# INVESTING

# MUTUAL FUND FACTSHEET

All data as at 28 February 2022 unless otherwise stated

PUBLIC

## Executive Summary

- After several months of geo-political tensions and military build-up, Russia invaded Ukraine on the 24th of February 2022, sending waves of shock across economies, capital, and commodities markets. In response, the United States and the European allies imposed wide reaching sanctions on Russia, including freezing Russian assets in these regions, restricting access to foreign capital whilst also limiting certain Russian banks from accessing the SWIFT network amongst others. SWIFT is the backbone of the international financial transfer system used by over 11,000 financial institutions to send secure messages about transfers of money and other transactions. Thus, Russian banks will find it difficult to communicate with peers internationally, slowing trade and making transactions costlier.

- In retaliation to the sanctions, Russia shut its airspace to airlines from 36 countries especially countries in the European Union. In addition, Russia has prohibited its residents from conducting foreign currency transactions while obliging exporters to sell 80% of all foreign currency revenue they received as of Jan. 1 within three working days to designated accounts. As the Russian ruble fell (more than 30%) and hit record lows against the dollar, Russia's central bank doubled its key policy rate from 9.5% to 20% to offset the effect of the ruble's depreciation and the attending inflation.

- Major global stock indices plummeted following the escalation, before gradually retreating as certain investors took bargain opportunity on the cheap counters. Already in the year, the global stock market has been afflicted by the looming Fed hikes, sizzling inflation, and continuing supply-chain bottlenecks, with the most recent geopolitical tension poised to whipsaw the market further. Flight to safety remains prioritised by investors with increased buying interests in Havens such as Gold and US treasuries. In the month, we saw gold prices rise above USD1,900 per ounce, the highest point since 2020 when the Covid pandemic hit. Oil futures also rose in the month with brent crude surpassing its highest point since 2014 at USD100 per barrel, as concerns over potential supply disruptions took centre stage.

- Nigeria's headline inflation dropped slightly by 3bps in January 2022 to 15.60% (vs. 15.63% recorded in December 2021). Food inflation moderated by 21bps to 17.13% from 17.37% in the previous month and core inflation was flat at 13.87% in the month. Price increases were mainly recorded in pharmaceutical products, electricity, liquid fuel, transportation, and services.

| Asset Class | Benchmark | 1M (February) % | Year to Date (%) | Commentary |
|---|---|---|---|---|
| Money Market | 91-day T-bill<br>181-day T-bill<br>364-day T-bill | 2.39*<br>3.30*<br>4.78* | 2.43**<br>3.34**<br>5.11** | Similar to January, inflows like OMO maturities, coupons and treasury bills came in during the month, keeping system liquidity high. The Overnight and Open repo rates traded in single digits but closed the month at 12.33% and 11.67% on funding requirements by banks. At the primary market auctions in the month, investors' participation was strong as oversubscriptions were recorded especially at the second auction of the month. This led to decline in a rates to 2.48%, 3.30% and 5.20% at the first auction, and subsequently to 2.24%, 3.30% and 4.35% at the second auction. Overall, the DMO allotted NGN5.36bn, NGN11.03bn and NGN214.61bn across the 91-day, 182-day and 364-day bills (vs. NGN2.04bn, NGN22.86bn and NGN90.38bn offered). In the secondary market, the market remained bid across the tenors as participants sought to reinvest their maturities and idle cash during the month. |
| Fixed Income | S&P/FMDQ Nigeria Sovereign Bond Index<br>3 Year Federal Government Bond | 3.71<br>3.41 | 6.43<br>5.76 | It was a bullish month for bonds as buy activities permeated the market on the back of inflows into the system. Interests were seen across the curve especially on the short and mid end like the 25s, 27s, 28s and 29s with average benchmark yields declining by about 120bps month on month. At the bond auction in the month, the DMO offered NGN75bn each for the 2026 and 2042 instruments but allotted NGN103.47bn and NGN193.92bn respectively. Likewise, subscriptions were very high at NGN325.40bn and NGN232.32bn for the 2026 and 2042, implying bid to cover ratios of 3.15x and 1.20x for the 2026 and 2042 bond instruments respectively. Consequently, the yield on the 2026 dropped 55bps to 10.95% (vs. 11.50% in January auction), while the 2042 bond was left unchanged at 13.00%. |
| Eurobond | 3 Year Nigerian Sovereign Eurobond<br>5 Year Nigerian Sovereign Eurobond | -0.89<br>-3.73 | 1.12<br>-2.72 | It was a red month in the Sub Saharan African (SSA) Eurobond market as sell activities dominated on the back of heightened geo-political risks. Across the Nigerian Sovereigns, average yields edged up by 80bps to 7.73%, with instruments trading at discounts to par. This sentiment was prevalent across the other Sovereigns and even worse off in some like the Ghanaian Eurobonds. As the Russia and Ukraine crisis escalated, we saw significant advancement in yields on the Ghanaian Eurobonds with the short end of the curve trading above 18%, about 1,300bps higher than peers. Previously, investors had shown apathy towards the Ghanaian Eurobonds owing to its fiscal challenges; this sentiment has only been heightened by the recent crisis as offshore investors continue their flight to safety. . |
| Equites | NSEASI<br>NSE30 | 1.65<br>2.56 | 10.95<br>5.65 | It was yet another positive month in the Nigerian equities market as the All share index gained 1.65% at 47,394.53pts, bringing the year to date return to 10.95%. Market activities were driven by gains on some of the large cap stocks, coupled with positive investor sentiment on earnings releases which have been largely positive. Tickers like GUINNESS (+40.06%), CONOIL (+20.73%), FLOURMILL (+12.08%), SEPLAT (+8.85%), DANGCEM (+4.95%) all advanced in the month. On the sectorial front, all the sectors recorded gains in the month, with the Oil and gas being the outperformer (+7.76%), followed by the industrial goods sector (+2.82%).<br>On the corporate side, Seplat announced its acquisition of Mobil Oil Producing Nigeria Unlimited during the month, at a purchase price of USD1.28bn plus up to USD300million contingent consideration, subject to regulatory approvals. |

