

## FBN Mutual Funds Factsheet

All data as of 30<sup>th</sup> April 2024 unless otherwise stated

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### Executive Summary

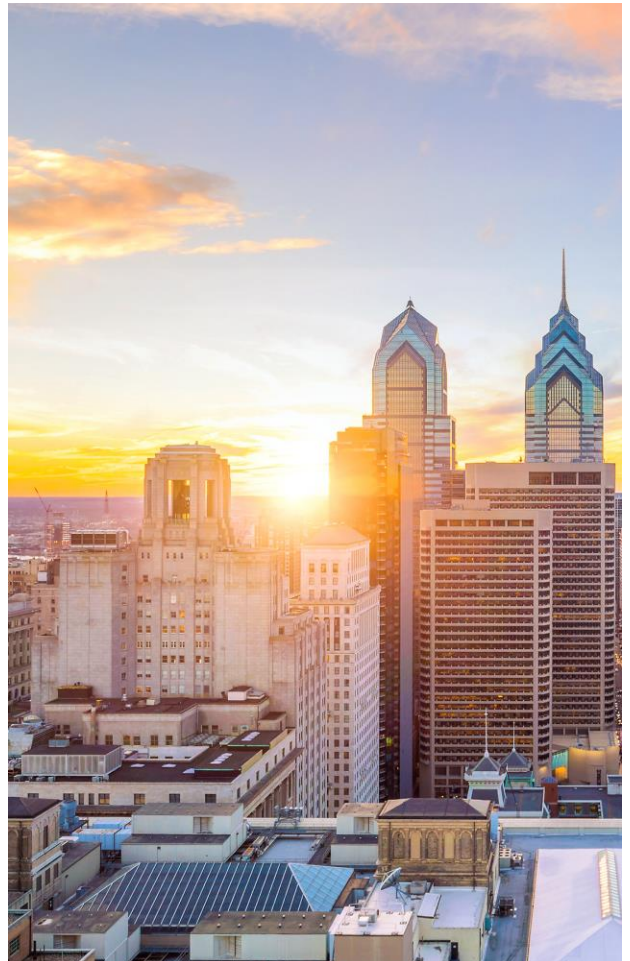
Inflation for the month of March in the global scene fell as cost pressure in the United Kingdom (-20bps, to 3.20%), Eurozone (-20bps, to 2.40%), and China (-60bps, to 0.10%) fell, save for the United States where cost pressure increased (+30bps to 3.50%). The slowdown in inflation was driven by lower demand in China, and a decline in the prices of food and energy while higher gasoline and rental housing prices drove up cost pressure in China. In a bid to stabilize its currency and strengthen the economy, China's central bank left the interest rate on its medium-term lending facility unchanged at 2.50%.

During the month, the United States economy grew slowly by 1.60% in Q1:2024 from 3.30% in Q4:2023 (vs. a non-inflationary growth of 1.8%) owing to higher imports to support consumption, and lower government spending during the period. Elsewhere, the Eurozone economy grew 0.50% YoY from a revised 0.10% YoY decline in Q4:2023 supported by increased business investment in Germany. China also reported strong growth in Q1:2024 (5.30% YoY from 5.20% YoY in Q4:2023 on the back of increased government spending, industrial production, and higher investment in fixed assets.

Nigeria's annual rate of inflation increased by 150bps to 33.20% YoY in March 2024 as food inflation (+209bps to 40.01% YoY) and core inflation (+77bps to 25.90% YoY) increased. The upward trend in cost pressure was driven by increased demand for food during the festive period, and higher costs of transportation, and medical products and fees. Positively, headline, food, and core inflation declined on a month-on-month basis in March to 3.02%, 3.62%, 3.86% (vs. 3.12%, 3.62%, and 4.24% in February) owing to the appreciation of the naira during the month.

