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FBN Mutual Funds Factsheet

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Executive Summary

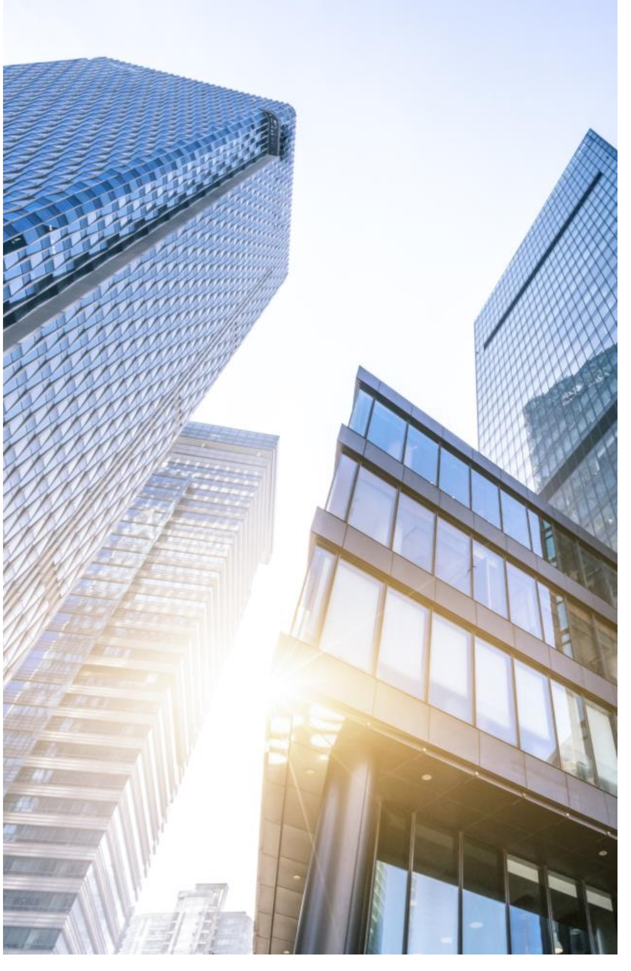
In the month, members of OPEC+ decided to cut their output voluntarily by 2.2 mbpd starting in early 2024. This cut includes an extension of the voluntary reductions of 300,000 bpd from Russia and 1 million bpd from Saudi Arabia. During the summit, Brazil, one of the top 10 oil producers, was invited to become a member of the organization.

Due to lower energy costs and the low base impact from the previous year, price pressures continued their downward trend in the US, UK, and Euro Zone, where inflation decreased to 3.2%, 4.6%, and 2.90%, respectively, from 3.7%, 6.7%, and 4.3% in September. In keeping with this, the US (5.50%) and UK (5.25%) central banks maintained their key interest rates. Elsewhere, China's October inflation rate came in at -0.2% YoY from a flat reading in September, which might be attributed to higher agricultural supplies brought on by favorable weather and low demand. The UK avoided a recession in the third quarter of the year, as GDP for the quarter came in at 0.00% QoQ (vs. 0.2% in Q2:2023). High interest rates and cost pressures on consumer expenditure contributed to the QoQ growth.

In Nigeria, high energy costs, ongoing currency pressures, and adverse base effects from the prior year influenced the 61bps uptick in headline inflation to 27.33% YoY in October (vs. 26.72% YoY in September), while headline inflation fell for the second consecutive month to 1.73% MoM from 2.10% MoM in September. Food inflation (+88 bps to 31.52% YoY) and core inflation (+59 bps to 22.69% YoY) both increased during the month.

Nigeria's GDP grew by 2.54% YoY in Q3:2023 (vs. 2.25% YoY in Q3:2022). The growth was due to the growth of the non-oil sector (+2.75% YoY in Q3:2023 vs. 3.58% YoY in Q2:2023) amidst a moderate decline in the oil sector (-0.85% YoY in Q3:2023 vs. -13.43% in Q2:2023). The improvement in the oil sector evidences the government's efforts in addressing security issues in the industry, as average oil production in Q3:2023 rose by 18.17% QoQ to 1.45 mbpd. On the other hand, the non-oil sector grew slower in the quarter on the back of the removal of fuel subsidies, FX challenges, and currency devaluation.

The NGN27.50 trn proposed budget for the 2024 fiscal year has been accepted by the Federal Executive Council, which is 5.70% more than the previous 2024 draft budget. Changes were made to the oil price estimate of USD77.96/bl (vs. USD73.96/bl) and the exchange rate of NGN750.00/USD (vs. NGN700/USD).



