Fund Overview

#### Investment objective

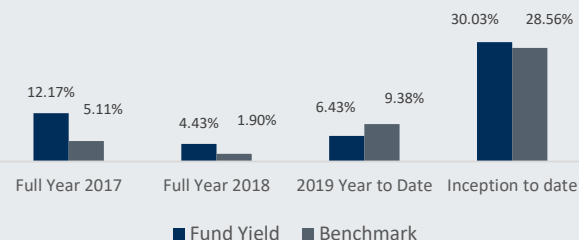
The Fund seeks to provide competitive income and total returns in USD primarily by investing in USD debt instruments of the Nigerian government, corporate and financial institutions

Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, Adeyemi Roberts
Fund launch date	4th January 2016
Fund size	\$3.93mn
Base currency	US Dollars (\$)
Unit classes	I unit class: Institutional R unit class: Retail
NAV per share	I unit class: \$117.34 R unit class: \$117.29
Minimum investment	I unit class: \$100,000 R unit class: \$2,500
Minimum holding period	180 days
Income accrual	Daily
Income distribution	Semi-annually (March and September) Mar'19: \$3.62
Annual management fee	I unit class: 1.00% R unit class: 1.50%
Total Expense Ratio	I unit class: 1.16% R unit class: 1.68%
Risk profile	Medium
Benchmark	3-Year Nigerian Sovereign Eurobond
Custodian	Standard Chartered Bank
Weighted portfolio duration	2-3 years

#### Asset Allocation



#### Historical Prices & Performance



### 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.

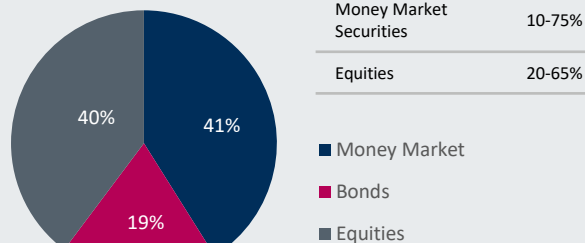
Fund Facts	
Fund Manager	Laura Fisayo-Kolawole, CFA, Kike Mesubi, CFA,
Fund launch date	1 <sup>st</sup> April 2008
Fund size	₦2.82bn
Base currency	(₦)
NAV per share	₦143.94
Minimum investment	₦50,000
Minimum holding period	90 days
Income accrual	Daily
Annual management fee	1.50%
Total Expenses Ratio	1.69%
Risk profile	Medium
Benchmark	50% NSE30 25% 90day average tbill rate 25% BNGRI
Custodian	Citibank

#### Top 5 Sector Exposure

Financial Services	21%
Industrial Goods	8%
Consumer Goods	7%
Agriculture	4%
Telecommunications	0.2%

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#### Asset Allocation



#### Historical Prices & Performance



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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.

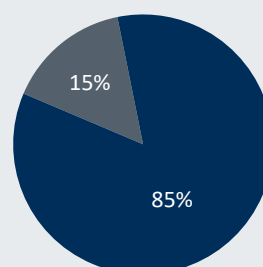
#### Fund Facts

Fund Manager	Laura Fisayo-Kolawole, CFA, Kike Mesubi, CFA, Harrison Imonikhe
Fund launch date	4th January 2016
Fund size	₦238.67mn
Base currency	(₦)
NAV per share	₦133.88
Total Expenses 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 Financial Sector Exposure

Financial Services	27%
Oil and Gas	17%
Consumer Goods	14%
Agriculture	10%
Industrial Goods	9%

#### Asset Allocation

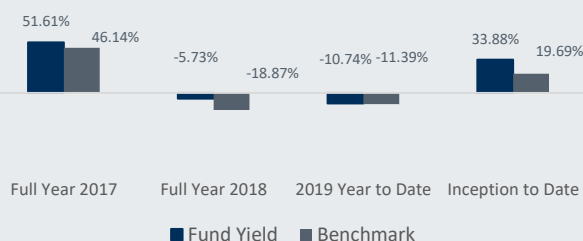


#### Asset Allocation Ranges

Fixed Income	0-25%
Equities	75-100%

■ Money Market  
■ Equities

#### Historical Prices & Performance



### Outlook

- US and China are set to resume trade talks to find a resolution to the trade war. This signals positive sentiments for the global economy should both parties come to an agreement. If an agreement is reached, we expect an increase in global growth and capital inflow into emerging markets.
- An agreement from OPEC members and other oil majors (OPEC+) to extend the global oil supply cuts till the end of 2019 may lead to a rise in oil prices, external reserve growth and a stable Naira. Increased shale oil production output by the US and geo-political crises are possible risk factors to a stable oil price.
- One of the initiatives of the CBN's 5 year plan is the proposed recapitalization of the banking industry. Although recapitalisation will improve stability of the financial sector, it may reduce return on equity if banks are unable to judiciously deploy the capital raised. While the method and amount to be raised is unclear, we believe the quality names may be sheltered from the exercise.
- We see further risk to consumer spending should the news of increased Value Added Tax (VAT) to 7.5% be implemented. Staple foods which are widely consumed by Nigerian are exempt from VAT, however, services which are not excluded may lead to inflationary pressures. With this news, the minimum wage, when it does start may have a net neutral effect.
- For fixed income securities, we anticipate a rise in yields in the second half of the year owing to significant amount of treasury bill maturities. We expect increased OMO auction issuances to control the level of system market liquidity and Naira stability.
- Equity market outlook remains lacklustre, however we believe the implementation of the 2019 budget and appointment of the Ministers will be a needed boost to the market. As such, we recommend allocating a certain portion of your portfolio to equity ahead of the recovery.