In March, the Central Bank of Nigeria reduced the Loan-to-Deposit Ratio for Deposit Money Banks from 65.00% to 50.00% in line with the increase of the cash reserve ratio (45.00% in February from 32.50% in 2023) at its last monetary policy meeting. This measure is likely to assist in absorbing surplus liquidity and mitigate risks within the financial system. Additionally, the Apex bank also reported that the country's foreign debt service in 2023 stood at USD3.50bn, from USD2.60bn in 2022 owing to increased external loans and the naira depreciation.

In addition, the International Monetary Fund upgraded Nigeria's growth to 3.30% up 0.3ppts owing to the recovery of the oil sector improved output from the agriculture sector, and favorable monetary reforms.







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Asset Class	Benchmark	1M (April)%	Year to Date (%)	Commentary
<b>Money Market</b> 	91-day T-bill	16.24*	13.76*	<p>By month-end, system liquidity saw an improvement from NGN-1.07trn but still lingered in the negative territory at NGN445.58bn, largely due to limited inflows into the system. However, money market rates climbed as both the overnight lending rate (O/N) and the open buyback rate (OPR) surged to 31.00% and 30.21% respectively, driven by banks' funding requirements. This marked an increase from 28.21% (O/N) and 27.29% (OPR) recorded at the end of March. The Central Bank of Nigeria conducted two Treasury Bills auctions during the month, resulting in declining rates possibly aimed at curbing government borrowing costs and in line with improved liquidity. At the first auction, the stop rate for the 364-day instrument dropped to 20.70% from 21.12% in the previous month, while the rates for the 91-day and 181-day instruments remained unchanged at 16.24% and 17.00% respectively. Similarly, the stop rates remained unchanged at the last auction of the month compared to the results of the first auction.</p>
	181-day T-bill	17.00*	14.76*	
	364-day T-bill	20.70*	18.12*	
<b>Fixed Income</b> 	S&P/FMDQ Nigeria Sovereign Bond Index	2.11	-9.33	<p>In April, the improved system liquidity in the financial system directed the movement of the secondary bond market. Hence the average yield in the secondary bond market declined to 18.94% from 19.41% in March. Similarly, the improved liquidity was reflected in the bond auction held in the month as the total subscription increased to NGN920.09bn from NGN615.02trn in the previous month while the bid-to-offer increased to 2.04x from 1.37x in March while the supply during the auction was unchanged at NGN450.00bn. At the auction, the Debt Management Office offered three instruments – the FGNB 2031 and FGNB 2034 instruments were reissued at 19.75% and 20.00% apiece, while the 2029 2034 was issued at 19.30%.</p>
	3 Year Federal Government Bond	4.46	-7.98	
<b>Eurobond</b> 	3 Year Nigerian Sovereign Eurobond	-0.93	3.09	<p>Sentiments in the markets were influenced by the IMF warnings about risks in the Sub-Saharan Africa region—such as geopolitical tensions, internal instability, and climate change impacts—prompting sell-offs in the market. Coupled with this, Ghana encountered challenges in restructuring its USD13 billion of international bonds with two bondholders. For context, discussions were halted following the International Monetary Fund's (IMF) indication that the proposed deal didn't meet its criteria for debt sustainability. Additionally, the bondholders dismissed certain suggested alterations, including extending the maturity and reducing the coupon rates of the bonds. On the domestic front, the naira sustained its depreciation trend, despite a fleeting appreciation at the month's onset. By month-end, the exchange rate against the dollar closed at NGN1398.86/USD, marking a 7.33% increase. Meanwhile, average yields on Nigerian sovereigns rose to 9.93% from 9.42% recorded in March.</p>
	5 Year Nigerian Sovereign Eurobond	-2.08	0.43	
<b>Equites</b> 	NGXASI	-6.06	31.36	<p>The local bourse saw losses in April as the financial sector reacted to CBN's recapitalization policy for banks announced in March. For context, price depreciation was seen in major banking stocks such as GTCO (-37.71%), FBNH (-32.77%), ACCESSCORP (-31.22%), ZENITHBANK (-27.87%), UBA (-14.64%), and other stocks like DANGSUGAR (-25.19%), FLOURMILL (-21.79%), HONYFLOUR (-19.23%), OANDO (-16.81%), NB (-12.78%), NESTLE (-11.57%), PRESCO (-9.72%), and MTNN (-9.48%). Consequently, the NGX-ASI and the NGX-30 fell by -6.06% MoM and -6.34% MoM (vs. +4.58% MoM and +2.89% MoM previously) with year-to-date return at 31.36% (NGX-ASI) and 30.26% (NGX-30). Sectorial performance was bearish with all five indices settling in the red zone. The Banking Index led the loser's chart with a MoM loss of 24.79%, followed by the Insurance Index (-6.49% MoM), the Consumer Goods Index (-4.04% MoM), the Industrial Goods Index (-3.19% MoM) and the Oil and Gas index lost 2.04% at the end of the month. On the corporate front, Stanbic IBTC Holdings Plc aims to raise NGN550.00bn through a debt issuance program and rights issue, aligning with the CBN's banking recapitalization directive. This proactive step reflects the company's commitment to regulatory compliance and financial strength, echoing similar actions by other banks. Guaranty Trust Holding Company plans to seek shareholder approval to raise up to USD750.00mn through various securities issuance, responding to CBN's recapitalization mandate to enhance capital resilience against potential shocks.</p>
	NGX30	-6.34	30.26	