**Mean average stop rate at the Nigerian treasury bill auction*

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Executive Summary

Asset Class	Benchmark	1M (November) %	Year to Date (%)	Commentary
Money Market	91-day T-bill	7.50*	4.73*	The month began with a negative liquidity position on the back of increased outflows through the standing deposit facility. Throughout the month, the financial position in the market was mixed, with higher liquidity seen towards the end of the month after credits from the FAAC allocation. Consequently, the open buyback rate (14.84%) and overnight lending rate (15.54%) declined from 15.58% and 16.46%, respectively, in the previous month. The net short liquidity filtered into the Treasury bills market as stop rates at each auction increased. At the treasury bills auction, stop rates at the last auction for the month increased on the 91-Day instrument (+201bps to 8.00%), the 182-Day instrument (+300bps to 12.00%), and the 364-Day instrument (375bps to 16.75%) compared to the last auction in October. Due to increased demand for higher-interest-yielding instruments, the average yield of the Treasury bills instrument in the secondary market decreased to 10.21% at the end of the month from 10.93%. Additionally, the Central Bank of Nigeria (CBN) issued OMO bills worth NGN77.20.00bn (total sales) in a bid to address foreign exchange illiquidity challenges. The instruments with durations of 99-Day, 183-Day, 265-Day, and 342-Day had stop rates that closed at 13.98%, 14.48%, 14.90%, and 17.98%, respectively.
	181-day T-bill	11.50*	6.58*	
	364-day T-bill	16.75*	11.10*	
Fixed Income	S&P/FMDQ Nigeria Sovereign Bond Index	-1.51	1.29	In November, the low liquidity in the financial system at the start of the year directed the movement of the secondary bond market. The bond market, which closed on a bearish note, saw an increase in the average yield to 15.72% from 15.33% recorded in October. This also filtered into the bond auction held in the month, where investors bid for higher stop rates. At the auction, the Debt Management Office offered a total of NGN360.00bn and allotted NGN434.80bn across four instruments at the bond auction against a subscription of NGN445.30bn. Stop rates for 2029, 2033, 2038, and 2053 issues increased to 16.00%, 17.00%, 17.50%, and 18.00% (vs. 14.90%, 15.75%, 15.80, and 16.60%) at the auction held in the previous month, given the low liquidity position at the start of the month. The total subscription was 1.02x the amount offered from 1.14x at the last auction and marks an over-allotment of NGN85.30bn.
	3 Year Federal Government Bond	3.11	8.12	
Eurobond	3 Year Nigerian Sovereign Eurobond	3.93	2.57	In light of Ghana's ongoing financial crisis and debt restructuring processes, the African Development Bank (AfDB) approved a budget support package worth USD 102.60 mn to aid in the country's economic recovery. During this period, Fitch Ratings affirmed Nigeria's long-term foreign-currency issuer default rating at "B-" with a stable outlook considering the country's large economy, its developed and liquid debt market, and its substantial oil and gas reserves. In a bid to bolster confidence in Nigeria's economy and stabilize the naira, the CBN has taken the initiative to resolve outstanding forward contracts involving foreign exchange. A portion of the backlog of FX forward obligations was settled by the central bank through payments to 31 banks and airlines. This drove positive sentiments in the Sub-Saharan Eurobond space as the bulls regained their dominance of the market. The average yields on the Nigerian sovereigns trended lower to 10.57% from 11.10%. in the previous month.
	5 Year Nigerian Sovereign Eurobond	5.02	15.84	
Equites	NGXASI	3.08	39.52	The local bourse sustained last month's bullish performance as the NGX-ASI gained 3.08% MoM to a historic high of 71,196.77pts, bringing the YtD return to a new level of 39.25% while the YtD of the NGX-30 stood at 42.49% (MoM return printed at 3.08%). The market performance during the month was driven by price appreciation on FBNH (+23.23.18%), SEPLAT (+21.27%), AIRTELAFRI (+16.88%), FCMB (+12/20%), GTCO (+12.07%), LARFARGE (+9.74%), ACCESSCORP (+4.96%), FLOURMILL (+4.46%), ZENITHBANK (+2.71%), PRESCO (2.65%), and OKOMUOIL (1.35%). The month saw the initial public offer of Mecure Industries, where about 11.80 billion shares were listed on the local bourse. Across our sector coverage, performance was positive, as three indices gained while one lost. The gainers' chart was led by the Oil and Gas Index (+11.85% MoM), followed by the Insurance Index (+8.74% MoM) and the Banking Index (+4.42% MoM). The Consumer Goods Index (-0.34% MoM) and the Industrial Goods Index (-1.93% MoM) were the sole losers in the month.
	NGX30	3.08	42.49	

