

FBN Mutual Funds Factsheet

All data as of 29th March 2024 unless otherwise stated

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Executive Summary

In the global scene, consumer prices in key economies decelerated, reflecting the impact of reduced consumer demand, lower energy prices, and weak economic activities as borrowing costs remained high. The United States (-10bps), the United Kingdom (-60bps), and the Eurozone (-20bps) reported a decline in cost pressures to 3.20%, 3.40%, and 2.80% respectively.

During the month, the Bank of Japan ended its negative interest rate regime and hiked interest rates for the first time in seventeen years. This rate hike raises overnight lending rates to a range of 0.00% to 0.10% from the previous -0.10% on the heels of increased domestic demand. Furthermore, the Bank opted to discontinue its Yield Curve Control policy, which involved purchasing government bonds to maintain lower interest rates. Conversely, the US Federal Reserve (FED) and the European Central Bank (ECB) maintained their accommodative stance by keeping key policy rates unchanged at 5.50% and 4.00% apiece. The FED indicated the possibility of three rate cuts this year. Nonetheless, a continued uptick in inflation may delay any potential cut.

Nigeria's trade balance settled in a deficit position in Q4:2023 (NGN1.41trn vs. a surplus of NGN1.31trn in Q3:2023) owing to a faster increase in total imports (+56.00% QoQ to NGN14.11trn) compared to (+22.00% QoQ to NGN12.69trn). Import was supported by higher domestic demand despite the persistent FX challenges, elevated global commodity prices, and the significant importation of tanks and other armored fighting vehicles in the period while exports increased due to improved crude oil output in Q4:2023 (1.53 mbpd vs. an average of 1.43 mbpd in Q3:2023). This implies a debt-to-GDP ratio of 41.50% from 23.20%.

Nigeria's debt stock rose by 10.73% QoQ and 110.46% YoY to NGN97.34trn in Q4:2023 (vs. NGN87.91trn in Q3:2023). The country's domestic debt stock rose by 5.70% QoQ to NGN59.12trn, attributed to new borrowings aimed at funding escalating government expenditures amidst consistent revenue underperformances. Similarly, external debt stock notably increased by 19.51% QoQ to NGN38.22trn, driven by new borrowings from the World Bank Group and bilateral organizations, coupled with the impact of the depreciation of the naira on foreign loans.

Nigeria's annual rate of inflation increased by 180bps to 31.70% in January 2024 owing to low food supply, FX issues, and higher energy costs. Food inflation rose to 37.92% YoY (+251bps), while core inflation increased to 25.13% YoY (+154bps). Hence, the Central Bank of Nigeria increased the Monetary Policy Rate to 24.75% (200bps).







