

FBN Mutual Funds Factsheet

All data as of 31st January 2024 unless otherwise stated

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Executive Summary

The International Monetary Fund revised its forecast for global economic growth up by 0.2% to 3.1% owing to a stronger outlook in the United States and China, amidst a faster-than-expected ease in global consumer prices. It, however, warned of the impact of a potential escalation of the tension in the Middle East and on the Red Sea on commodity markets and supply.

Contrary to the disinflationary pattern that was prevalent in H2:2023, global consumer prices rose in the month of December owing to the low energy price base effect, higher housing and shelter costs, the implementation of a tobacco duty in the UK, and higher airfares. Hence, inflation rose to 2.9% (+50bps), 3.40% (+30bps), and 4.0% (+10bps) in the Eurozone, the United States, and the United Kingdom. Similarly, in China, deflationary pressures eased with an inflation reading in December of -0.3% from -0.5% in November owing to the higher cost of accommodation and tourism amidst lower pork prices. Interest rates within these four countries remained unchanged with no sign of cuts by the Eurozone (4.00%), the US (5.50%), and the UK (5.25%) in Q1:2024.

The United Nations and the World Bank expect that the macroeconomic reforms enacted by the new government will support growth in the Nigerian economy in 2024. They expect the domestic economy to grow by 3.1% (UN) and 3.3% (World Bank) in 2024 from 2.9% and 3.3% respectively in 2023. The downside risks to this expectation are persistent cost pressure, soaring debt levels, and rising living expenses.

The National Bureau of Statistics reported that Nigeria's inflation increased in the month of December to 28.92% YoY (vs. 28.20% YoY in November 2023) owing to an increase in food (109bps to 33.93% YoY) and core inflation (+485bps to 23.06% YoY). Further analysis of the data reveals that food prices (such as oil fish, fruit, egg, and meat), pharmaceutical products, medical services, accommodation, and transportation costs drove the inflation in December. The Central Bank of Nigeria (CBN) expects inflation to fall to 21.40% in 2024, driven by stronger output in agriculture and reduction of supply chain issues in the global scene.

The Central Bank of Nigeria revised the methodology of the NAFEX fixing which put downward pressure on the Naira. It also ordered all commercial banks to reduce their net long position and net short position to 0% and 20% of their shareholder's fund and permitted International Money Transfer Operators to quote rates based on willing sellers and buyers. These measures were targeted at improving transparency and aiding the convergence of the official and parallel FX rates.







