

FBN Mutual Funds Factsheet

All data as of 30th September 2023 unless otherwise stated

PUBLIC

Executive Summary

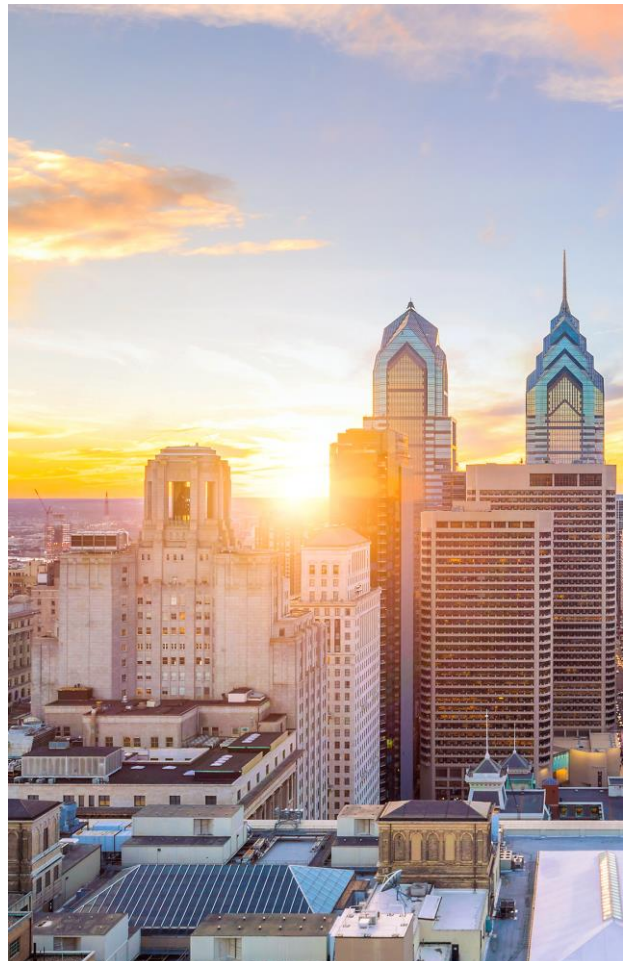
The United States (US) managed to avoid a federal government shutdown in September as it was able to provide a 45-day stopgap spending bill that excluded funding for Ukraine. The delay in enacting the appropriation bill needed to fund the country's spending would have led to the potential closure of the non-essential government departments of the nation and a ratings downgrade by Moody's.

The consumer price index for the month of August in the global economy showed mixed outcome as China and the US reported a rise in inflation to 0.1% and 3.7% (vs. -0.3% and 3.2% in July), while inflationary pressures in the United Kingdom (UK) and Eurozone eased by 10 and 90 basis points to 6.7% and 4.3% respectively. During the month, China's trade surplus fell to USD68.4bn in August 2023 from USD78.7bn in August 2022, owing to a faster decline in exports relative to imports. Similarly, in the US, the trade deficit widened to USD65.0bn in July from USD63.7bn in June, a result of a larger increase in imports compared to exports.

The National Bureau of Statistics reported that Nigeria's total trade decreased by 7.60% YoY to NGN12.74trn in Q2:2023 (vs. NGN13.79trn in Q2:2022) but increased by 5.77% QoQ from NGN12.05trn in Q1:2023. Overall, the country's trade surplus improved by +27.40% YoY to NGN1.29trn in Q2:2023 (vs. NGN1.01trn in Q2:2022 and NGN927.16bn in Q1:2023) on the back of a faster fall in imports (-10.40% YoY to NGN5.73bn) compared to the decline in exports (-5.20% YoY to NGN7.02trn).

The Debt Management Office (DMO) reported that Nigeria's public debt increased to NGN87.38trn in Q2:2023 (vs. NGN49.85trn in Q1:2023:) due to new borrowings of the federal government, the impact of foreign exchange devaluation on external debt, and the inclusion of securitized Ways and Means Advances (NGN22.71 trillion). Overall, total external debt rose by 69.3% QoQ to NGN33.25trn, while domestic debt settled higher at NGN54.13trn (vs. NGN30.21trn in Q1:2023).

Furthermore, the National Bureau of Statistics reported that Nigeria's inflation rose to 25.80% in August (vs. 24.08% in July 2023) owing to an increase in food (29.34% YoY) and core (21.15% YoY) baskets. A further analysis of the data reveals that food prices (such as oil and fat, bread and cereals, and tubers) and transportation costs drove the inflation in August. During the month, Dr. Olayemi Cardoso officially assumed the role of Governor of the Central Bank of Nigeria (CBN).