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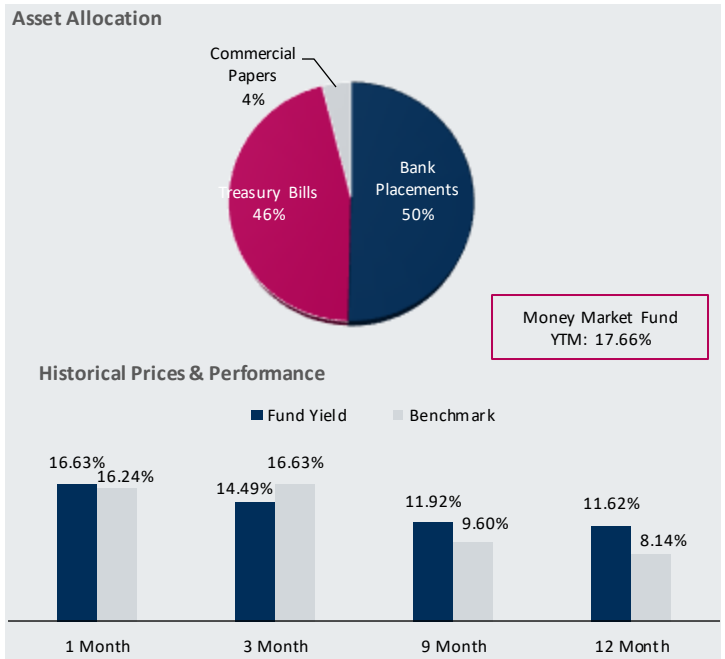
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### FBN Money Market Fund Overview

#### 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	₦209.20bn
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