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Asset Class	Benchmark	1M (March)%	Year to Date (%)	Commentary
Money Market 	91-day T-bill	16.57*	13.06*	<p>In the month of March, 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 28.21% and 27.29% apiece. The rates were at 23.94% (O/N) and 23.00% (OPR) in the previous month where liquidity averaged a negative NGN830.43bn compared to a negative NGN149.97bn in March. The decline in system liquidity is linked to the treasury bills auction (total allotment of NGN2.67bn) and bond auction (total allotment of NGN475.67bn) despite inflow from CRR refunds and FAAC payment. The Treasury bills market was driven by the low liquidity position in the system, repricing of instruments to reflect the increase in MPR, and lower rates to reduce the borrowing costs of the government. Consequently, stop rates at the first auction held in the month rose to 17.24% (24bps), 18.00% (50bps), and 21.49% (249bps) on the 91-day, 182-day, and 364-day respectively. However, at the last two auctions, the stop rates declined with rates on the 91-day, 182-day, and 364-day settling at 16.24%, 17.00%, and 21.12% respectively during the two auctions.</p>
	181-day T-bill	17.33*	14.12*	
	364-day T-bill	21.25*	17.38*	
Fixed Income 	S&P/FMDQ Nigeria Sovereign Bond Index	-3.79	-11.20	<p>In March, 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 19.41% in January from 17.22% in February. The low liquidity was reflected in the bond auction held in the month as the total subscription fell to NGN615.02bn from NGN1.90trn in the previous month while the bid-to-offer increased to 1.37x from 0.76x in February reflecting the reduced supply at the auction (allotment was NGN475.67bn vs. NGN1.49trn in February). At the auction, the Debt Management Office offered two instruments at the mid part of the curve - the 2031 instrument which was issued at 20.00%, and the 2034 issued at 20.45%.</p>
	3 Year Federal Government Bond	-4.44	-10.71	
Eurobond 	3 Year Nigerian Sovereign Eurobond	4.35	4.71	<p>The market was bullish in March owing to positive developments in debt restructuring deals and FX issues alleviation. In March, Zambia achieved a preliminary agreement with its creditors regarding the restructuring of its Eurobonds, offering hope for an ease in the nation's debt burden. This progress builds upon previous agreements reached in 2023 with external bondholders, which included restructuring plans with its Official Creditors Committee (OCC) and other international institutional investors, totaling USD6.30bn and USD3.00bn, respectively. Also, Ghana began formal discussions with its international bondholders regarding the restructuring of over USD13 billion in international bonds. This significant step follows the signing of non-disclosure agreements between the bondholders and the Ghanaian authorities. On the domestic front, the Central Bank of Nigeria (CBN) announced the successful completion of the payment of the residual balance of USD1.50bn in FX backlog, effectively clearing the total USD7.00bn FX backlog. Additionally, the increased purchase of debt instruments by foreign investors propped the country's external reserves to USD34.11bn as of March 2024, from USD33.12bn in February. The average yields on the Nigerian sovereigns fell to 9.42% from 9.62% in February.</p>
	5 Year Nigerian Sovereign Eurobond	4.17	3.75	
Equites 	NGXASI	4.58	39.84	<p>The local bourse saw gains in March as the financial sector recovered from the selloffs seen in February. For context, price increases were seen on major banking stocks such as GTCO (+32.58%), ACCESSCORP (+27.94%), FBNH (+27.42%), ZENITHBANK (+27.14%), UBA (+24.17%), and other stocks TRANSPOWER (+57.08%), FLOURMILL (+27.66%), WAPCO (+19.09%), HONYFLOUR (+11.43%), OANDO (+6.91%), MTNN (+4.08%), and GEREGU (+2.35%). Consequently, the NGX-ASI and the NGX-30 rose by +4.58% MoM and +2.89% MoM (vs. -1.16% MoM and -0.92% MoM previously) with year-to-date return at 39.84% (NGX-ASI) and 39.08% (NGX-30). Sectorial performance was mixed with three out of five indices settling in the red zone. The Industrial Goods Index led the loser's chart with a MoM loss of 0.92%, followed by the Consumer Goods Index (-0.78% MoM), and the Oil and Gas Index (-0.66% MoM). Conversely, the gains from the financial sectors offset the losses as the Banking Index gained 21.21% MoM and the Insurance index gained 10.44% at the end of the month.</p>
	NGX30	2.89	39.08	

*Mean average stop rate at the Nigerian treasury bill auction

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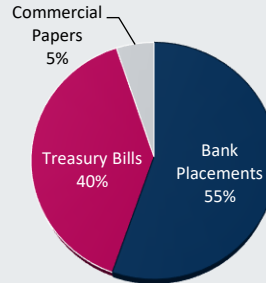
FBN Money Market Fund Overview

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.

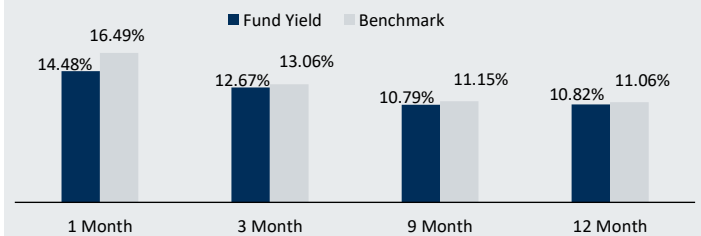
Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA
Fund launch date	24 September 2012
Fund size	₦207.49bn
Base currency	(₦)
NAV per share	₦100
Minimum investment	₦5,000
Minimum holding period	30 days
Income accrual	Daily
Income distribution	Quarterly
Annual management fee	1.25%
Total 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:16.92%

Historical Prices & Performance



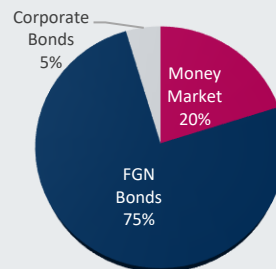
FBN Bond Fund Overview

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.

