





## MUTUAL FUND FACTSHEET

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All data as of 31st May 2023 unless otherwise stated

### Executive Summary

- Headline inflation readings for April 2023 in the global economy maintained its deceleration trend as the United Kingdom inflation declined by 140bps to 7.80% YoY, the United States (U.S) consumer price index fell by 10bps to 4.9% YoY, and China's consumer price dropped to 0.1% YoY from 0.7% in March. The decline in global inflation is linked to lower gas and electricity prices, reduced domestic demand, and high statistical base from the previous year. Nonetheless, the US Fed increased its target rate by 25bps to 5.25% and the Bank of England added 25bps to its key policy rate bringing it up to 4.50%. Conversely, the European Central Bank lowered its deposit lending facility rate by 25bps to 3.25% while China kept its benchmark lending rates unchanged at 3.65% (one-year loan prime rate) and 4.30% (five-year LPR).
- In the U.S, President Joe Biden and congressional Republicans reached a temporary deal to suspend the USD 31.4trn debt ceiling of the nation to avoid a default on its debt obligation. The pact would see a suspension of the debt limit till January 2025, rescind unspent COVID funds, fast track the authorization process for some energy projects, and contains some work requirements for poorer Americans.
- The National Bureau of Statistics (NBS) for Nigeria reported a GDP growth rate of 2.31% in Q1:2023 (vs. 3.11% in Q1: 2022). The reduced growth rate is attributable to the dual impact of the cash crunch and increased production costs in the communication, trade and information, and manufacturing sectors which all slowed down. Hence the non-oil sector growth moderated to 2.77% YoY (vs. 4.44% in Q4:2022) while the oil sector negative returns eased to -4.21% YoY from -13.38% YoY. Nigeria's headline inflation rate increased to 22.22% in April from 22.04% in December 2022 owing to an uptick in food and core inflation despite the continuous hike in rates by the Monetary Policy Committee (MPC). Nonetheless, the MPC voted to hike the interest rate by 50bps to 18.5% at its meeting held in May.

