

INVESTING

FBN NIGERIA SMART BETA EQUITY FUND

All data as at 31st January 2016 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	Ogonna Nneji ^{PHD.} , Oluyomi Okin
Fund launch date	4th January 2016
Fund size	₦122m
Base currency	Naira (₦)
NAV per share	₦95.46
Minimum investment	₦50,000.00
Income distributions	
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 and listed on the Nigerian Stock Exchange.

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 screens 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.

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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Monthly Comments

Fund and market review

In January 2016 the Nigerian equity market shed 16.5% of its value, thus performing almost as poorly as the -17.4% full year 2015 decline in the market. This is the largest month-on-month drop in the market since January 2009. This downtrend was largely due to heightened negative sentiment brought about by the slowdown of domestic and global economies. Another factor that adversely impacted the equity market's performance was the continued volatility in the price of oil. Dwindling commodity prices, most especially oil, meant government receipts and foreign reserves continued to plummet, thus aggravating concerns about US Dollar supply within the country. The persistent shortage of US Dollars is not only frustrating the operations of local companies and multinationals, but also deterring foreign investors from investing in the capital market, thereby weakening market liquidity.

Given the aforementioned weakness in the stock market, the Fund's price fell by 4.5% in January. As the Fund was launched this month, the Fund is yet to be fully invested because the Fund Manager is gradually building up equity positions. With a large proportion of stocks trading below their historic fundamental values, the current market situation provides ample opportunity for the Fund Manager to invest in undervalued quality names identified using our well-tested proprietary screening model, thereby favouring our long-term investors.

Fund and market outlook

We believe that the current prices of stocks in the Nigerian market present very good entry opportunities as many stocks are priced lower than their intrinsic values. With the prices currently depressed, we believe that there will be an influx of bargain hunters especially as we approach the 2015 earnings season which holds strong prospects for high dividend yields across the market.

Benchmark

Nigerian Stock Exchange 30 Index (net of fees)

Positioning

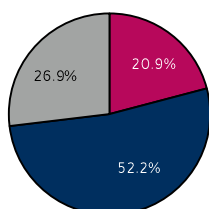
Top 5 equity holdings

Nestle	5.16%
Dangote Cement	4.87%
Nigerian Breweries	4.35%
Lafarge Africa	4.22%
Dangote Sugar	4.15%

Top 5 sector exposure

Consumer Goods	22.53%
Financial Services	13.03%
Industrial Goods	10.91%
Agriculture	3.53%
Oil & Gas	3.30%

Current allocation



■ Money Market Securities

■ Equities

■ Cash

Asset allocation ranges

Fixed Income	0-25%
Equities	75-100%