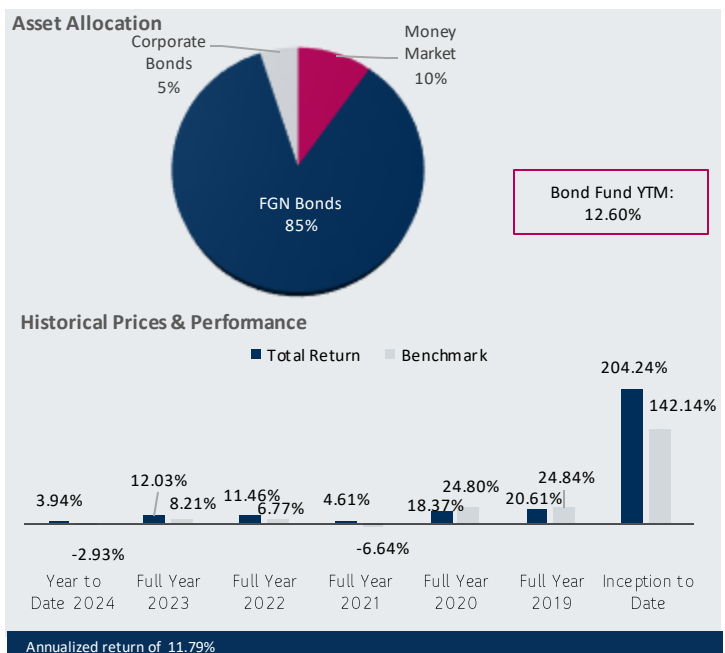


### FBN Bond Fund Overview

#### 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	₦51.70bn
Base currency	(₦)
NAV per share	₦1,608.37
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



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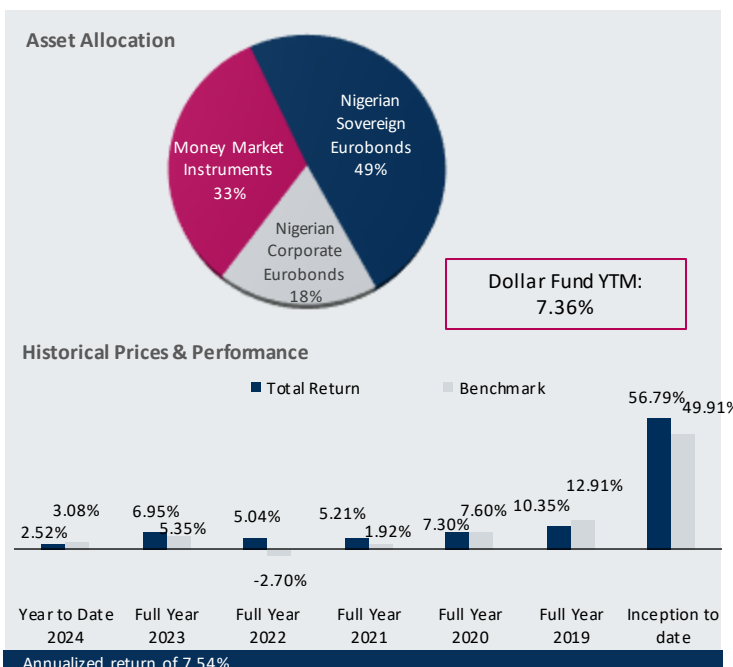
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### FBN Dollar Fund Overview

#### 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	\$34.51mn
Base currency	US Dollars (\$)
NAV per share	\$127.04
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

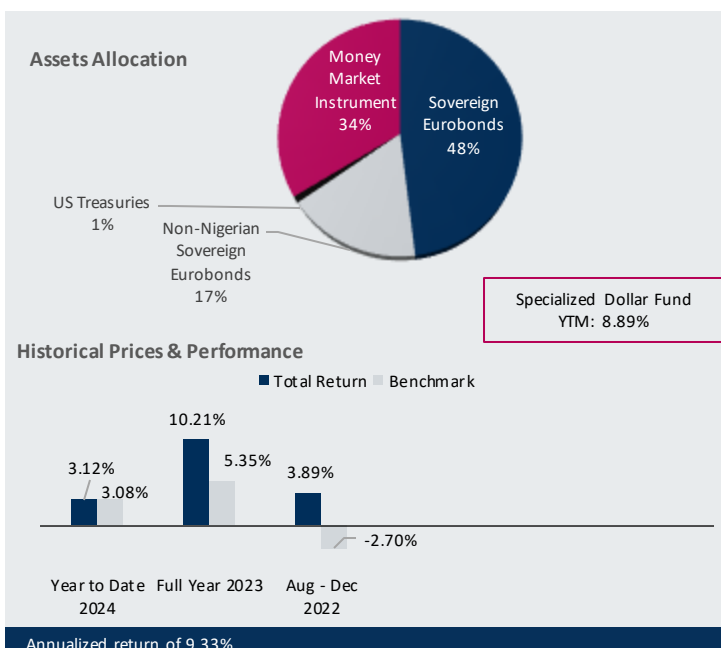


### FBN Specialized Dollar Fund Overview

#### 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	\$47.06mn
Base currency	US Dollars (\$)
NAV per share	\$115.37
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