**Mean average stop rate at the Nigerian treasury bill auction*

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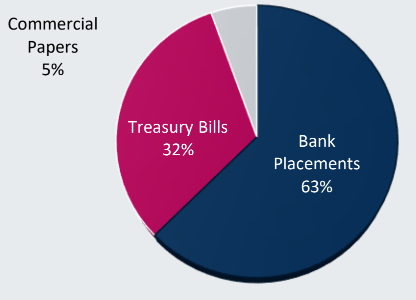
FBN Money Market Fund Overview

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.

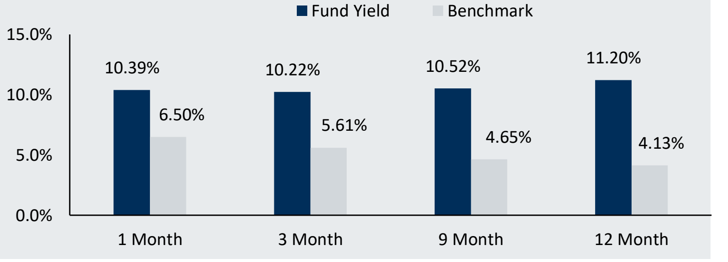
Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA
Fund launch date	24 September 2012
Fund size	₦194.15bn
Base currency	(₦)
NAV per share	₦100
Minimum investment	₦5,000
Minimum holding period	30 days
Income accrual	Daily
Income distribution	Quarterly
Annual management fee	1.25%
Total 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 YTM:10.44%

Historical Prices & Performance



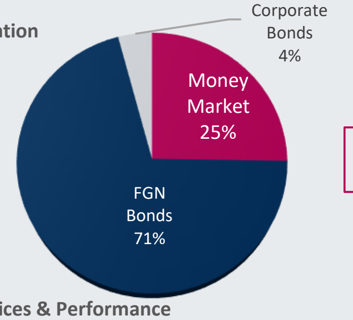
FBN Bond Fund Overview

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.

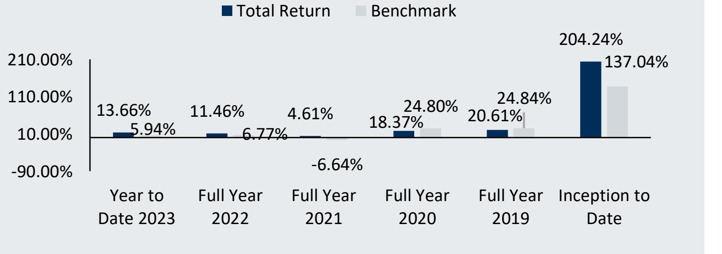
Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA
Fund launch date	24 September 2012
Fund size	₦66.40bn
Base currency	(₦)
NAV per share	₦1,532.27
Minimum investment	₦50,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Annually
Total Expense Ratio	1.23%
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

Asset Allocation



Bond Fund YTM: 11.85%

Historical Prices & Performance



Annualized return of 14.93%

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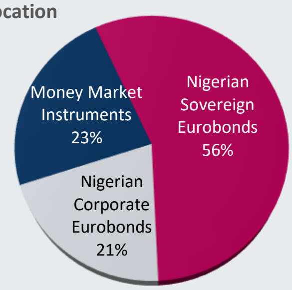
FBN Dollar Fund Overview

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

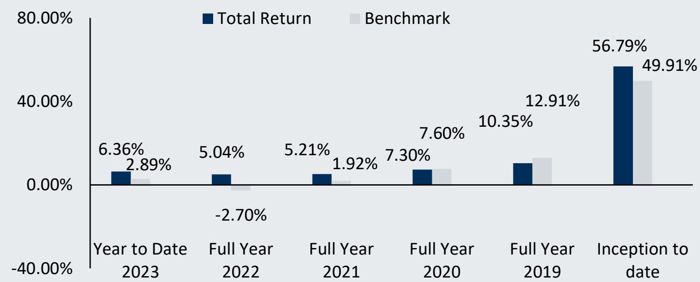
Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA.
Fund launch date	4 January 2016
Fund size	$29.38mn
Base currency	US Dollars ($)
Unit classes	R unit class: Retail
NAV per share	$123.17
Minimum investment	$1,000
Minimum holding period	180 days
Risk profile	Medium
Total Expense Ratio	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 YTM: 7.34%

Historical Prices & Performance



Annualized return of 6.95%

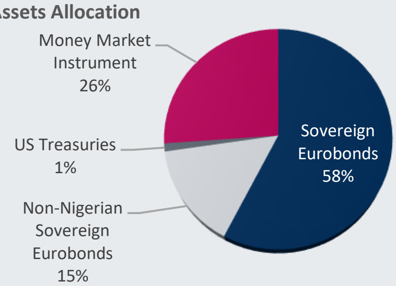
FBN Specialized Dollar Fund Overview

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.