Asset Class	Benchmark	1M (May)%	Year to Date (%)	Commentary
 Money Market	91-day T-bill	3.40*	3.04*	This month, liquidity in the financial system was buoyant supported by the Federal Account Allocation disbursement, bond coupon payments, OMO maturity, foreign exchange intervention, and matured swaps. Hence the open buyback rate and the overnight lending rate declined to 11.75% and 12.25% respectively (vs. 12.63% and 13.13% apiece in the prior month). At the two treasury bills auctions held this month, stop rates across the three instruments declined, reflecting the impact of high liquidity and the government's need to borrow at a lower cost. The auction held at the end of the month recorded single-digit stop rates on the 91-Day (2.29%), 182-Day (4.99%), and 365-Day (7.99%) from 5.30%, 8.00%, and 10.17% respectively in April. Conversely, the average bid-cover ratio at the auction declined to 4.50x from 6.23x given the amount that was allotted (NGN 180.45bn vs. NGN131.46bn as at 26th of April 2023). At the end of May, the average yield in the secondary treasury bills market fell to 6.18% from 7.30% in May 2023.
	181-day T-bill	5.72*	5.10*	
	364-day T-bill	8.49*	9.12*	
 Fixed Income	S&P/FMDQ Nigeria Sovereign Bond Index	-1.13	7.98	This month, the high liquidity in the money market drove the bullish sentiment in the bond market as the average yield in the secondary bond market declined to 13.96% at the end of the month from 14.13% at the previous month. During the month, the Debt Management Office offered NGN360.00bn and allotted NGN368.15bn across four instruments at the bond auction against a subscription of NGN478.91bn. The total subscription at the auction was 1.33x the total offered amount from 1.23x at the bond auction in April owing to high liquidity at the start of the week. Notwithstanding, the stop rates for 2028, 2032, and 2042 increased to 14.10%, 14.80%, and 15.69% (vs. 14.00%, 14.80%, and 15.40% at the auction in April) as investors bided at higher rate to compensate for the negative real rate of return. On the other hand, the stop rate on the 2050 instrument remained flat at 15.80%.
	3 Year Federal Government Bond	1.35	5.21	
 Eurobond	3 Year Nigerian Sovereign Eurobond	5.95	6.50	This month, the International Monetary Fund (IMF) Executive Board approved the USD 3.00 bn under Ghana's 3-year extended credit facility and disbursed USD 600 mn to the country. The organization also approved a USD 1 bn loan to Kenya and completed Rwanda's loan program review which paved the way for the disbursement of USD 98.6 mn to the country. Following this announcement, Ghana's Eurobond rallied as yields fell to 29.58% from 30.99% in April 2023 owing to positive sentiments surrounding the board approval. On the domestic scene, the market received positive sentiments on account of the manifesto of the new President, especially its decision to remove the fuel subsidy and unify the exchange rate. The average yields on the Nigerian sovereigns trended lower to 14.49% from 13.49%. The positive sentiments in the three countries filtered into the entire market ensuring the bulls regain their dominance of the Eurobond market.
	5 Year Nigerian Sovereign Eurobond	6.18	6.98	
 Equities	NGXASI	6.42	8.82	In Q1:2023, returns on the All-share index 5.82% buoyed by positive gains seen in January (3.88%) February (4.82%) while sell-offs in March dragged the quarter return down by 2.82%. The bearish performance in the market was driven by profit-taking activities in the market as investors sold off shares that had recorded substantial gains since the start of the year. The market's performance in March was driven by losses on some heavyweight tickers such as SEPLAT (-13.21%), STANBIC (-9.83%), AIRTELAFRI (-8.70%), FCMB (-6.95%), ACCESSCORP (-5.76%), WAPCO (-5.11%), GTCO (-4.32%), DANGCEM (-2.88%), MTNN (-2.04%), and BUAFODS (-1.61%). On a quarterly basis, the sectorial performance was positive as all indices closed in the green zone. The Consumer Goods index (19.32%), the Oil and Gas (10.45%), the Banking Index (+8.50%), the Industrial Index (+2.21%), and the Insurance Index (+1.81%) all closed the quarter on a positive note.
	NGX30	6.88	9.69	

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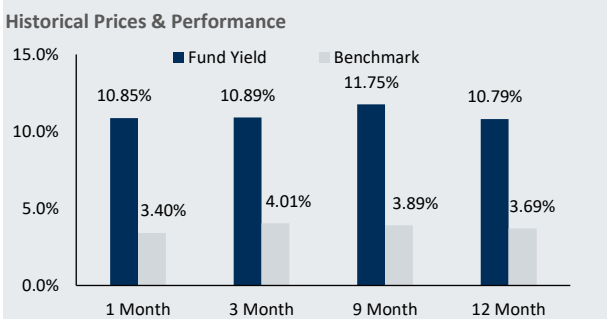
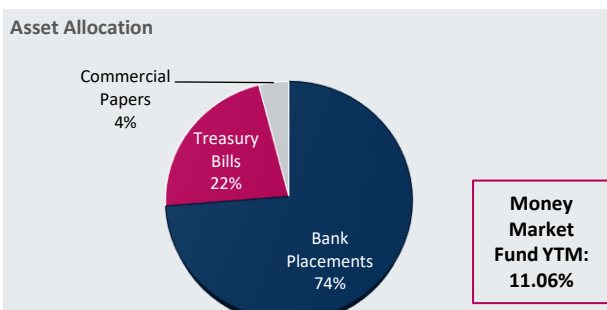
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### FBN Money Market Fund Overview

#### 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	₦188.71bn
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.

