





MUTUAL FUND FACTSHEET

All data as of 31st December 2022 unless otherwise stated

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Executive Summary

- Looming recessions, tight financial conditions, and heightened inflation levels remain the themes in the global economy, supporting the International Monetary Fund's (IMF) forecast of slower global growth in 2023. During the month, the US Federal Reserve, European Central Bank, and the Bank of England raised rates by 50 bps and hinted that further rate hikes are expected. However, the impact of sluggish global demand and a strong dollar are trickling down in U.S as the trade deficit widened by 5.4% to \$78.2 billion in October. Elsewhere, Covid-19 travel restrictions and testing requirements were relaxed, a move to possibly spur demand and economic activities in China.
- Russia signed a decree to ban exports of crude oil and related products to countries that abide by the G7 coalition's crude oil price cap of \$60 per barrel, effective February 1st, 2023. Despite upward pressure arising from OPEC's decision to cut oil production by 2 million bpd and Russia's proposed oil ban, Brent oil dipped in December to close at \$83.66 from \$86.76 in November, influenced by rising Covid-19 cases in China and recession fears.
- In its proposed debt restructure agreement, Ghana amended the debt repayment clause, suspending all debt service payments to existing domestic and foreign debt holders in a bid to qualify for a \$3 billion loan from the IMF. Locally, Nigeria's rising inflation and debt remains a key concern, with inflation reaching a 17-year high of 21.47% in November 2022 and debt levels at N44.06trn in September. In Q3:2022, Nigeria's total merchandise trade fell by N1.24tn to N11.59tn due to decline in oil export earnings and higher commodity prices. On a positive note, crude oil production improved to 1.19mbpd in November from 1.01mbpd in October on the back of pipeline monitoring.

Asset Class	Benchmark	1M (December) %	Year to Date (%)	Commentary
 Money Market	91-day T-bill	4.91*	2.42*	Inflows from OMO maturities (NGN25bn), FGN Bond Coupons (NGN 13.50bn), FAAC (NGN902.053bn), and CBN Swap maturities were insufficient to support system liquidity as the average interbank rate inched up to 11.33% from 10.56% in November. At the three auctions held in December, the stop rate frenzy relaxed as the federal government took advantage of high subscription levels at the auction to keep rates down. At the second auction for the month, the bid to cover ratio tilted up across the three instruments especially the 364-day instrument which rose as high as 35.64x from 1.68x in November. At the last auction for the year bid to cover ratio settled at 10.36x (91-Day), 1.19x (182-Day) and 6.39x (364-Day). Stop rates across the three instruments declined to 2.75% (91-Day), 7.15% (182-Day) and 8.49% (364-Day) from 6.50%, 8.05% and 14.50% respectively in November. The average benchmark yield closed the year down at 5.58% from 11.96% in November.
	181-day T-bill	7.48*	4.03*	
	364-day T-bill	10.48*	5.53*	
 Fixed Income	S&P/FMDQ Nigeria Sovereign Bond Index	5.85	7.73	In the month in view, the stop rates across the three instruments increased. Participation at the auction improved significantly as the Debt Management Office offered N225.00bn and allotted N289.48bn against a subscription of NGN532.21bn across all instruments. Bid to cover ratios increased on the 2032 and 2037 instruments to 4.03x and 1.72x respectively. The 2029 bond, however, received low interest with the bid-to-cover ratio at 1.07x from 1.57x in the previous auction. Stop rates declined for the 2029 (14.60%), 2032 (14.75%) and 2037 (15.80%) from the previous rates of 14.75%, 15.20% and 16.20% respectively. Post-auction, yields traded lower by 178bps in the secondary market owing to the unmet demand at the primary auction. The average benchmark yield closed the year down at 13.04% from 14.37% in November.
	3 Year Federal Government Bond	4.51	9.14	
 Eurobond	3 Year Nigerian Sovereign Eurobond	0.79	-5.88	The bears maintained their dominance in the Eurobond market during the month as investors remained risk averse to Eurobonds of emerging and frontier economies. The weakness was driven by the unrelenting hawkishness of the Fed and other Central Banks of developed economies as they continue to tackle rising inflation. In Ghana, the bearishness persisted in the Eurobond market as investors continued to weigh the impact of the proposed debt restructure and the suspension of debt repayment on domestic and foreign creditors. The average yield on the Nigerian sovereigns closed at 11.38% as of December 30th, 2022, rising from 11.36% in November.
	5 Year Nigerian Sovereign Eurobond	0.69	-7.00	
 Equities	NGXASI	7.53	19.98	The Nigerian bourse extended November's bullish sentiment sustained by bargain hunting. Gains were seen on BUACEMENT (+26.95%), PRESCO (25.00%), NESTLE (14.12%), AIRTELAFRI (12.76%), GTCO (15.00%), and Zenith (9.59%). Performance across sectors was broadly positive as the Industrial (+10.82%), Banking (+4.74%), Insurance (+4.27%), and Oil and Gas (+0.11%) indices closed up while the Consumer Goods (-1.03%) index posted a loss. The All-Share index closed the year at 51,251.06pts (vs.47,660.04pts in November) with a YTD return of 19.98% and the NGX-30 gained 7.25% in the month, with a YTD performance of 6.98%.
	NGX30	7.25	6.98	