*Mean stop rate at the Monthly Nigerian treasury bill auction
** Average of Nigerian treasury bill auction from the beginning of the year

www.fbnquest.com/assetmanagement
16-18, Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos, Nigeria
Tel: Tel: +234 (1) 2702290-4, +234 (0) 708 065 3100 Email invest@fbnquest.com;
An FBN Holdings Company

# INVESTING

FBNQuest Asset Management

# MUTUAL FUND FACTSHEET

All data as at 28 February 2022 unless otherwise stated

PUBLIC

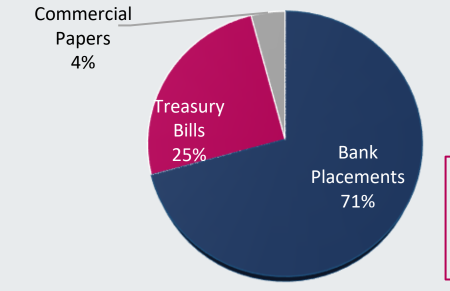
## FBN Money Market Fund Overview

### 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.

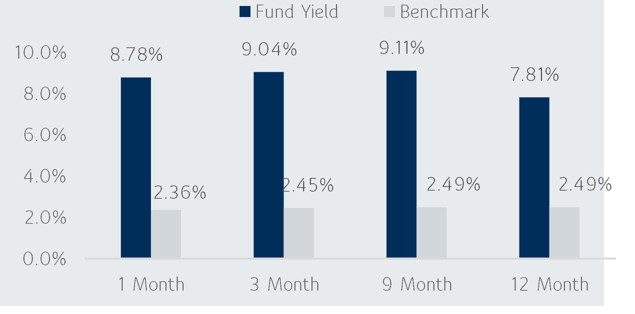
| **Fund Facts** | |
|---|---|
| Fund Manager | Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA |
| Fund launch date | 24 September 2012 |
| Fund size | ₦171.58bn |
| Base currency | (₦) |
| NAV per share | ₦100 |
| Minimum investment | ₦5,000 |
| Minimum holding period | 30 days |
| Income accrual | Daily |
| 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**