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Asset Class	Benchmark	1M (September) %	Year to Date (%)	Commentary
Money Market 	91-day T-bill	4.75*	3.78*	<p>In the month of September, the money market was characterized by mixed system liquidity position as liquidity began on a positive note, thinned out by mid-September, and increased towards the end of the month. This was a result of limited inflows into the financial system. This resulted in higher yields and interbank rates compared to levels seen in the previous month. Hence, at the end of the month, the open buyback rate and the overnight lending rate increased slightly to 2.70% and 3.40%, respectively (vs. 2.58% and 3.00% in August), while the average yield in the secondary Treasury bills market was 7.94% from 7.27% in the previous month. Stop rates at the first Treasury bills auction held during the month declined from levels seen at the last auction in August given the stronger liquidity at the start of the month. However, at the second auction, rates increased for the 91-Day instrument (to 6.50% from 4.50%) and the 364-Day instrument (to 12.98% from 12.55%), while the stop rate for the 181-Day instrument remained unchanged at 7.00%. However, at the last auction for the month, stop rates for the 91-Day bill, 181-Day bill, and 364-Day bill declined by 101bps (to 4.99%), 45bps (to 6.55%), and 161bps (to 11.37%) respectively.</p>
	181-day T-bill	6.45*	5.48*	
	364-day T-bill	11.18*	9.45*	
Fixed Income 	S&P/FMDQ Nigeria Sovereign Bond Index	-0.73	4.89	<p>In the bond market, the bond primary auction for the month of September was undersubscribed at NGN291bn vs. an offer of NGN360bn due to tight system liquidity. Consequently, the thin liquidity saw a fall in bid-to-cover ratio (0.81x) relative to the level seen in the previous month (0.87x) highlighting the relatively thin demand conditions at the auction. Overall, the stop rate for the 2029 (14.50%), 2038 (15.55%), and 2053 (16.25%) instruments increased from 13.85%, 15.20%, and 15.85% in the previous auction, while the stop rate for the 2033 instrument remained unchanged at 15.00%. By the end of the month, the secondary bond market closed on a bearish note as the average yield in the market increased to 14.44% from 14.06% in the previous month.</p>
	3 Year Federal Government Bond	0.95	7.93	
Eurobond 	3 Year Nigerian Sovereign Eurobond	-2.44	-4.14	<p>In September, the bears maintained their dominance in the market as investors remained risk-averse to Eurobonds from emerging and frontier economies. The sour performance of the market was driven by heightened political climate in democratic regions evidenced by the coups in Niger Republic and Gabon, inflationary pressures, deteriorating fiscal position, and low economic growth. On the other hand, higher interest rate expectations by the Fed and other central banks of developed economies in the global economy supported the bearish mood in the market. During the month, the International Monetary Fund approved an 18-month loan of USD1.32bn to boost Morocco's resilience against climate disasters. At the end of the month, the average yields on the Nigerian sovereigns trended up to 11.38% from 11.34% in August.</p>
	5 Year Nigerian Sovereign Eurobond	-2.80	7.68	
Equites 	NGXASI	0.25	29.52	<p>In September, the bears regained control of the local bourse as profit-taking activities took center stage due to the absence of significant positive catalysts to boost sentiments amidst profit-taking activities on stocks that have earmarked strong gains. Furthermore, the FTSE Russell, a provider of global market benchmarks and indices, downgraded Nigeria's classification from a frontier market to an unclassified market due to the persisting foreign exchange liquidity challenges. Selling activities were seen on stocks such as BUACEMENT (-11.08%), (-6.13%), DANGCEM (-5.56%), ACCESSCORP (-5.12%), ZENITHBANK (-4.41%), MTNN (-3.83%), PRESCO (-3.27%), FBNH (-2.68%), DANGSUGAR (-2.00%), and WEMABANK (-0.20%). Hence, the NGX ASI index and NGX 30 lost 0.25% MoM and 0.23% MoM, respectively, while the YtD returns settled at 29.52% (NGX-ASI) and 32.54% (NGX-30) from 29.64% (NGX-ASI) and 32.81% (NGX-30) at the end of August. Despite the decline in the broad gauge of the market, sectoral performance was slightly positive during the period, as three out of five indices closed in green territory. The Consumer Goods Index led the pack with a 6.53% gain MoM, followed by the Insurance Index (+5.30%) and the Banking Index (+2.61%). The Industrial Goods Index (-6.91%) and the Oil and Gas Index (-2.75%) closed in the negative zone.</p>
	NGX30	0.23	32.54	

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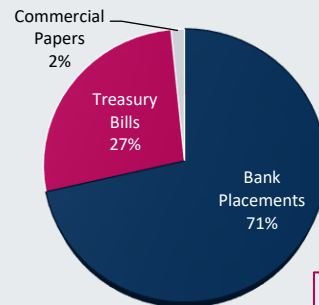
FBN Money Market Fund Overview

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.