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 An FBN Holdings Company

*Mean average stop rate at the Nigerian treasury bill auction

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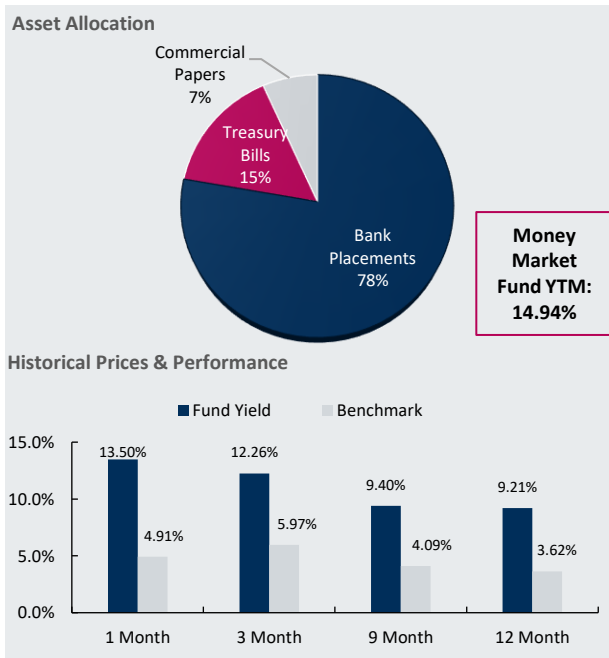
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FBN Money Market Fund Overview

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	₦149.67bn
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.

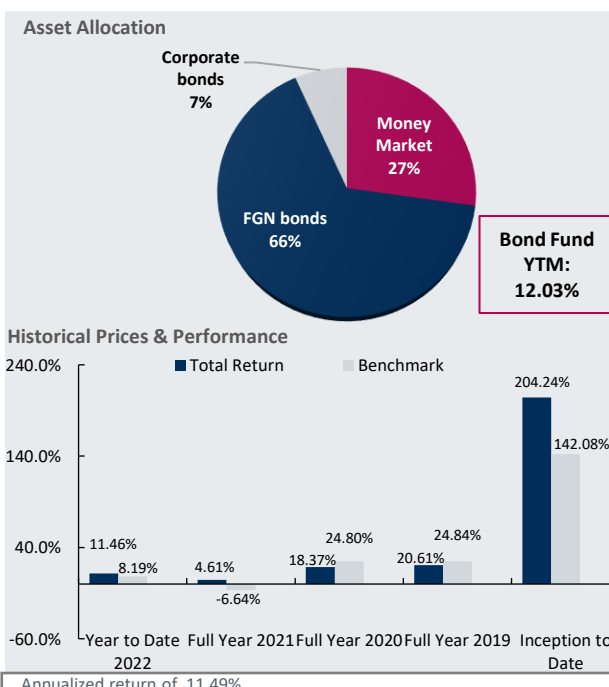


FBN Bond Fund Overview

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	₦62.91bn
Base currency	(₦)
NAV per share	₦1,468.16
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



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MUTUAL FUND FACTSHEET

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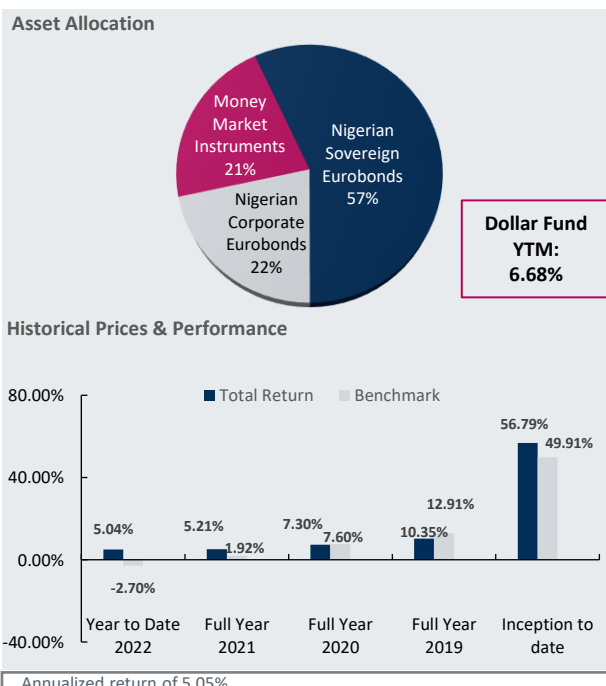
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FBN Dollar Fund Overview