**Money Market Fund Yield: 8.50%**

**Historical Prices & Performance**



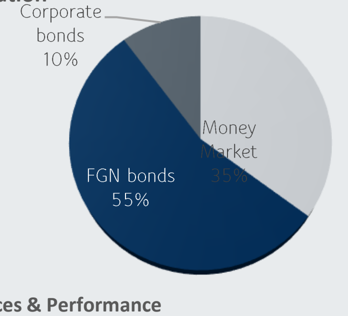

## FBN Bond Fund Overview

### 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.

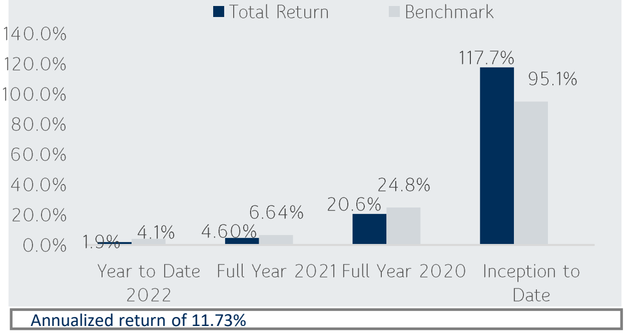
| **Fund Facts** | |
|---|---|
| Fund Manager | Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA |
| Fund launch date | 24 September 2012 |
| Fund size | ₦44.44bn |
| Base currency | (₦) |
| NAV per share | ₦1,419.28 |
| Minimum investment | ₦50,000 |
| Minimum holding period | 90 days |
| Income accrual | Daily |
| Income distribution | Annually |
| Total Expense Ratio | 1.23% |
| Annual management fee | 1.00% |
| Risk profile | Low-Medium |
| Custodian | Citibank |
| Benchmark | 70% 3Year FGN Bond<br>30% Average 91-day Tbill rate |
| Weighted portfolio duration | 2-3 years |

**Asset Allocation**




**Bond Fund Yield: 10.88%**

**Historical Prices & Performance**




Annualized return of 11.73%


www.fbnquest.com/assetmanagement

16-18, Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos, Nigeria
Tel: Tel: +234 (1) 2702290-4, +234 (0) 708 065 3100 Email invest@fbnquest.com;
An FBN Holdings Company

# INVESTING

# MUTUAL FUND FACTSHEET

All data as at 28 February 2022 unless otherwise stated

PUBLIC

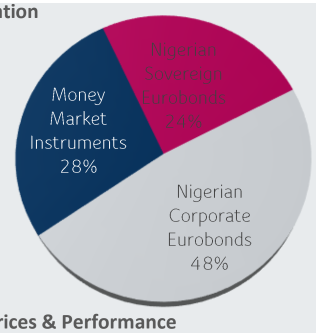
## FBN Dollar Fund Overview

### 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

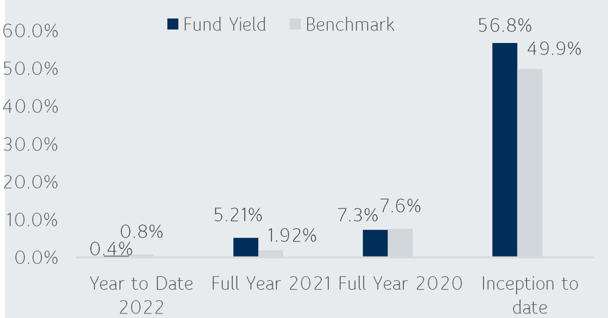
| Fund Facts | |
|---|---|
| Fund Manager | Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA |
| Fund launch date | 4 January 2016 |
| Fund size | $21.29mn |
| Base currency | US Dollars ($) |
| Unit classes | R unit class: Retail |
| NAV per share | $122.85 |
| Minimum investment | $1,000 |
| Minimum holding period | 180 days |
| Risk profile | Medium |
| Total Expense Ratio | 1.68% |
| Management fees | 1.50% |
| Income distribution | Annually |
| Benchmark | 70% 3 Year FGN Bond<br>30% Average 1yr US Tbill rate |
| Weighted portfolio duration | 1-2 years |