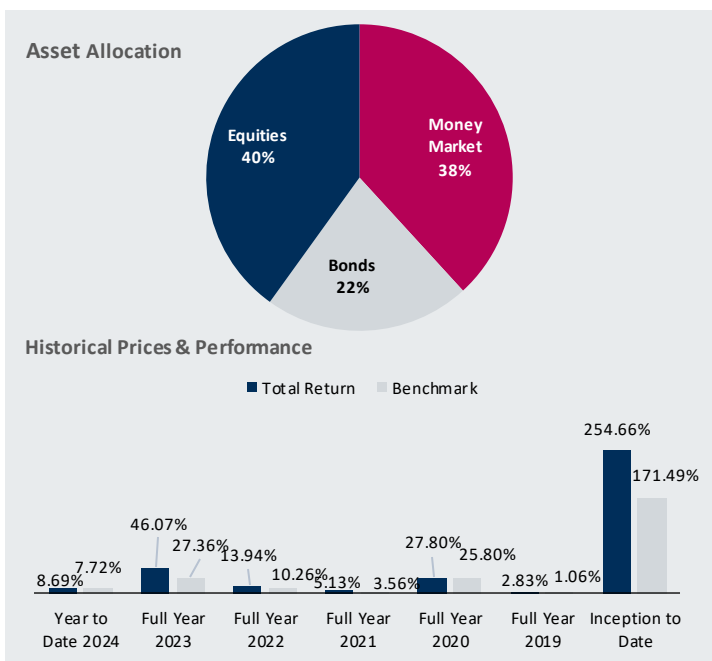
#### Investment Objective

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	₦8.06bn
Base currency	(₦)
NAV per share	₦294.47
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

Industrial Goods	26.07%
Financial Services	22.09%
Oil and Gas	17.78%
Consumer Goods	15.88%
Telecommunication	11.22%



### FBN Smart Beta Equity Fund Overview

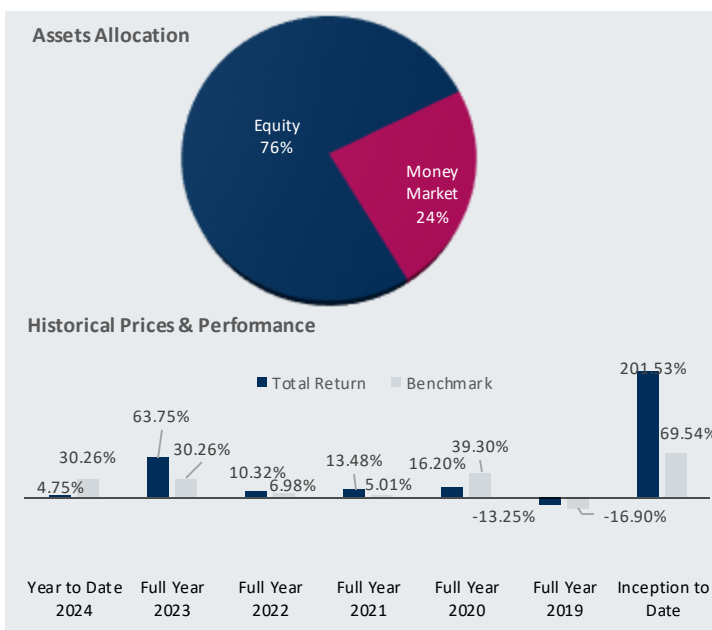
#### Investment objective

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	₦970.96bn
Base currency	(₦)
NAV per share	₦260.51
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