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	\$28.40mn
Base currency	US Dollars (\$)
Unit classes	R unit class: Retail
NAV per share	\$120.20
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

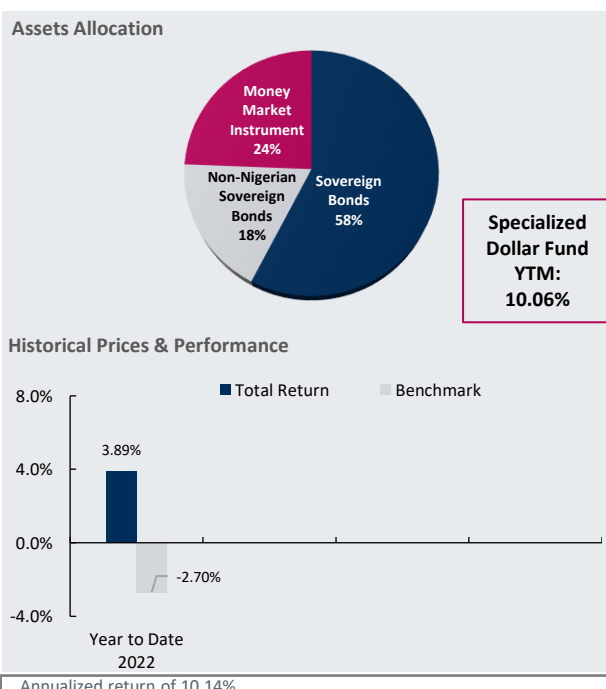


FBN Specialized Dollar Fund Overview

Investment objective

The investment objective of the Fund is to generate stable income, attractive returns, reduce Nigerian-specific risk and provide a potential currency hedge for investors.

Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA.
Fund launch date	12 August 2022
Fund size	\$9.36mn
Base currency	US Dollars (\$)
NAV per share	₦103.86
Minimum investment	\$10,000
Minimum holding period	180 days
Income accrual	Daily
Income distribution	Annually
Total Expense Ratio	1.70%
Management fees	1.50%
Risk profile	Medium
Custodian	Standard Chartered Bank
Benchmark	70% 3 Year FGN Bond 30% Average 1yr US Tbill rate



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MUTUAL FUND FACTSHEET

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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	₦4.91bn
Base currency	(₦)
NAV per share	₦199.66
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 Sector Exposure	
Financial Services	42.29%
Telecommunications	20.21%
Oil and Gas	13.21%
Agriculture	8.57%
Consumer Goods	7.73%

FBN Smart Beta Equity Fund Overview

Investment objective

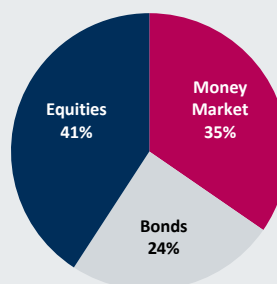
The Fund seeks to provide capital growth by selecting the best twenty (20) out of the forty (40) most capitalised stocks listed on the Nigerian Stock Exchange. The Fund is appropriate for investors who want equities with the aim of outperforming the NSE 30 index.

Fund Facts	
Fund Manager	Laura Fisayo-Kolawole, CFA
Fund launch date	4 January 2016
Fund size	₦363.51mn
Base currency	(₦)
NAV per share	₦165.60
Total Expense Ratio	1.63%
Annual management fee	1.50%
Minimum investment	₦50,000
Risk profile	High
Benchmark	NSE 30
Custodian	Standard Chartered Bank

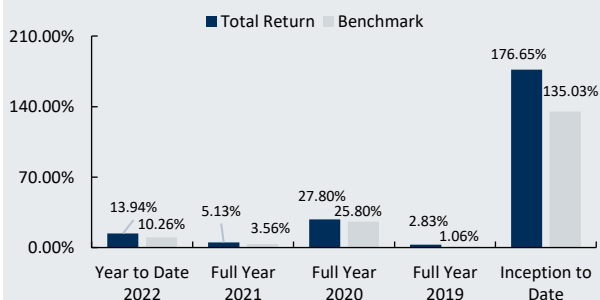
Top 5 Equity Sector Exposure	
Financial Services	50.47%
Agriculture	11.38%
Industrial Goods	3.57%
Oil & Gas	6.81%
Consumer Gods	9.50%