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Asset Class	Benchmark	1M (January)%	Year to Date (%)	Commentary
Money Market 	91-day T-bill	3.72*	3.72*	<p>In the month of January, the low system liquidity position in the fixed-income market drove an uprise in money market rates as the overnight lending rate (O/N) and the open buyback rate (OPR) surged to 20.40% and 19.35% apiece. The rates were at 15.47% (O/N) and 15.06% (OPR) in the previous month where liquidity totaled NGN2.17bn compared NGN1.14bn in January 2024. The decline in system liquidity is linked to the bond auction (total allotment of NGN418.21bn), and OMO auction (total allotment of NGN1.01trn) despite inflow from bond coupon payment and FAAC. The Treasury bills auction held during the month was driven by the low liquidity position in the system, and demand for higher rates following the increase in OMO bills stop rates. Hence, the stop rate on the 91-day (5.00%), 182-day (7.15%), and 364-day (11.54%) instruments increased from the levels seen at the first auction in January: 2.44%, 4.22%, and 8.40%, respectively. Nonetheless, it was relatively lower than the stop rates in December given the increased demand for bills as investment firms closed out for the year. The stop rate on the one-year OMO bills held during the year attained a resistance level of 17.50%.</p>
	181-day T-bill	5.69*	5.69*	
	364-day T-bill	9.97*	9.97*	
Fixed Income 	S&P/FMDQ Nigeria Sovereign Bond Index	-0.42	-0.42	<p>In January, the low liquidity in the financial system directed the movement of the secondary bond market. Hence the average yield in the secondary bond market increased to 14.49% in January from 14.13% in December. The low liquidity was reflected in the bond auction held during the month as the total subscription level fell to NGN604.57bn from NGN886.41bn in the previous month while the bid-to-offer level fell to 1.68x from 2.46x in December. The auction held during the month was also influenced by positioning ahead of higher liquidity expectations in Q1:2024 which drove the stop rates. The rates on the reissued 2029 (15.50%), 2033 (16.00%), and 2038 (16.50%) bonds closed at similar levels at the auction held in December. The stop rate on the re-issued 2027 bond closed at 15.00%.</p>
	3 Year Federal Government Bond	-3.01	-3.01	
Eurobond 	3 Year Nigerian Sovereign Eurobond	-0.45	-0.45	<p>Positive sentiments surrounding the successful moratorium negotiation of Ghana's USD13bn debt improved activities in the Eurobond scene. The restructuring deal includes a USD5.40bn moratorium payment of bilateral loans spread across two payment periods of 16 and 17 years. The country also received a new loan of USD941mn from the IMF which will be disbursed in two tranches with an immediate transfer of USD624.50mn. The Eurobond space also saw the issuance of two Eurobonds of nine (6.30% interest rate) and thirteen years (6.85% interest rate) maturities in Ivory Coast. This drove positive sentiments in the Sub-Saharan Eurobond space as the bulls regained their dominance of the market. In the Nigerian Eurobond market, the month was largely bullish but selloffs following the CBN's directive to banks on their net open position drove a bearish mood at the end of January. Hence, the average yields on the Nigerian sovereigns trended up to 10.14% from 9.62% in the previous month.</p>
	5 Year Nigerian Sovereign Eurobond	3.03	3.03	
Equites 	NGXASI	35.28	35.28	<p>The domestic bourse delivered a stellar performance in January with the All-Share Index soaring to 101,154.46pts at the end of January. Similar momentum was seen on key sectors with the Industrial Index leading the gainers chart at 107.86% MoM, followed by the Consumer Index (+24.33% MoM), the Insurance Index (+21.68% MoM), and the Oil and Gas Index (+19.96% MoM). The Banking Index was the sole loser at the end of the month, closing down at 3.37% MoM. The bullish mood was on the back of concerns of losing out on opportunity in the bourse, especially with the performance of the equity market in 2023FY (+45.90% YoY), and a likely share buy-back by Dangote Cement. Gains were seen on DANGCEM (+138.51%), BUACEMENT (+90.72%), BUAFOODS (+40.54%), PRESCO (+34.20%), SEPLAT (+33.10%), DANGSUGAR (19.12%), FLOURMILL (+18.00%), WAPCO (14.29%), MTNN (6.44%) and AIRTELAFRI (+5.99%). Hence, the NGX-ASI and the NGX-30 added 35.28% MoM and 36.43% MoM respectively.</p>
	NGX30	36.43	36.43	

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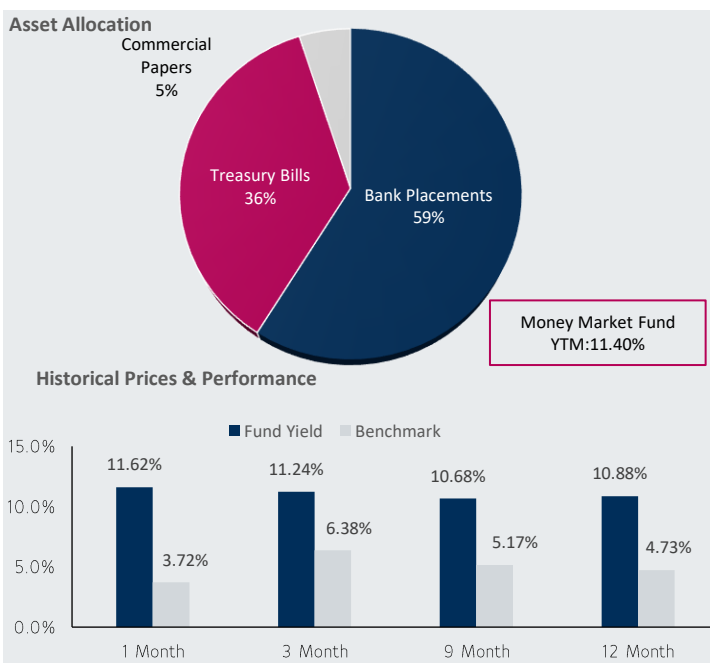
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FBN Money Market Fund Overview