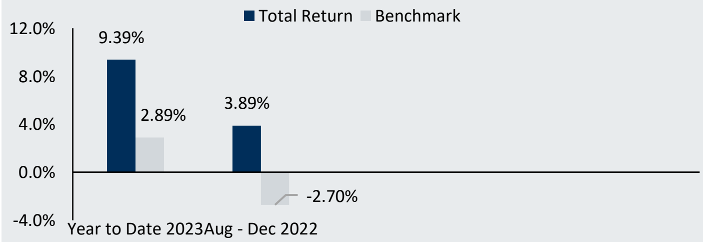
Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA.
Fund launch date	12 August 2022
Fund size	$27.39mn
Base currency	US Dollars ($)
NAV per share	₦110.94
Minimum investment	$10,000
Minimum holding period	180 days
Income accrual	Daily
Income distribution	Annually
Total Expense Ratio	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

Assets Allocation



Specialized Dollar Fund YTM: 9.40%

Historical Prices & Performance



Annualized return of 10.23%

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FBN Balanced Fund Overview

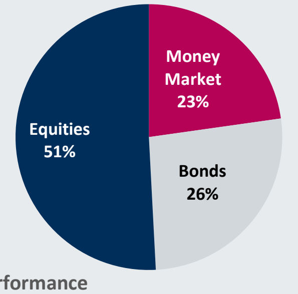
Investment Objective

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

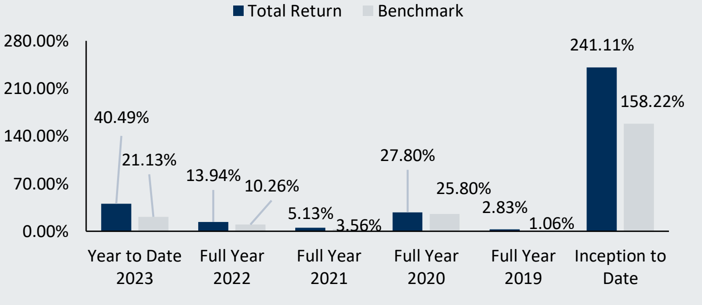
Fund Facts	
Fund Manager	Laura Fisayo-Kolawole, CFA
Fund launch date	1 April 2008
Fund size	₦6.85bn
Base currency	(₦)
NAV per share	₦259.21
Minimum investment	₦50,000
Minimum holding period	90 days
Income accrual	Daily
Annual management fee	1.50%
Total Expense Ratio	1.69%
Risk profile	Medium
Benchmark	40% NSE30 40% 5 year FGN bond 20% 90day average Tbill rate
Custodian	Citibank

Top 5 Equity Sector Exposure	
Financial Services	21.57%
Consumer Goods	8.15%
Telecommunications	5.83%
Industrial Goods	5.44%
Agriculture	2.62%

Asset Allocation



Historical Price & Performance



FBN Smart Beta Equity Fund Overview

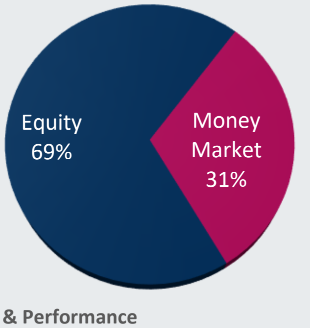
Investment objective

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.