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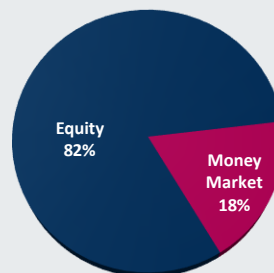
Asset Allocation



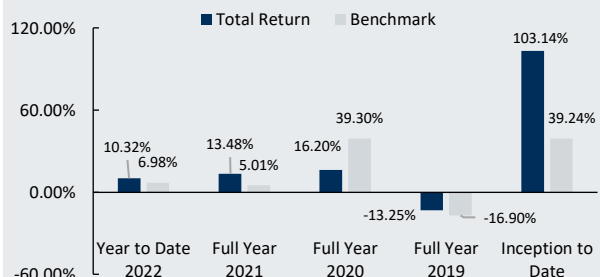
Historical Prices & Performance



Assets Allocation



Historical Prices & Performance



MUTUAL FUND FACTSHEET

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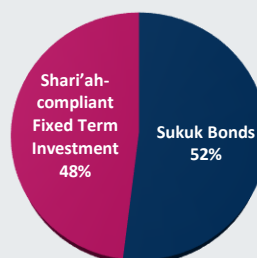
FBN Halal Fund Overview

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.

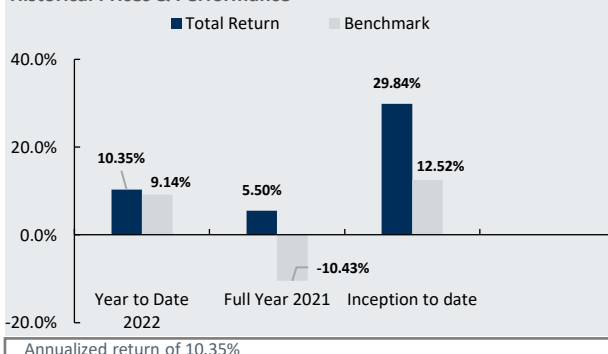
Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA.
Fund launch date	4 May 2020
Fund size	₦7.10bn
Base currency	(₦)
NAV per share	₦122.85
Minimum investment	₦5,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Semi-annually
Total Expense Ratio	1.70%
Management fees	1.50%
Risk profile	Low-Medium
Custodian	Standard Chartered Bank
Benchmark	FGN 3 Year Benchmark Bond

Asset Allocation



**Halal Fund
YTM:
12.55%**

Historical Prices & Performance



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Outlook

- The global economy is unarguable heading towards recession given current level of tight fiscal and monetary policy, energy supply shock, and slow activities in China. While we expect a slowdown in the global economy next year, the silver lining to this is that we expect the weak activities to persist only in the first half of 2023. We are also optimistic that central banks in emerging markets and developed market will be able to reduce inflation to acceptable levels. This should also be supported by the likely reversion in the base effects of high energy and food in the Eurozone and the recent decline in the U.S consumer prices index which showed a drop in price of used cars and a moderation in ceiling goods consumption. Finally, we expect that as inflation declines in response to slower activity and hence, economic growth, central banks will be forced to press the brake on interest rate hikes.
- Equities (NGN) – Looking ahead, we expect the bulls to retain their dominance in the equities market with focus on fundamentally sound stocks. This is premised on the likelihood of valuation multiples expansion as investors position funds in dividend paying stocks ahead of 2022FY dividend corporate disclosures. Bargain hunting should drive the market's performance, although we remain cautious ahead of February's election and rising fixed income yields, in response to a hawkish CBN. We, however, see value in bargain hunting for names that are depressed due to non-fundamental selloffs and stocks with solid dividend yields. Valuations remain neutral with the market trading at a PE of 8.3x, in line with the 3Y average of 8.8x, with peer markets like Kenya and Egypt trading at 6.9x and 7.4x.
- Fixed Income: In the coming month, we expect yields to be sticky upwards albeit at a slower pace driven by Nigerian Monetary Policy Committee's hawkish policies to suppress the inflation rate. We expect investors to demand for higher rates to compensate for the inflationary pressure and political risk as electioneering activities intensify.
- Eurobond: The Eurobond market is plagued by elevated commodity prices, poor fiscal positions, and depreciating currencies. Besides country specific challenges, interest rate pressure by global central banks remain a headwind for the performance of the market. We expect risk off sentiment to continue to drive activities of the SSA Eurobond market in the near term.

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