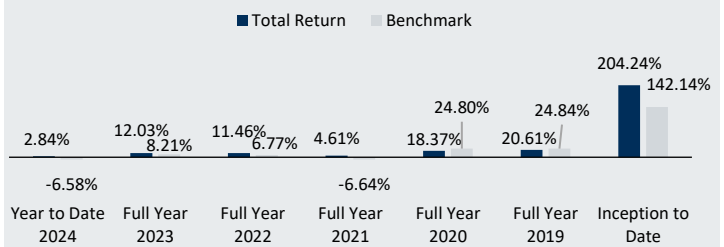
Fund Facts	
Fund Manager	Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA
Fund launch date	24 September 2012
Fund size	₦56.61bn
Base currency	(₦)
NAV per share	₦1,591.37
Minimum investment	₦50,000
Minimum holding period	90 days
Income accrual	Daily
Income distribution	Annually
Total Expense Ratio	1.23%
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:
12.93%

Historical Prices & Performance



Annualized return of 11.65%

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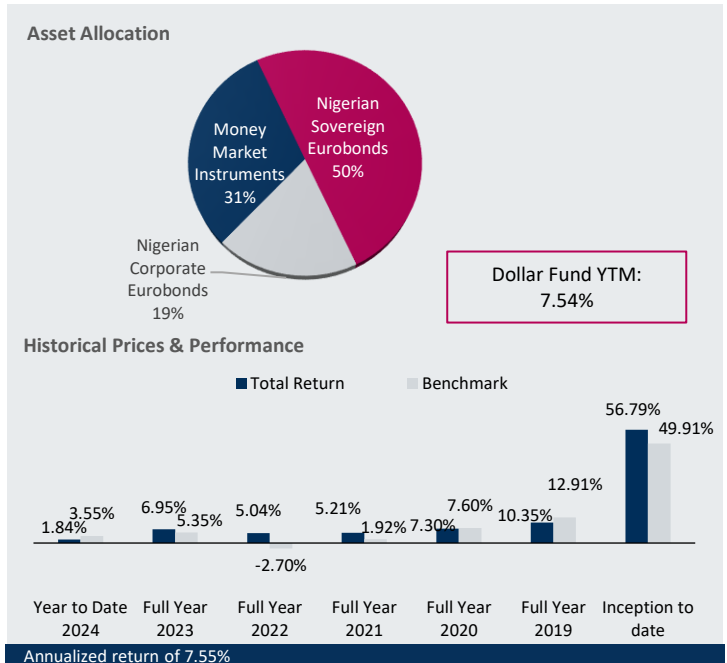
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FBN Dollar Fund Overview

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	\$32.75mn
Base currency	US Dollars (\$)
NAV per share	\$126.20
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
Investment Horizon	1-2 years

