

## MUTUAL FUND FACTSHEET

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All data as at 31 August 2022 unless otherwise stated

### Executive Summary

Negative sentiment dominated global markets in the month of August as markets reacted to various economic data releases. Energy prices (Brent Crude oil) dropped 8.17% in the month, which should be positive for controlling inflation in the future. However, the fallout of the Russia-Ukraine crisis and the ensuing geopolitical tensions have sent European energy (gas) and electricity prices to record levels, pushing the Bloc's August inflation to another record high of 9.1%. The G7 Finance Ministers will meet in September to firm up plans to impose a price-cap plan on Russian oil, which should stem inflation.

Global central banks have continued to hike interest rates in sync to tame rising inflation. We believe that investors are sceptical about the sustainability of this approach, fearing it could lead to a recession. This has led to volatility in equity markets, which was exacerbated at the tail-end of the month by the US FED Chair (Jerome Powell's) hawkish speech at the Jackson Hole Symposium. The Dow Jones industrial Average (US), NASDAQ (US) and S&P 500 (US) closed the month down 3.48% (YTD -12.88%), 5.11% (YTD -24.79%) and 3.69% (YTD -16.77%) respectively.

The Nigeria Bureau of statistics (NBS) released Nigeria's real Gross Domestic Product (GDP) for the second quarter of 2022. GDP expanded by 3.50% YoY in Q2:2022 (vs. 3.11% in Q1:2022). This marks the seventh consecutive quarter of y/y growth. The non-oil sector grew 4.8% YoY, driven by growth in the Financial and Insurance (+18.5% YoY), Information and Communication (+6.6% YoY), Trade (+4.5% YoY), Manufacturing (+3.0% YoY) and Agricultural (+1.2%) sectors. The oil sector contracted by 11.1% despite surging crude oil prices, attributable to the decline in average crude oil production (1.49mpd vs. Q1:2022: 1.60mpd).

Asset Class	Benchmark	1M (July) %	Year to Date (%)	Commentary
 Money Market	91-day T-bill	3.75*	2.43**	System liquidity was relatively tight for the better part of the month of August as the effect of Bond, NTB and FX Retail auction settlements outweighed the inflows received in the month. Interbank rates dropped to single digits following the long anticipated FACC inflow of N486Bn received towards the end of the month causing the monthly average interbank rate to contract marginally to 13.80%. The month saw two Treasury Bills primary auctions with stop rates on the 91-day, 182-day and 364-day bills rising +35bps, +17bps and +14bps from the previous month to settle at 3.75%, 4.75% and 7.98% respectively after the first auction. The final auction saw a broad-based increase in stop rates across the 91-day, 182-day, and 364-day bills to close at 4.00%, 5.00% and 8.50% respectively.
	181-day T-bill	4.75*	3.60**	
	364-day T-bill	7.98*	5.73**	
 Fixed Income	S&P/FMDQ Nigeria Sovereign Bond Index	-2.21	4.84	The bond market was relatively calm in the month with relatively few transactions seen on the short-mid end of the curve, which was largely driven by liquidity needs of local banks. Average bond yields increased to 12.79% from 11.92% the previous month. At the primary auction in August, a total of N200.57Bn was allotted versus N247.08Bn which was offered. Stop rates printed higher by (14bps m/m), (4bps m/m) and (2bps m/m) to settle at 12.50%, 13.50% and 14.00% on the 2025, 2032 and 2042 bonds respectively. Pressure on yields stem from rising inflation, causing investors to demand higher compensating yields for taking long duration positions.
	3 Year Federal Government Bond	-2.15	2.61	
 Eurobond	3 Year Nigerian Sovereign Eurobond	2.60	-11.75	Eurobond markets remained bearish in the month under review as risk aversion continued across SSA regions. Sentiments towards Ghanaian Eurobonds remained decidedly bearish during the month following news of c. \$1.6bn in outstanding loans and bills which led auditors to request for tighter control of the Country's finances. Across the broader market, security concerns, political instability as well as Jerome Powell's hawkish tone regarding the fight against inflation led to volatility in yields. The average yield on the Nigerian sovereigns closed at 12.55% as at August 31, 2022, rising from 12.29% in July, reflecting the overall bearishness in the month.
	5 Year Nigerian Sovereign Eurobond	2.50	-6.88	
 Equites	NGXASI	-1.06	16.67	With yields in fixed income markets edging higher, bearish sentiments persisted in the equities market as the earnings season begun. The market declined -1.06% in the month, with a YTD performance of 16.67% in what has been a shallow rally so far. The All-Share Index (ASI) closed at 49,836.51, closing below the psychological 50k barrier. On a Month-on-month basis, the market capitalization reduced by N262.45bn to close at N26.88tn. Excluding Airtel's stellar performance, the NGXASI is down c.1% YTD. Despite the decline in the month, the banking and consumer goods indices closed positive buoyed by gains in BUAFOODS, NESTLE, STANBIC, and ZENITH, as well as positive sentiments following the release of some impressive half year results and dividend announcements.
	NGX30	-2.38	3.17	