**Asset Allocation**




**Dollar Fund Yield: 3.90%**

**Historical Prices & Performance**




Annualized return of 2.73%

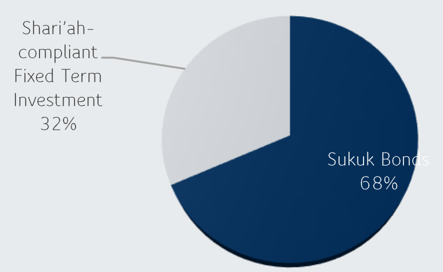
## FBN Halal Fund Overview

### Investment objective

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

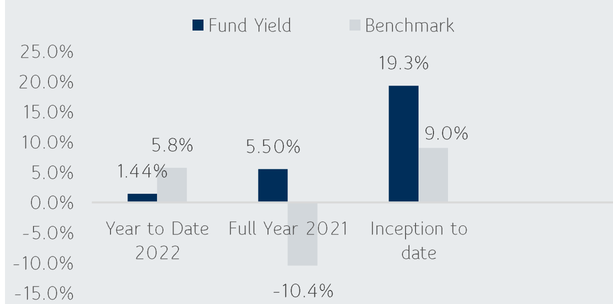
| Fund Facts | |
|---|---|
| Fund Manager | Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA. |
| Fund launch date | 4 May 2020 |
| Fund size | ₦5.46bn |
| Base currency | (₦) |
| NAV per share | ₦117.30 |
| Minimum investment | ₦5,000 |
| Minimum holding period | 90 days |
| Income accrual | Daily |
| Income distribution | Semi-annually (April and October) |
| Total Expense Ratio | 1.70% |
| Management fees | 1.50% |
| Risk profile | Low-Medium |
| Custodian | Standard Chartered |
| Benchmark | FGN 3 Year Benchmark Bond |

**Assets Allocation**




**Halal Fund Yield: 8.87%**

**Historical Prices & Performance**




Annualized return of 6.88%

www.fbnquest.com/assetmanagement


16-18, Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos, Nigeria
Tel: Tel: +234 (1) 2702290-4, +234 (0) 708 065 3100 Email invest@fbnquest.com;



An FBN Holdings Company

INVESTING

FBNQuest Asset Management

# MUTUAL FUND FACTSHEET

All data as at 28 February 2022 unless otherwise stated

PUBLIC

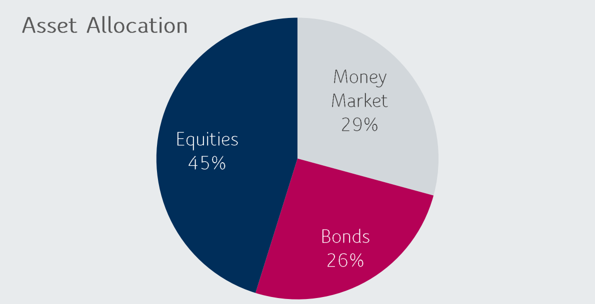
## FBN Balanced Fund Overview

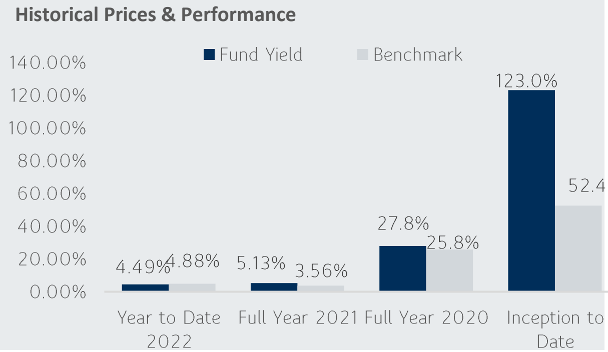
### Investment objective

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, |
| Fund launch date | 1 April 2008 |
| Fund size | ₦4.30bn |
| Base currency | (₦) |
| NAV per share | ₦183.14 |
| 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 | 40% NSE30<br>40% 5 year FGN bond<br>20% 90day average Tbill rate |
| Custodian | Citibank |

| Top 5 equity holdings | |
|---|---|
| Financial Services | 19.97% |
| Consumer Goods | 5.53% |
| Telecommunications | 5.22% |
| Industrial Goods | 3.26% |
| Agriculture | 6.01% |