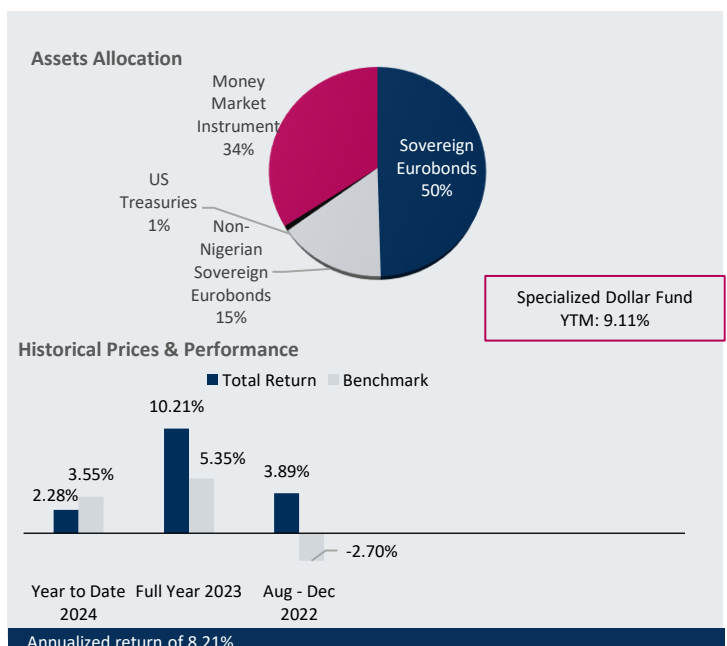


FBN Specialized Dollar Fund Overview

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	\$44.31mn
Base currency	US Dollars (\$)
NAV per share	\$114.43
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
Investment Horizon	1-2 years



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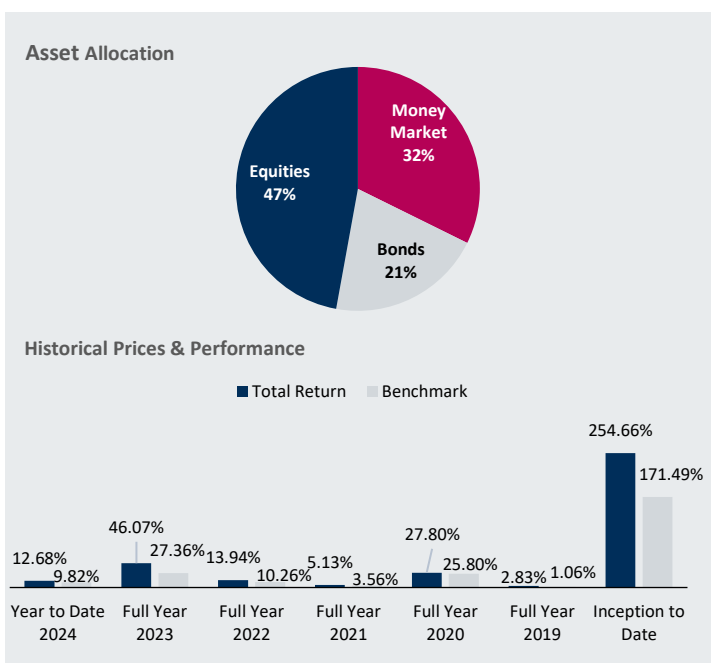
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FBN Balanced Fund Overview

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	₦8.40bn
Base currency	(₦)
NAV per share	₦304.93
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



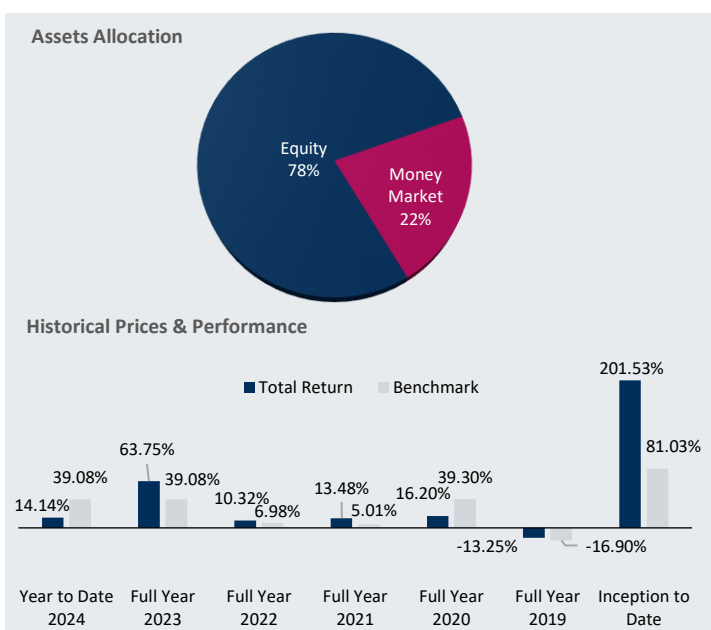
Top 5 Equity Sector Exposure	
Financial Services	35.17%
Industrial Goods	22.08%
Oil and Gas	14.76%
Consumer Goods	12.71%
Telecommunication	9.18%