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	₦210.84bn
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

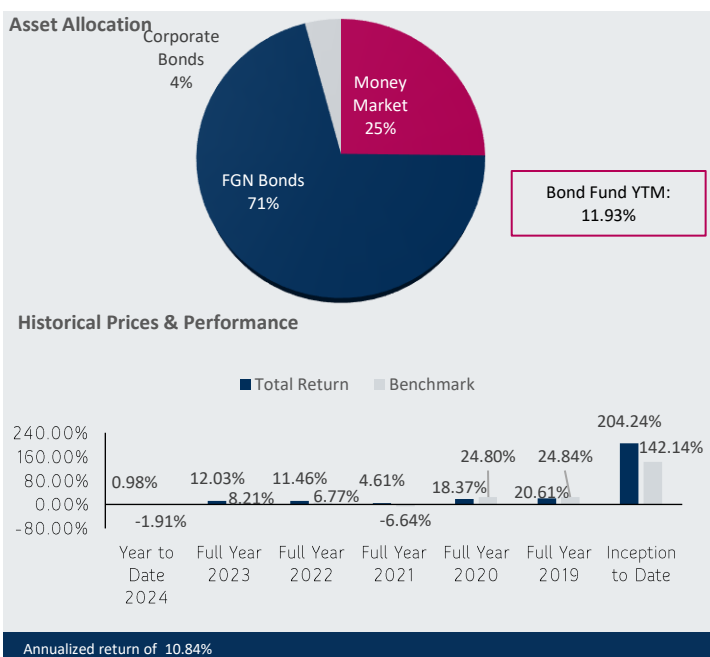


FBN Bond Fund Overview

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	₦65.69bn
Base currency	(₦)
NAV per share	₦1,562.64
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



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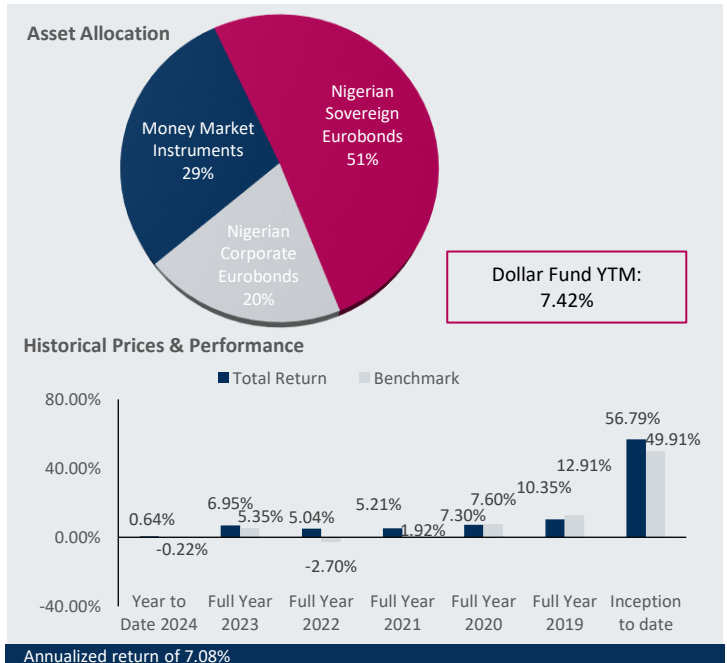
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FBN Dollar Fund Overview

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	\$32.04mn
Base currency	US Dollars (\$)
NAV per share	\$124.71
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