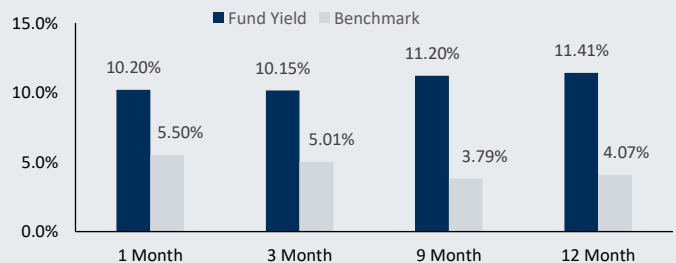
Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA
Fund launch date	24 September 2012
Fund size	₦194.22bn
Base currency	(₦)
NAV per share	₦100
Minimum investment	₦5,000
Minimum holding period	30 days
Income accrual	Daily
Income distribution	Quarterly
Annual management fee	1.25%
Total Expense Ratio	1.36%
Risk profile	Low
Custodian	Citibank
Benchmark	Average 91-day Treasury Bill (NTB) primary auction stop rates.
Investment Horizon	90 days

Asset Allocation



Money Market Fund YTM:10.49%

Historical Prices & Performance



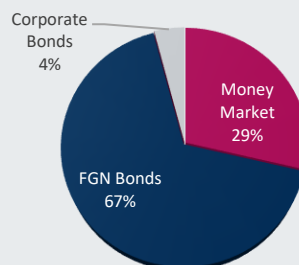
FBN Bond Fund Overview

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.

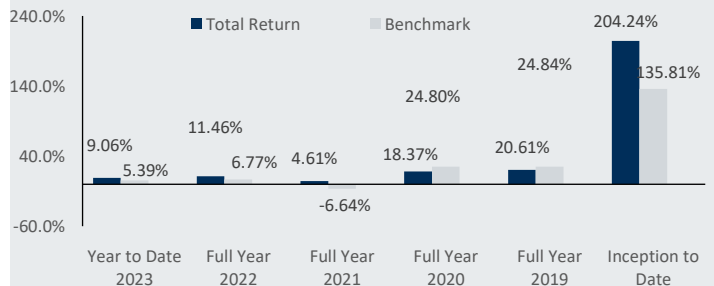
Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA
Fund launch date	24 September 2012
Fund size	₦68.36bn
Base currency	(₦)
NAV per share	₦1,601.62
Minimum investment	₦50,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Annually
Total Expense Ratio	1.23%
Annual management fee	1.00%
Risk profile	Low-Medium
Custodian	Citibank
Benchmark	70% 3Year FGN Bond 30% Average 91-day Tbill rate
Investment Horizon	2-3 years

Asset Allocation



Bond Fund YTM: 11.75%

Historical Prices & Performance



Annualized return of 12.11%

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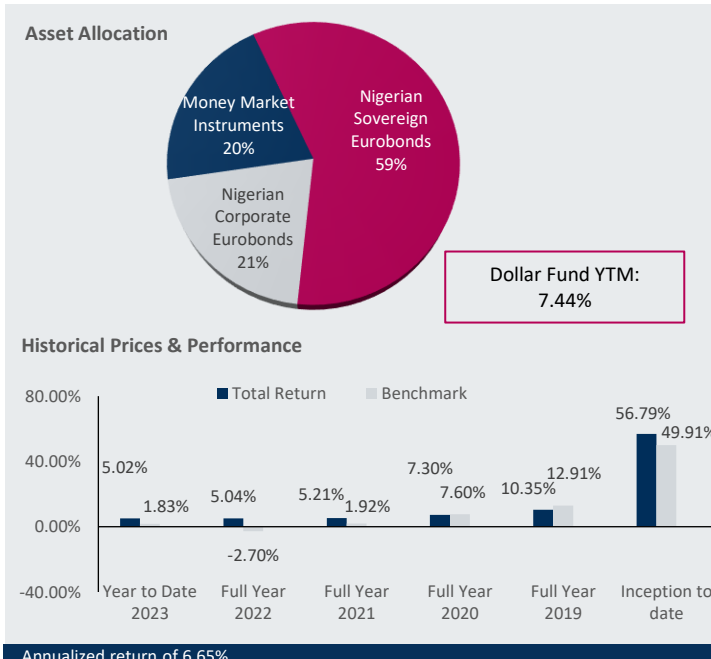
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FBN Dollar Fund Overview