Industrial Goods	36.37%
Financial Services	30.62%
Beverages	9.36%
Agriculture	7.62%
Consumer Goods	5.82%



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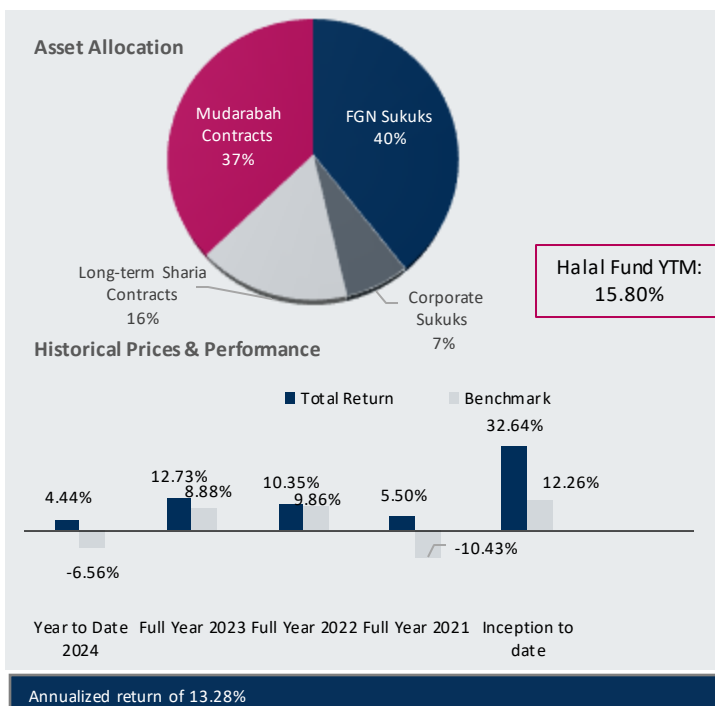
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### FBN Halal Fund Overview

#### 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	₦10.01bn
Base currency	(₦)
NAV per share	₦139.71
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 next quarter, we expect the investor's sentiments to be influenced by comments on the magnitude and timing of interest rate cuts, and the impacts of geopolitical tensions in the Middle East. At the moment the market has priced in the first interest rate cuts to come in towards the end of H2:2023 with just two-three cuts before the end of the year. While we note that cost pressures in the United are nearing their benchmark target of 2%, the inflationary pressure in the United States has been showing an upward trend. The deceleration in the Gross Domestic Product (GDP) of the United States also places it in a challenging position regarding its forthcoming monetary policy strategy. Conversely, the prospect of reduced inflation in the United Kingdom and Euro Area presents an opportunity to initiate rate cuts before H1:2024, but we must acknowledge that an early rate reduction before the United States might lead to weakness in the pound and euro. Conversely, the Federal Reserve appears cautious about implementing interest rate cuts too soon due to mounting cost pressures.
- Equity: As the 2023FY earnings reporting season comes to an end, we expect the local bourse to maintain a bearish tone although with slight buying activities in May. The market will be influenced by the relatively higher yields in the fixed-income market and the lower entry prices in the banking sector. On one hand, the sell-offs in the banking sector have created opportunities for investors to re-enter at lower entry prices compared to the beginning of the year. On the other hand, investors are expected to maintain a focus on the debt market, seeking out instruments offering higher returns.
- 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 May. 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. Nonetheless, we expect to see a slight decline in fixed-income yield as the Central Bank works to reduce borrowing costs of the government and focus on alternative sources of funds.
- Eurobonds: The Eurobond market is likely to reflect mixed sentiments in May with the focus remaining on the mood of key central bank authorities in the global scene, expectations of a USD30bn FX-denominated bond, and Central Bank of Nigeria's ongoing efforts to address FX challenges.

### 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 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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