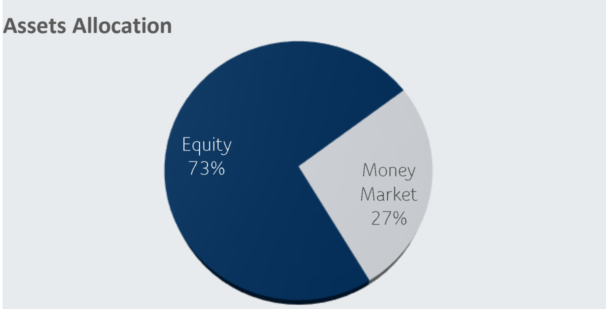

## FBN Smart Beta Equity Fund Overview

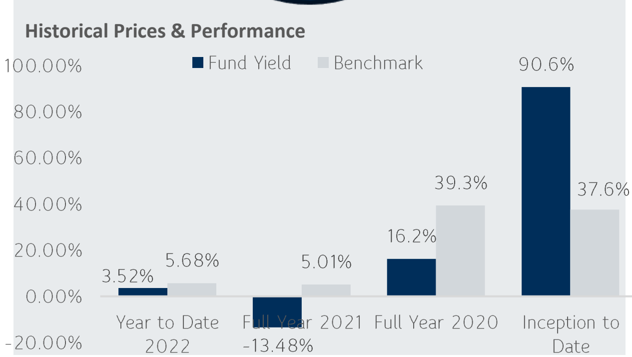
### Investment objective

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,<br>Oyelekan Olorunkosebi CFA |
| Fund launch date | 4 January 2016 |
| Fund size | ₦350.55mn |
| Base currency | (₦) |
| NAV per share | ₦151.64 |
| Total Expense Ratio | 1.63% |
| Annual management fee | 1.50% |
| Minimum investment | ₦50,000 |
| Risk profile | High |
| Benchmark | NSE 30 |
| Custodian | Standard Chartered Bank |

| Top 5 equity holdings | |
|---|---|
| Financial Services | 42.91% |
| Consumer Goods | 10.20% |
| Agriculture | 8.29% |
| Telecommunications | 3.26% |
| IOil & Gas | 7.06% |





www.fbnquest.com/assetmanagement

16-18, Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos, Nigeria
Tel: Tel: +234 (1) 2702290-4, +234 (0) 708 065 3100 Email invest@fbnquest.com;
An FBN Holdings Company

# INVESTING

# MUTUAL FUND FACTSHEET

All data as at 28 February 2022 unless otherwise stated

PUBLIC

## Outlook

- The major theme across the world remains the Russia and Ukraine crisis which has rattled global economies and financial markets. The United Nations General Assembly held the first emergency meeting in decades where high level talks about the two Nations have been held with delegations about current situation. Similarly, the first round of talks between Ukrainian and Russian delegations held at the Belarusian border as Ukraine seeks an immediate ceasefire and withdrawal of Russian forces. However, progress has not been made on the subject matter as Russian forces continue to take on more towns in Ukraine's South-eastern region. It remains to be seen how current situation would be de-escalated and some normalcy returned to the global space.

- Equities (NGN) – Positive momentum was sustained in the equities market during the month, supported by the impressive corporate scorecards thus far. Going into March, we expect a continuation of current trend even as investors position to reap full year dividends. We currently do not expect the Russia-Ukraine conflict to have a direct impact on the local equity market unless the situation devolves into a prolonged war with severe implications on commodity supply and inflation.

- Fixed Income (NGN) - System liquidity is expected to stay elevated in March as OMO maturities worth NGN390.00bn will hit the market. This is coupled with NTB maturities of NGN295.33bn and coupons worth NGN335.13bn. Thus, we expect money market rates to decline, hovering around single digits. For the bonds market, we expect demands to persist as investors look to reinvest their coupons and idle cash.

- Eurobonds - With pre-existing risks such as the rise in global yields on the back of looming Fed hikes and the most recent geo-political crisis, we expect frontier market instruments to remain weak (partly because of a market overreaction in the absence of any positive catalyst to aid positive sentiment). This is as offshore investors seek havens in US treasuries and Gold amid political and economic uncertainties. Thus, valuations are likely to remain at low levels.

## 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



16-18, Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos, Nigeria
Tel: Tel: +234 (1) 2702290-4, +234 (0) 708 065 3100 Email invest@fbnquest.com;
An FBN Holdings Company