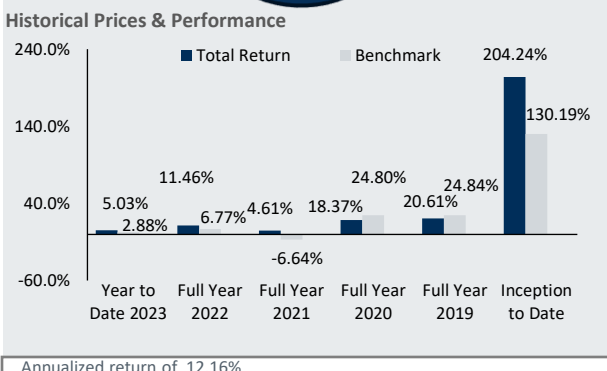
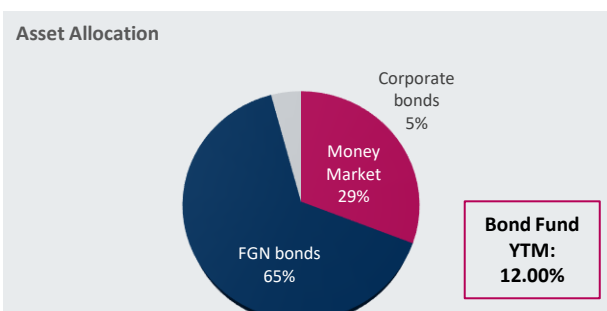


### FBN Bond Fund Overview

#### 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	₦67.12bn
Base currency	(₦)
NAV per share	₦1,542.48
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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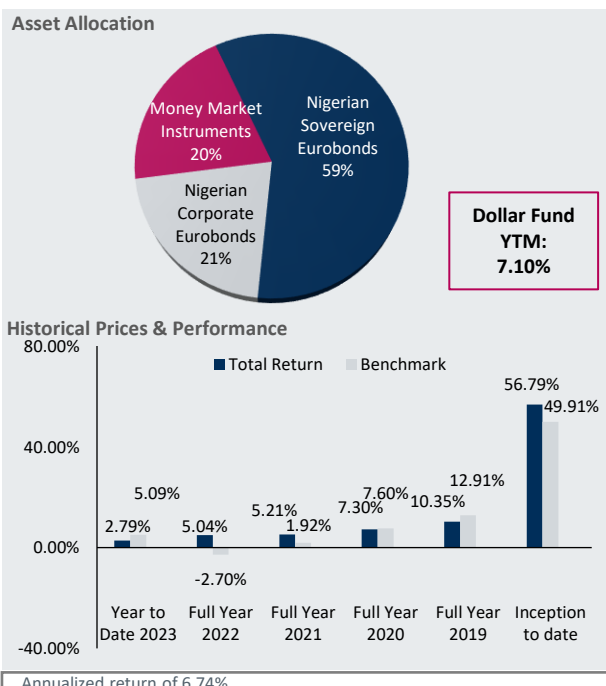
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### FBN Dollar Fund Overview

#### 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	\$28.60mn
Base currency	US Dollars (\$)
Unit classes	R unit class: Retail
NAV per share	\$123.57
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

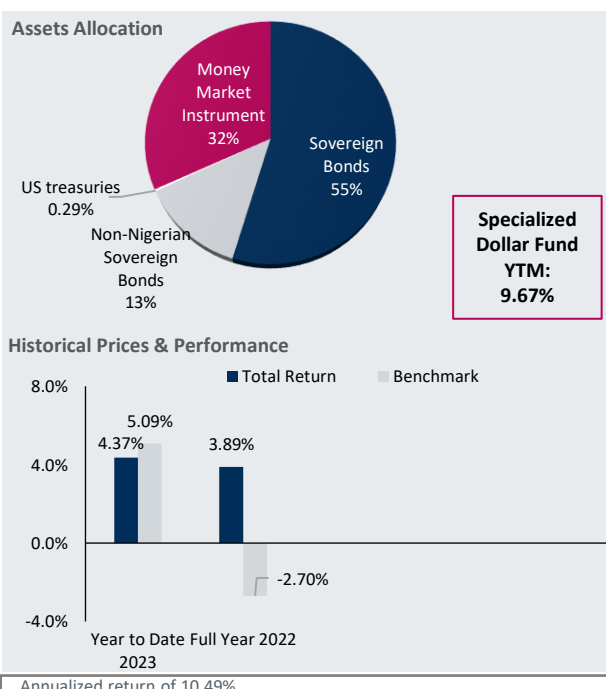


### FBN Specialized Dollar Fund Overview

#### 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	\$17.22mn
Base currency	US Dollars (\$)
NAV per share	₦108.43
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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### FBN Balanced Fund Overview