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	\$28.99mn
Base currency	US Dollars (\$)
NAV per share	\$126.66
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
Investment Horizon	1-2 years

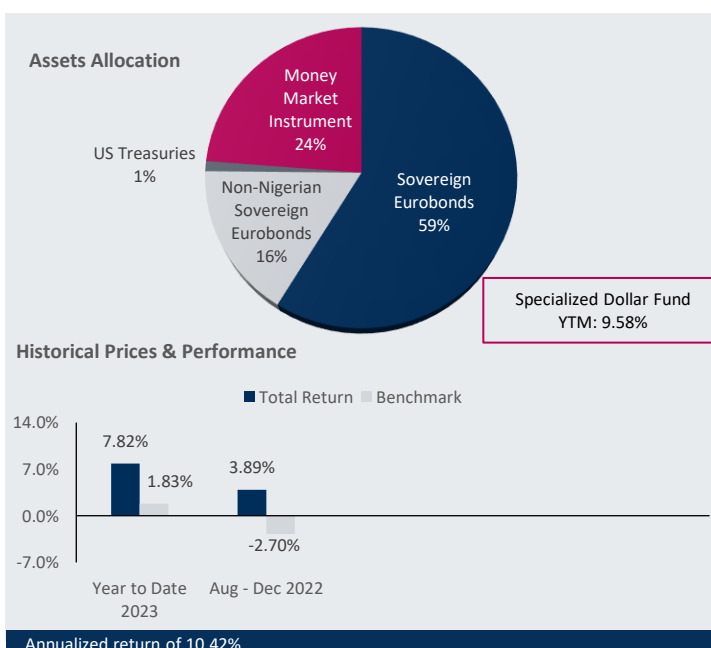


FBN Specialized Dollar Fund Overview

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	\$22.71mn
Base currency	US Dollars (\$)
NAV per share	\$112.01
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
Investment Horizon	1-2 years



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FBN Balanced Fund Overview

Investment Objective

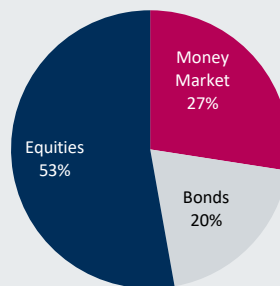
The Fund provides capital growth and downside protection to investors seeking exposure to equity. The downside is achieved through investments in less risky assets such as money market instrument and bonds

Fund Facts	
Fund Manager	Laura Fisayo-Kolawole, CFA Gbolahan Ologunro, ACCA
Fund launch date	1 April 2008
Fund size	₦6.62bn
Base currency	(₦)
NAV per share	₦271.08
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

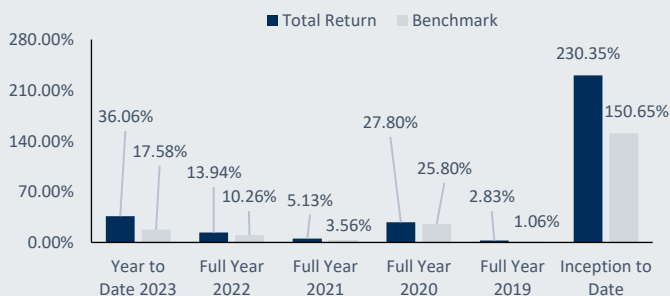
Top 5 Equity Sector Exposure

Financial Services	21.04%
Consumer Goods	8.29%
Telecommunications	8.04%
Industrial Goods	5.37%
Agriculture	3.10%

Asset Allocation



Historical Prices & Performance



FBN Smart Beta Equity Fund Overview

Investment objective

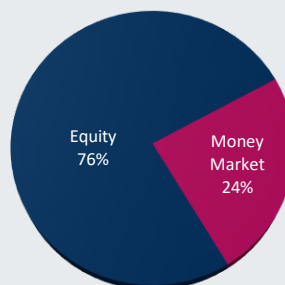
The Fund seeks to provide capital growth by selecting the best twenty (20) out of the forty (40) most capitalised stocks listed on the Nigerian Stock Exchange. The Fund is appropriate for investors who want equities with the aim of outperforming the NSE 30 index.