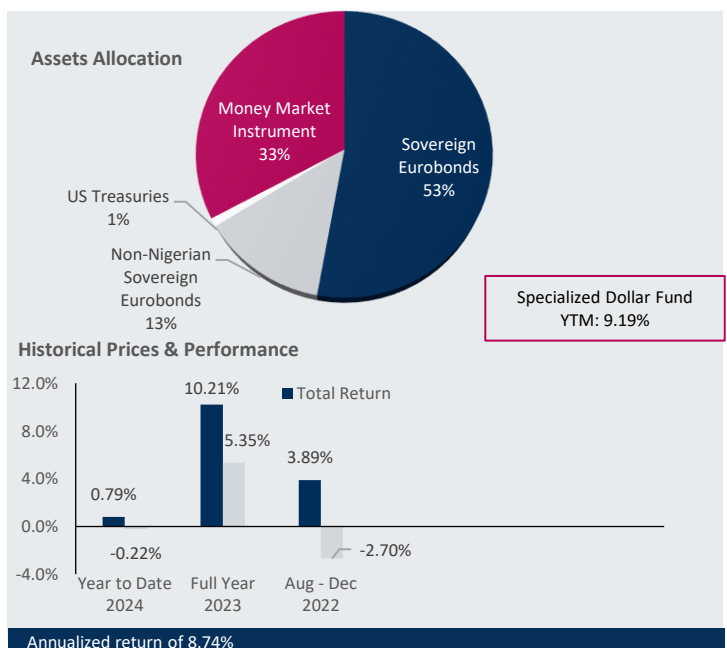


FBN Specialized Dollar Fund Overview

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	\$36.40mn
Base currency	US Dollars (\$)
NAV per share	\$112.76
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

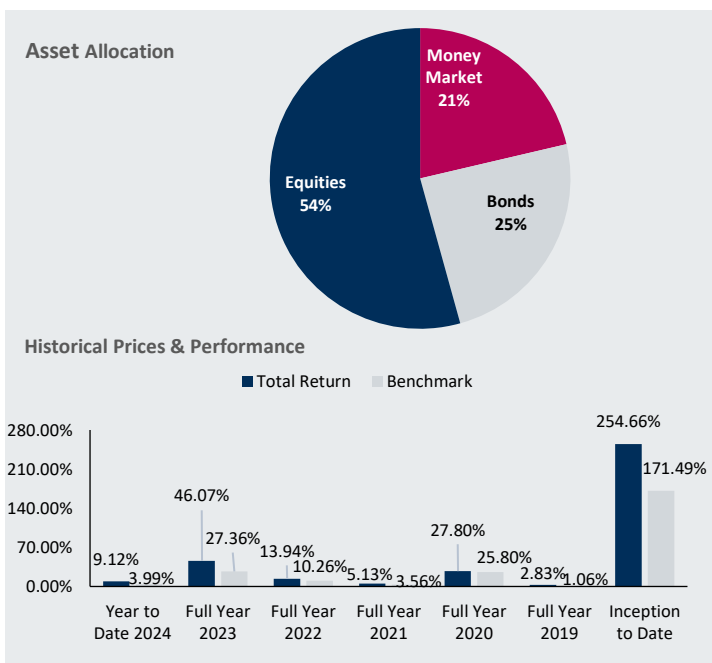
Investment Objective

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	₦8.05bn
Base currency	(₦)
NAV per share	₦294.95
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	33.18%
Industrial Goods	22.03%
Consumer Goods	15.94%
Industrial Goods	12.39%
Telecommunications	10.38%