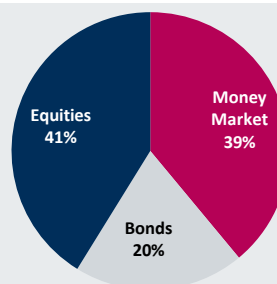
#### Investment objective

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

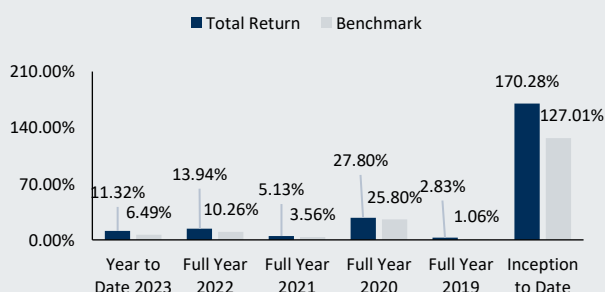
Fund Facts	
Fund Manager	Laura Fisayo-Kolawole, CFA
Fund launch date	1 April 2008
Fund size	₦5.41bn
Base currency	(₦)
NAV per share	₦222.28
Minimum investment	₦50,000
Minimum holding period	180 days
Income accrual	Daily
Annual management fee	1.50%
Total Expense Ratio	1.69%
Risk profile	Medium
Benchmark	40% NSE30 40% 5 year FGN bond 20% 90day average Tbill rate
Custodian	Citibank

Top 5 Equity Sector Exposure	
Financial Services	13.71%
Telecommunications	9.31%
Consumer Goods	5.23%
Industrial Goods	4.74%
Agriculture	2.67%

#### Asset Allocation



#### Historical Prices & Performance



### FBN Smart Beta Equity Fund Overview

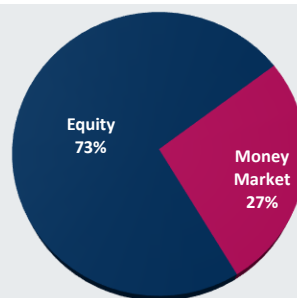
#### Investment objective

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.

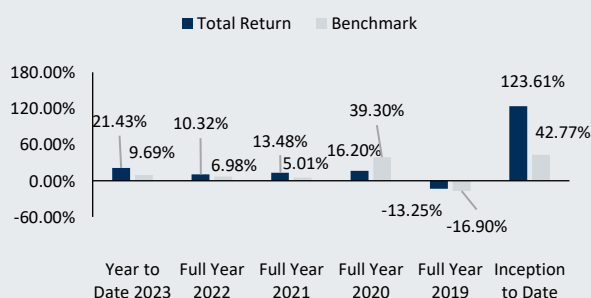
Fund Facts	
Fund Manager	Laura Fisayo-Kolawole, CFA
Fund launch date	4 January 2016
Fund size	₦443.60mn
Base currency	(₦)
NAV per share	₦201.40
Total Expense Ratio	1.63%
Annual management fee	1.50%
Minimum investment	₦50,000
Risk profile	High
Benchmark	NSE 30
Custodian	Standard Chartered Bank

Top 5 Equity Sector Exposure	
Financial Services	38.62%
Consumer Goods	16.22%
Industrial Goods	9.56%
Agriculture	5.66%
Beverages	3.29%