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 An FBN Holdings Company

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

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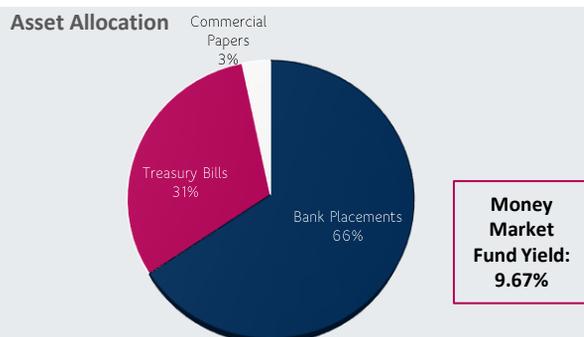
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### FBN Money Market Fund Overview

#### 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 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	₦142.20bn
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.



#### Historical Prices & Performance

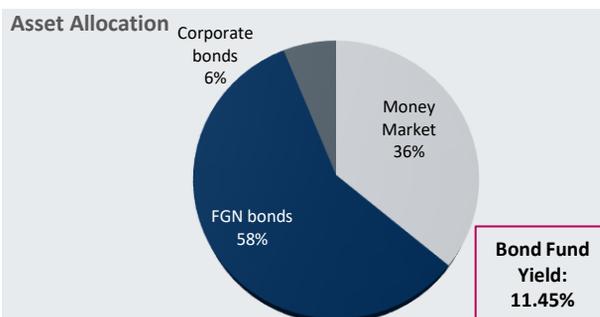


### FBN Bond Fund Overview

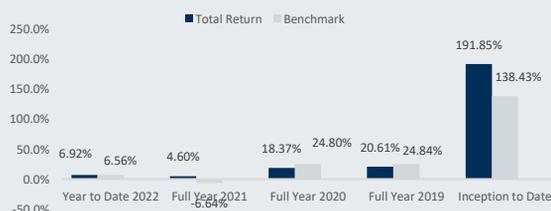
#### Investment objective

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	₦68.53bn
Base currency	(₦)
NAV per share	₦1,496.22
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 30% Average 91-day Tbill rate
Weighted portfolio duration	2-3 years



#### Historical Prices & Performance



Annualized return of 10.39%

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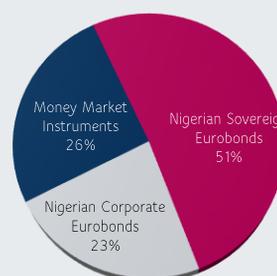
### FBN Dollar Fund Overview

#### 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

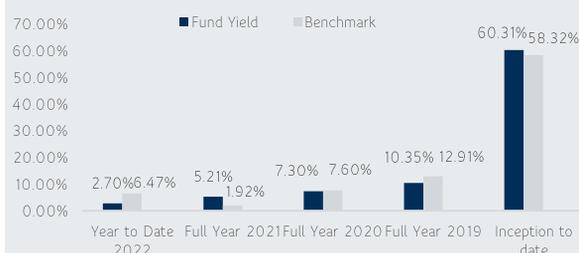
Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA
Fund launch date	4 January 2016
Fund size	\$26.95mn
Base currency	US Dollars (\$)
Unit classes	R unit class: Retail
NAV per share	\$125.60
Minimum investment	\$1,000
Minimum holding period	180 days
Risk profile	Medium
Total Expense Ratio	1.68%
Management fees	1.50%
Income distribution	Annually
Benchmark	70% 3 Year FGN Bond 30% Average 1yr US Tbill rate
Custodian	Standard Chartered Bank
Weighted portfolio duration	1-2 years

#### Asset Allocation



**Dollar Fund Yield: 5.97%**

#### Historical Prices & Performance



Annualized return of 4.06%

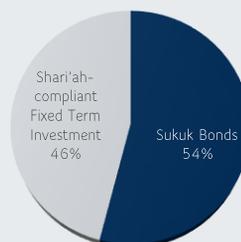
### FBN Halal Fund Overview

#### Investment objective

The Fund is designed to provide long-term income generation by investing in Shari'ah compliant instruments such as Sukuku, 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	₦6.77bn
Base currency	(₦)
NAV per share	₦122.96
Minimum investment	₦5,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Semi-annually
Total Expense Ratio	1.70%
Management fees	1.50%
Risk profile	Low-Medium
Custodian	Standard Chartered Bank
Benchmark	FGN 3 Year Benchmark Bond

#### Assets Allocation



**Halal Fund Yield: 10.81%**

#### Historical Prices & Performance



Annualized return of 9.52%

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### FBN Balanced Fund Overview