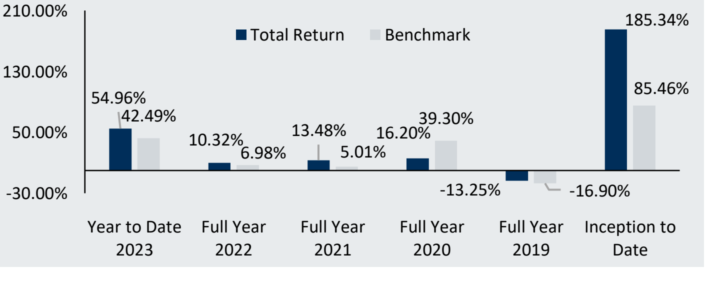
Fund Facts`	
Fund Manager	Laura Fisayo-Kolawole, CFA
Fund launch date	4 January 2016
Fund size	₦772.60mn
Base currency	(₦)
NAV per share	₦234.12
Total Expense Ratio	1.63%
Annual management fee	1.50%
Minimum investment	₦50,000
Risk profile	High
Benchmark	NSE 30
Custodian	Standard Chartered Bank

Top 5 Equity Sector Exposure	
Financial Services	31.54%
Consumer Gods	8.59%
Beverages	8.60%
Industrial Goods	5.33%
Agriculture	5.61%

Assets Allocation



Historical Prices & Performance



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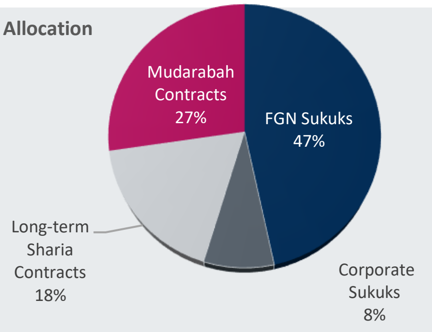
FBN Halal Fund Overview

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.

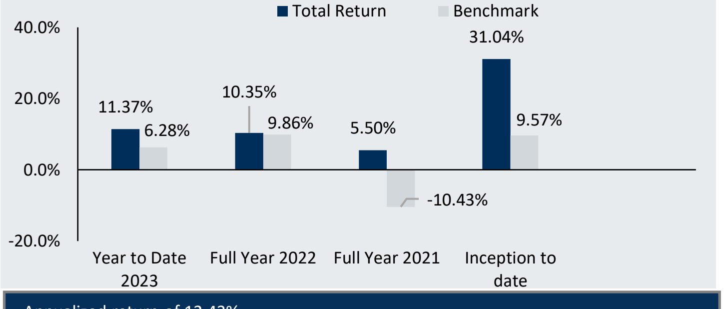
Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA.
Fund launch date	4 May 2020
Fund size	₦8.44bn
Base currency	(₦)
NAV per share	₦132.27
Minimum investment	₦5,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Annually
Total Expense Ratio	1.70%
Management fees	1.50%
Risk profile	Low-Medium
Custodian	Standard Chartered Bank
Benchmark	FGN 3 Year Benchmark Bond

Asset Allocation



Halal Fund YTM: 13.38%

Historical Prices & Performance



Annualized return of 12.43%

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Outlook

- In the global commodity market, it is expected that crude oil prices are likely to remain stable despite the increase in oil production cuts by OPEC+. This is on the back of the nature of the voluntary cuts, the expectation that the global economy will shrink, and an expected increase in global crude oil production in 2024. We do not however rule out the impact of tension in the Middle East should there be an escalation of the war to neighboring countries especially with the attack of three commercial vessels in the Red Sea.

- Furthermore, central bank authorities on the global front are likely to adopt a less aggressive stance in fighting price pressures early next year as inflation glides down to their benchmark target. Nonetheless, we opine that central bank authorities will not hesitate to hike interest rates should there be a tilt in the direction of inflation.

- Equity: We expect the local bourse to eke out a gain in the last month of the year due to bargain-hunting activities by early birds in dividend-paying stocks. However, unlike historical trends, we think the magnitude of gains will be marginal given rising fixed-income yields. Nonetheless, we believe the impressive earnings run rate from banking stocks will continue to support the risk-return profile of banking tickers and temper negative reactions to an uptick in fixed-income yields.

- Fixed Income: As the year comes to an end, we expect an influx of funds from asset management firms and investors as they realign their portfolios to meet their investment objectives. Nonetheless, in the absence of inflows from maturing debt instruments and coupon payments, we envisage that the liquidity in the financial system will be subdued during the month compared to the beginning of the year. On the other hand, with stronger inflows from bond maturity (NGN719.99bn) and coupon payment in the first quarter of 2024, we expect yields to fall during the quarter, a development that would drive investors to take a position in a relatively higher yield in the market.

- Eurobond: In the Eurobond market, we opine that the market will be influenced by the interest rate direction of global central bank authorities which is likely to be less aggressive. On the other hand, country-specific factors such as high inflationary pressure and high debt levels in certain African countries will drive the direction of the market.

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.