#### Assets Allocation



#### Historical Prices & Performance



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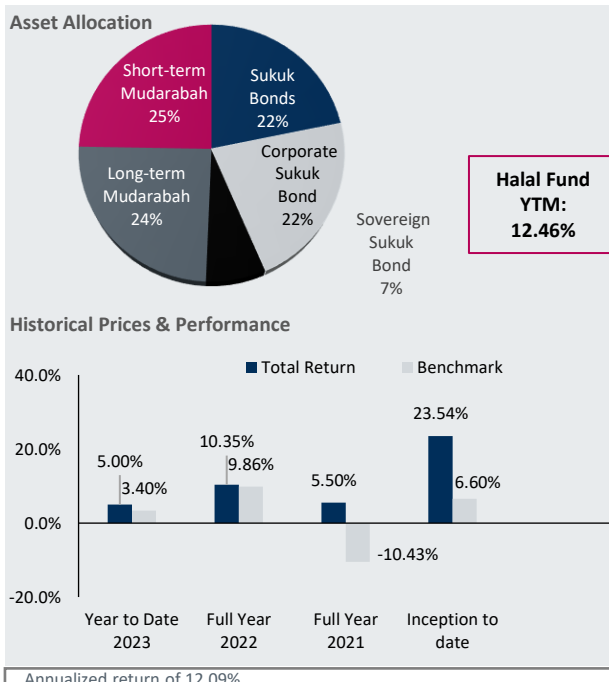
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### FBN Halal Fund Overview

#### Investment objective

The Fund is designed to provide long-term income generation by investing in Shari'ah compliant instruments such as 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	₦9.39bn
Base currency	(₦)
NAV per share	₦129.03
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



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### Outlook

- In the coming month, the Federal Reserve is likely to take increase its key interest rate at the monetary policy committee meeting holding in June, thus, putting an end to its rate pause campaign. The likely turnaround of its interest rate stance is due to the set of unexpectedly strong economic data the country received in May 2023. For context, the U.S consumer spending, unemployment claims and orders of manufactured non-defense capital goods excluding aircraft numbers were released this month with each variable showing a positive surprise. Consumer spending jumped 0.8% last month after gaining 0.1% in March while orders of manufactured non-defense increased to 1.4% last month after falling 0.6% in March. This data coupled with what appears to be some progress in Washington on passing the bill to raise the debt limit, throws doubt that the Fed will continue its rate pause campaign.
- Elsewhere, demand in China is likely to remain weak this month despite the country's efforts in stabilizing the economy through liquidity expansion and low lending rates. In the domestic scene, the removal of the fuel subsidy by the new president drove positive sentiments in the fixed income market and a rally in the equity market, In the coming months, the hike in fuel prices is expected to drive up prices of services and goods such as transportation and define the movement in inflation
- Equity: In June 2023, we expect the domestic equity market to be broadly positive, largely dependent on the actions of the new government and positioning in fundamental stocks ahead of Q2:2023 earnings releases. However, we do not envisage a gross uptick in return of the All-share index. Our expectation for a marginal increase in the local bourse is premised on the high return accumulated on some heavyweight stocks which is likely to drive selloffs in the market.
- Fixed Income: Going into the month of June, the performance of the fixed income will be largely dependent on liquidity in the financial system, which we expect to thin compared to levels seen in May and in the earlier months. Hence, the interbank market rates are likely to become elevated during the month and the average yields in the secondary fixed-income market should close higher. Furthermore, the Debt Management Office (DMO) Office released a revised bond auction calendar and introduced three new papers – 2023, 2038, and 2053. The interplay between high liquidity in the financial system and the government's need to borrow will drive the direction of stop rates at auctions this month.
- Eurobond: In the Eurobond market, the market is expected to price in another rate hike in the United States as the country races to squeeze inflation. On the other hand, country-specific factors such as high inflationary pressure and high debt levels in certain African countries will drive risk aversion in the market. Furthermore, we expect the performance of the market in Ghana to be influenced by the strategy surrounding the utilization of funds from the IMF and the market in Nigeria to be affected by sentiments surrounding the new administration plans.

### 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