FBN Smart Beta Equity Fund Overview

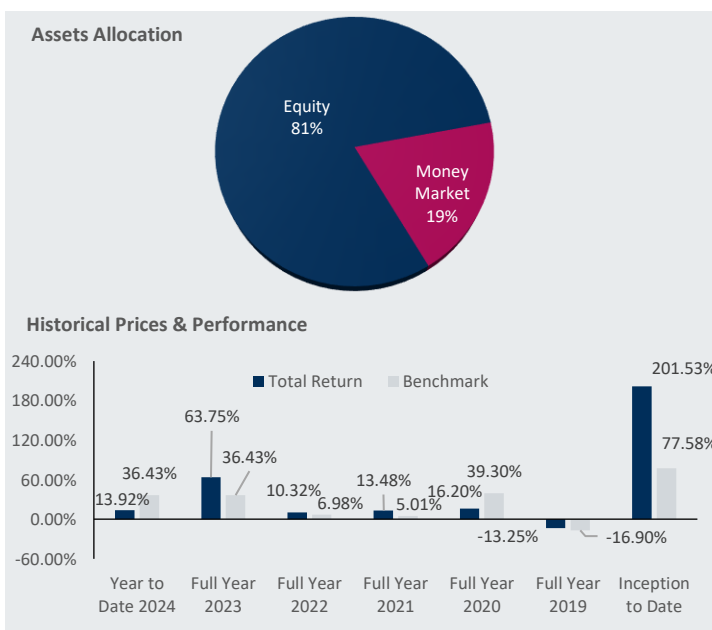
Investment objective

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	₦1.19bn
Base currency	(₦)
NAV per share	₦283.07
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	32.46%
Consumer Goods	12.74%
Industrial Goods	10.22%
Beverages	6.89%
Agriculture	5.36%



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16 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos, Nigeria
Tel: Tel: +234 (1) 2702290-4, +234 (0) 708 065 3100 Email invest@fbnquest.com
An FBN Holdings Company

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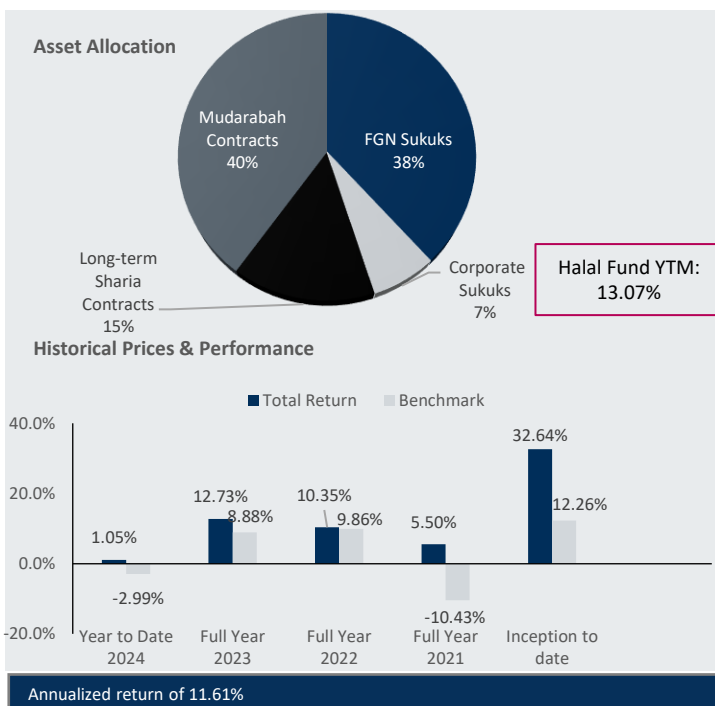
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FBN Halal Fund Overview

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	₦10.30bn
Base currency	(₦)
NAV per share	₦135.12
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



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Outlook

- In the global scene, the central bank authorities are likely to maintain their mood on interest rate cuts with investors expecting rate cuts to come in at the end of H1:2024 rather than Q1:2024. Their stance will be influenced by the supply chain disruption from the ongoing Red Sea conflict which will be a catalyst in driving inflation. An escalation in the Red Sea might lead to sustained inflationary pressure in the global scene
- Equity: We expect market performance to be mixed in February due to the interplay between the bulls and the bears. On the other hand, we expect profit-taking activities across counters on the back of the robust gains recorded in the month of January. However, we believe this would provide re-entry opportunities for savvy investors to take positions in dividend-paying stocks ahead of FY 2023 earnings to be accompanied by dividend declarations.
- Fixed Income: The fixed-income market in the month of February will be influenced by the expectation of a hike in the monetary policy rate and an increase in CRR debits. We expect investors to reprice Treasury bill instruments and bond instruments in a bid to benefit from higher rates in the next auction. Overall, this is likely to influence the direction of the average yields in the secondary fixed-income market.
- Eurobond: The Eurobond market is likely to be mixed in the month of February as the effect of the Central Bank of Nigeria net open position circular continues to drive sell-offs. On the other hand, we expect investors to position in quality instruments in anticipation of interest rate cuts by key global central bank authorities towards the end of H1:2024.

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 assumed 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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Tel: Tel: +234 (1) 2702290-4, +234 (0) 708 065 3100 Email invest@fbnquest.com
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