Fund Facts.	
Fund Manager	Laura Fisayo-Kolawole, CFA Gbolahan Ologunro, ACCA
Fund launch date	4 January 2016
Fund size	₦674.89mn
Base currency	(₦)
NAV per share	₦247.98
Total Expense Ratio	1.63%
Annual management fee	1.50%
Minimum investment	₦50,000
Risk profile	High
Benchmark	NSE 30
Custodian	Standard Chartered Bank

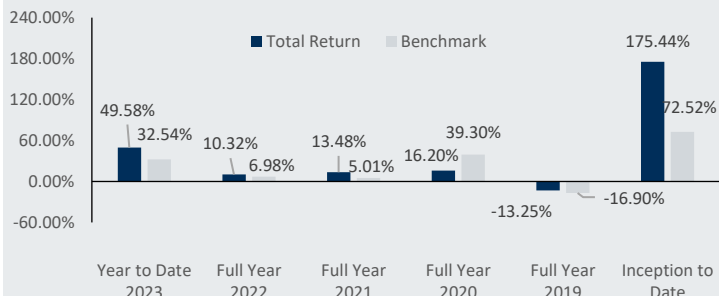
Top 5 Equity Sector Exposure

Financial Services	32.75%
Industrial Goods	12.16%
Consumer Goods	9.65%
Beverages	9.35%
Agriculture	6.63%

Assets Allocation



Historical Prices & Performance



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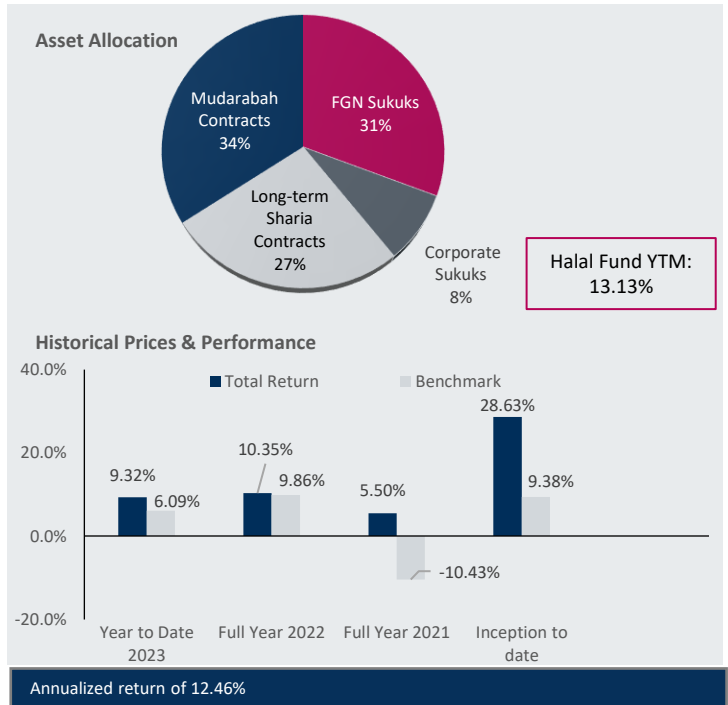
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FBN Halal Fund Overview

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	₦9.28bn
Base currency	(₦)
NAV per share	₦134.43
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 weeks, we anticipate an increase in inflationary pressure in the global economy hinged on the decision of the Organization of Petroleum and Exporting Countries (OPEC) to extend their voluntary production cuts through the end of the year. This poses a risk to the year-to-date success of global central bank authorities in achieving a lower trend in inflation. In light of this, we expect that central bank officials would monitor inflationary trend and its sources closely, standing ready to raise rate should the need arise.
- Equity: The end of Q2:2023 earnings season will likely usher in a wave of profit-taking activities, and in the absence of strong positive triggers to boost investors' appetite for risky assets, we expect selling sentiments to dominate the local bourse in October. In addition, we believe equity investors will continue to pay close attention to the direction of fixed income yields given our expectation for system liquidity to thin out in the coming months, a development that will likely drive an upward movement in yields.
- Fixed Income: In the month of October, the performance of the fixed-income market will be influenced by liquidity in the financial system, which is likely to remain at low levels as we do not expect significant inflows into the market. Hence, liquidity pressure will ensure that yields in the fixed-income market attain high double-digit levels throughout the month. Furthermore, we expect investors' sentiments to be bearish in the Treasury bills secondary market and the bond secondary market, given our expectation of depressed system liquidity.
- Eurobond: In the Eurobond market, the market is likely to price in the expectation of an increase in interest rate for the global market. On the other hand, country-specific factors such as military activities, high inflationary pressure, deteriorating reserve balance and high debt levels in certain African countries will continue to drive risk aversion in the market. Furthermore, we expect that the performance of Kenya's financial market will be influenced by the debt repayment guidance from Citi and South Africa's Standard Group as the country approaches its 10-year \$2 billion Eurobond maturity date.

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.

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