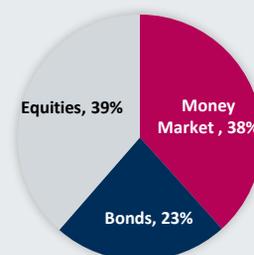
#### Investment objective

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

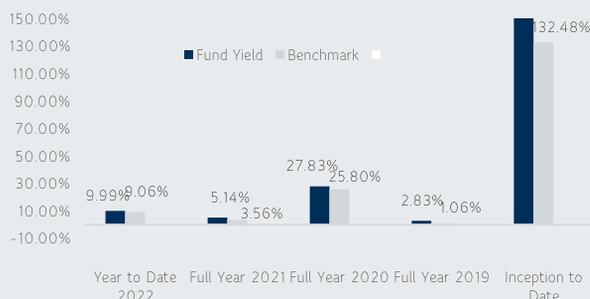
Fund Facts	
Fund Manager	Laura Fisayo-Kolawole, CFA
Fund launch date	1 April 2008
Fund size	₦4.75bn
Base currency	(₦)
NAV per share	₦192.76
Minimum investment	₦50,000
Minimum holding period	180 days
Income accrual	Daily
Annual management fee	1.50%
Total Expense Ratio	1.69%
Risk profile	Medium
Benchmark	40% NSE30 40% 5 year FGN bond 20% 90day average Tbill rate
Custodian	Citibank

Top 5 equity holdings	
Financial Services	15.92%
Telecommunications	6.69%
Agriculture	3.75%
Consumer Goods	3.32%
Industrial Goods	2.58%

#### Asset Allocation



#### Historical Prices & Performance



### FBN Smart Beta Equity Fund Overview

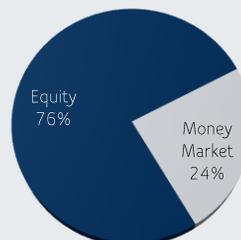
#### Investment objective

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.

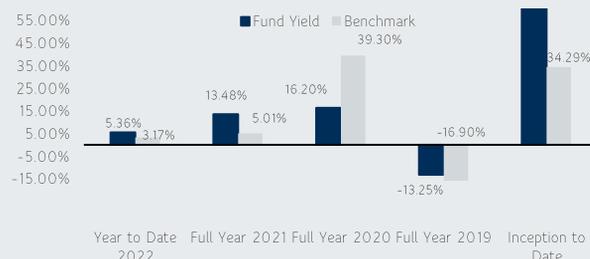
Fund Facts	
Fund Manager	Laura Fisayo-Kolawole, CFA
Fund launch date	4 January 2016
Fund size	₦378.86mn
Base currency	(₦)
NAV per share	₦158.16
Total Expense Ratio	1.63%
Annual management fee	1.50%
Minimum investment	₦50,000
Risk profile	High
Benchmark	NSE 30
Custodian	Standard Chartered Bank

Top 5 equity holdings	
Financial Services	43.51%
Agriculture	11.40%
Consumer Goods	10.20%
Oil & Gas	7.34%
Construction	3.10%

#### Assets Allocation



#### Historical Prices & Performance



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### Outlook

- Several uncertainties face investors both globally and locally, stemming from rising energy prices, food shortages, renewed restrictions in China due to the country's zero tolerance COVID-19 policy, rising inflation and the continued hawkish stance of central banks to curb the impact of inflation. Accordingly, we expect sentiment towards risk assets to remain depressed and volatile as investors continue to trade cautiously with a preference for risk-free assets. Nevertheless, we hold that these depressed price levels for risk assets provide attractive re-entry opportunities for long term investors
- Equities (NGN) – We expect mixed sentiment to dominate the market in the coming month as companies release their H1 22 results which we believe should drive some positive performance as investors hunt for bargains in consistently profitable, high yielding and fundamentally sound stocks. We do expect the market to remain pressured by rising fixed income yields, thus, dampening sentiments, and resulting in a mixed market with a bearish tilt.
- Fixed Income (NGN) – We expect illiquidity to ease as total of N618.41Bn is expected to hit the system in the month of September as against N565.53Bn received in August (an increase of 9.35%). The MPC is set to hold its scheduled meeting in the month of September, where we expect the committee to hold all parameters constant as it assesses the impact of the recent interest rate hike (100bps), in July, on inflationary pressures and economic growth.
- Eurobonds – The continuous increase in commodity, food and energy prices remains the dominant theme in the global economy and would lead global central banks to stay on the difficult course of raising rates and scaling back asset purchase programs to curb inflation. To this end, risk assets will remain under pressure, with prices of Eurobonds in emerging and frontier markets bearing the brunt of the bearishness. With little positives in the underlying fundamentals of emerging and frontier markets, and the persistent rise in inflation, we believe long term investors should look through the volatility to build positions in quality instruments.

### 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 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