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	₦1.09bn
Base currency	(₦)
NAV per share	₦283.58
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	37.91%
Industrial Goods	32.67%
Beverages	7.51%
Agriculture	7.20%
Consumer Goods	6.23%

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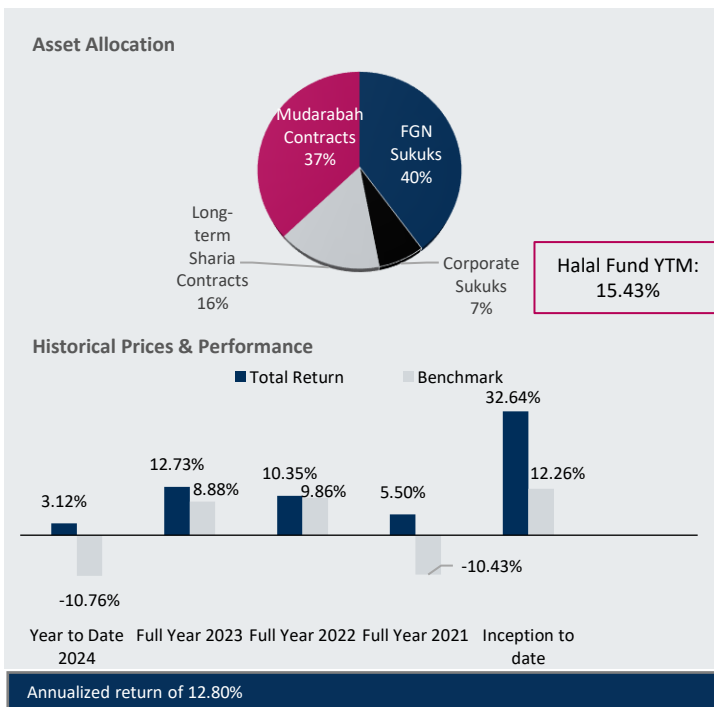
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FBN Halal Fund Overview

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	₦9.57bn
Base currency	(₦)
NAV per share	₦137.88
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 remained vocal about the hawkish stance on interest rate cuts with investors expecting rate cuts to come in at the end of H1:2024 rather than Q1:2024. These views are in the light of views from other macroeconomic data that have improved so far. Their stance has further been influenced by various de-escalations of the supply chain disruption from the ongoing wars in the Middle East to restore peace and sanity among Israel and Palestine. As Q1 begins to round up, we should expect more improvements in macro-economic data which will pave the way for the long-expected rate cuts.
- Equity: The Central Bank of Nigeria's decision to increase the minimum capital requirements for financial institutions could spark further interest in banking stocks. On one hand, existing shareholders will attempt to shore up their holdings in anticipation of equity capital raise. On the other hand, banks are likely to exploit offshore fundraising initiatives to boost capital requirements. Overall, we anticipate that the announcement of the recapitalization exercise in addition to the release of the 2023FY earnings by banking stocks will support bullish sentiments in the local bourse.
- Fixed Income: We believe the aggressive hawkish stance of the CBN underpinned by the need to tame inflation and mitigate currency pressures will remain the predominant driver of yields in the fixed-income market in March. Against this backdrop, we anticipate that investors will continue to bid aggressively for government instruments at bond and Treasury bill auctions to capitalize on the policy direction of the CBN. Rising inflationary pressures should also amplify investors' quest for real returns.
- Eurobonds: The Eurobond market is likely to reflect mixed sentiments in April with the focus remaining on the Central Bank of Nigeria's ongoing efforts to address FX challenges. On the other hand, we expect investors to continue to cherry-pick from the myriad quality instruments while also keeping an eye on potential interest rate cuts by major global central banks towards the end of the first half of 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 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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